

**Financial Services Committee
Subcommittee on Domestic and International Monetary Policy, Trade, and Technology
The State of US Coins and Currency**

July 20, 2010

I oppose the Mint's current efforts to gain greater power in determining the composition of circulating coinage. It is unconstitutional to delegate the determination of the metal content of our coinage to the Secretary of the Treasury. Under Article I Section 8 of the Constitution, the Congress is given the power to coin money and regulate the value thereof. It is a shame that Congress has already unconstitutionally delegated its coinage authority to the Treasury Department, but that is no reason to further delegate our power and essentially abdicate Congressional oversight.

Oversight by members of Congress, who have an incentive to listen to their constituents, ensures openness and transparency. Legislation to delegate added authority to the Mint would eliminate that process and delegate it to unelected bureaucrats. The Secretary of the Treasury would be given sole discretion to alter the metal content of coins, or even to create non-metal coins. Given the history of Congressional delegation and subsequent lax oversight on issues as important as the conflict in Iraq, it would be naïve to believe that Congress would exercise any more oversight over an issue as unimportant to most members as the composition of coins.

While I sympathize with the aim of saving taxpayer dollars by reducing the cost of coinage, it is disappointing that our currency has been so greatly devalued as to make this step necessary. At the time of the penny's introduction, it actually had some purchasing power. Based on the price of gold, what one penny would have purchased in 1910 requires 57 cents today. It is no wonder then that few people nowadays would stoop to pick up any coin smaller than a quarter.

Congress' unconstitutional delegation of monetary policy to the Federal Reserve and its reluctance to exercise oversight in that arena have led to a massive devaluation of the dollar. If we fail to end this devaluation, we will undoubtedly hold future hearings as the metal value of our coins continues to outstrip the face value.

One of the witnesses on our second panel mentions the importance of the Mint's production of bullion coinage, and the danger of counterfeited collector coins that may or may not be minted

from silver or gold. It is a shame that instead of protecting the value of the dollar to ensure that precious metal coins could still circulate as money, or enforcing counterfeiting laws to stop the flow of clearly fraudulent coins, the federal government insists on printing trillions of dollars out of thin air, and prosecuting individuals who attempt to create precious metal currencies to compete with the devalued US dollar.

The topics discussed in today's hearing exemplify how far we have fallen, not just since the days of the Founders, but only in the last 75 to 100 years. We could not maintain the gold standard nor the silver standard. We could not maintain the copper standard, and now we cannot even maintain the zinc standard. Paper money inevitably breeds inflation and destroys the value of the currency.