

The Penny Debate: Do Pennies Make Sense?

—By Josh Sanburn for TIME FOR KIDS

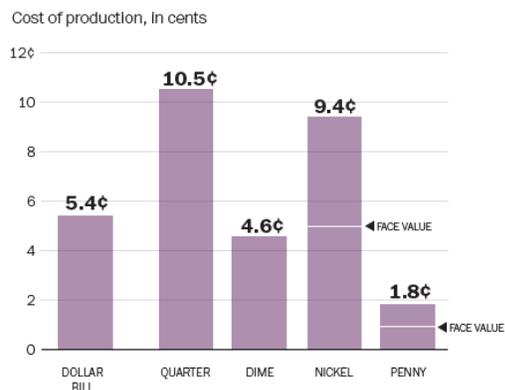
It costs more to make a penny than the coin is worth. Should the United States stop using pennies?

When your grandparents were kids, they could probably buy a handful of candy, a couple of pieces of gum, or a bottle of Coke for just a few pennies. Today, you'd need to haul at least a hundred of them to the store to buy just about anything.

Jarden Zinc Products, a large zinc plant a few miles outside Greenville, Tennessee, has a special claim. Since 1982, it has been the only supplier of penny blanks for the U.S. Mint. The blanks are metal disks that become one cent coins. It's a good business for Jarden. Since 2000, the company has earned more than \$800 million. However, it may not be a good deal for the U.S.

The value of the penny has been dropping for years. In 2006, it began to cost more than a penny to make a penny. It now costs 2¢ to produce a 1¢ coin. Many countries have stopped using pennies. Canada, which has a currency similar to the U.S., has ended penny circulation in 2013. In recent years, Australia, Brazil, and other nations have eliminated their least-valuable coins. Is it time for the U.S. to do the same?

Pennies, nickels cost more than their face value



SOURCE: U.S. Mint, Federal Reserve
GRAPHIC: The Washington Post. Published March 10, 2014

Jarden and the zinc industry are fighting to keep the penny. Since 2006, Jarden has given \$1.2 million to Americans for Common Cents (ACC). The group's mission is to keep the penny in use. Mark Weller is ACC's executive director. He argues that there are three main reasons for keeping the penny. Without it, we would become more reliant on the nickel, which also has problems. Charities that

depend on penny drives would not be able to raise as much money; and 67% of Americans want to keep the penny. The penny is part of our country's history, many people say. Others like it because it features Abraham Lincoln, one of the nation's most respected presidents. Many people fear they would end up paying more for products.

Many experts disagree with ACC. They point to the dozens of countries that have gotten rid of their lowest value coins without raising prices for consumers. Charities don't seem too concerned either. The Salvation Army says the group, which gets many coin donations isn't worried. If pennies were to be removed from circulation, the Salvation Army hopes the American public will continue to donate generously to help people in need.

Some business owners say rounding cash purchases to the nearest nickel would save time for workers and customers. According to the group Citizens to Retire the U.S. Penny, the average American spends at least 2.4 hours every year counting and sorting pennies for change—or waiting for others to do so. Many people find pennies so annoying that they leave them at the cash register for the next customer.

The penny is just wasting people's time, which is a nation's most valuable resource. Robert Whaples, an economics professor at Wake Forest University in North Carolina, says that many pennies fall out of circulation every year because people just don't value them. They end up lying around—in piggy banks, between couch cushions, or on sidewalks. "Because their value is so low, there's not much to be lost if you discard or misplace them."

The strongest argument for keeping the penny, and that's the problem with the nickel. Each nickel cost the U.S. Mint 10¢ to make. If getting rid of the penny led to greater use of the nickel, wouldn't that be trading one bad coin for another? For that reason, some experts have proposed getting rid of the penny *and* the nickel. Cash deals would then have to be rounded to the nearest dime.

The U.S. Mint could explore using cheaper metals to make pennies. Steel is less expensive than zinc. Pennies are 97.5% zinc and 2.5% copper. But no matter what it is made of, the penny's days may be numbered. Most in-store purchases are now made with debit or credit cards, not cash. Is it time for a change?

Name _____ HR _____

The Penny Debate

Should the United States stop using pennies? To convince others to agree with your opinion, you need good arguments, or statements that support your point of view. Read each statement below. Ask yourself: Does this statement support the idea that the U.S. should stop using pennies, or does it support the idea that the U.S. should continue using pennies? Place a **X** in the correct box.

Statement	The U.S. should STOP using pennies.	The U.S. should CONTINUE using pennies.
It costs more than a penny to make a penny.		
Many countries have gotten rid of their lowest-value coins without raising prices for consumers.		
Charities that depend on penny drives might not be able to raise as much money if there are no pennies.		
Without the penny, more people would use the nickel, which also costs more to make than it's worth.		
Many Americans want to keep the penny.		
Many in-store purchases are now made with credit or debit cards.		
The penny is part of American culture.		
People spend too much time counting out pennies or waiting for others who are counting.		

What is your opinion on this issue? Include at least two reasons you feel this way.