

WHITE HOUSE URGES SALE OF STOCKPILED U.S. SILVER

By Robert D. Hershey Jr., Special To the New York Times

March 21, 1981



See the article in its original context from
March 21, 1981, Section 2, Page 29 Buy Reprints

[VIEW ON TIMESMACHINE](#)

TimesMachine is an exclusive benefit for home
delivery and digital subscribers.

About the Archive

This is a digitized version of an article from The Times's print archive, before the start of online publication in 1996. To preserve these articles as they originally appeared, The Times does not alter, edit or update them.

Occasionally the digitization process introduces transcription errors or other problems; we are continuing to work to improve these archived versions.

The Reagan Administration proposes to sell all the silver in the national stockpile to raise money to buy materials it regards as having far greater strategic importance.

Assuming Congressional approval, 139.5 million ounces of bullion would be marketed at the rate of about a million ounces a week over the next three years, officials of the Federal Emergency Management Agency said today.

The Administration's budget last week did not specifically call for disposing of silver, but its plan to raise some \$500 million from stockpile sales has inevitably led F.E.M.A. managers to sell these stocks.

About 80 percent of the \$6.5 billion of stockpile materials that have already been declared surplus is accounted for by silver and tin. Tin has regularly been offered for sale since last summer, though with little success. Little Impact on Market

The silver trade appears already to have pieced together the Government's intention, which so far has had little or no effect on market prices.

"This would be a controlled sale and they would be managed to avoid depressing prices," Richard E. Corder, acting director of the agency's stockpile policy division, said.

Officials noted that the magnitude of the sales would be roughly similar to those conducted from 1967 to 1969. When they ended, the price of silver was about 10 cents an ounce higher than when they began.

Since Mexico, Canada and the United States are three of the West's four largest producers, there is said to be no longer any justification for including silver in the stockpile. In addition, the Treasury now stores 39 million ounces for coinage use, and the Department of Defense has seven million ounces it uses in a continuous program of supplying silver to those working on Government contracts. G.A.O. Concur

The General Accounting Office has concurred in the belief that silver is not a material that needs to be stockpiled.

Nevertheless, there is expected to be some opposition in Congress to the silver sales from those who think the stockpile, either for strategic or so-called hard-money reasons, should not be depleted.

Since 1978, however, when Congress blocked a similar disposal attempt, the law has been changed to make it easier to restructure the stockpile. The proceeds from sales no longer must be turned over to the Treasury but can be put into a special fund that can be tapped directly to buy other items.

Among the new purchases, the first for the stockpile in more than 20 years, will be 1.2 million pounds of cobalt, about \$100 million worth. Cobalt is used in making jet engines.

The Government also expects to buy a dozen other materials, including aluminum oxide, cordage fibers, rubber, refractory bauxite, nickel, medicinals such as opium and exotic metals such as titanium. Reserves of these materials, Mr. Corder said, are "well below what our goal is." **Diamonds Already Offered**

In addition to the silver, the stockpile managers hope eventually to sell small amounts of quartz crystals, iodine, manganese ore, mercury, mica, sapphires and rubies. Tungsten and diamonds, like tin, are already being offered.

One reason for optimism that authorization for the silver sales will be obtained is that some Congressmen believe they may have been "used" by speculative and producer interests in blocking the preceding disposal attempt. This time, stockpile managers say, they expect the debate to focus strictly on national security considerations.

"We feel we'd have an adequate supply" in case of war, Mr. Corder maintained.

A version of this article appears in print on , Section 2, Page 29 of the National edition with the headline: WHITE HOUSE URGES SALE OF STOCKPILED U.S. SILVER