

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 7397]
May 22, 1974

Recirculation of Copper Pennies

*To All Member Banks, and Others Concerned, in
the Second Federal Reserve District:*

The following statement was made public today by the Bureau of the Mint:

I'm calling on every American to get the penny back in circulation and keep it there, Mrs. Mary Brooks, Director of the Mint, said today. I'm calling on the banking industry to welcome the return of pennies during the month of June. I'm urging schools, churches and charities to examine ways and means to involve their members in collecting pennies for deposit.

We can help our great country by this sort of concerted effort to get the penny out of hiding. Here are the reasons:

There is no shortage of a supply of pennies. There is, however, a national inertia concerning their need in the market place. This has an adverse effect upon every public spirited citizen, taxpayer and conservator of the earth's resources. There are plenty of pennies, but they are in the wrong places.

It is estimated that over 30 billion pennies are in circulation — doing the job for which they were intended. Somewhere in this vast country of ours, however, in excess of 30 billion pennies are in hiding. These are the pennies I'm looking for. They are in dresser drawers, shoe boxes, pickle jars; most any place you can think of that will get them out of pocket and out of sight. They are unwanted, unused, and unappreciated.

For the Mint to be forced to continue increasing its penny production to meet the current extraordinary demand is wasteful. Wasteful of a natural resource — copper — that cannot be replenished by man. And wasteful of the taxpayers' hard earned money.

Seventy-five per cent of the Mint's production is devoted to making pennies. That represents 44 per cent of our Congressionally appropriated coinage budget allocated to the manufacture of one-cent pieces.

The current price and supply of copper allows us to continue production and distribution of the copper bearing cent. During the past 15 years, the Mint has pumped out over 62 billion pennies using some 202,000 tons of copper in their manufacture. This year alone the Mint expects to use 33,000 tons of copper in cent production — making about 35 million pennies each working day.

The steep rise in copper prices, the hoarding of pennies for their copper content, and the idea the aluminum penny was fact, undoubtedly has sharply increased the demand for copper pennies. The aluminum penny is probably dead, and the melting of pennies is illegal. Melting is also dangerous and uneconomical. 240,000 pennies weigh 1,646 pounds and represent an investment of \$2,400. Before deducting transportation and refining costs, melting would return less than a \$100 profit — or less than a 4 per cent return on \$2,400 — if copper was \$1.50 per pound. On the other hand, \$2,400 invested in a savings account or in U.S. Savings Bonds, return 5½ to 6 per cent interest. Short term certificates of deposit pay even a higher rate of return.

If just 15 billion pennies could be lured out of hiding, the Mint, at current production figures, wouldn't have to make pennies for almost 2 years and it would represent a saving of \$150 million.

Fifteen years ago, the reverse design of the Lincoln cent was changed from wheat ears to a view of the Lincoln Memorial. The Mint produced 25.7 billion Lincoln wheat ears during a 50-year period. The Lincoln wheat ears pennies do enjoy collector interest — some years commending more numismatic value than others. Rarity is one of the determinants in establishing value of almost any collectible item. Especially this holds true for coins. A general rule of thumb is the lower the mintage of a given coin, the higher the numismatic value. Coin collecting is a very wholesome hobby. I'm happy to have young people looking at their coins.

Sixty-two billion pennies of identical design, however, can never qualify as numismatic rarities and so cannot ever reach great numismatic value. The true collector knows this and collects only those pennies needed to complete his coin collection sets. The true collector likes bright, uncirculated coins also. Not the dull and discolored ones, unless they are rare.

(OVER)

For every \$25 worth of pennies cashed in at a bank, the Treasury and the Mint is prepared to award an Exceptional Public Service Certificate to the individual or group responsible. Commercial banks should send the names and addresses of individuals eligible for a Certificate to Mrs. Mary Brooks, Director of the Mint, 55 Mint Street, San Francisco, California 94175.

Obviously, this campaign to get the penny back in circulation will require the cooperation of the banks in forwarding the names of those cited for an award to the Bureau of the Mint.

Truly, this is a challenging project for anyone who participates. It will give every American family a chance to help control inflation. For without pennies to make change, sales would be rounded off to the next nickel. It will also protect the environment and cut Government expenses.

We encourage all banks to comply with the Bureau's request to send to the Director of the Mint the names and addresses of any individual or group eligible to receive Exceptional Public Service Certificates.

Your cooperation in this matter would be greatly appreciated.

ALFRED HAYES,
President.