

NOTES AND MEMORANDA

NICKEL COINAGE

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THE DECIMAL COINAGE COMMISSION'S recommendations that the Union should adopt the 10s.-cent decimal coinage system appears to enjoy support amongst wide sectors of the community and there is every reason to believe that its recommendations, possibly with some modifications, will in due course be implemented. What will emerge will to all intents and purposes be completely new coins. The name "shilling" will be retained but other denominations such as the half-crown, florin, sixpence, "tickey", penny, etc., will disappear. Instead we shall have 100 cents per a monetary unit which is as yet unnamed.

It is quite reasonable also to expect a change in design, symbols, effigies, etc., to accompany the introduction of the new coins, to accord with national and republican aspirations. Whilst these changes are envisaged it might not be out of place to suggest that a further radical change be made—viz. in the composition of our coinage alloys.

It is suggested that the current alloy for silver coins, consisting of 50 per cent silver and the balance mainly copper, be replaced by a nickel-bearing alloy, such as 75 per cent copper and 25 per cent nickel, or by pure nickel. From a metallurgical point of view nickel has no equal in its combination of properties which make for ease of coinability, durability, corrosion resistance and good appearance. Its high melting point also makes counterfeiting particularly difficult. Nickel is to-day, and has been for a hundred years, a widely used metal for coinage purposes. It is estimated that between 1850, when nickel was first officially used for the minor coinage of Switzerland, and 1950 some 62,000 metric tons of nickel have been struck into coins. There are in fact few currencies to-day not employing some nickel-bearing coins. For instance the U.S. 5-cents piece (the nickel), the Canadian 5-cents piece, the West German 1- and 2-D mark and 50-phennig pieces, the Dutch 10- and 25-cent pieces, the Belgian 1- and 5-franc pieces, the French 100-franc piece and all the British "silver" coins are in fact made either from pure nickel or the nickel-bearing alloy, 75 per cent copper and 25 per cent nickel. The average annual consumption of nickel for coinage during the period 1938-1952 was approximately 3,500,000 lb. about 58 per cent of which went into the products of cupro-nickel and nickel silver alloy coins and 42 per cent into pure nickel coins. The peak of consumption for nickel coinage was reached in 1947 when approximately 7,800,000 lb. were used.

Like silver, which is recovered as a by-product of gold to the tune of about 1,500,000 fine ounces per annum, nickel is mined and refined in substantial quantities in this country. It is in fact a by-product of platinum production. Its present day cost is approximately £536 per short ton as against £10,000 per short ton for silver. The substitution of nickel for silver in our proposed new coinage

system could thus, without sacrificing anything as far as the quality or appearance of our "silver" coins is concerned, result in appreciable savings to the country annually and the gradual withdrawal of the existing silver coins could, no doubt, in a large measure finance the cost of the conversion to the new coinage system.

The value of silver coins issued by the Pretoria Mint between 1923, when the Mint was established, and 1956 was slightly more than £14,000,000. Until 1951 the silver coins contained 80 per cent fine silver and 20 per cent copper. Since 1951 the silver content of the coins has been reduced to 50 per cent, the balance being mainly copper. We can, therefore, safely assume that at the current price of silver, viz. 75d. per ounce, the value of the silver in the silver coinage in circulation in South Africa to-day amounts to approximately £10,000,000. If it were decided to replace the entire circulation of South African silver coinage minted until 1956, amounting in total to approximately 1,760 tons in weight, with pure nickel coins, the cost of the nickel would be slightly less than £1,000,000. If a 75 per cent copper, 25 per cent nickel alloy, a rather popular alloy for coinage purposes, is adopted the cost of replacement would be considerably less. It will be evident that the foreign exchange earned from the sale of silver ultimately recovered from withdrawn silver coinage would pay for the cost of converting our currency to a decimal coinage, estimated at about £9,000,000. This amount could be used as compensation to owners of business machines which have to be altered to conform to the new system.

Silver has, of course, also traditionally established itself as a coinage metal. Indeed the French use the same word for "money" and "silver", that is, "*argent*". The English pound was originally quite simply a pound of silver. The connection between the pound as a unit of money and the value of a pound of silver has, of course, long since disappeared. There is in the popular mind, however, still a firm belief that the intrinsic value of a coin should approximate its nominal value. There is no need for any such relationship, and this theory has, of course, been discarded by most monetary authorities. To-day, even in many of the richest countries the coins in circulation are merely token coins: the value of the metallic content of the coins is far below their nominal value. Even in South Africa the metal in a half-crown is not worth 2s. 6d. In the last resort the value of a coin is not derived from its metallic content but from its general acceptance as a medium of exchange and from the implied undertaking of the State to guarantee its value. There is thus no longer any need to regard the use of a baser metal as a debasement or degradation of a coinage. The main considerations should be that the metal used is freely available, relatively cheap, metallurgically speaking suitable, and that the final coin produced is aesthetically satisfying. Nickel has all these attributes.

A further point which might be made in favour of a nickel coinage is the fact that many countries look upon their nickel-bearing coinage as a potential stockpile of this strategic metal, immediately available in times of emergency.

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