

**TO AUTHORIZE THE USE FOR WAR PURPOSES OF  
SILVER HELD OR OWNED BY THE UNITED STATES**

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**HEARING**  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON BANKING AND CURRENCY  
UNITED STATES SENATE  
SEVENTY-SEVENTH CONGRESS  
SECOND SESSION  
ON  
**S. 2768**  
A BILL TO AUTHORIZE THE USE FOR WAR PURPOSES  
OF SILVER HELD OR OWNED BY THE  
UNITED STATES

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OCTOBER 14, 1942

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Printed for the use of the Committee on Banking and Currency



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# TO AUTHORIZE THE USE FOR WAR PURPOSES OF SILVER HELD OR OWNED BY THE UNITED STATES

WEDNESDAY, OCTOBER 14, 1942

UNITED STATES SENATE,  
SUBCOMMITTEE ON COINAGE AND PHILIPPINE CURRENCY OF  
THE COMMITTEE ON BANKING AND CURRENCY,  
Washington, D. C.

The subcommittee met at 10:30 a. m., pursuant to call, in room 301, Senate Office Building, Senator Francis Maloney, chairman of the subcommittee, presiding.

Present: Senators Maloney (chairman of the subcommittee), Clark of Idaho, Danaher, and Butler.

Present also: Senator Green.

Senator MALONEY (chairman of the subcommittee). The subcommittee will come to order. The purpose of this meeting is to consider S. 2768, to authorize the use for war purposes of silver held or owned by the United States. I might explain that this is a subcommittee of the Senate Committee on Banking and Currency. The committee reporter will make the bill a part of the record.

(The bill, S. 2768, is as follows:)

[S. 2768, 77th Cong., 2d sess.]

A BILL To authorize the use for war purposes of silver held or owned by the United States

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, the President is authorized, through the Secretary of the Treasury, to sell, lease, or otherwise dispose of, upon such terms as the Secretary of the Treasury shall deem expedient, to any person, partnership, association, or corporation, or any department of the Government, or to the government of any country whose defense the President deems vital to the defense of the United States, for use in connection with the war effort, including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes, any silver held or owned by the United States: Provided, That no silver shall be sold under this Act at less than its cost to the United States or at less than the then current market price for silver, whichever is the higher: Provided further, That at all times the ownership and the possession or control of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.*

SEC. 2. Authority to sell silver under this Act shall expire on January 1, 1944.

Senator MALONEY. With the permission of the members of the subcommittee and solely for the purpose of the convenience of the subcommittee and Senators, I should like to have printed in the record at this point a copy of Public, No. 438, Seventy-third Congress.

(The document referred to is as follows:)

[PUBLIC—No. 438—73D CONGRESS]

[H. R. 9745]

AN ACT To authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Silver Purchase Act of 1934."*

SEC. 2. It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining, one fourth of the monetary value of such stocks in silver.

SEC. 3. Whenever and so long as the proportion of silver in the stocks of gold and silver of the United States is less than one-fourth of the monetary value of such stocks, the Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest: *Provided*, That no purchase of silver shall be made hereunder at a price in excess of the monetary value thereof: *And provided further*, That no purchases of silver situated in the continental United States on May 1, 1934, shall be made hereunder at a price in excess of 50 cents a fine ounce.

SEC. 4. Whenever and so long as the market price of silver exceeds its monetary value or the monetary value of the stocks of silver is greater than 25 per centum of the monetary value of the stocks of gold and silver, the Secretary of the Treasury may, with the approval of the President and subject to the provisions of section 5, sell any silver acquired under the authority of this Act, at home or abroad, for present or future delivery, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3, and such certificates shall be placed in actual circulation. There shall be maintained in the Treasury as security for all silver certificates heretofore or hereafter issued and at the time outstanding an amount of silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

SEC. 6. Whenever in his judgment such action is necessary to effectuate the policy of this Act, the Secretary of the Treasury is authorized, with the approval of the President, to investigate, regulate, or prohibit, by means of licenses or otherwise, the acquisition, importation, exportation, or transportation of silver and of contracts and other arrangements made with respect thereto; and to require the filing of reports deemed by him reasonably necessary in connection therewith. Whoever willfully violates the provisions of any license, order, rule, or regulation issued pursuant to the authorization contained in this section shall, upon conviction, be fined not more than \$10,000 or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

SEC. 7. Whenever in the judgment of the President such action is necessary to effectuate the policy of this Act, he may by Executive order require the delivery to the United States mints of any or all silver by whomever owned or possessed. The silver so delivered shall be coined into standard silver dollars or otherwise added to the monetary stocks of the United States as the President may determine; and there shall be returned therefor in standard silver dollars, or any other coin or currency of the United States, the monetary value of the silver so delivered less such deductions for seigniorage, brassage, coinage, and other mint charges as the Secretary of the Treasury with the approval of the President shall have determined: *Provided*, That in no case shall the value of the amount returned therefor

be less than the fair value at the time of such order of the silver required to be delivered as such value is determined by the market price over a reasonable period terminating at the time of such order. The Secretary of the Treasury shall pay all necessary costs of the transportation of such silver and standard silver dollars, coin, or currency, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary. Any silver withheld in violation of any Executive order issued under this section or of any regulations issued pursuant thereto shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and, in addition, any person failing to comply with the provisions of any such Executive order or regulation shall be subject to a penalty equal to twice the monetary value of the silver in respect of which such failure occurred.

SEC. 8. Schedule A of title VIII of the Revenue Act of 1926, as amended (relating to stamp taxes), is amended by adding at the end thereof a new subdivision to read as follows:

"10. SILVER, AND SO FORTH, SALES AND TRANSFERS.—On all transfers of any interest in silver bullion, if the price for which such interest is or is to be transferred exceeds the total of the cost thereof and allowed expenses, 50 per centum of the amount of such excess. On every such transfer there shall be made and delivered by the transferor to the transferee a memorandum to which there shall be affixed lawful stamps in value equal to the tax thereon. Every such memorandum shall show the date thereof, the names and addresses of the transferor and transferee, the interest in silver bullion to which it refers, the price for which such interest is or is to be transferred and the cost thereof and the allowed expenses. Any person liable for payment of tax under this subdivision (or anyone who acts in the matter as agent or broker for any such person) who is a party to any such transfer, or who in pursuance of any such transfer delivers any silver bullion or interest therein, without a memorandum stating truly and completely the information herein required, or who delivers any such memorandum without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000 or be imprisoned not more than six months, or both. Stamps affixed under this subdivision shall be canceled (in lieu of the manner provided in section 804) by such officers and in such manner as regulations under this subdivision shall prescribe. Such officers shall cancel such stamps only if it appears that the proper tax is being paid, and when stamps with respect to any transfer are so canceled, the transferor and not the transferee shall be liable for any additional tax found due or penalty with respect to such transfer. The Commissioner shall abate or refund, in accordance with regulations issued hereunder, such portion of any tax hereunder as he finds to be attributable to profits (1) realized in the course of the transferor's regular business of furnishing silver bullion for industrial, professional, or artistic use and (a) not resulting from a change in the market price of silver bullion, or (b) offset by contemporaneous losses incurred in transactions in interests in silver bullion determined, in accordance with such regulations, to have been specifically related hedging transactions; or (2) offset by contemporaneous losses attributable to changes in the market price of silver bullion and incurred in transactions in silver foreign exchange determined, in accordance with such regulations, to have been hedged specifically by the interest in silver bullion transferred. The provisions of this subdivision shall extend to all transfers in the United States of any interest in silver bullion, and to all such transfers outside the United States if either party thereto is a resident of the United States or is a citizen of the United States who has been a resident thereof within three months before the date of the transfer or if such silver bullion or interest therein is situated in the United States; and shall extend to transfers to the United States Government (the tax in such cases to be payable by the transferor), but shall not extend to transfers of silver bullion by deposit or delivery at a United States mint under proclamation by the President or in compliance with any Executive order issued pursuant to section 7 of the Silver Purchase Act of 1934. The tax under this subdivision on transfers enumerated in subdivision 4 shall be in addition to the tax under such subdivision. This subdivision shall apply (1) with respect to all transfers of any interest in silver bullion after the enactment of the Silver Purchase Act of 1934, and (2) with respect to all transfers of any interest in silver bullion on or after May 15, 1934, and prior to the enactment of the Silver Purchase Act of 1934, except that in such cases it shall be paid by the transferor in such manner and at such time as the Commissioner, with the

approval of the Secretary of the Treasury, may by regulations prescribe, and the requirement of a memorandum of such transfer shall not apply.

"As used in this subdivision—

"The term 'cost' means the cost of the interest in silver bullion to the transferor, except that (a) in case of silver bullion produced from materials containing silver which has not previously entered into industrial, commercial, or monetary use, the cost to a transferor who is the producer shall be deemed to be the market price at the time of production determined in accordance with regulations issued hereunder; (b) in the case of an interest in silver bullion acquired by the transferor otherwise than for valuable consideration, the cost shall be deemed to be the cost thereof to the last previous transferor by whom it was acquired for a valuable consideration; and (c) in the case of any interest in silver bullion acquired by the transferor (after April 15, 1934) in a wash sale, the cost shall be deemed to be the cost to him of the interest transferred by him in such wash sale, but with proper adjustment, in accordance with regulations under this subdivision, when such interests are in silver bullion for delivery at different times.

"The term 'transfer' means a sale, agreement of sale, agreement to sell, memorandum of sale or delivery of, or transfer, whether made by assignment in blank or by any delivery, or by any paper or agreement or memorandum or any other evidence of transfer or sale; or means to make a transfer as so defined.

"The term 'interest in silver bullion' means any title or claim to, or interest in, any silver bullion or contract therefor.

"The term 'allowed expenses' means usual and necessary expenses actually incurred in holding, processing, or transporting the interest in silver bullion as to which an interest is transferred (including storage, insurance, and transportation charges but not including interest, taxes, or charges in the nature of overhead) determined in accordance with regulations issued hereunder.

"The term 'memorandum' means a bill, memorandum, agreement, or other evidence of a transfer.

"The term 'wash sale' means a transaction involving the transfer of an interest in silver bullion and, within thirty days before or after such transfer, the acquisition by the same person of an interest in silver bullion. Only so much of the interest so acquired as does not exceed the interest so transferred, and only so much of the interest so transferred as does not exceed the interest so acquired, shall be deemed to be included in the wash sale.

"The term 'silver bullion' means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form."

SEC. 9. The Secretary of the Treasury is hereby authorized to issue, with the approval of the President, such rules and regulations as the Secretary of the Treasury may deem necessary or proper to carry out the purposes of this Act or of any order issued hereunder.

SEC. 10. As used in this Act—

The term "person" means an individual, partnership, association, or corporation;

The term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska;

The term "monetary value" means a value calculated on the basis of \$1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively;

The term "stocks of silver" means the total amount of silver at the time owned by the United States (whether or not held as security for outstanding currency of the United States) and of silver contained in coins of the United States at the time outstanding;

The term "stocks of gold" means the total amount of gold at the time owned by the United States, whether or not held as a reserve or as security for any outstanding currency of the United States.

SEC. 11. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000, which shall be available for expenditure under the direction of the President and in his discretion, for any purpose in connection with the carrying out of this Act; and there are hereby authorized to be appropriated annually such additional sums as may be necessary for such purposes.

SEC. 12. The right to alter, amend, or repeal this Act is hereby expressly reserved. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 13. All Acts and parts of Acts inconsistent with any of the provisions of this Act are hereby repealed, but the authority conferred in this Act upon the



President and the Secretary of the Treasury is declared to be supplemental to the authority heretofore conferred.

Approved, June 19, 1934, 9 p. m.

Senator MALONEY. I should also like to have made a part of the record Public, No. 165, Seventy-sixth Congress.

(The document referred to is as follows:)

[PUBLIC—No. 165—76TH CONGRESS]

[CHAPTER 260—1ST SESSION]

[H. R. 3325]

AN ACT To extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (a) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended by striking out the period at the end of such subsection and adding thereto the words "and to the Congress."

SEC. 2. Subsection (c) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended to read as follows:

"(c) All the powers conferred by this section shall expire June 30, 1941, unless the President shall sooner declare the existing emergency ended and the operation of the stabilization fund terminated."

SEC. 3. The second sentence added to paragraph (b) (2) of Section 43, title III, of the Act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: "The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that such powers shall expire June 30, 1941, unless the President shall sooner declare the existing emergency ended."

SEC. 4. (a) Each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed by the Secretary of the Treasury, is satisfied has been mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof.

(b) The Director of such mint with the consent of the owner shall deduct and retain of such silver so received 45 per centum as seigniorage for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received, that is 55 per centum, shall be coined into standard silver dollars and the same or any equal number of other standard silver dollars shall be delivered to the owner or depositor of such silver, and no provisions of law taxing transfers of silver shall extend or apply to any delivery of silver to a United States mint under this section. The 45 per centum of such silver so deducted shall be retained as bullion by the Treasury or coined into standard silver dollars and held or disposed of in the same manner as other bullion or silver dollars held in or belonging to the Treasury.

(c) The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this section. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations issued pursuant to the Act of Congress approved April 23, 1918 (40 Stat. L., p. 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver tendered to such mints shall be identified as having been produced from natural deposits in the United States or any places subject to its jurisdiction subsequent to July 1, 1939.

Approved, July 6, 1939.

Senator MALONEY. I should like to advise the members of the subcommittee that I have invited the following officials of the Government to testify, if they so desire, on the bill. I would make the point that it was not a request but an invitation: Hon. James F. Byrnes, Director of Economic Stabilization; Mr. Lou E. Holland, Chairman, Smaller War Plants Corporation, Hon. Francis Biddle, Attorney

General, Secretary of the Navy Knox; Secretary of War Stimson; Donald M. Nelson, Chairman of the War Production Board; Governor Marriner S. Eccles, of the Federal Reserve Board; and Secretary of the Treasury Morgenthau.

And the Navy will be represented at our hearings, as well as the War Production Board, and perhaps the Treasury Department.

I should like to put in the record at this point a self-explanatory letter from the Secretary of the Treasury, which I think I might read [reading]:

OCTOBER 13, 1942.

MY DEAR MR. CHAIRMAN: Further reference is made to your letter of September 15, 1942, relative to S. 2768, to authorize the use for war purposes of silver held or owned by the United States.

It is understood that it is the purpose of S. 2768 to permit the silver which is being lend-leased by this Government for use in war industries to be maintained as security for outstanding silver certificates and to permit the sale or other disposition of all silver which is not so held. This Department approves of any such legislation which is designed to permit the use of silver held or owned by the United States for purposes which will further the successful prosecution of the war and, accordingly, recommends the enactment of S. 2768, as modified by the suggestions contained in this letter.

Reference is made to the following proviso in S. 2768:

"*Provided*, That no silver shall be sold under this Act at less than its cost to the United States or at less than the then current market price for silver, whichever is the higher."

In this connection, it should be noted that the silver now held in the Treasury has been acquired at various cost prices, the average cost to the United States of all silver not now held as security for outstanding silver certificates being approximately \$0.485 per fine troy ounce. Furthermore, there is no single current market price for silver. Prices vary depending upon various circumstances and ceiling prices established by the Office of Price Administration vary for silver of different categories. It is, accordingly, suggested that the above-quoted proviso be changed so as to read as follows: "*Provided*, That the average price for all silver sold under this Act shall not be less than 50 cents per fine troy ounce."

It should also be noted that there is a situation in which silver might be made available for war purposes, which is not specifically covered by S. 2768. Approximately 350,000,000 ounces of silver now held as security for outstanding silver certificates is in the form of standard silver dollars. Approximately 35,000,000 ounces of this silver is in the form of coins not fit for circulation. Less than 70 million standard silver dollars are now in circulation and it is unlikely that there will be any heavy demand for those held by the Treasury.

If the Congress desires that any part of the silver dollars held in the Treasury be used as provided in S. 2768 for other silver held by the United States, it will be necessary to add certain provisions to S. 2768, including an authorization for an appropriation for melting losses.

Since the War Production Board is primarily concerned with the problem of seeing to it that all available silver is allocated in such a manner as to best further the war effort, the Department would, of course, consult with the War Production Board in disposing of silver pursuant to the provisions of the proposed legislation.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your Committee.

Very truly yours,

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

HON. ROBERT F. WAGNER,  
*Chairman, Committee on Banking and Currency,  
United States Senate.*

I would like to read, with the further permission and forbearance of the subcommittee, a letter addressed to Senator Wagner by Mr. Nelson of the War Production Board [reading]:

OCTOBER 10, 1942.

The Honorable ROBERT F. WAGNER,  
*Chairman, Committee on Banking and Currency,  
 United States Senate.*

DEAR SENATOR WAGNER: This is in answer to your letter of September 15, in which you requested my views on S. 2768, a bill to authorize the use for war purposes of silver held and owned by the United States.

This legislation would authorize the President, through the Secretary of the Treasury, to sell, lease, or dispose of, upon such terms as the Secretary sees fit, the silver owned by the United States. The Secretary is authorized to sell this silver for use in connection with the war effort, "including but not limited to" essential war and civilian needs.

I wish to be certain that the silver purchases will still be subject to control by the War Production Board through its priority and allocation powers, so that essential requirements for the war effort can be met. I think it would be advisable, therefore, to add the phrase "upon the recommendation of the Chairman of the War Production Board" after the words "through the Secretary of the Treasury," at the end of line 4, page 1. With the above recommendation, I approve the passage of this bill.

The Bureau of the Budget has indicated that it has no objection to the submission of this letter.

Sincerely,

DONALD M. NELSON.

I would like also to put in the record a communication addressed to Senator Wagner from the Attorney General [reading]:

OCTOBER 12, 1942.

HON. ROBERT F. WAGNER,  
*Chairman, Committee on Banking and Currency,  
 United States Senate, Washington, D. C.*

MY DEAR SENATOR: This acknowledges your request of October 7 for my views concerning a bill (S. 2768) to authorize the use for war purposes of silver held or owned by the United States.

As this legislation does not impinge on any activities of this Department and relates to matters of policy within the jurisdiction of the Treasury Department, I would prefer not to make any suggestions concerning the merits of the legislation. You may desire to obtain the views of the Secretary of the Treasury concerning the matter.

Sincerely yours,

FRANCIS BIDDLE,  
*Attorney General.*

I should like also to put in the record a letter from the Chairman of the Federal Reserve System [reading]:

OCTOBER 9, 1942.

HON. FRANCIS MALONEY,  
*United States Senate, Washington, D. C.*

DEAR SENATOR MALONEY: I have your letter of October 8, 1942, regarding the hearings before a special subcommittee of the Committee on Banking and Currency of the Senate respecting S. 2768, to authorize the use for war purposes of silver held or owned by the United States, which will commence on Wednesday morning, October 14, 1942.

I have not as yet had the opportunity to consider the proposed bill, but I shall get in touch with you early next week so as to advise whether I would wish to appear as a witness or designate someone else in the Board's organization to do so. It may also develop that our interest in the matter can be satisfied by sending you a statement respecting the bill.

Sincerely yours,

M. S. ECCLES, *Chairman.*

I should like also to put in the record a somewhat similar letter from the Attorney General, addressed to me [reading]:

OCTOBER 10, 1942.

HON. FRANCIS MALONEY,  
*United States Senate, Washington, D. C.*

MY DEAR SENATOR: This acknowledges your letter of October 8 inviting me or someone under my jurisdiction to testify before a subcommittee of the Committee on Banking and Currency of the Senate, at hearings on a bill (S. 2768) to authorize the use for war purposes of silver held or owned by the United States.

I appreciate your courtesy in this matter but desire to suggest that in view of the fact that the legislation relates to a matter within the jurisdiction of the Treasury Department, you will probably find it more satisfactory to procure the testimony desired by you from the Secretary of the Treasury or someone under his jurisdiction.

With kind personal regards,  
Sincerely yours,

FRANCIS BIDDLE,  
*Attorney General.*

Before we proceed to hear witnesses, Senator Danaher has some material he would like to put in the record.

Senator DANAHER. I should like it to appear that I have received many, many dozens of communications from constituents in Connecticut, who report the impact of the situation as it exists today upon their individual welfare. I should like to have the members of the subcommittee know that the material I refer to is available for the inspection of the subcommittee when we later meet in executive session with reference to the bill. On that account I will not ask that they be printed in full in the record.

I should also like to say that at the time of previous consideration of other measures a record has been made, which is quite complete, Mr. Chairman, and therefore the status of the silver situation is quite apparent. Handy and Harman, analysts, have recently compiled a brief résumé of "The Silver Situation Today," under that title I mean, and it appeared in the edition of Saturday, August 29, 1942, in the Bridgeport Life. Since it is brief but very pointed I should like to have it appear in the record in full.

Senator MALONEY (chairman of the subcommittee). Without objection the committee reporter will make it a part of the record.

(The article referred to is as follows:)

[From the Bridgeport Life, August 29, 1942]

#### THE SILVER SITUATION TODAY

In response to numerous requests, Handy and Harman outline the silver situation

#### FOREIGN SILVER

This is silver produced outside of the United States, or domestic production prior to July 1, 1939. Most of it comes from Mexico, Canada, and South America.

The production of foreign silver in the Western Hemisphere during 1941 was approximately 135,000,000 ounces. It is running at about the same rate in 1942, but some of the silver is not reaching this market.

During 1941, about 72,000,000 ounces of foreign silver was purchased by the United States Treasury Department at 35 cents an ounce. During the first half of 1942 such purchases were negligible.

The use of foreign silver for direct war purposes has increased tremendously. Silver brazing alloys, silver for bearings and contact metals represent the principal uses. In addition, silver for some purposes other than war production but considered to be essential are being given priorities by the War Production Board.

The total demand for silver became so great that suppliers were forced to ration silver for nonessential purposes in May and June. No foreign silver whatsoever was available for these purposes in July or August.

The scarcity of foreign silver for the reasons already mentioned was aggravated by order for coinage from friendly and allied countries, and by the diversion from regular channels of distribution of large quantities of silver of foreign origin, particularly Mexican, at prices well above the established ceiling price, in violation of at least the intent of the maximum price regulations.

The outlook for the normal use of foreign silver is hopeless. The shortage still prevails and silver conservation order M-199 now prohibits its use for many purposes.

Since July 1939, the Treasury Department has maintained a buying price of 35 cents per ounce for foreign silver. On November 28, 1941, the New York official price advanced from 34 $\frac{3}{4}$  to 35 $\frac{1}{2}$  cents, which diverted foreign silver from the Treasury to commercial channels. That price remains unchanged in spite of demand greatly in excess of supply, because of the price ceiling established by the Office of Price Administration.

#### DOMESTIC SILVER

The production of domestic silver totaled about 70,000,000 ounces in 1941, but early reports indicate some decline this year.

In accordance with provisions of the act of July 6, 1939, our Government has been buying all of the silver produced in the United States and its possessions at a price of 71.11 cents per fine ounce.

This silver is purchased by the Treasury Department from the smelting companies upon the presentation of affidavits certifying to its domestic origin.

Most domestic silver is sold to the Treasury Department for forward delivery—up to 5 months.

The Treasury Department has consented to a postponement in the delivery of silver now due from smelting companies, which should have the effect of making some of the current production of domestic silver available soon for use in industry and the arts.

A survey of the supply of silver which might be obtained during the month of August through the procedure outlined reveals that only a part of the estimated monthly production of five to five and one-half million ounces will be available.

The amount of domestic silver which could be used by industry and the arts will depend upon what action is taken by the Office of Price Administration with respect to a readjustment of the price ceilings on silver products (now based on the cost of foreign silver), which would have to take into consideration an increase in the raw material cost of about 100 percent. This is because the price of domestic silver is about double that of foreign silver.

#### TREASURY SILVER

This is the silver which is now in the possession of the United States Treasury and in circulation, and totals 3,335,000,000 ounces; 1,166,000,000 ounces is bullion which is allocated to silver certificates; 1,356,000,000 ounces is unallocated; 813,000,000 ounces is in coins either in circulation or held by the Treasury. Some of this silver is now being loaned by the Treasury Department for use in the war effort under agreement that it will be returned to the Treasury after the war. The present law provides that none of the silver owned by the Treasury may be sold at a price less than \$1.29 per ounce.

#### CONCLUSION

It is obvious that because of scarcity and restrictive regulations no foreign silver will be available for consumption and use for other than war or so-called essential civilian purposes.

It is also clear that the immediate supply of domestic silver will not be nearly enough to meet all nonessential demands. In addition, it is only a question of time before the growing war demands will encroach upon and eventually absorb the domestic production as well as foreign silver. Therefore, after no more domestic silver is available, the only possible way that silver can be obtained to keep silversmiths, platers, jewelry manufacturers, mirror manufacturers, photo-engravers, and other fabricators from going out of business will be to arrange for the release of silver from the stocks now held by the United States Government by whatever means are possible to accomplish this purpose.

Senator MALONEY. Senator Green, as the author of this bill, will you proceed as you like?

**STATEMENT OF HON. THEODORE FRANCIS GREEN, A SENATOR  
FROM RHODE ISLAND**

Senator GREEN. Mr. Chairman and gentlemen of the subcommittee, I have a list of witnesses who have asked to appear here in favor of the bill and who will present facts and reasons why they are in favor of it. But before I call on them it seemed to me it would be worth while, perhaps, for me to say a few words about the occasion for the bill and what the bill itself provides.

I have heard, and doubtless most of you have, of the growing need for silver in the war effort. One by one various metals have been withdrawn from general use because they were needed in the manufacture of airplanes, tanks, guns, and other war material, and a great effort has been made to find substitutes for them.

Silver has unexpectedly proved to be not only a very good substitute for many metals but in many cases has been found to be superior to metals for which it was offered in the first instance as a substitute.

The consequence is that there is a great call for the use of silver in the war effort, and the result is that it has been withdrawn to a very considerable extent from use for civilian purposes, which of course is very proper.

But the result to those industries which have been accustomed to use it for ordinary civilian purposes has been almost disastrous.

The silverware and manufacturing jewelry industry is a very large one. Their employees represent many tens of thousands of workmen specially trained for that work, and I have been very much impressed with the attitude of the owners of those businesses and their employees in view of this disastrous condition. Many of them had to go under. Others have attempted to survive, and all that could have been trying to transform their businesses from a peacetime basis to a wartime basis. In other words, they are trying to convert their establishments, their factories, their places of business, and the qualifications of their employees, from peacetime to wartime use. They have assured me over and over again from the very beginning that while they hoped something could be done to remedy the situation, they did not want to ask anything that would be unfair in any way to the war effort. If it is necessary for them and their businesses to be sacrificed they are willing to make the sacrifice, but they hope they won't be called upon to make it unnecessarily.

The most of these businesses are small, but in proportion to the general output are very much larger than people would ordinarily think of them as being; so of course the silver situation affects quite a considerable number of people.

To meet the difficulties I inquired of various Government departments as to the situation as they saw it, and as a result drafted and introduced in the Senate this bill you have met to consider today.

The bill itself may be summarized as follows:

It meets the requirements of the jewelry silver manufacturers to the extent that they are contributing to the war effort, and they do not expect it to go any further. To that extent the president of the

New England Manufacturing Jewelers Association, who has a representative here today, has approved this bill; and so have various other organizations. In fact, a large number have met together, representing silver users, and they have endorsed the bill also, as have representatives of employees.

The bill provides this: the President of the United States, through the Secretary of the Treasury, can under this bill sell any silver owned by the United States, for the following four purposes:

1. For making munitions of war.
2. Supplying civilian needs contributing to the war effort.
3. The converting of existing plants to those purposes.
4. Other uses in connection with the war effort.

But this authority is not unlimited. It is subject to three conditions:

1. Silver cannot be sold at less than its cost to the United States, or less than its market price, whichever is the higher.
2. The Treasury must at all times keep under the ownership of the United States and in its possession or control an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates.
3. The authority given will expire January 1, 1944.

Now, under the provisions of the bill it will be possible for the Treasury to take silver now retained for silver certificates, and which cannot be used for any other purpose, and use it for nonconsumptive purposes. Then the free or unlimited silver now owned by the Government for nonconsumptive purposes, can be sold for consumptive purposes.

The amount of silver so released for sale amounts to over a billion ounces. The uses for which this silver can be sold must be determined by both the Treasury Department under the provisions of this bill and the War Production Board in accordance with powers given it under other laws.

From what I have said it will be noted that the relief this bill will give the jewelry and silver manufacturing industry is limited in extent by the necessities of the war effort, and more cannot be hoped for and more is not asked for by silver and jewelry manufacturers. But this assistance will prove of real value and justifies the passage of the bill.

The popular view is that the Government has bought all this silver under the provisions of the Silver Purchase Act, which it is not proposed to repeal or modify except to this very limited extent in its operation; and this silver has been buried at West Point.

This bill will still hold that silver as security for the issue of silver certificates since it will not be used for consumptive purposes but only lent for nonconsumptive purposes; and it will free all silver now being used for nonconsumptive purposes and therefore help to keep going, during the process of conversion, these industries.

When we first had a meeting, some months ago, in Washington with Mr. Nelson and other Government officials, it was expected that the extent to which this conversion could go would be perhaps 15 percent. But with the ingenuity shown by manufacturers the extent has been greatly increased. Witnesses will testify to what extent, in some cases 40 percent, and in other cases 50 percent, and sometimes 60 percent.

In the process of this conversion these manufacturers have invested large sums of money in the expectation they would be able to keep going, up to perhaps three-quarters of a million dollars in my own State. But the many uses found for silver have resulted in many other metals being withdrawn from use, and silver itself is for practical purposes invaluable.

That is the situation as it exists today and the occasion for the bill and the provisions of the bill.

In view of the letters the Chairman has read from the Secretary of the Treasury and the Chairman of the War Production Board, I have drafted a letter addressed to Senator Maloney, which I now read, suggesting certain amendments:

DEAR SENATOR MALONEY: In view of the suggestions made by the Secretary of the Treasury, Mr. Morgenthau, and the Chairman of the War Production Board, Mr. Nelson, I desire to make the following changes in the draft of S. 2768.

1. Page 1, line 4 at the end of the line, after the word "Treasury," add the words "upon the recommendation of the Chairman of the War Production Board".

I do not think this alters the meaning of the bill at all, but it may be useful to have that provision incorporated in that place, as Mr. Nelson suggests.

I continue reading from the letter:

2. Page 1, line 10, strike out the words "in connection" and substitute the words "not inconsistent".

That broadens the bill somewhat. It is for the Secretary of the Treasury and the Chairman of the War Production Board, or especially the latter, to determine what these uses may be. There would seem to be no necessity for restricting the use of silver except to the extent that it may be inconsistent with the war effort.

I continue reading from the letter:

3. Page 2, lines 5 to 8, strike out the words beginning with "provided" in line 5, and ending with the word "higher" in line 8, and substitute therefor the words "Provided, That the average price for all silver sold under this act shall not be less than fifty cents per fine troy ounce".

That is the provision which you have just heard read from the letter of the Secretary of the Treasury. It seems to me a very desirable improvement.

I continue reading from the letter:

Your committee may find it desirable to make two further changes.

1. Providing an authorization to the Secretary of the Treasury for an appropriation for melting losses so that the whole or any part of the silver dollars held in the Treasury may be used as provided in S. 2768 for other silver held by the United States.

This also is a provision recommended by the Secretary of the Treasury. It does not affect the purpose of the bill.

I continue reading from the letter:

2. Page 2, line 14, substituting for the words "on January 1, 1944" the words "at the termination of the war".

In view of the fact that these various provisions are put in the bill, or if they are put in the bill in addition to those originally there, it might be wise to extend these powers throughout the duration of the war. Perhaps the fixing of the date "January 1, 1944" is too optimistic.



At this time I submit this letter to the chairman of the subcommittee.

Now, Mr. Chairman, may I call the various witnesses?

Senator CLARK of Idaho. Mr. Chairman, might I ask Senator Green a question?

Senator MALONEY. Senator Clark is recognized.

Senator CLARK of Idaho. Senator Green, your second amendment, page 1, line 10, where you propose to substitute for the words "in connection" the words "not inconsistent", I suggest of course that that would make this not a war measure at all. It may be desirable and the subcommittee may want to approve it, but a release of silver for commercial purposes might tend to defeat the war effort.

Senator GREEN. It does not release silver for civilian purposes. It gives power to the Secretary of the Treasury and the Chairman of the War Production Board to release silver for civilian purposes when not inconsistent with the war effort. And why not? There are a good many civilian uses that are important in connection with the war effort. Let us take one illustration: Suppose this is a long war. Are the people to go without knives, forks, and spoons? Are they to be reduced to eating with paper? And there are other illustrations I might use to show that it may be necessary and more important to use silver for munitions of war, but so far as it does not interfere with such use it seemed to me that for ordinary civilian uses it might be desirable that these restrictions be removed upon the authority of these high officials, and for silver to be used for civilian purposes. It does broaden it.

Senator CLARK of Idaho. I do not want to controvert you, but do want it made clear to both of us and to other members of the subcommittee, that this would become quite a different bill, I mean with that amendment, than it was originally drafted.

Senator GREEN. I would not say quite a different bill but it does broaden it somewhat.

Senator DANAHER. The Senator's interpretation of the bill will be of great help to me, and following up the very point made by Senator Clark, is not this a fact: Granted that the President may authorize the Secretary of the Treasury to sell, lease, or otherwise dispose of, certain silver, he may do it for a use not inconsistent with the war effort, but it will be actually limited by the remaining language of the bill, which you have previously cited. Is not that so?

Senator GREEN. That is so.

Senator DANAHER. So that in addition to the requirement that it be not inconsistent with the war effort, it must also tend to assist in the making of munitions of war, the supplying of civilian needs contributing to the war effort, and the converting of existing plants for those purposes.

Senator CLARK of Idaho. Oh, no. Senator Danaher, you will pardon me for interjecting there.

Senator DANAHER. I want to know what Senator Green means.

Senator CLARK of Idaho. He says it is not so limited, in line 1, page 2.

Senator GREEN. Those are mentioned specifically, and then there are other uses in connection with the war effort. Now, the question is, how to consider that language "in connection with the war effort"; in order to make it a little broader I changed the language to read

“not inconsistent with the war effort.” So, with the illustration I gave you, I thought it might not be inconsistent with the war effort to provide civilians with things necessary to carry on civil life properly. I think it directly contributes to the war effort to provide the civilian population with such necessary things as utensils to eat with.

Senator DANAHER. It might well be that in carrying out that purpose we must maintain a minimum, let us say arbitrarily for present purposes, of 15 percent of normal production in order to meet current and recurring needs.

Senator GREEN. I think a person must have a very strong imagination to think that Mr. Nelson would permit silver to be used for knives, forks, and spoons if it is needed for tanks.

Senator DANAHER. You say earlier in your statement—

Senator GREEN (interposing). The whole thing is really permissive. When silver is not needed for war purposes it may be used for other purposes, and it is necessary in my opinion to have this bill enacted even if it would result in not an ounce of silver being used for civilian purposes. It may be all needed for war purposes, and if so it ought all to be so used. It may be that more silver is needed than is covered by this bill, even.

Senator DANAHER. Senator Green, What silver specifically would you expect to be released under this bill, foreign silver or domestic silver?

Senator GREEN. I am giving attention purely to domestic silver now buried at West Point. It will make it possible to use silver now buried and used solely as security for silver certificates, and to transfer it from underground, where it serves no other purpose, to places where it will serve nonconsumptive purposes.

Silver now takes the place of copper, which has been necessary in the manufacture of munitions and for transforming electricity. I cannot see where it would be any less security for the silver dollar if it is in a Government-controlled electrical establishment than if it is underground at West Point.

Senator DANAHER. May I point out to you that the Treasury at the present time has approximately 3.4 billion ounces of silver, of which only 1.16 billion ounces are allocated to silver certificates? Obviously, then, there are two entirely different prices for a very substantial supply of silver upon which we could draw under the authorization of this bill.

Senator GREEN. Yes. And even if the silver manufacturers are taken out of account entirely, it is desirable to provide this silver for war purposes.

Senator DANAHER. The reason I asked you why we should release foreign or domestic silver, or that you have just suggested an amendment in lines 5 to 8, page 2 of the bill, which would provide that for all silver sold—and I notice you emphasize the word “sold”—under this act the price shall be not less than 50 cents per troy ounce, is this: For the foreign silver we have been buying we paid approximately 35½ cents an ounce, whereas domestic silver we have been acquiring at approximately 71.11 cents per ounce. I therefore assume when you suggest 50 cents per troy ounce, it is the average price of both stands supplies, foreign and domestic.

Senator GREEN. I think that is correct.

Senator DANAHER. Have you run into the difficulty in considering your draft of the bill that the Treasury may not as the law now stands dispose of any silver at less than \$1.29 per ounce?

Senator GREEN. Yes; I have. That is a very serious handicap.

Senator DANAHER. I assume that is why you have suggested this amendment in lines 5 to 8, page 2 of the bill.

Senator GREEN. That is right.

Senator DANAHER. I notice that under the authority contained in line 5, page 1 of the bill, the Secretary may sell "or otherwise dispose of" silver. This proviso on page 2 applies only to silver sold, as I understand it.

Senator GREEN. That is right.

Senator DANAHER. Is it contemplated that the standard thus arrived at will nonetheless have its effect on the terms under which silver may be leased or otherwise controlled?

Senator GREEN. That is, the terms of lease?

Senator DANAHER. He may lease subject to later repayment on far more favorable rates.

Senator GREEN. Yes, sir; he may.

Senator DANAHER. Provided it is in favor of the war effort.

Senator GREEN. Yes, sir.

Senator DANAHER. There is no restriction there.

Senator GREEN. No, sir.

Senator CLARK of Idaho. And he might give it away.

Senator DANAHER. Yes. He might give it away, without expecting repayment of any kind, even.

Senator MALONEY (chairman of the subcommittee). Any further questions by members of the subcommittee?

Senator CLARK of Idaho. I think of nothing further at the moment.

Senator DANAHER. I do not believe I have anything else to ask.

Senator MALONEY. Senator Green, do you want to comment on the suggestions made by Mr. Nelson?

Senator GREEN. I have incorporated Mr. Nelson's suggestions in my letter to you.

Senator MALONEY. I thank you. I might say that I have not seen until just now the letter you addressed to me. You are delivering it to me now I understand??

Senator GREEN. Yes. I am delivering it to you now.

Now, Mr. Chairman, the first witness will be Mr. Howard Boynton, of Handy & Harman. Mr. Boynton will state the facts regarding the silver situation.

#### STATEMENT OF H. W. BOYNTON, TREASURER, HANDY & HARMAN, NEW YORK, N. Y.

Mr. BOYNTON. Mr. Chairman, I have prepared a brief statement which I would like to read into the record.

Senator MALONEY. Very well.

Mr. BOYNTON. The company I represent is the principal supplier of silver in semiprocessed form to American industry. Because of our acquaintance with the production and consumption figures pertaining to silver, I have been asked to appear before this committee to present certain facts. Before doing so, I think it is proper to state that our

company has no selfish interest in appearing before you, since we have already converted our plants to war work to such an extent, and carried this work on so efficiently, that we have been awarded the Army and Navy E.

Senator CLARK of Idaho. I did not quite get your background.

Mr. BOYNTON. The company, you mean?

Senator CLARK of Idaho. Yes; whom you represent.

Mr. BOYNTON. Handy & Harman, large processors of semifabricated silver, which we supply to manufacturers.

Senator CLARK of Idaho. Thank you.

Mr. BOYNTON. Further, we have no opinion about, nor interest in, the silver legislation now in effect, except to state that whatever the original purpose of this legislation, it is fortunate that the silver was purchased, because it is now in the possession of the United States Treasury, where it may temporarily, at least during the present emergency, if the Congress so decides, substitute for scarcer metals in war work, and also help those industries normally using silver to bridge the gap between peacetime activities and conversion, so far as may be possible, to war production. The Green bill gives the Secretary of the Treasury the right to loan 1,168,000,000 ounces of pledged silver for nonconsumption purposes, and the right to release 1,350,000,000 ounces of unpledged silver for sale and consumption, subject to the direction of the War Production Board. Here are a few facts:

Production of foreign silver imported into this country will amount to about 115,000,000 ounces this year, and probably about the same in 1943. None of this silver may now be bought except under priority, by order of the War Production Board. It is thus not available for civilian purposes.

Senator CLARK of Idaho. Do you mind being interrupted as you go along?

Mr. BOYNTON. No, sir.

Senator CLARK of Idaho. What is that; an order by the War Production Board?

Mr. BOYNTON. Yes; that is correct.

Senator CLARK of Idaho. When did that order go into effect?

Mr. BOYNTON. That order went into effect on August 29, giving them permission to use, until October 1, 50 percent of the amount used during that period in the previous year, or for the first 6 months of this year, whichever was the greater.

On October 1 they were supposed, under this regulation, to have stopped the use, but it has since been extended for goods already in process and not yet finished, to November 15. But, during this period, from now on, they cannot buy foreign silver for use or manufacture except under priorities.

Senator CLARK of Idaho. Except, as you have stated, for goods in the process of manufacture?

Mr. BOYNTON. No; that those must have been in process on October 1.

Senator CLARK of Idaho. But if they were in process of fabrication or manufacture—

Mr. BOYNTON (interposing). They could be finished.

Senator CLARK of Idaho. They could be finished; is that it?

Mr. BOYNTON. Yes.

Senator CLARK of Idaho. Up to November 15?

Mr. BOYNTON. That is correct; yes, sir.

Domestic silver production will amount to about 60,000,000 ounces in 1942, and presumably in 1943 also. This silver is all that civilian users now can buy, but because of its much higher price, and because the Office of Price Administration will not allow manufacturers to raise the price of finished goods to cover this additional cost, its use in industry is greatly restricted.

Senator DANAHER. What is that higher price, Mr. Boynton?

Mr. BOYNTON. 71.11 cents, or that is the basis of the price.

The present consumption of silver for war purposes is at the rate of about 100,000,000 ounces a year, and is growing rapidly. According to the War Production Board, it is only a matter of months before war demands will have increased sufficiently to require at least 200,000,000 ounces a year. Thus, if this estimate is correct, the demand for war purposes alone will next year exceed the total of available foreign and domestic production, which combined is about 175,000,000 ounces, by some 25,000,000 ounces. In addition civilian industry asks that a part of the amount used in 1941 be made available for 1943 in order to avert the closing of many smaller plants, and to permit transition to war work of all plants with the least disturbance to the country's economy. We estimate that in the pre-war year of 1941, some 65,000,000 ounces of silver was consumed by civilian industry. We also estimate that the amount required for nonwar purposes, to enable the industry to continue while converting to war work so far as possible, would be some 30,000,000 ounces—an extremely small percentage of the 1,350,000,000 ounces of Treasury silver which passage of the Green bill would make available. We accordingly, again with no selfish motives, respectfully urge the passage of the Green bill to permit the release of 30,000,000 ounces of silver during 1943 for nonwar purposes, subject of course to the approval of the War Production Board.

Senator MALONEY. Any questions?

Senator DANAHER. Mr. Boynton, previously I had asked permission, and the committee granted it, to cause to be put in the record an article entitled "The Silver Situation Today."

Mr. BOYNTON. Yes, sir.

Senator DANAHER. That was prepared by your company?

Mr. BOYNTON. That is right, sir.

Senator DANAHER. Where did you get the statistics upon which you relied in the computations reported in that article?

Mr. BOYNTON. From our own records and those of associated producing companies, that is, competitive producing companies, as far as obtainable.

Senator DANAHER. Did you rely also upon the Treasury statement as to Treasury balances?

Mr. BOYNTON. Yes; that is correct, as to Treasury balances.

Senator DANAHER. Do you feel, out of your experience, that the provision for an average price of not less than 50 cents per troy ounce is fair?

Mr. BOYNTON. Very fair.

Senator DANAHER. That does take into account both the foreign and domestic silver price?

Mr. BOYNTON. I presume so. I presume it does.

Senator DANAHER. Well, it is, roughly, an average.

Mr. BOYNTON. Yes. We understood the average was around 48 cents or so; 49 cents.

Senator DANAHER. Thank you, sir.

Senator BUTLER. Would the price suggested, 50 cents per ounce, permit the continued use without changing ceilings?

Mr. BOYNTON. Yes, sir; I believe it would. We are not manufacturers of silverware; so I cannot speak with authority.

Senator MALONEY. Senator Clark?

Senator CLARK of Idaho. Yes. Do you know why the War Production Board issued its order prohibiting the purchase of foreign silver for commercial purposes?

Mr. BOYNTON. I believe it was because of the then scarcity of foreign silver, which was especially acute at that time. That was prior to the raise in price by the O. P. A. to 45 cents.

Senator CLARK of Idaho. Would you say it to be wrong if I suggested that it was because the War Production Board believed that the commercial users of silver were not using it in the war effort?

Mr. BOYNTON. That is quite possible.

Senator CLARK of Idaho. Wouldn't you say, as a matter of fact, although W. P. B. felt the maintenance of all businesses was desirable for war purposes, they did not regard the great bulk, anyway, of the silver fabricators or manufacturers were engaged in essential war work, and consequently they wanted the foreign silver, the Nation itself wanted it, so that it could be allocated for straight-out war work?

Mr. BOYNTON. No. I think they were motivated, Senator, by the fact that silver was becoming quite scarce.

Senator CLARK of Idaho. Yes.

Mr. BOYNTON. Primarily by that fact.

Senator CLARK of Idaho. And therefore they wanted to conserve it for essential uses.

Mr. BOYNTON. That is right.

Senator CLARK of Idaho. Consequently they did not feel that the bulk of your clients or customers were using it in essential war work.

Mr. BOYNTON. I think when the production was relatively so small, 115,000,000 ounces of foreign silver a year, that their action was actually sound, but I think the situation has changed; that is if there is available in excess of a billion or a billion and a half ounces.

Senator CLARK of Idaho. So that the War Production Board, as the situation stands now, if foreign silver becomes relatively more plentiful, can protect, at least to some extent, your customers and your own purchasers?

Mr. BOYNTON. That is right. And, we will rely on their judgment in the matter, naturally.

Senator CLARK of Idaho. Even under the existing law.

Mr. BOYNTON. Yes, sir; with pleasure.

Senator CLARK of Idaho. Now you can go into the market today and by newly mined domestic silver.

Mr. BOYNTON. That is correct.

Senator CLARK of Idaho. But you are compelled to pay—that is, you are not compelled to, but I guess they would not let you have it for less than that.

Mr. BOYNTON. They would not sell it for less than the Government would buy.

Senator CLARK of Idaho. But, in effect, you are compelled to pay approximately 71 cents an ounce?

Mr. BOYNTON. That is right.

Senator CLARK of Idaho. So that the only hardship that you are suffering now, or that your clients are suffering, that this bill would relieve, would be the difference between 50 cents an ounce and 71 cents an ounce.

Mr. BOYNTON. Up to the time where the demand for war purposes becomes sufficiently great to include the domestic silver, which the War Production Board estimated will take place next year.

Senator CLARK of Idaho. If that is true, then this bill or nothing else will afford relief to the commercial silver manufacturer.

Mr. BOYNTON. Oh, yes; it would, because this bill's supply is not available at present. This would add to the supply.

Senator CLARK of Idaho. Of their unplugged silver.

Mr. BOYNTON. That is right.

Senator CLARK of Idaho. But that would not occur until next year, anyway.

Mr. BOYNTON. Well, it would occur with the passage of the bill, whenever that would be.

Senator CLARK of Idaho. But there would not be any shortage until next year.

Mr. BOYNTON. There is no shortage during this year, both foreign and domestic.

Senator CLARK of Idaho. So that you can, at least, for the balance of this year, and from then on spasmodically, still purchase silver for your customers at 71 cents?

Mr. BOYNTON. That is right, with that relief in price, but with our customers, they have no right to charge the higher price necessary for the finished product, and the silver value in the goods is so high intrinsically that they cannot absorb it; I believe, so they tell me. I am not a manufacturer.

Senator CLARK of Idaho. I do not know and perhaps you do not know, so we will have to find out from those who have first-hand knowledge. Do you know how fast the commercial manufacturers of silver products are converting or are able to convert to war purposes?

Mr. BOYNTON. I would rather not express an opinion. I don't know. Some of them have converted very substantially.

Senator CLARK of Idaho. And as they convert, it is quite obvious they would have no further use for silver, isn't that true?

Mr. BOYNTON. That is quite right.

Senator CLARK of Idaho. And I assume, like all others——

Senator GREEN. Excuse me. May I correct that for the record?

Senator CLARK of Idaho. Surely.

Senator GREEN. They may still be using silver for the war effort.

Mr. BOYNTON. Oh, yes.

Senator CLARK of Idaho. Yes, conceivably. I see what you mean.

Mr. BOYNTON. That is quite right.

Senator CLARK of Idaho. But by and large not as they are using it today.

Senator GREEN. I think to a very large extent they will use these converted industries for making parts of munitions also.

Senator CLARK of Idaho. Then, may I ask this blanket question: Do you think this bill is necessary now in order to, as we might say, preserve the silver manufacturing industry; your customers?

Mr. BOYNTON. I think it is necessary within the next few months, or will be; assuming that the estimate of the War Production Board as to its use of silver next year is correct.

Senator CLARK of Idaho. Will you agree with me that the change that is proposed by Senator Green on line 10, page 1 of his bill, substituting the words "not inconsistent" for the words "in connection" makes the bill substantially a nonwar bill?

Mr. BOYNTON. It broadens the bill, definitely; but I don't think, Senator, that that makes it a nonwar bill, because the W. P. B. still has the right to allocate the silver.

Senator CLARK of Idaho. The priorities?

Mr. BOYNTON. Yes.

Senator CLARK of Idaho. But it can do that under any circumstances?

Mr. BOYNTON. Yes.

Senator CLARK of Idaho. You estimate about 30,000,000 ounces of silver being needed commercially?

Mr. BOYNTON. I think that would be a fair estimate, from all the information we can get through the trade.

Senator CLARK of Idaho. I don't know whether you would care to express an opinion, but would you be willing to put a limitation in this bill restricting it to 30,000,000 ounces of silver?

Mr. BOYNTON. I think the trade would be willing to do that; yes. I don't think they expect to get all that they could use and I don't think it is fair that they should. I think the ordinary limitations of supply and increasing war demand will restrict it automatically.

Senator CLARK of Idaho. What have your studies indicated as regards foreign silver purchases becoming more plentiful or less plentiful?

Mr. BOYNTON. I should think it would become less plentiful as your machinery wears out and it is harder to replace. In the event the machinery could be replaced, I don't see any reason for decrease.

Senator CLARK of Idaho. Well, the great bulk of it, as I understand it, comes from Mexico.

Mr. BOYNTON. Mexico produces the greatest individual amount outside of this country that there is; outside of the United States and Canada. The combined production of the United States and Canada is about the same as that of Mexico.

Senator CLARK of Idaho. And you don't know whether they are getting replacements of their machinery or not?

Mr. BOYNTON. I do not know.

Senator CLARK of Idaho. Of course, we know that the gold producers outside of the United States are getting all of the machinery that they want and that the gold producers in the United States are closing down;

Mr. BOYNTON. Yes. I read that in the paper.

Senator CLARK of Idaho. I was just wondering if we were taking care of the foreign producers of silver that way.

Mr. BOYNTON. Well, the good-neighbor policy with Mexico is permanent just now.

Senator CLARK of Idaho. And you know with our silver mines, if they do not produce in addition to the silver some byproduct, they are, to all intents and purposes, put out of business.



Mr. BOYNTON. I think that is correct. Most of them, however, do produce important metals.

Senator CLARK of Idaho. The larger ones do.

Mr. BOYNTON. Yes.

Senator CLARK of Idaho. Such as Sunshine.

Senator MALONEY. Any further questions? If not, we will take the next witness.

Senator GREEN. The next witness will be Mr. Roy C. Wilcox, vice president, International Silver Co., Meriden, Conn. I believe he has no written statement, but out of his vast experience in the silver industry, he is quite competent to make an oral statement.

**STATEMENT OF ROY C. WILCOX, VICE PRESIDENT,  
INTERNATIONAL SILVER CO., MERIDEN, CONN.**

Mr. WILCOX. Mr. Chairman, would it be out of order at this time to perhaps answer Senator Clark's question put to the last witness, Mr. Boynton, in regard to the limit of the 30,000,000 ounces in the bill?

Senator CLARK of Idaho. I would be very happy to have you.

Mr. WILCOX. Is that in order?

Senator MALONEY. Yes. Please answer that question.

Mr. WILCOX. As I sat and listened to it, I understood that the Senator from Rhode Island suggested an amendment on page 2, line 14, striking out "January 1, 1944" and inserting therein "termination of the war," and I would just respectfully suggest that if the war ended, we will say, on March 1, why there would be no necessity for the date. I think the intent was to have it at the rate of 30,000,000 ounces a year. I think that is correct.

Do I make my point clear, Senator?

Senator CLARK of Idaho. Oh, yes. Then I misunderstood Mr. Boynton, because I understood his estimate was 30,000,000 ounces, all told.

Mr. BOYNTON. 30,000,000 ounces for the year 1942.

Senator CLARK of Idaho. Then I misunderstood you.

Mr. WILCOX. Because the original bill had the termination date as of January 1, 1944. That was for the year 1943.

Senator CLARK of Idaho. You think the trade would be willing to take 30,000,000 ounces a year then?

Mr. WILCOX. Yes, sir; I think they would. And, if I may be allowed, I may express myself by reading this memorandum which I have made.

In the interest of the small manufacturers consuming silver, those who up to this moment have not had the facilities necessary for war production or for converting to war production and in the interest of the thousands of retailers from the Atlantic to the Pacific who are dependent more now than ever before upon silver for distribution and resale in their shops in order to hold their small organizations together, I wish to register in favor of this bill.

If I thought for a moment that the release of some 30,000,000 ounces of silver for these industries for the next year's limited production would in any way jeopardize the war economy, I would not be interested one iota in testifying here today.

I believe that Government figures show that there is a minimum of 1,000,000,000 ounces of what might be termed free silver held at

present by the Treasury which appears to be more than enough to satisfy the monetary, war, and limited civilian demand for some years to come.

Forced out of the silver-plated market, and rightfully so, last March 31 due to the dire need in the war effort of strategic nonferrous metals, copper, zinc, and nickel, many of these small manufacturers have had nothing but silver for production to keep their organizations intact. Unless a limited amount of silver is forthcoming they will of necessity have to close up shop. A minor percentage of usual consumption is all that is needed by these shops to keep going until converted.

To deprive them of a livelihood at this time and under the present conditions when there is apparently plenty of the white metal to satisfy their limited needs would seem unnecessary and uneconomic. I doubt if there is a single manufacturer or distributor of silver today but that would give his all to the war effort if there were a place for him with his present facilities to fit into the war picture. There will surely be a place for him at some later date. Until that time comes I only ask that his case be carefully appraised and that he be allowed to keep his organization intact. A limited amount of silver can and should play a very important part in his economy. I hope that you will look with favor upon this bill.

Senator MALONEY. Mr. Wilcox, in addition to being president of the Silver Guild, you are vice president of the International Silver Co.?

Mr. WILCOX. Yes, sir.

Senator MALONEY. How many employees do you have in the International Silver Co.?

Mr. WILCOX. Under peak conditions, a little over 5,000.

Senator MALONEY. Mr. Wilcox, I am asking this question to try to find the answer given to a previous question: "To what extent have you converted to war work in your plant?"

Mr. WILCOX. Well, the International Silver Co. today is a little over 80 percent converted to war production; in other words, as far as my own company is concerned, the question of silver to fill the needs is not necessary; it is not of any interest whatsoever. We expect to be in 100 percent war production by the 1st of January.

What I am trying to do, as the head of the Guild, is to protect the small manufacturers and the thousands of retailers throughout this country who, of necessity, will have to close shop unless they are allowed silver; that is, the production and resale and distribution of silver. Practically all of their goods have gone outside of their shops.

Senator MALONEY. I think that is tremendously important because, as you know, more than one committee of Congress has been devoting special attention and a great deal of time and study to the problem of the so-called small businessman.

Mr. WILCOX. That is correct.

Senator MALONEY. And the small manufacturer. Do you know, offhand, approximately how many so-called small silver manufacturers there are?

Mr. WILCOX. Well, I would say—in fact, I had to make that guess sometime ago, and it was around 150, but I believe the War Production Board dug up five or six hundred.

Senator MALONEY. I noticed that at a hearing of the Small Business Committee a few days ago the Undersecretary of Commerce, Wayne Chatfield Taylor, anticipated the death of, I think he said, 300,000

small business concerns in the not too distant future. On the assumption that these small silver manufacturers are anxious to convert to war work as quickly as is possible, we might save about 600 small manufacturers from that death sentence if we appropriate 30,000,000 ounces of silver a year.

Mr. WILCOX. Well, I think I would discount that a little bit; about four or five hundred now.

Senator MALONEY. Thank you very much, Mr. Wilcox.

Senator DANAHER. Mr. Chairman, I may never again get a chance to make a record like this, and I would like, for the benefit of our colleagues, to bring out a fact or two.

Mr. Wilcox, you are a native of the city of Meriden, Conn., are you not?

Mr. WILCOX. Yes, sir.

Senator DANAHER. And that is known as the Silver City?

Mr. WILCOX. Of the world.

Senator DANAHER. And it is also the birthplace of my distinguished colleague, the chairman of this subcommittee, Senator Maloney.

Mr. WILCOX. Yes, sir.

Senator DANAHER. And the birthplace of the junior Senator of Connecticut now questioning you, Mr. Wilcox?

Mr. WILCOX. Yes, sir.

Senator DANAHER. I cannot ignore the Silver City in this picture. I just want that clear.

Senator CLARK of IDAHO. Mr. Chairman?

Senator MALONEY. Senator Clark.

Senator CLARK of Idaho. As long as your are making that kind of a record, showing a very great interest in it, and properly so, I want the record to show that the State of Idaho has the largest silver mine in the world.

Senator DANAHER. I think the Senator from Idaho should know that in addition to the two Senators from the State of Connecticut, the present witness, Mr. Wilcox, is a former treasurer of the State of Connecticut and a former lieutenant governor of the State of Connecticut, and you are in important company this morning.

Senator CLARK of Idaho. I appreciate that.

Now, as far as the International Silver Co. is concerned, you think this bill would have very little effect on it one way or the other?

Mr. WILCOX. Very little effect, Senator.

Senator CLARK of Idaho. What proportion of manufactured silver products does the International Silver Co. produce, roughly?

Mr. WILCOX. What proportion of what, sir?

Senator CLARK of Idaho. Of silverware and silver products.

Mr. WILCOX. In proportion to what?

Senator CLARK of Idaho. To all fabricated silver products.

Mr. WILCOX. You mean of the whole industry?

Senator CLARK of Idaho. Yes. I was wondering what proportion it would be.

Mr. WILCOX. A minor part of it, to the whole industry.

Senator CLARK of Idaho. Just a minor part?

Mr. WILCOX. Yes, sir.

Senator CLARK of Idaho. Do you think that these firms for which you are very conscientiously solicitous—and I am too, and I say that very candidly—that those firms will be materially injured or put out of

business even if they are compelled to pay 71 cents an ounce for silver rather than, say, 50 cents an ounce?

Mr. WILCOX. Unless there is some change in the O. P. A. rulings, I would say, yes, sir.

Senator CLARK of Idaho. Have they put a ceiling on silverware or silver products?

Mr. WILCOX. Well, I believe they have. In the last analysis, most silver-plated ware went out sometime ago, replaced by sterling-silver products.

Senator CLARK of Idaho. Of course, the industry is practically out of the plate business anyway?

Mr. WILCOX. The industry is entirely out of the plate business.

Senator CLARK of Idaho. So that now they manufacture a silver product known by what term?

Mr. WILCOX. Hollow ware and flatware.

Senator CLARK of Idaho. And now practically all sterling?

Mr. WILCOX. That is correct, sir.

Senator CLARK of Idaho. Have there been any ceilings placed on sterling-silver products?

Mr. WILCOX. Well, yes; there has been a ceiling placed on sterling-silver products.

Senator CLARK of Idaho. There has?

Mr. WILCOX. Yes, sir.

Senator CLARK of Idaho. That is what I was trying to get at.

Mr. WILCOX. Oh, yes, sir.

Senator CLARK of Idaho. When were those ceilings placed on?

Mr. WILCOX. That I cannot answer directly. Last May, I believe, on hollow and flatware.

Senator CLARK of Idaho. Then you were purchasing silver in the world market at about what; 35?

Mr. WILCOX. 35½ cents.

Senator CLARK of Idaho. 35½ cents an ounce?

Mr. WILCOX. Yes, sir.

Senator CLARK of Idaho. And what O. P. A. and W. P. B. have jointly done, they have thrown you out of the world market, to all intents and purposes, after November 15?

Mr. WILCOX. Yes, sir.

Senator CLARK of Idaho. That is what W. P. B. has done, and O. P. A. has made it, as you say, impossible to operate by purchasing silver at 71 cents an ounce in the domestic market.

Mr. WILCOX. Yes, sir.

Senator CLARK of Idaho. Well now, frankly, I am very sympathetic with the position in which these small manufacturers and the large manufacturers of silver products find themselves, but what I am concerned about is whether or not there is not a better way of preserving them in business while they are converting, insofar as possible, to war work, than by legislation of this kind, particularly in its amended form, which would establish a principle of using, at least temporarily, silver held for monetary purposes, even though it is free and held in the Treasury, and releasing that directly for commercial purposes.

Now, I speak for myself only, but I think it is probably the attitude of most of the Representatives of the silver producing States, that we are perfectly willing, by suitable legislation—not only willing, but

anxious to have the Treasury use this free silver in war production work, and for nonconsumptive purposes too; that is, free silver; and the pledged silver for consumptive purposes in war work.

I am wondering if it would not be a better approach to the thing to have W. P. B. loosen up on its order and permit you people to go into the foreign silver market, which certainly we have no objection to you doing, and never have had, as you know, and acquire your needs there to continue in business in your conversion and for those plants that cannot convert thereafter, and then let the Government, under a special bill, be authorized to use this free silver directly in war production work.

Now, you may say that is a distinction without a difference, and in a sense it is, but at least it maintains all the principle of silver as a money metal, for which we have fought here since time immemorial. I don't know whether I make myself clear or not.

Now, if your requirements are only going to be 30,000,000 ounces for the next year, according to your best estimate, I would personally like to see W. P. B. modify its order to the extent that you can purchase foreign silver to that extent, if you please, at 35 or 40 cents an ounce, which would be less than anything you could get under this bill, because this is 50, and still maintain the integrity of that silver which the Treasury holds, both pledged and unpledged, except as the Government desires to directly use it to help win this war.

What I am afraid of here is that establishing this principle of turning loose silver held by the Treasury, which we consider is a money metal, for commercial purposes, we might open the tent so that the camel can get in and ultimately, which I think generally the silver trade wants to do, and I don't blame them, from their standpoint—repeal the Silver Purchase Act.

Of course this is more in the nature of a lecture than a question, but I still think your problem can be solved by the W. P. B. relenting on that order that it has issued, letting you go into the market to buy your silver at 35 or 40 cents an ounce, for foreign silver, and then those firms that can afford it and stay above the order, if they want to pay 71 cents, O. K., and then let Mr. Morgenthau come up here with a bill and we will discuss it with him.

We have discussed it time and again, and I think we have expressed a willingness to pass any kind of legislation to let the Treasury take all the silver it needs for war purposes directly, because then your principal is not disturbed, and, by jove, I would like to see them take the gold too, but you cannot get the Secretary of the Treasury to agree with that.

That is all.

Senator MALONEY. Are there any further questions? You have the floor, Mr. Wilcox. Did you want to comment?

Mr. WILCOX. No. I have listened very patiently, and I thank you very much for the lecture, Senator, but I would rather not go into that subject now.

Senator MALONEY. Thank you very much.

Senator GREEN. The next witness will be George A. Ingleby, president, New England Manufacturing Jewelers' and Silversmiths' Association.

**STATEMENT OF GEORGE A. INGLEBY, PRESIDENT, NEW ENGLAND  
MANUFACTURING JEWELERS' AND SILVERSMITHS' ASSOCIATION,  
PROVIDENCE, R. I.**

Mr. INGLEBY. Gentlemen, we are here in support of Senate bill 2768, a bill to authorize the use for war purposes of silver held or owned by the United States.

We appear on behalf of the jewelry manufacturing industry, as represented by the New England Manufacturing Jewelers' and Silversmiths' Association, Inc. This association is a Rhode Island corporation founded in the city of Providence 55 years ago. It devotes itself to any and all efforts that soundly benefit the industry which it serves. It represents the industry both in New England and outside of New England. A list of its members is attached hereto as exhibit No. 1. (See p. 31.)

Normal employment in the industry at the manufacturing level averages 32,000 workers. Estimates derived from figures submitted by the United States Employment Service on June 15, 1942, place employment in the industry at approximately 25,000 workers. This total has probably been reduced somewhat since this date. The decline in employment has been due to the restrictions upon materials formerly used by the industry. These materials include aluminum, tin, copper, nickel, steel and others, all of which materials are critical and were rightly prohibited by the War Production Board from being used in the production of the industry's products. The industry has at all times endeavored to cooperate with the War Production Board. The industry's inventories of critical materials either have been or are now in the process of being sold to the Government for use in the war effort in many cases at prices below their cost to the manufacturers.

Since April 1941, this industry has individually and collectively worked aggressively toward the conversion of its normal production to war production. It is continuing to do so today with every means at its disposal. This association has employed an engineer to assist its members in this work and individually many of the plants within the industry have employed specialists both to assist in securing orders and in production. The task has been a difficult one, as the productive equipment within the industry consists, only to a limited extent, of a type of equipment necessary for the production of the bulk of available war work. To correct this situation, the industry has spent from its own financial resources very substantial sums for both capital equipment, particularly machine tools, and noncapital expenses in organizing to obtain and produce a product normally foreign to it and requiring somewhat different and more technical skills to produce.

In a recent survey, with 99 concerns reporting, it was indicated that these concerns spent nearly \$700,000 for capital equipment and an additional \$200,000 for sales effort and other noncapital expenses in seeking and preparing to produce war work. These figures are extremely conservative. The total expenditures by the industry would undoubtedly exceed well over a million dollars.

In order to determine the degree of conversion in the industry, a special survey was made by this association. Again using this sample study of 99 concerns, we found that these concerns were working

on both war and normal production a total of 434,177 man-hours per week. Of this total, 118,019 man-hours per week were concentrated on war production. If, as we believe to be the case, this group of concerns is a typical cross section of the industry, this would indicate that the industry was 27.18 percent converted to war production. We believe that there has been a steady increase of this percentage since this survey.

We agree that as far as the war effort is concerned this industry's products may be classed in the nonessential category. We shall attempt to prove, however, that the production of some of its normal products during this transition period is essential to preserve the war work in which the industry is now engaged.

War Production Board orders, now in existence and under consideration, point to the fact that the time in which the industry can manufacture its normal products is strictly limited by virtue of the existing restrictions in the use of practically the only material available to the industry at this time; namely, silver. Silver conservation order M-199 of the War Production Board completely shuts off the use of foreign silver by the industry on November 15. Regulations of the Office of Price Administration have the effect of generally preventing the use of domestic silver by the industry by disallowing the industry to adjust the prices of its finished product, when, because of War Production Board orders, it has been forced to switch from the use of foreign silver costing 35½ cents an ounce to the use of domestic silver costing 71.11 cents per ounce.

Senator CLARK of Idaho. Do you mind being interrupted?

Mr. INGLEBY. No, sir.

Senator CLARK of Idaho. Some people prefer to complete their statements before being interrupted.

Mr. INGLEBY. That is perfectly all right.

Senator CLARK of Idaho. Now, that is exactly the point. They have got you right smack between the pincers, haven't they?

Mr. INGLEBY. Except I would like to go a little further, Senator, that we do not believe that that would correct the situation, because we have been advised by our suppliers that this newly mined domestic silver which is available today will very shortly be used entirely in the war effort and not be available to us much longer.

Senator CLARK of Idaho. Why would the O. P. A. say or what reason could they possibly give for putting a ceiling on sterling silverware?

Mr. INGLEBY. Well, I don't think I know enough about the O. P. A. regulations to answer that. That was the ceiling they put on it.

Senator CLARK of Idaho. I am very curious. It occurs to me that silverware, sterling silverware, although a very highly desirable and fine thing, is certainly in the luxury class, and a very desirable luxury class, and one that has had an honored name throughout our history. But, why O. P. A. would want to put a ceiling on the price that the comparatively well-to-do people would have to pay for sterling silver is just beyond me.

However, your further point is that even if this silver price were raised, that you would soon be out of the silver market, the domestic silver market, because of the need for war purposes.

Mr. INGLEBY. That is the information I have from our source of supply.

Senator CLARK of Idaho. Go ahead. I am sorry to have interrupted you.

Mr. INGLEBY. It can readily be seen that after November 15 the number of man-hours now being worked by the industry will be reduced by approximately 70 percent, since only 27.18 percent of its present man-hours can be worked. This volume cannot maintain an industry on a self-sustaining level. To achieve a self-sustaining level for the industry after November 15, or even to reach a point of diminishing losses, it would be necessary for the industry to work an additional number of man-hours beyond the amount now worked on war production.

The amount of additional volume necessary must be sufficient to either place the industry on a self-sustaining basis or at least to diminish the losses to the point at which such losses could be absorbed by the industry.

If action is not taken to correct this situation, most members of the industry will face a shut-down and the Government will suffer the loss of the industry's present war effort. The proper answer to the above is, of course, the raising of the degree of conversion from 27.18 percent to a point where the industry is on a self-sustaining level. Every effort is being made and will continue to be made to do this. We would be happy to outline these efforts to you but for the sake of brevity we will refrain from doing so unless requested. If this gap between a 27.18-percent conversion and even a percentage necessary to put the industry on a self-sustaining level is to be bridged, the industry must have, while it strives to obtain a sufficient volume of war production, needed quantities of silver.

We believe that it would be against the best interests of the war program, if we did not come here to favor a bill, which, to preserve vital war production, would make available to the industry a metal not wholly required for war production and in the use of which, for the purposes herein outlined, the war program would not be jeopardized. Previous testimony on the silver supply situation, with which we completely concur, has covered our reasons for so believing and therefore we will not discuss this point at this time.

We realize the need for the War Production Board to issue a restrictive order on foreign silver and we believe that the requirements of silver for war production will eventually consume all the silver, both foreign and domestic, currently being imported and domestically produced. If this be the case, and this industry can solve its problems as outlined above with a sufficient quantity of Treasury silver, then, gentlemen, we seek the approval of this bill which we believe would authorize the Treasury to sell silver held by it for this purpose.

We feel it only sound for the Government to make every effort to protect the war production now in the industry and, in addition, protect those manufacturers who have invested well over a million dollars in their conversion program by giving the industry additional time to convert.

This can be done only by allowing them the use of sufficient quantities of silver which we believe to be a truly noncritical metal. In the problem of conversion to war work, most manufacturers find it necessary to convert both machines and workers and are confronted with the problem of obtaining war orders which, in most instances, are nonrecurring and which require "fill in" production during waiting periods for new orders and tooling or material deliveries.



We have carefully examined this bill and are convinced that if enacted it would make possible the preservation of the vital war work in this and other sections of the silver-using industry. For these reasons, we desire this legislation; we ask your support of it and a favorable report on it by this committee.

Senator CLARK of Idaho. Let me ask just one more question, please. I am not at all certain but what this bill as originally drafted, with some slight modifications, might not be all right.

Suppose this bill with the words "in connection" on line 10 remained in and not taken out, and the words "not inconsistent" not substituted for it, in other words, the bill as originally drawn and the W. P. B. recommendation for modification enacted, and then suppose after that enactment, and after the Treasury had power then to use this silver directly in the war work and W. P. B. would rescind its order on the purchase of foreign silver, let you have the foreign silver and they used the domestic directly in the war effort, do you think that would take care of you; that that would be enough?

Mr. INGLEBY. I assume that that would accomplish the purpose.

Senator GREEN. May I interpose a suggestion? It does not necessarily follow that the foreign silver would be sufficient, because the production of foreign silver is falling off.

Senator CLARK of Idaho. Well, that is what I asked, whether in the opinion of the witness it might not be sufficient.

Senator GREEN. I think the witness means if it continued at the present rate.

Mr. INGLEBY. Yes.

Senator GREEN. Well, there is no such assumption possible.

Senator CLARK of Idaho. That would allow all of the free domestic silver to go directly into the war effort and still allow you to go into the market.

Senator GREEN. There is the possible contingency of the falling off of foreign silver, however.

Senator CLARK of Idaho. How much of your industry do you estimate would be converted to war work in another year, say?

Mr. INGLEBY. That is very difficult to state, Senator.

There are many of us that have a fair percentage of war conversion, but with some of the smaller industries—and we have some very small ones with 6, 8 to 10 to 12 people—it has been very difficult, and we have been trying to work out a program where some of the larger manufacturers would take contracts and spread them out among the smaller industries. We have just reached the point where we are now starting to work with the Small War Plants Corporation, and they have just about begun to function. However, it is very difficult to answer your question. I could not answer that, striving to reach a percentage where we will be on a self-sustaining basis.

Senator CLARK of Idaho. Let me ask you this: Of course, if silver gets as tight as all of your collective testimony indicates it might, you are not going to get any relief under this bill either.

Mr. INGLEBY. That is right.

Senator CLARK of Idaho. So as long as there is available silver, it seems to me if you could be permitted to come into the market, you could sustain yourself, and when silver becomes unavailable, whether this bill becomes law or does not, you would be out anyway.

Mr. INGLEBY. Yes.

Senator CLARK of Idaho. Reverting back to a previous question on selling price, now, suppose, in addition to that, at least, raising its selling price to allow you to take care of that spread by increasing the price to the consumer—suppose we pass a short little bill giving the Secretary of the Treasury power to use this free silver for strictly war purposes, wouldn't that solve your problem?

Mr. INGLEBY. I would like to answer that question this way: I would like to inject, Senator, that I represent the manufacturing jewelry industry and not silversmiths. Those points are well taken, but we have been continually spending sizeable amounts of money for small industry in the conversion program, and we have reached the point whether it is advisable to continue that process by breathing spells of 30 days or more; in other words, if we were going to see a period during which we could continue some normal production, even to a limited extent, that would help us in this conversion program, and that is entirely satisfactory, but a bill that would only tide us over 30 days or 60, would be just another expenditure by the industry, which perhaps they would be better off not making.

Senator CLARK of Idaho. Well, I had in mind a bill which would last for the duration of the war which would give the Secretary of the Treasury and the W. P. B. authority to use all of the free silver in the Treasury for war purposes. Then that would release to the silver trade all domestic silver, newly mined domestic silver that they could get in, unless the Government used all of the silver in the Treasury and all of the newly mined domestic silver.

Then I had in mind taking off those ceilings to such an extent that you could buy your silver at 71 cents an ounce and sell your product at a profit. Then we would preserve our principal and take care of you people;

Of course, you know, and it is no secret, the Secretary of the Treasury has very decided views on this matter and has so expressed himself. He is not only entitled to that, but I imagine that 90 percent of the people here would agree with me. But, nevertheless, wouldn't that solve your problem?

Mr. INGLEBY. Well, I am not a specialist trying to handle a bill, Senator. You may be right. But I would assume that such a bill that might release that silver would not necessarily mean that the War Production Board would have to use it.

Senator CLARK of Idaho. It would be turned over, though, directly for war purposes rather than turning it over for commercial purposes.

Mr. INGLEBY. Yes, but we base a condition to it where the war effort is using 35-cent silver and we are attempting to use 71-cent silver.

Senator CLARK of Idaho. But I am suggesting either that they give you permission to use that 35-cent silver and they use the 71-cent silver that they have in the Treasury, or that they make you buy the 71-cent silver and raise your ceilings and let you make a profit with the 71-cent silver. Then we can pass a bill authorizing them to use the free silver in the Treasury for the war effort.

Now, as I say, whether this bill becomes law or does not, you would be out anyway. I frankly think with the O. P. A., acting that way, and the W. P. B., acting that way, that you have got a very just cause for redress right there, but I do not know anything about that.

Thank you very much.

Senator MALONEY. Thank you very much, Mr. Ingleby.

Senator Green, representatives of the Navy and the War Production Board are here, and while I am ever so anxious—and I assume that the committee members are, to complete the hearing on this bill this morning—and it is always morning in the Senate until it gets dark—I would like very much now to hear Rear Admiral T. J. Keleher, who represents the Secretary of the Navy, and thereafter the representative of the War Production Board.

EXHIBIT No. 1. *Members of the New England Manufacturing Jewelers' and Silver-smiths' Association*

	<i>Number of employees August 1941</i>
A. & Z. Chain Co., 116 Chestnut St., Providence, R. I. ....	18
Albert Manufacturing Co., 85 Sprague St., Providence, R. I. ....	110
John F. Allen & Son, Inc., 509 Westminster St., Providence, R. I. ....	4
American Brass Co. (branch office), 200 Chestnut St., Providence, R. I. ....	15
Walter Allen Co., 56 Pine St., Providence, R. I. ....	47
American Jewelry Chain Co., 75 Eagle St., Providence, R. I. ....	34
American Metal Crafts Co., Attleboro, Mass. ....	70
American Standard Watch Chain Co., 85 Sprague St., Providence, R. I. ....	400
Armbrust Chain Co., 95 Chestnut St., Providence, R. I. ....	128
E. H. Ashley Co., Inc., 509 Westminster St., Providence, R. I. ....	18
Associated Attleboro Manufacturers, Inc., Attleboro, Mass. ....	155
Attleboro Refining Co., Attleboro, Mass. ....	21
Augat Bros, Attleboro, Mass. ....	15
L. G. Balfour Co., Attleboro, Mass. ....	722
B. A. Ballou & Co., Inc., 61 Peck St., Providence, R. I. ....	170
H. F. Barrows Co., North Attleboro, Mass. ....	51
Bates & Klinke, Attleboro, Mass. ....	25
Beacon Jewelry & Novelty Co., 7 Beverly St., Providence, R. I. ....	8
Geo. F. Berkander, Inc., 891 Broad St., Providence, R. I. ....	441
S. O. Bigney Co., Attleboro, Mass. ....	66
Blacher Bros., 299 Carpenter St., Providence, R. I. ....	30
R. Blackinton & Co., North Attleboro, Mass. ....	45
Bliss Bros Co., Attleboro, Mass. ....	148
Monroe Block Co., 45 Richmond St., Providence, R. I. ....	42
Bridgeport Brass Co. (branch office), 70 Clifford St., Providence, R. I. ....	7
Brier Manufacturing Co., 222 Richmond St., Providence, R. I. ....	800
Brown & Dean Co., 98 Blackstone St., Providence, R. I. ....	5
Bojar Co., 100 Stewart St., Providence, R. I. ....	25
Brown & Mills, Inc., 100 Stewart St., Providence, R. I. ....	15
Bugbee & Niles Co., North Attleboro, Mass. ....	25
Bullard & Pickering, 40 Clifford St., Providence, R. I. ....	31
C. & G. Manufacturing Co., 61 Peck St., Providence, R. I. ....	50
Carl-Art, Inc., 95 Chestnut St., Providence, R. I. ....	125
Chase Brass & Copper (branch office), 301 West Exchange St., Providence, R. I. ....	14
Cheever Tweedy Co., North Attleboro, Mass. ....	46
Clark & Coombs Co., 162 Clifford St., Providence, R. I. ....	70
Clayton Manufacturing Co., 226 Eddy St., Providence, R. I. ....	25
Clover Bead & Novelty Co., Pawtucket, R. I. ....	250
W. R. Cobb Co., 101 Sabin St., Providence, R. I. ....	34
Cohn & Rosenberger, Inc., 167 Point St., Providence, R. I. ....	1, 750
Concord Manufacturing Co., 100 Baker St., Providence, R. I. ....	22
College Seal & Crest Co., Boston, Mass. ....	25
Conley & Straight, 226 Eddy St., Providence, R. I. ....	25
Cook, Dunbar, Smith Co., 85 Sprague St., Providence, R. I. ....	35
E. N. Cook Plate Co., 70 Ship Street, Providence, R. I. ....	41
Dieges & Clust, Abbott Park Pl., Providence, R. I. ....	70
Calvin Dean, Inc., 222 Richmond St., Providence, R. I. ....	100
Dickson Manufacturing Co., 150 Chestnut St., Providence, R. I. ....	20
Angelo Di Maria, Pawtucket, R. I. ....	25
Doyle & Co., Attleboro, Mass. ....	25
Dolan Bullock Co., 7 Beverly St., Providence, R. I. ....	56
Dunn Bros., 129 Baker St., Providence, R. I. ....	16

EXHIBIT No. 1. *Members of the New England Manufacturing Jewelers' and Silver-smiths' Association*—Continued

	<i>Number of employees August 1914</i>
Evans Case Co., North Attleboro, Mass.....	850
Federal Chain Co., 141 Georgia Ave., Providence, R. I.....	90
Felch & Co., 21 Bucklin St., Providence, R. I.....	15
Finberg Manufacturing Co., Attleboro, Mass.....	45
J. M. Fisher Co., Attleboro, Mass.....	70
Fiske & Cogroy Co., 214 Oxford St., Providence, R. I.....	25
Theo. W. Foster & Bro. Co., 389 Charles St., Providence, R. I.....	160
Freeman, Daughaday Co., 134 Thurbers Ave., Providence, R. I.....	122
Fulford Manufacturing Co., 107 Stewart St., Providence R. I.....	70
George H. Fuller & Son Co., Pawtucket, R. I.....	73
General Chain Co., North Attleboro, Mass.....	17
General Findings & Supply Co., Attleboro, Mass.....	65
General Plate Co., Attleboro, Mass.....	250
Genser Manufacturing Co., 45 Waldo St., Providence, R. I.....	400
Glines & Rhodes, North Attleboro, Mass.....	5
Greene, William C. Co., 100 South St., Providence, R. I.....	95
R. L. Griffith & Son Co., Abbott Park Pl., Providence, R. I.....	100
Guyot Bros. Co., Inc., Attleboro, Mass.....	60
Hadley Co., 297 Dexter St., Providence, R. I.....	125
Handy & Harman (branch office), 425 Richmond St., Providence, R. I....	5
S. P. Harris, Inc., 183 Public St., Providence, R. I.....	20
Harvey & Otis, Inc., 46 Chestnut St., Providence, R. I.....	30
Walter Hayward Co., Attleboro, Mass.....	76
Heller-Hope Co. (branch office), 52 Dorchester Ave., Providence, R. I....	1
Hingco Vanities, Inc., 12 Addison Pl., Providence, R. I.....	100
Horton-Angell Co., Attleboro, Mass.....	60
Hudson Co., Inc., North Attleboro, Mass.....	60
Imperial Pearl Co., 7 Beverly St., Providence, R. I.....	100
Improved Seamless Wire Co., 775 Eddy St., Providence, R. I.....	68
Irons & Russell Co., 95 Chestnut St., Providence, R. I.....	50
Jewelry & Cutlery Novelty Co., North Attleboro, Mass.....	20
Kestelman Bros. Manufacturing Co., 150 Chestnut St., Providence, R. I.....	100
J. R. Kilburn Glass Co., Chartley, Mass.....	24
R. H. Kimball, Inc., 60 Ship St., Providence, R. I.....	20
Kinney Co., 105 Gordon Ave., Providence, R. I.....	15
G. Klein & Son Co., 135 South St., Providence, R. I.....	135
Kotler & Kopit, Inc., Pawtucket, R. I.....	50
Kuehner & Co., Inc., 116 Chestnut St., Providence, R. I.....	21
L. & B. Jewelry Manufacturing Co., 36 Garnet St., Providence, R. I.....	68
Lancor Manufacturing Co., 80 Clifford St., Providence, R. I.....	20
Leach & Garner Co., Attleboro, Mass.....	91
Henry Lederer & Bro., 150 Chestnut St., Providence, R. I.....	43
LeStage Manufacturing Co., North Attleboro, Mass.....	75
Leonard Levin Co., 40 Fountain St., Providence, R. I.....	10
Levy Anderson Co., 45 Baker St., Providence, R. I.....	20
N. Levy Co., 212 Union St., Providence, R. I.....	10
T. W. Lind Co., 171 Eddy St., Providence, R. I.....	50
A. L. Lindroth Co., North Attleboro, Mass.....	25
P. & A. Linton Co., 1199 Eddy St., Providence, R. I.....	47
M. S. Co., Attleboro, Mass.....	52
D. E. Makepeace Co., Attleboro, Mass.....	119
Manufacturers Refining Co., 26 Ship St., Providence, R. I.....	5
Marathon Co., Attleboro, Mass.....	90
Mason Box Co., Attleboro Falls, Mass.....	150
Mays Manufacturing Co., 236 Chapman St., Providence, R. I.....	60
Adolf Meller Co., 400 Charles St., Providence, R. I.....	39
Monocraft Products, Inc., 46 Chestnut St., Providence, R. I.....	150
Samuel Moore & Co., 301 Friendship St., Providence, R. I.....	15
Frank Morrow Co., 129 Baker St., Providence, R. I.....	45
Edw. H. Morse Co., Attleboro, Mass.....	50
Morse Andrews Co., Attleboro, Mass.....	55
E. B. McAlpine, 85 Ellenfield, St., Providence, R. I.....	5
Thomas McGrath, Inc., 43 Bucklin St., Providence, R. I.....	114

EXHIBIT No. 1. *Members of the New England Manufacturing Jewelers' and Silver-smiths' Association—Continued*

	<i>Number of employees August 1941</i>
New England Brass Co., Taunton, Mass.....	69
New England Glass Co., 150 Chestnut St., Providence, R. I.....	60
New England Metal Co., 70 Calverley St., Providence, R. I.....	15
F. H. Noble & Co., Attleboro, Mass.....	5
Chas. Ohler Co., Pawtucket, R. I.....	25
Ostby & Barton Co., 118 Richmond St., Providence, R. I.....	350
Otis, Inc., 36 Garnet St., Providence, R. I.....	20
P. & H., Inc., Attleboro, Mass.....	32
Pease & Curren, 780 Allens Ave., Providence, R. I.....	10
L. S. Peterson Co., North Attleboro, Mass.....	28
Pilling Chain Co., 140 Benedict St., Providence, R. I.....	110
Pitman & Keeler, Attleboro, Mass.....	85
Plainville Stock Co., Plainville, Mass.....	25
Plastic Craft Novelty Co., Attleboro, Mass.....	25
Progressive Ring Co., 101 Sabin St., Providence, R. I.....	90
Providence Art Metal Co., 137 Clifford St., Providence, R. I.....	23
Providence Stock Co., 100 Stewart St., Providence, R. I.....	38
S. Rapaporte & Co., 116 Chestnut St., Providence, R. I.....	20
Horace Remington & Son, 91 Friendship St., Providence, R. I.....	6
Revere Copper & Brass (branch office), Industrial Trust Bldg., Providence, R. I.....	5
W. E. Richards Co., Attleboro, Mass.....	50
Ripley & Gowen Co., Attleboro, Mass.....	115
Robbins Co., Attleboro, Mass.....	250
Charles Rothman Co., 158 Pine St., Providence, R. I.....	25
S. & S. Manufacturing Co., 1 Savin St., Providence, R. I.....	24
Saart Bros. Co., Attleboro, Mass.....	115
Sammartino Bros., 185 Eddy St., Providence, R. I.....	70
Samsan Co., 158 Pine St., Providence, R. I.....	50
Scovill Manufacturing Co. (branch office), 185 Public St., Providence, R. I.....	8
Seymour Manufacturing Co., Seymour, Conn.....	644
Silverman Bros., 226 Public St., Providence, R. I.....	420
R. F. Simmons Co., Attleboro, Mass.....	290
Speidel Corporation, 70 Ship St., Providence, R. I.....	316
Standard Jewelry Co., Attleboro, Mass.....	25
Louis Stern Co., 70 Elm St., Providence, R. I.....	85
J. F. Sturdy Sons Co., Attleboro Falls, Mass.....	70
Swank, Inc., Attleboro, Mass.....	826
Sweet Manufacturing Co., Attleboro, Mass.....	50
T. & R. Jewelry Co., 430 Kinsley Ave., Providence, R. I.....	190
Taunton Pearl Works, Inc., Taunton, Mass.....	250
Trifari, Krussman & Fishel, 162 Clifford St., Providence, R. I.....	150
Turiet & Bardach, Inc., 7 Beverly St., Providence, R. I.....	49
Uncas Manufacturing Co., 623 Atwells Ave., Providence, R. I.....	450
United Chain Co., 75 Eagle St., Providence, R. I.....	50
Vennerbeck & Clase Co., 150 Chestnut St., Providence, R. I.....	28
W. & H. Jewelry Co., 50 Tobey St., Providence, R. I.....	85
A. T. Wall Co., 162 Clifford St., Providence, R. I.....	55
A. E. Waller Co., 283 Chapman St., Providence, R. I.....	20
D. M. Watkins Co., 274 Pine St., Providence, R. I.....	71
Webster Co., North Attleboro, Mass.....	160
E. E. Weller Co., 253 Georgia Ave., Providence, R. I.....	50
Wells Findings Corporation, 236 Aborn St., Providence, R. I.....	210
Wells Manufacturing Co., Attleboro, Mass.....	85
Whitaker Fielding Co., 35 Baker St., Providence, Mass.....	40
White Manufacturing Co., North Attleboro, Mass.....	30
J. J. White Manufacturing Co., 158 Pine St., Providence, R. I.....	48
Whiting & Davis Co., Plainville, Mass.....	450
Williams & Anderson Co., 14 3d St., Providence, R. I.....	96
Agnini & Singer, 656 North Western Ave., Chicago, Ill.....	150
Arco Metalcraft, Inc., 21 Hopkins St., Brooklyn, N. Y.....	150
Belgard & Frank, Inc., 31 West 47th St., New York, N. Y.....	25
Marcel Boucher, 304 East 23d St., New York, N. Y.....	100

EXHIBIT No. 1. *Members of the New England Manufacturing Jewelers' and Silver-smiths' Association—Continued*

	<i>Number of employees August 1941</i>
Burr, Patterson & Auld Co., 2301 16th St., Detroit, Mich.....	31
Book-Lewis Co., 401 Root Bldg., Buffalo, N. Y.....	20
Ciner Manufacturing Co., 15 West 36th St., New York, N. Y.....	54
The Dorst Co., 2100 Reading Road, Cincinnati, Ohio.....	50
Du Jay, Inc., 37 West 47th St., New York, N. Y.....	50
Ralph DeRosa Inc., 404 Fourth Ave., New York.....	25
Deknatel, J. A. & Son, Inc., 96-20 222d St., Queens Village, Long Island..	80
Eisenstadt Manufacturing Co., 317 North 11th St., St. Louis, Mo.....	38
Engel Bros., 17 West 17th St., New York, N. Y.....	20
Fallon & Kappel, Inc., 151 West 46th St., New York, N. Y.....	44
Forstner Chain Corporation, 646 Nye Ave., Irvington, N. J.....	332
Francet, Inc., 373 Fifth Ave., New York, N. Y.....	48
Charles Grabhorn, 4 Washington Place, New York, N. Y.....	4
Gemex Co., Unionville, N. J.....	281
Herff-Jones, 1411 North Capitol Ave., Indianapolis, Ind.....	351
Heyeck & Co., 40 Crawford St., Newark, N. J.....	20
Hickok Manufacturing Co., 850 St. Paul St., Rochester, N. Y.....	150
Hess-Appel, 30 West 36th St., New York, N. Y.....	28
Jacoby-Bender Inc., 161 6th Ave., New York, N. Y.....	410
J. Jenkins Sons Co., 20 West Redwood St., Baltimore, Md.....	27
Klimpl Medal Co., 303 4th Ave., New York, N. Y.....	7
Krementz & Co., 49 Chestnut St., Newark, N. J.....	202
Mazer Bros., 20 West 33d St., New York, N. Y.....	54
Metal Arts Co., Rochester, N. Y.....	131
J. V. Pilcher Manufacturing Co., Inc., 715 East Gray St., Louisville, Ky..	217
I. Stern & Co., Inc., 233 Spring St., New York, N. Y.....	98
Style Metal Specialties, Inc., 15 West 27th St., New York, N. Y.....	25
Harry C. Schick, Inc., 105 Chestnut St., Newark, N. J.....	103
Henry Sahaku, 19 West 34th St., New York, N. Y.....	25
Staret Jewelry Co., 320 South Franklin St., Chicago, Ill.....	3
Universal Chain Co., 92 Burnett Ave., Maplewood, N. J.....	250
Uris Sales Corporation, 222 Fourth Ave., New York, N. Y.....	27
U. S. Chain Co., 21-28 45th Road, Long Island City, N. Y.....	25
Volupte, Inc., Elizabeth, N. J.....	200
Wadsworth Watch Case Co., 5th and Clay Sts., Dayton, Ky.....	630
Weyhing Bros. Co., 304 Eaton Tower, Detroit, Mich.....	25
Chas. A. Winship Co., 30 West Washington St., Chicago, Ill.....	4
H. A. Wilson Co., 105 Chestnut St., Newark, N. J.....	50
Total.....	23, 120

STATEMENT OF REAR ADMIRAL T. J. KELEHER, OFFICE OF  
PROCUREMENT MATERIAL, NAVY DEPARTMENT

Rear Admiral KELEHER. I am the Director of the Resources Division of the Office of Procurement Material, Navy Department, and, as the Senator just stated, in a sense representing the Secretary of the Navy.

I shall read from my rather brief notes. From the data which we have in my office, the figures being in round numbers, we have free or unpledged silver in the amount of 46,000 tons; pledged silver in the amount of 40,000 tons; and in coins or in the mints, 26,000 tons—or a total of 112,000 tons.

In addition to the above there is now available approximately 5,000 tons of silver annually, consisting of 3,125 tons of imports and 1,875 tons of domestic production.

Of the total of 112,000 tons mentioned above, 46,000 tons of the free or unpledged silver has been committed as a loan to the Defense Plant Corporation, to be used as a substitute for copper in bus bars;

13,000 tons of said 46,000 tons have actually been authorized for transfer to the Defense Plant Corporation, of which 9,200 tons have actually been delivered.

At the moment there appears to be an adequate silver supply available for military production, and it would not be until the beginning of 1943 that our military needs for silver would become pressing. The nearest estimate for silver requirements for essential war orders, other than for bus bars, between the two services, that is, the Army and the Navy, as of today, is 3,500 tons per year.

The demand is going up at the rate of 5 to 10 percent monthly, indicating an essential demand of 5,000 tons shortly after the new year and an annual increase thereafter of approximately 3,500 tons.

If we project the war for 5 years from now this would represent an average of approximately 13,000 tons annually, which indicates the likelihood of utilizing most or all of the present Treasury stocks. Of course, there would still be available a total of domestic production of 2,000 tons annually, plus the probable annual imports of 3,000 tons.

In view of the likelihood that Great Britain and Canadian production will follow to something like the same extent, there will be a rapid rise in their needs for silver and, further, a coinage demand is likely to occur, which makes it obvious that we shall probably need every ounce of silver, including new supplies and in Treasury stocks, to meet these requirements.

Now, I point out, of course, that we are projecting this on the basis of 5 years, and decisions that are made now we might make for a period of a year or so and then face the other situation perhaps later.

The Navy would prefer to have the silver available when actually needed rather than to permit its dissipation for nonessential uses, causing serious interference with essential war contracts, such as has been experienced in other metals, due to lack of foresight in having obtained sufficient quantities to meet Navy requirements.

That last, I think, is the stand the Navy takes, that we had better be safe than sorry. We have been sorry in many instances, notably rubber. We are having difficulties with nickel and copper, and even steel and things of that nature.

Senator CLARK of Idaho. You want the silver and you don't care where you get it.

Rear Admiral KELEHER. No. We simply want a reserve.

Senator CLARK of Idaho. That is what I mean; you want the silver.

Rear Admiral KELEHER. For war purposes.

Senator CLARK of Idaho. That is a perfectly proper attitude.

Rear Admiral KELEHER. Yes, sir.

Senator CLARK of Idaho. And it is just a question of mechanics.

Rear Admiral KELEHER. Yes, sir.

Senator MALONEY. I think we all share your view, Admiral. You are not opposing the bill, as I understand it?

Rear Admiral KELEHER. Not opposing the bill in principle. I think, however, that if we turn to page 2, line 1, starting at the comma, where it says—

including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes—

I am not a lawyer, but it does seem to me that an interpretation of that would permit the use of this silver for things other than for war purposes.

Senator MALONEY. That is entirely right, and that is the intent and purpose of the bill, but under the direction of the Commander in Chief of the Navy, of course.

Rear Admiral KELEHER. But I rather think that this silver, particularly the free or unpledged silver which we have, most certainly should be reserved on the basis of these estimates for the use of the armed services.

Now, there has been some discussion about the domestic production and more particularly about imports. That is, of course, beyond my field, but I do think that we must protect by a reserve, a substantial reserve, the stocks of silver that we have. We cannot predict too accurately. These figures I have given you, I think, are very sound figures.

On the other hand, we go from one thing to another. We shifted, for example, from copper cartridge cases to steel, and we find that steel is scarce, and so it goes. Each thing becomes scarce in turn, so that I can say almost with certainty that everything now is scarce; everything is critical, including silver.

Senator CLARK of Idaho. Then, after all, if I understand you, on the basis of the figures you have worked out, you believe that all the free silver in the Treasury should, as a wise and prudent policy, be held for the armed services and the war effort?

Rear Admiral KELEHER. That is correct, sir, including in the war effort the Allies. You included them, I believe, but I think I should make that clear.

Senator MALONEY. Thank you very much, Admiral.

Rear Admiral KELEHER. Yes, sir.

Senator MALONEY. Now, we are prepared to hear Mr. Richard J. Lund of the War Production Board. You may proceed, Mr. Lund, and identify yourself completely for the record, please.

#### STATEMENT OF RICHARD J. LUND, CHIEF, MISCELLANEOUS MINERALS BRANCH, WAR PRODUCTION BOARD

Mr. LUND. Mr. Chairman, in view of the rather sweeping changes that have occurred in the silver situation in a relatively short time, it was felt that it might be advisable to go into a little more detail than might customarily be the case, for the help, perhaps, of the committee, in its deliberations, so I have prepared a statement that I should like to read.

My name is Richard J. Lund, Chief of the Miscellaneous Minerals Branch of the War Production Board. One of the minerals under the jurisdiction of the branch is silver, and I have been asked by Mr. Donald Nelson to appear before your committee and outline in some detail the silver situation in connection with the war effort, and to state the views of the War Production Board relative to S. 2768, a bill to authorize the use for war purposes of silver held or owned by the United States.

I will first present a brief review of recent developments in silver, then present a concise picture of the current situation, followed by a presentation of our best estimates on the long-term picture regarding



silver in the war effort. All of this relates rather closely to our views on this proposed legislation. I shall confine my discussion pretty much to problems relating to industrial use of silver, and will not touch upon the broad and complex field involving monetary aspects of silver, which is handled by the Treasury Department.

Up until about April 1942, supplies of foreign silver were adequate to satisfy both essential and nonessential demands. At about that time the restrictions on use of other nonferrous metals such as tin, copper, nickel, chromium, and so forth, began seriously to affect production of nonessential items, with the concurrent rise in demand for silver to substitute for these metals. Coupled with this came a rise in demand for silver for war uses and for essential civilian needs, both as a substitute for other more scarce metals and for use in the manufacture of items in which silver stands out as the most desirable metal for those purposes.

As a result, demand materially exceeded the supply of cheap foreign silver, and suppliers were thus forced to distribute foreign silver in accordance with provisions of Priority Regulation No. 1, whereby rated orders must be accepted and filled in the order of their priority ratings.

From then on, manufacturers of nonessential articles found it more and more difficult to obtain silver. Some of them found that silver could be bought directly in nearby countries, notably Mexico, and there soon developed a fairly sizable demand with consequent sharp rise in price in connection with these transactions. This practice, in effect, circumvented the efficient functioning of distribution under Priorities Regulation No. 1, and threatened so to curtail supplies that essential needs might not be met.

In order to correct this situation the War Production Board during July formulated orders to place imports of silver under its control and to restrict the sale, purchase, and use of foreign silver for the manufacture of certain articles of low essentiality. The Silver Producers Industry Advisory Committee and the Silver Distributors Industry Advisory Committee were formed to discuss the proposed orders, and monthly meetings have been held with these groups since July 14, 1942, the date of the first meeting.

The order placing silver imports under control of the War Production Board was issued July 21, as amendment 5 to Order M-63, and the order restricting purchases and use of foreign silver was issued July 29, as Order M-199.

These orders were effective in channelizing limited supplies of foreign silver into essential uses.

Up to late August virtually no newly mined domestic silver was finding its way into industrial use. This arose from the fact that the price of 71.11 cents per troy ounce was far above the general ceiling set by the Office of Price Administration at March 1942 levels.

During August a severe shortage in supplies of foreign silver began to develop. This resulted in part from—

- (1) Delays in arrival of silver-bearing ores and concentrates from such distant sources as Peru and Australia;
- (2) Curtailment in shipments from Mexico as a result of rumors that the 35-cent price would be raised in the near future; and
- (3) Purchase by the Treasury Department of over 3,000,000 ounces of silver from a Canadian company to meet a pressing demand for foreign coinage.

In this critical situation steps were taken at once to make available to industry for war use, needed amounts up to 4,900,000 troy ounces of "silver ordinary" held by the Treasury Department, which is the amount that Department could legally release for this purpose. Considerable time was necessary to work out all details in connection with this release, and it was not until the middle of September that authorizations went out to industry allocating needed amounts to fill war orders.

Early in September the situation was so tight that considerable delays were met in filling orders carrying a rating of A-1-j or higher.

Following the announcement by the Office of Price Administration, late in August, that the ceiling would be raised from 35 cents to 45 cents for silver imported after September 1, together with their announcement on September 22 that the ceiling price on all silver other than newly mined domestic would be raised to the same price level, supplies of silver again became plentiful. Also, the announcement by the Office of Price Administration effective September 3 of the price ceilings for newly mined domestic silver, together with the conclusion of final arrangements with the Treasury Department regarding provisions of the transfer tax and methods of handling certificates—instruments of transfer—proving the origin of the silver, made it possible for manufacturers of nonessential articles to purchase and use this higher-priced silver in their plants. We do not have figures showing amounts of newly mined domestic silver that are going directly into industrial use, but large producers have indicated to us recently that they have sold sizable amounts to industry, and have delivered only relatively small quantities to the Treasury on earlier contracts made for future delivery.

Senator CLARK of Idaho. Do you mind being interrupted, Mr. Lund?

Mr. LUND. No, indeed.

Senator CLARK of Idaho. Do I understand from that statement there that industry is apparently now buying considerable quantities of silver at 71 cents an ounce?

Mr. LUND. That is our understanding, Senator; yes, sir.

Senator CLARK of Idaho. There has been testimony here to the effect that they could not use it at that price because of the retail ceiling on the finished product. Do you have any knowledge on that score?

Mr. LUND. I don't know the details of that, Senator, but it is our definite understanding that sizable sales have been made for industrial use, and I think it is pretty much in the nonessential uses rather than in the essential uses.

Mr. INGLEBY. We bought that silver at 71 cents on the assumption—perhaps we were wrong—that we were to obtain an increase in price; in other words, the O. P. A. had granted the bullion people the privilege to sell it to us at 71 cents, and we assumed in our talks with them that we would be granted an increase, too.

Senator CLARK of Idaho. Have they denied that?

Mr. INGLEBY. Well, they have denied the increase in price, so we have some domestic silver now which we cannot use.

Senator CLARK of Idaho. They definitely refused to raise your ceiling after your talks with them?

Mr. INGLEBY. That is right.

Senator CLARK of Idaho. With your permission, Mr. Chairman, I would like to ask just one question here at this point. If W. P. B. had access, through proper legislation, to the free silver in the Treasury for war purposes, then do you think it would be possible to relax your orders so that the commercial users could obtain foreign silver again?

Mr. LUND. By that you mean the nonessential luxury trade?

Senator CLARK of Idaho. Yes; if you have, for war purposes, access to free silver in the Treasury.

Mr. LUND. That refers to a statement I will give you a little later in connection with our contemplated demand. It is awfully hard to say how far this demand is going, but we see the possibility and probability, even, of possibly requiring not only all of the Treasury, but the newly mined silver as well. The answer on that would really have to be made at the time—reviewing the current situation at that time, and bearing importantly in mind the reserves that must be maintained to meet any possible war and essential civilian demand that might arise over a period of as long as 5 years.

Senator CLARK of Idaho. Just one more question. The bill, as it came to your attention, is different than the bill as proposed this morning. You were here, were you, when Senator Green proposed an amendment to substitute the words "not inconsistent" for the words "in connection." In other words, the effect of the amendment is going to release or might release, under your supervision, Treasury silver for consumptive purposes to commercial users, nonessential commercial users.

Mr. LUND. Still under our control?

Senator MALONEY. That is right.

Senator CLARK of Idaho. I assume it would be under your control, but the bill as originally introduced would, in effect, as I interpret it, only release Treasury free silver for purposes in connection directly with the war effort.

Mr. LUND. That is right.

Senator GREEN. It simply broadens the discretionary power given the agency.

Senator CLARK of Idaho. That is correct.

Senator MALONEY. I would like to say, first, if I may, that it does not restrict your powers at all.

Senator CLARK of Idaho. I think that is true.

Mr. LUND. The views of the War Production Board as presented in this statement refer to the legislation as we saw it, or the proposed legislation; and any changes that might be major changes, I would not be able to pass upon this morning.

Senator MALONEY. But, you would not consider it a major change if it did not affect your power in connection with the bill, would you; I mean the War Production Board?

Mr. LUND. One of the comments we have concerning the original bill relates specifically to the power of the War Production Board. That is one of our suggestions.

Senator MALONEY. Yes; that suggestion was made by Senator Green in an amendment.

Mr. LUND. Yes.

Senator MALONEY. In keeping with your desire.

Mr. LUND. Oh, yes.

Senator MALONEY. But, Senator Clark is concerned about the difference between "in connection" and "not inconsistent." It does not reduce your powers at all.

Senator CLARK of Idaho. As a matter of fact, it broadens their powers.

Senator MALONEY. That is right. It broadens your powers.

Senator CLARK of Idaho. It gives you more discretion. It gives you discretion to release silver to nonessential commercial users, if you so desire. The bill, as drawn, would only give you power to release Treasury silver for purposes in connection with the war effort.

Senator MALONEY. Which, by itself, might be pretty broad.

Senator CLARK of Idaho. That is true.

Senator MALONEY. But the new language helps to clear the language, and although you probably have the same power under the original language, this makes it a little more clear.

Mr. LUND. It is a rather basic change, though, and I don't think I am prepared to pass right now on that.

Senator CLARK of Idaho. The only reason I interrupted you was, I am sorry I have to leave, but I will read your statement later.

Senator DANAHER. Before Senator Clark goes, in order that the whole intendment of Senator Green's amendment shall be before this witness, don't forget that he also suggested in line 4, after the word "Treasury," that we add the words "upon the recommendation of the chairman of the War Production Board."

Senator CLARK of Idaho. That is right. There is no question about that.

Mr. LUND. That was one of the suggestions that I was going to enter.

Senator MALONEY. I would like to ask a question. Are you taking into account and keeping in mind the fact that the silver industry here indicates that it would be completely satisfied with 30,000,000 ounces of silver per year. The Navy is anxious to give full protection to the war program, as you are. Thirty million ounces a year seems to be a small amount compared to what we have and what we anticipate getting.

Now, I want to mention this while Senator Clark is here because, if your fears are great, the life of the bill might be restricted to not later than the first day of 1944. Senator Green has suggested that we change it, but if there is any feeling that we might not want to give so much protection to the small industry, we could come back again to the definite 30,000,000 ounces.

Mr. LUND. I understand.

Senator MALONEY. For a definite period of 1 year.

Mr. LUND. Yes, I see. I cannot pass upon these suggested changes, however, at this time.

Senator MALONEY. Please proceed, Mr. Lund.

Mr. LUND. Owing to the rather sudden release of stocks during September which had become immobile in August through price considerations, together with the release of sizable amounts of "silver ordinary" from the Treasury, we are currently in a period of surplus supplies, which we feel is only temporary.

Late in September an amendment to Conservation Order M-199 was issued which permitted manufacturers of items on the restricted

list to complete the processing of silver, which was in process on October 1, provided the articles would be completed by November 15. No additional amounts of foreign silver could be put into process after October 1. November 15 is now the definite and final cut-off date, after which no foreign silver can be processed in any manner in the manufacture of restricted items, unless they carry a rating of A-3 or better.

Returning briefly to events in the earlier part of this year, a plan was agreed to in May whereby supplies of so-called free silver held by the Treasury—that is, silver that is neither in the form of coins nor backing silver certificates—amounting to approximately 1,350,000,000 troy ounces (about 47,000 short tons) would be leased by the Treasury Department through Defense Plant Corporation for such nondissipative uses as bus bars in new Government-owned aluminum and magnesium plants. Work of melting these huge quantities of silver, recasting, rolling, finishing its fabrication, and installing the product has taken more time than was originally anticipated. This arises in considerable part from the extreme care that must be exercised in holding losses to an absolute minimum.

At present approximately 15,000 tons of this silver have been allocated by Defense Plant Corporation for uses approved by the War Production Board, and deliveries of a little over 9,000 tons have been made by the Treasury to Defense Plant. It is estimated that by next spring approximately 20,000 tons of bus bars will be completely fabricated. Another nondissipative use planned for this silver is in the winding of transformers for various Government-owned plants. The Conservation Branch of the War Production Board is responsible for the allocation of this silver in these nondissipative uses, where it substitutes for copper which is so urgently needed for the war effort. Further details on the program, if needed, can be obtained from that Branch.

It is my understanding, however, that the Treasury Department has agreed with Defense Plant to loan 1,000,000,000 troy ounces (34,460 tons) and additional amounts up to 1,350,000,000 ounces (about 47,000 tons) in the discretion of the Secretary of the Treasury. The Treasury Department has thus committed all of their so-called free silver for use in this program, although less than one-third has been earmarked for specific uses in designated plants.

This brings us down to about the present.

Total Western Hemisphere production of silver outside of the United States has totaled about 135,000,000 ounces annually in recent years. United States imports take roughly 90 percent of this production, and the trend of imports has been declining somewhat since 1940. Imports for 1942 are estimated at about 100,000,000 ounces. Principal countries of origin are Mexico, Canada, Peru, and Bolivia, with small amounts originating in Central America, the West Indies, and Newfoundland. Production in the United States was about 71,000,000 ounces in 1940 and about 69,000,000 ounces in 1941, and we estimate that production in 1942 will be approximately 60,000,000 ounces. Total supplies of newly mined silver available are thus about 160,000,000 ounces, and it is estimated that in 1943 these supplies will approximate one hundred and fifty to one hundred and sixty million ounces.

We do not have statistics on stocks currently held by distributors and industrial consumers, but will have accurate figures on this when a canvass now under way is completed about a month hence.

Stocks of Treasury silver as of September 9, 1942, totaled approximately 2,900,000,000 troy ounces, as announced recently by the Secretary of the Treasury. Of these stocks monetized silver comprised about 1,550,000,000 ounces, leaving a balance of about 1,350,000,000 ounces of so-called free silver.

Industrial use of silver has greatly expanded in recent years, and the rate is accelerating as noted earlier in this testimony. In 1940 approximately 44,000,000 troy ounces were consumed in industries and arts. It is estimated that in 1941 about 80,000,000 ounces were so used, and we now estimate that 1942 consumption will be about 125,000,000 ounces.

Senator MALONEY. Might I ask you there, what is going to cause that great increase that you anticipate?

Mr. LUND. Well, the increase from 1941 to 1942?

Senator MALONEY. And from then on.

Mr. LUND. From then on?

Senator MALONEY. Yes.

Mr. LUND. That is new uses, substituting for other metals that are very scarce.

Senator MALONEY. You are including all of the war purposes, too?

Mr. LUND. Oh, yes.

Senator MALONEY. Thank you.

Mr. LUND. It should be particularly noted that by the end of 1942 the annual rate of consumption will be about 145,000,000 ounces after virtually complete elimination of nonessential uses.

Industrial consumption, by major uses, in 1941, with estimates in 1942 and 1943, is shown in the following table.

I have a table here that is not very long, if you would like to have me read it.

Senator MALONEY. Yes; please do so.

Mr. LUND. These are industrial consumption figures of silver, by major uses, in 1941, and estimates for 1942 and 1943.

For decorative arts, principally silverware and jewelry, in 1941 it was 35,000,000 ounces; estimated, 1942, 30,000,000; and for 1943, 2,000,000.

Chemical uses, 20,000,000 in 1941; 1942, 20,500,000; and for 1943, 22,000,000.

Electrical uses, 1941, 5,000,000; 1942, 9,000,000, and 1943, 25,000,000.

Solders, tin-lead and brazing alloys, 5,000,000 in 1941; 1942, tin-lead, 2,000,000, for brazing alloys, 30,000,000; 1943, tin-lead, 7,000,000 and brazing alloys, 53,000,000.

Bearings, principally airplane engine bearings, 3,000,000 in 1941; 1942, 15,000,000 and in 1943, 32,000,000.

Senator MALONEY. Is that replacing steel?

Mr. LUND. It is replacing other bearing metals, such as tin, anti-mony, and other bearing materials. This seems to do the job better.

Senator MALONEY. Proceed.

Mr. LUND. Medical and dental uses, 2,000,000 in 1941; 1942, 3,000,000; and 1943, 6,000,000.

Miscellaneous, 10,000,000 in 1941; 15,000,000 in 1942; and 30,000,000 in 1943.

The chemical use figure of 20,500,000 for 1942 includes 12,000,000 ounces for photography; 7,000,000 ounces for electroplating, including 3,500,000 ounces of unessential electroplating early in 1942; 1,500,000 ounces for minor silver salts.

The figure of 22,000,000 for chemical uses in 1943 includes 15,000,000 ounces for photography; 4,000,000 ounces for electroplating; and 3,000,000 ounces for minor silver salts.

In connection with the estimated total for 1943 of 177,000,000, it cannot be too strongly stressed that this annual consumption is also the probable median use as of July 1. At the end of 1942, therefore, an annual rate of consumption of 145,000,000 ounces is indicated. Similarly, at the end of 1943, an annual rate of consumption of 227,000,000 ounces is indicated.

It may be noted that the heaviest expansion is for use as solder, brazing alloys, and engine bearings. A notable increase is also shown in its use by the electrical industry.

Any attempt to project the demand for silver for essential uses, even in 1943, is fraught with serious difficulties. A more accurate picture of consumption in 1941 up through September of 1942, will be available when the canvass referred to above is completed about a month hence.

Senator MALONEY. How far is that canvass going?

Mr. LUND. That is going to about 4,000 end users of silver.

Senator MALONEY. Does that include all of the users of industrial silver?

Mr. LUND. Yes, sir.

Senator MALONEY. That is a silver inventory?

Mr. LUND. Yes, sir.

Senator MALONEY. Thank you. I suggested that more than a year ago.

Mr. LUND. The estimates for 1942 in the above table are necessarily rough estimates that have been obtained mainly through silver suppliers.

The estimates for 1943 appear to be reasonably certain for such uses as silver lead solder, engine bearings, and photography. Inasmuch as the war uses for brazing alloys are multitudinous, it is virtually impossible to estimate 1943 requirements, except by applying a percentage increase based on scheduled increases in the construction of ships, airplanes, tanks, guns, bombs, shells, and so forth, in which work brazing alloys find very important uses.

Current demand for silver for war and essential civilian uses is running at the rate of about 110,000,000 ounces annually. The best estimates we have had from the trade indicate that this demand is rising at the rate of from 5 to 10 percent monthly with this increase distributed quite evenly throughout the field of essential uses. At this rate of increase, the demand for essential war uses will equal the supply of newly mined available foreign and domestic silver by about January 1943.

Potential uses, new uses for silver, some of which are sizable, develop suddenly without any warning. As an example, we were approached the other day regarding the possibility of using sterling silver for chains to which identification tags are to be fastened, replacing the

more easily destructible cotton tapes now in use. This use would require approximately 5,000,000 ounces of silver—a sizable amount in relation to supplies now available for consumptive use.

Demand for silver for foreign coinage, although a subject touching on the monetary field, is pertinent to this discussion inasmuch as it has been customary in the past to fill these requirements in large measure from newly mined foreign production. Under existing legislation it is very important that arrangements be made to utilize silver from Treasury stocks to meet these demands.

Another monetary use which has recently developed is the substitution of silver-copper-manganese 5-cent pieces for the copper-nickel coins in order to effect important savings of nickel and copper. This use will require approximately 30,000,000 ounces of silver annually merely to mint additional new coins needed. Again, we deem it vitally important that supplies to meet this need be drawn from Treasury stocks.

Returning to consideration of industrial uses, the entire field of substitution of some form of silver to replace other metals as closures for containers opens up a very large potential demand, but one impossible to evaluate accurately. The possibility of substitution of silver for other metals as plating on returnable containers opens up another potentially large demand that might be measured in tens of millions of ounces.

We feel that it is not beyond the realm of possibility or probability that demand for silver to fill war and essential civilian uses may reach an annual rate of from two hundred and fifty to three hundred million ounces by late in 1943 or early in 1944, with the possibility that it may even go to 400,000,000 ounces per year.

Senator DANAHER. Did we ever use any such amount at any time?

Mr. LUND. Never did, Senator, no.

Senator DANAHER. Would that include putting bands on pipes and cigarette holders and things like that, in your estimated predictable potential use?

Mr. LUND. No. This is essential uses; not luxury uses for pipe holders.

Senator DANAHER. I see.

Mr. LUND. There is the possibility of its going into very sizable uses, such as returnable containers where it might substitute for nickel or tin plating on such things as milk cans, for instances, where you have to have metal to protect food, or the material contained therein.

Senator MALONEY. What is the metal used in the case of plated milk cans?

Mr. LUND. Well, I presume it would be on steel of some form. Again, it is an essential civilian use, but it would be substituting for other much more scarce metals such as tin and nickel.

In view of the possibility that such a demand may have to be met for a period of up to 5 years in connection with the war effort, we feel that sizable amounts of silver stocks held by the Treasury will have to be drawn upon to fulfill these needs.

Very little has been said as yet regarding the demand for silver for manufacture of articles of low essentiality, such as silverware, flatware, jewelry, pens, pencils, and so forth. Under the terms of conservation order M-199, foreign silver cannot be purchased or put into process for the manufacture of such restricted items after October 1,



unless these items carry a preference rating of A-3 or better. Use of newly mined domestic silver for these purposes is still permissible, but it is questionable how heavy the demand for this higher-priced silver will be for these uses in view of the fact that the manufacturer will have to absorb the difference in the cost of his raw material. Up to the present the Office of Price Administration has not granted permission to raise the prices of their products to allow for this differential. We believe, however, that there will be a continued demand for 71-cent silver for restricted uses that may be measured in at least tens of millions of ounces per year some of which will receive preference ratings.

Faced with the probable rise in demand for silver to meet war and essential uses that may reach a rate of one hundred and fifty to one hundred and sixty million ounces annually within only a few months, we are formulating plans to extend the restriction in the use of silver for nonessential purposes to cover all silver rather than the foreign alone as now provided in our silver conservation order. There is always the possibility that a new use will suddenly develop which will demand important amounts of silver, making it all the more imperative that supplies be available to meet these unexpected requirements.

Senator MALONEY. Might I interrupt you there to remind you that this bill in its present form leaves all of the power with your Board?

Mr. LUND. Yes, sir.

The bill S. 2768, introduced by Senator Green on September 14, 1942, concerning which this hearing is being held, would "authorize the use for war purposes of silver held or owned by the United States."

This legislation would authorize the President, through the Secretary of the Treasury, to sell, lease, or dispose of, upon such terms as the Secretary sees fit, any silver held or owned by the United States. The Secretary is authorized to sell this silver for use in connection with the war effort, "including but not limited to" essential war needs, civilian needs contributing to the war effort, and for conversion of existing plants to direct and indirect war work.

I wish to submit the following comments with respect to this proposed legislation:

(1) We wish to be certain, in the first place, that silver sales and purchases under the act will be subject to control by the War Production Board through its priority and allocation powers, so that essential requirements for the war effort can be met. We think it would be advisable, therefore, to add the phrase "upon the recommendation of the Chairman of the War Production Board" after the words "through the Secretary of the Treasury," at the end of line 4, page 1.

Senator MALONEY. Senator Green suggested that earlier today.

Mr. LUND. (2) We assume that it is the intent of S. 2768 to permit the silver which is being leased by the Treasury Department for nonconsumptive uses in war plants, to be maintained as backing for outstanding silver certificates. This will thus permit putting silver stocks owned by the Government to the maximum possible use in connection with the war effort, and make available supplies that we feel will be urgently needed for dissipative essential uses, at the same time putting the monetary stocks into war work.

Senator DANAHER. That can be done under regulation now, can it not, by the Treasury?

Mr. LUND. I don't think I can pass on that point, Senator.

Senator DANAHER. If it may not be done under existing law and regulations to be issued by the Secretary of the Treasury, do you recommend that this bill be amended to cover the point?

Mr. LUND. I think it is the view that the bill as it stands will permit that. Does that answer your question?

Senator DANAHER. Not if it does not exist in the present law and regulations, I would say not—that is, the Bureau. But, you go ahead, sir, and I will take a look at the bill again.

Mr. LUND. (3) The proviso relating to price at which the silver shall be sold requires clarification, in our opinion. Treasury silver stocks were bought under a wide range of prices, so that a sale of different lots under the terms of the proposed legislation might be made at an equally large number of price levels.

Inasmuch as supplies of foreign and newly mined domestic silver will, within a few months, be insufficient to meet the rising demand for war and essential civilian requirements, with the consequent need of drawing upon Treasury stocks, we approve the passage of S. 2768 with the changes recommended above.

Senator DANAHER. Mr. Lund, you have appeared before our committee before; have you not?

Mr. LUND. No, sir; I have not.

Senator DANAHER. Not this committee, but I mean the Banking and Currency Committee.

Mr. LUND. No, sir.

Senator DANAHER. It seems to me I have seen you here and I wondered whether you had been here as a witness, in 1939.

Mr. LUND. No, sir.

Senator DANAHER. Thank you; sir.

Senator MALONEY. Senator Butler, any question?

Senator BUTLER. No questions.

Senator MALONEY. Thank you very much, Mr. Lund.

We have heard from the Government witnesses who have expressed a desire to be heard. Now, are there any others?

Senator GREEN. I believe the representatives of the employees should be heard because they are, in numbers, at least, most vitally interested, and I am going to ask Mr. Martin N. Thompson, representative of the Parker Pen Co. Union, of Janesville, Wis., to come forward.

Senator MALONEY. Please come forward, Mr. Thompson.

#### STATEMENT OF MARTIN N. THOMPSON, PRESIDENT, LOCAL 19593, AMERICAN FEDERATION OF LABOR, JANESVILLE, WIS.

Mr. THOMPSON. My name is Martin N. Thompson and I live in Janesville, Wis., where I have been a resident for 23 years. For 18 years I have worked for the Parker Pen Co. as a pen-grinder. About 8 years ago I helped organize the union, Local 19593 of the American Federation of Labor, and this union includes all the men and women employed by the Parker Pen Co. at Janesville, except the office workers. I am now the bargaining agent of the union and have been a member of the bargaining board since its organization.

I am here to speak on behalf of the members of our union who are the employees of the Parker Pen Co. I am interested in this legislation to preserve the jobs of our people. If we cannot obtain silver for the manufacture of pens and pencils the factory will have to be closed, and that will throw practically 1,000 people, all members of our union, out of work.

Before the war most of the functional parts of our mechanical pencils and fountain pens, with the exception of the gold nib, were made of aluminum. When aluminum became a critical material, brass was substituted. When brass in turn became critical, we substituted plastic parts wherever possible and used some steel and some silver. When the steel conservation order, M-126, was issued, the War Production Board recommended that silver be used in lieu of steel wherever such use was practicable. We followed this recommendation and made our plans and arrangements to use silver although at a very substantial increase in cost.

For a time we used foreign silver, but as the war uses for foreign silver increased, its use for fountain pens and mechanical pencils was stopped by the silver conservation order, M-199. This order has not yet become effective in that we are permitted to continue the use of foreign silver until November 15. But after that the only silver that will be available for our use will be domestic silver. We understand that the supply of domestic silver will not be sufficient to go around unless some of the stores of silver now held by the United States Treasury are made available to industry.

Silver is the last step in the substitution process for our pens and pencils. There is nothing else that we can use where metal parts are required, and some metal parts are required for the functional parts of both pens and pencils. If we cannot get silver for these parts, the whole factory production of pens and pencils will have to close down, and our people will be out of work.

Our employees for the most part are unskilled workers, of which there is an oversupply in this farm community of 24,000 people. The skilled employees, through long experience have become adept in the particular operations for which they have been trained; for example, the pen-grinders are highly specialized craftsmen requiring years of training, but this training does not fit them for diversified mechanical operations. The result of closing down our plant would be to throw approximately 1,000 factory workers out of jobs and they could not be absorbed by any war plant in this vicinity. In addition, several hundred office workers would also be thrown out of employment.

The Parker Pen Co. is the largest continuous user of employees in the Janesville area. The result of closing the plant would create a serious economic condition there. It employs approximately 5 percent of the entire population of Janesville, which affects approximately 25 percent of the community.

The company has already entered into war work and will develop it on a large scale. The machines of our plant that might be employed in war work are already on such work a large percentage of the time, and those that are not on war work are either machines especially constructed for the manufacture of fountain-pen parts, and, therefore, not adaptable for any other use, or they are machines such as small screw machines or small punch presses that are so old and in such condition as to preclude them from being used in war work because

of the fact that they will not hold the close tolerances that are required in our war work.

So for the war work it has been necessary to build an entirely new plant on which the company has expended approximately \$300,000. The principal work being done in that plant is the manufacture of PD-48 fuses for the Ordnance Department. In the main plant subcontract manufacturing is also being done for the Borg Products Division of the George W. Borg Corporation of Delavan, Wis. There are now about 5,000 employees in the war plant in addition to those employed in the main plant in the manufacture of mechanical pencils and fountain pens.

A great many of these employees in the war plant have had a period of training in the main plant in the manufacture of pens and pencils and then transferred to the war plant. No more employees could be used in the war plant at this time because of the inability to get additional machinery and material. However, as fast as materials and the additional machinery can be obtained, the work in the war plant will be increased and additional employees will be used there. These employees require special training and many of the men and women in the pen and pencil work are now undergoing training which will fit them for this war work. If it became necessary to close the main plant because of inability to obtain silver, this training program of war workers would be interrupted and there would be no place in the Janesville area where these men and women could be trained for their future work in the war plant.

So our people now being employed in the manufacture of pens and pencils, if that plant were closed down, could not be absorbed in our own war plant. Neither could they be absorbed in any other war plant or any nondefense plant in the Janesville area. There now exists a substantial surplus of unskilled and semiskilled labor in the Janesville area, and such surplus is in prospect for some time to come. This is shown by a letter, dated September 11, signed by William B. Mills, local manager of the United States Employment Service, at Janesville, Wis. This letter is dated September 11, and I would like to file a copy as a part of my statement.

(The letter from the United States Employment Service, Janesville, Wis., referred to, is as follows:)

EXHIBIT C

FEDERAL SECURITY AGENCY,  
SOCIAL SECURITY BOARD,  
UNITED STATES EMPLOYMENT SERVICE,  
*Janesville, Wis., September 11, 1942.*

PARKER PEN Co.  
*Janesville, Wis.*

(Attention: Mr. B. M. Jeffris, secretary.)

DEAR MR. JEFFRIS: Following up my visit with you on Wednesday at which time we discussed current and anticipated employment of the Parker Pen Co., I would like to summarize our discussion on the probabilities of meeting your anticipated labor needs.

While there are many uncertainties that may affect the manpower situation in the immediate future, we endeavor through the cooperation of employers like yourself to obtain an accurate prediction of the labor demand for periods up to 6 months and 1 year in the future. Likewise, information on labor supply is available to us through employer information on anticipated lay-offs, through an analysis of our active file registrations for work, by records of new and renewal

applications for work, by requests for job training, and other employment service activity which we feel is the pulse of the labor market.

In order to amplify my statements to you on Wednesday, I would like to point out the following facts from current labor demand and supply data for the local labor market:

A. SUPPLY

- 1. Employment office active file (as of this date, Sept. 11, 1942)----- 1,348
- 2. Average new applications per month-for June, July, and August..... 531  
 A large percentage of these job seekers are women newly entering the labor market. On percentage of population, I estimated in May this year a total of 5,000 women could be expected to enter the labor market in the Janesville office area.
- 3. Average renewal applications per month for June, July, and August... 517  
 These job seekers represent a recurring supply, in part from seasonal occupations.
- 4. Average monthly enrollment in preemployment vocational courses..... 96  
 It is now planned to augment this number by the opening of several classes for women trainees for production occupations.
- 5. Anticipated lay-offs----- None

B. DEMAND

- 1. Anticipated hires for the next 6 months----- 780  
 This figure is for 10 major employers in the Janesville area and accounts only for new hires in addition to present employment. Approximately 65 percent of these indicated needs will be male workers to be recalled by 1 establishment and for the most part they are not now represented in the active file count shown in the supply above.
- 2. Withdrawals for the armed forces----- 400  
 This can only be a rough estimate with limited knowledge on the demand based on 10 percent of the approximate male employment in the 10 major establishments.

C. BALANCE OF SUPPLY AND DEMAND

It would appear from the present data that the available supply for the Janesville labor market area for the next 6-month period will exceed considerably the local demand. While demand from adjacent and distant areas is steadily increasing and our office has a responsibility to help meet this demand with the local supply, the number of workers who will migrate from the area is limited by many factors. A large percentage of the present job seekers represented in the available supply are qualified and available only for local job openings.

These facts clearly indicate that the labor needs of the Parker Pen Co. for the next 6-month period for your anticipated increased production on war contracts can be amply met. Your present and past procedure of employing a large percentage of women with a minimum of limiting qualifications enhances this prospect. May I add also that the increased employment by your establishment in the past several months has been a most gratifying factor in the local labor market. While the placement activity of this office with essential employers has been very brisk, opportunities for industrial employment in Janesville other than in your factory have been quite limited. I appreciate the cooperation your organization has given this office in our efforts to effect an orderly control of the labor market which is particularly desired in these times.

Sincerely yours,

WILLIAM B. MILLS, *Local Manager.*

Mr. THOMPSON. This letter shows that on September 11 there were 1,348 applications for work on file with the Janesville office. For the months of June, July, and August there were an average of 531 applications filed per month, and 517 renewal applications, these representing mostly recurring job seekers from seasonal occupation. A few weeks ago when the canning season was at its height, the employment in Janesville was at a high point, but even then there were large numbers of applications still on file unused. Now that the

canning season is over several hundred more people are out of work and available for other employment.

Senator MALONEY. I might say that we have heard from time to time that there is a great shortage of farm labor, particularly in dairy-farm labor, in your State.

Mr. THOMPSON. There is not.

Senator MALONEY. There is no shortage?

Mr. THOMPSON. Not to speak of; not in our vicinity. I don't know how it is farther north.

Senator MALONEY. Please do not let me interrupt you further.

Mr. THOMPSON. I would like to quote just one paragraph from the letter of the United States Employment Office. This states:

It would appear from the present data that the available supply for the Janesville labor market area for the next 6-month period will exceed considerably the local demand. While demand from adjacent and distant areas is steadily increasing and our office has a responsibility to help meet this demand with the local supply, the number of workers who will migrate from the area is limited by many factors. A large percentage of the present job seekers represented in the available supply are qualified and available only for local job openings.

I think that answers your question.

Many of our people own their own homes and many of the workers are women who are working to help pay for their homes. These people cannot readily move from one place to another, and a large proportion of our people working in the main plant could not and would not move away from Janesville if they became unemployed as the result of the closing down of the factory but would remain there in the hope of obtaining employment elsewhere as future demands might increase or of obtaining only seasonal employment. They would simply add to the labor surplus already existing in this area and the result would be severe economic distress in our community.

Our union in cooperation with the Parker Pen Co. has been energetic in the War bond purchase program and many 10 percent buttons are in evidence in that plant. I think as many as 80 percent of our members have signed up on the 10 percent pay-roll deduction program. Unless our people can have continued employment, they cannot continue to buy War bonds and pay taxes as they are now doing.

We also feel that we are engaged in making a product which has real essentiality. Of course writing instruments are not an article of war. Many wars have been fought and won before they were invented, but the same applies to the telephone, telegraph, radio, V-mail, and other media of communication. Pens and pencils are merely two essential instruments for one means of communication, and undoubtedly the most universal used of all means next to actual speech.

In considering the essentiality of fountain pens and pencils, it is important to note that families have been dislocated to tremendous extent due to some members entering military service and others being transferred from one locality to another due to various phases of the war effort.

In the interest of members of the armed forces, a fountain pen is most essential because it is a small portable writing instrument containing a supply of writing fluid that will last an average of 30 days.

Our records indicate that over 50 percent of our fountain pen production is sold directly to men in the military and naval service or to

persons intending to give the pen to such men. The reasons why a soldier would feel a fountain pen essential are plain. A fountain pen is portable and may be carried on the person, and because of the clip it is not readily subject to loss. It is durable, and practically non-breakable. It will carry a month's supply of writing fluid which is of special importance when away from permanent bases. Certainly no soldier could be expected to carry a bottle of ink and an ordinary steel pen into the field. The fountain pen is the only practical writing instrument which members of the armed forces can use when away from a permanent base.

For the 6 months, March through August, 21 percent of our total sales were sold to post exchanges, navy stores and other military outlets. An additional 4 percent went to United States Army and Navy outlets overseas; these outlets constituted 26 percent of our total export sales.

These fountain pens and mechanical pencils which we produce require very little critical material, only a small quantity of steel is now needed as our substitution program has successfully eliminated stainless steel, brass, aluminum, and other critical materials. We have in process a mechanical pencil, the steel content of which is less than 8 pounds per thousand units, whereas the steel content of our former pencil was approximately 80 pounds per thousand units.

Silver is the only restricted metal we need now in addition to this very small amount of steel to continue the manufacture of fountain pens and mechanical pencils and make it possible to develop our war plant to a state of full scale and efficient production. And silver certainly cannot be considered a critical material as long as there are millions and millions of ounces buried in the vaults of the United States Treasury.

Senator MALONEY. Thank you very much, Mr. Thompson.

Senator GREEN. Mr. Chairman, there are a few more witnesses present. We are very appreciative of the patience of the committee, and I am not going to call on them. However, I am going to ask each one of them to come forward, and if they have any new thoughts to present, to state them orally, and if they have written statements with them, to leave them with the files of the committee.

Senator MALONEY. And we appreciate the assistance you have given us, Senator. We are very anxious to cooperate with you and very anxious to dispose of the matter. Some Senators are hopeful of getting away for several days, and I had hoped insofar as this subcommittee is concerned, that we could conclude today.

Senator GREEN. There is another representative of the employees present, Mr. Dennis N. Burke, president of the International Photo-engravers Union, who has a few words to say.

#### STATEMENT OF DENNIS N. BURKE, PRESIDENT, INTERNATIONAL PHOTO ENGRAVERS UNION, NEW YORK, N. Y.

Mr. BURKE. I shall be very brief, because your meeting has been rather long. I appear this morning to make a plea for the 10,000 members of the International Photo Engravers Union.

Senator MALONEY. Give us your full name, please.

Mr. BURKE. Dennis N. Burke.

Senator MALONEY. And your address?

Mr. BURKE. 455 One Hundred and Thirty-sixth Street, Rockaway Beach, N. Y.

Senator MALONEY. Thank you very much.

Mr. BURKE. I also appear for Local 1. I make this plea because our employers are having difficulty at the present time in receiving silver nitrate. Silver nitrate is very essential to the photoengraving industry, and the reason for that is, you must photograph all objects or images that come into a plant before a photo can be made, and while we use very little silver, it is really the heart of the industry. A photographer will make a negative, and that is as far as the silver goes, but when he is through with that negative, it must be printed on metal, it must be etched, routed, finished and proved, which means that a lot of men depend upon the small amount of silver nitrate we use.

We believe we are essential to the war program, because we do advertising work for the Army and the Navy. We also photograph the Senators for publicity purposes.

Senator MALONEY. That is not essential to the war effort.

Mr. BURKE. But it does help around election time.

Only recently, to try to illustrate how essential silver is to the photoengraving industry I, myself, a photographer, made four negatives of the Army Air Corps, where they were making posters for recruits and cadets, and from these four negatives, red, yellow, blue, and black, a plate was made. It had to be plated and the color artist had to work on the particular plates for days, and in the end the cost amounted to four or five hundred dollars, so from that small amount of silver men receive quite a large salary.

I might say in that regard our members average about \$75 a week. I understand that at the present time they are trying to raise money to help defray the war, and our men are playing a big part in that regard due to the fact they average a good salary, and they are paying high taxes. I think it is essential at the present time, and I believe something should be done to release the silver so men can make a living, especially when it pertains to the war industry, or plays a certain part in the war industry.

I don't say that we should disregard the war, and keep the silver or give the silver out indiscriminately to all parties, but when even a little bit of the war is being helped, I think we should allocate the silver to these particular industries.

In that regard I feel that possibly this committee can either recommend this bill or some bill where men in my industry can get some benefit from it. I think it would be unfair to say that we would have to stop making photoengravings.

We realize that there will be a curtailment in photoengraving, and we have tried to assist in that regard by assessing our members \$4 a week at the present time, whereby those unemployed will go to defense schools and learn other than photoengraving. We pay them benefits while they are going to these defense schools so that they can get into another industry, and we also subsidize them as high as \$10 a week to make up the difference, whatever they receive at the defense plant and what they receive at photoengraving, because as a rule you start at about 65 cents an hour and work up to 70, and so on, so for a period of about 3 months we pay these men, and in that way we



are trying to encourage the surplus man in our industry to go into defense.

So, I think we are playing our part and trying to do all we can to help the cause, and in return we feel we should be given some consideration for the small amount of silver we use.

That is all.

Senator MALONEY. Thank you very much.

Senator GREEN. I will call Mr. M. Fred Hirsch, Jersey City, N. J.

**STATEMENT OF M. FRED HIRSCH, M. FRED HIRSCH CO., INC.,  
SILVERSMITHS, JERSEY CITY, N. J.**

Mr. HIRSCH. Gentlemen, I came down on behalf of the smaller sterling silver manufacturers, and since Mr. Wilcox so ably stated it, I believe whatever I have to say will merely be a repetition.

Senator MALONEY. You just want to record yourself, you and those you represent, as being in favor of the bill?

Mr. HIRSCH. Correct.

Senator MALONEY. Thank you very much.

Senator GREEN. As the last witness I will call Mr. G. N. Stieff of Baltimore, Md. He is a manufacturer.

**STATEMENT OF GIDEON N. STIEFF, THE STIEFF CO.,  
BALTIMORE, MD.**

Mr. STIEFF. Gentlemen, I am just as anxious to get out of here as you are, so I am not going to take up much of your time.

Senator MALONEY. Give us your full name, please.

Mr. STIEFF. Gideon N. Stieff, of the Stieff Co., Baltimore, Md.

I am only going to try to hit upon something that the rest of the gentlemen have not done. We are doing about 75 percent defense plant work today in our plant. Now, in order to do it efficiently, we have to have silver for the regular work that we have been doing, because in defense work there are periods when certain departments are more or less not working, through priority, not having steel or copper or something of that kind, and we can work those men on silver which is, after all, our regular business, and if that silver is taken away from us, it is going to make us less efficient. As I say, we are working 75 percent in defense work.

Senator DANAHER. And you are apt to lose those men?

Mr. STIEFF. We are apt to lose those men; yes. As a matter of fact, we lost 30 men in our place when silver was taken away from us. If we had had that silver, we would still have those men and probably be doing better war work.

Senator MALONEY. And ready to move into it.

Mr. STIEFF. Yes; there has been a gap there, that we have been just cut off. I am not going to touch on all these other subjects and I am not going to touch on all these phases, because these gentlemen have covered most everything I know of.

Eventually I hope we will be working 100 percent on war work, and even if we work 100 percent on war work, there will be times when certain departments are not working, and we can have something else for those men to do while we are waiting for the material to come in.

Now, just to give you one little illustration, we are working on a certain project, I guess you call it, for the Government, which I am not permitted to say what it is, in a certain department, where one man is experimenting with silver and some other material. Well, we have a number of men in that department who have to wait until this experimental stage is over before they can go on with it. If they go on with it, this particular department of the Government thinks that this is going to be one of the biggest things toward the war effort that they have today.

Now, if we have to let these men go and that thing turns out the way we think it is going to and the way the Government thinks it is going to, we are not going to be able to go ahead with that proposition for them. These men are very skilled men, and when they go, they go into some other industry where their skill is not needed, and we cannot get them back, probably, or if we could get them back, fine, but it is quite a job doing that after they are once gone. So, I am not going to bore you gentlemen with any other information. That is just something that I experienced in my own plant.

Senator MALONEY. I assure you you would not be boring. I think you have made a very important point and we thank you very much.

Mr. STIEFF. Thank you.

Senator GREEN. I was just told there was another witness here, and he asked to speak very briefly. He is Mr. Kinsman of the Towle Co. of Newburyport, Mass.

#### STATEMENT OF MR. KINSMAN, TOWLE CO., NEWBURYPORT, MASS.

Mr. KINSMAN. I would like to add a few words to what has already been said.

Our concern would be represented as one of the smaller companies. We started in a year and a half ago on war work and we have been progressing rather slowly until recently we have been able to acquire machinery and war orders.

One point that has not been brought out here is that it is not easy to go out and pick up war orders, particularly war orders that will fit into your own organization, and that has been one of our major jobs, the combination of machine tools and war orders.

But, like all others, we are on the up, and we hope to be steadily on the up throughout the fall.

During this process, as Mr. Stieff pointed out, you do have delays when the material is not coming in. You do have delays when one order has run out and the repeat order will not come along for 2 or 3 more weeks. It is during those interruptions that silver will play a very important part in keeping a lot of the medium-sized or smaller concerns operating. As one man said, we ought to have a little silver for knitting.

Senator MALONEY. How old is your company?

Mr. KINSMAN. About 1870. Newburyport has always been a silver center, going away back several hundred years.

Senator MALONEY. I knew that. That was why I was curious to know how old the Towle Co. was.

Mr. KINSMAN. I think it was about 1870. But, we do feel in carrying out the war project, as we are planning today and as we are doing, that some silver to fill in the gaps is very essential.

Senator MALONEY. Thank you very much.

Senator GREEN. May I just say one word in supplement to what Mr. Kinsman has just said.

A good many of these small manufacturers have already gone out of business, and others will shortly go out of business. One of the reasons is this: They want to go into the war effort and do more production, but they need capital to change over to new machinery, perhaps rebuilding their plant.

They come down to Washington and they go and try and get a war order. They say, "We cannot give you an order unless you have the facilities for filling it. Have you got the plant ready to build it?" "No, not yet. We hope to get it." So then they go over and ask for a loan of funds for getting the machinery. They will say, "Well, have you any orders, because we cannot give you any money for machinery or plant unless you have some war orders." "No." They will say, "We haven't any war orders yet. We hope to get them." Then they go home discouraged and quit, and that is one of the things they are up against, and that is one of the reasons why some of them have not been converted more quickly into the war effort.

Senator MALONEY. Senator, I would like to compliment you upon the excellent manner in which you have arranged for the witnesses at this meeting.

There was to be a representative of the mirror manufacturing industry and a representative of the American National Dry Goods Association. Did they want to be recorded in favor of the bill if they were here?

Senator GREEN. They would like to be. Mr. Newton is here, and he said in view of the number of witnesses, he did not care to be heard.

Senator MALONEY. I think he should be heard.

Mr. NEWTON. I would like to be recorded in favor of the bill, if you please.

Senator MALONEY. Please give the reporter your name.

#### STATEMENT OF BENJAMIN NEWTON, REPRESENTING THE MIRROR MANUFACTURING INDUSTRY

Mr. NEWTON. My name is Benjamin Newton. I represent the mirror-manufacturing industry. I am vice president of the Mirror Manufacturers' Association and I am an executive of the National Glass Distributors' Association. I also have the endorsement in this capacity of a large number of mirror manufacturers who are not affiliated with any association.

Senator MALONEY. I thought you might wish to make your presence and your views at least a matter of record.

Mr. NEWTON. Yes; I will be glad to do so.

Senator MALONEY. We won't impose on you to make a statement, however.

Mr. NEWTON. I would like to be recorded in favor of this bill.

Senator BUTLER. Is there a written statement you can leave?

Mr. NEWTON. No. I would just like to make a few brief remarks, if I may. Silver is essential in the mirror-manufacturing industry. No substitute has been found for it. Mirrors are used very largely in the home and to a limited extent in important commercial pursuits. They also have some application in war work, but that is not very great.

Senator MALONEY. I might say that now since we have the WAACS and the WAVES, they will be used a little more.

Mr. NEWTON. Well, I hope so.

Our industry has already been seriously affected by restrictive orders, such as L-91, metal limitations, which makes it impossible for a great many of the industries whom we supply with material to continue their normal operations, so that we have already been pretty much diminished in volume. Everyone recognizes that mirrors are essential. They are essential to morale, if for no other purpose; that is, in addition to the more important uses for mirrors, and inasmuch as we are unable to operate without silver, we definitely advocate the passage of this bill.

The value of the silver utilized in our industry as compared to the total output, is comparatively small. For 1939, the last census, as far as we can determine from the statistics at hand, we utilized about \$300,000 worth of silver and produced an output totaling \$18,500,000. The employment is fairly continuous. We are an auxiliary trade to a great many other lines in which mirrors are incorporated, and without the mirrors we supply these other lines too would have unemployment, and their labor would become tax consumers, being on the dole instead of revenue payers.

I would be very glad to submit a written statement if it is desired, amplifying the point I have raised, but I think for the purpose of the record what I have stated is sufficient.

Senator MALONEY. I thank you very much.

Is there anyone here opposed to the bill? I assume all who desired to be heard have been heard.

Mr. STIEFF. Senator, may I just say one thing. Senator Clark said something about being able to sell silver at 71 cents an ounce, at the top price that prevails today. I just want to make an observation.

We sell teaspoons that weigh 1 ounce apiece at \$1.25 retail and wholesale 68.5 cents, that is, the silver alone, so if we had to pay 71 cents for the silver, you can see how we are going to stand, with the work on it and everything else. We are selling that for 68.5 cents.

Senator MALONEY. It would not be exactly triple plate, would it?

I want to thank my colleagues on the committee, who have been so patient, and I hope they will remain for a few moments so that we can go into executive session.

(Senator Theodore Francis Green subsequently submitted for the record a letter written by M. L. Woodward, secretary of the United Indian Traders Association, Gallup, N. Mex. This letter is dated September 19, 1942. The letter follows:)

THE UNITED INDIAN TRADERS ASSOCIATION,  
Gallup, N. Mex., September 19, 1942.

DEAR FRIEND: On July 29, 1942, the War Production Board issued Silver Conservation Order M-199 which placed restrictions upon the sale or delivery of foreign silver and upon the manufacture of foreign silver for restricted uses. Jewelry of virtually all kinds is upon the restricted list. Briefly, the order means that no foreign silver can be secured after this October 1 for the production of Indian jewelry unless an exemption can be obtained from the War Production Board.

Action taken this week by the Treasury Department and War Production Board restricting domestic silver to war production uses seems to have eliminated that silver source also from the Indian craftsmen.

The American Indians, particularly the Navajo and Pueblo, are confronted with the destruction of their silver craft. Hand-wrought Indian jewelry has

been made for almost a century here in the Southwest. Today this craft provides a living, or at least a substantial part of a living, for almost 1,000 Navajo and Zuni silversmiths. The Hopi and Rio Grande Pueblos produce Indian jewelry too. We hope to prevent the destruction of this craft.

Through the order regulating the sale of Indian arts and crafts in the national parks and monuments, through the work of the Indian Arts and Crafts Board, and through better workmanship and merchandising we have gained in recent years a greater public appreciation of and a greater demand for hand-made Indian jewelry. The result has been an every-increasing employment for a growing number of silversmiths. Women and children in large numbers have entered this craft. This year seven women won awards in the silver class competition at the Gallup ceremonial.

If silver can be obtained the craft can be preserved by men not eligible for military service and by the women and children. If silver cannot be obtained we do not know how they can be provided for. Government relief would certainly be an undesired solution for people who can and want to be producers. It is not our hope that we can or will have business "as usual" in the production and sale of Indian silver. But we do sincerely believe that the silver craft should at least be preserved and that men, women, and children who cannot take a direct part in the war program should not be deprived of their way of making a living. In the silver conservation order provision is made for an appeal by those persons affected by the order and upon whom it would work an exceptional and unreasonable hardship, or where it would result in a degree of unemployment disproportionate with the amount of silver conserved. We are making this appeal for the Indian silversmiths and to support the appeal need an expression of public interest in the matter. Such an expression would be of assistance to the Department of the Interior, Office of Indian Affairs, and the Indian Arts and Crafts Board.

The Indian silversmiths are ward Indians. Through the Indian Arts and Crafts Board the policy of the Federal Government in aiding craftsmen, preserving, encouraging, and developing Indian arts and crafts is well established. In our efforts to prevent the destruction of the Indian silver craft, we know we are acting in conformity with established Government policy. We are cooperating fully with the Government agencies charged with execution of that policy.

In regard to critical war materials, a good precedent in connection with Indian arts and crafts has already been established. In April wool rug production was frozen. Mr. Rene d'Harnoncourt, aided by the Indian Office, was able to induce the War Production Board to exempt persons from the order who put wool into process for the making of wool products entirely by hand, including the spinning and weaving of the fabrics. That saved Navajo weaving.

The quantity of silver required for Indian jewelry is a question that must have already entered your mind. On a comparative basis it is insignificant. The average annual consumption in a 40-mile radius surrounding Gallup is approximately 250,000 ounces. We do not know the amount used by the Rio Grande Pueblos. Hopi consumption is very small. While we talk and consume in ounces, other types of silver producers talk and consume in pounds and tons.

We hold no brief for those who produce imitation Indian jewelry with machinery, some of which is operated by Indian mechanics. We consider them unethical and detrimental. They have been hard competition. We believe that the metal-working equipment they use for making imitation Indian jewelry should be forced into war production along with the mechanics, Indian or otherwise.

Foreign silver is frozen as of this October 1st. It now appears that Indians will be unable to get domestic silver. Time is short. The Indian craftsmen who cannot get silver slugs will be forced to seek other employment the day their supply of silver comes to an end. Most of the craftsmen are not adaptable in employment away from their homes. They cannot very well leave their hogans and pueblos, their little bands of sheep, little farms, and other home ties. Will you assist in the effort to protect the silver craft and these silver craftsmen?

Won't you write a letter right now to Mr. Rene d'Harnoncourt, general manager, Indian Arts and Crafts Board, Department of the Interior, Washington, D. C. He is in regular contact with the Secretary of the Interior and Commissioner of Indian Affairs on this matter. Tell Mr. d'Harnoncourt just how you feel on this problem. It will help a lot.

We would appreciate your suggestions and would appreciate knowing your thoughts on this situation.

Sincerely,

THE UNITED INDIAN TRADERS ASSOCIATION,  
M. L. WOODWARD, *Secretary.*

(The following letter was subsequently received from Mr. Irving C. Fox, 1008 Munsey Building, Washington, D. C., counsel for the National Retail Dry Goods Association, 101 West Thirty-first Street, New York City:)

NATIONAL RETAIL DRY GOODS ASSOCIATION,  
New York, N. Y., October 14, 1942.

In re S. 2768.

HON. FRANCIS MALONEY,  
Chairman, Subcommittee of Senate Banking and Currency Committee,  
Washington, D. C.

MY DEAR SENATOR MALONEY: The National Retail Dry Goods Association, representing 5,600 member stores located in practically every State in the Union, is very much interested in the Silver Conservation Order M-199, insofar as it prohibits or limits the use of silver in the manufacture of certain consumer merchandise normally sold in rather large quantities by these member stores.

It appears needless to point out that the civilian economy should not be unnecessarily disturbed but that production for war must be absolutely paramount to production for civilian needs.

It is contended by the silverware manufacturing industry that there is available for production for civilian use a very substantial quantity of silver bullion and that at least a part of this reserve should be made available for the industry so that there should be no needless shut-down of their factories. If this be true and the supply of silver is sufficient to insure an adequate reserve for the war effort and in addition that a given quantity may be safely released for use by the silverware manufacturing industry for the production of civilian goods, we believe S. 2768 properly amended so as to accomplish this purpose should be enacted in the law.

If, however, the entire supply of silver on hand or which may be accumulated in the future is needed by the Government for the war effort, then we are against drawing on it.

The facts are, of course, readily ascertainable.

Sincerely yours,

NATIONAL RETAIL DRY GOODS ASSOCIATION,  
IRVING C. FOX, Counsel.

[Committee Print, October 15, 1942, showing amendments recommended by the subcommittee on Coinage and Philippine Currency]

[S. 2768, 77th Cong., 2d sess.]

[Omit the part struck through and insert the part printed in italic]

A BILL To authorize the use for war purposes of silver held or owned by the United States

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, the President is authorized, through the Secretary of the Treasury, upon the recommendation of the Chairman of the War Production Board, to sell, lease, or otherwise dispose of, upon such terms as the Secretary of the Treasury shall deem expedient, to any person, partnership, association, or corporation, or any department of the Government, or to the government of any country whose defense the President deems vital to the defense of the United States, for use in connection not inconsistent with the war effort, including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes, any silver held or owned by the United States: Provided, That no silver shall be sold under this Act at less than its cost to the United States or at less than the then current market price for silver, whichever is the higher: That the average price for all silver sold under this Act shall not be less than fifty cents per fine troy ounce: Provided further, That at all times the ownership and the possession or control of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.*

SEC. 2. Authority to sell silver under this Act shall expire on ~~January 1~~ December 31, 1944.

(Hon. M. S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, Washington, D. C., subsequently submitted the following statement for the record:)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,  
*Washington, October 15, 1942.*

HON. FRANCIS MALONEY,  
*United States Senate, Washington, D. C.*

MY DEAR SENATOR MALONEY: In accordance with your request for a statement from me respecting S. 2768, I am writing this letter for such use as you may care to make of it.

I favor enactment of the bill with such minor amendments or clarifications as may be necessary, particularly with respect to the question of the price at which the Treasury is to dispose of silver. From the standpoint of aiding in the prosecution of the war, the bill is desirable and necessary because silver can be used to good advantage in replacing certain critical materials of which there is a shortage. I am satisfied that the silver held by the Government can be disposed of under war conditions without monetary disturbance of any sort and, in fact, to the betterment of our monetary situation in the long run.

I have on a number of occasions expressed my views on our silver policy and I need not traverse this ground again. Insofar as S. 2768 tends to correct the situation, there is additional reason beyond the urgency of the war for its prompt enactment.

Sincerely yours,

M. S. ECCLES, *Chairman.*

(Hon. Henry L. Stimson, Secretary of War, subsequently submitted the following report:)

WAR DEPARTMENT,  
*Washington, D. C., October 16, 1942.*

HON. ROBERT F. WAGNER,  
*Chairman, Committee on Banking and Currency,  
United States Senate.*

DEAR SENATOR WAGNER: The War Department does not favor enactment in its present form of S. 2768, Seventy-seventh Congress, a bill to authorize the use for war purposes of silver held or owned by the United States, on which you have requested a report, but if amended as hereinafter suggested, this Department would not oppose its enactment.

The purpose of the bill is to authorize the President, acting through the Secretary of the Treasury, to sell, lease, or otherwise dispose of any silver held or owned by the United States, upon terms deemed expedient by the Secretary of the Treasury, to any person, partnership, association, Government department, or the government of any country the defense of which the President deems vital to the defense of the United States, for use in connection with the war effort, including but not limited to the making of munitions of war and supplying civilian needs which contribute to the war effort and the converting of existing plants to those purposes. The sale of silver at less than its cost to the United States or the prevailing market price at the time of sale, whichever is higher, would be prohibited. The bill also would require the ownership and possession or control by the United States Treasury of silver equal in monetary value to the face amount of all outstanding silver certificates issued by the Treasury Department before or after passage of the measure.

Section 2 of the bill provides that the authority to sell silver shall expire January 1, 1944.

In view of the existing shortage of copper and other metals and of the possibility of satisfactory substitution of silver for such metals in many instances in war industry, silver may properly be regarded as a material the maximum use of which should be made available for essential war purposes under the control of an appropriate war agency.

S. 2768 proposes to authorize the sale, lease or other disposition of Government owned or held silver through the Secretary of the Treasury and upon such terms as he may deem expedient. It is the view of the War Department that it would be appropriate and desirable to condition the disposition of silver upon the certification of the Chairman of the War Production Board. Accordingly, it is recommended that the first section of the bill be amended by inserting before the

phrase "upon such terms" in line 4, page 1, the words "in such instances as the Chairman of the War Production Board shall certify and".

In line 10, page 1, and lines 1 to 4, page 2, the language "for use in connection with the war effort, including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes," would confer extremely broad authority as to the purposes for which Government silver might be used. The words "in connection with the war effort", without limitation, would authorize the making of articles, such as watches, for the use of employees of munitions plants. Such use would be connected with the war effort, yet its contribution to the successful outcome of the present conflict seems extremely doubtful. It is considered inadvisable to permit the use of Government silver for that and similar purposes when there is need for it in other activities directly connected with the prosecution of the war or the production of war materials.

The language "including but not limited to the making of munitions and the supplying of civilian needs contributing to the war effort" seems to emphasize utilization of silver for purposes remotely connected with prosecution of the war. A manufacturing jeweler, for example, might contend successfully that the making of silver toilet articles for feminine munitions factory workers constitutes a civilian need "contributing to the war effort", and procure the sale to him of a sufficient quantity of silver to keep his plant engaged in that line of production without any effort to convert it to war purposes.

Also, the authorization to dispose of silver "for use in connection with the war effort, including but not limited to \* \* \* the converting of existing plants to those purposes" might be argued to be sufficiently elastic to permit disposition of sufficient silver to a manufacturer to enable him to continue the full operation of his factory in the production of purely civilian goods while undergoing conversion to "the making of munitions and the supplying of civilian needs contributing to the war effort".

It is not believed that the intended purpose of the measure embraces such possible practices, and in order that there may be no doubt as to the scope, intent and meaning thereof, it is recommended that the words "connection with the war effort, including but not limited to the making of munitions of war and the supplying of civilian needs contributing to the war effort, and the converting of existing plants to those purposes" in line 10, page 1, and lines 1, 2, 3 and 4, page 2, be stricken out and the following language inserted in lieu thereof: "the production of munitions of war, or supplies, materials, or equipment essential to the prosecution of the war".

Section 2 of the bill would provide that authority to sell silver under the act shall expire on January 1, 1944. Section 1 of the bill would authorize the President to "sell, lease, or otherwise dispose of" silver, and since it is believed the Section 2 is intended to provide for termination of all authority under the Act, it is recommended that section 2 of the bill be stricken out and that the following be substituted therefor:

"Sec. 2. Authority to sell, lease, or otherwise dispose of silver under this Act shall expire on January 1, 1944."

If amended in accordance with the foregoing recommendations S. 2768, except the title and enacting clause, would read as follows:

"That notwithstanding any other provision of law, the President is authorized, through the Secretary of the Treasury, to sell, lease, or otherwise dispose of, in such instances as the Chairman of the War Production Board shall certify and upon such terms as the Secretary of the Treasury shall deem expedient, to any person, partnership, association, or corporation, or any department of the Government, or to the government of any country whose defense the President deems vital to the defense of the United States, for use in the production of munitions of war, or supplies, materials, or equipment essential to the prosecution of the war, any silver held or owned by the United States: *Provided*, That no silver shall be sold under this act at less than its cost to the United States or at less than the then current market price for silver, whichever is the higher: *Provided further*, That at all times the ownership and the possession or control of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury.

"Sec. 2. Authority to sell, lease, or otherwise dispose of silver under this act shall expire on January 1, 1944."



The proviso beginning in line 5 on page 2 of the bill relates to a matter which has little if any connection with activities of the War Department. Accordingly, no comment thereon in this report seems appropriate.

This Department has no present objection to the requirement stated in the second proviso beginning in line 8 on page 2 of the bill.

This Department has no objection to the limitation contained in section 2 of the bill. If there should be need for extending such authority beyond January 1, 1944, it is believed that the Congress would not hesitate to grant such extension.

The War Department has no means of estimating the fiscal effect of enactment of this measure.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

HENRY L. STIMSON,  
*Secretary of War.*

(The following statement from Mr. Walter E. Spahr, secretary of the Economists' National Committee on Monetary Policy, 70 Fifth Avenue, New York City, and professor of economics, New York University, was also subsequently submitted for the record:)

STATEMENT OF WALTER E. SPAHR, SECRETARY OF THE ECONOMISTS' NATIONAL COMMITTEE ON MONETARY POLICY, AND PROFESSOR OF ECONOMICS, NEW YORK UNIVERSITY

The silver situation facing our country at this time has two fundamental aspects: One relates to the use of Treasury silver in industry—war industries first; civilian industries second. The other relates to the monetary features involved.

It would seem that with this Nation at war and with great demands for strategic metals, of which silver is one, there should be no question about the advisability of using the Treasury hoard of silver wherever it is necessary. The list of uses to which silver can be put, and needs to be put, in war industries for consumptive purposes is now a long one, and it apparently would be extended if the Treasury silver were made available. The Government does not permit the American people to hoard needed metals. If it were steel or tin or aluminum that we were talking about, and a corporation or an industrialist were the hoarder, the discussion would not take place before this committee but in the Department of Justice. This Government silver should be used for consumptive as well as non-consumptive purposes wherever it is helpful provided, of course, that there are no considerations involving our currency which prevent its use in this manner.

It is my understanding that the annual domestic output of silver combined with the amount of silver that is imported is not sufficient to meet the consumptive needs of war industries. In any event it is clear that there is not enough of this silver available to accommodate both war and civilian silver-using industries. This being the situation, it seems quite clear that Treasury silver should be used to make up the deficiencies. Lending Treasury silver for nonconsumptive uses, while helpful, does not accomplish all that can and should be accomplished by the substitution of silver for other badly needed metals such as copper, tin, and so on.

It is also my understanding that if the Treasury silver were released for consumptive uses important civilian silver-using industries could keep going, could avoid the unemployment that will result from their closing, and could aid greatly in providing materials needed in both war and civilian enterprises.

All Treasury silver needed for armament and civilian use might well be made available at a price representing the cost of the silver to the Treasury, and this average price per ounce would be considerably below the domestic subsidy price which has prevailed during most of the years since 1933. There is no good reason why war and civilian industries should pay an artificially high price for domestic or foreign or Treasury silver, just as there is no good reason why the Treasury's hoard of silver should be withheld from these industries, particularly in times like these.

Our Government places itself in an inexcusable position when it demands all sorts of sacrifices from the American people while persisting in the hoarding of a metal badly needed in winning this war and in civilian industries. This is particularly true when it is considered that this metal is withheld for no other reason than to provide a subsidy to our domestic silver mines.

Our Government, through the Board of Economic Warfare, in April of this year, took control of our exports of silver to prevent it falling into the hands of Hitler's agents who know how to make good use of it for war purposes. Yet our Government up to date has refused to relinquish the Treasury's hoard of silver for consumptive purposes to enable our armed forces and industries the more effectively and quickly to lick Hitler.

If the American people were to find out the great and efficient uses to which silver could be put consumptively in the making of tanks, airplanes and a multitude of electrical equipment, and in speedier brazing in the making of bombs, and then were to learn that our Government for no good reason has been, and still is, withholding thousands of tons of Treasury silver from such uses, they doubtless would rise up in deep and righteous anger. I think that day is rapidly approaching.

The case for releasing this Treasury silver for industrial use becomes not only stronger but conclusive when it is understood that there is nothing about our monetary structure which suggests that it is unwise to release this huge hoard of Treasury silver to meet pressing war and civilian needs. Indeed, the currency situation in this country would be vastly improved if the silver laws, which not only prevent this use of our Treasury silver but force the Treasury to pursue various unwise silver-money policies, were repealed. In short, such action by Congress would provide the American people with great benefits in at least three ways—in war and civilian industries and in improving our monetary structure.

Under these silver purchase laws, silver certificates have been expanding rapidly at a time when this has been both unnecessary and undesirable. This expansion has taken place against a metal which has been greatly overvalued by the Treasury. During the last 2 or 3 years, the value of silver in the silver dollar has been approximately 27 cents in the world market. A nation is not building a sound monetary system when it creates silver certificates against a greatly overvalued silver.

If it should be necessary for the Treasury to retire some or all our silver certificates because of its release of a large proportion of Treasury silver for consumptive uses in war and civilian industries, our currency structure would be improved in two directions: (1) The amount of these overvalued silver certificates would be restricted. (2) The transaction would enable the Government to replace them by Federal Reserve notes which would have behind them as an ultimate security not less than 40 percent in gold. Today the security against Federal Reserve notes in actual circulation is approximately 106 percent. In speaking of the ultimate gold reserve against the Federal Reserve notes outstanding, I am, of course, going behind the gold certificates held by Reserve banks against their Federal Reserve notes to the gold which the Treasury holds as reserve against the gold certificates. Considering the huge supply of gold held by this country, there is no reason why Federal Reserve notes cannot meet the needs of the American people for paper money.

The Treasury could and should keep on hand and in circulation a sufficient amount of silver to take care of our needs for fractional silver coins and perhaps silver dollars if the latter are demanded by the general public. If this policy were pursued, practically all but about 13,000 or 14,000 tons of Treasury silver could be released for use in both war and civilian silver-using industries.

Finally, the Government is now fighting a rise in prices. This rise is fostered in part by an overexpansion of currency. This fight is hindered, not aided, by the continued pumping of additional silver and silver certificates into our monetary structure. Since the Government's struggle to prevent an undue rise in prices would be aided by a policy which would at the same time aid in the winning of this war and in the maintenance of our civilian silver-using industries no valid argument remains for a continuation of present silver policies forced on the Treasury and this country by our various silver laws.

Congress and the country should understand that from the time that the Silver Purchase Act of 1934 was introduced up until and including the present time leading monetary economists have opposed the expansion in our currency against an overvalued silver. They have been opposed to subsidizing our domestic silver producers (to say nothing of subsidizing foreign producers), on the ground that it is both unnecessary and undesirable, and they have urged that the Treasury buy such silver as it needs for currency purposes at its natural market price. They have held that the expansion of currency against this overvalued silver has been and is uncalled for, and that our currency structure was being weakened rather than strengthened by the pursuit of the policies embodied in our various silver purchase laws.

As an example of these views, I should like to introduce into the record a statement made by 65 members of the economists' national committee on monetary policy on April 20, 1942. In this statement these 65 members urged Congress to repeal the Silver Purchase Act of June 19, 1934, and the domestic silver purchase law of July 6, 1939. They commended Secretary Morgenthau for saying that he would be glad to see Congress strike all the silver legislation off the books. They commended Chairman Eccles for supporting Secretary Morgenthau in this and for his own statement of March 30, 1942, that "In view of the war situation, it is all the more urgent that the inflationary effects of the silver program be removed and that so far as possible the materials, machinery, and labor now devoted to silver production be utilized in the war effort."

While the provisions of the Green bill point in the right direction in general, they do not go far enough in clearing up the unhappy silver situation with which this nation is confronted. The bill should provide for the repeal of the Silver Purchase Act of June 19, 1934, the domestic silver purchase law of July 6, 1939, and those provisions of the so-called Thomas inflation law of May 12, 1933, and the Gold Reserve Act of January 30, 1934, which relate to silver, in order to dispose of the laws which enable or require the Government to continue to purchase silver at artificial prices and to withhold it from use also at artificial prices. It also would be most desirable and helpful if the power of the President to change the price of silver and the ratio between silver and gold were repealed and those powers reclaimed by Congress. It is with Congress that they properly belong.

It is my opinion that this withholding of silver from consumptive uses in war and civilian industries has been able to continue this long only because the American people have not yet become fully aware of the facts. The subject, as we all know, is in many respects too technical for the layman to comprehend easily. Furthermore the real issue can be, and has been obscured in various ways. But I believe that the time is rapidly approaching when the American people will have a good general idea as to the main issues involved and probably will condemn those who have the power to correct this situation thoroughly and promptly but fail to do it.

The American people certainly expect their representatives to see to it that every metal that is needed and can be used in war and civilian industries is put to proper use. Our Treasury silver is a vitally needed strategic metal, and its proper use does not involve hoarding thousands of tons of it at West Point while thousands of boys and men are being sent to their deaths because of scarcities of metals.

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#### 65 MEMBERS URGE CONGRESS TO REPEAL THE SILVER PURCHASE ACT OF JUNE 19, 1934, AND THE DOMESTIC SILVER PURCHASE LAW OF JULY 6, 1939

APRIL 20, 1942.

We, the undersigned members of the Economists' National Committee on Monetary Policy, again urge Congress to repeal the Silver Purchase Act of June 19, 1934, and the domestic silver purchase law of July 6, 1939.

The former has never been sound in principle or practice, the common arguments for it were neither valid nor admirable, and its results have in the main been harmful to both the United States and certain foreign countries.

The latter act has been an indefensible subsidy to the domestic producers of silver and has forced the Treasury to pay approximately twice the world market price for this domestic silver with the consequence that the Treasury has greatly overvalued the silver which it holds.

Both acts have disturbed the silver markets of the world, have drained silver from industry and other countries' treasuries to our Treasury vaults, and have been important factors in the expansion of our money supply at a time when such expansion has been unnecessary and undesirable.

It is gratifying to note that both Secretary of the Treasury Morgenthau and Chairman Eccles of the Board of Governors of the Federal Reserve System are recommending the repeal of these laws. In January of this year, Secretary Morgenthau stated to the House Appropriations Committee that "So far as I am concerned, I will be glad to see Congress strike all of the silver legislation off the books." In the hearings before the Committee on Ways and Means of the House in March and at a press conference in February he again made similar statements. Chairman Eccles, in a letter to Senator Arthur H. Vandenberg on March 30, this year, stated that his views on this matter are generally in accord with those expressed by Secretary Morgenthau. Chairman Eccles pointed out

in this letter that he had held these views for several years, and added: "In view of the war situation, it is all the more urgent that the inflationary effects of the silver program be removed and that so far as possible the materials, machinery, and labor now devoted to silver production be utilized in the war effort."

On April 20, 1934, the executive committee of the Economists' National Committee on Monetary Policy issued a statement opposing the enactment of the pending Silver Purchase Act of 1934.

Substantial majorities of the full committee signed pronouncements in opposition to the Government's silver program as follows:

May 25, 1936—recommending abandonment of the silver-purchase policy and that Treasury silver be disposed of as advantageously as possible;

June 14, 1937—advocating repeal of the silver purchase program;

December 28, 1937—urging, among other things, repeal of the Silver Purchase Act of 1934;

December 23, 1938—urging that Government subsidy to silver interests be ended and that the Silver Purchase Act be repealed;

May 15, 1939—urging enactment of the Townsend bill repealing the Silver Purchase Act of 1934;

September 30, 1941—recommending, among other things, repeal of the Silver Purchase Act of 1934 and of the act of July 6, 1939, providing for the purchase of domestic silver at 71.11 cents per ounce—approximately twice the market price.

We agree with Secretary Morgenthau's statement of January that if the Government's silver program were repealed "\* \* \* it would be helpful at this time. I think it would be well received."

Eugene E. Agger, Rutgers University; Benjamin M. Anderson, Jr., University of California in Los Angeles; Charles C. Arbutnot, Western Reserve University; Don C. Barrett, Haverford College; Benjamin H. Beckhart, Columbia University; James Washington Bell, Northwestern University; Ernest L. Bogart, University of Illinois; Frederick A. Bradford, Lehigh University; William A. Brown, Jr., Brown University; J. Ray Cable, Washington University; Wilbur P. Calhoun, University of Cincinnati; Neil Carothers, Lehigh University; Edward H. Collins, New York Herald Tribune; Garfield V. Cox, University of Chicago; William W. Cumberland, Wellington & Co., New York; Charles A. Dice, Ohio State University; D. W. Ellsworth, E. W. Axe & Co., Inc., New York; William D. Ennis, Stevens Institute of Technology; Fred R. Fairchild, Yale University; Clyde Olin Fisher, Wesleyan University; J. Anderson Fitzgerald, University of Texas; Herbert F. Fraser, Swarthmore College; Roy L. Garis, Vanderbilt University; Arthur D. Gayer, Queens College; Harry D. Gideonse, Brooklyn College; Earl J. Hamilton, Duke University (with reservations as to second paragraph); Lewis H. Haney, New York University; E. C. Harwood, American Institute for Economic Research; Hudson B. Hastings, Yale University; William F. Hauhart, Southern Methodist University; Frederick C. Hicks, University of Cincinnati; John Thom Holdsworth, University of Miami; Edwin W. Kemmerer, Princeton University; William H. Kiekhofer, University of Wisconsin; David Kinley, University of Illinois; William H. Kniffin, Bank of Rockville Centre Trust Co. Long Island; Frederic E. Lee, University of Illinois; J. L. Leonard, University of Southern California; James D. Magee, New York University; Arthur W. Marget, University of Minnesota; A. Wilfred May, New York City; Mark C. Mills, Indiana University; Margaret G. Myers, Vassar College; Melchior Palyi, University of Wisconsin; Ernest Minor Patterson, University of Pennsylvania; Clyde W. Phelps, University of Chattanooga; Charles L. Prather, Syracuse University; Howard H. Preston, University of Washington; Leland Rex Robinson, 76 Beaver Street, New York; R. G. Rodkey, University of Michigan; Olin Glenn Saxon, Yale University; Joseph A. Schumpeter, Harvard University; Walter E. Spahr, New York University; Oliver M. W. Sprague, Harvard University; William H. Steiner, Brooklyn College; Charles S. Tippetts, Mercersburg Academy; Alvin S. Tostlebe, College of Wooster; James B. Trant, Louisiana State University; Rufus S. Tucker, [Westfield, N. J.; Russell Weisman, Western Reserve

University; William O. Weyforth, Johns Hopkins University; Nathaniel R. Whitney, The Procter & Gamble Co., Cincinnati; Edward Wiest, University of Kentucky; Max Winkler, College of the City of New York; Ivan Wright, Brooklyn College.

UNITED STATES SENATE,  
COMMITTEE ON THE JUDICIARY,  
October 13, 1942.

HON. ROBERT F. WAGNER,  
Chairman, Committee on Banking and Currency  
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: In connection with the hearings on S. 2768 (to authorize the use for war purposes of silver held or owned by the United States) which are being concluded tomorrow, I respectfully request that this letter and the enclosures be incorporated in the printed record.

The first letter is from Mr. Charles S. Maine, who represents the Pen and Pencil Workers Union Local 19593 of Janesville, Wis. Mr. Maine's letter is self-explanatory and indicates the serious problem which confronts the pen and pencil workers industry and the concern of the industry with any unwarranted shortages.

I might add that Mr. Maine's letter is only one of a large number of similar letters which I have received from employees in this industry.

I have likewise received a great many letters from jewelers in Wisconsin expressing similar protests. I have selected one or two of these letters at random and I ask that they be included in the record. One of these letters represents the membership of jewelers located in the Fox River Valley and Lake Shore area in Wisconsin.

I have urged members of the Senate Special Silver Committee to give consideration to this problem and I have likewise written directly to Under Secretary of the Treasury D. W. Bell and to Mr. W. S. Murphy of the Miscellaneous Minerals Branch of the War Production Board.

It is my understanding that efforts have been made to secure Presidential consideration for the possibility of utilizing some of our stores of free and unencumbered silver for industry and I have supported these efforts to secure Presidential consideration.

I have not seen the testimony of witnesses who presented views in the hearings in connection with S. 2768 but I cannot too strongly urge the committee that the views of the workers and artisans in industry utilizing silver be given every consideration.

Yours for victory,

ALEXANDER WILEY.

PEN AND PENCIL WORKERS UNION,  
Janesville, Wis., September 14, 1942.

HON. ALEXANDER WILEY,  
Washington, D. C.

DEAR SIR: We have had the silver situation explained to us in a body and learned that unless prompt and effective action is taken by Congress a serious unemployment problem here is bound to arise. We are writing you to help us on this because it is apparently up to Congress, and the whole silver problem seems to be one of politics and not economics.

Every Parker pen and Parker mechanical pencil contains a small amount of silver. The use of this metal is necessary because the metals ordinarily used—copper, brass, stainless steel, carbon steel, aluminum, and others—have all become critical and their use restricted to the manufacture of articles bearing high priority ratings.

Effective October 1, 1942, by order of the War Production Board, the use of foreign silver is denied to the manufacturers of fountain pens and pencils, as well as to the makers of silverware, jewelry, and other civilian goods.

The management of this company tells us they have had orders in for domestic silver but that it is not possible apparently to obtain it. Unless therefore something is done by Congress to make silver available, and its use for articles like pens and pencils permissible, manufacture at this plant will cease, and hundreds of people will be out of work.

It should be mentioned here that this company is engaged in a heavy program of munitions manufacture, and has been for a long time. The departments producing munitions could not possibly absorb the people engaged in the manufacture of pens and pencils.

It should also be mentioned that while fountain pens are not by any means a article of war, they certainly do play an important part in the maintaining of morale of the fighting forces by making letters to and from home possible. A very large percentage of this company's present output of pens and pencils go directly or indirectly to men in the armed services.

From what we read in magazines and newspapers (Time magazine, the New York Times, and many other newspapers), this silver difficulty is ridiculous, unnecessary, and a national scandal, and we would resent it even if it were not endangering our jobs.

You probably are aware that there are 3,330,000,000 ounces of silver in the United States Treasury stocks, of which 1,360,000,000 ounces is free silver. A small amount of this free silver has been released by the Treasury for use as busbars to Government-owned or controlled war plants, but none of the rest of it is available to manufacturers like this. So all this talk about Treasury silver being available to civilian industry is misleading.

Sincerely yours,

CHAS. T. MAINE,  
*Pen and Pencil Workers Union, Local 19593,*

NEENAH, WIS., September 24, 1942.

HON. ALEXANDER WILEY,  
*Senate Office Building, Washington, D. C.*

DEAR SENATOR: As Secretary of the Fox River Valley and Lake Shore Jewelers Club, with membership of over 50 jewelers, I was instructed by our members to write in regards to the prohibition upon the use of silver.

Unless the Government releases the 2½ billions ounces of silver which lie idle in Government vaults it means most jewelers will have to discontinue business in a very short time.

Silver is the one remaining metal left. It is the last resort for the jewelry industry. If the supply of silver required for both war and civilian industries were insufficient, the jewelry industries would gladly yield as they have on copper, nickel, tin, and other metals.

Please help us stay in business so we can meet our increased taxes and buy War bonds.

Sincerely yours,

FOX RIVER VALLEY AND LAKE SHORE JEWELERS CLUB,  
HARMON MCCARTHY, *Secretary.*

BURLINGTON, WIS., September 16, 1942.

Senator ALEXANDER WILEY,  
*Senate Chamber, Washington, D. C.*

DEAR SIR: I am only one of over 20,000 jewelers in the United States that faces the fact that we are liable to be soon put out of business on account of laws that prohibit the use of silver.

We all know that the Government has more silver stored at West Point than they will ever use for war purposes. Jewelers depend on silver for their very existence. Without silver, we would have nothing left but solid gold. More than 150,000 people are employed in the manufacture and sale of jewelers' merchandise. Most of them are unable to shoulder a gun. They have a right to earn a living. It is a crime to prevent them earning a living just because we have laws that hold back tons of silver that are hoarded in Government vaults, a small part of which could just as well be released.

If there was a scarcity of silver, I would not be writing to you. There is more than plenty on hand and more still could be purchased from Mexico if necessary. I trust that you will use your best efforts to have enough released so that we can still stay in business and continue to pay our taxes and buy bonds and end this war as soon as possible.

We are depending on fighters like you, Senator Wiley, for our very existence.

Yours very truly,

RAY SWENSON.

(Whereupon, at 1 p. m., the committee adjourned.)