

There Are No Pennies in Canada. Can DOGE Achieve the Same Feat?

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By Katherine Fung

President Donald Trump's newly created Department of Government Efficiency (DOGE) is on a mission to abolish the penny. A day after the new administration was sworn into office, DOGE, which is being led by billionaire Trump adviser Elon Musk, criticized the cost of minting pennies, pointing out that the one cent coins cost over three cents to make and that doing so cost taxpayers over \$179 million in the fiscal 2023 alone. The group, which is not an official government agency, also noted that the U.S. Mint produced over 4.5 billion pennies in 2023—around 40 percent of the 11.4 billions of coins produced that year.

"Penny (or 3 cents!) for your thoughts," the DOGE account on X posted Tuesday.

It's true. The production of pennies has put the country in a bizarre paradox where the U.S. Mint produces new pennies every year to replace the ones given as change but never spent, creating a perpetual-motion-machine of coins that no one seems to use. A conservative estimate found that there are 240 billion pennies lying around the U.S.—about 724 pennies for every person in the country, a 2024 *New York Times* analysis found. And the U.S. isn't alone in its struggle with the penny. It's why Canada ceased production of its pennies over a decade ago.

The U.S.'s northern neighbors nixed their penny in 2013 because it cost 1.6 cents to produce, and, much like in the U.S., had become virtually unused. The last Canadian penny was struck on May 4, 2012, by then-Finance Minister James Flaherty. It was distributed by the Royal Canadian Mint on February 4, 2013.

Although Canada eliminated the production of physical pennies, the concept of a single cent remained legal tender. So, if you're being charged \$10.01, any kind of noncash payment (i.e. credit card, Apple Pay, etc.) would include that cent. But if you were to pay cash, that would be rounded down to \$10. The guidelines are so that for all cash transactions, the final digit was rounded down to the nearest nickel. Cents ending in 1 and 2 went down to zero, while prices ending in 3 and 4 go up to 5. Likewise, cents ending in 6 and 7 went down to 5, while prices ending in 8 and 9 went up to the nearest 10 cents.

Experts believe that the last digits of transactions are pretty random. Karl Littler, the senior vice president of The Retail Council of Canada's public affairs, told the *Times*: "I've yet to find somebody who's off skiing in Gstaad because of the extra money that they made on the penny."

So, what's holding the U.S. back? The new efforts from DOGE to get rid of pennies is one of many that have come before it, meaning it's likely to come up against similar challenges that have existed long before Trump approached Musk with a mandate to cut government spending.

"I went to Congress saying, 'Listen, I'm losing \$90 million a year on pennies,' " Edmund Moy, the Mint's 38th director from 2006 to 2011, told the *Times*. "I said, 'You guys need to pass a law forcing me to change it.' "

More than 50 years ago, then-Treasury Secretary William E. Simon urged lawmakers to "give serious consideration" to abandoning pennies as soon as possible and "no later than 1980," warning that the Mint would soon plunge into "a never-ending spiral" of "ever-increasing production" in trying to keep up with the replacement of one cent coins that would never be used. In more recent years, Steve Stivers, a Republican congressman from Ohio who served in the House from 2011 to 2021, led multiple unsuccessful attempts to revise coinage laws.

"At the policy level, I think everybody agrees this is ridiculous," Philip Diehl, who served as the 35th director of the Mint from 1994 to 2000, told the *Times*.

Jared Polis, the Democratic governor of Colorado, was among the first to respond to DOGE's post: "End the penny! It's a waste to spend three cents to make one cent!"

Some have speculated that Congress' inability to change coinage laws is because of lobbying from a small private company based in Greeneville, Tennessee called Artazn.

Artazn has earned more than \$1 billion in revenue since 2008 from its decades-old contracts with the Treasury. The company produces the zinc "blanks" that the Mint has stamped Abraham Lincoln's famous visage onto since the early 1970s. Pennies used to be made entirely of copper but the government switched to producing pennies that were 98 percent zinc and just coated in copper after the coins began disappearing when Americans began hoarding them to be repurposed as copper washers.

But the company has spent less than \$3 million on coin-related lobbying since 2006, suggesting that Big Zinc is not exactly stymying efforts in Congress if the willpower to kill the penny was there.

The *Times*' deep-dive into the persistent existence of the penny also found that the general instructions for how many American coins should be printed falls to the Secretary of the Treasury, according to Title 31 of the U.S. Code. Per Section 5111, coins shall be mint and issued "in amounts the Secretary decides are necessary to meet the needs of the United States."

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A spokesperson for former Treasury Secretary Janet Yellen told the *Times* the Treasury relies on the Federal Reserve to determine the amount of coins needed in circulation, and that questions should go to the Fed. But when the reporter approached the Fed, a representative told her all questions should be directed to the Mint, who, in turn, told her the Fed would have the answers.

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