97TH CONGRESS
1st Session

S.6

To provide for the reinstatement of the dollar as a gold reserve currency, to stablize the value of the dollar, and for other purposes.

IN THE SENATE OF THE UNITED STATES

January 5, 1981

Mr. Helms (for himself, Mr. Goldwater, Mr. McClure, and Mr. Symms) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

A BILL

To provide for the reinstatement of the dollar as a gold reserve currency, to stablize the value of the dollar, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Short Title

Section 1. This Act may be cited as the "Gold Reserve Act of 1980".

Findings

Sec. 2. The Congress finds that

1. maintenance of the value of the dollar is necessary for the economic independence and security of the individual and the family;
2. monetary policy should provide for the maintenance of the value of the dollar;
3. monetary policy is not a proper or effective tool for reaching economic or social goals, other than assuring the value of the monetary unit, the dollar;
4. the destructuion of the value of the dollar through chronic inflation is caused by monetary policy;
5. the failure to contain inflation demonstrates that discretionary monetary policy must be tempered by a monetary standard;
6. Failure to maintain the value of the dollar has led to international economic disorder;
7. experience in other countries as well as in the United States, over long stretches of time, has shown that a gold monetary standard has superior ability to maintain the value of currency; and
8. a gold standard can provide a monetary system that maintains price stability in a growing economy.

Definitions

Sec. 3. As used in this Act-

(1) the term "standard price of gold" means the average price of gold bullion at New York for immediate delivery prevailing during the five business days ending on the one hundred and eightieth day after the date of enactment of this Act, as determined and proclaimed by the Secretary of the Treasury, except that if a gold holiday is proclaimed under the provisions of Sec 7 of this Act, the standard price of gold then in effect shall cease to apply, and the "standard price of gold" shall mean the average price of gold bullion at New York for immediate delivery prevailing during the five business days ending on the ninetieth day after the proclamation of such gold holiday as determined and proclaimed by the Secretary of the Treasury;

(2) the term "gold reserves" means the value, at the standard price of gold, of the aggregate amount of gold held by the Federal Reserve banks or held by the Treasury in custody for such banks;

(3) the term "monetary base" means the aggregate of liabilities (excluding capital accounts) of the Federal Reserve banks;

(4) the terms "upper reserve limit" and "lower reserve limit" means 175 per centum and 25 per centum, respectively, of the target reserve quantity;

(5) the term "gold holiday" means the ninety days following proclamation of such holiday by the Board of Governors of the Federal Reserve System pursuant to section 7 of this Act; and

(6) the term "target reserve quantity" means that total value of gold, at the standard price of gold, which bears the same proportion to the monetay base as gold reserves bore to the monetary base on the one hundred and eighty-first day after approval of this Act or, if a gold holiday shall have been proclaimed, on the ninety-second day after proclamation of such holiday.

Transfer of Gold Reserves

Sec. 4. Upon the enactment of this Act, the gold certificates issued and outstanding under the provisions of section 2(a) of the Gold Reserve Act of 1934(31 U.S.C.4410) shall be canceled and every right, title, interest, and claim of the United States to the gold represented by such certificates shall pass to and are hereby vested in the several Federal Reserve banks holding such certificates. All gold so transferred, not in the possession of the Federal Reserve banks, shall be held in custody for the banks and delivered upon the order of the Board of Governors of the Federal Reserve System. The Secretary of the Treasury shall take such action as may be necessary to assure that such gold shall be so held and so delivered.

Revaluaion of Gold Reserves

Sec. 5. Any increase or decrease in gold reserves due to a change in the standard price of gold shall be credited or debited to a special capital account to be established on the books of account of the Federal Reserve banks, but no credit balance shall be distributed to any stockholder or to the United States.

Gold Purchases and Sales

Sec. 6. (a) Each Federal Reserve bank shall sell gold on demand at a price equal to 100 7/10 per centum of the standard price of gold, and shall accept in payment therefor only Federal Reserve notes, whether issued by itself or another Federal Reserve bank, or drafts on reserve account or other deposits held by it.

(b) Each Federal Reserve bank shall buy gold when offered to it at a price equal to 99 3/10 percentum of the standard price of gold, and shall issue in payment therefor only Federal Reserve notes or deposit credits in that bank.

(c) Nothing in this section shall be deemed to require any Federal Reserve bank to buy or sell gold in any quantity less than that quantity having a value of $10,000 at the standard price of gold, except as provided in section 10 of this Act.

(d) The provisions of this section shall become effective on the one hundred and eighty-second day after the approval of this Act.

Restrictions of Changes in the Monetary Base

Sec. 7. Notwithstanding subsections (b) and (c) of section 12A of the Federal Reserve Act (12 U.S.C. 263 (b) and (c)) or any other provision of law, the monetary base-

(1) Shall not be permitted to increase during any period in which gold reserves are less than 75 per centum of the target reserve quantity;

(2) shall be decreased by 1 per centum per month during any period in which gold reserves are less than 50 per centum of a target reserve quantity;

(3) shall be increased by 1 per centum per month during any period in which gold reserves are more than 125 per centum of the target reserve quantity; and

(4) shall be increased by 2 per centum per month during any period in which gold reserves are more than 150 per centum of the target reserve quantity.

Gold Holiday; Proclamations; Prohibited Actions

Sec. 8. (a) If gold reserves become less than 25 per centum, or more than 175 per centum, of the target reserve quantity, the Board of Governors of the Federal Reserve System shall proclaim a gold holiday.

(b) Upon proclamation of a gold holiday under subsection (a), the standard price of gold then in effect shall cease to apply, and a new standard price shall be determined in accordance with section 2(a) of this Act.

(c) Notwithstanding any other provision of law, during the period of any gold holiday proclaimed under subsection (a)-

1. no Federal Reserve bank shall purchase gold for, or sell gold from, its gold reserves; and
2. the monetary base shall not be permited to increase or decrease by more than 1 per centum from its value at the time the gold holiday is proclaimed.

Rules and Regulations

Sec. 9 The Board of Governors of the Federal Reserve System shall prescribe rules and regulations to carry out the provisions of this Act other than section 9.

Coinage

Sec. 10. The Secretary of the Treasury shall mint and issue gold coins of .900 fineness in such denominations and of such sizes and weights, but not less than one-fourth of an ounce, as he determines to be appropriate to meet public demand. Coins minted under this section shall be subject to the requirements of section 3517 of the Revised Statutes (31 U.S.C. 324), and shall bear such other patriotic designs, symbols, or inscriptions as the Secretary determines to be appropriate.

Repeal of Existing Laws

Sec. 11. (a) Sections 5, 6, and 7, and the last sentence of section 15 of the Gold Reserve Act of 1934 (31 U.S.C. 315b, 408a, 408b, 444) are repealed.

(b) Section 11(n) of the Federal Reseve Act (12 U.S.C. 248(n)) is repealed. ★