RETENTION OF "1964" ON ALL COINS

HEARING

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY
UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON

S. 2950

A BILL TO AUTHORIZE THE MINT TO INSCRIBE THE FIGURE 1964 ON ALL COINS MINTED UNTIL ADEQUATE SUPPLIES OF COINS ARE AVAILABLE

JULY 21, 1964

Printed for the use of the Committee on Banking and Currency

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CONTENTS

Page

S. 2950 ... 4
Amendment ... 5
Report from—
Commerce Department ... 104
Federal Deposit Insurance Corporation ... 9
Federal Reserve Board ... 6
Treasury Department ... 5

WITNESSES

Robert A. Wallace, Assistant Secretary, Department of the Treasury ... 9
Mrs. Margo Russell, executive editor, Coin World Newspaper, Sidney, Ohio ... 26
G. Edward Cooper, executive vice president, Philadelphia National Bank, Philadelphia, Pa; accompanied by William T. Heffelfinger, Federal administrative adviser, American Bankers Association ... 39
Eva Adams, Director of the Mint, Department of the Treasury; accompanied by Frederick W. Tate, Assistant Director of the Mint, Department of the Treasury ... 52

LETTERS, STATEMENTS, AND DATA SUBMITTED FOR THE RECORD

Adams, Eva, Director of the Mint:
The use of dates on U.S. coins, exhibit A ... 57
Dates appearing on foreign coins, exhibit B ... 59
National coinages of 22 countries during calendar year 1962 which were predated or postdated 1962, table ... 60
Domestic coins produced by the U.S. mints, table ... 68
Adamy, Clarence G., National Association of Food Chains: Statement ... 69
American Bridge, Tunnel, & Turnpike Association, Washington, D.C.: Letter from Lawrence A. Rubin, president ... 77
Associated Retail Bakers of America, Washington, D.C.: Letter from Wm. A. Quilan, general counsel ... 98
Bison, Henry, Jr., general counsel, National Association of Retail Grocers of the United Staes: Statement ... 71
Bushey, Harold L., M.D., Barbourville, Ky.: Letter to Senator Cooper ... 85
Chicago Association of Commerce & Industry, Chicago, Ill.: Telegram and statement from Preston E. Peden, director of governmental affairs ... 72
Christopher, W. D., East Liverpool, Ohio: Letter to Congressman Wayne L. Hays ... 86
Clawson, Del, a Representative in Congress from the State of California: Letter with an enclosure from Randy Kazarian, Compton, Calif ... 90
Commerce Department: Report ... 104
Cumberland County National Bank & Trust Co., New Cumberland, Pa.: Telegram from J. E. Brucklacher, president ... 94
Esker, R. E., London, Ky.: Letter to Senator Cooper ... 79
Ewens & Son, Milwaukee, Wis.: Letter to President Lyndon B. Johnson ... 79
Farmers National Bank of Bloomsburg, Bloomsburg, Pa.: Telegram from Wm. A. Lank, president ... 94
Federal Deposit Insurance Corporation: Report ... 9
Federal Reserve Board:
Estimates of new coin requirements by Federal Reserve banks for fiscal years 1965 and 1966, table ... 8
Federal Reserve bank coin receipts, payments, and inventory, January 1, 1963–May 31, 1964, chart ... 7
Report ... 6
Premium prices quoted for bags of uncirculated coins, table ... 6

	Page
Fidelity Philadelphia Trust Co., Philadelphia, Pa.: Telegram from Stewart M. Walker, executive vice president	94
First National Bank, Port Allegany, Pa.: Telegram	99
First National Bank of Allentown, Allentown, Pa.: Telegram from J. J. McCartney, senior vice president	96
First National Bank of Eldred, Eldred, Pa.: Telegram	
First National Bank of Elgin, Elgin, Ill.: Letter from William E. Redeker, president	97
First National Bank of West Chester, West Chester, Pa.: Letter from H. Allison Fosnocht, vice president	97
First Pennsylvania Banking & Trust Co., Philadelphia, Pa.: Letter from B. A. Grentz, assistant vice president	93
Friedman, Joseph H., Richmond, Va.: Letter	86
Genet, Arthur S., president of Brink's, Inc.: Statement in behalf of the Illinois Chamber of Commerce	99
Gruening, Ernest, U.S. Senator from the State of Alaska:	
Letters from constituents:	
Bailey, Helen S., Fairbanks, Alaska	92
Williams, John J., secretary-treasurer, Democratic precinct, Clear, Alaska	92
Girard Trust Bank, Philadelphia, Pa.: Telegram from Robert F. McCammon, senior vice president	92
Hamlin Bank & Trust Co., Smethport, Pa.: Telegram	96
Harrisburg National Bank & Trust Co., Harrisburg, Pa.: Telegram from George Reily, vice chairman	96
Hartke, Vance, U.S. Senator from the State of Indiana: Letter with an enclosure from Ernest Parkison, Muncie, Ind	87
Hays, Wayne L., a Representative in Congress from the State of Ohio: Letter with an enclosure from W. D. Christopher, East Liverpool, Ohio	85
Hemstead, William, Hawthorne, N.J.: Letter	79
Horn & Hardart Baking Co., Philadelphia, Pa.: Telegram from Daniel Hanlon, vice president	94
House of Rose, Louisville, Ky.: Letter from Hugh R. Turley, owner, signed by 31 customers, to Senator Cooper	91
Hungerford, Thomas B., executive director, National Automatic Merchandising Association, Chicago, Ill.: Statement including a folder entitled "Vending in 1963"	45
Illinois Chamber of Commerce: Statement by Arthur S. Genet, president of Brink's, Inc	99
Jewel Tea Co., Inc.: Statement	73
Jones, Richard, Roanoke, Va.: Letter enclosing advertisement from Coin World	82
Kazarian, Randy, Compton, Calif.: Letter to Congressman Del Clawson	90
Keck, Theodore A., Jr., Chester, Va.: Letter	93
Keystone Trust Co., Harrisburg, Pa.: Telegram	95
Marblehead Bank, Marblehead, Ohio: Telegram	78
Matthews' Funeral Home, Smyrna, Del.: Letter from W. Glenn Matthews to Senator Boggs	84
May, Catherine, a Representative in Congress from the State of Washington: Letter	37
Communications received from constituents:	
Borg, Gene, Warden, Wash	38
Brough, Michael, Walla Walla, Wash	38
Koch, Jack R., Moses Lake, Wash	38
Pacific Northwest Numismatic Association, Yakima, Wash., Sherman A. Mahan, secretary	38
McClenon, Robert, Washington, D.C.: Letter	88
Merchants National Bank of Allentown, Allentown, Pa.: Telegram from R. H. Casteline, executive vice president	96
Minton, Franklin C., Piedmont, Ala.: Letter	87
Monagan, John S., a Representative in Congress from the State of Connecticut: Statement	69
National Bank & Trust Co. of Central Pennsylvania, Harrisburg, Pa.: Telegram from Charles H. Zimmerman, vice president	95
National Retail Merchants Association, Washington, D.C.: Letter from John C. Hazen, vice president, Government	78

Page
New Jersey Bankers Association, Princeton, N.J.: Telegram from Frederick Bayless, president ---- 95
News of Coins: Excerpt from the New York Times, July 19, 1964 ---- 95
Parham General Agency, Inc., Norfolk, Va.: Letter from J. P. Lott, vice president ---- 84
Parkison, Ernest, Muncie, Ind.: Letter to Senator Hartke ---- 87
Parsons, Miss Mary E., Richmond, Va.: Letter ---- 88
Peoples National Bank, Hanover, Pa.: Telegram from Robert F. Jones, president ---- 95
Provident Tradesmen's Bank & Trust Co., Philadelphia, Pa.: Telegram from William G. Foulke, president ---- 97
Retallick, William B., Canonsburg, Pa.: Letter with attachments to Senator Robertson and Congressman Patman ---- 79
St. Andrews Episcopal Church, Clifton Forge, Va.: Letter from Rev. Robert Hunt, vicar ---- 98
Sufit, Herbert, Arlington, Va.: Letter ---- 89
Taylor, Guinn, Springfield, Va.: Letter ---- 88
Treasury Department:
  "Coin Shortage: Why It Happened, When It Will End": Interview with Robert A. Wallace from U.S. News & World Report, July 27, 1964 ---- 18
  Estimating the effect of speculative activity on the coin shortage ---- 66
    Ratio of the value of coins in circulation to retail sales of nondurable goods establishments, table ---- 67
    Monetary value per capita of coins in circulation, table ---- 67
  Report ---- 5
  Statement of Robert A. Wallace, Assistant Secretary of the Treasury, before the House Government Operations Subcommittee on Foreign Operations and Monetary Affairs ---- 15
  Treasury to double coin production: Press release ---- 14
Union Bank & Trust Co. of Eastern Pennsylvania, Bethlehem, Pa.: Telegram from John Taft, president ---- 97
United States Code, title 31, sec. 324: Inscriptions on coins ---- 9
Upper Main Line Banks of Paoli, Ardmore, Pa.: Telegram from H. Fred Millis, president ---- 95
Wilmington Coin Club, Wilmington, Del.: Letter from Carole Wetherholt, secretary ---- 78

RETENTION OF "1964" ON ALL COINS

TUESDAY, JULY 21, 1964

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 5302, New Senate Office Building, Senator A. Willis Robertson, chairman of the committee, presiding.

Committee members present: Senators Robertson, Sparkman, Douglas, Proxmire, McIntyre, Bennett, and Simpson.

The CHAIRMAN. The committee will please come to order.

We meet today to take testimony on S. 2950, a bill to authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available. I introduced this bill on June 25, 1964, and when we go into executive session I intend to offer an amendment to the bill to provide that all coins minted after the date of the enactment of the bill until July 1, or January 1, whichever date first occurs after the date on which the Secretary of the Treasury determines that adequate supplies of coins are available shall be inscribed with the figure 1964.

As most of you know, the bill is designed to provide means, in addition to those already being taken, to help solve our coin shortage. This shortage exists in spite of the fact that for the past 4 fiscal years the mint has established a new production record for domestic coins. However, the normal flow of coins from the mint to the Federal Reserve System to the marketplace and back to the banks has not been maintained.

This disruption of our normal circulation has forced banks to ration coins to insure fair distribution of their limited supply. The Treasury Department, the Bureau of the Mint, and the Federal Reserve Board believe that the retention of the date 1964 on all coins will discourage the hoarding of vast numbers of coins by coin dealers and collectors.

The first evidence that we had that there was hoarding of coins was when nearly all the silver dollars disappeared. Then we started taking an inventory and found that there were nearly 500 million silver dollars outstanding and practically none in circulation. And after a once very large supply, only 3 million are left in the Treasury and those were impounded.

It was clearly established that either dealers or hoarders had bought up silver dollars and were taking them out of circulation for speculative purposes. When they expected to get a premium for the ultimate sale of that dollar or melt it down for silver, we do not know. But the shortage became apparent last year.

So in January of this year I offered some suggestions to the Treasury. I had appeals from the banks and the merchants to do something about the shortage, and I recommended that we step up the production by working overtime, by getting more equipment, to stop the business of polishing coins before we sold them to the collectors, and, in every way possible, do something to meet the shortage by increased production.

Belatedly those steps have been taken and this bill is one of those steps; because there is no doubt about it that dealers and hoarders are keeping coins out of circulation. Now just what they expect to gain, or how, we don't know exactly. Certainly you can't make any money melting down a copper coin or a nickel. They are short too. Probably they are among the shortest. You can hardly make any money melting down a dime or quarter, because we can't foresee any price of silver that would be equal to what you would get out of a melted coin. In fact, I have given consideration to a bill to prohibit melting coins, on the same theory that it is illegal to deface or alter a coin.

As I have indicated, this bill has the support of all the financial institutions of the Government. It also has the support of the national association that represents retail merchants and other trade associations and commercial firms. It has the opposition of some dealers, some hoarders, and some collectors who have been stirred up by the dealers and the hoarders.

We never have, as far as I know, redated paper money every year. We would have a series of bills or notes and run it as long as we wanted to. We have had a date on currency every year, but there was no law that required it to be dated the year it was issued, and no vested right in any dealer that we would have to promote his business by dating currency every year. And in any event this fact has been disclosed, so no one has any ground for objection.

I remember when I was a young man, there was a man out in Chicago who cornered the wheat market. He made everybody pay through the nose for the future delivery of wheat. We passed a law that nobody could do that again to the consuming public. Here we have a situation where some dealers and hoarders have created an artificial demand for coins by trying to corner the market. This is the effect of it.

So all we are going to do in this bill is to say that between the right of a dealer or a hoarder to make a profit on the scarcity of coins of a certain date, and the interests of the economy of this Nation, the necessity of our banks and of our merchants to have enough coins with which to do the money work of the Nation. We will put the public interest first. We will continue the date 1964 in effect until there is no longer any incentive for anybody to hoard pennies and nickles and dimes of 1964.

In my opinion this will have no effect whatever upon any bona fide collector. And I have no evidence, of course, that any collector is participating in this matter. Some of them have protested, but they have been stirred up by somebody else on the ground, in some way, if we run 1964 coins into the middle of 1965 we may run it all through 1965, and that will be one blank year in their collection. Starting way back in 1792 and coming up to 1965, there would be 1 year in which they wouldn't have any coins dated for that year. Of course we could run off for the collectors a special issue, I reckon, of 1965 coins.

But anyway, the issue here is shall we permit a very limited number of dealers and hoarders to greatly interfere with the business activities of our Nation.

A banker wrote me the other day. I replied, "Your letter is the first letter I have received in favor of my bill." I have gotten plenty of letters against it. And it wouldn't be surprising to me if a lot of Senators voted against the bill because we are in a position now where we don't have the time to study all of these bills that come before us. If they get six or eight letters protesting against the bill and no letter for it, the impulse is to say let's vote against it. That will be the safe thing to do.

I am not at all assured, unless those who want this legislation let their views be known, that the majority of the Senate won't act on the letters, because the dealers and the hoarders have aired their views. They have written me letters of protest. I got five letters of protest from one Member of the House this morning. That good lady was greatly disturbed. Without objection those letters will be placed in the record.

We are going to hear this morning the representatives of the Treasury, and then we are going to hear a representative of the dealers, and we will hear some more Government witnesses, and then we will hear some more witnesses in opposition, if they are here. We want to give everybody a fair chance to express their views, and to act on this legislation strictly on its merits.

(S. 2950, together with an amendment and the reports from agencies, follow:)

88TH CONGRESS
2D SESSION

S. 2950

IN THE SENATE OF THE UNITED STATES

JUNE 25, 1964

MR. ROBERTSON introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding section 3517 of the Revised Statutes (31 U.S.C. 324), all coins minted from the date of enactment of this Act until January 1 of the year following the year in which the Secretary of the Treasury shall determine that adequate supplies of coins are available shall be inscribed with the figure 1964 in lieu of the year of the coinage.

SEC. 2. The requirement of section 3550 of the Revised Statutes (31 U.S.C. 366) that the obverse working dies at each mint shall be destroyed at the end of each calendar year

II

2

shall not be applicable during the period provided for in section 1 of this Act.

(Senator Robertson submitted the following amendment:)

AMENDMENT

On page 1, strike out lines 3 through 8, and insert in lieu thereof the following:

That notwithstanding section 3517 of the Revised Statutes (31 U.S.C. 324), all coins minted after the date of enactment of this Act until July 1 or January 1, whichever date first occurs after the date on which the Secretary of the Treasury determines that adequate supplies of coins are available, shall be inscribed with the figure 1964 in lieu of the year of the coinage.

AGENCY REPORTS

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., July 9, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2950, to authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available, which was introduced by you on June 25, 1964.

The proposed legislation would authorize the Secretary of the Treasury, notwithstanding section 3517 of the Revised Statutes (31 U.S.C. 324), to continue using the date 1964 on all coins minted from the date of enactment until January 1 of the year following the year in which he determines that adequate supplies of coin are available. Section 3517 provides that all coins shall be inscribed with the year of the coinage. The bill would also suspend for the same period the requirement that the obverse working dies be destroyed at the end of each calendar year.

As you know, on June 29, the Treasury Department announced an intensified program to increase rapidly the production of coins to cope with the shortage which has developed. Among the steps announced were the anauguration some time ago of a continuous 7-day, 24-hour production schedule at the mints in Denver and Philadelphia, the purchase of bronze and nickel strip from private manufacturers, the ordering of new coin presses and the acquisition of others from governmental and private sources, and the discontinuance of the making of proof coins when current orders have been filled.

Included in the Treasury's announcement was the statement that the Congress would be asked to authorize the continued use of the 1964 date on all coins indefinitely. This recommendation would be effectuated through enactment of S. 2950.

The Treasury Department believes that by continuing to use the date 1964 on all coins minted notwithstanding the year of actual coinage the hoarding of coins by collectors for speculative purposes would be discouraged, if not discontinued. Since there would be no incentive for hoarding the coins, the number of coins in general circulation would increase. S. 2950 would give legislative sanction to this action and would give the Secretary discretion to determine when the use of the actual date of coinage should be resumed.

The Department strongly recommends the enactment of S. 2950.

The Department has been advised by the Bureau of the Budget that passage of this legislation would be consistent with the objective of the administration to assure an adequate supply of coinage by helping to keep coins in circulation.

Sincerely yours,

G. D'ANDELOT BELIN,
General Counsel.

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM,
Washington, July 14, 1964.

HON. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request, dated June 26, 1964, for the Board's views on S. 2950, a bill to authorize the mint to continue to inscribe the 1964 mintage date on coins until adequate supplies of coin are available. The Board strongly urges favorable consideration of this bill.

The shortage of coin which has forced Federal Reserve banks to ration available supplies continues. Although normally coins flow freely into circulation and back into the Reserve banks in much the same way as currency, the return flow has dwindled in recent years. Increased deliveries from the mint have not filled the gap. Normally, return flows have supplied nine times as much as new production; today, less coins are flowing back from the public to the Reserve banks than are received from the mint. As a result, the Reserve banks are unable to meet the demand for coin. While the only real solution to this problem is a substantial increase in production, S. 2950 should prove helpful, because it should go a long way toward keeping newly minted coins in circulation.

Today, these coins are being hoarded and offered for sale at substantial premiums in all denominations. Some impression of the extent of this activity may be gained from the attached table, showing offers to sell bags of uncirculated 1964 coins, by dealers in Georgia, Montana, New York, North Carolina, Ohio, Pennsylvania, and Virginia. The table was made up from advertisements selected at random from the July 8, 1964, issue of Coin World. In addition to other offers of bags of uncirculated 1964 coins, the same issue contained even more numerous offers to sell rolls or single pieces of these coins at higher premiums.

A situation encouraging the offering of premiums on the current year's coins is undesirable not only because it results in coins being withdrawn from circulation, but also because it makes the maintenance of ethical standards of conduct on the part of bank employees more difficult than it otherwise would be.

By assuring the market that massive supplies of all denominations of 1964 coins will be available in the long run, the bill should minimize the extent to which they are withdrawn from circulation, and possibly result in a substantial return to circulation of those which have previously been withdrawn. Hopefully, the bill could even make the Kennedy half dollar a circulating coin rather than a collector's item.

Sincerely yours,

WM. MCC. MARTIN, Jr.

Premium prices quoted for bags of uncirculated 1964 coins

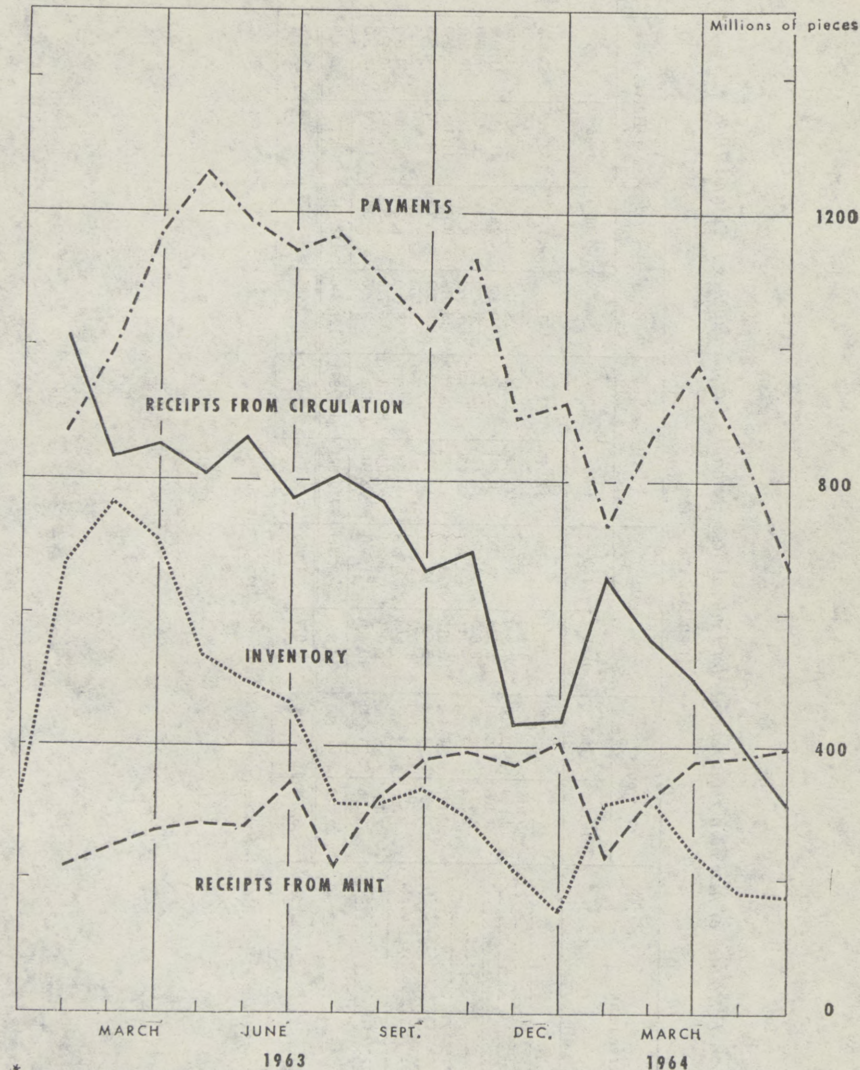
	Pennies ($50 face value)	Nickels ($200 face value)	Dimes ($500 face value)	Quarters ($1,000 face value)	Halves ($1,000 face value)
Dealer A:					
Denver mint			$535		
Philadelphia mint		$225			$1,395
Dealer B:					
Denver mint	$60.00	235	595	$1,095	1,250
Philadelphia mint	65.00	235	745	1,125	1,395
Dealer C: Philadelphia mint	61.95	230			1,375
Dealer D:					
Denver mint					1,150
Philadelphia mint	62.00	225			1,300
Dealer E:					
Denver mint	60.00				1,150
Philadelphia mint					1,350
Dealer F:					
Denver mint	67.00	245	600		
Philadelphia mint	67.00	245	740		
Dealer G:					
Denver mint	60.00	230			1,150
Philadelphia mint	61.00	235			1,275
Dealer H:					
Denver mint	65.00		540		Call
Philadelphia mint	62.00	225		1,075	Call
Dealer I:					
Denver mint			570		
Philadelphia mint	61.50	255	790	1,100	1,375

Source: Coin World, July 8, 1964.

(The Board of Governors of the Federal Reserve System also submitted the following chart and table:)

FEDERAL RESERVE BANK COIN* RECEIPTS, PAYMENTS, AND INVENTORY

DURING PERIOD JANUARY 1, 1963 - MAY 31, 1964



*Excludes silver dollars

Estimates of new coin requirements by Federal Reserve banks for fiscal years 1965 and 1966

[Dollars in thousands]

Federal Reserve bank	Cents		Nickels		Dimes		Quarters		Halves		Total	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
Boston	$2, 247	$2, 302	$771	$780	$2, 075	$2, 140	$1, 742	$1, 781	$3, 917	$3, 973	$10, 751	$10, 976
New York	5, 518	5, 518	4, 442	4, 442	13, 282	13, 282	21, 252	21, 252	5, 000	5, 000	49, 494	49, 494
Philadelphia	2, 600	2, 800	7, 800	8, 200	20, 800	21, 800	28, 100	29, 500	20, 800	21, 800	80, 100	84, 100
Cleveland	3, 168	2, 850	3, 510	3, 200	9, 397	8, 700	9, 429	9, 000	11, 462	11, 000	36, 966	34, 750
Richmond	2, 400	2, 540	3, 600	4, 200	3, 125	3, 450	3, 200	3, 550	6, 000	5, 000	18, 325	18, 740
Atlanta	5, 100	5, 733	4, 411	4, 763	7, 471	9, 430	6, 922	8, 413	9, 739	10, 390	33, 643	38, 729
Chicago	5, 127	4, 456	6, 315	3, 006	13, 966	8, 262	19, 418	10, 631	11, 138	5, 580	55, 964	31, 935
St. Louis	1, 328	1, 451	2, 590	2, 822	6, 075	6, 615	5, 300	5, 720	4, 457	4, 866	19, 750	21, 474
Minneapolis	1, 105	1, 100	1, 570	1, 495	4, 445	3, 990	3, 065	2, 500	2, 400	2, 125	12, 585	11, 210
Kansas City	1, 400	1, 600	2, 400	2, 600	9, 600	9, 500	8, 000	6, 200	5, 100	4, 600	26, 500	24, 500
Dallas	2, 150	2, 250	6, 051	6, 301	7, 626	7, 326	6, 718	5, 868	6, 362	5, 412	28, 907	27, 157
San Francisco	7, 200	7, 900	10, 400	11, 500	12, 200	13, 400	8, 200	9, 000	17, 400	13, 200	55, 400	55, 000
Total	39, 343	40, 500	53, 860	53, 309	110, 061	107, 895	121, 346	113, 415	103, 775	92, 946	428, 385	408, 065
Pieces (millions)	3, 934	4, 050	1, 077	1, 066	1, 101	1, 079	485	454	208	186	6, 805	6, 835

Source: Board of Governors of the Federal Reserve System, division of bank operations, June 26, 1964.

FEDERAL DEPOSIT INSURANCE CORPORATION,
Washington, D.C., July 21, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: You have requested the views of this Corporation on S. 2950, a bill to authorize the mint to inscribe the figure "1964" on all coins minted until adequate supplies of coins are available.

The bill would require that all coins minted from the date of enactment thereof until January 1 of the year following the year in which the Secretary of the Treasury shall determine that adequate supplies of coins are available shall be inscribed with the figure "1964" in lieu of the year of the coinage.

In view of the present inadequate supply of coins and the need to discourage the hoarding of coins for a possible increase in their future value as rare coins, this Corporation favors the enactment of S. 2950. This bill, it is believed, may alleviate the existing shortage in coins by requiring the figure "1964" to be inscribed on all coins until such time as adequate supplies of coins are available.

We have been advised by the Bureau of the Budget that it has no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

JOSEPH W. BARR, *Chairman.*

(An excerpt from title 31 of the United States Code follows:)

§ 324. Inscriptions on coins.

Upon the coins there shall be the following devices and legends: Upon one side there shall be an impression emblematic of liberty, with an inscription of the word "Liberty" and the year of the coinage, and upon the reverse shall be the figure or representation of an eagle, with the inscriptions "United States of America" and "E Pluribus Unum," and a designation of the value of the coin; but on the dime, 5-, and 1-cent piece, the figure of the eagle shall be omitted; and the motto "In God we trust" shall be inscribed on the denomination of silver coins on which it was inscribed prior to May 18, 1908. (R.S. § 3517; Sept. 26, 1890, ch. 945, § 1, 26 Stat. 485; May 18, 1908, ch. 173, § 1, 35 Stat. 164; Jan. 30, 1934, ch. 6, § 5, 48 Stat. 340.)

Derivation: Act February 12, 1873, ch. 131, § 18, 17 Stat. 427.

The CHAIRMAN. The first witness will be the Honorable Robert A. Wallace, Assistant Secretary, Department of the Treasury.

Mr. Wallace, will you please come forward.

Would you like to have your superior officer come up with you, or is she your superior officer?

STATEMENT OF ROBERT A. WALLACE, ASSISTANT SECRETARY OF THE TREASURY

Mr. WALLACE. Miss Adams is Director of the Mint, Mr. Chairman, and she will be testifying after me on these matters.

Mr. Chairman, I am Robert A. Wallace, Assistant Secretary of the Treasury, and I am very happy to represent Secretary Dillon and the Treasury Department at this hearing.

This matter which is before you, as you know, is more a matter of overall economic and financial significance to the Treasury Department than it is a matter of mint policy, which is why I am here.

Secretary Dillon has been extremely concerned about the problem of the hoarding of coins, which takes them out of regular commercial use—their true purpose.

The CHAIRMAN. May I interrupt? Secretary Dillon is worried about hoarding. Has there been hoarding?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. What has been the effect of hoarding?

Mr. WALLACE. The effect of the hoarding has been to cause a shortage in coins for regular commercial purposes and to serve as a medium of exchange.

The CHAIRMAN. What are some of the evidences that you have that there has been hoarding?

Mr. WALLACE. Well, the shortage of coins is in existence despite the fact that we have gone from a production of 1½ billion coins a year, 5 years ago, up to 4½ billion coins this past fiscal year. That is a tripling of production, and yet we still have a coin shortage.

The CHAIRMAN. What increase in production would the normal increase of business have required?

Mr. WALLACE. The gross national product has in recent years grown around 3 to 5 percent a year, and the population has grown a little less than that rate. Vending machines have made solid increases each year, but it has not been a spectacular increase and it has been at a fairly consistent rate.

Trading activity in the coin exchange markets has doubled since 1962 from about $100 to $200 million.

The CHAIRMAN. Before you get into that, is it a fact that you have increased your production commensurate with the increase in the need for more currency?

Mr. WALLACE. Our production has been increased far in excess of the normal increase in the needs of commerce and trade.

The CHAIRMAN. In excess of it. I just want to get that in the record.

Mr. WALLACE. Thank you.

The CHAIRMAN. So something abnormal has created this shortage and you say it is hoarding?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. All right.

And that is what this bill is aimed at preventing. What evidence on the return of coins to the banks do you have?

Mr. WALLACE. Well, according to the Federal Reserve Board, which distributes the coins for us, the normal return would be about nine times as great as the new coins which are furnished, and these returns have dropped down to less than the number of coins that we furnish.

The CHAIRMAN. I mentioned a shortage of silver dollars. How many silver dollars are outstanding at the present time, most of which are in hoarding somewhere?

Mr. WALLACE. About 480 million.

The CHAIRMAN. How many are left in the Treasury?

Mr. WALLACE. About 2,900,000.

The CHAIRMAN. You may proceed with your prepared statement.

Mr. WALLACE. Thank you, Mr. Chairman.

I would like, publicly, to give credit where credit is due. The idea of extending the 1964 date on coins was first suggested by the chairman of this committee. Moreover, since I have been connected with the Treasury Department, we have dealt with the chairman of this committee, both as chairman of the Banking and Currency Committee and also as chairman of our Appropriations Subcommittee, and he has always been fully aware and fully cognizant of our needs, and has done everything in his power to keep the shortage from developing. It is certainly not your fault——

The CHAIRMAN. Isn't it also true that the chairman recommended that you step up your working hours?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. And that you put in some new stamping machines, if you could?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. That you look into reopening the old mint at San Francisco?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. You are doing all of those things now?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. Don't you believe that, if we can assure merchants who may not be willing to let small coins go when they get them in their hands, like they used to do, that we are going to have plenty of these coins, we can relieve this by the middle of next year?

Mr. WALLACE. Yes, sir.

The CHAIRMAN. If we do, we could go to 1965 under this amendment that I mentioned, July 1 of next year——

Mr. WALLACE. Yes, sir; under your amendment that would be possible.

The CHAIRMAN. Without in any way impinging upon any rights of any bona fide collector?

Mr. WALLACE. I would think not.

The CAIRMAN. You may proceed.

Mr. WALLACE. Mr. Chairman, the Treasury Department has no desire to continue the 1964 date on coins merely for its own sake. Our only purpose is to help eliminate the shortage caused by the hoarding of coins. Otherwise, we would much prefer to redate the coins each year.

The CHAIRMAN. I will say this, without objection, your entire prepared statement may be printed in the record.

I have asked you to summarize it and you can summarize some of the rest of it, because there is no use for you to stay here to read every word in your prepared statement. We just want the highlights of it.

Mr. WALLACE. Thank you.

(Mr. Wallace's prepared statement and attachments follow:)

TESTIMONY OF ROBERT A. WALLACE, ASSISTANT SECRETARY OF THE TREASURY

I am pleased to represent Secretary Dillon and the Treasury Department before this committee, to testify on S. 2950, the Robertson bill to authorize the Treasury to continue the 1964 date on all coins minted until additional supplies of coins become available in sufficient quantity to end any possible incentive for speculative hoarding.

The Treasury Department strongly supports the enactment of S. 2950. We believe that by continuing to use the 1964 date on coins, the hoarding of newly minted coins for speculative purposes will be greatly discouraged, if not discontinued altogether, and the number of coins in general circulation would be substantially increased. I estimate that the enactment of the Robertson measure would release about a billion coins for general circulation this fall and next spring.

Our support of the Robertson bill to continue the 1964 date on all coins is a part of the overall program of the Treasury Department to end the coin shortage.

This program was announced on June 29, 1964, and I ask permission to include it in the record at the close of my remarks. I also ask permission to include my statement before the House Government Operations Subcommittee on Legal and Monetary Affairs, June 30, 1964, and an interview I gave for the U.S. News & World Report of July 27, 1964, which just appeared today.

Briefly, our program calls for doubling the rate of coin production during the current fiscal year and extending the 1964 date on all coins until they are available in supplies sufficient to remove all doubt as to their adequacy to take care of the commercial needs of the country. We believe that both parts of this program are vital if we are to end the coin shortage as quickly as possible.

I

The Treasury Department began preparations to meet a coin shortage long before it became a matter of public concern. Late in 1961 we initiated a study of future coin needs and existing facilities for dealing with them—a study which led to legislation enacted by Congress last year to build a new mint in Philadelphia. We also began a three-shift operation at our Denver Mint, the more efficient of the two mints, which enabled us to produce an extra 400 million coins during the fiscal year 1962.

In the fall of 1962, a coin shortage developed in the Chicago area and we placed both mints on a 6-day-week basis to the maximum extent that appropriated funds would permit and increased coin production by another 200 million pieces during the fiscal year 1963.

During the fiscal year 1964, by using purchased nickel strip and additional overtime we added another 700 million pieces to our annual production and boosted coin production to 4.3 billion, an alltime high. For the current fiscal year the appropriation bill which has now been passed by both the House and the Senate includes funds to keep both mints operating on a 24-hour day, 7-day-a-week basis. And finally we developed the program announced on June 29, to produce over 8 billion coins this year, double the record high production of last year.

Mr. Chairman, it is my opinion that this program, even without extending the 1964 date on coins, would ultimately end the coin shortage but not soon enough. Discussions with the presidents of all 12 of the Federal Reserve banks and bankers and businessmen all over the country have indicated quite clearly that the coin shortage may well continue to be a problem for the rest of this year and early next year. Although we are now producing coins at a record rate and will double production this year, these quantities are not yet enough to offset the degree to which they are currently being held off the market because of hoarding.

There are two kinds of hoarding which are causing difficulties. First, there is commercial hoarding. One form of this occurs when businessmen hold coins because they are afraid that if they return them to the banks they will not be able to get new supplies in sufficient quantities to meet their needs for change. Then there are coin brokers, who secure coins from vending machine companies, toll roads, and other coin sources and sell them for a premium because of the shortage. Understandably, it is the Treasury's policy to make coins available for commercial needs without the need for payment of premiums.

The other kind of hoarding is based on numismatic speculation; that is, speculators all over the country buy up new coins by the roll or bag and hold them off the market in anticipation of increasing numismatic value, or sell them only at a substantial profit.

Thus, the coin shortage, under present conditions, tends to feed on itself. Hoarding causes shortages which in turn cause still more hoarding which intensifies the shortages. In order to break this vicious cycle, we need to convince businessmen that coins will be available in sufficient quantities so that they need not hoard. This is being done but it will take several months before full impact of the higher production can be felt in the market. Therefore, we believe that we should continue the 1964 date on all existing coins in order to convince speculators that it will be pointless for them to hold 1964 coins off the market.

We believe that when speculators and traders realize that coins bearing a 1964 date will number over 12 billion, then such coins will be far too numerous to ever have any real numismatic value. Therefore, those that are being held in anticipation of future increases in value will be disgorged when it is realized that the 1964 date will be continued.

Moreover, continuing the 1964 date will prevent the speculative hoarding process from beginning all over again in 1965 when all coins would otherwise have a new date. Therefore, we expect a double advantage to continuing the 1964 date; first, it will cause much of the present coin hoard to be disgorged and second, there will be no additional 1965 coins to take off the market for numismatic purposes.

I am firmly convinced that our program of doubling the coin production and continuing the 1964 date will end the coin shortage within a few months. However, the coin shortage may well continue to plague us for a much longer period unless we continue the 1964 date on coins.

II

Mr. Chairman, that is our program. I think there is virtually no disagreement over the need to double the production of coins as quickly as possible. However, I recognize that there is considerable disagreement over the proposal to continue the 1964 date on coins. I would like to assure the committee that the Treasury Department would not support this proposal unless it was convinced that it would be helpful.

First, I would like to make clear that we are not trying to blame coin collectors for the coin shortage. As a matter of fact, under normal circumstances, we welcome the activities of legitimate coin collectors and dealers. Their pursuits provide the lore and the objects for historical studies and museum displays which are valuable to the education of both children and adults now and for generations to come. Their hobbies cost the Government nothing, as a matter of fact, we even make a little profit because of seigniorage, the difference between the cost of the production of coins and their face value.

Thus, we normally welcome the desire for people to hold coins. The problem today, however, is that there is a shortage of coins in circulation so that when coins are held off the market it adds to our difficulties. There are not enough coins for the basic purpose of coins, which is to serve as a medium of exchange.

Even so, it is my opinion that the average coin collector is only a small part of the problem. There are an estimated 10 million collectors. If each collector gets and holds one sample of each coin from each mint, this will take 100 million coins out of circulation every year, a sizable chunk, but only 1 or 2 percent of the total production. Shortages being what they are, however, we will need that extra 100 million coins early next year which will otherwise go into the hands of collectors if we produce new coins with 1965 dates.

But, the real problem here comes with the speculators, whose present activities are cutting into us in a very damaging way. Speculators do not buy merely one of each coin. They buy them by the roll and by the bag, put them in vaults or in their basements and hold them back in anticipation of high profits in the future.

Their activities are not illegal but they must not expect the Treasury Department to adapt its policies to help them make higher profits especially at great inconvenience to the rest of the country.

The reason, of course, that people are willing to pay high prices for certain coins is because they are rare. Therefore, we intend during this period of coin shortages to do all we can to assure that none of our coins are rare. In fact we want them to be so plentiful that they will have no numismatic value in the foreseeable future. Only in this way can we discourage speculators from buying them up and taking them out of circulation.

III

It seems fair to ask how we know that speculation in new coins is a substantial factor in the current coin shortage. Permit me to touch on some of the more obvious evidence.

Who can forget the run on silver dollars last March? There are an estimated 400 million of them in the country today, but for all practical purposes they have disappeared from circulation. When I first came to the Treasury Department in 1961, silver dollars were a drug on the market. We had 160 million of them in various values. Now we have paid all but 3 million of them out but virtually none of these are in circulation.

We have made over 100 million Kennedy half-dollars and they are only just beginning to be seen in retail trade.

A perusal of the advertisements in Coin World for June 24 shows that it contains advertisements by 53 dealers and 69 individuals offering 1964 coins for sale or trade by the roll or by the bag. When you consider that a single bag of pennies contains 5,000 coins and that all of these advertisements must represent substantial inventories, the number of coins involved has to be tremendous. Yet, even these advertisements do not take into account the huge number of these new 1964 coins which have been purchased by individuals all over the country who are not offering them for sale but are sitting on them in expectation of price rises.

Are these the activities of coin collectors who deal in rare coins? Of course not. As I have pointed out, a coin collector may desire to keep his collection complete, but the idea of a true collector holding new 1964 coins in rolls and bags is ridiculous. Such activity can only be for speculative purposes.

The growth of coin exchange activity has developed with amazing rapidity, especially since 1962. What was formerly a quiet hobby for many persons has developed into a bid-asked market conducted through more than 10 teletype services throughout the United States. With the teletype, a small dealer in a remote part of the United States can offer bulk quantities of coins as readily as his counterparts in large metropolitan areas. This is quite a contrast to a few years ago when coin trading took place at meetings of local coin clubs.

The growth in coin exchange activity is also indicated by the development of public investment in this field. Within the past year, a publicly held corporation has been formed for investing in coins and has filed a prospectus with the Securities and Exchange Commission for this purpose. Meanwhile, the SEC has, for the first time, found it necessary to take three injunctive actions in connection with offers to accept investments in coin trading activity.

According to one survey of the numismatic coin market, total sales for the first half of this year have already exceeded sales for the entire year 1962, indicating a volume in excess of $200 million this year, double the 1962 volume. This may be understated. According to the April 23 issue of the Wall Street Journal, the largest of the 10 teletype systems alone "has an average daily trading volume of $1 million."

While the volume of coin exchange business has doubled, there are other indications that speculative activities are holding new coins out of circulation. The ratio of coins in circulation to total retail sales of nondurable goods establishments has jumped tremendously during the past year or two. So has the number of coins per capita.

I, therefore, believe that the enactment of this bill will result in an additional billion coins becoming available for circulation late this year and early next year. These additional coins would result from:

(1) Speculators putting 1964 coins back into circulation because they will be too numerous to sell for more than face value.

(2) Lack of a new series of 1965 coins from two mints for speculators and to a lesser extent, collectors, to buy up and take out of circulation.

In summary, Mr. Chairman, I strongly recommend enactment of the Robertson bill, S. 2950. It is a part of the Treasury's program for ending the coin shortage and although increasing coin production will ultimately end the shortage, the continuation of the 1964 date will enable us to keep it from becoming severe this fall and end it altogether next year.

[Press release, June 29, 1964]

TREASURY DEPARTMENT,
Washington, D.C., June 26, 1964.

TREASURY TO DOUBLE COIN PRODUCTION

The Treasury today announced an intensified program to double the Nation's rate of coin production within a year and raise it by 75 percent during the next 6 months.

By next June, the program will boost our coin production to an annual rate of over 9 billion new coins, more than double the 4.3 billion level for fiscal 1964 and triple the 3 billion level for fiscal 1961. For the last 6 months of this year, normally a time of peak demand for coins, the program will mean a 75-percent increase in coin production over the same period last year, a rise to 3.5 billion new coins from the 2 billion produced in the last half of 1963.

This increased production will be distributed among the present five denominations of coins in about the present ratios—roughly two-thirds pennies, one-fourth nickels and dimes, and the rest quarters and half-dollars.

The new program will augment the Treasury's already heightened efforts to expand the Nation's coin production in the face of a growing need for coins.

Steps already taken to expand current production of coins include the purchase of rolled nickel strip for the making of all 5-cent coins, thus freeing equipment for other production, and the inauguration of a continuous 7-day, 24-hour production schedule at the Nation's two mints, in Denver and Philadelphia.

These actions will increase production for the coming fiscal year by 600 million coins, bringing total budgeted production up to some 5 billion coins.

To augment these measures, the following new steps will be taken:

1. Beginning early in July, bronze strip for pennies will be purchased (in addition to the nickel strip already being acquired for 5-cent coins), thus freeing all melting, casting, and rolling operations for the production of more silver coins.
2. New coin presses (used to imprint the design of the coin) are being ordered for delivery early this fall and additional stamping machines, which can be converted for mint use, are being acquired from the surplus stocks of the Department of Defense, the General Services Administration, and private industry.
3. In December, when current orders have been filled, the proof coin operation (the production of special sets of coins for collectors) will be suspended. Those of its presses that are suitable will be converted to allow higher speeds and will be devoted to the production of coins for circulation.
4. As additional presses become available, production of annealed blanks (round pieces of metal the actual size of the coin softened to take the die) for nickels and pennies will be temporarily shifted to the U.S. Assay Office in San Francisco, thus permitting the mints to concentrate on the final stages of the production of all coins.
5. The Congress will be asked to continue the 1964 date on all coins indefinitely, thus eliminating any possible incentives for keeping 1964 coins out of circulation for speculative purposes.

Through these and other measures, the Treasury Department will continue to seek out ways of assuring an adequate supply of coinage with existing facilities pending the construction of the new Philadelphia Mint authorized last August. This mint will replace the current Philadelphia Mint, and will be capable of producing coins at a higher rate than both existing mints together. However, since funds are only now becoming available to proceed with construction of the new mint, its construction is 9 months behind the Treasury's original schedule, and it will probably begin coin production in 1967, instead of in 1966 as originally expected by the Treasury.

STATEMENT OF ROBERT A. WALLACE, ASSISTANT SECRETARY OF THE TREASURY, BEFORE THE HOUSE GOVERNMENT OPERATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS AND MONETARY AFFAIRS, JUNE 30, 1964

Mr. Chairman, my name is Robert A. Wallace. I am Assistant Secretary of the Treasury and my duties include supervision of the mint, whose Director, Miss Eva Adams, reports to the Secretary of the Treasury through me. I am pleased to represent Secretary Dillon and the Treasury Department before this subcommittee which is looking into the causes and possible cures of the current coin shortage.

When the Bureau of the Mint came within my jurisdiction at the Treasury Department in 1961, I visited our manufacturing facilities in Philadelphia and inspected the entire plant. I was impressed both with the lack of a coin inventory and the ancient and inefficient plant and equipment in use at that location. Therefore, I discussed this matter with our new Mint Director, Miss Adams, and we resolved that the construction of a new mint was imperative, not only because of our limited coin inventories but also because of the obsolescence of our Philadelphia facilities.

Yet, ours we knew, was only one opinion. What was needed was a thorough study of the Nation's coinage requirements, and our overall facilities for dealing with them.

Therefore, early in 1962 we arranged for the Arthur D. Little Co. of Cambridge, Mass., to make such a study and that company spent the rest of 1962 carrying it out. In December, it issued a report indicating that the Nation's coinage requirements would expand beyond our existing capacity and recommending the construction of new mint facilities.

The Treasury Department then proposed legislation authorizing a new mint to be constructed in Philadelphia to replace our existing facility in that city and this legislation was enacted on August 22, 1963. We submitted a request in September of 1963 for a supplemental appropriation to permit us to start construction. However, since the House Appropriations Committee decided against having a supplemental appropriation bill last fall, no action was taken on our request until after the Congress reconvened. In the President's budget for fiscal year 1965 submitted in January 1964, a request was included for the total appropriation needed to complete the new mint. The House of Representatives approved both these requests on March 24, 1964, but Senate action was held up by the civil rights debate. However, the Senate approved both items 1 week ago today and the conference committee of the two Houses will meet on it soon. These two items are identical in both bills. Thus, we should be able to proceed very quickly after final passage of the appropriation bill now expected in early July, although we are now some 9 months behind schedule.

That completes an outline of our activities leading to what we hope will be the construction of a new mint in Philadelphia. It will have a productive capacity in excess of both present mints together. Let me return now to our efforts to boost coin production at our existing mints.

Industrial engineers tell us that the most efficient use of mint facilities can be obtained by a two-shift operation without overtime. This, with the exception of some moderate amounts of overtime, was the way the mint was operated until 1961. Late that year we began a three-shift operation at our Denver Mint which is the more efficient of the two mints. This action enabled us to produce an extra 400 million coins in fiscal year 1962.

In the fall of 1962, a coin shortage developed in Chicago and we placed both mints on a 6-day week basis to the maximum extent that funds would permit and coin production was increased by another 200 million during the fiscal year 1963.

Last fall we let bids for nickel strip which reduced the number of alloys which the mints melted, cast and rolled, from 3 to 2. Meanwhile, Philadelphia was put on a partial third shift and we again raised the amount of overtime. These actions enabled us to produce for the current fiscal year which ends today, 4.3 billion coins, an increase of 700 million pieces and an all time high.

Our recognition of the coin shortage led us to include in our appropriation request for the fiscal year 1965, funds sufficient to keep both mints on a 24-hour, 7-day-a-week basis of operation for the coming fiscal year, enough to produce 4.9 billion coins.

As you can see, we have in the past attempted to keep our coin production rising in our existing mint facilities on an economical basis sufficient to meet the coin demand. The shortages which developed before this year occurred mainly in the fall of the year up until Christmas. By the time of the late President Kennedy's assassination on November 22, 1963, we recognized that the shortage was becoming more widespread and we even decided that both mints should continue to work on Monday, November 25, despite the fact that President Johnson had declared that day a period of national mourning. Had this not been done, we would have lost the production of 16 million coins. Although the mints continued on a 24-hour basis after last Christmas, the flowback of coins from private business to local banks did not occur in January 1964 as it had in previous years.

Meanwhile, two other developments have occurred earlier this year, both of which stimulated the interest in coin collecting and therefore speculating and hoarding of coins in anticipation of increased values. Early this year amidst much publicity, the Treasury ran out of silver dollars and they became, in effect, a collector's item. Then, on March 24, we brought forth the new Kennedy half-dollar which also increased the interest in coin collecting.

When these factors were taken into account, along with the failure of coins to flow back into the banking system after Christmas, we realized that further steps would have to be taken to increase the production of coins. One of these, the purchase of bronze strip for pennies, was taken last week and we expect deliveries to start within a week or two.

Our budgeted coin production for fiscal year 1965 was 4.9 billion coins. With the bronze strip we anticipate increasing this figure by another billion coins, up to a rate of nearly 6 billion.

To summarize developments to date, the fact is that our coin shortage problem has continued despite tremendous increases in coin production. Five years ago the mint manufactured 1½ billion coins. By fiscal year 1963 we had raised it to 3.6 billion and now in the current fiscal year we are producing 4.3 billion. Our budgeted figures for fiscal year 1965 call for nearly 5 billion. We are operating both mints 24 hours a day, 7 days a week. We have secured legislation and funds are included in the pending 1965 appropriation bill to build a new mint in Philadelphia which should be ready in about 3 years.

Despite all these recent production increases, the coin shortage continues to grow worse. About a month ago Miss Adams and I met with the Federal Reserve Board members and the Presidents of all 12 Federal Reserve banks at their invitation. Every person present expressed deep concern about the coin shortage, stating that unless something was done, it could be expected to reach crisis proportions this fall. This would not merely be an inconvenience, they said, but actually a hindrance to commerce if there were not sufficient change in circulation to do business.

The large retail outlets have been extremely concerned. The Kroger Co. and the Jewel Tea Co. in Chicago had planned to issue their own scrip this fall until they found that it would have been in violation of U.S. statutes. Meanwhile, the shortage has tended to feed on itself. As coins become scarce in the quantities desired, businessmen hold them instead of sending them back to the banks for reprocessing. There are retail establishments and vending machine companies all over the country who are hoarding coins because they fear that the coin situation will grow worse, and this in itself has caused the shortage to deepen.

Adding to our problems, the shortage of coins has put collectors and speculators into the picture. They are buying up coins from the banks and the customers of the banks by the roll and by the bag in anticipation of their potential increase in value on account of the coin shortage.

You know the story of the Kennedy half-dollar. Original plans called for the production of 90 million this calendar year and we held up distribution until we had 26 million ready to put out on March 24. We have since increased the production of this coin, and we have produced 90 million as of today and plans call for 150 million to be produced this year. We hope this will meet the demand and that they will appear in circulation very soon.

Consensus of opinion among Federal Reserve bank presidents and others is that the only way to wipe out the coin shortage is by a quick and tremendous increase in the production of coins—enough to convince businessmen that the shortage will be wiped out so that they will quit hoarding them. Then, if production is bounced up and at the same time, the 1964 date is kept for another year, collectors and speculators will be discouraged from hoarding coins. This is the program which we have now worked out.

Briefly then, our plans call for—

1. Doubling our annual rate of coin production.
2. Suspending proof coin operation as soon as current orders can be filled.
3. Requesting legislative authority to continue the 1964 date on all coins through 1965, or as long as necessary.

During the fiscal year 1964, 4.3 billion coins are being produced. In order for both mints to produce over 8 billion coins in fiscal 1965, the following steps are included in our plans:

1. Bronze strip for pennies will be purchased, eliminating the need for melting, casting, and rolling this alloy within the mint. Deliveries will begin early in July. (This is already being done in the case of nickel strip, leaving only silver alloy for the mints to melt, cast, and roll).

2. Additional stamping machines and other equipment will be acquired from the Department of Defense, General Services Administration, and private industry. These will be quickly modified for mint use and production will get underway on each additional machine as conversion and installation is completed, beginning, it is hoped, in October.

3. As the new stamping machines become available, production of annealed blanks for nickels and pennies will be moved to the mint's San Francisco facilities, permitting the Denver and Philadelphia mints to concentrate on the final stages of production of these coins.

4. In December, the proof coin operation will cease and the best of the presses used for these operations will be converted to allow higher speeds and to produce coins for circulation. Production in this part of the Philadelphia mint will begin at least by April 1965.

Continuing the 1964 date on all coins should remove any reasons for holding this year's coins for numismatic purposes—there will be literally billions of them.

This should be especially helpful in making the John F. Kennedy half-dollar more widely available.

It is with regret that we must suspend temporarily the production of proof coins. However, this is an operation which we must forgo until the coin shortage is definitely over.

While this greatly expanded pragram is an added expense to the Government, it not only will produce sorely needed coins, but also will result in increased revenue to the Government through seigniorage of $30 to $40 million.

Will this program end the coin shortage? I think it will. The main concern has been how much we can add to production this fall. Our plan calls for increasing July–December production by 75 percent over the like period a year ago, from 2 to 3.5 billion coins. By the end of fiscal year 1965 we expect to produce over 8 billion coins which is probably one-fifth the total amount of coins in circulation. Moreover, we will then be producing coins at a rate approaching 10 billion a year.

I believe the coin shortage will be substantially eased this fall, although it will still be quite tight. Beginning next year, however, it is my firm belief that production of coins in such vast numbers, along with keeping the 1964 date on all coins will discourage hoarding for both speculative and commercial purposes which should, in itself, help to end the shortage. Therefore, I do not hesitate to predict that the coin shortage will be over next year.

As I have stated, we may be inefficient and uneconomical but only when compared with the efficient operations of our new mint in Philadelphia and our presently efficient facilities at Denver. For, even though it costs more to produce coins on this kind of a crash basis, the taxpayer still makes money through seigniorage. Even on a crash basis of production it will cost much less than a penny to make a penny, much less than a nickel to make a nickel, etc.

Mr. Chairman, the Treasury Department is determined to end the coin shortage. Yet, while the shortage has been a problem, it has not reached crisis proportions and we do not believe it will. Beginning next year, we believe it will become less and less of a problem. But, if not, we will keep running up production as long and as much as is necessary. For the fact is that we simply will not tolerate continuation of such a situation.

I ask consent to insert the Treasury's announcement on this coin situation into the record at this point.

[Copyrighted interview from U.S. News & World Report, July 27, 1964]

Coin Shortage: Why It Happened—When It Will End

Where's all the loose change? Are coins as scarce as they seem? If so, why? Is this a time to get rich collecting dollars, halves, etc.?

In this exclusive interview, the top Treasury official for supervising the U.S. mint, Assistant Secretary Robert A. Wallace, tells why it's harder now to find change for a dollar, and what's being done about it. Mr. Wallace was interviewed in the conference room of U.S. News & World Report.

Q. Mr. Wallace, is this country running into a critical shortage of coins—pennies, nickels, dimes?

A. I will say that this fall the situation is likely to be tight, but I do not look for a crisis. I think our program to double coin production will end the shortage early next year.

Q. Isn't it unsual, though, for a country to be running out of any kind of money?

A. Yes, it is. There was a brief shortage of pennies during World War II, but nothing that quite compares with the present.

Q. What accounts for this strange situation?

A. Basically, hoarding is the cause of it now. It is a combination of speculators among coin collectors buying up coins, and of businessmen holding onto coins out of fear that, if they turn in their coins, they will lack enough on which to operate. It is a wholly unpredictable type of situation that we're in.

Q. Is the shortage serious?

A. In a way, yes, because a plentiful supply of coins is needed in many types of business. Vending machines depend on them. Many retailers require coins for making change. Coins help lubricate the whole machinery of retailing and of many types of services.

Q. Where is the worst shortage—what types of coins?

A. In pennies and nickels in particular. Dimes are in almost normal supply. The situation in quarters is relieved by the fact that you can give five nickels for a quarter, but you can't use quarters to make up a shortage in nickels.

Then there is a tight situation in Kennedy half dollars. Normally, half dollars are in easiest supply and are the least used of the subsidiary coins.

Q. What about silver dollars?

A. There just aren't any silver dollars circulating, practically. We no longer are making silver dollars, and almost every dollar in the supply is held off the market in some way. I understand that in Las Vegas, at some of the dollar slot machines, you can go to the cashier and get silver dollars for use in playing, but they have an attendant standing at the machine who sees that the silver dollars are turned in for paper dollars if you win.

Q. Are you saying that the silver dollar will disappear?

A. We are proposing to make 45 million new silver dollars, but Congress has not yet approved.

Q. In fact, silver dollars haven't been minted for a long time, have they?

A. Not since 1935. There was no need to mint them. When I first became concerned with the mint in 1961, we had 160 million silver dollars on hand and were wondering what to do with them. Now they are all gone except for 3 million. A run started on dollars as it did on the Kennedy half dollar.

Q. What's a silver dollar worth now?

A. If you melted a dollar down, the silver would be worth $1. It's 90 percent silver and 10 percent copper.

Q. Even to collectors?

A. That depends. Collectors may be willing to pay a premium for certain coins. The Treasury, of course, does not pay a premium on any coins or currency.

If you take a worn 1923 dollar, it's worth no more than a dollar. But if you take an 1889 Carson City dollar, that's rare. I think probably even a 1921 Morgan dollar—it's named for the designer, not the banker—I suppose it would cost you $1.50 or so to buy it from a coin dealer. But if you were to sell one, you wouldn't get much more than $1.10, if that.

That's one of the problems with these 3 million silver dollars we are holding. Some of them are really rare coins—mainly the so-called Carson City dollars. To collectors and dealers, some of these would be worth $5, some would bring over $100. They are pretty old and fairly scarce, and there are apparently people who are willing to pay these prices.

We've had a flood of letters from the public with suggestions on how to handle them.

Q. But at the prices you mentioned earlier, it doesn't sound as though anybody's going to get rich. Does this mean people are going to a lot of trouble for very little profit?

A. That's right.

Q. How much silver is there in a nickel?

A. Ordinarily, none. Nickels are 25 percent nickel and 75 percent copper. There was a period during the war when we ran out of nickel and used silver instead. You can tell the nickels that have silver in them because they tarnish.

Q. Are those "silver" nickels worth much now?

A. They contain about 7 cents' worth of silver.

Q. What about the Kennedy half dollar? What's it worth?

A. If you wanted to sell one to a dealer there are some areas where you could probably get 55 cents or so for it now.

If you want to buy them, though, it depends largely on where you are. Some places you can get a $10 roll for $10. There are other places where coin dealers are charging $2 or $3 more.

Q. How do you explain the premium? These aren't rare coins, are they?

A. No. People have asked me, "What are you going to do about this hoarding of Kennedy half dollars?"

The reason that there's a market for them now at those prices is that people are not willing to wait until the supply is plentiful. But we're going to keep right on making 1964 Kennedy half dollars as long as they're short—no matter how many years it takes.

There is not going to be anything rare about a 1964 Kennedy half dollar. Of course, we'll have to have the permission of Congress to do this, but what we want to do is just keep on making the same coins—same date and everything—until there no longer is a shortage. That applies to all coins. The idea of applying a 1964 date to a coin made in 1965 has been attacked. However, the dates on paper money are not changed every year—only when the design is changed.

Q. There may never be a 1965 penny, for example——

A. Exactly. There may never be a 1965 penny. Pennies made in 1965 would be a part of the 1964 series.

Q. Are you turning out Kennedy half dollars all the time?

A. Yes. We started out to make 90 million this year, and we've already made that many and released them for circulation. We first boosted the target up to 150 million, and now our plans call for 200 million. We'll just keep on making them until there are enough.

Q. What explains this sudden interest in silver coins? Isn't there a lot of silver around?

A. I wouldn't say so. At the Treasury, we estimate we have enough to last several years—perhaps 7 or 8.

Q. So that if the price of silver started to go up—up high enough to make it worthwhile for people to melt down coins and sell the silver at a profit—couldn't you dump your silver supply on the market and break the price?

A. Yes, but that would hasten the day when our silver stocks would be used up.

Q. But if the silver price started to get out of hand?

A. It's tough, because the world consumption of silver outruns the world's production. There was a time when silver was a drug on the market, but no more. Even though the silver price has advanced to $1.29-plus an ounce, only the silver dollar has reached its monetary price in value. Silver would have to be $1.38 an ounce for the half dollar to be worth a half dollar in silver. You see, all silver coins contain 90 percent silver and 10 percent copper. But two half dollars do not weigh as much as one silver dollar.

Q. If silver gets too scarce, couldn't you use something else in your coins?

A. We're running a study of that now in the Treasury Department. You know, with a limited supply, we've got to be thinking about what we're going to do in the future. But this is a long-range, rather than an immediate, problem.

Q. Why not raise the price and buy more silver—just follow the market price?

A. If the market price went up and all your subsidiary coinage reached its monetary price, the coins would be melted down for their silver or, at least, taken out of circulation, and then you'd be in real trouble.

Q. How many coins of all types are in circulation now?

A. Well, probably about 45 billion.

The studies indicate that, normally, coins drop out of active circulation at the rate of 5 percent a year. Some are lost, some go into collections. They might be damaged, or destroyed, or just pile up in dresser drawers. There are many ways coins go out of circulation.

Q. How are you going to beat this current shortage?

A. Our plan is to do two things: First, we'll double the production of coins during the coming year and keep on increasing production until we're wallowing in them. Second, as I said, we want to keep minting with the 1964 dates until there are literally billions and billions of them, so that people who are boarding them will realize that they're not worth any more than face value. Then they'll turn them loose, and the coins will get back into circulation.

Q. You talk of doubling coin circulation. Does the mint make money, making money?

A. Yes, we do. The amount varies from coin to coin, of course. You don't make too much on a silver coin, with silver at $1.29 an ounce. But we make quite a bit on nickels and pennies.

It will cost us $10 million extra to double the production of coins this year. But those coins will bring in an extra $30 or $40 million in seigniorage—the difference between the cost of making coins and their face value.

Q. Mr. Wallace, aren't there factors other than hoarding in this scarcity of coins?

A. Oh, yes. We had a study made, for example, to project the demand for coins in line with population increase, gross national product, increased use of vending machines, and other things. That study came up with a figure of an increase of 5 percent a year in just the normal coin demand. But now there is an abnormal demand.

Partly, it is due to numismatic speculators. Partly, it is businessmen who are afraid that if they turn their coins in to the bank they won't get enough back for their needs. Also, there are vending machines, toll-road collections, all sorts of expenditures which use up coins.

One of the problems is that, very often, coins sit in those vending machines for a week or so before they are collected. And there are more and more vending machines, pay telephones, parking meters—all these devices that operate on coins.

If you buy something from a store, the coin goes right back into circulation that same day. But if you buy it from a machine, the coin just stays there until somebody collects it. It's out of circulation.

Q. Haven't suggestions been made that stores round off prices to the nearest dollar, so they won't need so many coins for making change? Would that help?

A. It might in some types of stores, but sales taxes complicate it. You pay a dollar for something, and then there's a 3-cent sales tax, say, on top of it. You might price the item at 97 cents, so the sales tax would bring it to a dollar, even, but that could get awfully complicated.

And I don't see how it could work in supermarkets, where people make many small purchases that cost a few cents, but the total runs into many dollars. It would be a real job to make that come out all dollars and no cents.

Q. Are businesses that depend heavily on coins suffering in any way, the vending industry, for example?

A. I don't think so. Of course, some have had to put up with inconveniences and even extra expense. I think the biggest problem in coin shortage is in the businesses which use them, such as supermarkets. They don't take in many coins, but they have to put out a lot of them in change.

At the supermarket, people usually pay their bills in paper money, and they have change coming. Somebody gives the cashier a $5 bill and gets back 32 cents—that sort of thing. It takes a lot of coins.

Q. How about paper money. Any shortage there?

A. No, none.

Q. You don't see many $2 bills.

A. We meet the demand. In fact, we would like to make a lot more of them because they're cheaper. One $2 bill does the work of two $1 bills.

Q. Is this whole thing, this coin shortage, going to get a lot worse before it gets better?

A. We knew the situation would have gotten worse this fall unless we took immediate action. So our plan calls for increasing the production of coins the last 6 months of this year to 75 percent above what it was the last 6 months of 1963.

Next year, we're going to double the rate of production. And, if necessary, we'll go beyond that.

Our feeling is that, with that much production, it will only take so long until people who are hoarding coins will find them overflowing the drawers.

We are determined to end the coin shortage as quickly as possible, and we'll do whatever is necessary to end it. You know, 5 years ago the production of coins was 1.5 billion pieces of money a year. This was doubled in 1963, and now it's up to 4.3 billion, with a budgeted rate of 5 billion for the coming year. Now we're jumping the coming year's production to over 8 billion. We'll go beyond that next year, if necessary.

Q. So are you confident you can end the shortage before we have a real coin crisis?

A. Oh, yes; we'll end it.

Q. Would you care to set a date?

A. I think early next year we'll end it.

And What About Paper Money?

Don't worry about the supply of folding money. Bills are plentiful and, officials say, are going to stay that way.

The Government already is able to turn out paper money at an enormous rate. And new high-speed presses, being installed by the Bureau of Engraving to cut costs, can grind them out seven times as fast as the old presses.

Surprisingly, the demand for bills isn't rising any to speak of, despite a growing economy and a soaring demand for coins. People use coins for small purchases and for vending machines, parking meters, and the like. They use bank checks more and more for big-ticket purchases.

New bills, thus, are produced only as fast as torn and soiled bills are destroyed, and the supply of paper money in circulation is held steady at about $32 billion.

Why not solve the coin shortage by using fractional bills, a 25-cent bill, for example? It wouldn't fit a coin machine. And businessmen say they have enough paper trouble now.

Mr. WALLACE. The prepared statement reviews what the Treasury Department has done to meet the coin shortage in the past.

And I want also to say that you, Mr. Chairman, were responsible for helping us secure quick passage last year of the bill for the new mint and voting the money for its construction. It has still not been started, but this is certainly not your fault, because it was unavoidably delayed by the civil rights debate.

The CHAIRMAN. There is $16 million in the Treasury-Post Office appropriation bill for the new Philadelphia mint, and that bill is in a conference, and we will have a conference on it either Thursday or Friday of this week.

Mr. WALLACE. Thank you, Mr. Chairman,

Mr. Chairman, it is my opinion that this program, to double coin production and extend the 1964 date on all coins, would ultimately end the coin shortage. But without your bill, the shortage cannot be ended soon enough. Discussions with the Presidents of all 12 of the Federal Reserve banks, and bankers and businessmen all over the country have indicated quite clearly that without such action the coin shortage may well continue to be a problem for the rest of the year and next year as well.

Although we are now producing coins at a record rate and will double production this year, these quantities are not yet enough to offset the degree to which they are currently being held off the market because of hoarding.

There are two kinds of hoarding which are causing difficulties. First, there is commercial hoarding. One form of this occurs when businessmen hold coins because they are afraid that if they return them to banks they will not be able to get new supplies in sufficient quantities to meet their needs for change. Then there are coin brokers, who secure coins from vending machine companies, toll roads, and other coin sources and sell them for a premium because of the shortage. Understandably, it is the Treasury's policy to make coins available for commercial needs without the need for payment of premiums.

The other kind of hoarding is based on numismatic speculation; that is, speculators all over the country buy up new coins by the roll or bag and hold them off the market in anticipation of increasing numismatic value, or selling them only at a substantial profit.

Thus, the coin shortage, under present conditions, tends to feed on itself. Hoarding causes shortages which in turn cause still more hoarding which intensifies the shortages. In order to break this vicious cycle, we need to convince businessmen that coins will be available in sufficient quantities so that they need not hoard.

This is being done, but it will take several months before full impact of the higher production can be felt in the market. Therefore, we believe that we should continue the 1964 date on all existing coins in order to convince speculators that it will be pointless for them to hold 1964 coins off the market.

We believe that when speculators and traders realize that coins bearing a 1964 date will number over 12 billion, then such coins will be far too numerous to ever have any real numismatic value. Therefore, those that are being held in anticipation of future increases in value will be disgorged when it is realized that the 1964 date will be continued.

Moreover, continuing the 1964 date will prevent the speculative hoarding process from beginning all over again in 1965 when all coins would otherwise have a new date. Therefore, we expect a double advantage to continuing the 1964 date; first, it will cause much of the present coin hoard to be disgorged and second, there will be no additional 1965 coins in the beginning of the year to take off the market for numismatic purposes.

The CHAIRMAN. Now, may I interrupt you there?

You talk about 12 billion in 1964 and what they would be worth. Actually we make a big profit in that; don't we?

Mr. WALLACE. Yes.

The CHAIRMAN. What is the profit we make on these pennies and nickels?

Mr. WALLACE. On total coinage, our doubled production will call for an additional expenditure of $10 million, but we will make between $30 and $40 million extra income in seigniorage, which is the difference between the cost of metal and face value of the coin.

The CHAIRMAN. If you were just operating at normal time, without paying all this overtime, and double time and triple time, and union rates and fringe benefits, what would your profit be?

Mr. WALLACE. It would be a great deal more than that. I don't have an estimate, but I will be glad to get this figure and furnish it for the record if you request it.

The CHAIRMAN. I understand around 80 percent, a right nice profit, if you just have enough volume.

Mr. WALLACE. It depends on the particular coin, but it is substantial.

The CHAIRMAN. All right. You may go ahead.

Mr. WALLACE. That is why, Mr. Chairman, we welcome——

The CHAIRMAN. These collectors—not collectors, but the hoarders—they are going to find that they have got some that they can't sell except for the monetary value of it?

Mr. WALLACE. Yes, sir. That is our purpose.

I am convinced that our program will end the coin shortage early next year, but it may continue to plague us for a much longer time unless your bill is enacted.

Mr. Chairman, that is our program. I think there is virtually no disagreement over the need to double production of coins. However, I recognize that there is considerable disagreement on your bill, as you stated in your opening statement. I would like to assure the committee that the Treasury Department would not support the proposal unless it was convinced that it really would be helpful.

First, I would like to make clear that we are not trying to blame the coin shortage on coin collectors. As a matter of fact, under normal circumstances, we welcome the activities of legitimate coin collectors and dealers.

The CHAIRMAN. Yes; you make a good profit on them.

Mr. WALLACE. That is right. Their pursuits provide the lore and the objects for historical studies and museum displays which are valuable to the education of both children and adults now and for generations to come. Their hobbies cost the Government nothing and, as a matter of fact, as the chairman stated, we even make a little money out of collector activities.

Thus, we normally welcome the desire for people to hold coins. The problem today, however, is that there is a coin shortage and there are not enough coins for the basic purpose of coins, which is to serve as a medium of exchange.

Even so, it is my opinion that the average coin collector is only a small part of the problem. If we assume that there are 10 million collectors, and that has been an estimate. and each takes 1 of each coin from each mint, that is 100 million coins. It is a sizable chunk, but it is only about 1 or 2 percent of the total production. Shortages being what they are, however, we will need even that extra 100 million coins early next year which would otherwise go into the hands of collectors if we do not continue the 1964 date.

But here the real problems lies with the speculators whose present activities are cutting into us in a very damaging way. Speculators do not merely buy one of each coin. They buy them by the roll and by the bag, put them in vaults or in their basements and hold them back in anticipation of higher profits in the future. These coins are thus not available for doing their job—to serve as a medium of exchange in retail trade.

Their activities are not illegal but they must not expect the Treasury Department or the Congress to adapt their policies to help them make higher profits, especially at great inconvenience to the rest of the country.

The reason, of course, that people are willing to pay high prices for certain coins is because they are rare. Therefore, we intend during this period of coin shortages to do all we can to assure that none of our coins are rare. In fact, we want them to be so plentiful that they will have no numismatic value in the foreseeable future. Only in this way can we discourage speculators from buying them up and taking them out of circulation.

It seems fair to ask how we know that speculation in new coins is a substantial factor in the current coin shortage. Permit me to touch on some of the most obvious evidence.

The chairman mentioned the run on silver dollars last March. There are 480 million of them in the country today, but for all practical purposes, they have disappeared from circulation.

We have made over 100 million Kennedy half dollars and they are only just beginning to show up in retail trade .

A perusual of the advertisements in Coin World for June 24 shows that it contains advertisements by 53 dealers and 69 individuals offering 1964 coins for sale or trade by the roll or by the bag. When you consider that a single bag of pennies contains 5,000 coins and that all these advertisements must represent substantial inventories, the number of coins invloved has to be tremendous. Yet, even these advertisements do not take into account the huge number of new 1964 coins which have been purchased by individuals all over the country who are not offering them for sale but are sitting on them in expectation of price rises.

Are these the activities of coin collectors who deal in rare coins? Of course not. I believe the chairman is right when he separates the collectors from the speculators. As I have pointed out, a coin collector may desire to keep his collection complete, but the idea of a true collector holding new 1964 coins in rolls and bags is ridiculous. Such activity can only be for speculative purposes.

The CHAIRMAN. Right there, let me interrupt you.

About the right to protect the public from speculators and the right of speculators to make a fast buck, we have on our calendar, unanimously reported from the Agriculture Committee, a bill that absolutely prohibits speculation in Irish potato futures. Now there are some dealers in Irish potatoes and they like to buy and sell futures. We are going to put them out of business. Why? Because they are hurting our potato growers. They corner the market, they depress the prices, they manipulate it against the interests of the farmer.

You have been buying potatoes for 2½ cents a pound. The farmer can't produce them for less than 3 cents a pound to save his life, and so, this year, for the first time potatoes have gone up about 5 cents a pound, while they used to be constant.

Now we have a bill where we are going to put the speculators, not under restraint like this bill, but put them completely out of business.

So when you talk about the right of Congress to act, we requested to the commodity exchanges years ago, we put limitations on what could be done in the way of speculating on corn and wheat and things of that kind, where the food supply of the Nation was at stake. Well, this is the lifeblood of business, this is what they do business with and they have to have the money and coins.

You may proceed.

Mr. WALLACE. The growth of coin exchange activity has developed with amazing rapidity, especially since 1962. What was formerly a quiet hobby for many persons has developed into a bid-asked market conducted through more than 10 teletype services throughout the United States. With the teletype, a small dealer in a remote part of the United States can offer bulk quantities of coin as readily as his counterpart in a large metropolitan area. This is quite a contrast to a few years ago when coin trading took place at meetings of local coin clubs.

The growth in coin exchange activity is also indicated by the development of public investment in this field. Within the past year, a publicly held corporation has been formed for investing in coins and has filed a prospectus with the Securities and Exchange Commission for this purpose. Meanwhile, the SEC has, for the first time, found it necessary to take three injunctive actions in connection with offers to accept investments in coin trading activity.

According to one survey of the numismatic coin market, total sales for the first half of this year have already exceeded sales for the entire year 1962—indicating a volume in excess of $200 million this year—double the 1962 volume. This may be understated. According to the April 23 issue of the Wall Street Journal, the largest of the 10 teletype systems alone "has an average daily trading volume of $1 million."

While the volume of coin exchange business has doubled, there are other indications that speculative activities are holding new coins out of circulation. The ratio of coins in circulation to total retail sales of nondurable goods establishments—that is, those which use coins—has jumped tremendously during the past year or two. So has the number of coins per capita jumped.

I, therefore, belive that the enactment of this bill will result in an additional billion coins becoming available for circulation late this year and early next year. These additional coins would result from:

(1) Speculators putting 1964 coins back into circulation because they will be too numerous to sell for more than face value.

(2) Lack of a new series of 1965 coins from two mints for speculators, and to a lesser extent, collectors, to buy up and take out of circulation.

In summary, Mr. Chairman, I strongly recommend enactment of your bill S. 2950. It is a part of the Treasury's program for ending the coin shortage and although increasing coin production, will ultimately end the shortage, the continuation of the 1964 date will enable us to keep it from becoming severe this fall and end it altogether early next year.

The CHAIRMAN. Thank you.

I have referred to legislation we passed to prevent excessive trading on the commodity exchanges. The clerk has handed me a copy of the code and that is to be found in title VII, subsection 6(a), which reads:

> Excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity. For the purpose of diminishing, eliminating, or preventing such burden, the Commission—

that is the Commodity Exchange Commission—

> shall, from time to time after due notice and opportunity, of hearing, by order, proclaim and fix such limits on the amount of trading under contracts of sales—

and so forth.

This bill is just for a limited time. The Secretary of the Treasury can issue a ruling that the mint will continue to date "1964" on all coins in order to prevent an improper shortage due to hoarding of these coins. That is the same as prevention of cornering the market on wheat or corn.

Any other questions?

If not, we thank you very much.

Now the next witness, as I say—we want to hear from those who are opposing this bill, and give them a fair chance to be heard. We don't want to take away their rights, their due process of law.

And the Coin World newspaper, we understand, speaks for a great many who are opposed to the bill. Mrs. Margo Russell is head of this newspaper, and she is here and we will ask her to come forward and be recognized.

STATEMENT OF MRS. MARGO RUSSELL, EXECUTIVE EDITOR, COIN WORLD NEWSPAPER, SIDNEY, OHIO

The CHAIRMAN. Mrs. Russell, we are pleased to hear your views on this subject.

Mrs. RUSSELL. Thank you, Mr. Chairman.

I am Margo Russell, executive editor of Coin World in Sidney, Ohio.

Mr. Chairman and members of the committee, it is a privilege to appear before you in behalf of the coin collecting hobby. We have long noted your fairmindedness and your wisdom as we have regularly reported your coin-related activities for readers of Coin World during the past several years.

We will not take your valuable time for a lengthy review of the esthetics of coin collecting, or the science of numismatics. We know that you are well aware of the merits of this popular hobby, its relation to history, archeology, language, religion, geography, and economics.

At this very moment, a fine group of graduate students from leading universities all over the United States are in session for a summer seminar at the American Numismatic Society in New York City—students of archeology, art history, and economic history, relating coin collecting to their chosen fields.

The American Numismatic Society, founded in 1858, represents the Mount Olympus of the hobby—the atmosphere there is rarefied and pure.

You also know of the American Numismatic Association, a federally chartered organization of 25,000 members, which was also founded last century—in 1891. Within just 4 weeks, this top echelon coin collector group will foster one of the finest international numismatic exhibitions in history.

Dr. V. Clain-Stefanelli, of the Smithsonian Institution, is arranging to bring into this country 60 exhibits of coins, medals, and paper money, representing 19 nations, to be displayed at the annual convention of the American Numismatic Association in Cleveland.

You are all invited to attend in mid-August.

Gentlemen, descending to the grassroots level, may we report to you that we have 2,050 active coin clubs in our Coin World files, ranging from 10 to 500 members each. In September 1962 this total was only 623 clubs—a remarkable and wholly voluntary growth.

We likewise have records today on 5,000 active coin dealers. In 1958 there were 2,000 coin dealers—an explosive growth of small business activity within our free enterprise system.

In 1960 there were approximately 162 coin conventions held in the United States. There will be more than 1,200 coin conventions during 1964—130 per month—each convention attracting from 300 to 10,000 citizens enjoying their hobby.

We believe there are approximately 8 million coin collectors, and we bow to the Treasury figure of 10 million, in the United States, or "pocket change checkers," if you will, with probably 1 to 2 million serious collectors—people who spend sizable amounts regularly to buy rare coins, usually one of a kind.

We have heard one reliable estimate that puts coin collecting, in dollar and cents volume, into the bracket of the top three retail businesses in the United States. This includes the coin accessories, the books, and related materials. Another recent estimate of the annual volume of the commercial phase of coin collecting is $500 million.

We are told one of the large coin dealers' teletypewriter systems averaged a million dollars daily in gross trade in April. There are three national and a dozen regional TT systems.

We have no egotistical intent as we frequently mention our publication from this point—we are attempting to give you a picture of the hobby our growth has paralleled.

Coin World came into existence, gentlemen, in 1960, as a weekly newspaper, and if ever a publication met with "instant" success, we did. With our net paid circulation of over 168,000 weekly, we are now the world's largest hobby publication, and with it we have inherited a series of awesome responsibilities and we feel our commitment strongly.

Permit me, at this time to stress our singular publishing philosophy so you will have this background for some of my remarks later.

We have no commercial interests in the hobby as such—no member of our editorial or advertising staff is allowed to deal in coins. We are a coin collectors' newspaper, established for the sole purpose of serving the coin collector.

Because we have made this editorial position clear from the start, all other things in the way of success have come to us. (Translated, this means substantial subscription and advertising revenue.)

I might add, the dedication and stability of our third-generation publishing firm, hard work by our staff, good friends in the hobby—and in high places—have aided the cause. Our publisher, J. O. Amos, would be here today, but he is convalescing from major surgery.

We have just painted for you a phenomenal growth in the hobby. You are probably asking yourselves: How can she explain the obvious contribution of numerous Coin World "roll," "bag," and even "ton" advertisements to the coin shortage?

We could use high-flown words about free enterprise, et cetera, but essentially, the "roll, bag" coin business came through the Nation's most legitimate, almost hallowed, channels. Banks and other legitimate commercial enterprises across the country supplied the uncirculated coin to dealers without limit, including the very elusive but very beautiful John F. Kennedy 1964 half dollars. On what grounds could we refuse to accept these advertisements?

We have watched the growth of the hobby with mixed emotions—as have all serious students of numismatics.

Senator BENNETT. May I interrupt the witness to ask a question? Are banks advertising in your paper?

Mrs. RUSSELL. No, sir.

Senator BENNETT. Your statement would rather indicate that they are the ones whose advertisements you are refusing.

Mrs. RUSSELL. I see. Thank you.

Senator BENNETT. But they are not.

Mrs. RUSSELL. No, sir.

We have watched the growth of the hobby with mixed emotions—as have all serious students of numismatics. Do you realize that this $500 million "tiger by the tail," as we like to call it, literally exploded into being without any type of governmental control or check?

Anybody can become a coin dealer overnight if he has a stock of coins. We welcome your hard look at the hobby—not only because of your distinction, but because this study is long overdue.

First semblance of Government control came in February when the Securities and Exchange Commission began quietly to subpena and examine coin dealers under oath as to their investment activities in rolls and bags of uncirculated coins. The Federal Trade Commission looked at the industry, but said it contemplated no large-scale investigation.

Because we have the coin collectors' interests as our prime interest, we devised our own editorial and advertising codes, starting in 1960, in an effort to protect and safeguard the average coin collector from doubtful practices developing from people with larceny in their hearts.

We insisted that our advertisers "toe the mark," if you will forgive a homely phrase. We have policed, suspended and revoked, and refused advertising for failure to deliver merchandise, for misrepresentation, for failure to fulfill investment contracts.

We suddenly found ourselves one of the prime controls in the hobby—simultaneously selling and policing. We must be doing a good job—we get heck from both factions.

One of the finest and largest coin dealers in the Nation—and one who does not deal in rolls and bags of coins, said to us only last week:

> I'd hate to think of what things would be like in the hobby if it weren't for the influence of Coin World over the past 5 years.

He continued:

> Whether I like it or not, you have maintained a stabilizing factor in the market—a very impartial factor.

What does all this have to do with the proposal to continue the date, 1964, on coins into next year and next year and next year?

We have attempted to demonstrate the terrific scope and the intense personal interest in the hobby. We are fearful that if the 1964 date is continued on coins, the hoarders and speculators, those ever present "percentage boys" will then turn to coinage of past years.

Pre-1964-dated coins will flow into their hands later to be sold to collectors at a premium. As astute students of human relations, you gentlemen know one may freeze dates but one cannot freeze larceny in the heart.

The "percentage boys" will always be with us if not in coins, then in some other line.

We are fearful publicity will also start the noncollecting John Does, not now hoarding, to turn to saving pre-1964 dated coins. This too, is human nature.

Nowhere in prior testimony before this committee have we seen a description of the coin collecting hobby, its scope, and its special interest in the 1964 date continuance proposal, from both an economic and an esthetic standpoint. We thought you gentlemen would like this background information and we thank you from the bottom of our hearts for this opportunity to testify.

Divorcing the economic for a moment (Coin World was started with the expectation that it would stabilize at about 32 total pages each week, so you can see giant advertising revenue and volume did not figure in our original plans, although we have enjoyed every prosperous moment of it) we believe there are other ways of controlling uncirculated coin distribution distribution in volume to meet the needs of trade and commerce without disturbing a heritage as old as our Nation itself—that heritage of dating our coinage anew each year—a heritage of 172 years.

As a 1964 member of the oldest Federal Commission in the United States—the Assay Commission—I personally feel "frozen dates," "restrikes," "reissues," "stale dates," or whatever name you want to apply to the proposal would destroy a tradition that should be preserved at all costs.

I am concerned at the potential step-up in counterfeit coins—in this day and age of mechanical know-how, the threat is greater than ever in history. If there is a reemphasis on pre-1964 dated coinage, this opens the door wider to the lurking counterfeiter with his clever tools.

The spark erosion process of reproducing coinage dies—and even more clever instruments, the use of impact dies—have been used both here and abroad for the purposes of reproducing our coinage. These unauthorized coins are aimed at the coin market in the United States in floodlike quantities, particularly in gold coins today but this emphasis can switch.

There are techniques in alteration of coins to make them more valuable to the collector, techniques so advanced even the finest technicians in the country are hard put to detect the alterations.

Acceleration of the interest in pre-1964 coinage which is sure to follow any date continuance legislation can turn this flood into a tidal wave. And not every one of the 5,000 coin dealers will recognize these false coins, let alone the tradesmen and retailers.

At this point, may I say that we at Coin World as non-coin-dealing citizens, are constantly aware that the chief function of the Bureau of the Mint is to provide coins for the transaction of the Nation's business, and that despite a worsening coin shortage, the Bureau of the Mint has been most generous and fair with the coin collector—far more generous and far more considerate than some of "coin grabbers" deserve.

The Bureau of the Mint is to be commended for producing more coins—highly quality coins—than the world has ever known under the greatest of antiquated odds. I have visited both Philadelphia and Denver Mints, and I speak from personal observation. It is a miracle to all of us in the hobby as to how the high quality of coins has been sustained along with the huge quantity in recent years. At no time have we questioned the efficiency or the management of the Bureau of the Mint.

We would like to see coinage production remain within the walls of the Philadelphia and Denver Mints if at all possible for the same reason that we would like to see the date change be made annually—for tradition and for security reasons. But if the current doubled production schedule does not solve the coin shortage problem, we urge serious consideration be given to use of private industry for making cents and nickels before any date-freeze policy is adopted.

May I tell you that we have received hundred of pieces of mail from coin collectors in all parts of the country—from Virginia to Oregon, from New Hampshire to Texas, from Maine to Wyoming—regarding the proposal to stop proof coin production and to retain the 1964 date. Ninety-nine percent of our mail has been opposed to the continuance of the date.

Incidentally, it has been proposed that if the Mint changes its plans, and decides to strike 1965 proof coins, the sets should be distributed only by the John F. Kennedy Memorial Library at a profit to this great tribute to our late President.

The small complement of coin dealers and collectors who favor the proposed measure to retain the 1964 date—and we must in all fairness say there are some—this small group does so because it is so disgusted with the coin speculation in the hobby, and wants to return to the "good old days."

But who can guarantee that the continuance of the date will do any more than disrupt tradition? Can you legislate larcency out of peoples' hearts?

May I take this opportunity to compliment Eva Adams, Director of the Mint? In the face of challenges unprecedented in the economic history of the Nation, she remains an honored figure in our coin collecting hobby.

She has executed her responsibilities with brilliance and tact, totally occupied with the expanded production of the coin of the realm. Yet somehow, she has found the extracurricular energies and patience to listen to the legions of coin collectors and to offer them traditional numismatic services as long as it was feasible.

Do we have a solution to control the speculators in the coin collecting hobby, other than the continuance of the 1964 date on coins: I repeat: Can you legislate larcency out of peoples' hearts?

Can there be tightened controls on dispensing of coins by bank personnel such as Representative Lucien Nedzi proposes? Will the SEC continue its interest in the hobby and continue to bring speculator-investor operations under its wing?

As you may know, former Ohio Governor, Michael V. DiSalle, heads a new coin company—the only coin company in America, incidentally, which has secured a formal registration with the Securities and Exchange Commission.

Mr. DiSalle and his associates are offering a million dollars in stock for sale to the public; this started July 1. This firm will deal primarily in scarce issues of coins—domestic, foreign, and ancient.

You are well aware, I am sure, of the latent potential control by Internal Revenue requirements of adequate records for both buying and selling of coins; could these be used as a type of study for control?

Why did not the Arthur D. Little, Inc., study of the Bureau of the Mint operations project this unprecedented demand from the coin collecting hobby?

As we recall, this eminent business and professional advisory firm dismissed the coin hobby 18 months ago with a small acknowledgment about the proof coin and medal demands when it filed its final report.

Gentlemen, this Nation has always had beautiful coins. We join with the true collector to deplore the melting down of coins for their silver content. We are aware that more coins may go underground if there is any change in their silver content.

We watch sudden drops in Treasury silver bullion stocks—as those recorded July 6 and July 7—with concern, whatever their cause. This is an area which you gentlemen have studied at great length April 1 and 2 and not directly concerned with the current study.

However, should the proposed date freeze add to this feeling of unrest, lack of faith in our monetary stability, we would predict a heightened activity in the hoarding area on the part of all citizens not just the hobby-related citizens.

Forbes, Business Week, Wall Street Journal, Barron's, Time, Newsweek, all of these publications have carried analytical features on coin collecting within recent months, but a true picture of the hobby is elusive.

We want to go on record as saying that coin collectors are not at fault for the coin shortage, to the degree that national publicity indicates. We have contributed, true, but few analysts have taken the time to define a coin collector, a speculator, an investor, a hoarder, or a dealer.

We know wiser heads than ours have studied this socioeconomic political problem at length. But we are only reflecting the serious thinking of the majority of the coin collectors in America when we urge that every other avenue be explored before the proposed policy to continue the 1964 date on all U.S. coinage into the next year becomes stark reality.

We are concerned as to how the 1964 date continuance will affect the small businessman, the coin dealer, rather than the "quick-buck larceny-hearted big boys."

We are concerned at the potential interruption of American tradition and heritage at a time when we need these stabilizing customs. What other area of the Government touches more citizens than coins and stamps—and what could affect their faith in Government more than to tamper with their money?

We are concerned that the proposed 1964 date freeze might create an unwarranted impression of monetary instability, a blow to the confidence and prestige of our monetary system.

Gresham's law may be old, but we know from numismatic observation that "bad" money still drives "good" money out of circulation.

We are concerned that the flood of 1964 dated coins would cause pre-1964 dated coins to go into black market operations via the hands of speculators, hoarders, and everyday citizens at an even greater rate to be later sold to collectors at inflated and premium prices.

We are concerned as to the difficulties in conducting the annual assay of the coinage, and again perhaps an interruption of our oldest tradition as a nation.

We are concerned as to the impression we will be creating in the eyes of the rest of the world that U.S. productivity capacity is so inadequate that we have to keep the 1964 date on our coins.

Believe me, we are not pleading this cause in the interests of Coin World's advertising revenue, because, frankly, the 1964 date freeze will probably bring in more advertising.

Our interest in numismatics soars far beyond these limits. We want to preserve for the average citizen an opportunity to enjoy his hobby.

We have had irate letters, reasonable letters, unreasonable letters, long letters, short letters, all in protest. We have selected one letter to include in this testimony.

It comes from Carol Merritt, of Faribault, Minn.

I quote her:

> Tomorrow I celebrate Independence Day—July 4, 1964. To me, it's another anniversary of our freedom, written into a document years ago. It guarantees me the right to pursue happiness.
>
> If this happiness is, in a measure, collecting silver-headed canes, postage stamps, or a different breed of horses or even little coins with different dates on them, then, as a citizen living under the rules of this document, I can do it.
>
> Every December 31, we turn the page to a new year and among other things, to new pursuits of happiness. The years go forward in America—they do not go on indefinitely.
>
> If the years suddenly do not change on our coinage, perhaps there will be a change in our months, and who knows, maybe the new calendar won't even have a July 4 in it.

Thank you again for the privilege of being heard on behalf of the coin collectors of the United States.

The CHAIRMAN. We have been very much interested in your fine statement and I want to thank you for sending me a copy of the July 8 issue of your paper, it was a liberal education in itself.

I call attention to the committee, it is 112 pages and it went to 165,747 subscribers.

Mrs. RUSSELL. Yes, sir.

The CHAIRMAN. I assume that every dealer who gets one coin subscribes to this paper. He wouldn't know what is going on unless he got one of these?

Mrs. RUSSELL. That could be true, sir.

The CHAIRMAN. Let's for the sake of argument say there would maybe be 35,000 who think they could get along without knowing what you say about what is happening; 200,000 of them would, should they be content with just one of each coin that is issued every year, or do they have to have a roll or bagful to prove they are in the business?

Mrs. RUSSELL. Sir, we have a saying in the hobby, if you are a true collector, you own one coin of a kind. If you own more than one kind, you become a dealer.

The CHAIRMAN. That is what I was thinking. We have a high regard for the collectors. We just don't want the collectors for whom we have a high regard to be used to pull the chestnuts of the coins out of the fire for the dealers.

Let us say there are 200,000 collectors who wanted one of those beautiful Kennedy 50-cent pieces. Of course, I think when it was shined up, that the 50-cent piece of Benjamin Franklin was just as pretty as the Kennedy 50-cent piece, but more people knew Kennedy, don't you see?

Mrs. RUSSELL. Yes.

The CHAIRMAN. But certainly 100 million of them disappeared, when 200,000 would have given 1 to a customer of all your fine collectors.

That is the problem we are confronted with.

Any questions?

Senator BENNETT. Mr. Chairman, I would just like to inject a related problem into the discussion. I am interested in that part of your statement which says that in 1958, there were 2,000 collectors, now there are 5,000 in 1960; there were approximately 162 coin conventions and this year there will be 1,200.

It is interesting to me that the time period involved corresponds very definitely with one in which there has been an increase in the price of silver.

Now these people who represent a rise in dealers and meetings aren't the results of a sudden increase in interest in rare coins. This increase corresponds too much with the silver price. The coincidence is too great, so I think that many of these 5,000 dealers have got what you call larceny in their hearts and I really think the chairman has hit upon the truth of the situation. You are being used to pull the chestnuts out of the fire, not for the man who wants one rare coin or one coin of each kind, but the man who has bought them by the bags and by the tons, knowing that the more coins we mint in the 10-cent values and up, the sooner the Treasury will be out of silver and the sooner the day will come when the metal value of the coins will exceed the monetary value.

So, I think we must take every possible step to protect the inventory of silver in the Treasury. And I am happy that the chairman has suggested a step which could, I think, aid in that respect.

But, I think the more important problem is the problem that I have indicated. The coin collectors who have talked to me and written me are the ones you call larceny boys. They are not the people who were concerned about their ability to have one coin in a set, so I think the coin world is probably profiting very greatly not so much from an immediately explosive interest in the beauty of coins, but from the fact that so many of the American people have discovered that if it weren't for the determination of the Treasury to sit on the price of silver at $1.29 an ounce, the world price of silver would be much higher than that today. These individuals look at the Treasury reports and realize that the Treasury can't sit on it forever, so they are risking paying interest on the investment that they make to hoard coins, particularly dollars, because the price will break through for the dollar quicker than it will break through for the subsidiary coinage.

They are hoping that day will come quickly and those of you who are hoarding coins are helping bring that day more quickly. The fact that you are forcing the Treasury to mint 4.3 billion coins this year, and maybe 5 to 6 billion coins a year or two from now, of course, is stepping up the pace at which the Treasury's fixed stock of silver is being exhausted.

We are on the fringe of a serious, very serious problem, far more serious than the limited one that we are concerned with today and if you are here to speak for the bona fide collectors and not for the "larceny boys," I would think you would say to the chairman, we regret that it is necessary to take this kind of a step. We didn't cause it, but under the circumstances, we think it is the right kind of a step.

If we are going to protect the interests of people who, as bona fide collectors, may want a few million coins, one of a kind, I don't think we should do it at the price of the more rapid erosion of the Treasury's silver stock.

I was told this morning that there has been a tremendous increase in the rate at which silver is being exported; in other words, the world is drawing on us, as well as the American coin collectors.

I think we are on the edge of a very drastic change in our whole coin situation. I think before we get through with this, we may have to create a completely different type of coins for our collectors. In the meantime, in order to buy time for the Treasury to do what it has to do sooner or later, I think it is wise to take little steps like the one represented in this bill to slow down the rate at which coins are disappearing into the inventories of speculators. Speculators who, while some of them are currently getting some advantage out of the trading in coins as coins, most of them are thinking of the day when the world price of silver now being held down artificially by the U.S. Treasury will rise and they can make a much greater profit in the added value they can get for the silver that they are storing as coins.

This is the serious problem which I think your interest tends to obscure and I think in any discussion like this one we have today, we should realize that more serious problems loom behind us and I think the members of the committee will vote with that realization.

The CHAIRMAN. The Senator from Utah mentions the fact that the price of the silver in the silver dollar now is worth about $1, but you couldn't really realize that because when you melt it down and have a broker handle it, you wouldn't get a dollar for the silver you got out of it.

I understand from the statement that Mr. Wallace issued the other day that silver would have to go up nearly 30 cents an ounce before the silver in a 50-cent piece would be worth 50 cents, so there is a good deal of leeway there.

Senator BENNETT. Eight cents now, between 8 and 9 cents an ounce.

The CHAIRMAN. That wasn't what I understood. He said it would have to go to $1.58.

Mr. WALLACE. It was $1.38.

The CHAIRMAN. I beg your pardon. It must have been a misprint that I saw.

Anyway, there is a problem. But, what did you do for the coin collectors when we stopped minting silver dollars? When did we stop minting?

Mrs. RUSSELL. In 1935.

The CHAIRMAN. We haven't minted one since?

Mrs. RUSSELL. No, sir.

The CHAIRMAN. Well, they had sufficient quantities to trade and dicker and work with until the silver boys moved in and——

The CHAIRMAN. I didn't hear any protest that you were putting the small man out of business because you didn't mint a dollar every year from 1935 to 1964. Is that correct?

Mrs. RUSSELL. There is great longing among certain circles to see a revival of the silver dollar.

The CHAIRMAN. Well, I just wanted to point out that there has been a hoarding of about 500 million—460 million, to be accurate—and there are only 3 million left, and we haven't minted a silver dollar since 1935.

Apparently, we not only didn't put any of these dealers out of business, they have more than doubled during that period; isn't that correct?

Mrs. RUSSELL. There wasn't a great interest in the hobby at that time.

The CHAIRMAN. Then it is evidently something more than the love of beautiful coins, as the Senator from Utah has indicated.

Are there other questions?

Senator MCINTYRE. Mrs. Russell, I enjoyed your statement very much. I am somewhat of a collector myself. I was wondering, what is the experience over in the stamp collecting world, the philatelists, have they experienced any sort of growth as you have?

Mrs. RUSSELL. We also print within our plant, but do not own, Linn's Weekly Stamp News, so I feel I might be able to give you an intelligent answer, sir.

There was a decline in—incidentally, Linn's is considered the parallel of Coin World—in the stamp world there was a decline in its circulation but it is now again rising. The stamp people are torn. There are two camps in the stamp hobby. The Government has been more than generous with the stamp people and furnished them with material to trade and barter. As you well know, stamps are available in quantities, colorful quantities.

There is one faction of stamp people which feels very warm toward the Government for this generosity. There is another faction of stamp collectors who wish the Government would be less generous and create more of a market for the stamp dealer.

Senator McIntyre. So there has been no such corresponding meteoric increase in the philatelic world as there has been in the coin world?

Mrs. Russell. No, sir.

Senator McIntyre. No doubt in your mind this is due to speculators who are buying up the coins with the idea of profit on a scale as the Senator from Utah mentioned?

Mrs. Russell. Yes, sir. I feel that the Senator from Utah has probably overestimated the economic background of these 5,000 coin dealers who would not have the knowledge or inclination to translate their stock into silver stocks.

Senator Bennett. I don't think it is necessarily the coin dealers that are responsible for this hoarding. There are a lot of individuals who don't bother with coin dealers. They get their coins directly from the banks, as your statement says, and these are disappearing.

Senator McIntyre. Mrs. Russell, would you say then that this was not at all caused by the coining of the Kennedy memorial half dollar?

Mrs. Russell. Oh, no, sir.

Senator McIntyre. There is no relation between this?

Mrs. Russell. No, sir, we were appalled to learn that. I am giving you—I do not have black and white facts, but we were given a report that a syndicate had gathered together $4 million, a syndicate not related at all to the coin collecting or coin dealing industry, but this syndicate had assembled $4 million and had intended to purchase silver dollars in quantity before the Treasury decided that no more would be——

Senator Bennett. Before the Treasury ran out for all practical purposes.

Mrs. Russell. Yes, but $4 million at one's command is startling, I think. It is far beyond the ordinary coin collecting or coin dealing commercial enterprise. No coin collector could have $4 million at his disposal to buy silver dollars. We were ashamed of the Morgan raid, as we like to call it, on the Treasury. We hope that the image of coin collecting and the legitimate commercial channels, related to coin collecting, was not based on the gentlemen who lined up at the Treasury for the silver dollars. We are sorry. They weren't our people, our kind of people.

Senator McIntyre. Mrs. Russell, in your testimony, you indicated that one of the reasons that you opposed this particular bill was that the continuation of the 1964 date would only cause these speculators to turn their attention to the pre-1964 coins. How would they do this?

Mrs. Russell. Again, without giving definite black and white, naming names, for instance, there is one gentleman who is an ordinary—in our book—collector, but a collector of means.

Last week, he called a dealer and he said, Mr. A., I believe I would like to buy several bags of circulated coins from the 12 Federal Reserve districts, just to have them on hand, just in case.

This gentleman, this collector who wanted to purchase the 10 bags, is a small businessman, and he decided to put his extra money into these coins "just in case."

Senator McINTYRE. Just buy up coins, just used coins, 1961, 1959, half-dollars, dimes, quarters?

Mrs. RUSSELL. Anything, so he said. He wanted to distribute his buying power throughout the 12 Federal Reserves. Then he wanted to stash these away, and then perhaps, if the date 1964 is continued, and perhaps if there is a great acceleration in pre-1964 numismatic stock, he would be equipped; he would be in business.

Senator McINTYRE. Thank you very much.

The CHAIRMAN. Any further questions.

Senator BENNETT. I would just like to say one other thing.

I understand that the Kennedy half dollars are selling for one pound in Great Britain. Is that right?

Mrs. RUSSELL. They were selling for $6 in Italy; even more on up into the Continent.

Senator BENNETT. But didn't you say you didn't think that the minting of the Kennedy half dollars had any effect on this sudden interest in collection?

Mrs. RUSSELL. I don't know how many Kennedy half dollars went out of the country, sir.

Senator BENNETT. Undoubtedly, American dealers are supplying the $6 market in Italy and the $2.80 market in the British Isles.

Mrs. RUSSELL. I wonder if they would be that high if they were available in quantity. I don't know.

I read in the morning paper that there was a great move to get a number of Kennedy half dollars for the Democratic National Convention to put into jewelry.

Senator BENNETT. I don't think that will represent 100 million.

Mrs. RUSSELL. I have one Kennedy half dollar.

Senator BENNETT. I have 23 grandchildren and I have 25 Kennedy half dollars, so I guess that makes me a collector and I plead, I try to defend myself on the 1 per person.

Senator McINTYRE. That makes you a speculator.

Senator BENNETT. You mean I am speculating on the other two grandchildren that might come along?

If so I plead guilty to that one.

The CHAIRMAN. Any further questions? We thank you very much, Mrs. Russell.

Mrs. RUSSELL. Thank you, sir.

The CHAIRMAN. Without objection, I will insert in the record at this point a letter from a distinguished member of the House who sent me three or four letters from dealers and collectors and persons protesting against this bill.

(The letters follows:)

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 18, 1964.

HON. A. WILLIS ROBERTSON,
Chairman, Banking and Currency Committee,
Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are communications I have received from Gene Borg, Warden, Wash.; Michael Brough, Walla Walla, Wash.; Jack R. Koch, Moses Lake, Wash.; and Sherman A. Mahan, Yakima, Wash., in opposition to S. 2950.

I have informed my constituents that I would bring their views to your attention.

Sincerely yours,

CATHERINE MAY,
Member of Congress.

WARDEN LANES,
Warden, Wash., July 7, 1964.

Congresswoman CATHERINE MAY,
House Office Building,
Washington, D.C.

DEAR MRS. MAY: In regard to the Treasury proposal in S. 2950 please enter this strong protest against changing our traditional dating system on coins. It is unthinkable that our country, with the world's greatest industrial capacity, should be panic stricken by such minor item as a few million coins taken each year by the harmless hobby of collecting coins.

The silver situation, however, suggests strong and definite action. It is apparent that the U.S. Treasury cannot supply the world's growing demand for silver at $1.29. Greshams law indicates that our coinage is in definite trouble, It is best to admit this at once and build a tremendous reserve of token coins; as the nickel and cent, or of plastic. Silver must be reduced or eliminated for expanding production of these coins will magnify the problem tomorrow. A new 15-cent coin and a 3-cent may be the answer.

Thank you, Mrs. May, for your attention.

Sincerely,

GENE BORG.

MOSES LAKE, WASH., *July 9, 1964.*

U.S. House of Representatives,
Washington, D.C.

DEAR MRS. MAY: I am writing to you in protest against Senate bill 2950 which states that coins will continue to bear the date 1964 and also am opposed to the discontinuing of the manufacture of proof sets.

It seems completely unreasonable to me to have a coin minted by our Government which bears the date other than the date it was minted.

Sincerely,

JACK R. KOCH.

YAKIMA, WASH., *July 10, 1964.*

Hon. CATHERINE MAY,
House Office Building, Washington, D.C.:

You are invited to attend the Pacific Northwest Numismatic Association convention in Yakima next May 6 through 9. The Rainier Coin Club, Inc., of your hometown, 86 members strong, wants coins properly dated yearly and the continuance of proof coins. Kindly advise Congressman Dante Fascell.

SHERMAN A. MAHAN, *Secretary.*

WALLA WALLA, WASH., *July 11, 1964.*

Hon. CATHERINE MAY,
House of Representatives,
Washington, D.C.

DEAR MADAM: I am 14 years old and have been collecting coins for 5 years. I heard of the bill to keep the 1964 date on all coins minted from now on and also to stop minting proof sets.

When the bill comes to vote I would like for you to vote against the bill as I think it will do more harm than good. The price of proof sets for 1964 has already gone up and other young people like me cannot afford to buy them.

Sincerely yours,

MICHAEL BROUGH.

The CHAIRMAN. We will also at the appropriate place in the record put in statements by the American Bridge, Tunnel, & Turnpike Association; the National Automatic Merchandising Association; the Jewel Tea Co.; and the president of Brink's, Inc., on behalf of the Illinois Chamber of Commerce.

We have present the representative of the American Bankers Association. I believe Mr. G. Edward Cooper is here.

Mr. Cooper, will you please state your connection and then please summarize your statement. Time is running out on us.

STATEMENT OF G. EDWARD COOPER, ON BEHALF OF THE AMERICAN BANKERS ASSOCIATION, ACCOMPANIED BY WILLIAM T. HEFFELFINGER, FEDERAL ADMINISTRATIVE ADVISER, AMERICAN BANKERS ASSOCIATION

Mr. COOPER. Thank you, Mr. Chairman.

Mr. Chairman, gentlemen of the committee, my name is G. Edward Cooper. I am executive vice president of the Philadelphia National Bank. And I am also chairman of the Bank Management Committee of the American Bankers Association.

With me this morning is Mr. William T. Heffelfinger, Federal administrative adviser to the American Bankers Association.

We are appearing today on behalf of the association to give our views on S. 2950, a bill introduced by the chairman to authorize the mint to inscribe the figure "1964" on all coins minted until adequate supplies are available.

This is only a temporary measure, and as soon as adequate supplies of coins to serve the needs of business become available the mint will resume the practice of placing the year of coinage on all new coins.

We recommend enactment of this bill as soon as possible. It would help to discourage speculators and collectors of coins from taking large amounts of current coins out of circulation.

There is a growing coin shortage in some areas of the country at this time. We do not believe this situation is caused by a basic shortage of coins, but is due to a maldistribution of our existing coin supply brought about in part by the action of speculators and hoarders of coins as well as by the growing interest of collectors of coins for numismatic purposes. In addition, a significant factor is the increasing use of vending machines which require a larger supply of coins available for circulation.

The commercial banks in our country have a vital interest in the adequacy of currency and coin in circulation. Currency and coin are the lifeblood that helps support our ever-growing commerce and industry. The primary purpose of coins is to serve the needs of business. All other uses made of coins are secondary.

From time to time in the past there have been temporary shortages of coins in certain areas of the country during periods of peak demand, such as the summer vacation period and the Christmas period. However, during the last year the shortage has been more prolonged and more acute. The American Bankers Association became concerned with the situation early last year and discussed the matter with officials of the Treasury Department and the Federal Reserve System. All of our member banks have been asked to take all steps within their power to help alleviate this situation.

I might pause at this point to outline briefly the mechanism through which the bulk of our coins enter into circulation.

After coins are minted at the U.S. mints in Philadelphia and Denver, they are shipped to the 36 Federal Reserve banks and branches throughout the country and to the Treasury in Washington for distribution to banking institutions.

As banks receive requests from their customers to supply them with coins for payrolls and change-making purposes, so necessary to the conduct of their businesses, the banks request coins from the Federal Reserve banks or branches. Upon receipt of the coins the banks in turn distribute them to supply the needs of their communities.

There is a constant flow of coins between businesses. Some businesses, pay out coins in large quantities while other businesses, such as telephone companies, transportation companies, operators of vending machines, and so forth, are receivers of large supplies of coins. Banks furnish a focal point or clearinghouse where excess coins received by some businesses are turned in and become available to supply the needs of other businesses, which, on balance, pay out coins.

Whenever shortages appear, this smoothly operating mechanism is disrupted. Businesses having excess receipts of coins tend to hold more coins in their own inventories thereby making less coins available to banks for redistribution. In some cases banks are bypassed and excess coins are shifted from businesses in one community to supply directly the needs of businesses in other communities without entering the banking stream.

I might digress from the statement which was prepared for this committee to indicate just a few happenstances in the last several weeks, which I think may be typical.

In our area all of the banks in the area are being circularized by a dealer who states in his memorandum to the banks:

> I am in a position to deliver to your bank all denominations of circulated coin for whatever amounts of uncirculated coin that you would make available to me. The amount of uncirculated coin you would favor me with will be extremely less than the amount I would deliver to your bank by truck.
>
> For further explanations, please feel free to call me on the phone and reverse the charges. I will be very happy to let you know what you would receive in circulated coins for the uncirculated coins.

The previous memorandum from him quoted prices, but we did not have uncirculated coins available for him. He would sell us the circulated coins by bags at a premium averaging about 5 percent.

A similar dealer, similar to this one, called the other day and informed us that he had available in his inventory $100,000 in nickels, and he would be willing to swap all or any part of that $100,000 in nickels for any uncirculated coins of any year that we would have available. We had been approached on a swapping of the Kennedy half dollars; we have been offered $5,000 worth of Kennedy half dollars at face value for $1,000 of uncirculated dimes or some other amount of uncirculated nickels or pennies.

Mention was made of the Kennedy half dollars. They came into being and went out so fast we hardly saw them. Our first delivery in our own bank from the Federal Reserve bank in Philadelphia was $15,000 worth, which we had to supply to all of our branch offices and to nonmember banks, in the third Federal Reserve District, because they look to correspondent banks for their supply. We were rationing a limit of two half dollars to a customer throughout our offices. However, there are signs appearing on our counters today saying that we have no more available at the moment until more come in from the Federal Reserve bank.

This past Friday we received from the Federal Reserve bank $200 in nickels, which was the first delivery of coin we had had from them in 3 weeks, and we were told by them that things will get worse before they get better.

Now the Treasury recently announced an intensive program to double the Nation's rate of coin production within a year and raise it by 75 percent during the next 6 months. This program is to be accompanied by a number of other measures, including the recommendation by the Treasury that the 1964 date be continued on all coins indefinitely, thus eliminating any possible incentives for keeping any 1964 coin out of circulation for speculative purposes. We have commended the Treasury for its program which is in line with many of our recommendations and is a significant move toward the solution of this pressing problem.

Increased production of coins will not entirely solve the problem because there is a growing volume of newly minted coins going into the hands of speculators and dealers in coins. We feel that every effort must be made to assure that coins already minted and to be minted will be kept in circulation. Unless the 1964 date is continued on our coins until adequate supplies of all coins are available, large amounts of our 1964 coins, including the new Kennedy half dollar, will be kept out of circulation. In addition, we can look forward also to a large volume of the coins which will be minted beginning on January 1, 1965, never entering circulation to serve the needs of business.

On the 21st of March the president of the American Bankers Association dispatched a letter to all banks, to every member of the association, to keep all these coins in proper circulation and have no dealings with speculators or dealers. This, of course, is a voluntary action. But it is our understanding that generally speaking the banking system is cooperating to the fullest.

As our national product increases with expanding business activities, it will generate the need for a constantly increasing supply of coin, and it appears that the only solution to overcome the further shortages that will undoubtedly occur is to build the additional mint facilities authorized last year. But the production of these facilities will not be available for a number of years.

Since coins can be supplied only by the Federal Government, there are no alternative sources of supply to which businesses can look. Our production of coins in recent years, even though this production has been very great, has not kept pace with the growing needs of our expanding economy.

Banking institutions are working to keep our coins in circulation. As part of this effort the American Bankers Association is in process of launching an intensive educational program, in close cooperation with the Treasury Department, to acquaint the public, business concerns, and bankers about our present coinage situation.

During the past 25 years the mints have manufactured and placed in circulation about 48 billion coins of which about 11½ billion were placed in circulation in the last 3 years ending June 30, 1964. It can hardly be said with this amount of coins available for circulation that we are dealing with an item in short supply. The association will utilize in its special campaign all facilities available, including television, radio, daily and weekly newspapers, magazines, and trade publications, as well as the personal efforts of bankers throughout the country. We will endeavor to increase public understanding of the current situation and will solicit the support of other State and National organizations.

In the meantime, the principal way in which citizens generally may help to relieve the coin shortage is to keep coins in circulation more than are needed for their personal needs or current business operations. If everyone would do this, the current situation would be greatly improved.

The measures to be undertaken by the Treasury Department, supplemented by an intensive educational campaign through banking institutions, will, we firmly believe, solve our present problems. However, enactment of S. 2950 will constitute an important step in accomplishing this objective.

Thank you, Mr. Chairman.

The CHAIRMAN. I was pleased to note that you say that the American Bankers Association is going to put on a program to educate the public. I might include some of your own bankers.

Now this bill was introduced on June 25. Since that time I have had two letters from Virginia bankers. One was for the bill and one was against the bill. So as the matter now stands, on the basis of my mail, the bankers in Virginia are 50–50. But I know that more of them are for the bill than that.

Now let's summarize your statement.

Does a shortage of coins exist?

Mr. COOPER. We believe there is not a basic shortage in coinage. It is a maldistribution, and it is the hoarding and the stocking of coins by dealers that is accentuating this problem.

The CHAIRMAN. That answers the next question.

There is a shortage among merchants, but it is due to hoarding?

Mr. COOPER. Due to their not being available in the banking system to make them available to the customers. So they are not coming back to the banks.

The CHAIRMAN. What keeps them from being available?

Mr. COOPER. Basically today it is because they are not flowing back into the banking system. They are being held out.

The CHAIRMAN. If they are not flowing back, somebody is holding onto them?

Mr. COOPER. That is right.

The CHAIRMAN. Would it be fair to call that hoarding if you are holding on, if you have something that you won't let it get away. Are you just holding on, or are you hoarding, or what would you call it?

Mr. COOPER. I think in many cases I would call it hoarding. Many businessmen would not like that term. They feel they are holding a little extra supply on hand to meet their own needs.

The CHAIRMAN. Is there anything unfair to those who are just holding on but not hoarding?

Mr. COOPER. They are not contributing to the general welfare.

The CHAIRMAN. What I say, is there anything unfair about this bill to those who want to keep on holding on and don't want the market flooded with 1964 coins?

Mr. COOPER. No, sir.

The CHAIRMAN. Nothing.

Are you authorized to speak for the American Bankers Association on this subject?

Mr. Cooper. Yes, sir.

The Chairman. Your association is for this bill, and you think it would help the situation?

Mr. Cooper. Yes, sir.

The Chairman. Any other questions?

Senator Proxmire. Yes, I would like to ask:

Has your association discussed this with any of the coin collectors or officials?

Mr. Cooper. Not to my knowledge.

Senator Proxmire. Have you considered whether, or, exactly why retaining the same date would discourage hoarding? I have had coin collectors from Wisconsin tell me just the opposite. They say it would be the same amount of hoarding or more, same amount of coin collection; but they would just concentrate their efforts in other years, and that they can't see why this would necessarily solve he problem, keeping the same date.

Mr. Cooper. No, sir. We feel this will definitely help solve the problem by getting more coins, a greater supply in circulation.

There is a problem of public psychology here, too, that if people find that there is no longer a shortage we feel that we will be flooded with coins coming back.

Senator Proxmire. I agree with you, the fact that the mint should greatly speed up the production of coins. It should have done it a long, long time ago. And it seems to be so much arithmetic: Figure out how much you need on the basis of the growth of population, income, et cetera.

But I can't understand why this particular device of having the wrong date on coins from now on—in other words, having them printed in 1965 with 1964 date, in 1966 with a 1964 date, is going to necessarily discourage hoarding.

Mr. Cooper. If the date is changed in 1965, you will then make available uncirculated coins that will be of just as much interest to the dealer and the collector as the 1964 coins. In other words, the amount that they took out of 1964 they would probably take a like amount out of 1965.

Senator Proxmire. Your argument is that they would not—let me ask this: Do you have any statistics on the number of coins in any year which are just a year old? Is there a very large proportion?

Mr. Cooper. I would not know.

Senator Proxmire. You see, if it is not, then it would seem to me this would not necessarily have much of an effect; because instead of the coin collectors collecting the more recent coins; that they would just go back and take out the 1963, 1962, 1961, and 1960 coins, et cetera, out of circulation.

Mr. Cooper. Probably to a degree. But we think there would be a greater amount of 1965 taken out of circulation. Maybe not a typical example, but for sentimental reasons the Kennedy half dollar has just about disappeared.

Senator Proxmire. That is an unusual kind of situation.

Mr. Cooper. If we put out another Kennedy half dollar dated 1965 a like amount would go.

Senator PROXMIRE. I see.

Mr. COOPER. We feel that the greater the supply and the greater the understanding of the public that there are plenty of coins available, that there is no shortage, that they can get what they want when they want it from their banks, this situation will be in back of us.

Senator PROXMIRE. One more question:

In 1955, as I understand, there were four or five times as many coins in the Federal Reserve as there are now, in spite of the fact that our economy was smaller and the automated devices that use coins were less numerous, and so forth. In other words, we are far, far below our level of 1955.

Mr. COOPER. The inventory?

Senator PROXMIRE. Inventory.

Mr. COOPER. Right.

Senator PROXMIRE. Under those circumstances it seems to me you might argue a pretty good case for coin shortage. And the real problem is greatly increasing the mint's production.

Mr. COOPER. Right. Well, today there is a greater demand. Almost everywhere you go, even commuters now go into stations to get their trains and drop a quarter.

Senator PROXMIRE. So in relating the present inventory to today's demand, the proportion is even more adverse.

Mr. COOPER. You had an increase in population, an increase in the economy, and also a greater use of automatic machines that require coins to activate them.

The CHAIRMAN. The Chair points out that before the distinguished Senator from Wisconsin came in the Assistant Secretary of the Treasury testified that the production of small coins has far exceeded the increase percentagewise of the gross national product, and the apparent need for coins.

Thank you very much.

Mr. COOPER. Thank you, Mr. Chairman.

The CHAIRMAN. We hope to finish by 12 o'clock because we do not have permission to be in session after that time. The statement of our next witness, Mr. Thomas B. Hungerford, executive director of the National Automatic Merchandising Association, will be placed in the record at this point.

(The statement follows:)

STATEMENT BY THOMAS B. HUNGERFORD, EXECUTIVE DIRECTOR OF THE NATIONAL AUTOMATIC MERCHANDISING ASSOCIATION, CHICAGO, ILL.

Mr. Chairman and members of the committee, my name is Thomas B. Hungerford. I am the executive director of the National Automatic Merchandising Association. Our national office is at 7 South Dearborn Street in Chicago, Ill. The purpose of my statement is to lend support to Senator Robertson's bill, S. 2950, and to express the interest of the merchandise and service vending industry in an adequate coin supply. Also, I wish to furnish factual information about merchandise and service vending, about its relationship to the coin shortage, and to offer our association's assistance with practical measures by which our industry can help relieve the coin shortage until supply can catch up with demand.

The National Automatic Merchandising Association was founded in 1936. Its membership of more than 1,400 companies is comprised of the operating companies which furnish vending machines and services to industry, offices, schools, hospitals, and all the other places where vending serves the general public. Our membership also includes 227 companies which manufacture vending machines; and supply the products sold through vending machines.

We represent merchandise and service vending. Therefore, our data do not include other coin-operated businesses such as coin-operated laundry and cleaning establishments, coin telephones, juke boxes, amusement machines, parking meters or other types of coin-operated enterprises.

While other methods of retailing are feeling the pinch of the coin shortage acutely, the merchandise vending industry has not, as yet, experienced a falloff of sales due to lack of coins, according to an informal survey by our association. Such a possibility is a constant threat, however.

Vending companies have been an important source of coins for local banks for many years. Recent reports from our members provide a good illustration of how the present coin shortage has affected retailers all over the country. We have reports that supermarkets, department stores, restaurants, and other retail operations which use large quantities of coins, are soliciting vending companies to turn over coins to them as fast as they are collected from the machines.

Since vending machines are located in many of these establishments, direct pressure understandably will often cause the vending company to provide coins direct to such hard-pressed customers. This gets much-needed coins back into circulation even faster than through normal banking channels. However, channeling coins direct to the retailer in need of coins does little to relieve the increasing demands on local banks. One of our members reported recently that a restaurant where he operates a vending machine insists that all coins collected from the machine be turned over immediately to its cashier for use in making change for customers.

The news media and other sources have at various times named the vending machine as a cause of the current coin shortage. For the committee's information, and to establish realistically the role played by our machines, some factual data about the merchandise and service vending business may be useful. Additional data and information are contained in the report, "Vending in 1963," which I shall submit to the committee.

Vending has been called the fourth estate of retailing. Unlike the other three major methods of retailing—over the counter, direct mail, and house to house—it is completely dependent upon coins for its livelihood.

It is estimated that some 4.5 million vending machines were in operation in the United States in 1963. This represents an increase of some 750,000 machines, or 20 percent, since 1957. Retail sales through these machines amounted to $3.2 billion in 1963, up 56 percent from $2.05 billion in 1957.

It is obvious that sales through vending machines have increased steadily since World War II.

Approximately 6,200 companies are engaged in the operation of these vending machines. The majority are small local companies, 64 percent of which have three or fewer employees.

Of the 4.5 million merchandise vending machines now serving the public, more than 3.4 million are operated by nickels, dimes, or quarters. There are also about a million "bulk" vending machines on location which are operated by pennies. Silver dollars cannot be used in merchandise vending machines and only an insignificant handful accept half dollars.

Our future as a business depends on an adequate coin supply. While at present vending machines account for less than 2 percent of total retail sales in the United States, vending creates "extra" sales. Were it not for the presence of the machine, much of the $3 billion in goods would never be sold at all. Hence, the vending industry is vitally interested in assisting any effort that will provide an adequate supply of coins for all businesses. That is why we support the bill now before this committee.

Until such a time as the mint can supply the needed coins, it is imperative that every effort be made to keep the current supply of coins in circulation and to prevent coins from being taken out of circulation. This, we believe, Senator Robertson's bill will help accomplish.

No specific statistical information exists on how long coins remain in vending machines. We know, however, that the merchandise vending industry, by the very nature of its business, makes a significant contribution toward keeping coins in circulation. Every cent of the gross sales of the vending industry is received in pennies, nickels, dimes, and quarters. These pennies, nickels, dimes, and quarters are the working capital of our business. Merchandise vending is a thin-profit, high-volume, fast-turnover-type of business, and vending companies require readily available cash for merchandise and payroll. Hence, coins must be removed from the machines as quickly as feasible.

As stated previously, merchandise vending for the most part is conducted by what is commonly termed "small businessmen." They do not have the resources which would permit them to leave coins in their machines even if they wanted to. And they know from sad experience that coins left in machines for long periods invite burglary and vandalism.

As I have stated, operators of vending machines serve to funnel coins from the public back to banks, retailers, and similar businesses in need of coins. It is probably true, that next to banks, vending machine companies are one of the most important channels which assure speedy redistribution of coins to the public.

In regard to vending collections, one knowledgeable estimate by a leading vending company cites these figures:

"The average machine is emptied about 150 times a year. Of the $3.2 billion annually put into vending machines, only some $22 million in coins will be found in the machines at any one time. Less than 1 coin out of 200 in circulation is tied up in machines at any one time."

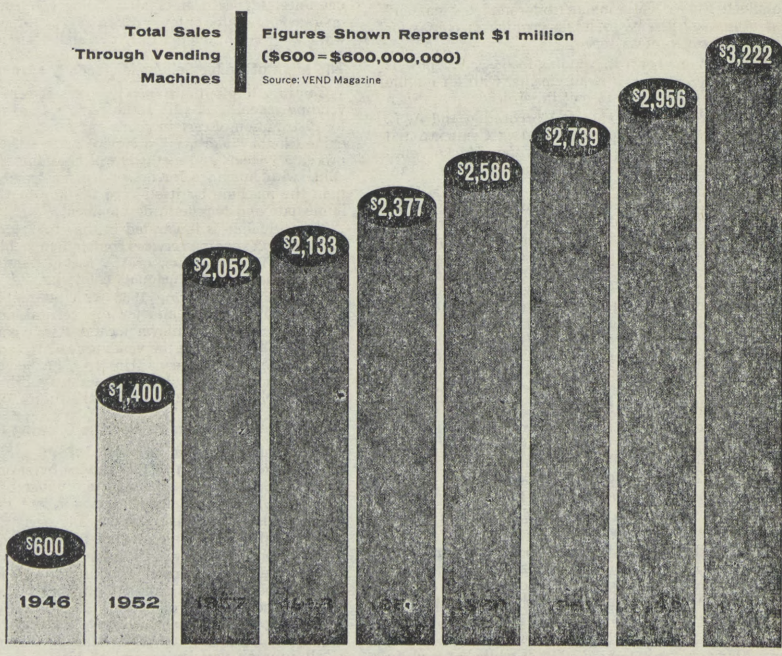
Representatives of the vending industry furnished useful data and assistance to the Director of the Mint even before the coin shortage became a public issue. The National Automatic Merchandising Association is ready to collaborate further in practical efforts toward alleviating this serious problem. Senator Robertson's bill, hopefully, is an important step in the right direction. We join in urging its passage.

Thank you for permitting me to give this information.

Vending in 1963

Quiet Revolution And Further Growth

Published by NATIONAL AUTOMATIC MERCHANDISING ASSOCIATION 7 South Dearborn Street • Chicago, Illinois 60603



A "quiet revolution" in contract food service. A new sales record in conventional vending to match gains of recent years. Increasing adoption of professional management techniques. More widespread understanding and recognition of vending services by industrial management.

These were the highlights of vending in 1963.

Rising product costs, tightening profit margins, equipment and packaging needs for food vending, possible effects of the smoking-health issue, developing qualified management personnel ranked among the problems which required solution.

It was a year of solid results. The accomplishments of 1963 provide a positive answer to any left-over skeptics of vending's direction and future.

Here is the story of vending in 1963:

Unheralded Revolution Combines Vending and Food Contractors

Few outsiders realized that an unheralded revolution in food service contracting nearly completed its course during the year. All but a few of the nation's leading food service contractors now have been absorbed into the dynamic national vending companies. Those still independent have established full-fledged vending departments.

As a result, the vending industry has established a leading position in the food and refreshment contracting business.

This largely unrecognized development began about three years ago. Its main significance lies in the fact that the industrial-institutional customer now is assured a flexible service ranging from complete "manual" cafeteria meal service to single vending machines for snack and coffee break service.

Thus the emphasis in vending-food service now is truly on the customer's requirements, with an infinite possibility of variation to suit these needs.

The mergers of Servomation Corporation and A. L. Mathias Company, Interstate Vending Company and United Food Management Services, Inc., Macke Vending Company and Progressive Cafeterias, Inc., are among outstanding 1963 examples.

But the "quiet revolution" was not confined to the publicly owned national vending companies or to the conventional food contractors. Smaller independent vending "operators" extended their capabilities in food and snack service to a point where many compete successfully with their national and regional counterparts. According to VEND Magazine, 51 per cent of all vending companies offered food vending services in 1963, a significant increase over 1960. An increasing number of companies also has begun to offer non-vending food service on a limited basis.

Sales Exceed 3 Billion Dollars

The value of goods retailed through vending machines advanced 9 per cent ($266,000,000) to a new record of $3,222,000,000. This compares with a 1962 increase of 7 per cent to $2,956,000,000.

Every product category surveyed in VEND's annual Census advanced to new sales records in 1963, a sign of healthy growth in all vended products.

The "food" classification of vended sales grew to $1.5 billion from $1.3 billion in 1962. (This figure includes primarily beverages, confectionery products, ice cream and pastry, but also sandwiches, casseroles and other prepared foods).

Prepared foods (sandwiches, casseroles, etc.) rang up a 20-per cent gain to $133,500,000, while hot foods in cans advanced to nearly $27,000,000. Appropriately the spotlight is on this significant growth in meal and food items.

Yet, this "prepared food" volume still represents only 5 per cent of total vended sales.

Vending Growth Still Rests On Standard Items

It is important to realize that vending still is primarily a business of a limited number of staples and that these products account for a continuing growth independent of food services.

Thus, traditional refreshment and snack service for plants, offices and institutions, as well as transient service in "public" locations, continue to be the mainstay of the vending business. While vending companies continued to diversify their service into multiple product lines, 42 per cent of all vending companies still operated only three or fewer different types of machines, while 58 per cent offered fully diversified services.

The Myth of Robot Selling Misleads the Uninformed

Contrary to often mistaken analyses of vending, the vending machine is still nothing more than a device for distribution of certain goods and services. The machine cannot "take over" a service or the distribution process. Systems and methods which combine the machine with human sales or service personnel—rather than the machine by itself—are the key to vending's immediate and long-term development.

This principle is illustrated in the growing development of food vending services combining machines and "manual" food counters, or the use of vending machines as adjuncts to "manual" cafeterias.

Disillusionment during 1963 with attempts to develop vending restaurants for the general public on highways and in downtown locations was partly the direct result of making the vending machine an end in itself, rather than a means. However, further development of equipment and techniques may bring widespread application of this idea in the future.

Hospitals, Schools, Trains Become Growing Markets

Successful operation of vended food services on trains led to expansion of this service by several railroads in 1963. Similar attempts were under consideration for transcontinental bus service in late 1963.

Penetration into newer markets and early attempts into untapped areas were another trend of 1963.

Hospitals increasingly utilized snack and food services through vending machines during the year. Because of the cost saving and convenience factors, hospitals' round-the-clock operations are especially suited for vending installations which serve visitors, staffs and employees. According to VEND Magazine, 29 per cent of all vending companies had at least one hospital account in 1963 (18 per cent in 1962).

Diversified vending operators began to move aggressively into the concession business in sports stadiums, amusement parks and similar recreation centers. Yankee Stadium, for instance, negotiated a contract with Automatic Canteen Company of America, Inc.

While it's an accepted idea in the college market, high schools and elementary schools still are virtually without vending service. Significant experiments were carried out, however, in California, Michigan and other states in 1963. By contrast, a number of parochial schools has used complete vending service successfully since the late 1950's.

Expansion of "full-line" operations, complete and diversified food service, the entry into new markets, development of ever more complicated vending equipment all have put new demands on the management skills of vending companies.

Emphasis on Personnel And Management

As a result, emphasis on the development of management and personnel became a visible trend in 1963. In the larger companies 1963 brought the application of data processing, market research, facilities planning and equipment evaluation. For all operating companies it meant stress on quality control, performance standards, more sophisticated accounting techniques, inventory control and route management. These techniques were only minor factors in operating a vending business a few years ago. They are increasingly becoming the standard method of operation.

Hand in hand with these improved management methods went greater emphasis on recruiting and developing management staffs.

In 1963 the number of one-man vending operators kept declining as a percentage of all operating companies. The medium-size vending company (3.5 to 6 employees) steadily increased its staff, and the number of companies employing more than 6 men continued to rise (22 per cent of all operators in 1963 vs. 18 per cent in 1962).

That new enterpreneurs still have a place in vending is borne out by the 22 per cent who still operate as individuals without employees (23 per cent in 1962). The estimated total number of operating companies held steady at about 6,200 in spite of continued mergers in the 1960's.

Customers' Knowledge Increases

With sophistication of vending services and expansion came a noticeable increase of recognition and knowledgeability by vending's customers. Many corporations which use vending services have established standards for operation and contract negotiations. Management seminars and convention programs of the National Automatic Merchandising Association have witnessed a steady rise in participation by vending's customers in 1963.

Where the percentage of management's commission receipts once was the major factor in bidding procedures, customers are beginning to stress performance and service as major factors in the selection of a vending contractor.

With few exceptions, vending services have remained in the hands of professional vending companies. Occasional experiments with company-owned machines were seldom successful.

Few Radical Equipment Changes

As in 1962, vending equipment underwent no significant changes. Soft drink machines which dispense ice, the coffee machine which brews a single cup at a time, currency changing machines—all these became routinely accepted in 1963. They had been spectacular innovations several years ago. Microwave and infra-red ovens for food vending saw more widespread use in 1963.

The U. S. Post Office Department continued tests of vending equipment for dispensing of post cards, stamps and related items.

The widely publicized predictions of machines for soft goods and sundries vending of earlier years subsided in 1963 as manufacturers and operating companies concentrated on conventional vending services. Such developments, at best, must still await basic changes in marketing and distribution patterns, regardless of vending machine developments.

Vending machine manufacturers continue to seek export markets, with Japan the newest and most promising target. A trade fair in Tokyo featured American machine manufacturers and aroused considerable interest in American vending equipment. Until 1963 vending was virtually unknown in Japan.

Vendors Act to Prevent Cigarette Sales to Minors

The smoking-health issue posed potential problems for vending since 41 per cent of the industry's sales dollars were derived from cigarettes. Those unfamiliar with vending sometimes claim that cigarette machines cause minors to smoke. This erroneous allegation was met through industrywide action by the National Automatic Merchandising Association. Although cigarette machines were found to be used by fewer than 5 per cent of all teen-agers in a study undertaken for N A M A by the Gilbert Youth Research Organization, the vending industry enacted a stringent 6-Step Self-Regulation Program to reduce this factor even further.

Through more than 130 local meetings and under some 500 state and city chairmen, the program was enacted in all 50 states.

It received the commendation of the U. S. Public Health Service and was widely recognized by the American Cancer Society.

Other 1963 Factors

Other factors in 1963:

Product cost rises in coffee and sugar had a serious effect on profitability in coffee and candy vending.

Continued increases in wages and route service costs. The ever-present income requirements of state and local governments (which sometimes lead to discriminatory taxation of vending machines).

The need for better vending packages and food vending equipment.

These were among the problems for vending.

Greater emphasis on attractive surroundings and on the merchandising appeal of vending machines were apparent in many vending installations.

The first applications of new federal legislation punishing the use of slugs in vending machines were reported in 1963.

Summary

While achieving new records in sales and solidifying its operations in complete food contracting services, the vending industry laid more stress on management methods and personnel. Perfecting its existing operations in 1963, it also began to lay the groundwork for further expansion into hospitals, schools and other new markets.

COST AND PROFIT RATIOS FOR VENDING OPERATORS (1962)

The annual Operating Ratio Study is sponsored by the National Automatic Merchandising Association and compiled by Price Waterhouse & Co.

Based on reports filed directly with Price Waterhouse & Co. by operating companies, the Study gives an accurate national standard of vending operators' costs and profits. Complete results are available only to members of N A M A.

Below are excerpts from the figures for 1962 (1963 data available later in 1964):

COMBINED AVERAGE PROFIT AND LOSS DATA
(as a percentage of total sales)

Sales at retail	100.00
Cost of sales	51.46
Total operating expenses	44.39
OPERATING PROFIT	4.15
Other income or charges (net)*	.16
PROFIT BEFORE INCOME TAXES	4.31

*Includes sale and lease of equipment, advertising allowances, rental income, etc.

SALES STATISTICS
(by product categories)

	Composition of sales at retail	Average sales per machine
Cigarettes	28.46%	$1,351
Candy, nuts, gum and biscuits (vended at 5¢ or more)	11.56	553
Cold cup beverages	6.63	1,366
Hot cup beverages	18.54	2,446
Ice cream	1.39	806
Milk	3.43	1,369
Sandwiches, salads, pastry, etc.	4.73	1,735
Hot food (all types)	.76	897
Misc. vended products	1.08	489
TOTAL (and average) for above	76.58%	$1,228
Sales other than through machines	23.42%	
TOTAL SALES	100.00%	

OPERATING EXPENSES
(as a percentage of sales)

Total payroll	19.73
Maintenance cost of vending machines	.62
Location rental payments (commissions)	8.35
Depreciation or rental for vending machines	4.50
Other depreciation (except buildings)	.94
Truck and automobile expense	1.05
Taxes*	2.71
Insurance, all types	.72
Building and garage rental or expense	1.03
All other expenses	4.74
TOTAL OPERATING EXPENSES	44.39
Percentages of payroll by category:	
Salaries, commissions to servicemen	48.60
Machine maintenance-labor costs	11.18
All other salaries, wages, etc.	40.22
TOTAL PAYROLL	100.00

*Includes payroll, property and sales taxes, etc., but not federal-state income taxes.

PROFIT ANALYSIS
(based on sales volume categories)

	REPORTED SALES OF Less than $250,000	$250,000 to $749,999	$750,000 or more
Sales at retail	100.00	100.00	100.00
Cost of sales	56.65	59.55	51.16
Total operating expenses	40.09	36.25	44.68
OPERATING PROFIT	3.26	4.20	4.16
Other income or charges (net)*	.76	.41	.15
PROFIT BEFORE INCOME TAXES	4.02	4.61	4.31

*Includes sale and lease of equipment, advertising allowances, rental income, etc.

MANUFACTURERS' SHIPMENTS (PRODUCTION) OF VENDING MACHINES — 1961-62

From annual study by U.S. Bureau of the Census, underwritten by National Automatic Merchandising Association.

Item	Number of companies reporting 1962	1961	Number of machines 1962	1961	Value ($1,000) 1962	1961
VENDING MACHINES, GRAND TOTAL	**71**	**77**	**674,005**	**620,931**	**$171,287**	**$171,167**
Coffee machines:[1]						
Instant or liquid concentrates	11	14	11,369	14,848	3,958	5,228
Fresh brew (batch)	8	7	6,512	6,239	7,513	7,453
Fresh brew (single cup)	5	6	15,649	15,561	15,884	16,001
Soft drink machines:						
Bottle	13	12	132,421	133,925	50,373	49,053
Cup (post-mix)	7	8	16,841	16,180	21,196	22,221
Cup (pre-mix)	6	6	6,405	9,839	5,145	7,122
Milk and other beverage machines[2]	9	10	7,222	5,176	5,871	4,299
Vending machines for beverages, total	**31**	**36**	**196,419**	**203,476**	**$109,940**	**$112,380**
Bulk	7	7	154,049	98,518	2,679	1,618
Candy Bar	9	8	50,688	44,805	15,542	13,492
Hot canned foods and soups	6	6	2,794	3,300	1,320	1,402
Multi-purpose (refrigerated and non-refrigerated)	4	4	5,239	5,076	6,431	5,883
Other confection and food machines[3]	11	11	16,004	18,122	5,909	5,323
Vending machines for confections and foods, total	**23**	**25**	**228,774**	**169,821**	**$31,881**	**$27,718**
Cigarette	12	13	72,620	80,511	22,874	25,323
Ice	5	4	1,125	567	3,102	2,228
Postage Stamp	7	7	9,556	10,370	456	510
All other vending machines (except beverages, confections and foods)[4]	26	27	165,511	156,186	3,034	3,008
All other vending machines, total	**42**	**44**	**248,812**	**247,634**	**$29,466**	**$31,069**

1 Primarily coffee vending machines though they may also vend hot chocolate and/or hot soup from the same cabinet.
2 Includes packaged milk (indoor and outdoor); milk (bulk or cup); canned beverages (for 1962); beverage combination hot and cold; hot beverages like hot chocolate and/or hot soup (except canned soup) not sold in a combination machine with coffee; and packaged dry ingredients for mixing beverages.
3 Includes vending machines for such commodities as apples, cookies, crackers and biscuits, popcorn, pastry, ice cream and packaged chewing gum.
4 Includes vending machines for such products as cosmetics and toiletries, novelties, detergents, newspapers and stationery supplies.

VENDED VOLUME 1957-63

(Heavy figures denote Number of Machines on Location)

	1957	1958	1959	1960	1961	1962	1963
Packaged Confections	$244,000,000 **533,400**	$244,575,000 **543,500**	$271,293,750 **569,100**	$304,647,000 **585,400**	$321,557,000 **612,800**	$342,046,000 **630,500**	$367,314,750 **659,600**
Bulk Confections	$57,000,000 **1,100,000**	$58,500,000 **1,125,000**	$58,760,000 **1,130,000**	$54,880,000 **1,120,000**	$54,090,000 **1,127,000**	$58,500,000 **1,125,000**	$58,760,000 **1,130,000**
Cigarettes	$761,881,000 **645,700**	$820,703,000 **717,400**	$1,037,760,000 **786,500**	$1,141,920,000 **793,000**	$1,180,951,000 **814,000**	$1,210,670,000 **840,000**	$1,335,669,440 **863,200**
Cigars	$6,405,000 **42,700**	$7,952,000 **45,500**	$8,675,000 **48,600**	$8,785,000 **50,200**	$9,539,000 **52,700**	$11,480,000 **55,200**	$11,876,000 **57,100**
Soft Drinks (cups)	$101,557,000 **93,200**	$103,588,000 **105,300**	$124,312,500 **115,700**	$132,338,000 **122,300**	$156,800,000 **137,700**	$186,880,000 **149,800**	$205,760,000 **158,300**
Soft Drinks (bottles and cans)	$258,055,000 **737,300**	$267,588,000 **764,500**	$272,550,000 **790,000**	$306,281,000 **825,000**	$328,315,000 **845,000**	$335,400,000 **860,000**	$371,980,000 **865,000**
Coffee	$94,745,000 **99,000**	$99,518,000 **113,900**	$130,520,000 **131,200**	$142,940,000 **149,800**	$161,100,000 **163,900**	$204,960,000 **176,300**	$223,760,000 **186,500**
Ice Cream	$22,765,000 **31,400**	$23,299,000 **31,700**	$25,575,000 **34,700**	$25,550,000 **36,500**	$22,060,000 **38,300**	$28,875,000 **40,100**	$31,641,000 **41,200**
Milk	$50,000,000 **36,400**	$45,925,000 **41,750**	$55,473,000 **47,300**	$61,630,000 **52,500**	$65,880,000 **54,900**	$72,758,000 **58,300**	$74,625,000 **59,700**
Hot Canned Foods	$14,850,000 **15,000**	$14,928,000 **17,100**	$16,483,500 **19,700**	$22,121,000 **22,900**	$24,700,000 **24,825**	$21,010,000 **27,025**	$26,864,000 **29,200**
Prepared Foods	Not Given	Not Given	Not Given	Not Given	$55,000,000 **not given**	$111,500,000 **48,050**	$133,500,000 **58,050**
All Others	$438,000,000	$446,000,000	$376,000,000	$385,000,000	$360,000,000	$372,000,000	$381,000,000

Source: VEND MAGAZINE

The CHAIRMAN. Then we have the best of all witnesses, our lovely Director of the Mint, Miss Eva Adams.

Senator BENNETT. While Miss Adams is coming forward, may I make this comment off the record to my colleague from Wisconsin.

(Discussion off the record.)

STATEMENT OF EVA ADAMS, DIRECTOR OF THE MINT, DEPARTMENT OF THE TREASURY

The CHAIRMAN. Miss Adams, you may have the permission of having your entire remarks printed at this point in the record and then you are free to summarize them and answer such questions.

Miss ADAMS. Thank you very much, Mr. Chairman. I appreciate that, because there are a few things I would like to say.

Before I start, I would like to introduce a very able Assistant Director of the Mint, Mr. Frederick W. Tate. If any of you have any very intricate questions, he can answer anything, so he is here for that purpose.

I need not tell you gentlemen that the primary function of the Bureau of the Mint is to provide the coin of the realm for use in the regular business of commerce in this country. Since 1792 the mint has been carrying out this responsibility in an efficient and economical manner. We intend to continue this policy.

The mint has not been derelict in meeting the increased demand for coin. We have more than doubled our production in the past 5 years in as great quantities as Congress would permit, and we will do so again this year. Forty-eight billion coins are estimated to be in circulation in this country, which should be enough for all. The mint consistently aimed to keep the stock of coin in step with total economic activity of the Nation.

Providing adequate coin for commerce is a service provided by the Federal Government to its people without cost to them. It is interesting that this service has been taken for granted until the shortage developed. Now criticism is rampant among those who have evidently felt that coins grow on trees.

First of all, the mint has now undertaken a crash program. We are going to flood this country with new coins in the months to come. We will distribute at least 8 billion pieces to the Federal Reserve banks for circulation throughout the country. Next year we will make at least 9 billion. If these coins reach the cash registers of the merchants and business establishments of this country, the so-called coin shortage should become only an unpleasant memory.

In the meantime, however, our crash program can play no favorites. Workmen in the mints are doing back-breaking jobs of keeping the machinery running night and day. Our Appropriation Subcommittee chairmen have approved our plans for increased production schedules. Banking circles are doing everything in their power to make pickups and deliveries in record time.

Still the one real area of trouble remains, and that is the activities of those who are diverting this coin from proper and normal channels into speculative channels. I do not refer to the honest, legitimate, sincere coin collector who seeks one coin of each type to complete his collection. Unfortunately, these fine people with their splendid hobby may suffer because of certain groups who feed upon them, and upon a possible coin shortage, purely for a profit motive.

From all sections of the country comes reports, surveys, stories, and evidence of the activities of coin speculators—and you note I emphasize the word "speculators"—who are putting away bags and bags of coins of all kinds in the hope they can later sell these hoarded treasures and reap fantastic profits. These are persons who would disregard the public interest, the plight of the honest coin collector, and selfishly and ruthlessly put the coin of the realm to use for purely personal profits.

The mint is not about to take pity on professional profiteers such as these, and it is this group which connives to get hundreds of bags of coin to trade in for personal gain alone. It is only this group who will, we feel certain, be hurt if, by December 1, 1964, the coin shortage justifies retention of the 1964 date on coins made in the years 1965.

I have tried to keep in mind the interest of the coin collectors, just as I have tried to continue the efficient and economical operation of the Bureau of the Mint. The coin collector has a legitimate, proud, historical, and completely respectable hobby, and the mint has a long and fine record of production.

It will cost the mint extra money, and long, hard work to turn out 8 billion coins this year, but we will do it. At the risk of being considered very unpleasant, I must say that I hope the speculators will find themselves forced to unload their hoarded bags without sufficient profit to pay the storage charges. We know, and regret, that there will be glaring holes in the coin books of many fine youngsters who are building coin collections, if we have to eliminate a 1965 issue. Nevertheless, the purpose and responsibility of the Bureau of the Mint is to provide coins for normal business use, and this responsibility must be met by any means possible.

The mint has historically not always made each denomination of coin at each mint every single year. In other words, a coin book with places for every coin of every mintage has inevitably drawn some blanks through the years. Ironically, this has occurred in the past when demand for some denominations of coin was light, or inventories were heavy.

In the case of silver dollars, Congress has, by legislation, from time to time, discontinued their minting, and has authorized them intermittently throughout the years, so there is no complete set of dollars, one for each year, in existence.

In addition, Mr. Chairman, I have heard some talk that producing a coin in 1965 which is dated 1964 would not be "honest." If this were true, practically all of our paper money produced by the Bureau of Engraving and Printing would be dishonest. In the case of paper money, the date is never changed unless the design is changed.

The series year which appears in the face of each currency note signifies the year in which the design was adopted. The series year does not change each calendar year; it changes only when the basic design has a major revision.

Coin collectors ask why we did not consider the population increase, and the prosperity of the Nation, and make more coins? We did. As I have said above, we have more than doubled our production in the past 5 years, and the population has not done that.

They ask why did we not recognize the increase in vending machines and such? We did, and we prepared for it; but we did not expect private speculators to buy coins from any and all sources, including coin machine operators, and store them away for speculative purposes. We expected the pipelines to operate normally with periodic emptying of all coin machines and the making of deposits to banks, as has been traditional. This has not happened. Coins are being collected by these vendors, but they do not flow back to the banks. Therefore, the banks are deprived of normal sources.

Many coin collectors speak of our "heritage," and the importance of maintaining regular dates on our coins. They are right. However, this, too, is one of the necessary sacrifices if the mint is to do its duty to the taxpayers. No one has more respect and regard for history, for tradition, and for high standards than do those of us in the Treasury Department, in general, and the mint in particular. We feel worse than even the coin collector, as the date is not only traditional and presently required by law; but it serves a most valuable function to us in our accounting procedures, in the work of our annual Assay Commission, and in the orderly production, handling, and checking of the billions and billions of U.S. coins produced by the mint each year.

I have before me, Mr. Chairman, a memorandum on the use of dates on U.S. coins, setting forth the requirements of the law, and related details. I would like your permission to insert this in the record at this point.

The CHAIRMAN. Without objection.

Miss ADAMS. Also, we have a very extensive study on the use of dates on foreign coins. This includes an interesting table on the coinage of 22 countries, during calendar year 1962, which were predated or postdated 1962. I ask your permission to include this in the record.

The CHAIRMAN. Without objection.

Miss ADAMS. To conclude, may I emphasize three things:

1. There is, beyond a reasonable doubt, a serious coin shortage existing at least in certain parts of the country.

2. It is the responsibility of the mint to do everything possible to alleviate this shortage and supply this country with the necessary coins for the proper conduct of legitimate business and commerce.

3. The mint deeply regrets the necessity for suspending or curtailing the usual services it renders to the coin collectors of this country. We would not consider such action under normal circumstances, but the present situation is anything but normal. Hence, the mint must take all possible steps to eliminate any activity which takes any coins out of normal channels. This we do reluctantly. Also, we do it with great hope that the prestige and force of the millions of true and honest coin collectors will be turned energetically on the vital problem of getting coins out of warehouses, vaults, cellars, back rooms or bed-

rooms, piggy banks or speculators' offices, and put them back where they belong, in circulation, right now. Then the Treasury will not have to exercise the discretion you give them, Mr. Chairman, under the provisions of S. 2950 to continue using the 1964 date after January 1965.

I have great faith in the genuine collectors, and great respect for their hobby. Perhaps they can render a great service by restoring hoarded coins to proper business channels and thus make it possible for collectors, young and old, to fill up the holes in their coin books and not forever remember 1964 as "the date that was."

Thank you, Mr. Chairman.

(The complete prepared text and exhibits are as follows:)

STATEMENT OF EVA ADAMS, DIRECTOR OF THE MINT

Thank you, Mr. Chairman and members of the Senate Banking and Currency Committee, for this opportunity for the Bureau of the Mint to be heard on S. 2950, authorizing the mint at the discretion of the Secretary of the Treasury, to inscribe the figures 1964 on all coins minted, until adequate supplies of coins are available. May I particularly commend you on the form of the proposed legislation, as enactment of this bill will give the Treasury Department discretionary authority to take this somewhat drastic step if the coin shortage has not been relieved by next December 1. However, the decision will have to be made by that time, as work on the new dies must be started then.

I need not tell you that the primary function of the Bureau of the Mint is to provide the coin of the realm for use in the regular business and commerce of this country. Since 1792, the mint has been carrying out this responsibility in an efficient and economical manner. We intend to continue this policy.

However, circumstances beyond our control have brought about a situation which cannot be corrected without intense efforts on the part of all concerned. The mint is presently engaged in what is best called a "crash" program, made possible by the cooperation of the Congress through its appropriate committees, in permitting us to use all legal ends to meet the tremendous demand for coin brought on partly by the great prosperity now enjoyed by all of us in this country.

The mint has not been derelict in meeting the increased demand for coin. We have more than doubled our production in the past 5 years, and will do so again this year. Forty-eight billion coins are estimated to be in circulation in this country, which should be enough for all. The mint consistently aimed to keep the stock of coin in step with total economic activity of the Nation.

Providing adequate coin for commerce is a service provided by the Federal Government to its people without cost to them. It is interesting that this service has been taken for granted until the shortage developed. Now criticism is rampant among those who have evidently felt that coins grow on trees.

It has become very apparent that one of the major problems faced by the mint is to keep the coins actually in "circulation." Some believe strongly that there are sufficient supplies of coins in this country to meet all legitimate business demands, but these coins are not in normal channels. As a result, those needing coins in the proper conduct of their business cannot get them, unless they pay an extra premium for them. This simply is not right, and the Treasury Department intends to do all in its power to restore normal channels of circulation for the good of all the taxpayers and the conduct of orderly business.

First of all, the mint will literally flood the country with new coins in the months to come. In this fiscal year, we will distribute at least 8 billion pieces more to the Federal Reserve banks for circulation throughout the country. Next year we will make at least 9 billion. If these coins reach the cash registers of the merchants and business establishments of this country, the so-called coin shortage should become only an unpleasant memory.

In the meantime, however, our crash program can play no favorites. Workmen in the mints are doing backbreaking jobs of keeping the machinery running night and day. Our Appropriation Subcommittee chairmen have approved our plans for increased production schedules. Banking circles are doing everything in their power to make pickups and deliveries in record time.

Still the one real area of trouble remains, and that is the activities of those who are diverting this coin from proper and normal channels into speculative channels. I do not refer to the honest, legitimate, sincere coin collector who seeks one coin of each type to complete his collection. Unfortunately, these fine people with their splendid hobby may suffer because of certain groups who feed upon them, and upon a possible coin shortage, purely for a profit motive.

From all sections of the country come reports, surveys, stories, and evidence of the activities of coin speculators who are putting away bags and bags of coins of all kinds in the hope they can later sell these hoarded treasures and reap fantastic profits. These people are not coin collectors in any sense. They are persons who would disregard the public interest, the need for coin in the regular course of business, the plight of the honest coin collector, and selfishly and ruthlessly put the coin of the realm to use for purely personal profits. The mint is not about to take pity on professional profiteers such as these, and it is this group which connives to get hundreds of bags of coin to trade in for personal gain alone. It is only this group who will, we feel certain, be hurt if, by December 1, 1964, the coin shortage justifies retention of the 1964 date on coins made in the year 1965.

I would, and I have, tried to protect the interest of the honest coin collector, just as I have tried to continue the efficient and economical operation of the Bureau of the Mint. The coin collector has a legitimate, proud, historic, and completely respectable hobby, and the mint has a long and fine record of production.

It is worth noting that consideration was given to making it a Federal offense to sell the coin of the realm for a premium. Obviously, this would take care of the speculator; but this would also hurt the true coin collector, and it would ruin the many dealers who run legitimate businesses without hoarding. There would seem to be more objections to this course than to the use of the 1964 date for sufficient time to bring the needed coin back into normal channels.

It will cost the mint extra money, and long, hard work to turn out 8 billion coins this year, but we will do it. At the risk of being considered very unpleasant, I must say that I hope the speculators will find themselves forced to unload their hoarded bags without sufficient profit to pay the storage charges. We know, and regret, that there will be glaring holes in the coin books of many fine youngsters who are building coin collections, if we have to eliminate a 1965 issue. Nevertheless, the purpose and responsibility of the Bureau of the Mint is to provide coins for normal business use, and this responsibility must be met by any means possible.

It also should be pointed out to this committee that the mint has, historically, not always made each denomination of coin, at each mint, every single year. In other words, a coin book with places for every coin of every mintage, has inevitably drawn some blanks, through the years. Ironically, this has occurred in the past when demand for some denominations of coin was light, or inventories were so heavy as to make it impractical to mint more of these particular coins. Furthermore, in the case of the silver dollars, Congress has, by legislation, from time to time discontinued their minting, and has authorized them intermittently throughout the years. Hence there is no complete set of dollars one for each year, in existence.

In addition, Mr. Chairman, I have heard some talk that producing a coin in 1965 which is dated 1964 would not be "honest." If this were true, practically all of our paper money produced by the Bureau of Engraving and Printing would be dishonest. In the case of paper money, the date is never changed unless the design is changed.

The series year which appears in the face of each currency note signifies the year in which the design was adopted. The series year does not change each calendar year; it changes only when the basic design has a major revision.

The capital letter following the series year indicates that a minor change was authorized in a particular currency. Minor revisions usually occur when a new Secretary of the Treasury or Treasurer of the United States is appointed, causing a change in the signatures on the note.

Coin collectors ask why we did not consider the population increase, and the prosperity of the Nation, and make more coins. We did. As I have said above, we have more than doubled our production in the past 5 years, and the population has not done that. They ask why did we not recognize the increase in vending-machines and such? We did, and we prepared for it; but we did not expect private speculators to buy coins from any and all sources, including coin machine operators, and store them away for speculative purposes. We expected the pipelines to operate normally, that is, with periodic emptying of all coin machines, and the making of deposits to banks, as has been traditional. This is simply no longer happening. Coins are being collected by the vendors; but they do not flow back, this causing banks to be deprived of normal sources for supplying regular customers.

Many coin collectors speak of our "heritage," and the importance of maintaining regular dates on our coins. They are right. However, this too, is one of the necessary sacrifices if the mint is to do its duty to the taxpayers. No one has more respect and regard for history, for tradition, and for high standards than do those of us in the Treasury Department in general and the mint, in particular. We feel worse than even the coin collector, as the date is not only traditional and presently required by law; but it serves a most valuable function to us in our accounting procedures, in the work of our annual Assay Commission, and in the orderly production, handling, and checking of the billions and billions of U.S. coins produced by the mint each year.

I have before me, Mr. Chairman, a memorandum on the use of dates on U.S. coins, setting forth the requirements of the law, and related details. I would like your permission to insert this in the record at this point.

"EXHIBIT A

"THE USE OF DATES ON U.S. COINS

"Section 10 of the Act of April 2, 1792, An Act establishing a Mint and regulating the coins of the United States, reads as follows:

" 'SEC. 10. *And be it further enacted*, That, upon the said coins respectively, there shall be the following devices and legends, namely: Upon one side of each of the said coins there shall be an impression emblematic of liberty, with an inscription of the word liberty, and the year of the coinage; and upon the reverse of each of the gold and silver coins there shall be the figure or representation of an eagle, with this inscription, "United States of America" and upon the reverse of each of the copper coins, there shall be an inscription which shall express the denomination of the piece, namely, cent or half cent, as the case may require.'

"The Act of January 18, 1837, An Act supplementary to the act entitled 'An act establishing a Mint, and regulating the coins of the United States' revised and codified all of the Mint and coinage laws. Section 13 reads as follows:

" 'SEC. 13. *And be it further enacted*, That upon the coins struck at the Mint there shall be the following devices and legends: upon one side of each of said coins there shall be an impression emblematic of liberty, with an inscription of the word Liberty, and the year of the coinage; and upon the reverse of each of the gold and silver coins, there shall be the figure or representation of an eagle, with the inscription United States of America, and a designation of the value of the coin; but on the reverse of the dime and half dime, cent and half cent, the figure of the eagle shall be omitted.'

"The Act of February 12, 1873, An act revising and amending the laws relative to the mints, assay offices, and coinage of the United States, also specified the devices and legends to appear on coins. Section 18 of the Act is quoted below:

" 'SEC. 18. That upon the coins of the United States there shall be the following devices and legends: Upon one side there shall be an impression emblematic of liberty, with an inscription of the word "Liberty" and the year of the coinage, and upon the reverse shall be the figure or representation of an eagle, with the inscriptions "United States of America" and "E Pluribus Unum", and a designation of the value of the coin; but on the gold dollar and three-dollar piece, the dime, five, three, and one cent piece the figure of the agle shall be omitted; and on the reverse of the silver trade-dollar the weight and the fineness of the coin shall be inscribed; and the Director of the Mint, with the approval of the Secretary of the Treasury, may cause the motto "In God we trust" to be inscribed upon such coins as shall admit of such motto; and any one of the foregoing inscriptions may be on the rim of the gold and silver coins.'

"It is noted that the words '* * * and the year of the coinage' are stated in the three Acts above. It is further noted that some of the devices and legends authorized in the Acts are now obsolete.

"The Acts above were superseded by the Revised Statutes. Section 3517 of theh Revised Statutes as amended, 31 U.S.C. 324, provides:

" 'SEC. 324. Inscriptions on coins.

" 'Upon the coins there shall be the following devices and legends: Upon one side there shall be an impression emblematic of liberty, with an inscription of the word "Liberty" *and the year of coinage*, and upon the reverse shall be the figure or representation of an eagle, with the inscription "United States of America" and "E Pluribus Unum", and a designation of the value of the coin; but on the dime, 5-, and 1-cent piece, the figure of the eagle shall be omitted; and the mottor "In God we trust" shall be inscribed on the denominations of silver coins on which it was inscribed prior to May 18, 1908. (R.S. Sec. 3517; Sept. 26, 1890, ch. 945, Sec. 1, 26 Stat. 485; May 18, 1908, ch. 173, Sec. 1, 35 Stat. 164; Jan. 30, 1934, ch. 6, Sec. 5, 48 Stat. 340.)' "

"The United States Code Annotated, Title 31, Money and Finance, Chapter 8, Section 366, reads as follows:

" '§ 366. Destruction of obverse working dies.

" 'The obverse working dies at each mint shall, at the end of each calendar year, be defaced and destroyed by the superintendent of coining department in the presence of the superintendent and assayer, R.S. Sec. 3550; Aug. 23, 1912, c. 350, Sec. 1, 37 Stat. 384; Jan. 3, 1923, c. 22, 42 Stat. 1103.'

"HISTORICAL NOTE

"Derivation. Act. Feb. 1873, c. 131, Sec. 51, 17 Stat. 432.

"Codification. Word 'coiner' was changed to 'superintendent of coining department.' See note under section 274 of this title."

Also, we have a rather extensive study on the use of dates on foreign coins. This includes an interesting table on the coinage of 22 countries, during calendar year 1962, which were predated or postdated 1962. I ask your permission to include this in the record.

"EXHIBIT B

"DATES APPEARING ON FOREIGN COINS

"In a number of foreign countries the year of coinage may not coincide with the date appearing on a coin, or the year of issue. During calendar year 1962, for example, at least 22 countries had coins struck with dates other than 1962. A detailed summary of these coinages is shown in the attached table titled, 'National Coinages of 22 Countries During Calendar Year 1962 Which Were Predated or Postdated 1962.'

"The Maria Theresa thaler, listed in the table under Austria, has also been coined in the mints of Italy, the United Kingdom, Belgium, France, and India. The M. T. dollar, as it is frequently referred to, is a widely accepted silver trade coin used extensively in countries bordering the Eastern Mediterranean and the Red Sea. Since 1780, the year of Maria Theresa's death, all thalers made subsequently have continued to be struck with the date 1780. According to Yeoman's A Catalog of Modern World Coins, 'The native tradesmen accept this coin through long association and show no interest in changing its design or date.' The thaler is exchanged in various countries at its intrinsic value rather than a face value.

"In regard to coins currently produced in the Federal Republic of Germany we have no references or photographs the actual coins which indicate that a series type of date is being used.

"Dates which appear on the coins of some Arabic, Hebrew, and other countries of the Near East and the Orient are in native language numerals, symbols, or letters that differ from the Gregorian calendar year which is in general use throughout most of the world.

"National coinages of 22 countries during calendar year 1962 which were predated or postdated 1962

Country	Coinage mint	Date stamped on coins	Denomination	Remarks
1. Austria	Austrian	1780	Trade coin, Maria Theresa thaler	
2. British Honduras	Mints in the United Kingdom	1961	1 cent	
3. Ceylon	do	1951	50 cents	
Do	do	1951	25 cents	
Do	do	1945	5 cents	
Do	do	1957	2 cents	
Do	do	1945	1 cent	
4. Dominican Republic	do	1961	5 cents	
Do	do	1961	1 cent	
5. Finland	Finnish	1963	50 pennia	A new series of coins manufactured in 1962, was dated 1963' and was placed in circulation on Jan. 1, 1963, when Finland introduced a new monetary unit in accordance with a currency act and an Act for Enforcement of the Currency Act.
Do	do	1963	20 pennia	
Do	do	1963	10 pennia	
Do	do	1963	5 pennia	
Do	Finnish and U.S.S.R.	1963	1 penni	
6. Hong Kong	Mints in the United Kingdom	1961	50 cents	
Do	do	1961	10 cents	This denomination was also coined in 1962 and dated 1962.
7. India	Indian	1961	50 naye paise	Do.
Do	do	1961	25 naye paise	Do.
Do	do	1961	10 naye paise	Do.
Do	do	1961	5 naye paise	Do.
Do	do	1961	2 naye paise	Do.
Do	do	1961	1 naye paise	Do.
8. Ireland, Republic	Mints in the United Kingdom	1961	½ crown	Do.
Do	do	1961	Florin	Do.
Do	do	1961	Sixpence	Do.
Do	do	1961	Threepence	Do.
9. Katanga	do	1961	5 francs	
Do	do	1961	1 franc	
10. Korea, Republic	Philadelphia	4294 [1]	50 hwan	
Do	do	4294 [1]	10 hwan	
11. Kuwait	Mints in the United Kingdom	1961	20 fils	This denomination was also coined in 1962 and dated 1962.
Do	do	1961	10 fils	Do.
Do	do	1961	5 fils	Do.
12. Lebanon	do	1961	10 piastres	
13. Libya	do	1952	2 piastres	
Do	do	1952	1 piastre	
Do	do	1952	5 milliemes	
Do	do	1952	2 milliemes	
Do	do	1952	1 millieme	
14. Liechtenstein	Swiss Federal Mint	1961	50 and 25 franken	Gold coins not issued for circulation.
15. Malaysia	Mints in the United Kingdom	1961	20 cents	
Do	do	1961	10 cents	This denomination was also coined in 1962 and dated 1962.
Do	do	1961	5 cents	
Do	do	1961	1 cent	A new design 1 cent coin was also manufactured, it was dated 1962.

16. Muscat	do	1381 [2]	15 rials	Not issued for circulation.
Do	do	1381 [2]	½ rials	
17. Nigeria	do	1961	Shilling	
Do	do	1959	Penny	
18. Pakistan	Pakistani	1951	¼ rupee	
19. Switzerland	Swiss Federal Mint	1961	2 francs	
Do	do	1963	5 francs	Commemorative issue.
20. United Kingdom	Royal Mint	1961	Sixpence	This denomination was also coined in 1962 and dated 1962.
Do	do	1961	Penny	Do."
21. Uruguay	Mints in the United Kingdom	1961	10 pesos	
Do	do	1960	25 centesimos	
Do	do	1960	10 centesimos	
Do	do	1960	5 centesimos	
Do	do	1960	2 centesimos	
22. Vietnam	do	1960	1 piastre	

[1] Represents 1961 (Korea).

[2] Arabic (Muscat).

However, if I may add a comment, it would seem that our United States is in no wise bound by or should be inclined to change a traditional activity just because other countries have done so. The material submitted above is simply factual, and does clarify some assertions that we would be the "only country in the world" not using current dates. It is a matter of possible interest, as well, that researchers cannot determine when the first date was placed on coins, but dates were probably used as early as 550 B.C., and early European coinage usage includes dates in such years as 1372, 1486, and forward.

To conclude, may I emphasize three things: There is, beyond a reasonable doubt, a serious coin shortage existing at least in certain parts of the country. Second, it is the responsibility of the mint to do everything possible to alleviate this shortage and supply this country with the necessary coins for the proper conduct of legitimate business and commerce. Third, the mint deeply regrets the necessity for suspending or curtailing the usual services it renders to the coin collectors of this country. We would not consider such action under normal circumstances, but the present situation is anything but normal. Hence the mint must take all possible steps to eliminate any activity which takes any coins out of normal channels. This we do reluctantly. Also, we do it with great hope that the prestige and force of the millions of true and honest coin collectors will be turned energetically on the vital problem of getting coins out of warehouses, vaults, cellars, backrooms or bedrooms, piggybanks or speculators' offices, and put them back where they belong—in circulation—right now. Then the Treasury will not have to exercise the discretion you give them, Mr. Chairman, under the provisions of S. 2950 to continue using the 1964 date after January 1965.

I have great faith in the genuine collectors, and great respect for their hobby. Perhaps they can render a great service by restoring hoarded coins to proper business channels and thus make it possible for collectors, young and old, to fill up the holes in their coin books and not forever remember 1964 as "the date that was."

The CHAIRMAN. Are there any questions? The gentleman from Wyoming.

Senator SIMPSON. This bill would not take the hoarders' money; it would merely release it in normal channels without them taking exorbitant profit?

Miss ADAMS. Sir, this bill would simply permit us to make so many 1964 coins that the charm would be taken away from them.

Senator SIMPSON. Would the same thing apply to the Kennedy half dollars?

Miss ADAMS. That is right, we will continue making them.

Senator SIMPSON. Did you hear the testimony of Mrs. Russell that Kennedy half dollars were being sold abroad?

Miss ADAMS. Yes, sir.

Senator SIMPSON. It is also happening here in America.

Miss ADAMS. Just as much as abroad. And, incidentally, some of the coins now being sold abroad are there because of the men in the armed services, and it isn't entirely a matter of profiteering.

I might add, in response to a comment that was made, the 1964 coins at the moment happen to be more attractive to speculators. The collectors are satisfied with filling their collection, but the speculators like them because they are new, they are shiny, they are full of silver. There is no silver rubbed off of them, and they just are taking out the new ones, and the second reason is that most of the circulated coins are in circulation, and it is the new ones which they are primarily getting from the banks.

Senator SIMPSON. I want to thank you, Miss Adams, and I want to say you certainly have put a very fine statement in this record, and I complement you on it.

Miss ADAMS. Thank you, Senator.

The CHAIRMAN. The Senator from Wisconsin.

Senator PROXMIRE. I would like to ask, Miss Adams, what are the hours of the mint operation? Do you have four shifts?

Miss ADAMS. Three.

Senator PROXMIRE. Three shifts.

Miss ADAMS. Eight hours.

Senator PROXMIRE. How many days a week?

Miss ADAMS. Seven, now.

Senator PROXMIRE. Producing 168 hours a week?

Miss ADAMS. Yes, sir.

Senator PROXMIRE. How long have you been doing that?

Miss ADAMS. Since last April when we were able to get money to do it.

Senator PROXMIRE. I see. Are new facilities coming into operation in a reasonably near future, or not?

Miss ADAMS. Sir, we are not only using every available facility we have, but we have gone on a crash program of buying strip from private industry. We are getting coining presses, which are the hardest things to get, and I am very happy that no one uses them except the mint, but they are very hard to get.

However, we are finding some presses which can be converted, so we are getting coin presses, converting them, and we are concentrating on increasing the mint activities, but we are not buying silver strips.

Mint activities are being concentrated on turning out, doing the final minting operation and turning out this year over 8 billion coins.

Senator PROXMIRE. And all mint facilities are operating at full time?

Miss ADAMS. Yes, sir.

Senator PROXMIRE. 168 hours a week, 24 hours a day, 7 days a week?

Miss ADAMS. That is right.

Senator PROXMIRE. Have you figured out the arithmetic of this, retaining the 1964 date, what effect this will have in terms of making more coins available?

Miss ADAMS. You mean how many? I don't understand your question.

Senator PROXMIRE. What effect this particular provision will have in making more coins available in terms of the billions of coins?

Miss ADAMS. It simply means that the mint will be not only doubling its production, but it will double its production of a particular coin.

Senator PROXMIRE. I understand that, but I wonder if anybody has sat down and determined the extent they possibly can—what difference it would make in terms of the number of coins available, whether you stayed with 1964, whether you went to the 1965 and 1966?

Miss ADAMS. I think that probably is in the same area, as I mention.

Senator PROXMIRE. Estimate.

Miss ADAMS. It is like estimating how many votes you are going to get in an election, because nobody knows how many hoarders there are, exactly what they will do, and when the speculators will finally give up and let these coins come out. It will not solve the problem as we do not have the arithmetic.

You mentioned, I think, that Mrs. Russell mentioned the A. D. Little Co. people did not try to estimate the amount of coins which were utilized or taken up by the coin collectors. No one can do that.

Senator PROXMIRE. Is there any precedent?

Miss ADAMS. No; not that I know of.

Senator PROXMIRE. Except in other countries and you have a number of other countries, as you indicated in your statement, that produced coins in 1962, which were at a prior date, isn't that right?

Miss ADAMS. Sometimes they kept the 1962 date because they had them running out of their ears and so they didn't make any more. It might be a point of interest that Canada, Australia, and England are also having very serious coin shortages.

Senator PROXMIRE. I would like to ask finally, you don't really feel that piggy banks are hoarding. You are not against piggy banks? It seems to me this is a wonderful symbol of thrift for our children and even though they do accumulate a number of pennies and nickels and dimes. I would hate to think that now the great U.S. Government is in such a quandary over their coins, they are going to have to say the children are going to have to forgo one of the very few symbols of thrift we have left in this Nation, the piggy bank.

Miss ADAMS. Sir, I love piggy banks. I just wish now and then the mothers and fathers would empty piggy banks, put them into saving bonds and then the children could draw some interest.

Senator PROXMIRE. Very good. I am glad you say that because in your statement, I get the impression that you think piggy banks should go, at least for the next few years.

Miss ADAMS. I don't think of a piggy bank as a place where anyone hoards coins to speculate. Sir, there are millions of dollars worth of coins put away, as I said, in backrooms, in vaults, in cellars. We know this because men have come to places of business and said, "If you want $5,000 worth of nickels, you can have them for $5,500 dollars. Now, those are the ones which we resent.

We know that this coin which they have put away is primarily the 1964 issue, because the banks were pretty low on coin supplies and so they have this new issue. They are saving them, hoping to sell them for a premium and also on the chance that other things will happen. Primarily our efforts are to discourage in every possible way this hoarding, and believe me, there will be no numismatic value attached to a 1964 coin if this program is approved.

Senator PROXMIRE. Thank you.

The CHAIRMAN. I agree with the Director of the Mint that nobody can tell for sure what the hoarding will be if we make it attractive. What we propose to do is to make it less attractive with a view to convincing both the hoarders and the merchants that possibly before the end of next year, we will have such an abundant supply of small coins, that those who are hoarding them will lose interest on their money that they hope for in any premium sale.

I will insert in the record an amendment that I will offer, which will enable the Treasury Department on the first of next July, if it sees fit, to start putting 1965 on the coins. (See p. 5.) I couldn't say that you could turn out more coins if you stamp 1964 than you could if you stamp 1965 on them. All we know is that they have been hoarding 1964 coins and we are going, if this bill is enacted into law, to make that an unprofitable undertaking.

Any further questions?

Senator SPARKMAN. Mr. Chairman, just for clarification, suppose in the latter part of this year, we will say the end of November, 1964, you were convinced that we had a sufficient supply of coins available. Then if this bill had been enacted into law, would the Secretary be able to make his finding in 1964?

Miss ADAMS. Oh, yes, sir; that is why this is such a fine bill because under the bill, the Secretary of the Treasury may in his discretion retain the 1964 date until adequate supplies are available.

Senator SPARKMAN. Yes; I know.

Miss ADAMS. So the answer to your question is, if next November——

The CHAIRMAN. The patron of the bill will answer the question. The answer is you would change to 1965 in January, 1965.

Miss ADAMS. Happily.

The CHAIRMAN. But if I don't put the amendment in and you ran past January, you would go to January 1966.

Miss ADAMS. That is right.

The CHAIRMAN. Under my amendment, you can change in the middle of the year, but under the bill, you could change in January of any year, after determination is made that the shortage has been relieved.

Senator SPARKMAN. What the chairman has said is what I had in mind, but I didn't understand that to be the effect of the answer of Miss Adams.

Miss ADAMS. You mean, do I think the Secretary of the Treasury would exercise that discretion and use to the 1965 date?

Senator SPARKMAN. Yes.

Miss ADAMS. Oh, yes; I certainly do.

Senator SPARKMAN. I asked it the other way. I asked whether or not this would be binding or would be effective; in other words, to require the continuance of the 1964 date?

Miss ADAMS. I'm sorry, I misunderstood.

Senator SPARKMAN. In other words, if there are ample supplies of coins available by the end of 1964, you can start right out on January 1, 1965, using the date 1965?

Miss ADAMS. That is why we like the bill, because when adequate supplies are available, we can mint the coins the way they should be minted.

The CHAIRMAN. You see, when we have plenty of coins, we hope the speculators will buy. We make 80-percent profit on what they buy and let them buy all they want and fill up the backroom with pennies and nickels.

Senator SPARKMAN. Yes, I was thinking of that in connection with questions that were asked earlier about stamp collecting. The Government, I think, has made a very good profit out of stamp collecting because they simply have made surplus stamps that have brought in a good profit. Now, if we could evolve some kind of system where we could, and I suppose in the smaller coins that is true——

Miss ADAMS. We love coin collectors. We make a profit, really. We want their business.

Senator SPARKMAN. It is only in the field of larger coins, with the heavy silver content, I take it?

Miss ADAMS. It is when the speculators buy these coins, put them away and then they in turn sell them at a premium that they are parasites on the operation of the mint and this we resent.

Senator SPARKMAN. Is the prime motivation the fact that the coin is worth a great deal more because of the particular year that is on it or is it the amount of silver that is in the coin?

Miss ADAMS. I cannot answer that, sir. I emphasize the 1964 coins because I know that primarily this new speculative activity has developed recently and that there were not enough supplies, according to the banks, of the older coins to permit them to put those away. What they have put away primarily are the new coins as they have come out.

Senator SPARKMAN. Thank you.

The CHAIRMAN. We thank you. Is there anyone else here who wanted the opportunity to testify? We won't have time to hear many but we will let you put in a statement.

Senator BENNETT. Mr. Chairman, before we close the record, may I ask Mr. Wallace if the Treasury couldn't do a little speculative arithmetic for us? Go back 10 years ago, 1954, 1955, and relate the amount of coins in circulation to the population, to the gross national product and some of these other indexes and then correct—have you done that?

Miss ADAMS. Yes, we have, sir.

Senator BENNETT. Will you supply that for the record? That will enable us to determine about how much coin is actually being hoarded.

Mr. WALLACE. I have it on a different basis, Mr. Chairman. I have given to the clerk of the committee the backup figures for my estimate of 1 billion additional coins for regular use which will result from the enactment of the Robertson bill. It is based on how much higher, for example, the per capita number of coins in circulation has jumped in the past year as compared with other years. Normally the per capita number of coins goes up at a fairly even rate, but recently it has shown an unusual increase and still we have a shortage of available coins. The ratio of coins in circulation to retail sales has also shown an unusually large increase, but we still have a shortage. I have given this study to the clerk of the committee and he will furnish that for the record.

(The above-mentioned document follows:)

ESTIMATING THE EFFECT OF SPECULATIVE ACTIVITY ON THE COIN SHORTAGE

1. If it is assumed that the $100 million increase in coin exchange volume this year, as compared with 1962, is the result of activity in uncirculated coins in rolls and bags, it would mean that $100 million in these coins are being held off the market. At the overall current ratio of the number of coins per dollar, this extra $100 million would represent about 1½ billion pieces.

2. Another measure of the extent of coin hoarding is the recent large increase in the ratio of coins in circulation to total retail sales of nondurable goods establishments. This ratio has been steadily increasing over the years along with expanding use of vending machines, toll road travel, and the myriad other coin-using activities. As the attached table shows, the ratio of circulating coins to this type of retail sales rose from 0.188 in 1957 to 0.209 in 1963. The highest previous increase in this ratio in any year since 1958 was a 4-percent increase which occurred in 1963. Yet, based on the the first 6 months' activity this year it is estimated that the increase this year will be 7.6 percent. If we assume that the 4-percent increase which occurred in 1963 is normal to handle increases in all coin-using activities—including the increases in coin collecting each year—the excessive increase represents some $125 million. However, these additional coins represented by the higher increase in the ratio of coins to sales, have apparently disappeared from normal trade channels. Again, using the current overall ratio of coins to dollar value of coins, this would represent a loss for regular commercial use of about 2 billion coins.

3. A third indicator of the extent of coin hoarding is the large increase in number of coins per capita in recent years. As shown in the attached table, from 1956 to 1961 the increase in the dollar value of circulating coins per capita rose about 3 to 4 percent each year. In 1962 this increase jumped to 6 percent. In 1963 it was 7 percent and in 1964 it is estimated that it will amount to nearly 10 percent. If we assume that perhaps a 6-percent increase in coins per capita is attributable to actual coin usage, then 4 percent of the increase this year has no ready explanation but coin hoarding. Translated into dollar terms this again comes to about $100 million or 1½ billion coins.

4. The three separate statistical measures above all support an estimate that increased speculative activity has resulted in 1½ billion coins being held out of circulation.

5. Since the bulk of speculative activity in coins is in new coins in rolls and bags, it seems reasonable to estimate that continuing the 1964 date on coins would free an extra 1 billion pieces for circulation.

Ratio of the value of coins in circulation to retail sales of nondurable goods establishments [1]

Calendar year	Ratio of coins to sales	Percentage increase in the ratio	Calendar year	Ratio of coins to sales	Percentage increase in the ratio
1957	0.188	−1.1	1961	0.197	2.0
1958	.186		1962	.201	4.0
1959	.186	2.2	1963	.209	7.6
1960	.190	3.7	1964 [2]	.225	

[1] 12-month moving average centered on June.
[2] Estimate based on 1st 6 months experience.

NOTE.—Coins in circulation are those outside the Treasury and the Federal Reserve banks. Nondurable goods establishments include clothing stores, drug and proprietary stores, eating and drinking places, grocery stores, gasoline service stations, department stores, variety stores, and liquor stores.

Monetary value per capita of coins in circulation [1]

June 30—	Coin value per capita (dollars)	Percent increase in fiscal year	June 30—	Coin value per capita (dollars)	Percent increase in fiscal year
1956	11.53	2.9	1961	13.40	3.6
1957	11.87	2.9	1962	14.21	6.0
1958	12.01	1.2	1963	15.20	7.0
1959	12.46	3.7	1964	16.69	9.8
1960	12.94	3.9			

[1] Outside Treasury and Federal Reserve banks.

The CHAIRMAN. We would like to also publish the figures that Miss Adams has, if they are different.

Mr. TATE. We have a statement we can put in the record now.

The CHAIRMAN. The Chair accepts it.

(The above-mentioned document follows:)

Domestic Coins Produced by the U. S. Mints
(Exclusive of Gold Coin and S S Dollars)
for the following Fiscal Years

Gross National Product In Billions Of $ Cal. Year 1/	Population In Thousands 2/	Vending Machine Sales In Thousands Of $ Cal. Year 3/	Fiscal Year	Total Pieces	Total Pieces by Ten Year Totals 1920-1959 Five Year Totals 1960-1964
			1920.....	732,670,400	
			1921.....	443,377,140	
			1922.....	10,948,186	
			1923.....	19,134,000	
			1924.....	242,602,080	
		20,000	1925.....	159,618,808	
			1926.....	356,334,856	
			1927.....	301,915,119	
			1928.....	237,938,436	
104.4	123,188		1929.....	358,792,600	2,863,331,625
			1930.....	398,935,200	
			1931.....	97,960,000	
			1932.....	19,740,000	
			1933.....	29,954,800	
			1934.....	46,634,250	
			1935.....	602,778,650	
			1936.....	469,601,986	
			1937.....	760,915,737	
			1938.....	540,375,283	
91.1	132,594		1939.....	255,566,260	3,222,462,166
			1940.....	768,090,830	
			1941.....	1,599,349,007	
			1942.....	2,114,890,662	
			1943.....	1,472,098,762	
			1944.....	2,578,640,270	
			1945.....	2,646,134,101	
		600,000	1946.....	1,658,127,100	
			1947.....	2,016,485,295	
			1948.....	802,922,066	
258.1	152,271	1,150,000	1949.....	911,257,226	16,567,995,319
			1950.....	497,271,759	
			1951.....	1,157,820,778	
		1,400,000	1952.....	1,551,096,448	
			1953.....	1,619,562,894	
			1954.....	1,451,654,402	
			1955.....	936,871,253	
			1956.....	1,413,745,542	
		2,050,000	1957.....	1,899,739,340	
		2,130,000	1958.....	2,009,949,962	
482.7	180,676	2,380,000	1959.....	1,570,768,816	14,108,481,194
		2,590,000	1960.....	2,566,946,842	
		2,740,000	1961.....	3,058,791,188	
		2,960,000	1962.....	3,460,524,142	
585.1	189,273	3,220,000	1963.....	3,626,573,853	
608.0	192,055 (6/29/64)		1964.....	4,327,286,770	17,040,122,795

1/ Gross national product in current dollars. The 1964 figures represents seasonally adjusted quarterly totals at annual rate.
2/ Total population figures for given dates include armed forces abroad throughout;excludes Alaska and Hawaii prior to 1940.
3/ Approximate.

Total coinage since establishment of the Mint in 1792 through fiscal year 1964 =62,391,351,547 pieces.

Average life of coins = 25 years.
Coinage last 25 years = 47,716,599,308 or 76.5% of total coinage.
(fiscal years)

Office of the Director of the Mint
June 29, 1964.

The CHAIRMAN. We will send this transcript to the printer immediately and we hope to have it back by next Thursday morning and when we meet in executive session, presumably to report out the housing bill, we will also take up this bill, if we have time. We certainly expect to have a quorum tomorrow and Thursday on the housing bill because there is no secret about the fact that a majority of the Senators would like to have a new housing bill.

If there is no further testimony, the committee will recess until 10 o'clock tomorrow morning.

(Whereupon at 12 o'clock noon, the committee was adjourned.)

(The following material was submitted for inclusion in the record:)

STATEMENT OF JOHN S. MONAGAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. Chairman, I appear in support of S. 2950. I believe that this measure will provide some temporary relief for our coin shortage. I do want to take this opportunity, however, to urge one other important measure of potential relief for your consideration. This is the pressing of coin blanks by private industry to supplement the present inadequate Government effort.

I suggested last January that private sources be used to obtain the metal strip necessary for coinmaking, and I also recommended that private sources be used to make the actual blanks.

I am pleased that the Government has adopted a policy of buying the strip from private sources, and it is clear that this practice is adding to the metal available for coinmaking.

I do not understand, however, why the Treasury Department does not take the further step of permitting private industry to make the blanks for later stamping by the Government. Private manufacture of coin blanks was long a function of our industry prior to World War II and many of our industries have equipment changes ready for instant use in this process. For some reason, which I am not able to understand, however, the Treasury Department has refused to go forward with this second step which in my judgment would materially alleviate the shortage, especially in the category of pennies and nickels.

I have requested the Bureau of the Budget and the Comptroller General to make a study of this problem with special emphasis on comparative costs between private industry and Government. Joseph Campbell has informed me that this study is underway and I am looking forward to its results as a long-term proposition.

In the meantime, and at least until the proposed expansion of the Philadelphia Mint has been completed, it is my urgent recommendation that there be immediate consideration of the referral of coin blanking to private industry.

STATEMENT OF CLARENCE C. ADAMY, NATIONAL ASSOCIATION OF FOOD CHAINS

The National Association of Food Chains appreciates the opportunity to express its continuing concern with the current coin shortage, and to support Senator Robertson's bill, S. 2950, which will do much to solve the immediate problems which the shortage has created.

The members of our association, representing food retailers operating from 2 to 2,000 stores, are in especially vulnerable position because of the lack of coins. The millions of transactions which daily take place in our stores, coupled with check-cashing services, impose a demand on the change circulating system, a system which, until relatively recently, has worked manageably well.

An increasing number of letters from our members has informed us of the impact of the shortage upon them and the remedial steps explored. Our correspondence indicates that the lack of coin is not a parochial matter, but rather a national pattern. A Detroit member writes:

"We have been having serious problems with pennies and quarters. We have been cut by our bank as much as 50 percent of the quantities ordered."

A Texas company states:

"We wish to report that it is quite tight here. The banks have been continually cutting our orders for silver supply to our stores."

From New England comes this report:

"Our chainwide weekly requirements before shortage had averaged $180,000. Today we are receiving about $60,000. There is not a day that goes by that some of our stores do not have serious change problems."

The coin shortage is not only widespread geographically; it is also acute in its effect—so much so that several food chains were on the verge of issuing private scrip. And almost all have had to resort to expensive, laborious, and time-consuming devices to acquire the change necessitated by a mass retailing market. One chain reports:

"We are using 14 different banks from New York to Baltimore to service our store cash activity * * *. We presently have a man on the street, full time, leveling out store change inventories by buying change at one store and selling to another.

"We have instructed cashiers to ask the customer for change, we have requested both customer and employee alike to redeem their coin savings at our stores."

Some members have been forced to purchase coin from vending-machine operators at a premium up to 4 percent. A Massachusetts chain informs us that "many department and food stores are traveling within a 25- to 50-mile radius, on a day-to-day basis, canvassing all banks in an attempt to buy a small amount of coin from each."

A comprehensive statement of the problem was submitted by a relatively large New England chain. This company analyzed coin orders and deliveries during May covering 100 stores in a metropolitan area, and the result of this survey is included in the appendix. The most alarming fact is that these stores received only 24 percent deliveries; also noteworthy is that on May 13 these stores ordered $4,490 in pennies—and received none. The company concludes:

"The manager has to spend too much time solving his coin problem. Among his sources are nearby savings banks, commercial banks, vending-machine companies, laundromats, rapid transit stations, miscellaneous coin collectors, and churches, where even wealthy parishes receive a large percentage of Sunday contribution in coin."

These private efforts, however, can at best only stopgap relief, and we must ultimately rely on the Federal Government in this one area, at least where it has unquestioned primacy. In the long run, the round-the-clock operations of our minting facilities and the prospect of the new Philadelphia Mint's increased productive capacity will, with accurate estimates of future requirements, satisfy the economy's need for coin. But the in the shortrun, immediate future, other steps must be taken to unclog the traditional coin-circulating channels, and that is the chief function that will be performed by S. 2950.

There is substantial evidence that hoarding by speculators in the coin market has contributed to the present crisis. The propensity to prevent free circulation in this manner will be severely limited and perhaps stopped altogether by both the fact and the prospect of Treasury's flooding the coin market with 1964 issue. It is not, we wish to point out, the collectors who are responsible for the apparent hoarding problem. The numismatist who collects limited samples of each coin takes a negligible amount of change out of the market. It is rather the speculator who, by hoarding large quantities of coin, places that abnormal restriction on supply which our members feel. Freshly minted coins currently held in anticipation of future price increases will lose their speculative value in the event of a glut of 1964 dated coins.

We have every reason to fear that the present hoarding trend will accelerate unless provision is made for continued "1964" coin production. If S. 2950 is approved, the Government will be moving to reverse this condition.

In the long run, only accurate and sensible forecasting and increased coin-producing facilities will alleviate the shortage problem. But in the short run, the economy—and especially the retailer whose business cannot operate without adequate supplies of change—needs assistance satisfying its needs and those of the consumer. Senator Robertson's bill will serve that function well. We are, therefore, pleased to support S. 2950, and hope that the committee and the Senate will give it favorable consideration.

Appendix

New England chain: Change orders and deliveries, 4-week period, May 1964

[Approximately 100 stores]

	50 cents	25 cents	10 cents	5 cents	1 cent	Total
Ordered:						
May 4	$6,650	$24,650	$9,010	$3,080	$1,580	$44,970
May 6	11,650	84,880	24,620	8,375	4,480	134,005
May 11	6,660	27,190	8,865	3,890	1,335	47,940
May 13	10,750	81,970	23,430	8,590	4,490	129,230
May 18	7,000	27,390	8,870	3,664	1,916	48,840
May 20	11,500	79,720	23,410	8,510	4,860	128,000
May 25	4,050	28,260	8,220	3,914	2,011	46,455
May 27	9,950	81,860	23,040	8,220	4,740	127,810
Total	68 210	435,920	129,465	48,243	25,412	707,250
Received:						
May 4	1,330	5,840	3,690	790	1,220	12,870
May 6	3,860	14,670	9,680	1,320	2,225	31,755
May 11	1,050	6,770	8,515	2,000	1,085	19,420
May 13	1,010	10,120	9,545	720	------------	21,395
May 18	820	6,300	4,565	804	401	12,890
May 20	1,550	11,640	11,275	1,020	2,265	27,750
May 25	1,640	6,410	8,240	1,150	1,365	18,805
May 27	3,260	9,610	10,965	1,020	1,455	26,310
Total	14,520	71,360	66,475	8,824	10,016	171,195
Percent received	21	16	51	18	39	24

Statement by Henry Bison, Jr., General Counsel, National Association of Retail Grocers of the United States

My name is Henry Bison, Jr. I am general counsel to the National Association of Retail Grocers of the United States on whose behalf I submit this statement. The association represents food store operators in every State of the Union. It was founded in 1893, and has its headquarters at 360 North Michigan Avenue, Chicago, Ill. The organization is a federation of several hundred State and local associations of food retailers.

Within the past several months, we have received a number of complaints from food retailers regarding the shortage of coins. Many banks are now rationing coins, and our members are not able to obtain an adequate supply to meet their normal needs. In several areas of the United States customary circulation of coins has been disrupted. This is causing a growing concern among food retailers.

There are over 200,000 food stores in the United States with annual sales of approximately $60 billion. The retail food industry is dependent on an adequate supply of coins to carry on normal business transactions. Any interference with customary circulation of coins presents a serious problem for food retailers and consumers as well. This can also have a harmful effect on business activity by reducing sales and employment.

There is also considerable concern among food retailers with respect to the supply of coins that will be available during the holiday season next November and December. The seasonal demands for coins during this period will be greater than ever before. Unless steps are now taken to alleviate the present shortage, we believe that the problem will become more severe later on this year. It is a reasonable and proper action for the Federal Government to meet this emergency by authorizing the mint to inscribe the figure 1964 on all coins minted until adequate supplies are available.

In our view, one of the most fundamental obligations of the Federal Government is to make available at all times an adequate supply of coins to meet commercial needs. We understand that steps have already been taken to increase production. However, additional action is also required to meet the current coin shortage. One of the causes of this problem, according to the Treasury Department, is hoarding. S. 2950 will certainly have the effect of discouraging hoarding. For this reason, we believe that S. 2950 is in the public interest.

Unless early action is taken to make hoarding of coins unprofitable, we fear that the problem will get worse before it gets better. Hoarding of a scarce commodity tends to feed on itself as time goes on for as long as the incentive and fear involved continue to be present. This is why our concern over the coin shortage relates not only to present circumstances, but also to conditions that may prevail during the holiday season later on this year. Remedial action by Congress this year removing the incentive to hoard coins is necessary and desirable at least until increased production meets the demand for coins.

With these considerations in mind, the members of this association support S. 2950 and urge its early enactment. We appreciate this opportunity to submit our views.

CHICAGO, ILL., *July 21, 1964.*

Hon. A. WILLIS ROBERTSON,
Senate Committee on Banking and Currency,
New Senate Office Building, Washington, D.C.:

The Chicago Association of Commerce & Industry fully supports every effort designed to alleviate the coin shortage, including S. 2950, a bill to authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available. We submit that S. 2950 is not the final solution to permanent relief from the coin shortage but endorse such legislation in the belief that it represents a step toward solving the problem. A statement is being sent to you which we ask be made a part of the record during hearings on S. 2950.

PRESTON E. PEDEN,
Director of Governmental Affairs,
Chicago Association of Commerce & Industry.

STATEMENT OF THE CHICAGO ASSOCIATION OF COMMERCE AND INDUSTRY REGARDING COIN SHORTAGE

The Chicago Association of Commerce and Industry represents some 6,000 highly diversified commercial, industrial, and professional firms of all sizes operating within the eight-county Chicago metropolitan area. Our membership includes many retail and banking firms, both large and small. On July 1, 1964, a representative of this association testified before the Subcommittee on Legal and Monetary Affairs of the Government Operations Committee, U.S. House of Representatives. At this time, we want to reemphasize the fact that there is a serious coin shortage nationally and especially is this true in the metropolitan area of Chicago. There is an immediate need for action to alleviate what is fast becoming a real crisis for our Nation's economy.

The metropolitan area of Chicago is in desperate need of coin. This shortage has been mounting for the last 2 years and the snowballing effect has now become most serious. Every indication is that by fall of this year, the situation will be chaotic. The coin shortage problem urgently requires that immediate steps be taken to solve it. The Chicago metropolitan area has over 7 million persons and most of them are affected in one way or another by this shortage. Customers are becoming irritated—businessmen are tiring of excuses—and both are asking and expecting the Congress to help.

Many types of business today vitally depend on coins to carry on their everyday operations. All retail merchants and operators of vending machines, automatic laundries and cleaners, parking lots, toll roads, and many forms of transportation need change to conduct their business, and all of them today feel the pressures of not having enough coin in circulation. Also, all types of business, aside from banks, cash thousands upon thousands of checks every day, most of which require change. Churches and other recipients of coin are being besieged with offers by businessmen who are willing to pay a premium for their coins. Some merchants are paying premiums up to 10 percent so that they can stay in business.

We believe we are rightfully entitled to relief and insist that this condition not be allowed to continue into the fall and Christmas season when there is an extreme acceleration of sales and consequently, an even greater need for coin. It is apparent from the current supply of coin coming into our area from the mint that we must have a 400-percent increase in coin to supply everyone adequately. We reaffirm our position that the best approach to a quick solution of the coin problem is the adoption of legislation which would permit the Treasury to contract out to private industry the minting of coins.

Private industry today has the proven ability to tackle a job of this kind and get results within a period of weeks. If they were just given the assignment to mint lesser coins such as pennies and nickels, it would make it possible for the country's mints in Philadelphia and Denver to concentrate on silver coins. Certainly a country such as ours, which can mobilize private industry for top secret production assignments in wartime, can develop procedures for maintaining security in the manufacturing of minor coins. We cannot believe that a nation with such great production facilities cannot solve this simple problem.

There can be no compromise or further delay. This is a matter of national crisis, and only Congress can provide the answer. Time is of the essence. If Congress fails, then national and regional merchandising organizations, banks, or perhaps clearinghouses, will be forced to find some substitute. They have no alternative if they are going to stay in business.

We fully support every effort which is designed to alleviate the coin shortage. S. 2950, would authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available. We submit that this is not the final solution to permanent relief from the coin shortage, but endorse this type of action on the grounds that it represents an initial step toward the urgently needed solution to the problem.

Respectfully submitted.

PRESTON E. PEDEN,
Director of Governmental Affairs, Chicago Association of Commerce and Industry.

STATEMENT OF JEWEL TEA CO., INC.

At the beginning of this year 1964, Jewel Tea Co., Inc., operated 299 Jewel and Eisner supermarkets in the Midwest. In addition, through a wholly owned subsidiary—Osco Drug, Inc.—we operate 37 self-service drugstores in 36 moderate size cities in the Midwestern States and 7 Osco Drugstores in the Chicago area. Jewel also operates nine turnstile family centers which are large combination food and general merchandise stores. As of January 31, the Star Market Co. of Boston with 96 stores and shops in New England became a wholly owned subsidiary of Jewel. Total consolidated sales for Jewel for the year ending February 1, 1964, were over $749 million.

The responsibility for the cash flow of operating funds of the business is a part of our treasurer's function. As a part of this responsibility, the procedures under which stores turn in their money and receive change funds throughout the Greater Chicago metropolitan area is a direct responsibility of our cashier's section—a division of the treasurer's office.

In the city of Chicago and for a substantial number of the close-in suburbs, we have used Brinks, Inc., and the Armored Express Corp., to handle the pickup of cash from our stores and its delivery to our large central banks in Chicago. These agencies have also supplied coin secured from the Federal Reserve Bank of Chicago through our large Loop banks, for delivery to our stores for check cashing and change purposes.

Check cashing is an important service to our customers. In our fiscal year 1963, we cashed 11,827,000 checks in the Greater Chicago area, in the amount of $553 million.

This number of checks is equal to six times the annual volume cashed by the largest bank in the city of Chicago.

Prior to April 1962, Jewel had never experienced a coin problem since the bank moratorium days of 1933. During the remainder of 1962, particularly in the pre-Christmas season, we experienced a rather severe coin shortage and our staff had to spend a great amount of time seeking additional sources of supply. At this time, we wrote to Miss Eva Adams, Director of the Mint, other governmental officials, members of the Board of Governors of the Federal Reserve System, and many members of the U.S. Senate and House of Representatives, expressing our deep concern about the coin shortage and its effect upon commerce and retail trade.

Although the coin shortage has not abated, but has continued and grown steadily worse, despite the fine production records of our mints, we have been able, through the courtesy of our banking friends, to procure coin from other cities at heavy transportation costs to us. We were, thus, able to avoid shorting our stores and inconveniencing our customers. Subsequently, we have had one man whose daily job is to check the orders for coin relative to the supply available and then seek new sources to help round out our needs. That job has been growing more arduous with each passing week.

Where prior to 1963 our coin came principally from the two largest Chicago banks and shortages never occurred, we are now receiving from them only 27 percent of the pennies and 43 percent of the quarters that we need. We have been actively seeking supplies from a great many additional sources, and, even so, the situation deteriorated to the point this past month where we felt compelled to let an order to a printing company for the manufacture of scrip. As you no doubt know, the Treasury Department has ruled that the issuance of such scrip by our company, as needed as it may be, would violate existing law. Thus, our situation becomes dramatically acute.

OUR NORMAL WEEKLY REQUIREMENTS OF COIN

Our normal coin requirements to serve our Chicagoland stores are as follows:

Denomination	Average weekly average [1]	
	Dollars	Pieces
Pennies	13,500	1,350,000
Nickels	25,000	500,000
Dimes	75,000	750,000
Quarters	204,000	816,000
Total	317,500	3,416,000

[1] After excluding the small sums turned in by customers in payment for groceries and other merchandise.

CURRENT SUPPLY OF COIN FROM NORMAL SOURCES

For the 12 weeks ending July 18, 1964, our supply of coin from normal sources has been as follows:

Week ending	Pennies—Percent secured	Quarters—Percent secured
May 2, 1964	22.2	49.8
May 9, 1964	29.6	56.1
May 19, 1964	17.0	58.8
May 23, 1964	33.3	41.2
May 30, 1964	35.2	33.3
June 6, 1964	14.0	27.5
June 13, 1964	34.8	58.8
June 20, 1964	44.4	50.9
June 27, 1964	23.7	46.6
July 4, 1964	35.9	48.8
July 11, 1964	5.9	27.9
July 18, 1964	32.7	23.5
Average of above	27.4	43.6

THE STORY OF ONE OF OUR PRINCIPAL BANKERS

The problem of our bankers on the subject of the coin shortage is illustrated by the following comments which were abstracted from a letter sent to us recently by one of our large Chicago banks.

"Our needs for coin total $1 million per day. Our largest customer needs $200,000 a day to operate his business and we have many others who request from $10,000 to $50,000 per day. Lately we have had as little as 5 percent of our total needs and generally we very seldom have over 20 percent of our needs.

"Where we used to have requests from about 40 banks for coin, we now avereage over 90 per day. We also have had 34 banks in the last 9 months discontinue depositing coin with us. In addition, many of our commercial accounts such as vending companies are either selling all or part of their coin at premiums to others. We also have felt the loss of coin from four churches who used to deposit substantial amounts with us. There have been numerous cases of other churches who have coin in lesser amounts (under $500) who are either exchanging it with their parishioners or else selling it at a premium.

"We have imported coin wherever possible, even from Canadian banks, but as the coin shortage continues to get worse all over the country, it is becoming impossible to find any excess anywhere. There is also a very uneven distribution in denominations of coin. The only denomination that comes close to being plentiful is dimes. As a result, many days it looks like we have a fair supply of coin but the amount of dimes distorts the picture.

"We have most trouble with nickels, pennies, halves, quarters, and dimes in that order. There are many days when we ration nickels at $50 per bag and pennies at $25 per bag to our bank customers. This has created a couple of situations where banks have told us they didn't have enough coin for their tellers to cash checks. The fact that customers can't go to other banks and get coin is no balm to the situation as they expect us to furnish it to them. The overall situation just seems to get worse by the week and we cannot imagine what it will be like when the usual fall business pickup comes if there isn't some relief by that time."

OTHER SOURCES OF COIN DEVELOPED DURING THE COIN EMERGENCY

During the past 2 years, we have regularly and frequently solicited coin from the other major Chicago banks (in addition to our regular sources of supply)—although receipts have been in very limited amounts. We have contacted about 120 out-of-town banks with which we do business. They have been extremely cooperative as long as supplies were available, and we have shipped coin at our expense to Chicago from such places as Minneapolis, Denver, Nashville, Chattanooga, Pittsburgh, and New York at costs equal to 7 percent of the value of the shipment.

However, as it became evident that our banking sources would be unable to supply sufficient coin to meet our requirements, we have turned to other sources such as vending machine companies, newspapers, suburban parking meters, churches, schools, etc., to obtain the coin so vitally needed for the normal conduct of our retailing business.

OTHER UNUSUAL EFFORTS TO OVERCOME OUR COIN SHORTAGE

When our treasurer's office could no longer obtain adequate sources of coin from central sources to meet the needs of our 3,875,000[1] customers in Chicagoland, we held meetings with our store operating executives to enlist their support, suggestions, and cooperation.

Letters have been sent to the homes of more than 10,000 employees of our Chicago retail stores asking for their aid in bringing in their penny banks. Large signs have been placed in our stores informing our customers of the coin shortage and asking them to bring in coin. Our checkers are asking our customers for exact change whenever possible. Our coupon handling procedure in our retail stores has been altered so as to conserve coin wherever possible. Bulletins are regularly sent to all store managers and cashiers, enlisting their continued assistance and cooperation. Radio, newspaper, and television coverage of this pressing problem has helped make the public more conscious of our critical position.

With the help of our store staffs, the following new sources of coin supply were established—some on a one-shot basis and some on a continuing basis but all at a considerable cost to our company in time, effort, and out-of-pocket outlays.

Sixty churches are giving us their weekly church collections.

Twenty individual newspaper boys turn over an average of $10 to $15 per day per boy.

About 100 beverage drivers turn in an average of $30 to $40 per driver per day.

Twenty laundromats turn in $300 to $500 each (irregularly).

Coin is received from coin collectors, coin speculators, employees, customers, neighbors, and friends.

Twenty ice cream stands turn in coin regularly.

Forty to fifty gas stations.

Several post offices.

Several high school cafeterias.

Telephone companies, toll road offices, and other possible sources are being interviewed for coin.

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[1] According to Chicago Tribune survey of 1963.

EXTRA COSTS INCURRED TO OBTAIN COIN DURING THE PERIODS OF CRITICAL COIN SHORTAGE

These special procedures are not without substantial cost to our company. Out-of-pocket direct expense for securing coin, the transporting of coin, interest lost on money unnecessarily tied up on intransit shipments, etc., is presently running at a rate of $38,000 per year. Time spent in our central office is presently costing us $31,200 per year. Time spent by store personnel in accepting change from customers, counting and rolling it, making pickups of change from laundromats, churches, cafeterias and other local sources, and all the other endeavors described above takes about 19 man-hours per store per week. While this does not sound like much, our direct labor cost at the store level is thus increased by an annual rate of more than $650,000 per year for the large number of stores involved.

DEGREE OF SHORTAGE IN THE CHICAGO AREA

It has been stated by others that while many of the principal cities of this country have experienced shortages of coin in recent months, the situation in Chicago has been among the worst. If this is true, it is despite an apparent increase in the amount of coin shipped to the Chicago Federal Reserve Bank relative to the shipments to other banks and branches as indicated by the following table which was taken from the booklet entitled "Additional Mint Facilities" prepared for a hearing before the Subcommittee on Financial Institutions of your committee on Senate bill No. 874, March 26, 1963.

Percent of coin shipped by the mints to the Chicago Federal Reserve Bank as a ratio to the total number of coin shipped to all Federal Reserve banks and branches

[In percent]

	1956	1962
Pennies	12.3	11.6
Nickels	3.0	6.3
Dimes	4.5	6.7
Quarters	3.9	8.6

Nevertheless, our own company's experience with the continuing coin shortage has been that it reached a new crisis stage in the weeks just preceding graduation and the wedding season this spring. In terms of our own shortage, it appears to have been about five times worse than it was last year at that time, as the following table indicates.

	Number of pieces shorted by regular coin suppliers	Number of pieces shorted by our stores
March to May 1962	1,400,000	None
March to May 1963	1,770,000	None
March to May 1964	8,553,500	3,862,000
Relationship of 1964 to 1963 (times)	4.8	

CONCLUSION

As we see it, there is abundant evidence to indicate that a serious shortage of coin has existed in the Chicago area since 1962. This evidence suggests that despite the efforts of the mint, this shortage is growing more and more acute, and if the same factor of increased seriousness is applied to the situation next fall as occurred this spring, we believe there is no alternative to a crash program on the part of the mint to avert chaos in all merchandising fields involving goods and services which depend on coin for trade purposes.

There may be another facet to the coin problem. Some people hold the view that in the months ahead the problem may be accentuated by the anticipation of coin speculators of an increase in the price of silver in the world markets, stemming from inadequate silver production in contrast to increased silver consumption, which would drive the silver-based coins out of circulation pending some action on the part of our Government on a reconstitution of our coin structure and the minting of a replacement supply.

This subject was discussed in a full page article in the Forbes magazine issue dated June 15, 1964, and in even greater detail in the recently published book entitled "The Silver Crisis" by William Graham, Jr.

To avoid a catastrophe this fall, we recommend that the following actions be taken immediately so that the Federal Reserve System and its branches can have its normal 3 billion pieces inventory of coin restored (we understand it is now running at about 10 percent of the normal inventory supply). This restoration should be accomplished by September 15, and certainly not later than October 1, this fall.

1. Authorize the Treasury Department to "farm out" the minting of pennies now in order to get ready for the emergency this fall. For the years 1961 and 1962 according to the figures of the U.S. mint, 74.4 percent of total coin production was in the form of pennies. If this suggested action were taken, it would make possible an increase in the mint's capacity to increase the production of other coins by an equal amount.
2. Authorize the Treasury Department immediately to print scrip in pennies, nickels, dimes, and quarters and place this scrip in inventory at the Federal Reserve banks across the country on a standby basis to be used in the event the coin shortage becomes critical and thus avoid having the 190 million citizens of this country inconvenienced during the fall months of 1964.
3. Authorize the construction of and appropriate funds for a third mint to be located in the area of the country most accessible to the needs to be served.
4. Authorize a study committee to investigate the possible threat of silver price speculation on the future coin supply of the country and then indicate what steps, if any, may be required to meet this problem.
5. Take such steps as may be necessary to stop the present speculation in and hoarding of coins.

We appreciate the evidence that the Treasury Department has recognized the seriousness of the situation and has started to procure penny coin strips from private industry. We also appreciate and recognize the various facets of its recently announced program aimed at doubling the rate of coin production by the end of fiscal 1965, but as commendable as these steps are, they simply cannot and will not accomplish enough in the way of additional coin production between now and the fall months of 1964 to have any appreciable effect upon the present serious coin shortage.

The retail business community fears an absolute chaos this fall if the shortages then are in proportion to the shortages which occurred this spring and are continuing to this date.

For these reasons, we urge immediate action even though it may be without precedent.

AMERICAN BRIDGE, TUNNEL & TURNPIKE ASSOCIATION,
Washington, D.C., July 20, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Committee on Banking and Currency,
Washington, D.C.

DEAR SENATOR ROBERTSON: At a meeting on June 22, 1964, the executive committee of our association deplored the coin shortage and authorized the president to take any appropriate steps necessary to alleviate the situation. Therefore, I am pleased to express the support of the American Bridge, Tunnel & Turnpike Association of S. 2950, the bill which you introduced and which is now pending before the Committee on Banking and Currency.

This association represents more than 100 toll roads, bridges, and tunnels in this country, all of which are dependent for the efficiency of their operations on the ready availability of coins of all denominations. These facilities transact more than $300 million in business annually, most of it in coins.

In recent months the coin shortage has been felt in varying degrees by many of the facilities and there is considerable apprehension among our members that the effects may become critical as the touring season reaches its peak later this summer. So far, through ingenuity and various temporary expedients, the toll facilities have managed to secure sufficient coins to make change at the toll booths and avoid traffic delays.

However, if the situation deteriorates further, the traveling public may suffer the inconvenience of long lines of traffic at the toll plazas. Such delays certainly would not be consonant with one of the principal functions of toll facilities, which is to speed travel.

To the extent, therefore, that S. 2950 will alleviate the coin shortage that may develop in the toll facility industry, this association strongly supports it.

Cordially yours,

LAWRENCE A. RUBIN, *President.*

NATIONAL RETAIL MERCHANTS ASSOCIATION,
Washington, D.C., July 21, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Committee on Banking and Currency,
Washington, D.C.

DEAR MR. ROBERTSON: The National Retail Merchants Association, representing more than 13,750 department, specialty, and chain stores located throughout the United States, favors the enactment of S. 2950, a bill to authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available.

The acute shortage of coins poses serious problems for our member-merchants in their daily store operations, and corrective measures should be taken to alleviate this alarming situation. It is our view that the proposed legislation which you are sponsoring will help immeasurably in restoring an adequate supply of coinage for use in daily commercial operations.

In behalf of the members of this association, we take this opportunity to endorse S. 2950 and urge Congress to enact the bill into law.

We would appreciate this statement being made a part of the official hearings just concluded by your committee.

Sincerely,

JOHN C. HAZEN,
Vice President, Government.

WILMINGTON COIN CLUB,
Wilmington, Del., June 24, 1964.

SENATE BANKING AND CURRENCY COMMITTEE:

DEAR SIRS: In reference to the bill, S. 2870, now before your committee, at our monthly meeting last evening, it was unanimously decided to write to you and go on record as being against the bill. Over 100 members were in attendance last night and there was not one vote in favor of the bill. It is our feeling that such action would do great harm to the hobby we all enjoy so much. We also feel that piggy banks and vending machines are holding many more modern coins out of circulation than the coin collectors are. Taking the dates off would not alleviate this problem in any way.

We certainly hope and trust that this bill will not be passed. Just think how much profit the mint would lose in proof sets and mint sets sales, if such a bill were adopted. Thank you so much for listening to our thoughts on the subject. We hope we may have helped you to see your way clear to find some other manner to solve this most serious problem.

Very truly yours,

CAROLE WETHERHOLT,
Secretary, Wilmington Coin Club.

MARBLEHEAD, OHIO, *June 29, 1964.*

Senator ROBERTSON,
Senate Banking Committee,
Senate Office Building,
Washington, D.C.:

Scrounging for coin to operate day to day. Urgently urge support of proposed inscription of 1964 on all coins minted hereafter.

THE MARBLEHEAD BANK.

LONDON, KY., *June 30, 1964.*

Senator JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

DEAR MR. COOPER: I saw an article in the Wall Street Journal that stated that the Treasury Department is going to request the Congress to amend the law so that the year of coinage need not appear on new coins. Rather they wish to use "1964" for several years.

I strongly urge you to oppose such action and I am very interested in your views on it.

Sincerely yours,

R. E. ESKER.

EWENS & SON,
Milwaukee, Wis., July 1, 1964.

Re Treasury coin legislation.

President LYNDON B. JOHNSON,
White House,
Washington, D.C.

DEAR PRESIDENT JOHNSON: I am very much alarmed and perturbed regarding the proposed legislation of the Secretary of the Treasury in suggesting that all coins for the next few years are to be dated "1964."

Our family has been "collecting" coins for two generations, usually one of each mint and denomination, thus making it five sets, being one set each for Mrs. Ewens, our three sons, and myself.

As you can readily see, that to pass this legislation will be depriving my family of a lot of pleasure just to stop certain greedy individuals who wouldn't know a coin collection if they saw one. The real plot to prevent this type of speculation would be to mix 1965 coins, etc., with earlier date coins thus eliminating certain individuals from buying and paying certain influential persons a premium so they can get bags full and scoop the market.

Also the less publicity given to the coin shortage by the mints and Treasury would eliminate the noncollector "speculator" from trying to make a "fast buck."

Very truly yours,

M. ALBERT EWENS.

Senator Robertson, this is important to the American way of life.

HAWTHORNE, N.J., *July 3, 1964.*

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SIR: Excellent, excellent. Congratulations on your bill to freeze dates on coins. May I suggest you go a step further and remove all dates and mint marks from coins? These are no longer necessary.

I'm a part-time cashier, and have yet to see a Kennedy half dollar in circulation. Your bill will help put them there.

Am writing to my Senator to have him give a yes vote on your bill.

Yours truly,

WM. HEMSTEAD.

CANONSBURG, PA., *July 4, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking Committee,
Congressman WRIGHT PATMAN,
Chairman, House Banking Committee,
Washington, D.C.

DEAR SENATOR ROBERTSON AND CONGRESSMAN PATMAN: This is a comment on S. 2950 and H.R. 11217, both of which relate to U.S. coinage. It is requested that this letter be included in the records of the hearings on both bills.

Both bills seek to cure the present coinage shortage, but in the case of silver coins, I believe that neither bill goes to the root of the problem. Briefly, the problem is that while gold itself is undervalued at 15 1934 dollars per ounce, silver at its coinage value of $1.38 per ounce is undervalued relative to gold, so that there is an incentive to hoard U.S. silver coins for their bullion value alone. The Treasury is attempting to protect the silver coinage by selling silver bullion in the domestic market, much as the gold pool protects our paper dollar by selling gold in London. I believe that before long we must reestablish a free market for gold in the United States to protect our silver coinage as well as our paper dollar. This letter presents my reasoning and concludes with some suggestions for reestablishing a free gold market. Some of the evidence given here was included in an earlier letter to Senator Robertson, now published in the hearings on S. 2671.

Table I shows that the use of silver for coinage has about quadrupled since 1958, hence the need expressed in H.R. 11217 to have coins manufactured outside the mint in private plants. Even if this is done, there remains the problem of supplying the silver. The coinage silver for 1964 will be about four times our domestic production, almost none of which is being sold to the mint. Indeed, the mint must sell silver to hold the price at $1.29, despite a net silver import of 30 million ounces in 1963.

Silver is being released for coinage by canceling silver certificates, but not all of the certificates still in circulation will be surrendered. Since the end of 1961, the bulk of the silver has been supplied by canceling $5 certificates, plus a few $10 certificates. Practically no certificates of larger denomination have been surrendered. What is more important, the $5 certificates are being recovered ever more slowly so that the present rate is not supplying enough silver for coinage. The only remaining supply is in the $1 certificates, and many of these may never be recovered. These thoughts are suggested by table II, taken from the Treasury's Circulation Statements.

U.S. coinage is one of the few that survived World War II without being debased, and as such is particularly vulnerable to hoarding:

	Current dollars per ounce of silver in the coinage	
	From U.S. mint report for 1934	From U.S. mint report for 1962
England	2.68	(1)
Germany	2.97	5.56
France	1.79	3.10
Switzerland	2.34	2.87
Italy	1.95	2.72
Canada	1.67	1.55
U.S. subsidiary coins	1.38	1.38
U.S. silver dollars	1.29	1.29
Mexico	1.29	1.56
India	1.38	(1)

[1] Zero silver content.

This debasement certainly led to coin hoarding in Mexico and India, for example. Handy and Harman estimate in their annual review that the coins being hoarded in Mexico contains 65 to 70 million ounces of silver, while those being hoarded in India contain some 60 million ounces.

The recent study of coinage demand [1] indicates that some hoarding may exist already, because the calculated amount of coinage in circulation is less than indicated by the circulation statement:

[1] "Production Facilities for the United States Mint," by Arthur D. Little, Inc., contract No. EB–88. This report is summarized in the hearings by the Senate Committee on Banking and Currency on S. 874. The particular details referred to here are in A. D. Little's "Working Memoranda" Nos. 6 and 22.

	Calculated fraction of coins in circulation that are lost annually	Calculated value of coins in circulation on Jan. 1, 1963	Calculated rate of annual loss
		Millions	*Millions*
Dimes	0.038	$360	$14
Quarters	.022	482	11
Halves	.028	275	8
		1,117	33
Same total, from circulation statement		1,756	

Because of A. D. Little's method for sampling the coins and working up the data, this $639 loss does include any hoarding, but it does not include coins temporarily tied up in vending machines and coin telephones. The disappearance of 482 million silver dollars and over 80 million Kennedy half dollars also suggests hoarding.

In the past, a disequilibrium between the prices of gold and silver has driven one metal or the other out of circulation. For example, when Alexander Hamilton was Secretary of the Treasury, gold was set at $19.39 and silver at $1.29 per ounce, giving a ratio of 15. But this ratio undervalued gold so that little of it was offered to the Treasury. In the 1830's gold was raised to $20.67, or 16 times the silver price, but this drove the silver coins out of circulation until they were rescued by the glut of silver from the new mines in the West. If the ratio of 16 prevailed today with gold at $35 per ounce, silver would be $2.18 and our silver coinage would disappear again. A ratio in the neighborhood of 16 is well established in history, as shown by a table in the mint report for 1934, from which:

Commercial price ratio, gold/silver

Year:	*Ratio*	Year—Continued	*Ratio*
1687	14.9	1900	33.3
1700	14.8	1925	29.8
1750	14.6	1930	53.7
1800	15.7	(1964)	27.1
1875	16.6		

In 1963 free world consumption of silver was 308 million ounces, against new production of 211 million ounces, so that the present ratio of 27.1 seems too high, and provides an incentive to hoard silver.

Since there appears to be an increasing incentive to hoard U.S. silver coins for their bullion content alone, I would not expect the proposal in S. 2950 to be long effective in relieving the coin shortage. Maria Theresa Thalers are still being minted with the original date of 1780, and freely circulated around the Red Sea. The unchanged date is a symbol of their undebased silver content, which probably encouraged rather than discouraged their being hoarded in times of distress. This suggests a possible danger in enacting S. 2950. If this bill were enacted and if then there should be another proposal to debase the coinage, as was proposed in S. 2671, there could result an increased hoarding of all unsuspect coins dated 1963 or earlier.

I believe that to protect our coinage and our paper dollar as well, we will have to reestablish a free gold market in the United States, and suggest proceeding as follows:

1. Rescind President Kennedy's Executive order of July 1962 which prohibits owning gold coins abroad or importing them into the United States. At present a U.S. double eagle gold coin costs about 42 paper dollars in Zurich and $55 in New York. Such a high premium on gold coins in the United States encourages the hoarding of silver coins.

2. Rescind President Eisenhower's Executive order of January 1961 which prohibits owning gold bullion abroad.

3. Repeal the statutes which prohibit owning gold within the United States, to establish a free market. Private gold ownership abroad is estimated at $16.5 billion, which exceeds the U.S. Treasury gold stock. Here at home our $1.2 to $1.9 billion of silver coinage must bear the brunt of the hoarding demand.

Respectfully,

WILLIAM B. RETALLICK.

Attachments: Tables I and II.

TABLE I

Year	Millions of ounces of Treasury silver [1]					Domestic production millions of ounces of silver	Average market price, dollars per ounce
	Backing silver certificates on Dec. 31	Free silver bullion on Dec. 31	Purchased private sellers	Sold to private buyers	Used for coinage		
1956	1,708	87	16	4	31	39	0.91
1957	1,712	127	7	4	52	39	.91
1958	1,736	202	35	0	38	37	.89
1959	1,741	175	5	35	41	23	.91
1960	1,742	124	1	22	46	37	.91
1961	1,731	29	(2)	63	56	35	.92
1962	1,654	37	(2)	0	77	36	1.09
1963	1,533	25	(2)	19	111	37	1.28
1964					[3] 163		1.29

[1] From U.S. Treasury, via table in hearing on S. 5339 and annual reviews of Handy & Harman.
[2] Less than half a million ounces.
[3] This is 12/5 times the 68 million ounces used in the first 5 months of 1964, from "Domestic Coinage Executed by Mints," published monthly by the mint.

TABLE II.—*Thousands of dollars worth of silver certificates in circulation, by denomination*

End of month	$1	$2	$5	$10	$20	$50	$100	$500	$1,000	Memorandum item, Federal Reserve notes ($1)
December 1961	1,581,519	1,405	479,167	55,265	324	79	50	7	9	0
June 1962	1,509,289	1,405	446,058	50,004	323	79	50	7	9	0
December 1962	1,630,144	1,405	324,906	44,031	323	79	50	7	9	0
June 1963	1,560,111	1,405	243,211	41,342	323	79	50	7	9	0
December 1963	1,656,529	1,405	180,389	38,668	323	79	50	7	9	59,268
January 1964	1,523,684	1,405	173,017	38,301	323	79	50	7	9	69,517
February	1,508,551	1,405	170,029	37,755	323	79	50	7	9	75,040
March	1,523,221	1,405	167,216	37,522	323	79	50	7	9	92,073
April	1,510,981	1,405	163,965	37,168	323	79	50	7	9	113,221
May										
June										

NOTE.—The old series currency adjustment act was approved June 30, 1961, and released the silver backing from $29,958,443 worth of silver certificates issued prior to July 1, 1929. This change was first reflected in the circulation statement for August 1962, but in this table the change has been carried back to December 1961 to make the table consistent with respect to $2, $20, $50, and $100 certificates, which were reduced by a total of $1,848,000.

The $5 certificates reached a high of $484,588,000 in April 1962, and declined continuously thereafter.

ROANOKE, VA., *July 7, 1964.*

Senator A. WILLIS ROBERTSON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ROBERTSON: As a collector of old U.S. money, let me be one of perhaps the few collectors to openly support your position of continuing indefinitely the dating of all U.S. coins with the date 1964. This is a step which I am not happy to see, but we collectors must take much of the responsibility for its adoption.

In the past few years I have watched the hobby of coin collecting change from one of enjoyment and serious study to a wild speculative business, controlled by a few wealthy "stock market speculators" through nationwide teletype systems. This change has driven many serious collectors from the hobby in disgust, and has created a very bad impression of us serious collectors in the mind of the general public.

For any serious collector, one coin of a kind is enough, so that I believe that this move will only hurt the large-scale speculators who have created this unfortunate situation. I am sure that no serious collector will like to see 170 years of tradition in coin dating interrupted, but I believe that most will agree that something must be done to keep this wild hoarding of coins under control. Perhaps many of us have lost sight of the fact that coins are not minted just for the collectors, but was intended to circulate as a medium of exchange for the orderly conduction of business.

I have enclosed an ad which I received today, which helps to point out the serious problem which now exists concerning the hoarding of coins, for when dealers and so-called collectors start selling coins by the ton, then I am sure that everyone will agree that something must be done to discourage this ridiculous situation—a situation of which the collectors of this country must be ashamed. This type of dealing places us all in a bad light, for the responsibility for this situation must be shared by the collectors as we have been sadly negligent in allowing this situation to develop.

I regret that you and others have seen it necessary to take such drastic action to help alleviate the serious coin shortage, and I do hope that some other solution can be found before 1965, but I agree that some drastic steps must be taken. If this action will in some way help to cut down the ridiculous hoarding of these "big time operators," then I believe that this action will be justified, even among us collectors.

I know that you will probably receive a multitude of response from the collectors of Virginia and the Nation in opposition to this action, but I believe that many serious collectors who have given this situation a little thought will support your action, not with enthusiasm, but with a realization that this hoarding situation cannot be allowed to continue to grow indefinitely.

Sincerely,

RICHARD JONES.

COIN WORLD, Wednesday, July 8, 1964 Page Thirty-Three

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PARHAM GENERAL AGENCY, INC.,
Norfolk, Va., July 7, 1964.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

SIR: There have been numerous articles the past few weeks concerning a plan by the Treasury Department to have the 1964 date appear on all coins for the next few years. I do not feel that this is the proper solution to alleviate the coin shortage.

As a small coin collector, I object to this course of action. The shortages are not due to the coin collectors, but by the increasing demand for coins for use in vending machines and other type machines using coins. The next 10 years will probably see an even further increase in this type operation.

In view of this, I strongly recommend Congress consider providing additional minting facilities for the present shortage and the future requirements.

I would appreciate your considering very seriously this proposal.

Very truly yours,

J. P. LOTT, *Vice President.*

MATTHEWS' FUNERAL HOME,
Smyrna, Del., July 7, 1964.

Hon. J. CALEB BOGGS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BOGGS: I read with dismay that on June 25 Senate bill 2950, a bill to continue the 1964 date on all U.S. coins minted indefinitely, was introduced into the Upper Chamber. I wish to voice my great opposition to this measure.

I am an amateur coin collector and have quite a nice collection of 50-cent pieces and silver dollars. I keep one of each year and mint and do not keep any more than I need. As you can see, I take $1 out of circulation each year plus any old ones that I might come across and need, and this is not very often. The statement that the present coin shortage has been caused by coin collectors like myself is false. Most amateur collectors operate as I do and have little or no effect upon the amount of coins in circulation. We do not collect to make money, for most of us never sell a coin, we save to have something in future years to show our grandchildren from yesteryear. Is this so very wrong?

This proposal of Senator Robertson's to continue the 1964 dates will cause the numismatic value of all older coins to go up and I sincerely believe that more coins will be hoarded than ever before, especially those with older dates and mint marks. The "date freeze" will cause Gresham's law to go into effect. Gresham's law says that where there are two forms of currency of equal face value but unequal exchange, the less valuable form tends to drive the other from circulation, owing to the hoarding of the preferred form. Most economists will admit that this in fact does happen and can happen also in the case of coins. I'm sure the Treasury doesn't want such a thing to come to pass.

Also with the "freeze," a historical document (which each coin actually represents) will be interrupted never to be replaced. All U.S. coins up to this date have been as a record of the political, social, and economic history of the calendar period in which they were minted. This in part is why collecting is such an interesting hobby—it is just like studying history, only in a different form.

The only solution to the coin shortage is the replacement of antique mints with new and modern ones and the retirement of archaic equipment and techniques. Treasury people have seen this problem coming for some time now but have been slow and reluctant to take any action. This bill is not the answer.

Senator, it is hoped that this matter will receive your full consideration and I hope that you will oppose Senate bill 2950. Further, it will be appreciated if you would encourage your colleagues in the Senate to defeat this measure. I know that you will do what you believe to be right.

Sincerely yours,

W. GLENN MATTHEWS.

HAROLD L. BUSHEY, M.D.,
Barbourville, Ky., July 8, 1964.

Hon. JOHN S. COOPER,
Senate Office Building,
Washington, D.C.

DEAR SENATOR COOPER: I am very much disturbed to hear that the Government is considering freezing the date on U.S. coins. I believe this is an unwise step and will further decrease the image of our Government, both in the eyes of the people at home and abroad.

I further feel that the numismatists are contributing only a small fraction to the problem. Furthermore, if the year 1964 is frozen on the coins, this would probably have an immediate effect of stimulating the rapid withdrawal of all previously dated coins from circulation.

I would appreciate your strong opposition to this measure.

Sincerely,

HAROLD L. BUSHEY, M.D.

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 10, 1964.

Senator A. WILLIS ROBERTSON,
Chairman, Banking and Currency Committee,
Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am taking the liberty of enclosing a letter from a constituent of mine, Mr. W. D. Christopher of East Liverpool, Ohio, which you will note, is in opposition to S. 2950.

It is my understanding that hearings on this bill will begin on July 21.

With kind regards, I am,

Very sincerely yours,

WAYNE L. HAYS, *U.S. Congressman.*

JULY 8, 1964.

Hon. WAYNE L. HAYS,
House Office Building,
Washington, D.C.

DEAR SIR: It has just been called to my attention that the Congress was asked on June 25 to continue the 1964 date on all U.S. coins indefinitely. I should like to go on record as definitely opposing legislation of this type which, in my opinion, is uncalled for and highhanded action by an apparently uninformed small group.

I myself am a coin collector and have been for some 25 to 30 years. I collect one individual coin or two of each denomination in each year and I fully believe that the coin collectors of this great United States are fast becoming the scapegoat for this unfortunate shortage situation. In the 1962–63 Arthur D. Little, Inc., survey of mint facilities there was no mention made of a coin collector as being a problem. Has not the vending industry in this country as well as increased prosperity plus general spending on the part of the public been a larger factor and indeed the major factor in this problem which faces the country at this time? I feel relatively sure that if legislation of this type should be adopted it can only increase the problem by causing a shortage of all coins dated prior to this year.

The closing of the San Francisco Mint did not help this situation; the mining of foreign coins and the failure to expand present facilities have placed this problem before us. It is rather amusing to the writer that proof coins which are being discontinued showed a profit of $1,920,000 from their sale along with uncirculated coins in fiscal 1963 and an estimated surplus of somewhere around $1,700,000 expected in fiscal 1964. A profit, I am sure, not often found in governmental circles.

I firmly do not believe that the average numismatist in this country should be penalized for the situation which now exists. Are we to completely do away with the oldest U.S. Commission, the Assay Commission whose present rules have been in effect in our country since 1856 and indeed based upon rules established in 1792 when the mint was established?

I sincerely hope that you will use your good offices to see that this "quick thought legislation" is defeated.

Sincerely,

W. D. CHRISTOPHER, *East Liverpool, Ohio.*

RICHMOND, VA., *July 8, 1964.*

DEAR SENATOR ROBERTSON: I'm very much opposed to your bill to continue indefinitely the 1964 date on all U.S. coins. It threatens destruction of our tradition of dated coinage. Can't the Treasury Department investigate other methods of increasing the production of coins? It is a bad precedent to begin.

The reason for the shortage is not the fault of the coin collector. It is the growth of our country—introduction of all types of vending machines and parking meters, etc., etc.

The Treasury Department has known for years that both mints have been overworked. The country's prestige is at stake and the mints should certainly find a way to end the shortage without resorting to 18th-century methods.

Being a retailer I have seen no shortage in my store and can obtain my change at the bank on all occasions.

You have been an excellent Senator—but please let an authority representing the coin collectors of this country speak out and inform you why this bill should not be passed.

Very truly yours,

J. H. FRIEDMAN.

PIEDMONT, ALA., *July 8, 1964.*

Subject: Coin collecting.
Senator A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR ROBERTSON: The Bureau of the Mint has announced that it will produce no proof sets next year, and it has further indicated future coinage will bear 1964 dates if Congress approves.

Some people will have Congress believe coir collectors are mainly to blame for the coin shortage and this is just not so.

Today's coin shortage is mainly due to today's prosperity.
Today's coin shortage is also due to—

(1) Inflation, including fiscal policies of our Government (some of which are irresponsible). A public debt of 325 billions and our fast paper-money printing machines leave coin stamping far behind.

(2) High labor costs which result in automation and vending machines.

The Bureau of the Mint must face its own glaring inconsistencies:

(1) It has always encouraged coin collecting and now would kill it.

(2) It closed San Francisco Mint and thus failed to provide future needed facilities for coin production.

(3) In 1963 alone, the mint produced over one-quarter billion coins for foreign governments and today is blaming coin collectors for a shortage.

May I close by stating that coin collecting is an industry within itself and it creates jobs. Build another plant (and put more people to work) if necessary. Coin collectors pay $2.10 to the U.S. Mint today for 91 cents worth of proof coins—if this doesn't pay then raise prices, but don't kill coin collecting. If all future coins bear 1964 dates this will result in more coin hoarding because coins of other than 1964 dates will become collectors items if in good (unworn) shape.

Please don't kill this hobby.

Yours very sincerely,

FRANKLIN C. MINTON.

U.S. SENATE,
COMMITTEE ON FINANCE,
July 9, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Washington, D.C.

DEAR WILLIS: I understand from the staff of your committee that hearings are scheduled in the near future on S. 2950.

The enclosed letter from a constituent raises points which I am sure the committee will wish to consider. Therefore, I send it to you with the request that it be included in the hearing record.

I will appreciate it also if you would forward a copy of the hearing record when it is available in print to Mr. Parkison.

Thank you for your kindness.

Sincerely,

VANCE HARTKE, *U.S. Senator.*

MUNCIE, IND., *July 6, 1964.*

Senator VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: I am writing to you today to express my concern with the prospect of our Congress taking action to "freeze" the date on our coinage and continuing the use of the current date on the future coinage of our beloved country. This abominable action was proposed on June 25 last by S. 2950, with the stated purpose of "eliminating any possible incentive for keeping 1964 coins out of circulation for speculative purposes." Perhaps, sir, this might have the desired effect of stopping hoarding of current-date coins, but it immediately becomes apparent that it would have the opposite effect on all previous coinage! The speculators, investors, and hoarders whose only interest in our beautiful and historically interesting coinage is for profit, would seize any means of coming into possession of any and all dated and mint-marked coins, withdrawing them from circulation and holding them for possible future personal gain. Let me emphasize strongly that these speculators are not true collectors. Collectors who are currently bearing much of the blame for the present coin shortage, ordinarily each have ony examples of our coinage, most of which are obsolete and of little value in circulation but of great interest as historical documents, which these coins truly represent. Let me urge you in the name of some 8 million such true coin collectors to use your position of trust and responsibility to study this proposed action very thoroughly and I believe that you will see fit to cast your strength and vote against it.

Our Treasury Department has also announced that, beginning in December, all coinage of proof coins will cease. This action we abhor, but it has happened before during emergencies, and if it will benefit all the people of our Nation, we can live with it. These proof coins are each a perfect example of our revered and world-respected coinage and are struck so that coin lovers may have and retain in "mint" condition such examples. Let me point out in passing that a profit of $1,920,000 was realized in fiscal 1963 from the preparation and sale of these coins, and that a profit of $1,700,000 was anticipated in 1964. I think you will agree that such profits as these are not usually found in Government operations!

Again let me urge you to study all facets of this proposed action and to cast your vote against it.

Sincerely yours,

ERNEST PARKISON.

RICHMOND, VA., *July 9, 1964*.

Senator A. WILLIS ROBERTSON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ROBERTSON: Reference is made to S. 2950 introduced by you which would continue the 1964 date on all U.S. coins indefinitely. I also understand that the proof coin operation will be suspended.

I am very upset over these developments. It would seem to me that this program is designed to eliminate the hobby of coin collecting, which I think is of benefit to our country. It is educational for children and adults alike.

Aren't responsible citizens ever thought of in considering Government programs? I feel that so many of our Government spending programs, not designed, but people being the way they are, really benefit those citizens who do not try to help themselves.

Life is difficult at best so why does a hobby that means so much to so many people have to be eliminated. Is it really necessary?

I have no way of making myself heard, other than through you, so would you please reconsider your position on this legislation and try to find some other means to reduce the shortage of coins.

Sincerely yours,

MISS MARY E. PARSONS.

SPRINGFIELD, VA., *July 9, 1964*.

Hon. A. WILLIS ROBERTSON,
Chairman, Banking and Currency Committe,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: I understand that your committee is proposing the suspension of minting proof coins and the continuance of current year dating in an effort to alleviate the coin shortage. While this may provide some temporary relief, the inference is that coin collecting is the major cause of the shortage. I do not believe this to be the case at all; the primary cause is lack of production for supply, rather than artificially inflated demand. The growth of vending machines, retail establishments, branch banks, is something that should have been predicted and production facilities provided. If the Bureau of the Mint has been negligent in this respect in their recommendations to the Congress, then I believe that the Congress also shares the blame in accordance with their constitutional responsibility.

Accordingly, I hope that you will take all actions necessary to increase the production at existing mint facilities and proceed expeditiously with new facilities as necessary to increase the basic supply of coins, rather than attempting to restrict demand.

Respectfully,

GUINN TAYLOR.

WASHINGTON, D.C., *July 10, 1964*.

Hon A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: Since I am a resident of the District of Columbia, I have no one to represent me in the Senate. I am writing to you because you are chairman of the Banking and Currency Committee and this letter deals with the Treasury's coin problems.

It is my opinion that Howard Cannon's proposal to remove the mint marks and dates from coins is not very logical and would accomplish the reverse of its intended purpose.

The purpose of Senator Cannon's bill would be to relieve the coin shortage by discouraging collectors and speculators. It would do this, but the effect of collectors and speculators on the coin supply is small, because collectors are selective, holding only rare coins or those needed to complete a set, and speculators only hold coins for short periods of time, selling them promptly. Moreover, it would lead to large-scale hoarding of coins prior to 1964, which would have far more effect than collection or speculation.

The coin shortage is an example of the law of supply and demand; the demand has exceeded the supply on account of sales taxes, vending machines, and general prosperity. There are only two solutions: Increase the supply or decrease the demand. The latter is not practical, but the construction of a third mint would accomplish the former. Certain other proposals to speed production of coins, such as permitting private industry to prepare blanks, would also increase the supply.

It is my opinion that your committee would be wise not to act on Cannon's proposal to remove dates and mint marks, but to consider other, more effective solutions to the coin shortage.

The Treasury has decided to discontinue production and sale of proof coins. These have traditionally been bought mainly by collectors. However, this year, owing to speculators, they were oversubscribed. It is my opinion that if the price were raised sufficiently, this would discourage those who desire a quick profit, but not true collectors. Furthermore, the proof sets could more than pay for the cost of their production.

Coin collecting is a recreation; thus it is beneficial to the well-being of citizens. Therefore it is the duty of the Government, if not to assist collectors, to refrain from hindering them. The Treasury produces coins; collectors should be considered.

Yours truly,

ROBERT MCCLENON.

ARLINGTON, VA., *July 13, 1964.*

Hon. Senator A. WILLIS ROBERTSON,
Senate Office Building,
Washington, D.C.

DEAR SIR: I have read in the newspapers that the Treasury Department has made several recommendations with regard to the minting of coins.

I am rather surprised and concerned that responsible officials would place so much blame for the shortage on coin collectors and speculators. I believe that they should look to themselves for the basic reason.

As you well know, the history shows the amount of coins needed in circulation is directly related to the economic situation in our country. The numbers required over the years would reflect so clearly the economic barometer of prosperous years, deflation, depression, inflation, war years, and the like. And in the past, production reflected this need.

Actually other agencies of the Government, including bureaus within the Treasury Department, have been well aware of the expanding economy; the growth of mechanical devices requiring coins and with it the demand for additional coins in circulation should also have been forecasted. It is my personal belief that perhaps the Treasury Department in this area has been shortsighted. They should have foreseen, like other departments and Congress, the financial growth of this Nation and the requirements with this growth for additional coinage. They should have equally made known to your committee these developments so that at this time a greater production capacity would exist in either existing mints or that another mint be established. In other words, a lack of supply created a significant portion of the problem.

I can't deny that speculation exists, but certainly they should equally know that when shortages are created, which they contributed to, individuals will hoard and speculate.

The concept of no date is ridiculous, and also shortsighted, and all it will achieve is to drive out the coins that are dated. Speculators will see again a coming coin shortage and further accelerate withdrawals of dated coins from circulation.

As to one same date on the coins, I must protest as a coin collector. I have been, in a very modest way, collecting coins since 1950. I have excited my children to this hobby. They have learned about this country of ours, its growth, its problems, its future from this hobby. I ask, don't let them penalize those of us who have developed this hobby for shortsightedness on their part.

This scheme, too, will cause a driving out of all other dated coins and continue the shortages.

We already see some impact on the gold flow by this present shortage. Many collectors are expanding their collections to foreign coins. I honestly believe that if the plans of either one date or no-date coins are implemented, that besides the hoarding of dated coins, you will begin to see the greater expansion of collecting coins from foreign countries with the attendant outflow of U.S. currency. You can now see how countries like Canada, Mexico, Australia, Israel, and New Zealand are making it simple to collect their coins.

Insofar as proof and mint coins, I believe that a limitation of 3 or 5 sets per customer should suffice.

In summary, I urge your support for expanding mint production capability immediately. Advise the Treasury Department that shortages will continue, since the proposed solutions, other than production, will not solve the current problems. In the interim, urge the Treasury Department to continue coinage as in the past and accept the current situation temporarily until additional production capability will satisfy demands. Please urge the Treasury officials to plan future requirements with realism related to the economic and technical developments.

Sincerely,

HERBERT SUFIT.

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 21, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Washington, D.C.

MY DEAR MR. CHAIRMAN: As a member of the House Banking and Currency Committee I am most concerned over the developing coin shortage and believe it necessary that the Congress take appropriate action.

In considering legislative alternatives it is necessary that all interested persons and organizations in our free society be fully heard as to their views and opinions. Therefore, I am submitting for the committee's consideration a letter from a constituent living in the 23d Congressional District of California which I represent.

Thank you for your time and consideration of this viewpoint.

Sincerely,

DEL CLAWSON,
Member of Congress.

COMPTON, CALIF.

DEAR CONGRESSMAN CLAWSON: This letter applies to the proposal to continue indefinitely the 1964 date on all U.S. coins, introduced in the Senate on June 26 by Senator A. Willis Robertson.

Senator Robertson said the principal reason for the current shortage is hoarding by dealers and speculators who want to sell them later at a profit. He also blamed merchants who fear that the shortage will grow worse.

The speculators can always go into some other line, but what of us collectors? They are also suspending production of proof sets which is the most popular part of our hobby, but I am sure this will not bother the speculators.

I agree with several collectors and dealers that continuing a single date on coins will force a quick removal of all other coinage from circulation and that the ordinary person will hoard these coins in quantities which will put present hoarding to shame.

How can Congress erase a historical document (which each coin actually represents) as it records the political, social, and economic history of the calendar period in which it was minted? This documentary value will be destroyed if present 1964 dates are frozen on coins after December 31.

Sincerely,

RANDY KAZARIAN.

HOUSE OF ROSE,
Louisville, Ky., July 1964.

Hon. JOHN SHERMAN COOPER,
Senate Office Building,
Washington, D.C.

SIR: It seems too bad that today's economies, peace theories, campaigns, voting, business procedures, etc., are all given nominal national attention simply because they are items of everyday importance. Yet each is handled supposedly on a futures basis. In other words, you all plan ahead or try to.

Debates range from 5 minutes to days and weeks on some items, like the civil rights, and after amendment after amendment, the final outcome is voted on and generally approved.

This letter is to point out a subject that is as dear to our hearts as the civil rights issue, foreign budgets, and so on, our Nation's "coin shortage." Our "poor" bankers (supposedly in the public's interest), many vending machine companies, and other monetary minded enterprises are being represented at the hearings of the Legal and Monetary Affairs Subcommittee of the Government Operations Committee, chairmaned by Representative Dante B. Fascell, Democrat, of Florida. All are concerned what to do about this Nation's coin shortage and the coin collectors who started it all. "Much Ado About Nothing."

Coin collectors not only are not represented, but aren't even being asked their side of it. Our point is—we need a reresentative at those hearings to speak for our side. Actually we don't feel we need to be defended or justified. We—the coin collecting fraternity—have not caused the "great coin shortage."

Many factors have finally combined at an economically successful period in our history to deprive the banks of enough coins to fulfill everyday needs. What about the millions of vending machines? Sales taxes? School lunches? Newspapers? These all require change of some order. Shall we abolish vending machines, taxes, lunches, newspapers, movies, etc.? Why not pick one of those to pounce on? Why should an estimated 5 to 10 million coin collectors be the brunt of punishment? Because it's a minority? Not so many persons would be affected? Then our entire system is up for revision.

Why change laws, tradition, basic economics because our Government was a little slow in providing funds for a new mint. Why not reopen San Francisco? Cost too much? Then why stop making proof sets? Mint sets? They made money for our Government, $1,920,000 in 1963 and an estimated $1,700,000 this year. Throw profit to the winds, spend more, and that will settle that. Huh?

Are we to keep the same data on our Nation's coinage from now on? Then watch all previously dated coinage disappear. Solution—hurry the process of the new building for the new Philadelphia Mint—like it should have been done before now.

The enclosed signatures are but a sample of the collectors interested in our Nation's coinage. We're not so interested in saving coins as we are in American tradition, law, and history. There aren't very many persons who collect coins by the bag in comparison to collectors interested in one coin from each mint for each year in a given series.

We ask you to be our representative at those meetings and our voice, since they won't ask us for our own opinions. Tell them we do not want 1964 on all our coinage after 1964. We will accept no more proof and mint sets if need be—but the same date just doesn't figure in, in our thinking.

A representative for the coin fraternity could be reached. There is the ANA, the ANS, coin clubs, or professional numismatists ready, willing, and able to be of any assistance to you if you wish.

Thank you.

Respectfully,

HUGH R. TURLEY,
Owner, House of Rose.

Below signed are customers interested in adding their name to the list of dissatisfied collectors and feel this letter represents their feelings also.

(The letter contains a list of 31 signatures.)

PHILADELPHIA, PA., *July 21, 1964.*

Hon. A. WILLIS ROBERTSON,
U.S. Senator, Chairman, Banking and Currency Committee, Senate Office Building, Washington, D.C.:

Strongly urge your committee approve Senate bill 2950 retaining 1964 date on all newly minted coins. This would be an important step toward alleviating the present serious coin shortage.

ROBERT F. MCCAMMON,
Senior Vice President, Girard Trust Bank.

U.S. SENATE,
Washington, D.C., July 22, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Committee on Banking and Currency,
Washington, D.C.

DEAR MR. CHAIRMAN: The problem of solving the Nation's coin shortage must be resolved with all possible speed. I have received letters from two of my constituents in Alaska opposing the continuation of stamping the figure "1964" on all newly minted coins until the present shortage is ended.

I am sympathetic with their views and will appreciate your making their letters and my letter of transmittal, a part of the hearing record on S. 2950.

With best wishes, I am,

Cordially yours,

ERNEST GRUENING, *U.S. Senator.*

CLEAR, ALASKA, *July 10, 1964.*

Senator GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SIR: I am writing to you in the matter of Senate bill 2950 which was introduced on June 25, 1964. This bill would authorize the Treasury to continue minting the 1964 date of new coins into the new year.

It is feared that if this is allowed to happen that they might continue to mint this date mark continuously from now on.

Mint marking and date marking of U.S. coins is a part of our American history and in the opinion of the many collectors both here at Clear and across the country it would be a serious mistake to change this custom now.

On behalf of the Clear Numismatic Club, I urge you and your fellow Senators to vote no on bill No. 2950.

With best regards.

JOHN J. WILLIAMS,
Secretary-Treasurer, Democratic Precinct.

FAIRBANKS, ALASKA, *July 16, 1964.*

Hon. ERNEST GRUENING,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRUENING: I am writing to you to strongly urge you to vote against Senate bill 2950, introduced by Senator A. Willis Robertson, to continue minting the 1964 date on U.S. coins, into the new year of 1965.

I have a great interest in correcting the coin shortage, both in the capacity of a banker's wife, and also, as the president of the Fairbanks Coin Club. However, I feel the date freeze on coins will defeat the purpose for which it was intended. It may release a few of the 1964 coins, but on the other hand, it will put such a premium on past dates, numismatically speaking, that the hoarding of coins will increase rather than decrease.

With this last statement, it would appear that I am admitting that the coin collectors are the cause of the coin shortage. I will admit some collectors contribute to some degree, but in no way can they be accused of being the prime reason for the shortage. Some coin collectors can be classed as investors who advertise greatly in late date coins, but the average coin collector holds mostly, in his collection, old coins which are no longer used in circulation. I am referring to 2- and 3-cent pieces, one-half dimes, old currency, medals, foreign money, proof sets, etc.

Additionally, in defense of the coin collectors, since 1955 there has been over 16 billion Lincoln cents minted alone. Eight million coin collectors cannot financially afford to hoard the percentage of this monetary representation of $162 million that they are being blamed of holding. (Each collector cannot hoard his share of $20 million and make a dent in it.) Compare this monetary cost of cents to the other coins with a higher face value, and one can realize the charge is financially impossible for coin collectors to be only responsible.

If statistics were available as to the number of coins that are idled within the confines of all the vending machines over the country, I feel an enlightening report could be made as to why we have a coin shortage. Sadly, however, this is probably impossible, and it is probably impossible to do anything about it even if it were made. The only thing, in this respect, that is probable, is that they will continue to lie idle in vending machines, no matter what date appears on the coin.

I am very amazed that the American Bankers Association has agreed to the date freeze, but more amazed that anyone would feel that it will correct the problem. This proposed date freeze will not create any additional coins in the United States, it will only erase an American tradition of producing a historic document with each coin it mints. (Which is actually what each coin represents.)

An interesting example of a date freeze that has not released any coins of a numismatic value is the Maria Theresa thaler of Austria. New mintage coins still carry the date 1780, they are still in demand, and they still sell for a premium in 1964. I am not using this as a parallel, but if our present shortage could be attributed to coin collectors, this example might be a trend of thought.

I do hope you will vote to continue the American custom of dating our coins for the year in which they are minted. If anyone can prove to me the continuance of using the 1964 date would solve the shortage, I would gladly urge you to vote for the date freeze; but, until someone presents a feasible plan how the date imprinted thereon creates more coins, I am very opposed to the proposal.

Very sincerely yours,

Helen S. Bailey,
Mrs. Ralph C. Bailey.

The First Pennsylvania,
Banking & Trust Co.,
Philadelphia, Pa., July 21, 1964.

Hon. A. Willis Robertson,
U.S. Senate, Washington, D.C.

My Dear Senator Robertson: This letter is written to you in regard to Senate bill 2950 recently introduced by you in an effort to alleviate the severe coin shortage. We have also written to Senators Clark and Scott of Pennsylvania urging support of this bill.

We sincerely believe that the bill you have introduced will do much to relieve the coin shortage, and we hope that it is passed as submitted.

Sincerely yours,

B. A. Grentz, *Assistant Vice President.*

Chester, Va., *July 22, 1964.*

Hon. A. Willis Robertson,
U.S. Senate, Washington, D.C.

Dear Senator Robertson: The proposal to continue minting 1964 coins into 1965 and to discontinue making of proof sets appears to be an ill advised one.

In my opinion, the short supply of the Kennedy 50-cent piece is because people are saving them as memorial pieces, and they will continue to do so as long as the 1964 date appears on them, because it is the first year of issue. Change the date, and those who are only interested in the memorial piece will drop out of the picture.

The hobby of coin collecting which usually commences in boyhood should be encouraged now as it has been in the past. The Government has sponsored coin collecting by setting up special arrangements for the purchase of mint and proof sets. This service is not free. Proof sets cost $2.10 for $0.91 in coins. Why discontinue these profitable Government activities, which apparently do not interfere with other mint activities? Proof sets dating from a year a child is born make excellent birthday presents and in later years may perpetuate an innocent hobby for the child.

A look around at voluminous vending machines, parking meters, coinbox telephones, the gross national product, etc., will show why more coins are needed, but please do not change our custom of annual dating of coins, and please do not authorize the discontinuance of proof sets.

The present proposal is not unlike the Government's deliberate printing of the Dag Hammarskjold stamp error several years ago, which was not received very favorably by the public.

Very truly yours,

THEODORE A. KECK, Jr.

NEW CUMBERLAND, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Coin shortage acute in Pennsylvania. Our bank favors Senate bill 2950 as remedy. Urge you and your committee to push enactment without delay.

J. E. BRUCKLACHER,
President, Cumberland County National Bank & Trust Co.

BLOOMSBURG, PA., *July 22, 1964.*

A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Your support and promotion of Senate bill 2950 is earnestly requested by inscribing all coins minted with year 1964 until adequate supplies are available. Would discourage desire for hoarding and remove considerable possibility of speculation and greatly contribute to the much needed supply of coins. The shortage of coin is a disturbing factor in the orderly handling of daily banking requirements and has placed great burden on banks to properly meet the needs of their customers.

WM. A. LANK,
President, Farmers National Bank of Bloomsburg, Pa.

PHILADELPHIA, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
U.S. Senate, Washington, D.C.:

Urge passage of Senate bill 2950, retaining 1954 coinage date until present shortage is alleviated.

FIDELITY PHILADELPHIA TRUST CO.,
STEWART M. WALKER,
Executive Vice President.

PHILADELPHIA, PA., *July 22, 1964.*

Senator ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

We strongly urge passage of S. 2950, to retain 1954 date on all new minted coinage until the existing coin shortage is eliminated.

HORN & HARDART BAKING CO.,
DANIEL HANLON, *Vice President.*

HARRISBURG, PA., *July 22, 1964.*

A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Deem prompt passage of S. 2950 important.

KEYSTONE TRUST CO.

HARRISBURG, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Your support of Senate bill 2950, which will alleviate the current coin shortage, will be greatly appreciated.

NATIONAL BANK & TRUST CO., CENTRAL PENNSYLVANIA,
By CHARLES H. ZIMMERMAN, *Vice President.*

PRINCETON, N.J., *July 22, 1964.*

A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
Senate Office Building,
Washington, D.C.:

Urge prompt emergency action, approval, and passage of Senate bill 2950 to continue 1964 dates on silver coins until serious situation existing is alleviated.

NEW JERSEY BANKERS ASSOCIATION,
FREDERICK BAYLESS, *President.*

HANOVER, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building,
Washington, D.C.:

We understand Senate bill 2950, dealing with adoption of retaining date 1964 on minted coin for indefinite future is being considered. We urge support and passage of this bill.

PEOPLES NATIONAL BANK,
ROBERT F. JONES, *President.*

ARDMORE, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building,
Washington, D.C.:

DEAR SENATOR ROBERTSON: It has come to our attention that Senate bill, 2950, is before your committee to allow continuance of 1964 date on coins. The coin shortage with banks in our area is drastic.

We are unable to secure but very limited supplies from the Philadelphia mint through the Federal Reserve Bank. Immediate action to relieve this shortage should be taken. The public is suffering because of the shortage.

UPPER MAIN LINE BANKS OF PAOLI,
H. FRED MILLIS, *President.*

[From the New York Times, July 19, 1964]

NEWS OF COINS

UNCERTAINTIES FOLLOW TREASURY PROPOSALS

(By Herbert C. Bardes)

Coin dealers and collectors have partly recovered from their initial shock reaction to the Treasury Department's proposals for ending proof-set production after this year and freezing the 1964 date on all coins indefinitely.

The news was announced earlier this month, and within a few days the price of the 1964 proof set more than doubled. The price has since dropped back somewhat, but it probably will hold fairly steady now because of the reluctance of most dealers to sell.

If the Department does not reconsider its decision to convert proof-production facilities to regular coinage after 1964 orders are filled, the price of a 1964 proof set is likely to climb far beyond the $25 mark. But if the Department decided that the Government will reap greater benefits—both in public goodwill and financially—by allowing the Philadelphia Mint to go on making proof sets in 1965, there may be a significant drop from the present inflated price of 1964 sets.

DEPRESSIVE

On the other hand, the proposed 1964 date freeze has had a strongly depressing effect on retail dealer prices of the five regular denominations of 1964 coinage. The reason for this is plain. If Congress acts favorably on the proposal, the supply of 1964 coins produced this year will be supplemented by billions of identically 1964-dated coins next year and perhaps in 1966, too. This could be a real financial blow to speculators who have been hoarding quantities of the current year's coinage.

The Kennedy half dollar is an example. Neither a great increase in bank supplies of the coins nor a decrease in dealer prices was noted following the news that the combined production goal for 1964 from the Philadelphia and Denver Mints had been raised from 91 million to an unprecedented 141 million pieces. But if another 141 million or so are minted next year with this year's date, it will be impossible for individual speculators, or even syndicates, to buy them all.

SMETHPORT, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Washington, D.C.:

We are in favor of Senate bill 2950 authorizing the mints to use the 1964 year date of coins minted after this year. Your assistance in obtaining passage of this bill will be appreciated.

HAMLIN BANK & TRUST CO.

HARRISBURG, PA., *July 22, 1964.*

Senator A. WILLIS ROBERTSON,
Senate Office Building, Washington, D.C.:

By order of our executive committee, the Harrisburg National Bank & Trust Co. unanimously favors the passage of Senate bill S. 2950.

GEO. REILY, *Vice Chairman.*

ALLENTOWN, PA., *July 22, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate and Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

This institution strongly urges the enactment of Senate bill S. 2950 which has to do with coin mintage under date of 1964.

R. H. CASTLELINE,
Executive Vice President, the Merchants National Bank of Allentown.

ALLENTOWN, PA., *July 22, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Because of the serious coin shortage in our area we urgently request enactment of Senate bill 2950.

J. J. MCCARTNEY,
Senior Vice President, First National Bank of Allentown.

PHILADELPHIA, PA., *July 22, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Committee on Banking and Currency,
U.S. Senate, Washington, D.C.:

Urgently request passage of bill S. 2950 as measure to help relieve coin shortage. Local situation so desperate this bank unable to satisfy normal and legitimate daily coin requirements of our customers.

PROVIDENT TRADESMENS BANK & TRUST CO.,
WILLIAM G. FOULKE, *President.*

BETHLEHEM, PA., *July 22, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

We sincerely urge the enactment of Senate bill 2950 to aid the coin shortage and offer our support.

JOHN TAFT,
President, Union Bank & Trust Co. of Eastern Pennsylvania.

THE FIRST NATIONAL BANK OF ELGIN,
Elgin, Ill., July 21, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: We are not in the habit of writing to our representatives in the Nation's Capital, but the current extremely serious situation as it pertains to the inadequate supply of the "coin of the realm" of the United States of America prompts us to write to you.

This bank and every other bank in this area is experiencing a most serious shortage of coin with which to supply the businessmen and industries who are our customers. It seems to me that with the large amounts of the taxpayers' funds which are expended by our Government on one crash program or other, some of them costing in the billions of dollars, it is not to much to ask that a crash program for the coinage of the United States whereby sufficient mints can be constructed or private contracts can be let to industry, that there might be an adequate supply of coin of all denominations for the orderly and businesslike handling of the daily business transactions of our country.

To me the total breakdown of the ability of the U.S. Government to provide one of the most fundamental government services of all indicates a severe and deep faul in the concept of our government as it is practiced in Washington. Without coinage and currency the business of the Nation would cease to exist, and I earnestly solicit your earliest diligent efforts to correct this most serious situation.

Respectfully yours,

WILLIAM E. REDEKER, *President.*

THE FIRST NATIONAL BANK OF WEST CHESTER,
West Chester, Pa., July 22, 1964.

Mr. A. WILLIS ROBERTSON,
Chairman of Senate Banking and Currency Committee,
Washington, D.C.

DEAR MR. ROBERTSON: It has been brought to our attention that Senate bill S. 2950 is before your committee authorizing the continuation indefinitely of the 1964 date on coins.

The coin shortage with banks in our area is drastic. We are able to secure but very limited supply from the Philadelphia Mint through the Federal Reserve Bank of Philadelphia. This does not even begin to supply the business needs of our customers.

Immediate action to relieve this situation should be taken. The public is suffering because of this shortage.

Very truly yours,

H. ALLISON FOSNOCHT, *Vice President.*

ASSOCIATED RETAIL BAKERS OF AMERICA,
Washington, D.C., July 22, 1964.

Re S. 2950.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Associated Retail Bakers of America, national trade association of retail bakers, respectfully endorses and urges prompt enactment of the bill S. 2950, authorizing the U.S. Mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available.

We understand that there is a growing coin shortage reported from various areas by banks, retailers, and others, which it is feared will become especially serious later this year during the holidays.

We understand also that the Treasury Department has concluded that the shortages are being caused to a large extent by hoarding of coins, especially by collectors and speculators, and that authorizing inscription of all coins with the year 1964 until adequate supplies are available will make hoarding unprofitable and provide immediate relief.

Retail bakers are especially affected by such a shortage, in view of the great number of sales which they make daily in small amounts.

We appreciate your having sponsored this bill, which we hope will have immediate and favorable action.

We are addressing a similar letter to the Honorable Wright Patman, chairman of the House Committee on Banking and Currency, regarding the identical bill H.R. 11893.

Respectfully,

WM. A. QUINLAN,
General Counsel.

ST. ANDREW'S EPISCOPAL CHURCH,
Clifton Forge, Va., July 22, 1964.

The Honorable A. WILLIS ROBERTSON,
Washington, D.C.

DEAR SENATOR: This is concerning your plan to have the 1964 date continued into or through 1965 on coins, to help relieve the shortage.

The Roanoke Times stated that you suggested using the 1965 date on or about July 1, 1965. In my opinion that would be an error. First, it would cause a rush on 1965 coins, because they would, indeed, be rare compared to other recent coins, and that portion of the shortage caused by collectors would not be helped at all. Second, coin collectors who collect as a hobby (like me, for example) would be put under a financial disadvantage. I collect a few coins of each year and try to fill coin folders with them. In this I am joined by many others in the country. Largely we do not buy coins except those special sets sold by the mints, nor do we try to collect large numbers of coins. It is our hobby to try to find the coins we need in circulation. If the 1965 date were withheld and added later on in the year, the speculators (who somehow always seem able to corner the mint's output) would have a field day and reap quite a profit.

In my opinion there are two causes for the shortage: (1) coin-operated machines of all types, that hold coins out of circulation for as much as 2 weeks at a time; and (2) speculators who somehow do get the new coins. (The small collector does not disturb the overall picture. In 1962 there were 410,616,399 dimes minted, plus the 3,218,019 "proofs." The 4 to 8 million collectors, who might collect up to 4 dimes each, would have removed only 32 million at the most.)

If some way could be devised to get coins out to the public and into circulation, rather than allowing some dealers to corner the market, the problem would be eased greatly.

I do not believe that continuing the 1964 date into 1965 will help much, but if you do continue in your plan then let me urge that the 1964 date be used through the entire year of 1965, rather than causing a scramble in midyear.

I'd like to take this opportunity, too, to thank you for the very kind remarks you made about my ancestor, the Reverend Robert Hunt, of Jamestown, in your speech delivered at Jamestown, May 15, 1960.

It has been my pleasure to vote for you in times past, and I anticipate doing so again.

With kindest personal regards.

Sincerely yours,

The Reverend ROBERT HUNT.

PORT ALLEGANY, PA., *July 23, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman of Senate Banking and Currency Committee,
Senate Office Building, Washington D.C.:

We appeal to you to use your influence in passing Senate bill 2950 which authorizes the mint to date coins 1964 until the shortage is alleviated.

FIRST NATIONAL BANK OF PORT ALLEGANY, PA.

ELDRED, PA., *July 23, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Our officers and directors are in favor of Senate bill 2950.

FIRST NATIONAL BANK OF ELDRED.

STATEMENT OF ARTHUR S. GENET FOR THE ILLINOIS STATE CHAMBER OF COMMERCE

My name is Arthur S. Genet. I am president of Brink's, Inc., Chicago, Ill., which provides service to the financial industry and has operated in that capacity for 105 years. In this hearing I am appearing on behalf of the Illinois State Chamber of Commerce, a statewide organization with over 19,500 members conducting all types and sizes of business in 440 communities throughout Illinois, as well as for Brink's. The Brink's company operates throughout most of the United States, serving over 2,500 communities. It has during its history provided the service and dealt with the problems that we are about to discuss here. It is our business to handle shipments between financial institutions of all types and sizes, as well as to deliver the coin and currency needed by business houses so that they may conduct the commerce of the Nation.

The point we would like to stress is that the coin shortage is not local, nor is it of recent origin. This situation has been evident over a period of at least 4 years and for the last 2 it has been accelerating at an astounding rate. On July 1, I appeared before the House committee with testimony on this subject and there has been further deterioration in this field since that date.

Let it be known from the very beginning that the Federal Reserve bank has done an excellent job under circumstances with which it has been presented. As it is our privilege to pick up and deliver to the Federal Reserve bank in many of its locations, the point should be stressed that they are making every effort to move coins as quickly as possible. As an illustration, in many cases the banks or branches are receiving requests for coin as late as 3 o'clock in the afternoon and it is made available for delivery early the next day.

The businessman, whether he operates a single shop or multiple places of business, receives his coin requirements from his bank. We, in general, transport these needs in accordance with his instructions. In Chicago alone we serve approximately 3,000 locations per day. The bank, in turn, must get its coin from either the Federal Reserve, if it is a member of the Federal Reserve System, or from a correspondent bank, that in all probability is a member of the System. The Federal Reserve Bank, in turn, gets its new coin from the mint, and the mint manufactures coin under the direction of Congress.

We are including in this statement, figures taken from our own records, which are correct as far as we are concerned, and do represent, in our opinion, a fair sampling of local conditions. In view of the fact we do not handle all of the Federal Reserve coin movements, the actual figures would be substantially higher but would indicate the same trend. Our records, and the information contained therein, indicate the extent, nature and seriousness of this coin shortage. Again, it should be borne in mind that the figures we talk about with reference to deliveries to and from the Federal Reserve Bank represent the funds that we handle, and they exist despite the Fed's best efforts to control the situation.

Normally, the Federal Reserve System will obtain from the mints approximately 20 percent of its requirements of coin for its member banks. Historically, the balance has come from coin that would be redeposited with the Federal Reserve, which then cleans, prepares, and reissues this coin to those who have need of it. The problem, as the figures will disclose to you, has not been caused by deceleration of coin coming from the mint itself, since the figures disclose more coin is being made available from that source. Rather, the shortage itself, for a number of reasons, has caused little or no coin to flow back to the Federal Reserve Bank in the form of deposits from member banks. The coin shortage can be ascribed to various factors. The increased number of coin machines, parking meters, washing machines, cigarette machines, candy machines, as an illustration. It should be borne in mind that not only do many coins go into these machines that must be left there for a period of time until collected, but many must be stocked with coin in order to provide change for those people who desire to avail themselves of this service. Another factor that has entered into the picture has been the great increase in coin collectors, who quite frankly think that coins set aside today will have increased value tomorrow and, last but not least, is the fear complex that has arisen because of the shortage of coin causing people in all phases of the financial world to stockpile and hoard more coin than is necessary for their daily needs in order to protect themselves against this serious shortage. There is no better evidence of this than the historical nature of the flow of coin which has taken place for many years which shows the demand to be great in September and October in preparation for the holiday season, and an equivalent amount of coin normally returning to the vaults of the Federal Reserve Bank immediately following the holiday period. No longer does this occur. Coins that go out, either new or in such small amounts as do become available to the Federal Reserve through redeposit, are not being returned. Other sources that remove coin from its normal channels are those places of business offering unusual incentives to people who will provide them with coin, and others who quite obviously believe there is greater value in the minerals themselves, than in the face value of the coin.

The record will show that the mint and Treasury people have exerted strenuous efforts to improve their production and the problem we are faced with has been one that they have been aware of to the point that outside business consultants studied this problem, in addition to the regular staff. If this information is checked, you will find that this concern, of sizable stature in its field, miscalculated the needs of our Nation, underestimating by far what the requirements would be even allowing for considerable shrinkage due to the fear complex.

Possibly, the most constructive thing that we can do is to show you some figures comparing 1964 with 1963, with the admonition, and a strong one, that this problem was with us prior to 1963 and has only grown in magnitude.

Using Chicago as an example, in May 1964 we handled for the Chicago Federal Reserve Bank only 58 percent of the coin that was handled in May of 1963, despite the acknowledged fact that the requests for coin were considerably higher in the current year. In the year 1963, 84 percent of the coin that was shipped out returned in one form or other to this same Federal Reserve bank for reuse. In 1964, only 36 percent of the reduced amount available was returned to the bank for reuse. It can be seen from these figures that, to maintain the normal coin balance this particular Federal Reserve bank would need in order to continue a satisfactory operation, new coinage in the amount of 64 percent would have to be made available to it. Giving the figures in full dollars, in 1963, of $2,267,000 in coin shipped out in the month of May, $370,000 failed to return. This year, with only $1,897,000 shipped, $1,330,000 failed to return. Again, let me emphasize that this is merely the work we handle for the Federal Reserve bank, but we do handle a substantial amount of the work, and in our opinion, these figures represent the true picture in the State of Illinois and the city of Chicago, as well as such sections of Indiana and Iowa, and a small part of Wisconsin, that we serve on behalf of the financial industry. There is only one answer to this problem in our opinion and that is that the increasing shortage of coin available can only be stopped when there is enough coin in circulation to eliminate the necessity for holding it or hoaridng it, thus permitting the coin to return to its normal channels in which it formerly moved freely.

We have stated that we serve a good cross-section of the Nation's economy, and again let me stress that these are our records. To give you representative areas, we would like to show you the shipments in May 1964, on the basis of the percentage of shipments made in 1963, bearing in mind that the demand for coin increases at all times, due to the aforementioned reasons, as well as the increase in our population, and so forth.

Coin shipped by Federal Reserve to member banks in other areas:

	Percent		*Percent*
Jacksonville, Fla., area	86.97	Chicago	57.99
Detroit	83.91	Los Angeles	54.36
Cincinnati	69.12	Kansas City	44.30
Cleveland	63.86	Pittsburgh	41.70
Richmond, Va	59.08	Boston	31.02

These figures themselves, while indicative of the seriousness of the situation, are further accentuated by those immediately listed below, in which we show the percentage of coin shipments returning to the Federal Reserve on a comparative basis between 1963 and 1964. Again, let us stress that under normal circumstances at least 80 percent of the coin required by this country would be handled in recirculation by the Federal Reserve bank, and that they normally would only require 20 percent at the outside in new coinage.

Percentage of coin shipments returning to Fed (generally through banks other than those to whom shipments were made).

[In percent]

	1963	1964
Jacksonville	77.66	63.97
Detroit	50.89	27.51
Cincinnati	88.87	87.67
Cleveland	70.29	67.59
Richmond	62.16	27.97
Kansas City	54.46	6.53
Pittsburgh	71.08	11.57
Chicago	83.69	35.56

May I make this observation: I have placed Chicago last on this list, and you will notice that while in May 1963, 83.69 percent of the coin was returned for recirculation, only 35.56 percent returned in May of this year.

These figures in themselves would not be complete for any worthwhile study, if we did not examine a typical Federal Reserve branch, which would depict the previous flow of coin to the bank from the mint and from its member banks on a comparative basis between 1963 and 1964, and to show the deficiency as we understand it.

	1963	1964	Deficiency
Pennies:			
Received from member banks	$318,525	$83,370	
Received from mint	358,500	346,000	
Total	677,025	429,370	$247,655
Nickels:			
Received from member banks	662,200	76,575	
Received from mint	278,000	546,000	
Total	940,200	622,575	317,625
Dimes:			
Received from member banks	3,846,450	1,687,250	
Received from mint	500,000	1,150,000	
Total	4,346,450	2,837,250	1,509,200
Quarters:			
Received from member banks	5,458,500	1,418,050	
Received from mint	850,000	1,000,000	
Total	6,308,500	2,418,050	3,890,450
Halves:			
Received from member banks	1,021,400	416,700	
Received from mint	440,000	750,000	
Total	1,461,400	1,166,700	294,700
Total deficiency			6,259,630
Note the following figures:			
Received from member banks	11,307,075	3,681,945	7,625,130
Received from mint	2,426,500	3,792,000	[1] (1,365,500)
Total deficiency			6,259,630

[1] Surplus.

It is important to see that although the amount received from the mint was increased over 1963 by 56.3 percent the increase required to maintain the Fed's coin reserve would have to have been 210 percent.

You will note from the foregoing chart that under "Deficiency," despite a surplus of $1,365,000 of additional coin from the mint, this branch of the Federal Reserve was short $6,259,630 in coin on a comparative basis, with no consideration being given to the increased demand for coin and the probability that the bank undoubtedly rationed the coin shipped out. Just how short of coin the bank was in this particular case, we have no means of knowing, but being as familiar with the financial need of the country as a whole as we are, we are safe in saying this deficiency is showing only a small percentage of what could have actually been used.

While we have been talking in the past of dollar figures in the various categories, it may, and should be, of interest to consider the unit figures in the various categories. We list below the units of pennies, nickels, dimes, quarters, and halves received in 1963, received in 1964, and the amount needed (124,532,100 units) by category to maintain their position as of December 31, and again let me stress that they probably were short of coin on December 31.

Another interesting aspect of this Fed deficiency is the number of coins required to cover the shortage. Ignoring the dollar value, it indicates the manufacturing problem.

	Recd. 1963	Recd. 1964	Needed 1964	Deficiency
Pennies	35,850,000	34,600,000	59,365,500	
Nickels	5,560,000	10,920,000	17,272,400	
Dimes	5,000,000	11,150,000	26,242,000	
Quarters	3,400,000	4,000,000	19,561,800	
Halves	880,000	1,500,000	2,089,400	
Total	50,690,000	62,170,000	124,532,100	62,362,100

The demands in the first 5 months were undoubtedly greater than they shipped and they still had a deficiency of 62,362,100.

It can be seen from these figures that for the first 5-month period, in this particular case, and we do not believe them to be an exception to the rule, that their requirements for new coin were almost double that which was available to them. While we can only estimate the meaning of the above figures when they are applied to the Nation as a whole, we believe we are well qualified due to the nature of our business and experience, to give an educated guess that these figures would indicate that the entire country received less than one-half the new coin necessary to stabilize the coin situation.

In our earlier statements we have attested to the fact that we have knowledge through our own experience that this problem has existed for at least 4 years. We have used the most current years as definite examples. We have attempted to bring this information up to date by using the last 5 months that are available ending in May 1964. We should point out that this situation represents five-twelfths of the deficiency that could exist in 1964 and it worsens by the day. The 1963 and 1964 comparisons bear this out. The figures given to you for the first 5 months of 1964 indicate the rapidly deteriorating situation in which the financial industry and the business world finds itself.

We could belabor this question with statistics from many of our other offices located throughout the United States and point to individual illustrations of the handicaps that business is faced with due to this unique situation, but we would like, in closing, to make a few points which we hope will be given prompt and serious consideration in view of the lack of action and interest in this problem to date. The Federal Reserve in our opinion is doing its best to use what has been made available to them. They are well equipped to understand this problem and, as they have shown in the past, to indicate to the mint and the Treasury Department the needs of the Nation. It is our understanding that the mint cannot increase its production without instructions from Congress. Therefore, we urge that the solution to this problem lies with Congress, itself, and that some action be taken, not in the next session of Congress, but immediately. Further, that the Congress should immediately seek the advice of the Federal Reserve Bank, the mint and a selected group of bankers and businessmen as to methods to correct and control this situation. We are familiar with some of the actions that have been taken, although not all have been publicized, and some may be rumor. All the facilities that we now have should be put on a 24-hour-day, 7-day-week program. Such outside facilities as can be made available should be utilized. Consideration should be given first to the production of the denominations that are in short supply. No use of our minting facilities for coins other than our own country's should be made until such a time as we have excess capacity to care for others' needs. Above all, a worthwhile program, seeking the assistance of all good citizens, as well as bankers and businessmen, to see that coins now being hoarded are returned to circulation to relieve this country from the evident embarrassment of not having sufficient coins of our own to do business in a normal manner.

As an illustration, it has come to my attention that, under date of June 29, Mr. George H. Ellis, President of the Federal Reserve Bank of Boston, has addressed all commercial banks and branches in the First Federal District calling attention to the Treasury Department's press release of June 26. This release was for Monday, June 29, which advised the Treasury would double coin production within a year and raise it by 75 percent within the next 6 months. Action of this sort is a tremendous help and I am sure we will get cooperation from the financial institutions but there is a sizable amount of coin which is not in the hands of the banks which should be encouraged to be returned to normal commercial channels. If similar action could be taken to reach other substantial users of coin, the matter would be further eased.

May I express my thanks for the privilege of submitting this statement on behalf of the Chamber of Commerce of the State of Illinois, as well as our company, and the freely expressed offer to be of assistance, not only personally, but for any member of our organization should that assistane be required by your committee or any of our governmental agencies.

AGENCY REPORT

General Counsel of the Department of Commerce,
Washington, D.C., July 23, 1964.

Hon. A. Willis Robertson,
Chairman, Committee on Banking and Currency,
U.S. Senate,
Washington, D.C.

Dear Mr. Chairman: This is in further reply to your request for the views of this Department with respect to S. 2950, a bill to authorize the mint to inscribe the figure 1964 on all coins minted until adequate supplies of coins are available.

S. 2950 would authorize the Secretary of the Treasury to inscribe the figure 1964, in lieu of the year of coinage, on all coins minted from the date of enactment of the act until January 1 of the year following the year in which the Secretary shall determine that adequate supplies of coins are available.

This bill is designed to help overcome the shortage of coins which has developed in this country as a result, in part, of their removal from circulation by coin collectors. By inscribing 1964 on all coins, whether minted in 1964 or subsequently, so long as the shortage is found to exist, it is hoped to eliminate the hoarding of these coins by collectors, and keep them in circulation. This proposed action will supplement steps which the Treasury Department has already taken to increase substantially the production of coins within the next 12 months and to maintain a high rate of output subsequently.

In view of the above, the Department supports S. 2950.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of our report from the standpoint of the administration's program.

Sincerely,

Lawrence Jones,
Acting General Counsel.

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