



Support grows among Dems for \$1 trillion coin option

By: Susan Ferrechio - January 8, 2013

It started as a joke. But when it started to catch on, lawmakers began to worry. It's a proposal to have the U.S. Mint create a \$1 trillion coin that the federal government could use to fund its operations if Congress fails to raise the nation's debt ceiling by next month.

It's legal to create the coin, a former Mint official said. And the coin would allow the U.S. to continue paying its bills should Congress and the White House fail to raise the current \$16.4 trillion borrowing limit that the government will hit by mid-February. If the limit is not raised, the United States would default on its obligations for the first time and most government functions would shut down for the first time since 1996.

Former Mint Director Philip Diehl, a top aide to late Treasury Secretary Lloyd Bentsen, said the Mint is authorized by law to produce investment-quality bullion coins to compete on the world market. The \$1 trillion coin would be made of platinum.

"Certainly unprecedented, yes," Diehl said. "But so is forcing the government to default on its loans."

Rep. Jerrold Nadler, D-N.Y., proposed issuing a \$1 trillion coin as an "absolutely serious" option to avoid a partisan fight over raising the debt limit. The nascent negotiations took another turn Tuesday when Republicans said they won't agree to raise the borrowing limit unless the Senate votes on a budget, something it hasn't done since 2009.

The public, wary of another partisan battle over federal spending after the recently resolved "fiscal cliff" fight, is signaling support for the coin. A Twitter campaign using the hashtag #minthecoin popped up, and a petition with more than 6,500 signatures was posted on the White House's website to encourage President Obama to authorize the coin.

"The president has tools at his disposal to pay the country's obligations and one of the tools is this trillion-dollar coin," Democratic strategist Christopher Hahn said. "I think the financial markets would react favorably, and that is all people care about."

As support for the coin was building, House Republicans introduced legislation that would prevent the Mint from creating the coin.

"I think it's about the silliest thing I've ever heard," said Republican strategist Reed Galen. "It's also a perfect example of how we deal with things as a country. Have a difficult problem? Charge it. Don't want to cut something? Spend more money."

Mark Calabria, of the libertarian Cato Institute, said it's possible for the Mint to produce a \$1 trillion coin -- as long as it's made out of platinum. The Mint has to get approval from Congress before it can make coins out of gold or silver, but not platinum.

"It is essentially the platinum loophole," Calabria said. "But it would certainly get litigated. And how would the rest of the world view our debt market if we did this? What would this say to foreign investors?"