1-16-1968

News Release #68-09
Congressman Charles W. Whalen, Jr. (R-Ohio) today introduced a bill to remove the 25 per cent gold backing requirement for federal reserve notes.

Whalen last week proposed this as a necessary step in the wake of the President's balance of payments deficit proposals.

The former University of Dayton economics professor made the recommendations in several speeches before Dayton area groups. He was generally critical of the President's plan because it "does not go to the heart of the matter (and is) a piecemeal or shotgun approach."

Whalen's bill is similar to a measure introduced by Congressman Henry Reuss (D-Wisc).

Specifically, it proposes "to eliminate the requirement that the Federal Reserve banks maintain certain reserves in gold certificates against Federal Reserve notes."

Whalen said the requirement is outdated and serves no useful purpose.

Its removal would give the U. S. an additional $10 billion to meet foreign demands for gold, he said. Today there is only about $1.1 billion available for this purpose since U. S. gold holdings have declined.
to approximately $11.9 billion, of which $10.8 billion is tied up by the federal reserve note requirement.

"The gold reserve requirement is an anachronism, dating back to the time when America operated on the gold standard," Whalen said.

"Since the federal reserve notes held by American citizens no longer are redeemable in gold, the gold cover statute is not applicable to today's monetary system," he said.
<table>
<thead>
<tr>
<th>DATE</th>
<th>16 Jan</th>
</tr>
</thead>
<tbody>
<tr>
<td>RELEASE TOPIC</td>
<td>Cash Bill become Gold Coin</td>
</tr>
</tbody>
</table>

## DAYTON AREA
- Journal Herald
- Dayton Daily News

## WASHINGTON
- Journal Herald
- Dayton Daily News
- UPI
- AP
- WHIO
- WING
- WKZF NEWS
- WKTR NEWS
- WVUD NEWS
- K-O TIMES
- X-ROADS CHRONICLE
- NEWS TRIBUNE
- LABOR UNION
- COMMUNITY TIMES
- DAYTON EXPRESS
- ENGLEWOOD ARGUS
- CATHOLIC TELEGRAPH
- DAYTON JEWISH CHRONICLE

## OHIO
- Cleve Plain Dealer
- Cin Enquirer
- Toledo Blade
- Columbus Dispatch
- Robert Crater
  - (Cin Post, Clev Press, Columbus Cit-Jnl)

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- Republican News

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## LABOR UNION

## COMMUNITY TIMES

## DAYTON EXPRESS

## ENGLEWOOD ARGUS

## CATHOLIC TELEGRAPH

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