# "My Two Cents' Worth"

### by Ed Reiter

## GOT CHANGE FOR A TRILLION?
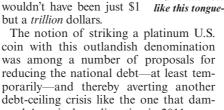


*A $1-trillion coin could look like this tongue-in-cheek design.*

Canada's Loon dollar coin is affectionately known North of the Border as the "Loonie." For a short time early this year, it seemed possible—though wildly improbable—that Americans might get an even loonier coin, only this time its face value wouldn't have been just $1 but a *trillion* dollars.

The notion of striking a platinum U.S. coin with this outlandish denomination was among a number of proposals for reducing the national debt—at least temporarily—and thereby averting another debt-ceiling crisis like the one that damaged America's credit rating in 2011.

The idea was to have the U.S. Mint strike a couple of these coins, have the Federal Reserve deposit them in the U.S. Treasury at a declared value of $1 trillion apiece, then treat this illusory sum as a paydown of the national debt—freeing $2 trillion to help meet future obligations without fear of breaching the fast-approaching debt ceiling.

This would have transformed the United States into the Manti Te'o of nations, flaunting a fortune just as unreal as the Notre Dame football star's imaginary Internet girlfriend. But, as things turned out, the Obama Administration chose not to embrace the plan—a prudent decision, considering how complicated life has been for Te'o since he began "embracing" his cyber sweetheart.

Oddly, the plan had a number of high-profile supporters, including former Mint Director Philip N. Diehl and economist Paul Krugman. Diehl was in charge at the Mint in 1997, when Congress authorized the Platinum American Eagle bullion coin, and he maintains that since the enabling legislation didn't specify that coin's denomination (which ended up being $100 for a one-ounce version), there would be no legal impediment to minting a new platinum coin bearing a different face value—even $1 trillion. Presumably, the size wouldn't be tied to the metal's intrinsic value.

The accounting treatment of such a coin, Diehl said, would be identical to that of all U.S. coins: "The Mint strikes the coin, ships it to the Fed, books $1 trillion, and transfers $1 trillion to the Treasury's general fund, where it is available to finance government operations just like with proceeds of bond sales or additional tax revenues. The same applies for a quarter dollar.

"Once the debt limit is raised, the Fed ships the coin back to the Mint, the accounting treatment is reversed, and the coin is melted. The coin would never be 'issued' or circulated and bonds would not be needed to back the coin."

In short, the big bucks represented by the coin or coins would serve as a short-term loan, giving Uncle Sam a source of ready cash to pay current bills while Congress and the White House worked out a deal to raise the debt ceiling—presumably in the same spirit of cooperation that has come to be their hallmark in recent years.

I defer to Diehl's judgment that all of this would be perfectly legal. But even if it *could* be done, is that any reason why it *should*? There's no law against walking barefoot on a bed of hot coals, but anyone who did so would be viewed—in a word—as loony. By the same token, the United States would risk global ridicule if it hid its national debt beneath platinum place-holders. It would be the stuff of fakers, not fakirs.

The folks at Heritage Auctions in Dallas concluded correctly that this smacked more of comic relief than economic relief. With that in mind, they came up with a tongue-in-cheek design showing how a $1-trillion coin might look.

The design's central element is a portrait of Alfred E. Neuman, the jug-eared, gap-toothed simpleton whose likeness has graced the cover of *Mad* magazine for more than half a century. He's wearing a crown, much like Lady Liberty on the Platinum Eagle. The inscriptions include the words "In Fed We Trust" and Neuman's catchphrase, "What, me worry?"

As this is written, Heritage is holding a contest—with real coins as prizes—to entrants suggesting the best name for the $1-trillion coin. Given the theme chosen by the company, "*Mad* money" seems like a logical choice, especially since "Loon dollar" is already taken.

Whatever name is picked, the big winners are the American people. The nation's economy might still be in the soup, but at least its recovery won't be entrusted to nuts. ◯