

Financial Services Committee

Subcommittee on Domestic and International Monetary Policy, Trade, and Technology

Hearing on HR 5512

Opening Statement

March 11, 2008

Mr. Chairman, I oppose HR 5512 because 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 as the passing of HR 5512 would do.

Oversight by members of Congress, who have an incentive to listen to their constituents, ensures openness and transparency. This bill 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 Section 4 of this bill to save taxpayer dollars by minting steel pennies, 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 1909 requires 47 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.

HR 5512 is a sad commentary on 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. That is the reason that this proposal is before us today.