

Sacagawea struggling south of the border

SPECIAL feature

By George Manz

The Sacagawea dollar is in trouble in the U.S.

The reasons are contained in a U.S. General Accounting Office (GAO) Report to the Subcommittee on Treasury and General Government, Committee on Appropriations, U.S. Senate titled "New Dollar Coin: Marketing Campaign Raised Public Awareness but Not Widespread Use."

The report notes the U.S. government could potentially save up to \$500 million annually (all figures are in U.S. dollars), but that won't happen for quite a few reasons.

The report reveals the U.S. Mint spent at least \$67.1 million to promote the new dollar coin, including "expenditures for a marketing and advertising program; public relations and publicity programs; 23 partnerships with banking, entertainment, retail, grocery, and restaurant

chains; and promotional events with transit agencies."

The GAO study shows most of the money (\$40.5 million) was spent on a national advertising campaign "featuring an image of George Washington that was designed to build public awareness, generate acceptance, and encourage the new dollar coin's use."

The GAO gives several reasons why the Sacagawea dollar is not accepted by the public, but says "the most substantial barrier is the current widespread use of the dollar bill in everyday transactions and public resistance to begin using the dollar coin."

The GAO acknowledges the U.S. government is in a Catch-22 situation: "until individuals can see that the coin is widely used by others and that the government intends to replace the dollar bill with the dollar coin, they will be unlikely to use the

coin in everyday transactions.

Increasing use of the coin is especially difficult because retailers will not stock the dollar coin until they see the public using it, the public is unlikely to use the coin until



they see retailers stocking it, and banks and armoured carriers are reluctant to invest in new equipment to handle the coin until there is wide demand for it.

This interdependency of demand, which economists call the 'network effect,' will be difficult to overcome."

That's because the U.S. government, at least at this time in history, refuses to take the one dollar bill out of circulation and replace it with the Sacagawea dollar coin.

As you all know, the dollar coin is an artist's rendition of

Sacagawea, a Shoshone interpreter who assisted Lewis and Clark's expedition of 1804-06 to the Pacific Ocean.

Among the many methods used by the Mint to gain public acceptance was through retail partnerships with companies such as 2,000 Wal-Mart and Sam's Club stores. Other companies that helped distribute the coins include International House of Pancakes and Safeway as well as baseball teams such as the Los Angeles Dodgers and the Anaheim Angels.

But it seems like it's all for naught. That's because when the GAO looked into how other countries introduced new coins - such as

Australia, Canada, Japan and many European countries - the GAO discovered these countries "have successfully introduced a similar denomination coin but only by phasing out the note of the same value."

That's what happened in Canada. After the first loonies were minted and distributed in 1987, Canada stopped issuing dollar notes in June 1989. Although many Canadians initially resisted the coin, within a few years most Canadians accepted the loonie.

But that's not what's happened so far in the U.S. When the U.S. Mint tried to explain the advantages of the

Sacagawea dollar coin to the public, the U.S. Treasury issued an informal "restriction on the Mint prohibiting it from comparing the advantages of the dollar coin directly with the dollar bill in consumer advertisements."

So the U.S. government is hamstrung with a policy that allows the circulation of both a dollar coin and a dollar bill.

That's why the GAO has recommended "the Director of the Mint suspend further expenditures for marketing and promoting the new dollar coin until research is completed and the Mint can demonstrate that such efforts are likely to increase long-term coin circulation and/or are necessary to achieve Congress' desire for co-circulation."

Until such time as the U.S. government decides to replace the dollar bill with a coin, chances are people in the U.S. will continue to use paper money for small transactions.

But if they do decide to make the change, they don't have to reinvent the wheel. All they have to do is look north of the border. □

George Manz writes for numismatic publications in Canada, Great Britain, the United States, and Australia. He is president of George Manz Coins, specializing in Canadian, Newfoundland and world coins, as well as commemorative medals, pre-Confederation tokens, paper money, numismatic books, and odd and curious money.

For more information contact George Manz Coins, PO BOX 3626, Regina SK S4P 3L7 (306) 352-2337, e-mail: george@georgemanzcoins.com, web site: www.georgemanzcoins.com.