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The US penny: Should it be scrapped? (adapted from BBC)

There are an estimated 150 billion US cents in circulation, weighing as much as 8 Titanics. Piled high, they would stretch 232,500km – more than half way to the moon.

Canada has stopped producing the penny coin, deeming it a waste of money. The move has re-ignited a long-running debate in the US over the future of its single cent: is it time to ditch the penny?

A few weeks ago, shop owner Andy Haase decided he had had enough. "Every second counts - we were just wasting money and losing time," he says, referring to the time his staff spent counting pennies cashing up. Now at his shop all cash purchases are now rounded down to the nearest nickel (5 cents) in favour of the customer. This eats into profits a little, but is more than offset by the time spent in labour counting them, says Haase.

It's a "total no-brainer", says Jeff Gore, a physics professor at Massachusetts Institute of Technology (MIT), who has spent 10 years lobbying for the US to get rid of the penny, and heads up the group Citizens for Retiring the Penny.

In May, Royal Canadian Mint struck its final one-penny piece, sending it off to a museum. There, the financial equation did not add up. Each penny was costing 1.6 Canadian cents to produce and distribute, meaning a net loss to the government of C\$11m (\$10.7m) per year.

The case for ditching the US cent appears, on the surface at least, to be even stronger. A penny costs 2.4 cents to produce and distribute. And there were 4.3 billion minted last year.

"Every penny minted represents a loss for tax payers," says Francois Velde, an economist at the Federal Reserve Bank of Chicago. "The penny has become a meaningless token, it serves no purpose whatsoever. Pennies are like counters in a silly game, just to make up a certain number."

According to the US General Accounting Office, two-thirds of pennies are out of circulation, with many of them disappearing almost the moment they reach the public. Billions are stashed away in penny jars or piggy banks, many are lost - some are even thrown away.

But the little penny has some staunch defenders, and polls consistently suggest a majority of the US public is in favour of keeping the coin.

Prices would inevitably be rounded up, not down, says Mark Weller of Americans for Common Cents, a pro-penny lobby group. "It would negatively impact on working families. We're proud to be standing up for the little guy," he says.

"People gripe and moan about the penny, but they still want to keep it," says Richard Doty, senior curator of the Numismatic Collection at the National Museum of American History in Washington, DC. About 60% of people are against abolishing the penny.

According to Citizens for Retiring the Penny, each person spends around 2.4 hours a year in some penny-related activity - be it fishing around for pennies to pay at the till, waiting in a queue whilst someone else does so, or trying to dispose of them. It estimates the cost to the US economy in "wasted time" at around \$10bn (£6.4bn) a year.

Questions

1. Do you think the US should get rid of the penny? Why? Why not?
2. Have you ever been to Canada, Australia or New Zealand? These countries don't use pennies and round prices at every purchase. Did you notice? What did you think?
3. Should Japan stop using the 1 yen coin? Why? Why not?
4. Do you agree with the estimate that we waste 2.4 hours per year on penny related activities? Why? Why not?
5. What do you do with pennies/1 yen coins when you receive them? Do you try and use them immediately? Keep them in a jar?
6. Why do you think polls show that most Americans want to keep the penny?
7. If we had a similar poll in Japan, what do you think would be the result?

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