

A penny, more or less

When President Trump announced last month that he had directed the US Mint to stop coining pennies, he gave only one reason for doing so. “For far too long the United States has minted pennies which literally cost us more than 2 cents. This is so wasteful!” he posted on social media. “I have instructed my Secretary of the US Treasury to stop producing new pennies.”



JEFF JACOBY

The Boston Globe

If you’ve heard that argument once, you’ve heard it a dozen times. The same point has been made over the years by everyone from HBO’s progressive commentator/comedian John Oliver to the centrist Chicago Tribune columnist Steve Chapman to Iowa’s staunchly conservative US Senator Joni Ernst. On the surface, the observation seems logical and germane: Why keep minting pennies that cost more than a penny to mint? What good is a 1-cent coin that takes (according to the US Mint’s most recent annual report) 3.69 cents to produce? Each of them costs more than 3 cents to make. Is that a problem? (Wikimedia Commons)

But that line of reasoning makes sense only if the value of a penny is determined by the physical substance the coin is manufactured from. For most of history, that is exactly what a coin’s value was based on. In ancient Rome, for example, a denarius was understood to contain 1/72 of a Roman pound of silver; in 17th-century Britain, a gold guinea was made with approximately one-quarter of an ounce of gold. When the value of the precious metal fluctuated, coins became more or less valuable — and the change in value was reflected in how much merchants were prepared to exchange for them. When rulers debased their coinage — either by shrinking the size of a coin, or replacing some of the silver or gold with a cheaper base metal — prices soared.

Governments are still perfectly capable of reducing the value of money and thereby causing inflation, of course. But they do so now by artificially boosting the money supply, not by decreasing the precious-metal content of their coins. Which is why the whole business about what it costs to produce a penny seems to me completely extraneous.

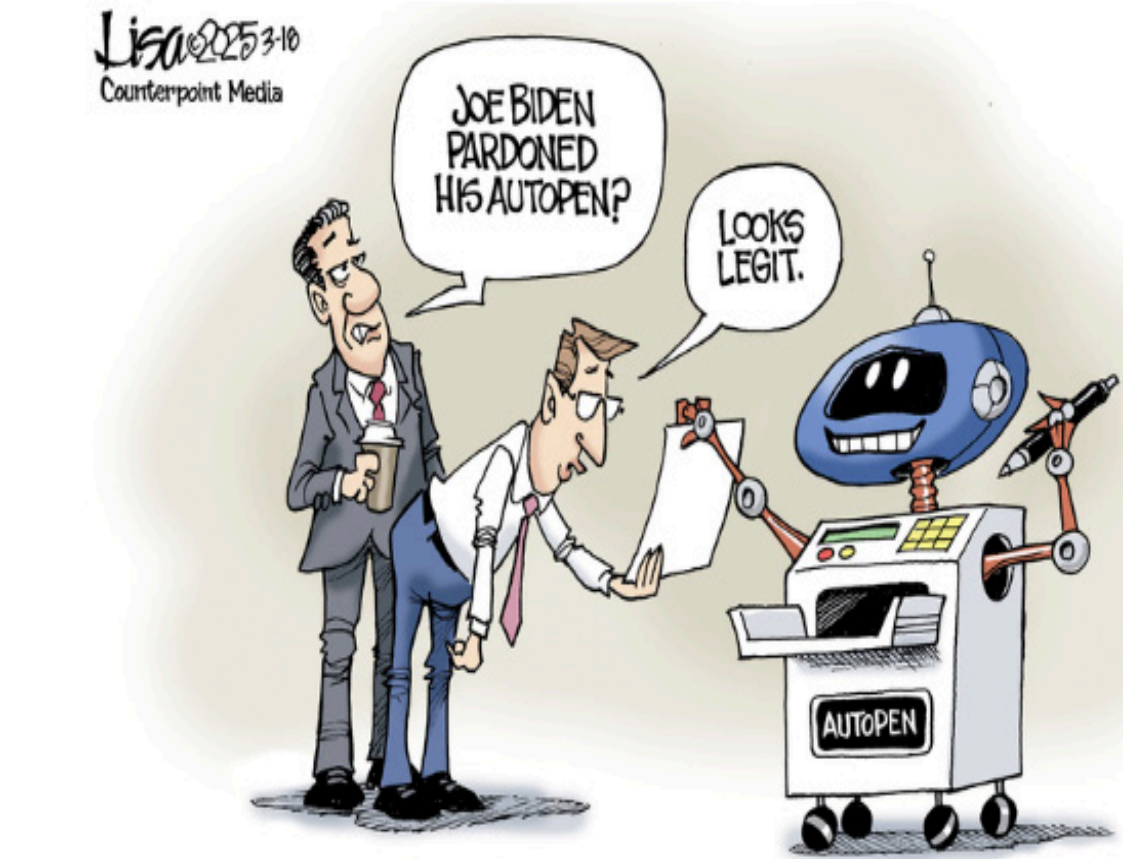
In today’s US economy, the value of most money is not determined by the material from which it is made, but by the social trust placed in it. Pennies — like quarters and five-dollar bills — are examples of fiat currency. They have value primarily because the government says (and people accept) that it does. It isn’t the intrinsic worth of the penny’s content that matters; it is society’s willingness to accept it in exchange for a penny’s worth of goods and services. The same is true of nickels, each of which costs almost 14 cents to produce. The fact that virtually no one is clamoring for abolition of the nickel suggests that the “a-penny-costs-more-than-a-penny!” argument isn’t a serious one.

To be clear, I am neither pro-penny nor anti-penny. I have no strong feelings on whether our smallest coin should be abolished.

I can certainly see a strong argument for doing so: The purchasing power of the penny has dwindled to almost nothing. Most people won’t bend over to pick up a stray penny in the street. A coin that the public routinely treats as litter is, pretty much by definition, a useless coin. So why should the government keep spending \$85 million a year minting coins that are effectively worthless? Other countries, including Canada, Australia, Sweden, and New Zealand have all pulled the plug on their one-cent coins. Presumably the sky wouldn’t fall if America followed suit.

Then again, I can see a decent argument for continuing the status quo. Eliminating the penny will necessitate minting more nickels, which, as noted, cost even more to make. Moreover, notes The New York Times, “many states have a sales tax that specifies taxes collected must be rounded to the nearest cent, so they would probably have to modify their laws to accommodate cash purchases.” That would mean rounding all prices up to the next-highest nickel. Over time that would cost consumers many millions of additional dollars — even those who never pay for anything with cash.

For now, I remain an agnostic on the question of whether the penny should stay or go. What I do object to is the endlessly flogged but irrelevant observation about a penny’s production costs. Scrap the cent or keep it; I don’t care. But let the decision be based on sound reasoning, not on gaudy talking points that add nothing to the debate.



The Democrats’ Civil War

Huck Schumer is running scared from his own party. He can’t even hit the road to promote his new book, “Antisemitism in America: A Warning,” for fear of protests.

The Senate minority leader had to postpone his publicity tour on account of what a spokeswoman calls “security concerns.”

Progressive Democrats, furious Schumer passed a Republican spending bill to avoid a government shutdown, are getting up close to show him how angry they are.

They’re demonstrating outside his home in Brooklyn, and wherever he might have gone to hawk his book, protesters were ready to follow.

So, to dodge embarrassment or worse, Schumer beat a retreat.

Such is life at the top of the Democratic Party these days.

Because Schumer couldn’t outmaneuver President Donald Trump in the budget showdown, his own team considers him not just a loser but a traitor.

House Democrats have even begun encouraging Rep. Alexandria Ocasio-Cortez to launch a primary challenge against him.

The 74-year-old senator isn’t up for reelection until 2028, which is too long for Democrats to wait, according to The Nation — the progressive magazine’s Jeet Heer is calling for Schumer to resign immediately, both from leadership and the Senate.

No wonder CNN’s latest poll shows Democrats with a record-low favorability rating of 29%: The party is at war with itself, and Democratic voters themselves increasingly dislike what they see from their elected officials and leaders like Schumer.

Yet the CNN survey shows only 16% of Democrats think their party is too extreme.

Schumer knows better — that’s why he’s lying low instead of out selling his book.

The issue he wrote his book about shows just how adrift the Democrats are.

Schumer is publishing a warning about antisemitism at the same time he’s embroiled in the party’s infighting over Israel, Palestine, and campus protests



DANIEL MCCARTHY

A Conservative Review

that have targeted Jews.

He’s taken a weaker stand against campus antisemitism than the Trump administration has, and he opposes deporting Mahmoud Khalil, a Syrian immigrant studying at Columbia University, for his anti-Israel activism.

Yet Schumer outraged progressive opinion again on Sunday, when answers he gave in an interview with The New York Times led critics on the left to accuse him of essentially agreeing with Trump’s decision to withhold \$400 million in federal funding from Columbia because of its lackluster record in combating antisemitism.

Late last year, however, a report by the House Education and Workforce Committee — under Republican control, it should be noted — claimed Schumer had told Columbia’s then-president, Minouche Shafik, not to worry about a reckoning over antisemitism if Democrats took control of the Senate.

The university’s “political problems are really only among Republicans,” Schumer was alleged to have said — though a Schumer spokesman denied those were his words and called the report “hearsay.”

Schumer is a shifty politician with an acute problem in this moment: The more he tries to appear moderate, the more progressives in his party identify him not with centrism but with Trump.

Stopping a government shutdown?

That’s Trumpism.

Telling The New York Times when a campus protest “shades over to violence and antisemitism, the colleges had to do something, and a lot of them didn’t do enough”?

That’s Trumpism.

In the eyes of his party’s activists, Schumer isn’t a moderate — he’s a coward, handing Trump victory after victory, when what Democrats need most is the will to resist the president.

Yet to anyone who’s not a Democrat, Schumer’s pretense of moderation is belied by the simple fact he’s a leader of a party that’s nowhere near the center.

And Schumer isn’t alone in his agony.

Other prominent Democrats, such as California Gov. Gavin Newsom, are finding it just as hard to distance themselves from the left without winding up too close to Trump for the comfort of the Democratic base.

Newsom’s sin has been to have MAGA masterminds like Turning Point USA’s Charlie Kirk and former White House chief strategist Steve Bannon on his podcast.

The California governor, still dreaming of higher office, has also “evolved” on the question of allowing transgender participation in women’s sports — that is, he’s come around to a view closer to Trump’s, because that’s where he senses the common-sense center is today.

The Democratic base wants the party to be defined by vehement opposition to the president — while clever and unprincipled Democratic leaders know the smart play is to become more like him.

Last year, Trump defeated the Democrats; this year, he gets to watch them defeat themselves, as protesters who might once have picketed him now turn their ire on Sen. Schumer.

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