

# The Penny Debate - Should We Keep the Penny or Get Rid of It?

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Images

The U.S. Cent, or penny coin, has almost no purchasing power today. The cost of making the pennies (1.26 cents each) is higher than face value, and the melt value of pennies ranges from more than 2.4 cents for the [pre-1982 copper pennies](#), to nearly a full cent for the zinc pennies. However, the penny is a very sentimental coin to most Americans, and many people fear that eliminating the penny would raise prices because things would need to be rounded to the nickel.



Both sides in the penny debate make some good points, and the solution is far from being an easy decision. This article takes a look at the issues involved in the pro-penny and the anti-penny debate so that you can make up your mind about where you stand in this important matter.

## Latest Developments

### Background

The United States has eliminated a small denomination coin in the past with relatively little trouble. In 1857, the Mint stopped making the Half-Cent coin, partly because the cost of making it had exceeded its face value, and partly because it was considered to be so small a denomination that it was no longer needed. Back in 1857, the Half-Cent had purchasing power that would translate to well over ten cents today, so in some ways it was akin to our eliminating the dime. Yet, commerce continued without any major hiccups, despite the fact that the penny coin suddenly shrunk from a hefty, one-inch-plus in diameter chunk of copper that weighed almost 11 grams, to a penny that was less than half the weight and 40% smaller than the previous coin.

Other major changes in U.S. coinage have also occurred without any catastrophic effects on commerce, such as when the 90% silver dimes and quarters were changed to base metal [clad](#) versions in 1965. A few people grouched about it, but commerce continued unabated. There have been several other more minor changes in the coin metal, ranging from temporary wartime alterations during World War II, to more permanent switches like using zinc instead of copper for the penny, and changing from the cupro-nickel clad dollar coin (the Susan B. Anthony) to the "golden dollar" type used in the [Sacagawea](#) and [Presidential Dollar](#) types. None of these changes caused any significant problems in commerce.

Many foreign nations have completely eliminated their most minor denominations with almost no impact on commerce or consumer confidence in the monetary system. New Zealand got rid of its penny and two-penny coins without incident back in 1989, and in 1991 replaced their two lowest paper denominations with coins. In 2006, New Zealand eliminated the nickel, and while they were at it, they significantly shrunk down the rest of the coins. All of this numismatic change took place without any major problems.

History has shown us that updating the monetary supply in countries where the currency is very stable has had little, if any, negative effect on the economy, or on people's acceptance of the coinage.