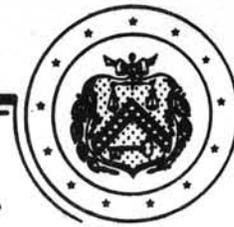


TREASURY DEPARTMENT



WASHINGTON, D.C.

June 4, 1968

FOR USE IN ANSWER TO INQUIRIES (Prepared in concurrence with the Federal Reserve System)

Since July 1967, when the Treasury Department ceased its sales of silver at \$1.29 per ounce, the Treasury and the Federal Reserve Banks have been issuing clad dimes and quarters only, and holding in inventory mixed silver and clad dimes and quarters as they normally flow back to the Federal Reserve Banks. When these are separated, the clad coins will be returned to circulation and the silver coins will be held at the Mints for melting. The coin-silver bullion will be made available for industrial use through weekly sales by the General Services Administration.

The Bureau of the Mint has been working for some time with commercial firms on the development of machines to separate the mixed coins, which now amount to 3.0 billion dimes and 1.3 billion quarters.

The Mints at Philadelphia and Denver and the San Francisco Assay Office have a number of machines in operation. Several of the larger Federal Reserve Banks have also installed separating machines, furnished by the Bureau of the Mint, and begun operations. These are at Boston, Cleveland and Chicago. Others will follow as separating machines become available.

In addition to separating the coins, the Mints have begun the melting of the silver quarters. This is being done at the Philadelphia and Denver Mints, and the New York and San Francisco Assay Offices.

At the March 1, 1968 meeting of the Joint Commission on the Coinage, it was agreed that the Treasury should proceed with melting a part of the silver coins on hand in order to make additional free silver available for industrial use. The Secretary of the Treasury has invoked his authority to prohibit the melting of silver coins by individuals and the Joint Commission on the Coinage has concurred in this action.

It is expected to take about two years to complete the separation of the total mixed coin now held in inventories. The Treasury and Federal Reserve Banks are cooperating in this effort in order that (1) the silver can be made available for industrial use; (2) the clad coins can be returned to circulation as quickly as they are needed; (3) storage space at the Banks and Mints can be freed; and (4) it will be possible to return to normal production and distribution of coins now that the coin shortage has passed, and the transition to clad coins has been completed.