

# The New York Times Upfront

## Should the Penny Be Retired?

It's been our smallest-denomination coin for 150 years. But if people are leaving pennies at the cash register, is it time to get rid of them?

### YES

Inflation has so eaten away at the value of the penny that it is no longer useful: It is simply a nuisance. The penny has been our lowest-denomination coin since 1857, when the half-penny was retired. (At the time it was retired, the half-penny was worth more than the equivalent of a dime today.)

Pennies are now worth so little that people often don't pick them up off the street, despite the lucky-penny adage. As Harvard professor of economics Gregory Mankiw points out, "When people start leaving a monetary unit at the cash register for the next customer, the unit is too small to be useful."

But what harm is caused by continuing to mint the penny? First, it's a waste of time. Most cash transactions involve the exchange of pennies, and this increases the time it takes to complete them.

Second, minting pennies is a waste of money. The U.S. Mint produces about 7 billion pennies a year at a cost of \$100 million. Pennies are made of copper and zinc, two metals that have recently soared in price. Because of the high value of those metals, a penny is worth more melted down than as U.S. currency. (In fact, the Mint recently announced that it's illegal to melt down the penny.)

A simple way to retire the penny would be to round each cash transaction to the nearest nickel. Similar reforms have been successful in other countries, including Australia and the Netherlands. The U.S. might have already made similar changes if not for lobbying by the zinc industry to keep the penny in circulation.

The penny has outlived its usefulness. Let's retire it.

—Jeff Gore

Citizens for Retiring the Penny

### NO

Abolishing the penny would hurt both consumers and the economy.

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 research suggests that consumers would spend an additional \$600 million a year as a result.



Inflation from rounding up would in turn have a significant impact on government spending: A report by an economics professor at Penn State estimates that abolishing the penny would result in an extra \$1 billion in government spending over five years, since payments from many government programs are tied to inflation.

Opponents of the penny argue that no one will miss the penny since few people use cash anyway. But the majority of purchases of \$10 or less are still made with cash. Many low-income Americans don't have bank accounts or credit cards. Rounding would hurt all Americans, but the poor and other disadvantaged people would be disproportionately affected.

Abolishing the penny would not save the government money. Without the penny, the U.S. Mint would produce more nickels. Due to soaring metal prices, the nickel costs almost 10 cents to produce. Spending more money to produce more nickels is no way to save money.

According to a recent poll, more than 70 percent of Americans support keeping the penny in use. There is no need to abolish the penny, especially when the change would hurt consumers and the economy.

—**Matthew J. Eggers**

Americans for Common Cents