



“My Two Cents’ Worth”

by Ed Reiter



THE OTHER BIG CHANGE OF 1965

For coin collectors, 1964 was a year of momentous events.

The Kennedy half dollar made a dramatic debut. Proof set production surged to nearly 4 million. Americans besieged the Treasury Building in Washington to snap up bags

of old, often scarce silver dollars found in basement vaults. And a new magazine called *COINage* burst upon the scene.

All in all, it was quite a year. But for my money, the single most significant year of the 20th century, from a numismatic standpoint, was 1965.

The most obvious reason was passage of the Coinage Act of 1965, which authorized removal of silver from the quarter and the dime and reduced the half dollar’s silver content from 90 percent to 40. That landmark legislation—combined with the effect of the cent’s design revision in 1959 and the Buffalo nickel’s almost complete withdrawal from circulation—brought about a fundamental change in the way most collectors pursued the hobby.

No longer able to find collectible coins routinely in pocket change or rolls obtained from banks, they found themselves turning increasingly to dealers to supply their hobby needs. Instead of filling most of the holes in their folders and albums with coins that cost only face value, they had to pay premiums for even common dates.

Less obvious when considered in just a cursory manner, but equally profound in its long-term impact, was the transformational nature of 1965 in the U.S. Mint’s relationship with collectors. Up to that time, the Mint had developed a long tradition of serving hobbyists—in limited and inexpensive ways—as a small adjunct to its primary role in supplying coins for use in U.S. commerce.

The annual sale of proof sets by the Mint was one manifestation of this relationship. Since 1950, Uncle Sam had offered these for \$2.10 apiece—a little more than twice their face value of 91 cents. At various times before that, proof coins had been sold individually or in sub-sets (sets of just the silver coins, for instance) for prices even closer to face value. They were, in effect, a service to collectors meant to engender good will.

The Mint’s attitude changed in the early 1960s, when proof set sales soared to mul-



timillion levels as more and more collectors—and non-collectors, too—bought the sets in growing bulk quantities not as hobby items but as can’t-miss investments, based on the price performance of earlier sets.

The hyperactive market in mint-state rolls of late-date coins incensed the Mint as well and led a hostile Mint director, Eva B. Adams, to blame collectors for the coin shortage then gripping the nation. This conveniently overlooked the role of the vending machine industry in tying up huge numbers of coins for extended periods, as well as the increasing withdrawal of silver coins from circulation by speculators sensing they would soon be worth more as metal than as money.

Acting partly under the terms of the Coinage Act of 1965 and partly on its own initiative, the Mint omitted mint marks from coins struck at branch mints from 1965 through 1967 in order to discourage speculative hoarding of those rolls—and, to make the cheese more binding, it suspended production of proof sets from 1965 through 1967.

When sale of the sets resumed in 1968, the Mint more than doubled the issue price—from \$2.10 to \$5—even though their silver content, and thus their intrinsic value, had been slashed. Three years later, even this small content was wiped out when half dollars, too, became silverless coins.

Since 1968, proof sets have been housed in protective plastic holders, but those hardly justify the sharply higher prices imposed by the Mint during that time. What the Mint did 46 years ago was stake its claim to the lion’s share of the profit on products it makes for collectors. In truth, collectors have realized little or no profit on many of those products because the Mint’s return—always built into their prices—has been so large.

What the Mint did, starting in the late 1960s, was set up shop as the nation’s biggest coin dealer. Could the hobby have survived and thrived without this intervention? Very nicely, thank you.

But, like it or not, Uncle Sam is now the elephant in the bourse room. And he first stuck his trunk under the hobby’s tent in 1965. ☺