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Reforming the United States' Currency Production

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I. Abstract

Since the 1980s, the debate about the one-cent piece's production and use has been discussed throughout relatively recent Congressional history; and has involved economic, financial, industry-based, as well as numismatic groups to weigh in on the topic. The question arises: Why have other countries successfully changed their lower-denomination currency and converted their economic system into one that incorporates cash-rounding while the United States has struggled to do so?

By observing international examples of the obsoletion of low-denomination coinage and the implementation of cash-rounding, the proposed economic and financial reform has proved to work as an economically-sound alternative to the current system. Due to industry-based lobbying efforts and growing partisanship within Congress, legislative productivity has decreased across most proposed legislation. The debate about the one-cent piece is one topic that has become stagnant within Congressional committees.

II. Introduction and Methodology

Why have other countries successfully changed their lower-denomination currency and converted their economic system into one that incorporates cash-rounding while the United States has struggled to do so? The formal power "to coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures" is bestowed upon Congress via Article 1, Section 8, Clause 5 of the U.S. Constitution. As congressional lobbying from interest groups against cash-rounding and the proposed currency reform has increased throughout the past decades, there has been increasing bill stagnation in Congress. This paper argues that lobbying by the zinc, paper, and coin-exchange industries has restricted reform in this issue area. As a result of lobbying, recent bills H.R. 5818, 2528, 7995, and S. 759 have died in committee.

As other countries have been successful in their endeavors to reform their currencies via eliminating low-denominations and implementing cash-rounding, the United States has struggled to pass bills pertaining to these reforms. American and international economists have argued for the use of cash-rounding and provide persuasive data and studies that indicate the viability of the system within developed nations. Congressional and economic discussions pertaining to these reforms began in the 1980s and have continued to the current day with relatively low levels of productivity. This productivity is due in part to industry-based lobbying that has argued against eliminating the one-cent piece as well as using cash-rounding in the United States. International examples provide strong evidence for the need and success in implementing these reforms within their own countries.

Currency reforms directly cause changes within the financial practices of the United States and force the U.S. Treasury Department to modify its operations within the United States Mint and Bureau of Engraving and Printing. Prior literature regarding the topic of cash-rounding focus on the economics of the financial practice, and the role interest groups have played in lobbying for and against the proposed reform bills. An international example that is used as a comparative case to the United States is Canada due to the country being successful in phasing out the production of their one-cent piece and implementing cash-rounding within the past decade. Canada is a democracy, is open to parliamentary lobbying, and sourced their supplies to produce their one-cent piece from the same company that the U.S. has sourced their supply from; the puzzle of how Canada was prosperous in their efforts, but not the United States becomes apparent.

The data and resources used to answer the research question include previous academic papers about the "penny debate," proposed bills that call for the adoption of cash-rounding and currency-based reform, and excerpts from Canadian parliamentary debates. These resources provide a concrete understanding of the efforts to change U.S. currencies, the roadblocks that have prevented the adoption of proposed bills, and how a comparative democracy was able to make the changes that the United States has struggled with.

III. Background History

When observing the speed of reform in this issue area, it is apparent that it has slowed down in the past 40 years. This slowdown indicates that there are factors associated with Congress contributing to the lack of reform. Therefore, it is prevalent to have knowledge of the history of currency reform and the lobbying of Congress to further understand the slowdown.

a. Numismatic History of U.S. Coinage Obsoletion

The United States Congress has a long history of changing the composition and dimensions of coinage as well as the denominations produced by the U.S. Mint. The Coinage Act of 1857 resulted in the half-cent becoming obsolete, which was the first denomination considered obsolete in the United States.[1] Over time, other denominations such as the half-cent (1793-1857), large cent (1793-1857), two-cent (1864-1873), three-cent silver (1851-1873), three-cent nickel (1865-1889), half dime (1794-1873), and the twenty-cent (1875-1878) have either had their dimensions and composition drastically changed or made obsolete entirely.[2] The Coinage Act of 1965 eliminated silver from all coins produced by the U.S. Mint except for the half-dollar. The half-dollar was reduced from 90% silver to 40% silver from 1965 to 1970 until it was produced entirely from a clad composition.[3] Clad can be best understood as multiple layers of metal, which contain nickel, copper, and zinc.[4]

The U.S. dollar is the only denomination produced in two forms: the dollar bill and a dollar coin. "Although the dollar coin and dollar bill can be used interchangeably in commerce, their

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[1]Ethan Starr, "A Quest for Common Cents: The Future of the Penny in United States Currency." In *Colloquium: The Political Science Journal of Boston College*. 2018, 33.

[2]Victor Bozarth. "Fun with Obsolete Denominations - Pcgs.com." *PCGS*, 8 Sept. 2021, https://www.pcgs.com/news/fun-with-obsolete-denominations.

[3]McCarty, 324.

[4]R.S. Yeoman. *The Official Red Book: A Guidebook of United States Coins Mega Red*. 7th Ed. Pelham, AL: Whitman Publishing LLC, 2021.

paths from production to consumer are quite different."[5] The modern dollar coin originates with the Eisenhower dollar coin, which was produced from 1971 to 1978 and was the first dollar coin produced for circulation that did not include silver due to the passage of the Coinage Act of 1965. Keeley McCarty, an associate in the Government Contracts, Investigations and International Trade Practices Group of Sheppard Mullin, stated that "the [Eisenhower dollar] coin was much heavier than any previous coin and became unpopular in everyday circulation as a result."[6]

The Susan B. Anthony dollar coin was produced from 1979 to 1981 and then reissued in 1999, but ultimately was not well received by the American public. This is because the dollar coin was too similar in composition and dimensions to the U.S. quarter dollar.[7] Research conducted by economists John Caskey and Simon St. Laurent was focused on the circulation and public acceptance of Susan B. Anthony dollar coin. Their research concluded that the dollar coin was not a viable alternative to the dollar note due to the majority of the public avoiding its' use. The Susan B. Anthony Dollar coin was nicknamed the "Susan B. Edsel" due to the proposed coin being poorly received when introduced to the public, similarly to the production of the Edsel car performing poorly in the auto market once introduced in the late 1950s-1960.[8]

Currency obsoletion has occurred within the U.S. military via "pogs," which are paper coin currencies beginning in the early 2000s. The one-cent pog became obsolete over time due to its' decreased purchasing power on base. The change in metal to paper coinage was due to the pogs having significantly less weight than metal coinage, making the transportation costs to overseas

[5]McCarty, 319.

[6]McCarty, 324.

[7]Lianna Spurrier. "The Story Behind the Susan B. Anthony Dollar." CoinWeek. January 22, 2019. https://coinweek.com/modern-coins/the-story-behind-the-susan-b-anthony-dollar/.

[8]John P. Caskey and Simon St. Laurent. "The Susan B. Anthony Dollar and the Theory of Coin/Note Substitutions." Journal of Money, Credit and Banking, https://www.jstor.org/stable/2078014.

military bases substantially more efficient.[9] Ultimately, the U.S. military was able to implement these changes from within due to their lack of need for outside input for decision-making. This directly contrasts what Congress experiences with interest groups due to Congressional members being exposed to and influenced by lobbyists that may not have the economic efficiency of the United States as their primary goal.

As card-based transactions have become increasingly popular amongst Americans, the use of physical currency has decreased significantly in the past decades. From the late 1980s to the 2010s, card-based transactions in the U.S. have increased from 3% to 65% of all transactions.[10] Card-based transactions, including eCommerce, serve as the predominant substitute for cash-based transactions. As card-based transactions continue to increase over time, cash-based will decrease as a direct result.

Title 31 U.S.C. § 5132 states that "Congress determines coin composition, design, and the ratio of one design to another for coins of equal value."[11] Therefore, legislation serves as the only route to produce a change in U.S. currency production. However, recently proposed currency legislation H.R. 7995 Coin Metal Modification Authorization and Cost Savings Act of 2020 calls for the power of setting coin weight and measurement to shift from Congress to the U.S. Treasury Department, which would allow for currency changes to be made without lobbying interference.[12] The goal of this coinage act is to seamlessly change the composition of currencies but not implement cash-rounding.[13] This measure is geared toward reducing the overall production costs of U.S. currencies, which would reduce the negative seignorage generated by producing currency

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[9]Starr, 33.

[10]Norbert J. Michel. "Special Interest Politics Could Save Cash or Kill It." *Cato J.* 38 (2018): 489.

[11]McCarty, 319.

[12]116th Congress. "H.R.7995 - 116th Congress (2019-2020): Coin Metal Modification Authorization and Cost Savings Act of 2020" *Congress.gov*, https://www.congress.gov/bill/116th-congress/house-bill/7995.

[13]116th Congress.

that costs more than its face value. By reducing the negative seignorage, the waste of American taxpayer funds would be lessened.

b. History of Lobbying in the United States

As Congress has the sole power to coin money bestowed by the U.S. Constitution, Congressional lobbying has the potential to directly impact Congress' ability to exercise its power efficiently. Lobbying is a term used to describe the action of a paid individual who communicates with elected government officials to influence some form of political action on behalf of their payers. The act of lobbying in the United States is nearly as old as the United States Senate itself. By 1792, the Virginia veterans of the Continental Army had hired William Hull to lobby for additional compensation from Congress. Hull wrote to other states' veteran organizations to have their lobbyists work together with him to lobby more effectively. Lobbying acts as a form of organized petitioning of the government, which is aligned with the First Amendment of the U.S. Constitution. However, petitioners used tactics such as distracting Congressmen with "treats, dinners, [and] attention," which can be best perceived as a form of bribery. Lobbying was found to be a successful method to influence members of Congress and has grown immensely in the past two centuries.

By the 1850s, Samuel Colt sought to extend his company's patent by seven years via passing legislation. The lobbyists were provided pistols produced by Colt to give as gifts to Congressmen and their families to persuade their support for such a bill. Besides gifting items from the employer of the lobbyists, "lavish entertainments for wavering senators" were found via a congressional investigation. It was further stated that "The committee characterized Colt's principal lobbyists as having adopted the rule that 'To reach the heart or get the vote, the surest way is down the throat'"[14]. Various forms of coercion have existed within lobbying, with bribery being one of the most prevalent. The relevance of Colt's efforts is observed through the Gilded Age of lobbying, where Sam Ward lobbied by providing dinners to Congress to further educate the members on the economics of retiring the greenback currency produced during the Civil War.

The Credit Mobilier Scandal of 1872 revealed that Congressman Oakes Ames "had distributed railroad stocks to senators and representatives in return for their support." This period in American political history can be best understood as the Gilded Age of lobbying. During this Gilded Age, lobbyist Sam Ward was referred to as the "King of the Lobby" and was initially hired by Treasury Secretary Hugh McCulloch to convince Congress to retire the $450 million in U.S. greenback currency that was issued throughout the Civil War. Ward was successful in his endeavors by providing dinners to educate the members of Congress on the economics of retiring the currency.[15] During an 1875 congressional investigation of subsidies for the Pacific Mail Steamship Company, Ward was called upon to testify regarding lobbying during the era due to his prominence in political lobbying at the time.

Between the late 19th century and late 20th century, lobbying pertaining to currency production was not a significant factor with the introduction and passage of currency reform legislation. Therefore, there is no relevant history within this period that is comparable to the current issue of interest groups impacting currency reform. Lobbyists in the 19th century compared to the 20th century used similar tactics to persuade members of Congress to vote accordingly to what the interest groups' goals were, such as John Boehner's lobbying on behalf of the tobacco industry in 1995. Boehner used checks provided by the interest group to garner support to continue the $49

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[14] Byrd.
[15] Byrd.

million in subsidies for the industry using taxpayer dollars[16]. In comparison, lobbying directed towards modern currency production has taken a different approach by solely relying on educational means instead of forms of bribery. These educational means can be best understood as counter studies by economists, opinion pieces, and the dissemination of information through media channels.

10-years following Boehner's tactics on the House floor, lobbyist Jack Abramoff was arrested and later convicted for bribing public officials via golf trips, sushi dinners, and campaign contributions. Representative Robert Ney (R-OH) was also convicted on corruption charges, while House Majority Leader, Representative Thomas DeLay (R-TX) resigned due to being indicted on campaign money laundering charges. These events resulted in the passage of the Honest Leadership and Open Government Act of 2007, which focused on updating the outdated rules on Congressional lobbying[17]. These rules can be best understood as placing further restrictions on gifts for members of Congress as well as mandating disclosures of earmarks on expenditure bills.

The 20th and 21st centuries brought the opportunity for lobbying to expand via members and expenditures. As of 1983, total lobbying expenditures were estimated to be $200 million.[18] From 1999 to 2009, lobbying expenditures grew from $1.44 billion to $3.47 billion, which can be best understood as a roughly 77% increase in expenditure.[19] Corporations have viewed lobbying as an increasingly valuable tool due to its ability to effectively delay and derail government regulations.[20] Besides assessing the growth of lobbying expenditures, the number of lobbying

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[16]"Flashback: Boehner hands out tobacco lobby checks on House floor." https://bulletin.represent.us/boehner-tobacco-lobby-checks/.

[17]Isaac Arnsdorf. "The lobbying reform that enriched Congress." July 3, 2016. https://www.politico.com/story/2016/06/the-lobbying-reform-that-enriched-congress-224849.

[18]Robert Reich. "Supercapitalism. The transformation of business, democracy and everyday life." *Society and Business Review* (2008).

[19]Lee Drutman. "The business of America is lobbying: explaining the growth of corporate political activity in Washington, DC." (2011) pp 1-2.

[20]Drutman, 3.

organizations grew exponentially during the thirty years from 531 to 2,154 organizations.[21] This increase in participation and expenditure indicates the growing prominence of lobbying within U.S. legislation.

[21] Kay Schlozman, Henry Brady, Sidney Verba, Kay Lehman Schlozman, and Henry E. Brady. *Who sings in the heavenly chorus? The shape of the organized interest system*. Princeton University Press, 2018.

IV. Literature Review

While comparing the United States' unsuccessful attempts to implement modern currency reform to the success of other countries the economics of cash-rounding, the financials of the production of currency, and the lobbying efforts against the proposed reforms must be understood. The economics of cash-rounding explains the accepted practice by indicating the benefits and mathematics behind the practice. The financial analysis of U.S. currency production provides insight into the costs associated with the production of lower denomination currency. Lobbying efforts against the proposed currency reforms provide details regarding the influence of interest groups in the proposal of modern reform bills.

a. Economics of Cash-Rounding

Seignorage can be best understood as the difference in the cost of production compared to the value of the currency. As of 2021, a one-cent piece costs 2.1 cents to produce the denomination. These costs can be attributed to the fluctuation in the value of copper and zinc over time.[22] However, 2021 marks the sixteenth consecutive year that there has been a considerable deficit created as a result of minting coins with a lower face value than their minting costs.[23] Therefore, making the one-cent piece obsolete will result in positive seignorage for the denomination.

Economists argue that removing the one-cent piece and implementing cash-rounding, the U.S. would save money on currency production.[24] This positive seignorage can be further understood as decreasing the present deadweight loss felt by the production of the lower denomination

[22]Mike Unser. "Penny Costs 2.1 Cents to Make in 2021." January 18, 2022. https://www.coinnews.net/2022/01/18/penny-costs-1-1-cents-to-make-in-2021-nickel-costs-8-52-cents-us-mint-realizes-381-2m-in-seigniorage/.

[23]Unser.

[24]Starr, 34.

coinage. The proposed cash-rounding alternative would result in a rounding system to the nearest five-cent interval for all cash-based transactions.

Richard Lombra, an economist, was hired by the ACC to conduct an economic study on the effects of cash-rounding in the United States.[25] Lombra's (2001) research focused on cash-based transactions from convenience stores via analyzing their price books. His research concluded that there would be an estimated $600 million per year additional cost on the taxpayers if the one-cent piece was removed from production and cash-rounding was adopted by the United States.[26]

Robert Whaples, an economist, produced a counterargument to Lombra's findings by using a larger dataset than Lombra and analyzed the role that tax rate and item quantity per transaction;[27] which allowed for the variation of randomization of the last digit within a cash-based transaction to be better understood. Within his work, Whaples (2007) found that Customers benefit from rounding more often in states with sales tax on food products due to the increased degree of randomization from taxation. It was found that the likelihood of merchants' price-fixing to benefit from cash-rounding was highly unlikely due to the randomization of final digits in cash transactions.[28] When analyzing the efficiency of handling lower denomination coinage such as the one-cent piece, the author states that there would be a loss of efficiency due to clerks wasting time handling one-cent pieces as a change in transactions. Whaples can equate the time lost due to handling of the lower-denomination currency by equating the time spent to the minimum wage

[25]Starr, 34-36.

[26]Lombra, R.E. "Eliminating the Penny from the U.S. Coinage System: An Economic Analysis" Eastern Economic Journal Vol. 27, No 4, Fall 2001.

[27]Whaples, Robert. "Time to Eliminate the Penny from the US Coinage System: New Evidence." *Eastern Economic Journal* 33, no. 1 (2007): 140.

[28]Whaples, 140-141.

dictated by the state.[29] Ultimately, by eliminating the one-cent piece the efficiency of transactions would increase over time.

Whaples was critical of Lombra's economic analysis due to Lombra failing to document and disclose information on the number of items in each transaction.[30] This is due to increased quantity directly increasing the randomization of cash-rounding per transaction. Whaples further indicates that Lombra's claimed "rounding tax" from cash-rounding would not exist after analyzing the 200,000 pieces of data from the convenience store chain.[31] Therefore, if no rounding tax would result from cash-rounding, higher inflation would not occur either.

Economists Chande and Fisher (2003) found within their research that it is a 10% likelihood that a transaction value would result in the final digit ending on a specific number 0-9. However, studies by economists have found that businesses would benefit from a 1 or 2-item transaction by 6% and 3% respectively.[32] Ultimately, it was concluded that the sales tax and quantity of items purchased increased the likelihood of the final digit being randomized. After analyzing the economists' research, it can be concluded that implementing cash-rounding would not lead to higher inflation and price-fixing would only be a threat to the system if consumers purchased 1 or 2 items per cash-based transaction.

b. Financial Analysis of U.S. Currency Production

When analyzing the production of the U.S. one-cent piece as well as the one-dollar bill; both denominations result in deadweight loss, which negatively affects the U.S.'s efficiency.[33] This deadweight loss can be further conceptualized as negative seignorage generated due to the U.S.

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[29] Whaples, 143.
[30] Whaples, 139.
[31] Whaples, 142.
[32] Dinu Chande and Timothy Fisher. "Have a Penny? Need a Penny? Eliminating the One Cent Coin from Circulation" Canadian Public Policy Vol. XXIX, No 4, 2003.
[33] Starr, 30-31.

Mint selling their lower denomination coinage such as the one-cent and five-cent pieces to the Federal Reserve Banks.[34] As purchasing power parity (PPP) of the one-cent has decreased over time, the utility of the lower denomination coinage has been directly impacted. The reduction in PPP can be best conceptualized through understanding that in 2006, it was estimated that the one-cent piece was worth one-eighth of its value in 1950.[35] This decrease in utility can be observed further due to the weaker circulation velocity of lower denominations.[36]

Circulation velocity can be conceptualized as the number of instances a denomination is used within cash-based transactions over time. This decreased circulation velocity can be further understood as a result of being lost in circulation or saved by consumers due to the inability to use the denomination to efficiently purchase items. As of 2005, it is estimated that 1 million one-cent pieces are either lost or saved daily. Therefore, the quantity of one-cent pieces annually produced has increased since 2005, indicating that there is a much larger quantity of one-cent pieces being taken out of circulation daily[37]. Thus, as the utility decreases for the one-cent piece, it is used less in cash-based transactions; which indicates its' decreased viability as a denomination. Therefore, the production of one- and five-cent pieces leads to monetary losses for the U.S. government. Viable alternatives to mitigate these losses are either altering the coins' compositions or ceasing their production.

Arguments for keeping the production of the one-cent piece besides being rooted in the zinc industry, have been due to the denomination's history as a symbol of Abraham Lincoln. The one-cent denomination has been used since 1793. To commemorate President Lincoln's birth

[34] Starr, 31-33.

[35] Wall Street Journal. "A Penny Unsaved." July 20, 2006. https://www.wsj.com/articles/SB115335035831011699.

[36] Starr, 32-33.

[37] Vann, Korky. "Americans Stash Billions in Coins" Hartford Courant Sept 28, 2005. pg.D3.

centenary, his face was featured on the one-cent piece in 1909.[38] During the early 2000s, Speaker of the House Dennis Hastert of Illinois argued against Representative Jim Kolbe of Arizona's COIN Act due to Lincoln being an Illinois native.[39] The representative wanted to continue the production of the one-cent piece to pay homage to the 16th president regardless of the economic analysis that suggested the continued production of the lower denomination was not an economically rational decision. Therefore, the Speaker of the House was able to successfully block the advancement of the COIN Act of 2006 based on his constituents' sentimental attitude towards the denomination.

As low-denomination coinage has resulted in negative seignorage for the United States, the production of the dollar bill has caused similar inefficiencies. The dollar coin dilemma indicates that there is a disconnect between the Federal Reserve System, Congress, and the U.S. Mint.[40] Keeley McCarty states "Congress has authorized and aggressively pushed the co-circulation of two forms of the same tender value, forcing U.S. currency into competition with U.S. coins. This is costing everyone more money". The author further argues that "the Federal Reserve should absorb responsibilities for determining the production volume of dollar coins… [since] the Federal Reserve is busy determining broad monetary policy and avoiding major crises, and Congress is pulled from both sides by interest groups demanding opposite results, the Mint is left to take what it can get from both".[41] Substituting the dollar coin for the dollar note has the potential to save American taxpayers $5.5 billion over the next thirty years. These savings are due to metal coins having a significantly longer lifespan than notes as coins wear down at a much lower rate and can be recycled more efficiently than notes. When comparing coins to notes, dollar notes must be

[38]Yeoman.
[39]Starr, 36.
[40]McCarty, 331.
[41]McCarty, 331.

printed on entirely new blank paper stock with 90% of the initial note ending up in landfills[42]. "With over one billion dollar coins in storage, Congress is in a position to turn a wasteful legislative mistake into a head start for the transition to dollar coins".[43]

The Government Accountability Office (GAO) estimates that switching to the exclusive use of the dollar coin would save American taxpayers around $184 million every year, primarily as a result of the cost–value difference.[44] In 2010, the Coin Modernization, Oversight, and Continuity Act was passed in an effort to spur research and development for materials used when minting U.S. coins. Within the legislative act, the U.S. Mint is required to provide a biennial report to Congress regarding the status of their research pertaining to alternative metals to be used as blanks and the feasibility associated with using the metal long-term. As of 2021, the U.S. Mint has delivered five reports to Congress, while exploring over nine different types of metallic materials.[45]

c. Lobbying's Effect on Legislative Productivity

As interest groups have played a role in the development and passage of legislation since the 1790s, they have grown in numbers and varied in methods to persuade Congress. Their methodology as well as growth in lobbyists and expenditures, have led to challenges for legislative productivity. When observing the history of legislative gridlock, the term originates within Alexander Hamilton's *Federalist No. 1* and became an increasingly popular term beginning in the 1980s.[46] Binder (1999) developed a statistical model referred to as *Predicting the Production of Landmark Laws* to understand lobbying's effect on legislative productivity. This model uses data

[42]McCarty, 333.

[43]McCarty, 333-334.

[44]U.S. Government Accountability Office, GAO-11-281, U.S. Coins: Replacing the $1 Note with a $1 Coin Would Provide a Financial Benefit to the Government 9 (GAO 2011 Report)

[45]United States Mint. "2020 Biennial Report to Congress." January 11, 2021. https://www.usmint.gov/wordpress/wp-content/uploads/2021/01/2020-mint-biennial-report.pdf.

[46]Binder, Sarah A. "The Dynamics of Legislative Gridlock, 1947-96." *The American Political Science Review* 93, no. 3 (1999): 519–33. https://doi.org/10.2307/2585572.

from 1947 to 1996 to assess the level of party polarization, quantity of seats that a party held within Congress, public sentiment, federal budgetary situation, and the severity of the threat of a filibuster.[47] Butler and Miller (2021) have indicated that as lobbying has a strong effect on what bills ultimately make it to the congressional agenda, lobbying organizations directly impact legislative productivity by slowing down the progression of legislation within Congress.[48] Furthermore, lobbying can be understood as being associated with whether bills advance through committees and each chamber, independent of congressional factors typically related to bill advancement.[49]

Jones (2001) indicated that when the government is divided on a partisan basis, narrow divisions result in stalemates.[50] These stalemates can be understood as legislative gridlock brought on by party polarization, causing bills to either be unable to leave the House of Representatives or be unable to receive enough votes within the Senate. Jones found that partisan polarization only increases the likelihood of gridlock on a given proposal if both parties have a near-even share of the seats within Congress.[51] The control over the necessary amount of seats compounded with the partisan sentiment would provide either party the means to stall Congress and the passage of further legislature, negatively impacting legislative productivity. Furthermore, Tomain (2017) stated, "Gridlock has pernicious consequences not only for the democratic process but also for political and economic equality. The negative effects of gridlock are manifest through the medium of lobbying".[52] Therefore, it can be best understood that American political lobbying provides the

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[47]Binder, 519.

[48]Daniel M. Butler and David R. Miller. "Does Lobbying Affect Bill Advancement? Evidence from Three State Legislatures." *Political Research Quarterly* (2021): 10659129211012481.

[49]Matt Grossman and Kurt Pyle "Lobbying and Congressional Bill Advancement" Interest Groups & Advocacy 2, 91-111 (2013).

[50]David R. Jones. "Party polarization and legislative gridlock." *Political Research Quarterly* 54, no. 1 (2001): 125-141.

[51]Jones.

[52]Tomain, Joseph P. "Gridlock, lobbying, and democracy." *Wake Forest JL & Pol'y* 7 (2017): 87.

medium to link private money with public legislation. When addressing the issue of modern currency reform efforts, private money has held a significant role in the passage of proposed bills in Congress. This prominence has caused reform efforts to become stagnated by having the proposed bills die in committee, while other countries have been successful in their endeavors. Ultimately, currency reform has not occurred due to the influence of industry-based lobbying compounded with partisanship within Congress.

d. Lobbying's Impact on Currency Reformation

Lobbying specific to U.S. currency bills can be best understood as being pursued by the zinc and paper industries from Tennessee as well as Massachusetts respectively. These industries are pursuing lobbying efforts to prevent the progression of proposed bills that would challenge their business model pertaining to the production of the one-cent piece and the one-dollar bill. By lobbying together, these organizations have an increased likelihood of being successful within their endeavors since the future of the one-cent piece and one-dollar bill has been challenged in recent currency reform bills. Therefore, by structuring the proposed bills to target both currency denominations, heavier opposition becomes more likely from the industries.

Americans for Common Cents (ACC) is a lobbying organization composed of a coalition of mining companies, vending machine operators, zinc traders, numismatic societies, and charities. Dick Barber, the president of Penny Lovers of America stated that "the penny is as American as apple pie. Elimination of it is like getting rid of the Statue of Liberty".[53] Specific companies that directly contribute to ACC include Jarden Zinc Products, a prominent company within the Tennessee mining industry that has been the only supplier of one-cent blanks for the U.S. Mint

[53] Josh Sanburn. "The Penny Debate: Do Pennies Make Sense?" TIME for Kids.

since 1982. The state of Tennessee produces and supplies 24% of the nation's zinc supply.[54] Therefore, the elimination of the industry is detrimental to the jobs and livelihoods of many Tennesseans. Since 2006, Jarden has donated over $1.2 million to ACC for its lobbying efforts.[55] Clearly, these donations indicate that lobbying is accomplished through not just persuasion but incentivizing or bribery as well. The executive director of ACC, Mark Weller, indicated that their organization uses data directly from Coinstar National Currency Poll,[56] which is inherently biased in favor of the production of lower denomination coinage due to their need for them within coin counting machines. The lobbying organization ensures to avoid disclosing the negative seignorage due to the use of current metal compositions, therefore, presenting the reader with a one-sided argument regarding their “penny debate”.

Weller indicates that charities, schools, corporations, and philanthropies would be directly impacted by the removal of lower-denomination coinage. As some fundraisers are centered around the one-cent piece such as "penny drives", the lack of these coins would negatively impact these fundraisers.[57] However, these fundraisers are a small part of these organizations’ charitable contributions and wouldn't negatively impact their ability to contribute to a significant degree. Americans for Common Cents incorporate an oxymoron within their argument by stating that the U.S. Mint uses an incorrect accounting method which inflates the cost of production for the one-cent piece, yet goes on to use that same accounting method to advocate against the transition to cash-rounding.[58] The organization goes on to use fearmongering that as the world’s largest economy the U.S. would be unable to implement a similar cash-rounding system as other countries

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[54]Meester, Steven "The Economic Implications of Price Rounding," Major Themes in Economics Vol. 8, 2006, 1-9.

[55]Sanburn.

[56]Mark Weller. *Americans for Common Cents*, Pennies.org.

[57]Weller.

[58]Weller.

have been able to. Furthermore, the ACC refers to the lost productivity of workers from the time value associated with processing one-cent pieces in transactions as "the most outrageous argument", and merely refutes the claim by stating workers are not paid according to their productivity.[59] This productivity argument can be countered due to the expectation that employees are to achieve a higher degree of efficiency, therefore productivity, within their workplace.

Besides Jarden Zinc Products lobbying for the continuation of production for the one-cent piece, Crane & Co. has supplied the U.S. Treasury with the blank paper stock used for the printing of the U.S. one-dollar bill since 1879. In 2010, Crane & Co. was awarded government contracts that totaled over $108 million. The company indicated that the one-dollar bill denomination accounts for nearly half of all paper currency printed by the Bureau of Engraving and Printing (BEP) and that the cessation of the one-dollar bill would result in the company losing an estimated 350 jobs.[60]

Alternatively, the Dollar Coin Alliance (DCA) has advocated for the obsoletion of the one-cent piece as well as the substitution of the dollar coin instead of the dollar bill in cash-based transactions. The membership of the DCA consists of predominately mass transit and vending machine industry members. Within the past few decades, the vending machine industry has spent hundreds of millions of dollars to equip vending machines with apparatuses that can accept dollar bills. Still, vending machine operators estimate up to 30% in lost profits annually due to crumpled bills.[61]

In September 2012, bills designed to end the production of the dollar note as well as continue its' use were presented to Congress. "Republican Representatives David Schweikert of Arizona

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[59]Weller.

[60]Keeley McCarty. "Flip the Coin to the Fed: A Comment on the Dysfunctional Relationship Among the Federal Reserve System, Congress, and the United States Mint." Admin. L. Rev. 64 (2012): 326-327.

[61]McCarty, 324-327.

and Jeb Hensarling of Texas back the proposal to phase out the dollar bill. Arizona supplies 64% of the nation's copper,[62] which is the primary metal used in the production of the five-cent piece; the five-cent piece serves as the alternative for the one-cent piece if the United States were to adopt cash-rounding. Democratic Representative John Kerry and Republican Representative Scott Brown, both of Massachusetts, introduced a bill to end production of the dollar coin".[63] Massachusetts is home to the company that provides the BEP with the blank paper stock used to produce the one-dollar bill. Therefore, these representatives had the interests of their home states in mind while producing these proposed bills.

As lobbying has presented itself as an institutional issue to the progress of currency reformation, another institutional explanation is observed. Congress is easily influenced by outside societal actors, while the executive branch has a relative degree of autonomy. This can be interpreted as the executive branch being more insulated from lobbying efforts when compared to Congress.[64] Proposed bill H.R. 7995 Coin Metal Modification Authorization and Cost Savings Act of 2020, seeks to limit the influence of societal actors by requesting that the decision about currency-focused legislation be left up to the U.S. Treasury Department. As the U.S. Treasury Department falls within the executive branch, it is expected that lobbying would have a lessened effect on further currency reform efforts.

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[62] C. Shipley. "Impact of the Copper Industry on the Arizona Economy" Arizona Mining Association Phoenix, AZ: May 22, 2000. www.azcu.org.

[63] McCarty, 328.

[64] Drutman.

V. Recent Reformation Attempts

a. United States' Attempts

As various attempts to modify the United States currency have existed since the 1980s, interest groups have played a key role in the progression of the proposed bills through Congress. This progression can be best understood as the bills being proposed and eventually dying in committee due to a lack of consensus being reached. Ceasing further production of the one-cent piece and phasing it out of production originates from the Carter administration. This is due to the rising cost of copper, which was the primary metal used in the production of the one-cent piece until 1982. This concept reemerged in the legislative arena in the late 1980s from the House Financial Services Committee in the form of currency modernization. The Price Rounding Act of 1989 was centered entirely on the obsoletion of the one-cent piece and implementation of cash-rounding on a 5-cent interval.[65] Nearly two decades later, the Currency Overhaul for an Industrious Nation (COIN) Act of 2006 again called for eliminating the one-cent piece and the use of cash-rounding within the United States.[66] These attempts to pass currency reformation have all stagnated due to the presence of industry-based lobbying compounded with a lack of Congressional consensus on the issue area.

The initial legislation sought further changes, including a dollar coin as a replacement for the dollar bill due to the increased efficiency of the coin's life compared to a dollar bill's lifespan.[67] The dollar coin would provide an opportunity for zinc producers to still produce blanks for the U.S. Mint. Besides the one-dollar coin providing the opportunity for the zinc industry to produce supplies for the U.S. Mint, altering the five-cent denomination's composition towards a predominately zinc-based coin would provide the industry further opportunities.

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[65] 101st Congress. "H.R.3761 - Price Rounding Act of 1989." *Congress.gov*, https://www.congress.gov/bill/101st-congress/house-bill/3761?s=1&r=45.

[66] Starr, 35-36.

[67] Starr, 35.

The Coinage Act of 1997 authorized the U.S. Mint to "run an advertising and awareness campaign to promote" the next dollar coin, the Sacagawea dollar. "The Mint spent $40 million on such efforts. This involved, among other measures, experimental partnerships with Wal-Mart, General Mills, and several smaller banks willing to take a risk." Surprisingly, public demand far exceeded the bank's expectations; however, by the time this realization occurred, orders with the Federal Reserve for the dollar coin were relatively slow.[68] The presidential dollar coin series was produced as a result of the Coinage Act of 2005, which stated that the series would begin in 2007 and be produced for all past presidents. 31 U.S.C. § 5112 states that no living person may be featured on any currency produced by the United States and may only be featured two years after their death.[69] Within the coinage act, Congress included a section titled *Removal of Barriers to Circulation*, divided into subsections *Acceptance by Agencies and Instrumentalities*, *Publicity*, and *Coordination*. These subsections are designed to "require agencies and federally funded entities to take steps to increase public awareness and acceptance of the dollar coin."[70] The Coinage Act of 2005 requires the Federal Reserve to purchase enough presidential dollar coins to meet the public demand; however, it does not stipulate that the Federal Reserve must purchase the Sacagawea dollar coins, which have been produced since 2000.[71]

Since its original proposal, the COIN Act of 2006 (H.R. 5818) has been referred to the House Subcommittee on Domestic and International Monetary Policy, Trade, and Technology for review. Since its referral, H.R. 5818 has not moved past the subcommittee. Furthermore, the COIN Act of 2006 provides other recommendations besides the obsoletion of the one-cent and implementation

[68]McCarty, 329.

[69]Cornell Law School. "31 U.S. Code § 5112 - Denominations, specifications, and design of coins." https://www.law.cornell.edu/uscode/text/31/5112.

[70]McCarty, 323.

[71]McCarty, 330.

of cash-rounding. These recommendations called for the design and production of different two-dollar paper notes from 2007 to 2011, phasing out the production of the one-dollar paper note, the creation of quarters honoring each of the U.S. Territories and the District of Columbia. Furthermore, the act recommends that the Federal Reserve is to have authority over the U.S. Mint and the Bureau of Engraving and Printing instead of the U.S. Department of the Treasury.[72] This coinage act aims to address the deficit associated with the production of lower-denomination coinage. Representative Kolbe (R-AZ) was the sponsor of the COIN Act of 2006 and cites the further production of the one-cent piece as a nuisance and a form of government waste due to its relatively decreased monetary value within the past decades while referencing its near-obsoletion like other lower-denominations in the United States' monetary history.[73]

The majority of the ideas implemented within Kolbe's 2006 bill originate from his previously proposed H.R. 2528 Legal Tender Modernization (LTM) Act of 2001, which calls for similar monetary changes. These changes can be understood as cash transactions ending with the digits 3, 4, 8, or 9 being rounded up, while those ending in 1, 2, 6, or 7 were to be rounded down. Once the LTM Act was proposed in the House of Representatives, it was referred to the House Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth for review. Since the LTM Act was introduced, it has not moved past its designated subcommittee.[74] Of the various monetary ideas within Representative Kolbe's proposed legislation, as of 2021, only the design and production of quarters honoring the District of Columbia and the U.S. Territories have been adopted.

[72] 109th Congress. "H.R. 5818 - Currency Overhaul for an Industrious Nation (COIN) Act." July 17, 2006. https://www.congress.gov/bill/109th-congress/house-bill/5818?s=1&r=1.

[73] Jim Kolbe. "Kolbe Announces the Coin Act of 2006." July 18, 2006. United States House of Representatives, http://www.house.gov/list/press/az08_kolbe/coin_act_07182006.html.

[74] 107th Congress. "H.R. 2528 - Legal Tender Modernization Act." July 17, 2001. https://www.congress.gov/bill/107th-congress/house-bill/2528.

The Currency Optimization, Innovation, and National Savings (COINS) Act of 2017 was sponsored by Senator McCain (R-AZ) and detailed broader currency modernization. These modernization recommendations include replacing the dollar bill with a dollar coin, altering the metal composition of the five-cent piece, eliminating the one-cent piece, and implementing cash-rounding. The bill specifically called for the variable suspension of the production of one-cent pieces with a minimum suspension of ten years, as well as an economical study of the effects of the suspension during the minimum ten-year period. Besides the suspension of one-cent production, the act calls for the change in the composition of the five-cent piece and the replacement of one-dollar federal reserve notes currently in circulation with one-dollar coins. Therefore, the COINS Act provides an all-encompassing approach to resolving the growing deficit in the production of one and five-cent pieces. Furthermore, the act addresses the use of one-dollar bills. The potential alternative is the increased production of one-dollar coins to balance out the decreased output of one-dollar bills.[75] This bill has been endorsed by lobbying organizations the Dollar Coin Alliance and The Council for Citizens Against Government Waste.[76] Starr (2018) stated that "perpetual congressional gridlock, as well as a lack of awareness and focus towards the cost-saving nature of currency reform, endanger the COINS Act."[77] The COINS Act of 2017 was referred to and later died within the Senate Committee on Banking, Housing, and Urban Affairs after no further progress was made. Therefore, the lobbyist organization Americans for Common Cents (ACC) and the supporting industries threaten the successful adoption of any future currency reform legislation. This threat is due to the conflicting research and information provided by

[75] 115th Congress. "S.759 - Currency Optimization, Innovation, and National Savings Act of 2017." March 29, 2017. https://www.congress.gov/bill/115th-congress/senate-bill/759?r=13&s=1.

[76] Starr, 36-37.

[77] Starr, 37.

interest groups composed of industries that favor the continued production of the one-cent piece and are against the adoption of cash-rounding.

b. International Comparison

Providing a comparative analysis between countries can serve an important role in international money and finance due to the policy insight that can be gained. Forms of insight include the potential distributional and political consequences that can result from policies implemented.[78] This knowledge can be applied to cash-rounding in order to analyze the potential impact it would have on domestic as well as international groups. Ultimately, international relations has the potential to provide information that could influence policy adoption long-term.

In 2017, research exploring cash-rounding was conducted by bankers and economists from the central bank of the Philippines. Among other things, they found that "[c]entral banks typically incur losses from issuing low-denomination coins, given that the costs of producing these coins exceed their respective face values".[79] The Philippine Mints produce vastly more coins than are circulated, which results in the loss and recirculation rates being much higher for coins of a lower value. Therefore, by ending the circulation production of specified lower-denomination currency and implementing cash rounding, a significantly reduced demand for the phased-out currency would ensue.[80] Over time it is expected that the reduced demand and production of lower-denomination coinage would reduce negative seigniorage for the Central Bank of the Philippines.

[78]Thomas B. Pepinsky and David A. Steinberg. "Is International Relations Relevant for International Money and Finance?." In *Bridging the Theory-Practice Divide in International Relations*, 129-145. Washington D.C.: Georgetown University Press, 2020.

[79]Hernandez, Roy R. Hernandez, Kristina E. Pilares, and Mario T. Rosete III. "Feasibility of Implementing a Price Rounding Scheme for Cash Transactions in the Philippines." In *Bangko Sentral ng Pilipinas Review*, (2017): 45-54. Accessed September 17, 2021. https://www.bsp.gov.ph/Media_And_Research/Publications/BS2017_04.pdf.

[80]Hernandez et al.

Economist Erika Leskó conducted research pertaining to cash-rounding in Hungary and concluded that the other costs associated with lower-denomination coinage include handling charges. Handling charges can be understood as the costs associated with the transportation, distribution, and processing of the lower-denomination coinage.[81] This concept can be further understood as the energy and time associated with vehicles and individuals moving the currencies from the mint to their destinations. Leskó's (2009) research from the central bank of Hungary indicates that these costs result in an estimated 0.5-0.6 percent of a country's GDP.[82] Thus, these costs over time directly impact the monetary value of a country's goods and services. Leskó further states that research pertaining to rounding within Hungary found that the phasing out of their 1 and 2-forint lower-denomination currency in 2008 had no effect on inflation and proved to have no difficulties when implemented. However, the research further indicates that the cash rounding must be implemented on the transaction total and not the individual items.[83] This is due to the random probability for the transaction to result in a number between zero and nine to be equal due to the randomized quantity of items purchased per transaction.

Within Canadian Parliament, the Committee on Finance creates and discusses the country's annual budget and has the authority to recommend changes on the basis of economic and financial concerns. Parliament votes on the annual budget but has no direct authority over the production of coins and currency of Canada. The Royal Canadian Mint (RCM) has the authority granted by R.S.C., 1985, R-9: *Royal Canadian Mint Act*, to "produce and arrange for the production of coins of the currency of Canada" within section 4c of the RCM act.[84] Therefore, by providing the powers

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[81] Erika Leskó. "Rounding is not to be feared." In *Magyar Nemzeti Bank Bulletin* 4, no. 2 (2009): 14-21.
[82] Leskó.
[83] Leskó.
[84] Consolidated Federal Laws of Canada, Royal Canadian Mint Act https://laws-lois.justice.gc.ca/eng/acts/r-9/FullText.html

necessary to the RCM as opposed to leaving the discussion of currency to a parliamentary vote, the Canadian government can more effectively produce currency in an efficient manner by leaving the decision up to the Senate Finance Committee in relation to the budget as well as the RCM. When compared to the United States, Congress is required by the U.S. Constitution to make decisions pertaining to currency production, rather than leaving the decision to the U.S. Mint. By providing the necessary powers to the RCM, the mint can govern and manage the production of the country's currency more effectively to avoid negative seignorage and legislative gridlock.

In 2011, the Senate Committee on Finance discussed removing the one-cent piece due to the decrease of PPP within the Canadian economy in the past 100 years. Compared to the purchasing power in 1908, the Canadian one-cent had maintained only 5% of its' initial value.[85] When compared to the United States, the U.S. one-cent piece had maintained only 12.5% of its' value since 1950. Tory Senator Irving Gerstein stated that "a penny can't even buy a penny anymore" and referred to the denomination as "a piece of currency, quite frankly, that lacks currency",[86] due to the negative seignorage generated as a direct result of its' continued production since it cost 1.5 cents to produce and distribute the one-cent piece. However, this cost is associated with the manufacturing and distribution process instead of the material costs to produce the denomination. The materials for the Canadian one-cent have shifted three times in the past forty years ranging from 98% copper (1982-1996), 98% zinc (1997-2000), and 97.5% steel (2001-2012);[87] therefore, the composition of the one-cent piece shifted as the cost of materials to produce the denomination have fluctuated over time.

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[85] Allan Dowd, "Canadian Senate Offers Its 2 Cent on Fate of Penny", https://www.reuters.com/article/canada-penny-idINN1429002020101214

[86] Nicholas Köhler, "A Penny Dropped: Abolishing the Cent?", https://www.thecanadianencyclopedia.ca/en/article/a-penny-dropped-abolishing-the-cent

[87] Royal Canadian Mint, "A National Symbol - the 1-Cent Coin", https://www.mint.ca/store/mint/about-the-mint/1-cent-5300004

Surprisingly, the RCM has acquired the blanks for the one-cent denomination from the same company the U.S. sources its' one-cent blanks from, Jarden Zinc Products.[88] Jarden has not lobbied the Canadian Senate when compared to the U.S. Senate, most likely due to the vast differences in the number of blanks required for circulation as well as the decreased likelihood that lobbying efforts about currency-focused legislation would be successful in the Canadian Parliament opposed to the United States Congress.

In 2012, the Senate Committee on Finance produced the 2012 fiscal budget, which the House of Commons voted on and passed.[89] Within the budget, the committee called for the removal of the one-cent piece from production and the implementation of cash-rounding.[90] Following the passing of the 2012 annual budget, the RCM ceased the production of the one-cent piece on May 4, 2012, and began to incorporate cash-rounding within their country, which can be best understood as a focal point of the Canadian Economic Action Plan 2012. On February 4, 2013, the RCM ceased the distribution of the one-cent piece into the Canadian economy and adopted the nearest five-cent rounding mechanism; however, it still permits the denomination in all cash-based transactions.

This mechanism indicates that if the total of a cash purchase ends in (3, 4, 8, 9), then the transaction will be rounded up to the nearest nickel, and vice versa.[91] Economist Christina Cheung states within her research that, "under any of the Canadian sales tax rates, my results show that one- and two- item transactions yield non-zero net rounding, while three-or-more item transactions

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[88]Köhler.

[89]Canadian Parilament Financial Procedures, https://www.ourcommons.ca/About/OurProcedure/financialprocedures/c_g_financialprocedures-e.htm

[90]Royal Canadian Mint, "Phasing out the Penny", https://www.mint.ca/store/mint/about-the-mint/phasing-out-the-penny-6900002

[91]Christina Cheung. "Eliminating the Penny in Canada: An Economic Analysis of Penny-Rounding on Grocery Items." *Atlantic Economic Journal* 46, no. 2 (2018): 231-239.

yield zero rounding effects overall. This implies that consumers incur losses from one and two-item transactions, while neither party benefits from multiple-item transactions. This paper conservatively estimates that the rounding scheme imposes a "rounding tax" of $3.27 million CAD on consumers every year from grocery purchases alone. This translates to approximately $157 of additional revenue for a typical grocery store in Canada".[92] Since Canada's shift away from the one-cent coin in 2012, the country has been able to save $11 million per year as a direct result since the last annual cost of production was 1.6 cents per one-cent produced.[93] Regarding the dollar coin debate, Canada has substituted their one-dollar note for a one-dollar coin starting in1987 and the savings incurred can be conceptualized as at least $175 million as of 2011.[94] Therefore, Canada's relatively recent monetary history indicates the benefits of eliminating the one-cent coin as well as the savings spurred by changing the medium in which their dollar currency was produced for circulation.

The key takeaways from the Philippine, Hungary, and Canada cases are the unnecessary costs spurred by the production of lower-denomination currency due to their increased cost of production and decreased purchasing power parity over time. Within the Canada case specifically, the RCM has the power to determine changes to the production of the country's currency instead of the decision being left solely to legislation. Therefore, by allowing the mint to make the necessary changes to currency, Canada was able to effectively prevent negative seignorage by halting the production of their one-cent piece and convert to a cash-rounding system.

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[92]Cheung, 232-233.

[93]Royal Canadian Mint, "2012 Annual Report - Breaking Tradition." https://www.mint.ca/store/dyn/PDFs/RCM-12-AR_ENG_FINAL.pdf.

[94]112th Congress. "The Future of Money: Dollars and Sense." November 29, 2012. https://www.govinfo.gov/content/pkg/CHRG-112hhrg79692/html/CHRG-112hhrg79692.htm.

VI. Conclusion

As the debate over the one-cent piece in the United States has been discussed within Congressional, economic, financial, and numismatic groups over the past forty years, there has been relatively minimal progress on enacting legislation on removing the low-denomination coinage from circulation production and implementing a cash-rounding system within the U.S. economy. This is due to industry-based lobbying efforts coupled with growing partisanship within Congress. Therefore, even though cash-rounding, elimination of low-denomination coinage, substituting metal compositions within the production of coins, as well as entirely substituting dollar bills with dollar coins have been substantially argued for by; the lack of legislative productivity has resulted in bills dying in committees.

Within the United States, Congress has granted an ability to the executive branch about Trade Promotion Authority (TPA), which includes the ability to fast-track proposed agreements through Congress. TPA can be best understood as established Congressional guidelines and requirements for the executive branch to follow and abide by while negotiating international trade agreements.[95] These guidelines can be best understood as adhering to goals such as creating U.S.-based employment opportunities, increasing exports, and benefitting American industries while remaining globally competitive. Fast-track refers to the expedited legislative process of the TPA when the proposed negotiations and agreements are promptly drafted while maintaining adherence to the pre-described goals. This ability was included within the Trade Act of 1974 to ensure that agreements were not altered during proposals. Congress serves as a barrier to all trade agreement proposals. However, it does not have the power to amend the proposal and can only vote for or against the legislation.[96] This forces Congress to decide on the proposal instead of allowing the

[95] Trade Promotion Authority, https://ustr.gov/trade-topics/trade-promotion-authority
[96] Trade Promotion Authority (TPA): Frequently Asked Questions, https://sgp.fas.org/crs/misc/R43491.pdf

legislation to become stagnant in Congressional committees. By applying the fast-track concept to the issue of currency production, the ability to negotiate and propose currency-focused legislation would be consolidated in the executive branch, specifically the U.S. Treasury Department. By allowing the treasury department the opportunity to draft and propose currency-focused legislation, there would be a significant increase in the probability that the bill would be passed amid declining legislative productivity in Congress.

This approach is similar to the proposed bill H.R. 7995 Coin Metal Modification Authorization and Cost Savings Act of 2020, which requests that the decision about currency-focused legislation be left up to the U.S. Treasury Department. In comparison to the Canadian case study, consolidating currency reform powers away from a legislative body allows for proposed bills to be insulated from societal actors. Therefore, the degree of industry-level lobbying would have a dampened effect on the results of the proposed bill. Thus, the United States would have a better potential to convert to cash-rounding, eliminate the one-cent denomination from circulation production, and fully substitute the dollar coin for the dollar bill. These changes would prevent the stagnation of economically-sound legislation that would prevent negative seignorage for the United States.

Furthermore, the design of the proposed bills caused multiple industries to advocate against their approval. By including the obsoletion of both the one-cent piece and one-dollar bill, the zinc and paper industries have argued against the bills. By focusing on one issue within currency reform, there would be a lessened likelihood that both industries would argue against the proposed bill. Therefore, it would become more plausible for the passage of currency reform in Congress if one issue was addressed at a time. Ultimately, the institutional issues of lobbying compounded with a lack of autonomy within the U.S. Mint's operations have resulted in the slowdown of currency reform in the past 40 years.

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