

The Value of a Penny



If you saw a penny lying on the ground, would you bend over and pick it up? There once was a time when the answer to that question was, “Of course! Free money!” It was even believed to be a sign of good luck to find a penny and pick it up. Today, however, many people walk right past pennies because they don’t believe it is worth their time or effort to stop and pick it up. That is because today a penny is worth almost nothing. In fact, it takes the average U.S. worker less than two seconds to earn a penny in wages.

Once upon a time, back in the good-old-days, a shiny penny was a valuable asset that could bring about a feeling of happiness and make a child feel rich. That’s because in those days, a penny could be exchanged for special treats like a broad selection of sugary penny-candies, such as bubble gum, licorice, jaw breakers, peppermint sticks, taffy or lollipops. If you didn’t have a sweet tooth, you might have preferred to trade that penny for a penny game at a carnival or a short Charlie Chaplin movie. For two pennies, you could ride a merry-go-round. If you could find the will power to save up five pennies, you could take your pick of a full-length Saturday matinee, candy bars, ice cream bars, baseball cards with bubble gum, soda, etc. In those days, a penny didn’t just buy a good or service, it provided an experience.

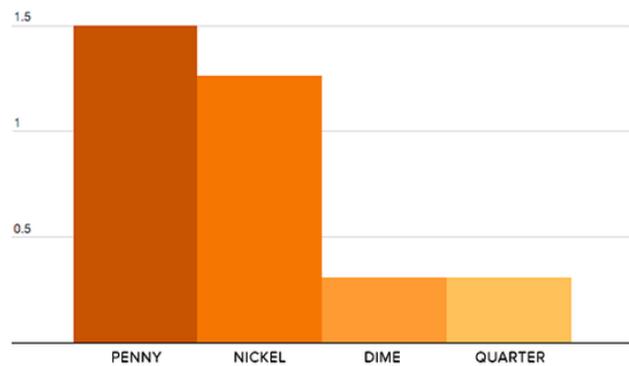
It’s been a long time since a penny was exchanged for a short movie. Today, if you were to walk around your neighborhood stores, it would be difficult, if not impossible, to find anything you could exchange for a one-cent coin. The value of the penny simply isn’t what it used to be. This has many people questioning whether the U.S. should even continue to make the penny.

Those who favor getting rid of the penny believe the coin is a waste of time and money because you can no longer buy anything for a penny. Those who favor keeping the penny believe the penny plays an important role in keeping down the costs of the goods and services we buy. If there were no pennies, stores and restaurants would round up to the nearest nickel. This means consumers would end up paying \$0.55 for something that should cost only \$0.51. It doesn’t sound like a lot to pay four cents more for something, but over time and many purchases, it could add up to consumers paying a lot more. Those who favor getting rid of the penny say that U.S. military bases have run this way for years and countries like Canada and Australia have also stopped making a one-cent coin and their money systems all work just fine.

Another reason people some people support getting rid of the penny is the cost to produce it. Did you know that it costs more than one cent to make a penny? Today, each penny costs about \$1.56 to make. All the pennies issued in 2016 cost the U.S. Mint \$46 million. That’s a lot of money spent making a coin that doesn’t have much value! People who support keeping the penny say that it is okay that it costs more than one cent to make a penny because a penny isn’t used just one time. Pennies exchange hands thousands of times over the course of their 25-year life span, making them well worth their cost to produce.

Those who support keeping the penny say that getting rid of the penny would require the need for more nickels to be made and that wouldn't help save money because it costs more to produce a nickel than its five-cent value. A study by CBS News, though, found that pennies are the most expensive coin to make when comparing it to its face value. The chart (right) shows that its cost is much higher compared to its value than either the dime or quarter.

COST TO MAKE A COIN RELATIVE TO ITS FACE VALUE



Penny supporters say we should explore less expensive ways to make the penny instead of getting rid of it all together.

Three key factors contribute to the cost to produce a coin: the metal it is made of, the manufacturing process, and the costs for transporting the coins. Pennies are made mostly of zinc. Zinc is used in many different products like batteries, automobiles, buildings and ships. While the price of zinc fluctuates, overall it has increased during the past several years. Many experts believe it is not likely that the price of zinc will go low enough in the future to bring the cost to produce the penny under one cent. Those who oppose keeping the penny say it's not likely that we will identify new ways to bring down the cost of manufacturing pennies.

Some penny supporters believe that we should keep the penny out of respect to our country's history and 16th President, Abraham Lincoln, who was the first person to appear on a U.S. coin and whose portrait has been on the penny since 1909. Those who oppose keeping the penny argue that President Lincoln already appears on the five-dollar bill so it would not be disrespectful to his legacy or our country to discontinue making the penny.

Lastly, people who oppose keeping the penny often site the environment as a reason to halt production. Mining zinc often involves exposure to toxic metals which contaminate the surrounding water, soil and plants. Also, the manufacturing and transportation processes both use a lot of energy. Supporters of keeping the penny, though, say a lot of charities who raise funds with "penny drive" type campaigns would be hurt by removing it from circulation.

Question:

What do you think? Should the U.S. Mint continue to make pennies? Why or why not?

Sources: <https://www.cbsnews.com/news/it-cost-1-5-cents-to-make-a-penny-last-year/>
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