

SENATE VOTES END TO SILVER BACKING

Plan to Free Bullion Behind Dollar Goes to Kennedy

By The Associated Press

WASHINGTON, May 23—The Senate passed today and sent to President Kennedy a bill that he had sought urgently to permit the Government to use for coinage and defense purposes silver now held as backing for silver certificates. The vote was 68 to 10.

The measure will also authorize the Treasury to retire the certificates, which back the familiar \$1 bills and some \$2 bills. The bills would be replaced with Federal Reserve notes which must have 25 per cent gold backing.

The measure repealing the Silver Purchase Acts, sponsors said, would take the Government out of the silver market for the first time in 30 years and permit a free market.

The measure was vigorously supported by Senators from states with industries that use silver, largely in New England. Senators from Western mining states argued, however, that it did not give adequate protection to silver producers, and they sought unsuccessfully to amend it.

One defeated amendment, proposed by Senator Frank Church, Democrat of Idaho, would have prevented the sale of Government-owned silver in the free market even if the price rose above the current coinage value of \$1.29 an ounce.

Continued on Page 25, Column 3

The New York Times

Published: May 24, 1963

Copyright © The New York Times

SENATE VOTES END TO SILVER BACKING

Continued From Page 1, Col. 1

Increased demand for silver for jewelry and industrial uses has pushed prices close to that level.

Mr. Church said the price eventually would be much higher than this and that if the Government sold any of its stock at \$1.29 "it will be subsidizing industrial users of silver at the taxpayer's expense."

The vote against his amendment was 52 to 24.

Senator Peter H. Dominick, Republican of Colorado, lost by a vote of 54 to 19 on an amendment to limit use of the Treasury's silver to coinage and to bar sales to other Government agencies.

Senator Ernest Gruening, Democrat of Alaska, offered an amendment to establish an incentive payment program to stimulate gold production if the nation's reserves drop below \$15,000,000,000. This was beaten on a voice vote.

Denies Plan to Sell

Senator A. Willis Robertson, Democrat of Virginia, who was the floor manager for the bill, said that so far as he knew it was not the Treasury's intention to sell in the market. The key purpose of the bill is to release silver for Government use, he pointed out.

The Virginian said that, in any event, holders of silver certificates would retain the privilege of exchanging them for silver on demand. He said it would be profitable to do this if the price rose above \$1.29 because then the silver backing behind the certificates would be worth more than \$1.

New England supporters of the bill said that it should bring a stabilized price at about \$1.29

an ounce and that this would greatly benefit industries in their area.

They emphasized that the demand for silver now greatly exceeded the supply and said there was no further need for any program to help the mining industry.

The Silver Purchase Acts to be repealed by the legislation go back to 1934. Under them the Treasury has bought 3,000,000,000 ounces of the metal as a part of a program to aid the nation's silver producers.