
Franklin D. Roosevelt — “The Great Communicator”
The Master Speech Files, 1898, 1910-1945

**Series 2: “ You have nothing to fear but fear itself:” FDR
and the New Deal**

File No. 705

1934 May 22

Message to Congress re Silver

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been so whole heartedly ratified by the Government of India, and which I understand other nations are about to ratify.

It will be remembered that at the London Conference 68 governments unanimously adopted the silver resolution proposed by our government, providing in substance that these governments would refrain from the policy and practice of melting up and debasing silver coins; that they would replace low-valued paper money with silver coins; and that they ~~should~~ *would* not enact legislation that would depreciate the value of

silver in the world market. This resolution, however, was contingent upon an agreement between the governments of those countries producing large quantities of silver and the governments of those countries holding or using large quantities looking to the elimination of an unnatural oversupply of silver on the markets of the world. This agreement, of course, was for the purpose, of allowing demand and supply to govern the price of silver by the limitation and neutralization of this oversupply derived from the melting up of silver coins.

India had the power to dispose of, on the markets of the world, at any time, and at any price, hundreds of millions of ounces of silver. In fact, India had the power and capacity to dump silver derived from the melting up of Indian silver coins in an amount equal to the world's production from the mines for the period of two years. This power and the uncertainty attending its execution was destructive of the value and stability of silver throughout the world.

China agreed, during the period of four years commencing January 1, 1934 and ending January 1, 1938, not to permit the sale of any silver derived from the debasing or melting up of silver coins. India agreed to limit the sales of such silver to a maximum of 35,000,000 ounces annually during such period and Spain agreed not to sell in excess of 5,000,000 ounces of such silver annually during such period. After

such sales, these governments are to be bound by the general resolution adopted at the London Conference to which I have heretofore referred.

As a condition of the agreement by China, India and Spain, however, it was required that Austrailia, Canada, Mexico, Peru and the United States should take silver from the production of their respective mines to the gross amount of 35,000,000 ounces annually for such period of four years. The United States, by reason of its large population ^{and its large silver production,} ~~its great wealth and the condition of its currency issue,~~ agreed to take from its mines annually at least 24, ^{42,410} ~~000,000~~ ounces of silver during such period.

The production of the United States for 1932 was approximately 24,000,000 ounces of silver.

(End)

the
ghost

Alfred Hand

Love

To the Congress of the United States

(Silver Message 5/22/34.)
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On January 11, 1934, I recommended to the Congress legislation which was promptly enacted under the title, "The Gold Reserve Act of 1934". This Act vested in the United States Government the custody and control of our stocks of gold as a reserve for our paper currency and as a medium of settling international balances. It set up a stabilization fund for the control of foreign exchange in the interests of our people, and certain amendments were added to facilitate the acquisition of silver.

As stated in my message to the Congress, this legislation was recommended as a step in improving our financial and monetary system. Its enactment has laid a foundation on which we are organizing a currency system that will be both sound and adequate. It is a long step forward, but only a step.

As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. *Since 1929 that has been obvious.*

Some measures for making a greater use of silver in the public interest are appropriate for independent action. ^{by U.S.} On others, international cooperation should be sought. ^{of} Of the former class is that of increasing the proportion of silver in the abundant metallic reserves back of our paper currency. This policy was

initiated by the Proclamation of December 21, 1933, bringing our current domestic production of silver into the Treasury, as well as placing this nation among the first to carry out the agreement on silver which we sought and secured at the London Conference. We have since acquired other silver in the interest of stabilization of foreign exchange and the development of a broader metallic base for our currency. *We seek to remedy a maladjustment of our currency.*

In further aid of this policy, it would be helpful to have legislation broadening the authority for the further acquisition and monetary use of silver. *I*, therefore, recommend legislation at the present session declaring it to be the policy of the United States to increase the amount of silver in our monetary stocks with the ultimate objective of having and maintaining one-fourth of their monetary value in silver and three-fourths in gold. *I* The Executive Authority should be authorized and directed to make the purchases of silver necessary to attain this ultimate objective. *I* The authority to purchase present accumulations of silver in this country should be limited to purchases at not in excess of 50 cents per ounce. *I* The Executive Authority should be enabled, should circumstances require, to take over present surpluses of silver in this country not required for industrial uses on payment of just compensation, and to regulate imports, exports and other dealings in monetary silver. *I* There should be a tax of at least 50 per cent on the profits accruing from dealing in silver.

We can proceed with this program of increasing our store of silver for use as a part of the metallic reserves for our paper currency without seriously disturbing adjustments in world trade. However, because of the great world supply of silver and its use in varying forms by the world's population, concerted action by all nations, or at least a large group of nations, is necessary if a ~~permanent measure~~ ^{permanent measure} of value, including both gold and silver, is eventually to be made a world standard. ~~Before arriving~~ ^{To arrive} at that point, we must ~~seek~~ ^{seek} every possibility for world agreement, although it may turn out that this nation will ultimately have to take such independent action on this phase of the matter as its interests require.

The success of the London Conference in consummating an international agreement on silver, which has now been ratified by all the governments concerned, makes such further agreement worth seeking. The ebb and flow of values in almost all parts of the world have created many points of pressure for readjustments of standards, ~~and~~ ^{international and international} ~~and~~ ^{and} ~~at no time since the efforts of this nation to secure~~ ^{At no time since the efforts of this nation to secure} international agreement on silver began in 1873 have conditions been more favorable for making progress along this line.

Accordingly, I have begun to confer with some of our neighbors in regard to the use of both silver and gold, preferably on a coordinated basis, as a standard of monetary value. Such an agreement would constitute an important step forward toward a monetary unit of value more equitable and ~~stable~~ ^{stable} in its purchasing and debt paying power.

STATEMENTS FILE

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TO THE CONGRESS OF THE UNITED STATES:

On January 11, 1934, I recommended to the Congress legislation which was promptly enacted under the title, "The Gold Reserve Act of 1934". This Act vested in the United States Government the custody and control of our stocks of gold as a reserve for our paper currency and as a medium of settling international balances. It set up a stabilization fund for the control of foreign exchange in the interests of our people, and certain amendments were added to facilitate the acquisition of silver.

As stated in my message to the Congress, this legislation was recommended as a step in improving our financial and monetary system. Its enactment has laid a foundation on which we are organizing a currency system that will be both sound and adequate. It is a long step forward, but only a step.

As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. Since 1929 that has been obvious.

Some measures for making a greater use of silver in the public interest are appropriate for independent action by us. On others, international cooperation should be sought.

Of the former class is that of increasing the proportion of silver in the abundant metallic reserves back of our paper currency. This policy was initiated by the Proclamation of December 21, 1933, bringing our current domestic production of silver into the Treasury, as well as placing this nation among the first to carry out the agreement on silver which we sought and secured at the London Conference. We have since acquired other silver in the interest of stabilization of foreign exchange and the development of a broader metallic base for our currency. We seek to remedy a maladjustment of our currency.

In further aid of this policy, it would be helpful to have legislation broadening the authority for the further acquisition and monetary use of silver.

I, therefore, recommend legislation at the present session declaring it to be the policy of the United States to increase the amount of silver in our monetary stocks with the ultimate objective of having and maintaining one-fourth of their monetary value in silver and three-fourths in gold.

The Executive Authority should be authorized and directed to make the purchases of silver necessary to attain this ultimate objective.

The authority to purchase present accumulations of silver in this country should be limited to purchases at not in excess of 50 cents per ounce.

The Executive Authority should be enabled, should circumstances require, to take over present surpluses of silver in this country not required for industrial uses on payment of just compensation, and to regulate imports, exports and other dealings in monetary silver.

There should be a tax of at least 50 per cent on the profits accruing from dealing in silver.

We can proceed with this program of increasing our store of silver for use as a part of the metallic reserves for our paper currency without seriously disturbing adjustments in world trade. However, because of the great world supply of silver and its use in varying forms by the world's population, concerted action by all nations, or at least a large group of nations, is necessary if a permanent measure of value, including both gold and silver, is eventually to be made a world standard. To arrive at that point, we must seek every possibility for world agreement, although it may turn out that this nation will ultimately have to take such independent action on this phase of the matter as its interests require.

The success of the London Conference in consummating an international agreement on silver, which has now been ratified by all the governments concerned, makes such further agreement worth seeking. The ebb and flow of values in almost all parts of the world have created many points of pressure for readjustments of internal and international standards. At no time since the efforts of this nation to secure international agreement on silver began in 1878 have conditions been more favorable for making progress along this line.

Accordingly, I have begun to confer with some of our neighbors in regard to the use of both silver and gold, preferably on a coordinated basis, as a standard of monetary value. Such an agreement would constitute an important step forward toward a monetary unit of value more equitable and stable in its purchasing and debt paying power.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
May 22, 1934.

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