



# “My Two Cents’ Worth”



by Ed Reiter

## HAS THE BUCK REALLY STOPPED?

Reports of the demise of “mini-dollar” coins appear to have been pre-mature.

Fifty weeks after the Obama Administration administered last rites to the Presidential \$1 Coin program, a hearing in the House of Representatives served notice that in supporters’ eyes, the series might yet be revived as circulating coinage. The Sacagawea dollar program—likewise placed on life support in December 2011—presumably would be restored to full vigor as well, if advocates have their way.

The hearing took place Nov. 29 before the House Subcommittee on Domestic Monetary Policy and Technology. It was billed as a look at the future of U.S. money, but the primary focus was clearly on the fate of U.S. “mini-dollar” coins.

Vice President Joe Biden seemed to have delivered the *coup de grace* to small \$1 coins when he announced during a Cabinet meeting on Dec. 13, 2011, that further production of presidential dollars for use in U.S. commerce was being suspended due to public indifference. At that point, he said, nearly 1.4 billion surplus dollar coins were languishing in Federal Reserve vaults because so few people wanted them.

Treasury Secretary Timothy Geithner seconded Biden’s emotion.

“In these tough times,” Geithner said, “Americans are making every dollar count, and they deserve the same from their government. We simply shouldn’t be wasting taxpayer money on money that taxpayers aren’t using.”

Neither Biden nor Geithner testified at the subcommittee hearing in the House. But, while the panel heard witnesses on both sides of the question, supporters of dollar coins seemed to make a stronger impression. And their most persuasive point was the overwhelming success that small dollar coins have enjoyed in Canada.

Beverly Lepine, chief operating officer of the Royal Canadian Mint, painted a glowing picture of how smoothly her country transitioned from \$1 notes to \$1 coins after introducing the now enormously popular Loon dollar in 1987. Canadians, she said, feel genuine affection for the “Loonie”—to the point where it has become a national icon.



Supporters of \$1 coins haven’t given up.

At the beginning, the Canadian government force-fed the Loon into people’s pockets and purses by halting production of \$1 bills and withdrawing existing notes from circulation. Similarly, Britain stopped making one-pound notes after launching the small, thick “round pound” coin in 1983—and after initial grumbling, the British

public accommodated itself to the change.

By now, it has become painfully obvious that this is the missing element in the U.S. government’s long, futile effort to gain acceptance for mini-dollar coins.

It has tried repeatedly to wean the American public away from \$1 bills, going all the way back to 1979, when the Susan B. Anthony dollar first appeared. But by failing to turn off the spigot and cut off the flow of paper dollars, it has given people a choice—and the people’s choice, by an overwhelming margin, has been paper.

By Uncle Sam’s own reckoning, total conversion to coins would bring about a windfall for the government, since \$1 coins—while somewhat more costly to make, would last far longer in circulation. The Government Accountability Office estimates that complete replacement of dollar bills with dollar coins could yield savings totaling \$4.4 billion over the next 30 years. That estimate was revised downward recently from \$5.5 billion, but it still comes to roughly \$125 million a year.

The presidential dollars and their Sacagawea cousins aren’t dead and buried. The Mint has continued to produce small numbers of both—but only for sale to collectors at a premium.

The House hearing produced no vote, but it did give cock-eyed optimists a glimmer of hope that both series might yet gain new life as everyday coinage. At the very least, it showed that supporters of \$1 coins haven’t abandoned the fight.

Philip Diehl, U.S. Mint director under President Bill Clinton, was one of those who testified, and he made it amply clear how he views the situation.

“We’ve never bitten the bullet to remove the \$1 bill as every other Western economy has done,” Diehl said. “If you did, it would have the same success the Canadians have had.

“It’s really a matter of just getting used to it.” ☺