

No Time for “Change”

Thinking about our Currency in the 21st Century

In a bygone era, one knew what it meant to turn something “clockwise,” have a “carbon copy,” “roll down” the car window, or tire of someone sounding like a “broken record.” But in a higher-tech, 21st century digital world, these expressions are no longer part of our everyday vocabulary.

The same is true for some currency-related terms: Ever had something not worth a plugged nickel, been nickeled and dimed, or dropped a dime on someone? And is “a penny for your thoughts” even the right price now? Perhaps it’s time to delete some outdated parlance and actual practices with regard to our monetary system.

The first to expunge: the lowly penny. First of all, it costs more than one cent to make. So while not exactly a way to balance the federal budget, eliminating that currency unit would save a few, well, pennies. Canada expects considerable savings from phasing out its one-cent piece (in 2012). By contrast, the euro area erred in creating both one-cent and two-cent coins.

Yes, that’s a tough sell in Illinois, given the 16th president’s face on the obverse and the Lincoln Memorial on the reverse. (Not unlike Ohio continuing to block Alaska from officially designating North America’s highest peak as Denali – after all, President William McKinley was from the Buckeye state.)

But Why Stop There?

It’s also time to do away with nickels and dimes. Given inflation, one U.S. dollar in 2015 has the same purchasing power as \$0.13 fifty years ago, or 2 cents in 1965 equals about 15 cents today. We could save time – and money – by doing away with these low-valued coins. A quarter is generally the lowest acceptable denomination for our parking boxes, newspaper vending machines, and pay phones – if you can find one. One other obvious advantage: no more \$9.95 and \$19.99 pricing!

Keep Going

As the share of transactions using cash – coins and (Federal Reserve) notes – continues to plummet, eliminating these mediums of exchange might not pose significant problems; we cover many of our everyday transactions now with credit or debit cards, on-line, or with our iPhones. Currency only constitutes about 10 percent of the U.S. money supply today. In England that figure is 3 percent. The larger fraction here is mainly due to a considerable number of

U.S. paper dollars circulating abroad in countries where citizens are loath to trust their own governments.

Let’s start with the dollar bill. Stop making them, retire and replace them, as in Canada and euro areas, with longer-lasting dollar coins – and maybe even two-dollar coins, as is done in Canada and Europe. We could also “nudge” use of the \$2 bill. (Virginia’s emotional loss from taking nickels and \$1 bills out of circulation would be offset by Jefferson’s appearance on the \$2 bill and Washington’s higher profile by the more prominent quarter.)



Other Benefits

At the top of the currency spectrum, we used to have \$1,000 bills. But this made it easier for drug dealers and other criminals to operate a cash economy, keep transactions anonymous, and evade taxes. The legal underground economy, where tax avoidance is an objective in using cash, includes home repairs, babysitting and other child-care expenditures. One estimate pegs the savings from a cashless economy at more than \$100 billion a year.

The \$100 bill is now our largest denomination, as it is in Canada. In Europe the 500 euro note, about \$600, is tops. Five-pound notes (about \$8) are the smallest in the U.K.; fifty-pound notes (\$80), the largest.

Other “upsides” to a non-currency world include reducing forgeries and counterfeiting (North Korea’s chief export is likely counterfeit \$100 bills). The use of ‘pins’ for credit cards in Europe instead of magnetic strips, and the relative difficulty of counterfeiting euros as opposed to dollars, are advances the U.S. should adopt.

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years as GPS devices and other electronic technological advances, including ignition cut-off switches, make stealing a car much riskier and less rewarding for thieves. The same would be true of bank robberies: with less reliance on currency, why attempt to rob a bank when tellers have no money!

The U.S. has a large “unbanked” segment of our population – people who rely entirely on cash transactions because they don’t trust banks, can’t easily establish credit, or are here illegally. Thus what is politically acceptable to voters, including privacy concerns, comes into play. But we required conversion from analog to digital technologies with no major outcries, so it’s time to get off the currency dime! □