

Is It Time to Ditch the Penny?

In this era of online shopping and debit and credit cards, some question the need for a one-cent coin

It costs the U.S. Mint 1.63 cents for every penny it produces—almost 7 billion of them in 2014. And because so many pennies drop out of circulation, the Mint makes more pennies than nickels, dimes, and quarters combined. The costs add up: more than \$114 million this year because the price of zinc (a penny's primary component) is at a three-year high. Other countries—including Australia, New Zealand, and Canada—have done away with their one-cent coins. The group Citizens to Retire the U.S. Penny says it's time for the U.S. to do the same. But Americans for Common Cents, a group funded by the zinc industry, says that would be a mistake.

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New pennies on a production line at the U.S. Mint in Philadelphia

YES In the 1920s, two pennies would buy you a newspaper from a street vendor. These days, people don't even bother picking up pennies off the street.

The sad fact is that a century of inflation has eroded the value of the penny to the point that they're no longer useful as a currency; indeed, continuing to use the penny actually slows down cash transactions.

What's more, the U.S. Mint calculates that for the last eight years, it has cost more than a penny to make a penny, highlighting the silliness of continuing to produce the coin. At a time when the federal budget is under increasing stress, the government should not be wasting valuable resources to make a coin that nobody wants.

If the penny isn't useful as a currency, then why are we still minting it? One reason is that some businesses, such as zinc suppliers, continue to lobby to prevent its elimination.

Coins have been used as currency for thousands of

years—they were minted in ancient Greece and Persia—but inflation requires that we periodically reform our coinage systems. Canada, which has a monetary system very similar to that of the United States, retired its penny in 2012. As one member of the Canadian Parliament's Senate Finance Committee

noted at the time, the penny "slows down the line at grocery stores and ends up under our couches."

Remarkably, the penny has been the lowest-denomination coin in the U.S. for more than 150 years, since the half-penny was discontinued in

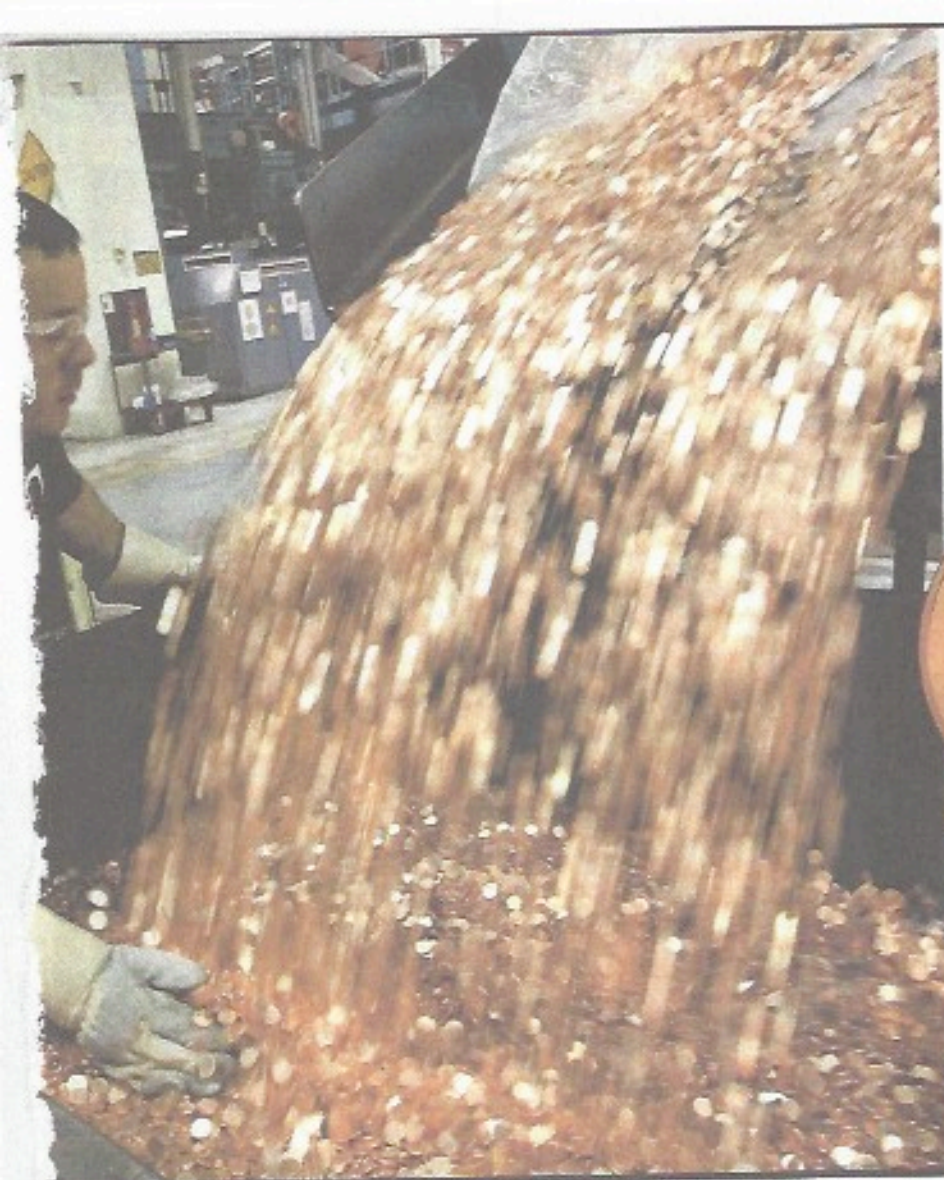
1857. A simple way to retire the penny would be to round cash transactions up or down to the nearest nickel. This is the way pricing is already done on U.S. military bases overseas.

It is past time for the entire country to follow this no-nonsense approach and retire the penny.

—JEFF GORE

Citizens to Retire the U.S. Penny

'These days, people don't even bother picking up pennies off the street.'



21%
Percentage of pennies that have disappeared from circulation since 2000. How many are in your couch?

7 billion
Number of pennies produced by the U.S. Mint so far this year.

2.5%
Percentage of a penny that is copper; the rest is zinc. Until 1982, pennies were 95% copper.

SOURCE: THE U.S. MINT
THE WALL STREET JOURNAL

STEPHEN NELSON/GETTY IMAGES; MICHAEL COOPER/PHOTOGRAPHY; CONTACT FOR THE ARTS; SIMON MINT; PHOTOS; ISTOCK/INVESTIGATION IMAGES; PALLAS KONIKI

NO More and more purchases are being made with credit and debit cards. At the same time, the cost of producing coins is increasing.

So does it still make sense to keep the penny in circulation? The answer, for a number of reasons, is a resounding yes.

First and foremost, consumers benefit from having the penny. A low-denomination coin helps keep prices in check. The alternative to the penny is rounding transactions to the nearest nickel. But that would make goods and services more expensive: Since the objective of any business is to maximize profits, most prices would be rounded up—and that would hurt consumers every time they shop.

Second, there is strong public support for keeping the penny. Polls show that two-thirds to three-quarters of Americans want to keep the penny in circulation.

Third, it's wrong to suggest that halting the production of the penny would save the government money. Without pennies, we'll need to mint more nickels. But it costs almost

a dime to make a nickel today. It's hard to see how the government would save money by making more nickels.

The bottom line is that the penny remains both popular with the public and important to our monetary system.

For those who don't want their pennies, please donate them to the many charities that collect them to raise money for important causes like hunger and cancer research. The Salvation Army and Ronald McDonald House, for example, raise millions of dollars through penny drives, and the Leukemia & Lymphoma Society

recently collected 1.5 billion pennies (\$15 million) for their "Pennies for Patients" program. That's not small change.

So can we do without the penny? Not if we want to keep inflation in check, protect America's hardworking families, and continue to help charities raise millions of dollars. Public support for the penny has remained consistently high for decades for several good economic, as well as sentimental, reasons. •

—MARK WELLER

Executive Director, Americans for Common Cents

'Two-thirds to three-quarters of Americans want to keep the penny.'