

LEGAL TENDER AND FRACTIONAL SILVER COINAGE

*Exchange of notes at Washington March 26 and April 2, 1930,
modifying agreement of June 20, 1904
Entered into force April 2, 1930*

Department of State files

The Acting Secretary of State to the Panamanian Minister

MARCH 26, 1930

SIR:

I have the honor to refer to your aide memoire of December 23, 1929, with respect to the desire of the Government of Panama to recoin its present fractional silver coins to the amount of 125,000 Balboas, par value, into new fractional coins having a par value of \$250,000, and inquiring whether the Government of the United States considers that a deposit of double the amount of the present one, i.e., 37,500 Balboas, or \$37,500, would be required to guarantee the parity of the new coins, and whether the Government of the United States would be willing to modify accordingly the monetary agreement of June 20, 1904,¹ between this Government and the Republic of Panama. You also inquire, in case the modification proposed is agreed upon, whether the agreement could be effected by means of an exchange of notes between the Department of State and the Legation of Panama.

In reply you are informed that this Government will make no objection to the proposed new coinage if suitable provisions are adopted to safeguard the public in the Canal Zone and in Panama from loss or inconvenience and to assure the parity of the new money. To this end it is proposed that the following provisions be agreed upon as modifications of the existing Currency Agreement.

1. That the Republic of Panama shall agree to maintain the parity of its silver coinage with the gold standard by exchanging silver coins for gold or legal tender money and by taking such steps with respect to exchange by drafts upon its reserve fund as will tend to prevent disturbances of the legal parity of the silver fractional currency of the Republic with the Gold Standard.

¹ *Ante*, p. 681.