



“My Two Cents’ Worth”

by Ed Reiter



MAKING CENTS OF THE NICKEL

Two cents’ worth” is a phrase with serious negative connotations for the U.S. Mint these days.

I don’t mean the “two cents’ worth” in the title of this column—though I’ve given enough grief to the Mint through the years to wear out any welcome I ever had.

The two cents I’m referring to are what it costs the Mint to make a single “penny.” The sharply higher prices of zinc and copper, the two component metals in the coin—plus steadily rising outlays for labor and distribution—have driven up the Mint’s total cost to roughly two cents, or double face value, for each and every cent it produces.

Base metals’ prices declined somewhat in 2013, reducing the cost of the cent to 1.83 cents apiece—but since the Mint made more than 7 billion cents last year, it still incurred losses totaling \$55 million.

It seems increasingly clear that Uncle Sam has abandoned all hope for saving the cent. Deputy Mint Director Richard Peterson admitted as much recently when he confided that after extensive tests, the Mint has yet to come up with a new composition that would cut the coin’s combined production and distribution costs to the break-even point of one cent apiece or below.

Faced with the prospect of losing millions of dollars each year on an ongoing basis, the government’s most logical—and likely—course of action is to stop making cents altogether. The question now seems to be not whether, but when.

At the same time, it appears that the Mint might have found a way to save the nickel, which also has been costing twice face value, more or less, in recent years. Its solution for reducing the nickel’s excessive cost is to change its composition to the very same one now being used in the money-losing cent: zinc with a thin copper plating.

The cent’s copper plating, introduced in 1982, was intended, in part, as a way to fool the public into thinking that nothing had changed and that the coin was still being made primarily of copper—when, in fact, its content since that time has been almost entirely zinc. Over the intervening 32 years, the plating has held up well, and



many Americans aren’t aware of the difference even now.

But “red cents” are one thing. “Red nickels” would be quite another. Rather than disguising the coins’ composition, their color would be like a bright neon sign calling people’s attention to the change. In effect, the new coins would look like overstuffed cents—which some might consider an apt coinage symbol at a time when obesity is a serious national problem.

Would Americans have trouble getting used to these coins? At first, perhaps. But the Mint surely took such concerns into account when it started making test strikes.

Cost is the overriding factor, and although the Mint furnished no hard figures on how much it would cost to produce and distribute such coins, a reasonable estimate would be not quite three cents apiece, since the trial strikes’ weight of 4.06 grams is 1.6 times heavier than that of the current Lincoln cent, which tips the scales at 2.5 grams. The current Jefferson nickel weighs 5 grams.

One obvious question would be what to call the coins. “Nickel” wouldn’t seem appropriate any more if the new coins didn’t contain a single speck of that metal.

It’s true that the emergency five-cent pieces made during World War II have always been called “war nickels,” even though they were made of copper, silver and manganese—without a trace of nickel. But those coins were short-term substitutes, not a permanent part of U.S. coinage.

Similarly, the Royal Canadian Mint struck five-cent coins made of tombac, a type of brass often used in inexpensive jewelry, in 1942 and ’43 because of Canada’s need to conserve nickel, the coins’ normal metal, for war-related purposes. The coins were light brown in appearance and contained an alloy of 88 percent copper, 12 percent zinc—and zero percent nickel. Yet, these, too, have long been referred to as “nickels.”

If “nickels” made of copper-plated zinc do, indeed, come to pass, I have a suggestion for a name that would be descriptive and also serve as a tribute to “pennies” if those are scrapped.

We could simply call them “large cents.”