We can’t retire yet, but someone can

By Jason Silva

For English 1010/2012

For every beginning there is an end, and with every end comes a new beginning. The penny was introduced by Benjamin Franklin, minted in 1787. The first Lincoln penny was issued in 1909 to celebrate the 100th year anniversary of Lincoln’s birth. Designed to be made purely of copper, in 1943 the penny began being minted with mixed metals (starting with steel) as copper was needed for WWII and afterwards too expensive (people used to melt pennies down and sell the copper for more). The penny has been in the United States for 225 years, but has it reached its retirement age?

The logical answer is yes, the penny can enjoy its well earned permanent vacation. What makes the answer reasonable is the simple idea that has ruled decisions for eons: the benefits outweigh the detriments. However, this reasoning is not enough to satisfy everyone, the biggest issue is it sadly fails to appease the important group, Congress. In 2008 during Obama’s campaign he announced he would seriously attempt to retire the penny. Even before Obama, two acts were introduced; the Legal Tender Modernization Act in 2002 and the Currency Overhaul for an Industrious Nation (COIN) in 2006, but both failed in Congress. This brings up the question, what are the benefits that Congress just isn’t agreeing with?

Take a look at what the United States could stand to gain from giving the penny its permanent vacation. It costs more to produce a penny than its face value is worth, so if that could be reduced to less than one cent or eliminated the U.S. could save $500,000,000! Also if the penny was eliminated, instead of creating inflation, the economy would flow more smoothly and with less money being wasted prices have a greater potential to go down. These benefits stated are the specific ones that are lobbied in Congress, but take a look at the arguments made that produce limitless possibilities.

Those who are anti-penny make strong arguments, often focused on what the penny “wastes” in America. How much money is wasted has been mentioned previously, but the penny also wastes an even more precious resource: time. Since many cash transactions involve the exchange of pennies, the National Association of Convenience Stores estimated that 2-2.5 seconds are wasted in each transaction, and 30 seconds wasted with customers fishing for pennies within their pockets. When calculated each person wastes approximately 2.4 hours a year dealing with pennies, and since the mean wage in the United States is $17/hour, pennies cost United States citizens $40 a year. “A recent New Yorker article pointed out that pennies are so worthless now that it doesn't even pay the federal minimum wage to stoop to pick one up off the street unless you can do it in 6.15 seconds or less.”

This is just the time the citizens of the United States waste in transactions affairs. An institution that stands at a large gain with the elimination of the penny is the birthplace of the penny itself, the US Mint. The US Mint makes an average of 20.27 million pennies per day to meet the 7 billion pennies a year output. Elimination of the penny would save the US Mint half the time wasted each day, along with all the time, fuel, expense, and hassle of carting those pennies to all the banks, merchants, etc.

Time and money are two commodities that no person in the world ever willingly wastes, so why won’t Congress allow the penny to leave circulation? Two influences may be the zinc and copper lobbyists, who continue to fight any bill against the penny as they stand to lose a whopping .1% of their profits! The copper lobby, however, did provide one argument that stands to some sense of logic. Their point was that if the penny were eliminated, the United States would need to produce more nickels, and the nickel has worse problems than the penny with a cost production of 11 cents per nickel. However, there was no evidence provided to support this claim (of the need to produce more nickels). The other arguments stated to keep the penny are not pecuniary, though, and apply more to the sentiments and emotions that come with the penny (two tantamount ideas with no place in the business and economical world).

These esoteric ideas are incessant, and seem paltry compared to the anti penny arguments made earlier, yet Congress has found them intrinsic enough to stop anti-penny bills thus far. The first is that charities across America need the pennies, as they predominately use change jars (mostly filled with pennies) to raise funding. It may be true that people are more willing to part with pennies than nickels, but as the nickel’s value in the economy decreases it’s likely that nickel drives could easily replace penny drives for charities. The other, more irksome, argument lies with the historic sentiment. The penny was one of the first coins to be authorized for mint by the U.S. government, and the penny is another tribute to beloved president Abraham Lincoln.

It is possible that these arguments aggregated enough to keep Congress at bay, but there are two other arguments that though smaller provide the arguments that pro-penny lobbyists should be looking more into. The first is that the inflated cost of the penny keeps banks at bay with their own inflationary powers, or put simply the penny serves as a double edged sword, with its inflated price serving deflationary limitations. The other seemingly implausible argument is that with eliminating the penny prices would go up, and with price increases the poor in America would have to pay the most. The loss of the penny would force prices to be rounded, with the likely-hood prices would be rounded up (even though legal legislation would require prices be rounded to the nearest nickel).

While these contrive small illusions of validity, it’s not as true and fearsome as it appears. Yes, rounded prices would likely be cheated into going up, but the rounded price only affects the total cost, not the cost per item. So for those who go shopping if the penny were eliminated, it would cost them 3-4 cents more per trip, which if the economy flowed smoother from losing the penny they might have much more than that couple of cents they’re “losing”. Coming back to the anti-penny debates, there are benefits that are incredibly widespread that the United States stands to gain.

The most appealing benefit to any American should be the great benefit the United States could gain from: taxpayers could pay less money. Because the penny costs more than it is worth, taxpayers lose .26 of a cent for each of the 7.4 billion pennies produced each year. Also pennies aren’t useful even in the most basic transactions: utility. Pennies are not accepted by most vending machines and toll booths, and even when someone needs pennies to pay for an item, they often resort to a larger denomination and accept pennies in return. If America needs more reason, they can look to Canada. “Several years after it got rid of its paper dollar in favor of a coin, Canada is now getting rid of its lowest denomination coin” (Mataconis, 2012) Just in May, Canada minted their last one cent currency, following the suit of the replacement of the $1 paper currency with the cost effective $1 coin.

As a final anti-penny argument, to connect to the needless emotions that hold people to the penny, look to the children. Next to oil, children are America’s most precious resource. However, the penny is potentially hazardous. When it is swallowed, the penny can corrode into a sharp-edged object, likely to damage the digestive tract. Even more so is the toxins released from a digested penny (2-3 children were harmed in the making of this report).

These are the arguments brought before Congress several times, and every time they’re shot down. Even compromises such as making the penny out of different metals to reduce production costs are known to be transient fixes to the contemporary issue regarding pennies. There is an efficacy with eliminating the penny. Even the sentimental side of the penny is appeased thanks to the $5 bill. The benefits outweigh the detriments, and if emotions can be set aside to observe the logical and integral reasons of eliminating the penny, the auspicious potential can be achieved.

Works Cited

Business, F. (Producer) (2012). Should we get rid of the penny? [Web]. Retrieved from <http://video.foxbusiness.com/v/1602807206001/should-we-get-rid-of-the-penny/>

Mataconis, D. (2012). Canada kills the penny, and so should we. *Outside the beltway*, Retrieved from <http://www.outsidethebeltway.com/canada-kills-the-penny-and-so-should-we/>

Headly, S. (2012). The penny debate. Retrieved from <http://coins.about.com/od/uscoins/i/penny_debate_2.htm>

Gore, J. (2012). *Citizens for retiring the penny*. Retrieved from <http://www.retirethepenny.org/>

Learning, E. (2010). *The us penny*. Retrieved from http://www.enchantedlearning.com/math/money/coins/penny/