

Should the Penny Be Retired?

It's been our lowest-denomination coin for 154 years.

With people leaving pennies at the cash register, some say it's time to get rid of them.

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 pennies are no longer useful as a currency. What's more, it now costs more than a penny to make a penny, highlighting the silliness of continuing to mint the coin.

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 currency reform.

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. Over the last decade, New Zealand, Sweden, and Brazil have all retired their lowest-value coins—the equivalents to our penny.

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

In December, Canada's Senate Finance Committee recommended that Canada abolish its penny. "Most of us know the penny as little more than a nuisance that slows down the line at grocery stores and ends up under our couches or in drawers," said Richard Neufeld, the committee's chairman.

It's not yet clear whether Canada will keep its penny or get rid of it. But the United States should lead the way on currency reform; it's time for us to retire the penny.

Jeff Gore

Citizens for Retiring the Penny

(*The New York Times Upfront*, Vol. 143, May 9, 2011)

No

Does it still make sense to keep the penny in circulation when so many more purchases are made today with credit cards, and the cost to make coins has increased? The answer, for a number of reasons, is a resounding "yes."

First, consumers benefit from having a low-denomination coin. The penny helps keep high prices in check. The alternative to the penny is rounding transactions to the nearest nickel. But that will 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 the penny. National polling shows that almost 75 percent of Americans favor keeping the penny.

Third, America's wonderful charities raise millions of dollars from the penny. Groups like the Salvation Army and Ronald McDonald House rely on these small contributions that prove the penny's value. For example, the Leukemia & Lymphoma Society recently celebrated collecting 1.5 billion pennies (\$150 million) for their "Pennies for Patients" program. That's not small change.

Finally, it's wrong to suggest that eliminating the penny would save money. All U.S. coins—not just the penny—are affected by higher metal costs. In fact, it costs almost a dime to make a nickel today. That's why last December, Congress directed the United States Mint to find ways to produce our coins more cost-effectively. This makes sense.

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.

Mark Weller

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