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CHRONOLOGY OF EVENTS LEADING TO REVALUATION OF GOLD IN 1934

It was just twenty years ago on January 31, 1934, that gold was officially revalued from $20.67 to $35.00 an ounce. Time passes quickly, memories are short, and many people were too young in 1934 to recall now the absorbing interest in monetary policies that people had in the early 1930's. Although the cost of producing gold has doubled and the price of commercial gold to consumers has gone up substantially, the price received by the gold miner remains at the 1934 price of $35.00 an ounce. As gold is likely to assume increasing importance in the national economy, it may be profitable to review the sequence of events which led to the change in the gold price.

Ed.

Average Monthly Value in Dollars Per Fine Ounce 1933 London Quotation
(U. S. Bureau of Mines Minerals Yearbook)

	Dollars per fine ounce
January	$20.5872
February	20.6551
March	20.6492
April	21.5907
May	24.2586
June	25.2871
July	28.8271
August	28.3067
September	30.6368
October	30.7053
November	33.1486
December	32.2859

March 6-13, 1933

The President declared a bank holiday to prevent excessive withdrawal of bank depositors' funds.

April 5, 1933

By executive order the President forbade the hoarding of gold coin, gold bullion, and gold certificates.

April 19, 1933

The United States went off the gold standard for the second time in its history. (Shortly after the outbreak of the Civil War specie payment was suspended and gold was at a premium until January 1, 1879, when full convertibility was restored.)

April 20, 1933

By executive order the President forbade the export of gold bullion.

July 27, 1933

According to a decision of the Attorney General effective August 9, 1933, permission to export gold in ore and in concentrates, and in unretorted amalgam, bullion, and in unrefined cyanide precipitates was allowed up to 75 percent of gold-mine production. This order made it impracticable for smelters to dispose of the remaining 25 percent. There was confusion because of inability to do business with reliable purchasers abroad and very little of this class of material was shipped.

August 29, 1933

By executive order the President stated that the United States government would act as agent for producers of newly mined gold to obtain the world price through the United States Mint and Federal Reserve Banks. All sales were handled by the Federal Reserve Bank of New York. Sales abroad were made from September 13 to November 1.

October 22, 1933

The President announced by radio that he planned to control the dollar by establishing a government market for gold and to have the Reconstruction Finance Corporation buy newly mined gold in the United States. Also the government would buy and sell in the world market if necessary.

October 24, 1933

The Treasury ceased buying domestic gold (at $29.80 an ounce).

October 25, 1933

By executive order the Reconstruction Finance Corporation began to buy newly mined gold at prices arbitrarily fixed and periodically advanced, with the price generally above the world price ($31.36 this date - 27¢ an ounce above London quotation). Payment by the RFC was in notes payable in principal and interest on February 1, 1935.

October 27, 1933

The President authorized the Reconstruction Finance Corporation to extend government purchase of gold into foreign markets and the RFC paid $32.36 an ounce in Paris and London markets.

November 2, 1933

The Federal Reserve Bank of New York began buying foreign gold in Paris and London.

December 28, 1933

The Secretary of the Treasury called in hoarded gold. Deadline was set for January 17, 1934, (later extended).

December 31, 1933

Monetary gold stocks in the United States totaled $4,323,000,000, with $310,970,000 in circulation (at $20.67 an ounce). At this time world monetary gold stock approximated $11,964,000,000 (at $20.67 an ounce).

January 15, 1934

The President delivered a message to Congress in which he requested authority to vest title in the United States Government to all supplies of American-owned monetary gold and to fix the upper limit of permissible revaluation at 60 percent. Gold Reserve Act of 1934 introduced in Congress. (RFC bought 4,030,260 ounces of gold worth $131,671,604 before ceasing its buying operations January 15, 1934.)

January 16, 1934

The Federal Reserve Bank of New York began paying depositors by check the United States price of $34.45 per ounce less a small commission, according to the President's message to Congress on January 15 recommending that the upper limit of revaluation of the gold be set at 60 percent.

January 20, 1934

The House passed Gold Reserve Act by a vote of 360 to 40.

January 27, 1934

The Senate passed Gold Reserve Act by a vote of 66 to 23.

January 30, 1934

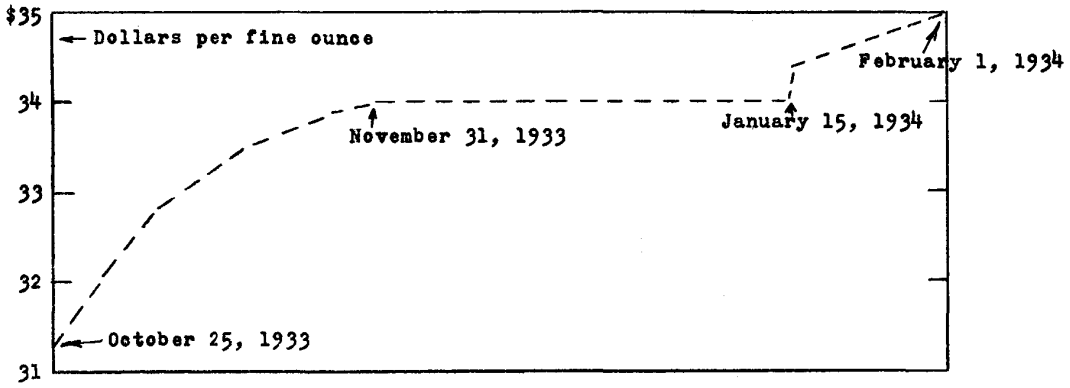
The President signed Gold Reserve Act into law.

January 31, 1934

The President issued a proclamation acting under the powers granted by Title 3 of the act approved May 12, 1933, (Thomas amendment to the Farm Relief Act) fixing the weight of the gold dollar at 15 5/21 grains, nine-tenths fine, which was 59.06 percent of the former weight of 25 8/10 grains, nine-tenths fine. The value of gold immediately became $35 per fine ounce.

Under the Gold Reserve Act of 1934, the entire stock of monetary gold in the United States including gold coin and gold bullion heretofore held by the Federal Reserve Bank, and the claim upon gold in the Treasury represented by gold certificates was vested in the United States government and the "profit" ($2,883,800,000) shown by the reduction of the gold content of the dollar accrued to the United States Treasury. This "profit" according to the President's proclamation constituted a stabilization fund under the direction of the Secretary of the Treasury.

The Secretary of the Treasury, with the approval of the President, announced that beginning February 1, 1934, he would buy, through the Federal Reserve Bank of New York as fiscal agent, all gold delivered to any United States Mints or assay offices in New York and Seattle at the rate of $35 per fine troy ounce less the usual mint charges. Purchases were subject to compliance with regulations issued under the Gold Reserve Act of 1934. The Secretary of the Treasury also promulgated new regulations governing purchase and sale of gold by the United States Mints. The mints were authorized to purchase gold recovered from natural deposits in the United States or any place subject to its jurisdiction, unmelted scrap gold, gold imported into the United States after January 30, 1934, and such other gold as might be authorized from time to time by rulings of the Secretary of the Treasury. No gold could be purchased which had been held in noncompliance with previous acts or orders or noncompliance with the Gold Reserve Act of 1934. Affidavits as to the source from which the gold was obtained were required. As for imported gold, the mints could purchase only that which had been in customs custody after its arrival in continental United States.



Graph Showing Weekly Government Buying Price of Gold
From October 25, 1933, to February 1, 1934

References

U.S. Bureau of Mines Minerals Yearbook

Commercial and Financial Chronicle, New York.

F.W.L. and R.S.M.

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VOLIN PROMOTED

M. E. Volin, formerly chief of the mining division of the U.S. Bureau of Mines, Region II with headquarters at Spokane, is now director of Region V with headquarters at Minneapolis. Mr. Volin's promotion came in December 1953, and his successor at Spokane is Wing A. Agnew, formerly Chief of the Bureau of Mines' Mt. Weather Experiment Station, Bluemont, Virginia.

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NEW PLACER OPERATION

Placers, Inc., is a new corporation which has taken over the claims formerly owned and operated by the Pedro Brothers on Connor Creek in southeastern Baker County, Oregon. Officers of the new company are: Vernon McClure, Midvale, Idaho, President; Jacob Schoesler, Ontario, Oregon, Vice President; and Harry Schaffer, Ontario, Oregon, Secretary. The property includes four gulch-type placer claims laid out end to end and recorded as "The Group of Huntington Placers." The area on Connor Creek represents drainage below the famous old Connor Creek gold mine which had a substantial production from high-grade ore in the early days of eastern Oregon mining. Areas along Connor Creek have been placered periodically since operation of the old Connor Creek mine. Coarse gold is sometimes recovered. Both cinnabar and native quicksilver are also reported to be present. The company plans to dig with a power shovel and to truck the gravel to a stationary washing plant downstream from the working face. The plant will be placed sufficiently high above the creek to allow for tailings impoundment and will be skidded upstream as the new excavations make necessary.

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ALUMINUM PRODUCTION

Estimated production of primary aluminum in the Pacific Northwest for 1953 was 943 million pounds, or 37 percent of the total United States production. Current production of aluminum in Washington and Oregon is almost three times the amount produced throughout the entire nation just 14 years ago. The three primary aluminum producers in the Pacific Northwest employ 8900 workers and had a payroll of $39 million in 1953.

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Report of Industries Department, Portland Chamber of Commerce, January 1954.

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DIATOMITE PROJECT

Malheur Wunder Earth, Inc., Vale, Oregon, is reported to control, both by location and by lease, approximately 3400 acres of land in the Harper-Westfall area of northern Malheur County, Oregon. Following are the officers of the company: Don Galbreath, Vale, President; Robert D. Lytle, Vale, Vice President; Jack Craig, North Powder, Second Vice President; Kenneth Johnson, Vale, Treasurer; and Dan Hartley, Portland, Secretary. Mr. Berle Woods, Yakima, is technical consultant. The diatomaceous earth deposits controlled by the company are fully described by B. N. Moore in U.S. Geological Survey Bulletin 875, "Nonmetallic Mineral Resources of Eastern Oregon." The company plans to install a Raymond mill with cyclones during the coming spring.

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SALEM ALUMINA-FROM-CLAY PLANT STARTS

According to the Salem Statesman, the alumina-from-clay plant built by the government during World War II and purchased by the Harvey Machine Company, Los Angeles, has started experimental work under A. W. Metzger, Plant Manager. The experiments will attempt to point the way to practical methods of treating clays and other high-aluminous materials for recovery of alumina.

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SNAVELY PROMOTED

Mr. Parke D. Snavely, Jr., who has been Supervising Geologist of the U.S. Geological Survey Fuels Branch in Oregon and Washington for the past several years, has been promoted to the position of Regional Supervisor, Pacific Region of the Fuels Branch, and has moved from Portland to his new headquarters at Menlo Park, California. Mr. Linn Hoover has succeeded Mr. Snavely and is now Acting Supervising Geologist in Portland with headquarters at the Main Post Office Building.

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EASTERN OREGON MINING ASSOCIATION ELECTS OFFICERS

New officers of the Eastern Oregon Mining and Mineral Association, Baker, are: William J. Wendt, Jr., President; Joe G. Balthazor, First Vice President; Ivan Thompson, Vice President representing Baker County; C. C. Clement, Vice President representing Union County; I. B. Hazeltine, Vice President representing Grant County; Fred Moes, Treasurer; and Nadine Strayer, Secretary. Orville Fleetwood and Paul Van Arsdale were named trustees and James A. Poston, George Bailey, and Jesse Edwards were named directors.

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MR. AND MRS. HENDRYX CELEBRATE GOLDEN WEDDING ANNIVERSARY

Mr. H. E. Hendryx, who retired from the Governing Board of the State Department of Geology and Mineral Industries because of ill health, and Mrs. Hendryx observed their fiftieth wedding anniversary at the home of their son and daughter-in-law, Mr. and Mrs. Truman Hendryx, in Washington, D.C., on December 17, 1953. For fifty years Mr. Hendryx was associated with eastern Oregon newspapers and eastern Oregon mining. No one was better known in Baker County than Ed Hendryx and no one was more familiar with mining developments in the county for the past several decades.

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NEW OREGON OFFICE FOR HUMBLE OIL

R. M. Touring, geologist for Humble Oil and Refining Company, has been transferred from Salinas, California, to new company offices set up at Eugene, Oregon.

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CHROME SAMPLE GIVES HIGH ANALYSIS

The highest grade chromite sample received by the Department during the past 5 years was recently sent in by George W. Bauguess, O'Brien. The sample originated at the Chrome Dome No. 1 claim on Whiskey Creek in Josephine County, jointly owned by Bauguess and Grover C. Royer. Analysis shows 58.71 percent Cr_2O_3 and 12.78 percent Fe. The chrome-iron ratio is 3.13:1, and a shipment of similar grade ore would bring $163.04 per ton delivered to the Grants Pass stockpile.

Close runner-up to the Chrome Dome ore is a sample sent in by Pat Arnot in 1950 from the Prospect claim on Onion Mountain, Josephine County. It analyzed 57.87 percent Cr_2O_3, 11.72 percent Fe with a chrome-iron ratio of 3.37:1. The higher chrome-iron ratio of Arnot's sample, however, gives it a higher calculated dollar value of $169.28 per long ton despite its slightly lower chromic oxide content.

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UMATILLA COUNTY GEOLOGIC MAP

The January Ore.-Bin announced that the Umatilla County map and text would be published in the February issue. It was not feasible to do this and it is now planned to publish the map in the March Ore.-Bin.

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NEW EASTERN OREGON CHROME COMPANY

According to the Baker Record Courier, the John Day Mining Corporation of John Day has taken over the holdings of the Tri-County Mining and Concentrating Company on a two-year lease. The property leased includes the Dry Camp chrome mine near Canyon City and the Tri-County concentrating mill at John Day.

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PACIFIC CARBIDE REMODELS

Increased production of calcium carbide will result from changes made at the Pacific Carbide and Alloys Company plant in north Portland. Continuous carbon electrodes of the Soderberg type have replaced pre-baked ones in the modernization program which cost about $100,000. Pacific Carbide obtains high-calcium limestone from a company-owned quarry near Enterprise, Oregon. A total of about 35,000 tons of stone is shipped to Portland annually where it is burned prior to mixing in the electric furnace with petroleum coke briquets obtained from Portland Gas and Coke Company.

Calcium carbide is used principally as a source of acetylene gas which is used extensively in welding.

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NEW SNOWMOBILE FOR BUFFALO MINE

The Buffalo mine, Grant County, only consistent lode gold ore shipper, has purchased a snowmobile in order to keep in contact with the outside world during wintertime. The mountains, particularly between Granite and Sumpter, are usually covered with several feet of snow and the mine will now be able to handle mail and light freight during the winter months when roads are closed.

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QUICKSILVER MINE SUCCUMBS

The Bobnanza mine, owned by the Bonanza Oil and Mine Corporation, has closed down because of inability to make a profit under present operating conditions. The grade of ore, coupled with high costs, did not allow a profit during the past year and the outlook for the coming year is such that the company was forced to suspend. The mine contains low-grade ore but will fill up with water and it is unlikely that this ore will be readily available in future years in time of an emergency.

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MOLYBDENUM IN SOILS

According to the E&MJ Metal and Mineral Markets, molybdenum added to soils as a trace element is making some farm land as much as 50 percent more productive. Arthur H. Bunker, President of Climax Molybdenum Company, has stated that molybdenum is being used on huge tracts of farm land in Australia, New Zealand, Hawaii, California, and New Jersey.

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DIATOMITE IN 1952

According to the U.S. Bureau of Mines, annual production of diatomite for the three years 1948-1950 averaged 241,000 tons valued at $6,154,000. It is stated that the average value per ton of diatomite at the mine has advanced from $14.81 in 1933-1935 to $25.55 in 1948-1950. Of the 1952 production, 48 percent was used in filtration, 29 percent as fillers, 11 percent as insulation material, and 12 percent in miscellaneous uses. Trade journal quotations on diatomite ranged from $42 to $100 per ton, depending upon quality, quantity, and point of sale.

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