

## SILVER

*Memorandum of heads of agreement signed at London July 22, 1933; supplementary undertakings signed at London July 24 and July 26, 1933*

*Proclamation on coinage of silver signed by the President of the United States December 21, 1933,<sup>1</sup> and accepted as instrument of ratification<sup>2</sup>*

*Entered into force April 24, 1934; effective from January 1, 1934  
Expired January 1, 1938*

48 Stat. 1879; Executive Agreement Series 63

### SILVER AGREEMENT

Memorandum of Heads of Agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru as principal producers of silver, at the Monetary and Economic Conference held in London, July, 1933.

Whereas, at a meeting of the Sub-Commission II (Permanent Measures) of the Monetary and Financial Commission of the Monetary and Economic Conference held on Thursday, July 20th, 1933, the following Resolution was unanimously adopted.

“Be it resolved to recommend to all the Governments parties to this Conference:

“(a) That an agreement be sought between the chief silver producing countries and those countries which are the largest holders or users of silver with a view to mitigating fluctuations in the price of silver; and that the other nations not parties to this agreement should refrain from measures which could appreciably affect the silver market;

“(b) That the Governments parties to this Conference shall refrain from new legislative measures which would involve further debasement of their silver coinage below a fineness of 800/1000;

“(c) That they shall substitute silver coins for low value paper currency insofar as the budgetary and local conditions of each country will permit;

“(d) That all of the provisions of this Resolution are subject to the following exceptions and limitations:

<sup>1</sup> 48 Stat. 1723.

<sup>2</sup> See art. 8.

"The requirements of such provisions shall lapse on April 1st, 1934, if the agreement recommended in paragraph (a) does not come into force by that date, and in no case shall extend beyond January 1st, 1938;

"Governments may take any action relative to their silver coinage that they may deem necessary to prevent the flight or destruction of their silver coinage by reason of a rise in the bullion price of the silver content of their coin above the nominal or parity value of such silver coin," and,

Whereas, the Governments of India and Spain may desire to sell certain portions of their silver holdings, and it will be to their advantage that the countries which are large producers of silver should absorb silver as herein provided, to offset such sales, and,

Whereas, it is to the advantage of the large producing countries named in Article 2 that the sales of silver from monetary stocks be limited as herein provided, and

Whereas, it is to the advantage of China that sales from monetary stocks of silver be offset by purchases as herein provided, with a view to its effective stabilisation;

Now, therefore, it is agreed between the parties hereto:

1. (a) That the Government of India shall not dispose by sale of more than one hundred and forty million fine ounces of silver during a period of four years, commencing with January 1st, 1934. The disposals during each calendar year of the said four year period shall be based on an average of thirty five million fine ounces per year, it being understood, however, that, if in any year, the Government of India shall not dispose of thirty five million fine ounces, the difference between the amount actually disposed of and thirty five million fine ounces may be added as additional disposals in subsequent years. Provided further that the maximum amount disposed of in any year shall be limited to fifty million fine ounces.

(b) Notwithstanding anything previously stated in this Article, it is understood that if the Government of India should after the date of this agreement sell silver to any Government for the purpose of transfer to the United States Government in payment of war debts such silver shall be excluded from the scope of this agreement;

(c) Provided, however, that when the total of the disposals referred to in paragraph (a) above plus the sales referred to in paragraph (b) above by the Government of India under this agreement shall amount to one hundred and seventy five million fine ounces, the obligation of the parties hereto shall cease.

2. That the Governments of Australia, Canada, the United States, Mexico and Peru, during the existence of this agreement, shall not sell any silver, and shall also in the aggregate purchase, or otherwise arrange for withdrawing from the market, thirty five million fine ounces of silver from the mine production of such countries in each calendar year for a period of four years commencing with the calendar year 1934. The said Governments undertake to

settle by agreement the share in the said thirty five million fine ounces which each of them shall purchase or cause to be withdrawn.

3. That the silver purchased or withdrawn in accordance with Article 2 above shall be used for currency purposes (either for coinage or for currency reserves), or be otherwise retained from sale during said period of four years.

4. That the Government of China shall not sell silver resulting from demonetised coins for a period of four calendar years commencing January 1st, 1934.

5. That the Government of Spain shall not dispose by sale of more than twenty million fine ounces of silver during a period of four years commencing January 1st, 1934. The disposals during each calendar year of the said four year period shall be based on an average of five million fine ounces per year; it being understood, however, that if in any year the Government of Spain shall not dispose of five million fine ounces, the difference between the amount actually disposed of and five million fine ounces may be added as additional disposals in subsequent years; provided further that the maximum amount disposed of in any year shall be limited to seven million fine ounces.

6. That the Governments concerned will exchange all such information as may be necessary with regard to the measures to fulfill the provisions of this memorandum of agreement.

7. That it is understood, that subject to the provisions of Article 8, the undertakings of each party to the present memorandum of agreement are conditional upon the fulfilment of the undertakings of every other party thereto.

8. That this memorandum of agreement is subject to ratification by the Governments concerned. The instruments of ratification shall be deposited not later than the 1st April, 1934,<sup>3</sup> with the Government of the United States. It shall come into force as soon as the ratifications of all the Governments concerned are received provided that all the ratifications are received before the 1st April, 1934. A notice by any Government that the affirmative action necessary to carry out the purposes of this agreement has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the Governments enumerated in Article 2 fail to ratify by the 1st April, 1934, the agreement shall come into force at that date if the other Governments mentioned in Article 2 which have ratified notify the other Governments which ratify that they are prepared to purchase, or cause to be withdrawn, in the aggregate the amount of silver mentioned in Article 2. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof the undersigned have signed the present memorandum of agreement.

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<sup>3</sup> Extended to May-1, 1934, by agreement of all the signatories.

Done at London this 22nd day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

S. M. BRUCE  
*Delegate of Australia*

EDGAR N. RHODES  
*Delegate of Canada*

W. W. YEN  
*Delegate of China*

KEY PITTMAN  
*Delegate of United States of  
America*

GEORGE SCHUSTER  
*Delegate of India*

EDUARDO SUÁREZ  
*Delegate of Mexico*

F. TUDELA  
*Delegate of Peru*

L. NICOLAU D'OLWER  
*Delegate of Spain*

#### SUPPLEMENTARY UNDERTAKINGS

##### *United States of America*

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of the United States shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, twenty-four million, four hundred and twenty-one thousand, four hundred and ten, fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, Canada, Mexico and Peru whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, Canada, Mexico, and Peru, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.
2. That the absorption of silver referred to in this agreement means current mine production.
3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.
4. That this memorandum is subject to ratification by the proper governmental authorities of the United States whose delegate has executed this

agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>4</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof, the undersigned have signed this memorandum of agreement.

Done at London this 26<sup>th</sup> day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

KEY PITTMAN

*Delegate of the United States*

*Australia*

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of Australia shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, six hundred and fifty-two thousand, three hundred and fifty-five fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Canada, the United States, Mexico and Peru whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Canada, the United States, Mexico and Peru, are subject to the following general provisions:

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<sup>4</sup> See footnote 3, p. 115.

1. That every provision of this agreement shall terminate on January 1, 1938.
2. That the absorption of silver referred to in this agreement means current mine production.
3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.
4. That this memorandum is subject to ratification by the proper governmental authorities of Australia whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.
5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>4</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof, the undersigned have signed this memorandum of agreement.

Done at London this 26th day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

S. M. BRUCE  
*Delegate of Australia*

*Canada*

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of Canada shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, one million, six hundred and seventy-one thousand, eight hundred and two fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, United States, Mexico, and Peru, whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, the United States, Mexico, and Peru are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.
2. That the absorption of silver referred to in this agreement means current mine production.
3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.
4. That this memorandum is subject to ratification by the proper governmental authorities of Canada whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.
5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>4</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof, the undersigned have signed this memorandum of agreement.

Done at London this twenty fourth day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

EDGAR N. RHODES  
*Delegate of Canada*

*Mexico*

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Peru, as principal purchasers of silver, it is understood that the Government of Mexico shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, seven million, one hundred and fifty-nine thousand, one hundred and eight fine ounces of silver in each calendar year beginning with the calendar year 1934.

This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, Canada, United States and Peru whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, Canada, the United States, and Peru, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.
2. That the absorption of silver referred to in this agreement means current mine production.
3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stock of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.
4. That this memorandum is subject to ratification by the proper governmental authorities of Mexico whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.
5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April, 1934.<sup>4</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The

Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof, the undersigned have signed this memorandum of agreement.

Done at London this 24 day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

EDUARDO SUÁREZ  
*Delegate of Mexico*

*Peru*

In connection with the attached memorandum of heads of agreement entered into by the Delegates of India, China and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico and Perú, as principal purchasers of silver, it is understood that the Government of Peru shall purchase or otherwise arrange for withdrawing from the market, as in the attached memorandum of agreement provided, one million, ninety-five thousand, three hundred and twenty-five fine ounces of silver in each calendar year beginning with the calendar year 1934.

2. This understanding is conditioned upon similar undertakings being entered into by the Governments of Australia, Canada, United States and Mexico whereby those Governments agree to purchase or otherwise arrange for withdrawing from the market of amounts of fine ounces of silver which, with the obligation hereby entered into, will make in the aggregate thirty-five million fine ounces of silver annually.

It is understood that this agreement and the similar agreements to be entered into by the Delegates of the Governments of Australia, Canada, the United States, and Mexico, are subject to the following general provisions:

1. That every provision of this agreement shall terminate on January 1, 1938.

2. That the absorption of silver referred to in this agreement means current mine production.

3. That when the Government of India shall have sold, transferred or otherwise disposed of Government stocks of silver to the net amount of one hundred and seventy-five million fine ounces, as provided in paragraph (c) of Article 1 of the attached memorandum of heads of agreement, the obligations of governments to purchase under this contract shall cease.

4. That this memorandum is subject to ratification by the proper governmental authorities of Peru whose delegate has executed this agreement, and the undersigned delegate undertakes to use his good offices to secure such action at the earliest possible date.

5. That this understanding shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the

ratifications are received before the 1st of April, 1934.<sup>4</sup> A notice by any government, party to this understanding, that the affirmative action necessary to carry out the purposes of this understanding has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments parties to this understanding have failed to ratify by the first of April, 1934, the understanding shall go into force and effect at that date if the other governments parties to this understanding have ratified the understanding and have given notice that they are prepared to purchase or cause to be withdrawn in the aggregate these thirty-five million fine ounces of silver. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof, the undersigned have signed this memorandum of agreement.

Done at London this 24 day of July, 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

F. TUDELA  
*Delegate of Peru*