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CONSIDERATIONS
ON
MONEY, BULLION,
AND
FOREIGN EXCHANGES;
BEING AN ENQUIRY INTO
THE PRESENT STATE
OF THE
BRITISH COINAGE;
Particularly with regard to the
SCARCITY OF SILVER MONEY.

With a View to point out
The most probable MEANS of making it
more PLENTIFUL.

“I have not wholly misemployed myself, if, in this
“ historical plain method, I can set down the grounds
“ of those persuasions which are to be found among
“ men, so various, different, and wholly contra-
“ dictory.”

Locke, Hum. Und.

L O N D O N,
PRINTED FOR LOCKYER DAVIS, IN HOLBORN,
PRINTER TO THE ROYAL SOCIETY.
M DCC LXXII.

A D V E R T I S E M E N T .

THE Writer of the following Enquiry, after reading the respective arguments of Mr. Lowndes, Mr. Locke, and Mr. Harris, on the subject of Coinage, endeavoured to satisfy himself concerning the grounds of such contrary opinions, relative to the expedients proper to be taken, when bullion rises so much above mint-price, as to lay a temptation in the way of melters and exporters to deprive us of our good specie; and to prevent the coinage of new money. The inconveniences produced from these circumstances, though not equal in degree to what they might have been in the reign of King William, are nevertheless at this time very great. At that period, Mr.

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Lowndes, Secretary to the treasury, proposed to increase the current value of our money, in order to make it correspond with the price of bullion for the time being: Mr. Locke opposed this proposition; and endeavoured to prove, that the standard of money should not be violated or altered, on any pretence whatsoever; and his arguments had weight sufficient to prevent Mr. Lowndes's plan from being carried into execution. Not many years since, Mr. Harris, who had long been an officer of the mint, published, *An Essay upon Money and Coins*; in which he confirmed the opinion of Mr. Locke.

Many of the reasons urged both by Mr. Lowndes and Mr. Locke, though when examined apart they may appear to be equally well founded; yet, when compared with each other, are indeed wholly irreconcilable. The outlines of Mr. Lowndes's proposition seem consistent with good sense and experience, though parts
of

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of it are certainly exceptionable; and when we consider his knowledge in money-matters, and the great assistance he undoubtedly had from persons the most eminently skilled in trade; his arguments receive additional weight. On the other hand, when we call to mind the superior abilities of Mr. Locke; and when we admire his reasoning, which seems to be mathematically true; we are apt to think with him, that any alteration of the standard could not possibly be attended with advantage: but very probably with inconvenience. Still, however, the scarcity of silver money calls loudly for redress. A redress is indeed at this time become almost indispensably necessary, for the immediate purpose of carrying on trade, throughout the kingdom.

The writer, taking these various circumstances into consideration, found the difficulty of forming a decisive opinion; whilst yet he earnestly wished to discover the *foundation* of this incongruity, between
philo-

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philosophical truth and common experience. After having, in the course of his researches, compared the events which have happened in respect to gold coins and foreign exchanges, he began to entertain some doubts concerning the principles on which Mr. Locke formed his opinion; an opinion better suited perhaps to philosophy than trade. With a view to commerce, money ought principally to be considered; and it appears to the writer, with all due deference to Mr. Locke, that the want of sufficient attention to foreign exchanges betrayed him into error: at least, his maxims do not correspond with the trade of this country, as practised for many years past.

After having frequently reviewed, and well weighed, the circumstances on which Mr. Locke's opinion is grounded; and after having consulted those who are particularly conversant in matters of exchanges and bullion; the writer ventures to submit this

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Enquiry to the public. It is equal to him, whether the opinion herein set forth, or Mr. Locke's, be found to be the true one: in either case (let but the one or the other be ascertained) the remedy appears to him to be equally near at hand.

AN ENQUIRY
INTO
THE PRESENT STATE
OF THE
BRITISH COINAGE.

PART I.

CHAP. I.

A general View of the State of the Coinage in this Kingdom, from the Reign of Queen Elizabeth to the present Time; and the present Expences of Government in coining Money at the Mint.

AS the subject proposed at present to be enquired into, has not, I apprehend, been much considered by the generality of those who probably may read the following sheets; I take the liberty, in order to give a general idea of the nature and state of our coinage, of putting down a table, shewing the money coined in this kingdom at the mint, from the reign of Queen Elizabeth to the present time.

B Gold

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I will now take the liberty of making the following general observations :

If our current money be defective in weight or in fineness, so as to be in any considerable degree of *less* value as bullion, when melted down, than it passes for as money, the nation is, in many respects, injured ; because that which is the standard of property, is short of measure. But, on the other hand,

If the standard coin is in any considerable degree of *more* value as bullion than as coin, no laws, however severe, can prevent its being melted down and exported, in preference to bullion ; consequently in time there must become a great scarcity, which is the case at present with regard to the coin of this nation, especially of our silver coin of full weight.

By

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By examining the following table, taken from the mint indenture, and the present price of bullion at market, it will appear, how the present scarcity of silver money arises.

B 3

TABLE.

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T A B L E.

GOLD COINS.

Number of pieces in the pound weight Troy.	Expences on the Coinage, per pound weight Troy.	
	s.	d.
178 Quarter Guineas,	—	— 11 10
133 Seven Shillings,	—	— 9 10½
89 Half Guineas,	—	— 7 10½
44½ Guineas,	—	— 6 8
22 Two Guineas, and Half a Guinea,	—	— 6 0
9 Five Guineas, wanting Half a Guinea,	—	— 6 0

STANDARD.

22 Carrats of fine gold;
2 Ditto of allay.

Remedy, the fixth part of a carrat.

The value of the pound weight of gold, when coined, is

l. s. d.
46 14 6 the mint price,

Or, 3 17 10½ per ounce.

Present price of standard gold, as bullion, is 3l. 19s. 6d. per ounce; or 4l. if calculated at the former price the pound weight is worth.

47l. 14s. the current price of gold bullion at market.

Therefore there is a loss upon the coinage of gold, taken at the lowest price of bullion, at present, of 19s. 6d. per pound weight, which is upwards of 2 per cent.

T A B L E.

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T A B L E.

SILVER COINS.

Number of pieces in the pound weight Troy.	Expences on the Coinage, per pound weight Troy.	
	s.	d.
744 Pennies,	—	— 3 11½
272 Half Groats,	—	— 3 2¼
248 Three-pences,	—	— 2 9¼
186 Groats,	—	— 2 4¼
124 Six-pences,	—	— 2 2
62 Shillings,	—	— 1 10½
24 Half Crowns and two Shillings,	—	— 1 5¼
12 Crowns and two Shillings,	—	— 1 5¼

STANDARD.

11 Ounces, two penny weight, of fine silver;
18 Ditto of allay.

Remedy, two penny weight in the pound weight Troy.

The value of the pound weight of silver, when coined, is

l. s. d.
3 2 0 the mint price,

Or, 0 5 2 per ounce.

Present price of sterling silver bullion is, from 5s. 5d. to 5s. 6d. per ounce: if calculated at 5s. 5d. the pound weight is worth,

l. s. d.

3 5 0 the current price of silver bullion at market.

Or, 0 5 5 per ounce.

Therefore there is a loss upon the coinage of silver, taken at the lowest price of bullion, at present, of 3s. per pound weight, which is 5 per cent.

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By this table it appears, that the gold coin in currency is valued at 15 to 1, in respect to silver.

But the value of the gold bullion, in respect to the silver bullion, compared with their respective prices at market, is as 14½ to 1.

Consequently the gold coins pass for more than they ought by upwards of three per cent. compared with the present prices of the bullion of each metal at the London market.

If the intrinsic value of our gold coins were greater than our silver money, in proportion to currency; melters and exporters would prefer them to silver: but as the silver money is of greater intrinsic value than the gold coins, in proportion to their currency; the silver will be by them, while they can get them good, more eagerly sought after than the gold coins. And this circumstance naturally accounts for the greater scarcity of the former, than of the latter.

For instance, a good standard crown-piece of silver, weighing nearly an ounce, passes for no more as currency than five shillings;

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shillings; but when melted down, or exported, will sell as bullion for five shillings and three pence; and so in proportion the rest of the good silver coins; that is, five per cent. above currency. No preventive laws can put a stop to so lucrative a trade, while silver money, equal to standard, can be procured.

Hence it may also be inferred, if the coins, both of gold and silver, should be in any considerable degree of more value, when melted down, than as currency, the melters and exporters would most probably in time leave us destitute of any legal specie, and trade must be carried on entirely by worn, clipped, counterfeit, or debased coins. And this grievance would continue, without hopes of a fresh supply of good money, unless some regulations were made to reduce bullion to mint price.

If government should think proper to be at the expence of continually coining new money, equal to the present standard, for the exigences of trade; yet, while bullion continues to be so much above mint-price, this measure would be far from remedying the evil. As the gain in melting down, or exporting,

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exporting, our new coin, in preference to bullion, would be exactly equal to the loss on the coinage, it would be only opening a fresh source of gain to the melters and exporters, who would melt and export near as fast as the mint could coin. The reader may judge of the truth of this observation, by examining the quantity of gold coined at the mint within these last thirty years, as described in the following table; by which it will appear, that notwithstanding the great loss attending the coinage of gold, there hath been more gold coined within these last ten years (except in the reign of King William) than in any equal number of years in our English history; yet we do not find any increased quantity of gold coin in circulation; on the contrary, it is lamented, that there never was known to be less than at present.

Gold

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Gold and Silver coined for Thirty Years, from 1741 to 1770.

Dates.	Gold coined.			Silver coined.		
	L. wt.	oz.	dwt. gr.	L. wt.	oz.	dwt.
One year ended } 31 December } 1741	540	—	—	3,060	—	—
1742	none			none		
1743	none			2,400	—	—
1744	210	—	—	2,528	—	—
1745	6,270	—	—	600	—	—
1746	10,155	—	—	44,010	—	—
1747	795	—	—	1,500	—	—
1748	7,245	—	—	none		
1749	15,210	—	—	none		
1750	11,955	—	—	none		
1751	9,645	—	—	2,614	—	—
Ending 11 Jan. } 1753 N.S.	12,255	10	15 10	18	9	6 0
1754	7,809	—	—	19	—	—
1755	none			19	—	—
1756	4,808	9	6 15	19	—	—
1757	10,550	8	14 15	39	—	—
1758	none			5,359	—	—
1759	13,950	—	—	20,189	—	—
1760	51,985	2	16 5	34	—	—
1761	14,472	6	16 12	43	—	—
1762	11,719	—	—	10	—	—
1763	11,850	—	—	1,020	—	—
1764	10,980	—	—	848	—	—
1765	18,900	—	—	5	—	—
1766	11,520	—	—	6	—	—
1767	17,565	—	—	96	—	—
1768	27,219	—	—	none		
1769	18,075	—	—	none		
1770	13,410	—	—	none		
	<hr/>			<hr/>		
	L. wt.	319,166	2 9 9	84,436	9	6 0

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R E M A R K S.

By the above table it appears, that there has been coined in 10 years, from 11 January 1759, to 11 January 1769, 192,356 L.wt. 9oz. 12 dwt. 17 gr. of gold; and, sterling value of the gold being 3*l.* 17*s.* 10½*d.* per ounce, amounts in currency, to 8,500,000*l.* sterling, and upwards.

The wages to the mint officers on the coining thereof at 6*s.* 8*d.* per pound-is (the fee on coining guineas) about 64,085*l.* sterling; but, as much of that gold was coined into less money, it may reasonably be estimated at 70,000*l.* or 7000*l.* a year, expence to government.

But the loss to private people by coining the abovementioned 8,500,000*l.* calculated at 2½ per cent. amounts to 212,500*l.* and must be a very great object to the Bank of England, who are the principal, if not the only people who send bullion to the mint to be coined, and amounts to upwards of 20,000*l.* a year.

It may be said that those people reap advantages in their trade by other means, sufficient to enable them to sustain this loss upon coining gold. And it is allowed, the expence of 7000*l.* a year, paid by government for the coining of gold, is scarcely a national object. And if this 8,500,000*l.* coined within these last 10 years, was so much increased specie now resting in the nation, it is, in a political light, money well laid out.

But I am afraid it will appear, upon examination, that we have not more specie in the nation than we had 10 years ago; and this vast coinage has been carried on only for the benefit of merchants, who have exported it in preference to bullion, in the payment of balances, because they can export it at upwards of 2½ per cent. greater profit.

Therefore this expence of 70,000*l.* sustained by government, and this 212,500*l.* loss sustained by the Bank, &c. has been only furnishing means for these merchants to carry on their illegal trade.

CHAP. II.

Considerations on Money, and Bullion in general.

IN order to consider this matter properly, and to investigate the mode of relief from our present grievances, it may be necessary to make some general observations on coin and bullion. I do not presume to offer to the public any thing new on this head; yet my observations may serve to call to mind such ideas as ought to be present when judging on the matter of coinage.

And in the first place I propose shewing the opinion of the council of trade, held on this subject in the reign of Charles II.

Advice of his Majesty's Council of Trade, concerning the Exportation of Gold and Silver in Foreign Coins and Bullion.

(Concluded Dec. 11, 1660.)

“To the KING’s most excellent MAJESTY.

“ The opinion and humble advice of your Majesty’s council of trade concerning the free exportation of gold and silver in foreign coins and bullion.

“ May it please your MAJESTY,

“ *The balance of trade* (by which we understand the proportion that the commodities exported have in value to the commodities imported) *being the sole or principal cause of the exportation or importation of bullion:*

“ If, upon the balance, money is to be exported, the strictest of laws (as by the experience of all ages appeareth) cannot stop it.

“ But if, upon the balance, money is to be imported, that same law that could not,

“ not, in the other case, prevent the carrying of it out, hinders, in this, the bringing of it in; for the merchant will rather send his money to Livorne, Amsterdam, &c. (where he may remove it at pleasure) than bring it hither; whence he cannot export it in pursuance of any advantage in trade, without hazarding the loss of it.

“ However, it evidently gives a greater interruption to the English merchant, and, keeping foreigners (upon the same account) from lodging their money here (as otherwise they would) this being a place so much more convenient than Amsterdam, does consequently lose the great benefit that would arise to your Majesty in your mint and revenue, to the nobility and gentry in their estates, and to the merchant in his trade, by the plenty of gold and silver in your Majesty’s dominions.

“ *And though the prerogative your Majesty’s royal predecessors anciently had and exercised of the whole change exchange and rechange of money, bullion, &c. (which must needs have been invaded, if any other had had the liberty of exporting gold and silver)*
“ was

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" was in those days a sufficient and principal
 " (if not the only reason) for making the sever-
 " ral statutes against the exportation of money,
 " &c. without the king's licence; yet, that
 " reason now ceasing, we most hum-
 " bly propose to your Majesty, as our opi-
 " nion and advise (upon the weight of
 " those other preceding reasons, of which
 " your Majesty, by the annexed paper,
 " may receive more full satisfaction) that
 " your Majesty would be graciously pleas-
 " ed, for the better advancing of trade,
 " and for the general good of your Majes-
 " ty's subjects) to dispense with the pre-
 " sent penalties upon the exportation of
 " gold and silver in foreign coin or bullion,
 " for some certain time, and by such pub-
 " lic act, as (being without any trouble
 " or charge to traders) may give both en-
 " couragement and assurance, unto mer-
 " chant-strangers, as well as natives, in
 " the importing of gold and silver, unless
 " upon public notice, given a year before,
 " your Majesty shall think fit to recall the
 " same.

" All which we most humbly submit
 " unto your Majesty's most gracious will
 " and pleasure.

" Reasons,

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" Reasons and arguments for the free
 " exportation of gold and silver in fo-
 " reign coin and bullion.

" The council of trade appointed by
 " your Majesty, having taken into confi-
 " deration the tenth article of the instruc-
 " tions given unto them by your Majesty,
 " ordering to advise how bullion may be
 " best drawn into these kingdoms; and
 " having had many days examination and
 " debate, of and upon the several ancient
 " laws, forbidding the exportation of all
 " manner of gold and silver, in coins, bul-
 " lion, plate, &c.: After comparing the
 " present course of trade, with that of
 " those ages wherein those statutes were
 " made, and observing the inconveniences
 " growing upon these kingdoms through
 " such prohibitions, and the advantage
 " which other princes and nations make by
 " letting the exportation thereof free;
 " have drawn up their sense and apprehen-
 " sion upon the whole matter, which they
 " humbly offer to your Majesty as fol-
 " loweth.

C

" And

“ And first, It hath been observed, out of
 “ these and other statutes, that all money
 “ and bullion, once imported, was to be
 “ put into the hands of the king’s ex-
 “ changers, which course is now antiquat-
 “ ed. That some of those statutes seem
 “ more to intend religious persons, and
 “ clerks, than merchants; and all imply,
 “ or particularly except, some cases where-
 “ in, by the king’s licence, money and
 “ bullion might be exported, without be-
 “ ing-in danger of the forfeitures in those
 “ laws. And therefore, finding these dis-
 “ pensations to be your Majesty’s preroga-
 “ tive, preserved entire to the crown,
 “ through so many of your royal progeni-
 “ tors, we have not thought fit to touch
 “ any further upon this matter, as being
 “ humbly confident that your Majesty’s
 “ subjects shall (upon all occasions) be in-
 “ dulged the like, if not more ready re-
 “ lief, and accommodation for their trade,
 “ from your Majesty’s royal grace and
 “ bounty: only, because the observation
 “ was obvious, that, perhaps, all former
 “ parliaments purposely left this door
 “ open to the people by the grace of the
 “ king,

“ king, to be relieved by these dispen-
 “ sations, as foreseeing how difficult, if not
 “ impossible, or how inconvenient, at
 “ least, it might be in future times, alto-
 “ gether to restrain the exportation of mo-
 “ ney and bullion, we could not omit the
 “ same in this place.
 “ And secondly, Supposing that it were
 “ of absolute necessity to restrain all mo-
 “ ney and bullion, once imported, to be
 “ kept within the kingdom: It then
 “ came under consideration, whether ei-
 “ ther the laws hitherto made in that be-
 “ half are, or that it be possible to make
 “ a law, adequate to prevent the exporta-
 “ tion thereof.
 “ *And here we were convinced, by expe-*
 “ *rience, that the laws of this kingdom*
 “ *(hitherto made) have been of no effect to*
 “ *the end thereby designed; and looking a-*
 “ *broad, as there are no where more strict*
 “ *and severe laws against the exportation of*
 “ *coin and bullion than in Spain and France*
 “ *we found all to be to as little purpose.*
 “ We then, thirdly, enquired, What
 “ loadstone attracted this metal by force
 “ of nature to itself, against *all human pro-*
 “ *vidence*

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“ *vidence or prevention?* and soon found,
 “ that it was alone the present course of
 “ trade and traffic throughout the world,
 “ and quite altered from that in former
 “ ages when those statutes were made,
 “ which hath converted all action into the
 “ commodities which the earth and sea
 “ produce, is in continual circumrotation,
 “ embraceth all things, and hath enforced
 “ at last *money* (which in former times
 “ was *only* used as the measure to value
 “ all commodities by) *to become now itself*
 “ *to a commodity*, subject to rising and falling
 “ in price and value as any other mer-
 “ chandize, and to be the only employ-
 “ ment of thousands of merchants, that
 “ deal in nothing else; yet it cannot be
 “ denied, that the surest way to bring in
 “ money, and to keep it (were there
 “ no laws of restraint at all) were to be
 “ more sellers than buyers, and to make
 “ up such a balance of trade of this king-
 “ dom, as it might be judged whether
 “ the produce of native goods did exceed
 “ the consumption of the foreign; *for*
 “ *then the overplus would be found in money,*
 “ *and remain in the land.*

“ But

OF THE BRITISH COINAGE. 21

“ But this point we found would require
 “ a vast expence of time, both in council
 “ and action, both at home and abroad;
 “ and that the result at last would be no
 “ more but what experience hath already
 “ taught, that money and bullion have
 “ always forced their way against the fe-
 “ veral laws; that the trade of the world
 “ will not be forced, but will find or make
 “ its own way free to all appearances of
 “ profit; and that, although there be a
 “ method in trade, yet it is held impossible
 “ to describe the same.

“ For Spain hath the mines of gold and
 “ silver; yet enjoyeth the least part there-
 “ of, and for three parts of the year hath
 “ scarce sufficient to serve its own ordinary
 “ occasions.

“ On the other side, neither Venice,
 “ Tuscany, Genoa, nor The Netherlands,
 “ have any mines at all of their own, *nor*
 “ *are at all careful to keep in money or bul-*
 “ *lion, by any restraint of laws; yet they are*
 “ *always masters thereof, and some of them*
 “ *abound therein.*

“ But it is true, that Venice once did
 “ fall upon the course taken by Spain,
 “ France,

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“ France, and England, to keep money
“ and bullion within their country by
“ strict laws; but they soon found they had
“ the less thereof by this restraint, and as
“ soon relinquished the same, and have
“ never since complained of any want.

“ And therefore, in the fourth place,
“ we discovered, that, as it is impossible by
“ any laws to restrain money and bullion
“ against the use that traffic finds for the
“ same; so also the adhering to this princi-
“ ple of restraining thereof discourageth,
“ as well all natives as foreigners, to import
“ any money or bullion into those lands,
“ where the exportation thereof, at their
“ own pleasure, is forbidden them; and
“ that this hath been the cause that even
“ the English that lived in Spain, when
“ they had acquired money and bullion
“ there, would not transport it hither; but
“ either lodged it in Genoa, Venice, or
“ Livorne, for the trade of the Mediterra-
“ nean, as those of Holland do for the
“ trade of the German Ocean.

“ From whence, fifthly, the many ad-
“ vantages (thereby given away clearly to
“ the stranger from the English) present
“ themselves;

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“ themselves; for the stranger, knowing
“ we must be furnished in one of those
“ places for our occasions, make us pay
“ dearly for our accommodation; and be-
“ sides, to seek the same there, we are
“ often hindered in our voyages outward,
“ put upon double adventures, and often-
“ times hindered of our market.

“ For there are some trades, that in
“ part, or in the whole, cannot be driven,
“ or managed, to any profit or proportion
“ of advantage with our neighbours, but
“ by exporting money or bullion, either
“ together with their merchandizes, or
“ wholly a merchandize or commodity of
“ itself. — Wherein are humbly offered
“ these instances.

“ To the East Indies.—Though some
“ English commodities be vented there,
“ yet no considerable trade can be driven
“ by us, or any others that buy the com-
“ modities of the natives, but with money
“ carried out of Europe. And if we ex-
“ port 100,000 £. per annum, that will
“ purchase so much goods as do usually
“ yield in England 300,000 £. one third
“ whereof is paid, as the salary of ships,

" mens wages, and for customs; and here
 " is one considerable advantage, that re-
 " dounds, as well to your Majesty's re-
 " venue, as to the navigation of this king-
 " dom: then one third of the said East-
 " India commodities is as much as serveth
 " for the consumption of these kingdoms;
 " and that we have at the price it cost in
 " India: the last third, as also the first
 " third, reckoned to freight, mariners
 " wages, and customs, are both exported
 " to the Mediterranean, Spain, France,
 " the Baltic, and other parts, where the
 " proceed of them serves to purchase fo-
 " reign commodities for us, and helps so
 " far to balance our trade, as that it
 " occasioneth the importation of at least
 " 100,000 *l.* per annum in bullion, and
 " prevents the exportation of as much
 " more; which would be wanted to pur-
 " chase necessary commodities from a-
 " broad. Whereas, if we did not follow
 " the East-India trade, the Hollanders
 " would drain from us at least 300,000 *l.*
 " per annum, for the East-India commo-
 " dities that we must have from them; for
 " so much, at least, the same goods would

" cost at their hands, which we now bring
 " home ourselves for 100,000 *l.*
 " And all these mischiefs we avoid, and
 " all these advantages we gain, by the free
 " exportation of 100,000 *l.*
 " For the Norway trade, which gives
 " a large employment to a great number
 " of shipping, and furnisheth us with a
 " very necessary supply of timber and
 " tarr; it cannot be carried on without
 " the liberty of exporting money and bul-
 " lion, because the kingdom of Norway
 " gives no vent to any of our native com-
 " modities, in proportion to the value of
 " what we fetch thence, and therefore
 " money and bullion must pay for it; and
 " should the ships first go to Holland or
 " Hamburgh to fetch the dollars, the very
 " time expended in deviating from their
 " designed ports of lading, would make
 " the price of timber twice as much
 " as now it is; the freight of it being at
 " least two thirds of the value of it when
 " it is imported.
 " The trade of Turkey cannot be driven
 " to advantage, but with some part money,
 " because the consumption of our manu-
 " factures

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“ factures in those dominions, is not suf-
 “ ficient to make payment for what we
 “ have occasion to bring from thence; nor
 “ can those manufactures be put off, in
 “ the most advantageous terms, but by
 “ giving some part money with them, in
 “ the exchange for the Turkey commodi-
 “ ties, which is a trade not to be neglect-
 “ ed, because, whereas we now furnish not
 “ only our own country with many ne-
 “ cessary commodities that are here ma-
 “ nufactured, out of the product of that
 “ trade, to the great increase of your Ma-
 “ jesty’s revenue, and employment of
 “ the poor, but other nations also; so
 “ that if we left that trade, the Hollan-
 “ ders would presently take it up, and then
 “ we must have all this supply from
 “ them, to the signal prejudice of our
 “ common capitals, and deduction of our
 “ manufacture.

“ And lastly, whereas it hath been ob-
 “ jected,

“ 1. That this liberty is the ready way to
 “ have no money at all left in this king-
 “ dom, and to set open the door to the Hol-
 “ landers, and others, to drain us of all
 “ money

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“ money and bullion; we have considered,
 “ that when the merchants of this kingdom
 “ shall have like freedom here at home to
 “ export money and bullion directly hence,
 “ for the parts of East-India, Norway,
 “ and Turkey aforesaid, it will not turn to
 “ account for them, or any foreign nation;
 “ to export the same hence to their own
 “ country; *for then it will cease to be a*
 “ *commodity of traffic*; they will have no
 “ advantage over us, to oblige us to seek
 “ our monies that we have occasion for
 “ there; and money, of all commodities,
 “ is the worst, if it lies still, and if the
 “ penny be not daily turned.

“ That it is all one mischief to the no-
 “ bility, gentry, and freeholders of this
 “ kingdom, whether the money or bullion
 “ thereof, be drawn from them by the
 “ native or stranger merchant.

“ *Herein also we consider, that this nation*
 “ *hath, of its own growth, manufacture, and*
 “ *product, always enough to oblige the im-*
 “ *portation of money and bullion upon all oc-*
 “ *casions, beyond any other nation whatsoever*
 “ *in christendom.* That money and bullion
 “ once imported is like a river, which,
 “ over-

“ overflowing in its passage, doth always
“ leave so much behind, as the neighbour-
“ ing meadows for a long time after feel
“ the benefit thereof.

“ And this nation hath had one notable
“ experience, that when the Spaniard was
“ permitted to export two thirds of the
“ money he imported, and obliged to no
“ more than one third to be brought into
“ the king’s mint, it commonly happened
“ that the mint got the whole, as the Spa-
“ niard found the advantages here, to make
“ better benefit to return the same into
“ Flanders, or in the manufactures, or na-
“ turalized commodities of this king-
“ dom.

“ So that, to wind up all that has been
“ said, the result of the several reasons and
“ arguments herein summed up seemed
“ to be this: That time and experience in-
“ struct, and the present state of traffic
“ throughout the world require, that, for
“ the increase of the stock of money in
“ these your Majesty’s kingdoms, some
“ way of liberty for the exportation, at
“ least of foreign coin and bullion, should
“ be found out, and put in execution;
“ which

“ which hath produced the humble advice
“ offered in the preceding paper.”

R E M A R K.

It appears to me, that the council of
trade at that time were clear of opinion,
that there could be no ill consequences en-
sue from permitting our *own coin*, as well
as foreign coin, to be exported; but that
it might be thought too bold a measure to
undertake all at once, and therefore for-
bore to recommend it.

Foreign trade is carried on chiefly by
barter, or the exchange of the goods of one
country for those of another; but when
there is a deficiency of returns on one side,
that must be made up by bullion or coin,
which coin the merchants receive and
carry home as bullion, without any regard
to its currency in the country from whence
they brought it; so that, indeed, both
the bullion and the coin brought away is
looked upon by them as much a merchan-
dize, or commodity, as a bale of silk or cot-
ton, or any other thing.

When

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When I say that coin, or money, is as much a commodity as a bale of silk or cotton, I beg leave to observe, that when I say so, I talk in the style, and with the idea, of a merchant. He, it is true, ships, lands, and calculates his profit and loss, upon an invoice of dollars or ingots, just in the same manner as he does his anchors of brandy; but when we consider money in a political light, it is very different from other commodities; it should be considered in two different lights, namely, as *commodity*, and as the *measure of property*, while all nations concur in making it their standard. For instance, should pepper or cloves be that universal measure of property instead of silver, I will agree, that silver would then be *simply* a commodity, in the same manner as iron or lead now is; but, silver *being the money*, it is also the essence of all property; the end and object of all traffic; the last stake to close all dealings; in short, the universal *make-weight in the balance of trade*, between man and man, and between nation and nation. When a nation has paid all its money away, of course it becomes a bankrupt;

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rupt; because every other saleable thing must go before that can come to pass. This being allowed, there cannot be *more* nor *less* money brought into this nation, nor carried out of it, to stay for any length of time, than the *balance of trade requires*. If we bring over more bullion from abroad this year than the year's trade requires, it is no more than borrowing so much for our present exigencies, and which we must repay next year, either by a greater quantity of goods, or by sending the bullion back again. This proves that it is impossible thus to go on borrowing or importing more than the balance of trade requires for any *series of years*. The case is different in respect to any other commodity. We can have as much wine, rum, brandy, as we can drink, even though the balance of trade is against us, while we have goods or money to pay for it; more wine for one series of years, more silks for another series, according as caprice may dictate, or occasion may call for. But we can have no more money brought to this country, to stay any length of time, than the balance of trade requires. This, I hope, will explain

plain my idea how far money *is*, and *is not*, a commodity ^a. In this point of view, as gold is made a *current coin*, equally with silver, I comprehend it under the denomination of money, and even the bullion of each metal also. But I propose, in a future chapter, to explain the difference between gold being made a *current coin*, and being made the *fixed standard of property*.

If this nation had no other connexion with foreign countries than on the footing of trade, the yearly balance (or bullion brought in more than is carried out by the means) of trade would be the true estimate of the annual gains or savings; but, although the balance of *trade* may be greatly in our favour, there are *other circumstances* that prevent the bullion brought hither by that means from staying with us, *viz.*

^a I have been more particular in explaining this matter, because I find a contrary opinion is generally maintained among the gentlemen in the city; and though I differ from them, I am persuaded I concur with the opinion of his Majesty's council above cited.

Remittances

Remittances abroad, on account of foreign wars; and even in times of peace, since foreigners have lodged much money in our funds; the annual payment we make to them on this last account, is estimated at about one million and an half sterling; and is so much annual drawback from the increased bullion arising from trade: it is true, we might be considered as gainers of so much principal, when that stock was bought in; but at this time the interest remitted them must be considered as a drawback or annual loss.

Much has been said and written upon the vast sums of money remitted from hence, on account of ambassadors, and other English gentlemen, residing abroad: but I waive that consideration, on a supposition, that foreigners, including the gentlemen from Ireland, the American colonies, and the West-Indies, and those who have acquired fortunes in the East-Indies and other factories abroad, and who reside in this country, may, in a great measure, counterbalance the drawback arising from English gentlemen residing abroad.

D

Yet

Yet there are other demands for our bullion, which prevent a greater plenty appearing at market. The increased riches and luxury of individuals require more plate in their houses than formerly; and while in the state of household utensils, it is no longer a fluctuating commodity at market. And again,

The gold and silver made use of in gilding and washing, in our various manufactures, is an absolute consumption, or annihilation of bullion: and this appears to be an object deserving consideration in this place. I have been assured, by an eminent manufacturer at Birmingham, that that town uses in the gilding and washing of buttons, &c. gold and silver bullion to the amount of fifty thousand pounds sterling per annum, and upwards. We may therefore reasonably suppose, that the consumption of bullion by such means, throughout all the manufactories carried on in Great Britain, is very great. Though this is so much consumption of bullion, yet it is not so much loss to the nation, as great part of those buttons, &c. are exported abroad,

abroad, and consequently occasion fresh bullion to be brought hither.

When all these vast demands for bullion are considered, it is rather surprizing that we do not feel a *greater scarcity* thereof, than that there is not a *greater plenty*; and I think it proves, that the balance of merely our trade with foreign nations must be greater than most calculators have made it.

C H A P. III.

Difference between Gold being a current Coin, and being the fixed Standard Measure of Property.

I Understand that merchants in general esteem gold coin to be as much the *standard money*, or measure of property, of this kingdom, as the silver; and when I find myself obliged to differ from gentlemen so conversant in money matters, it is with the greatest caution and diffidence: but to this opinion I cannot entirely assent. Perhaps our difference in sentiment may arise from their conceiving money too much in the light in which it is viewed in the practice and usual transactions in trade; and, on the other hand, my conceiving of it too much in theory and speculation. I will allow, that silver money, in all considerable payments, is considered as ideal, and that gold is the only coin in which almost

almost all payments are now made; yet I must still adhere to my opinion, that, in a political light, *silver* is still the real money or measure of property, *and not gold*; and ought to be so, until the standard be changed by public authority. My reasons are as follow.

It is a matter of no consequence, how many shillings a pound of silver is coined into, provided that number has been the standard for any length of time; as, silver having been always the standard-money, or measure of all property, every thing must bear a relative value to that shilling, be it more, or be it less. If the standard shilling contained more silver than it does, it would of course purchase more of any commodity. If it contained less, every thing would have been then measured according to its diminished value. As for instance, if a yard had contained, for time immemorial, only thirty inches, instead of thirty-six inches, it would be just the same thing; for our ideas of space or dimension would have corresponded with that measure.

D 3

But

But the case is different with regard to the gold coins ; as they are not *money*, or *the measure of property*, either in this or any other well-regulated state, that I know of. Gold is no other than a precious commodity, of real and intrinsic value, which every state has thought proper to coin into pieces, to pass in payments in lieu of money, to which they fix a proportional current value, compared with the standard *silver money*.

The distinction between the gold coins being made, by authority, *current* in all payments, and being made the *standard money*, and the necessity of this distinction, I believe, in general is not clearly understood ; therefore I will endeavour to explain it as well as I am able.

There are fixed measures in every country, by which people judge of the weight, dimensions, or quantity, of every matter or thing : it is true, the quart or bushel, the yard or ell, may be different in one country from those of another ; the pound weight may be different in the different articles you purchase ; some Troy, some avoirdupois : or in liquors, some are measured

ured by the wine-measure, some by the beer-measure. But there can be but one pound, quart, bushel, yard, or ell, to measure the *same commodity*, in the *same country*. If there were, it would create the greatest confusion.

Now silver is, in all nations, *That one only standard money, or measure of all property*. If we had two measures, namely, gold and silver ; (they being separate, and distinct things, and of course liable to vary intrinsically from each other in comparative value) the two measures might sometimes fail of exact *correspondence* ; hence confusion would inevitably ensue ; therefore a distinction has been made between making gold a current coin, and making it the *money*, or measure of property, equally with silver. That is to say, the current value of the gold coins must be governed by the intrinsic value of the silver coins ; and not the silver coins governed by the intrinsic value of the gold coins, because the silver coins are the established money or measure of property ; and this I propose explaining more fully hereafter.

It is, however, found to be a commodity very convenient to be made to pass in lieu of money; particularly in large payments, where silver would be burthenfome: but regard should always be had, in fixing its currency, that it never bears a less intrinsic value than the silver money it passes for; in that case, we, in some measure, should exchange real for ideal wealth.

It is true, that some governments have sometimes fixed an arbitrary value upon their gold coins, in order to make a temporary gain; but a well-regulated state should always take care to establish the gold currency as near as possible to its intrinsic value, compared with silver money. If at any time its comparative value should fall or rise to any considerable degree, its value, as currency, should be increased or lessened accordingly.

CHAP.

C H A P. IV.

The Propriety of making Gold the fixed Standard-Measure of Property, in Preference to Silver, considered.

I Now propose to take into consideration, How far it might be adviseable, at this time, to alter the standard money from silver to gold; as I find some ingenious men still favour that opinion, and think it might remedy the inconveniences we feel from the present scarcity of silver money; though I am afraid it would be only a temporary relief. I will here state the arguments which occur to me, that may be made use of for and against this measure.

Mr. Harris, and, I believe, Mr. Locke, have pleaded the precedent of ancient times, laying great stress upon that argument

ment, and say, that silver being then thought the most proper metal for standard-coin, therefore it ought not now to be altered.

Although I pay great deference to their judgements, and agree with them, that we ought always to be cautious of making innovations, in matters that former ages had duely considered: yet, at the same time, we should not have so superstitious a veneration for the wisdom of our ancestors, as to be afraid of altering a system, merely because in their days they deemed it beneficial or expedient, if it should now appear to us, that circumstances require an alteration. For it is very possible there were many things instituted five hundred years ago, that were wise and beneficial at that time, but equally absurd and pernicious if continued in our time; and if any such should now appear, it would be a reflection on us, not to adopt a measure more consistent to the present circumstances.

Mr. Harris gives a further reason, that gold is of too great value to be the standard-money, and the divisions would be too

too small for the lower ranks of people: but if he had considered, that at the time silver was first made the standard of money in this country, that metal was of more value, compared with the necessaries of life, than gold is now, he would not have advanced such a proposition; because it was arraigning the wisdom of those early times, which, I am confident, he did not mean. For, upon this principle, they ought not to have made silver their standard at that time; but rather copper or lead. The argument was certainly a good one, why *they* should not make *gold* their standard. But, I think, upon his principle, as *they* then judged *silver* to be the fittest metal to be their standard, so we, on account of the great increased plenty both of silver and gold, should now establish *gold* the standard.

Silver, to go no farther back than Henry the Second's time^b, was, compared to its present value in the purchase of provisions, as 15 to 1.

Gold is in value at present, compared to silver, as 14½ to 1.

^b Vide Lord Lyttelton's History of that Reign.

Therefore

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Therefore gold is scarcely of so much value, in the purchase of necessaries, as silver was in the time of Henry II.

In respect to inland concerns, I cannot see any injury done from this change of standard; provided, at the time of making the alteration, standard gold money bore an exact proportional intrinsic value as bullion, as the standard silver money does now.

And, indeed, it might furnish an immediate remedy to the present inconveniences; yet perhaps they might recur in future: by this means we should get rid of most of the ill consequences of diminishing the silver coins, while they remain the standard-money; for property of every kind would be equally secured as it is now, by exchanging the measure from silver to gold.

x Upon this supposition, we might diminish the value of the silver coin with equal freedom as we now do the copper coins; without paying regard to their real value as bullion: then we could no longer with propriety say, that, as the shilling is decreased in value, artificers must have more

x Lord Liverpool's proposal for

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for their day's work; for the guinea, or gold coin, being then the measure and standard of property, and consequently the object of every man's pursuit, every one would be perfectly satisfied, though twenty-one of them were not intrinsically worth a guinea, provided they passed in currency for so much; they would no more regard the intrinsic value of the shilling, than they do at present the half-penny, while twenty-four of them will purchase a shilling. And this indifference would arise from neither of them being the standard-money, or measure of property: this consideration might lead us to suppose, that government in that case might acquire great gains, by debasing the silver coins; and be attended with no greater inconveniences than debasing or diminishing the copper coins at present.

From what I have above written, perhaps the reader may apprehend I am an advocate for changing the standard from silver to gold: yet I by no means recommend it, but as a last resource, after the most mature deliberation, and repeated trials of other methods, whether the present
sent

sent inconveniences arising from the scarcity of silver money cannot be remedied by any other mode.

Silver has been the standard money of this, and of every other nation, for time immemorial: and unless all the nations in Europe should unite to alter the standard to gold, at the same time; our standard alone being gold, might make it extremely difficult to fix the par of exchanges between other nations and us; that is to say, to ascertain from time to time the intrinsic value of their standard *silver-money*, with our standard *gold-money*. And I think the fluctuations of exchange, occasioned by the frequent variations in the intrinsic value of the two metals, could not but render it very intricate and uncertain; and therefore, I think, nothing but an absolute necessity should authorize us to make an alteration of the standard: for the cause of these variations would be duplicate, first, in respect to the balance of trade, being more or less favourable; and next to the two different metals being continually liable to variations in intrinsic value;

value; and therefore the *very basis of our exchanges* would be liable to fluctuation.

And it is very probable, many other difficulties, that have not occurred to me, may arise from such an innovation. All that I propose on this subject is, to offer the reflections as have occurred, that the reader may adopt such opinion as he may think proper.

The advocates for making gold the standard, in preference to silver, do not urge as a reason, that silver is too bulky and burthensome, on account of its increased plenty; on the contrary, they profess a desire of having it more plentiful, being too scarce for the common transactions of life: and they think we might by this means diminish the value of our silver coins, without any violation of the value of property, or injury to any one.

But I confess, it appears to me, that the changing the standard from one metal to another, is far from coming to the bottom of the evil; for in case of a change of

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of standard, it is more than probable, that in a few years we should be under the same difficulties, with regard to our new standard, as we are at this time in respect to the old one.

PART

OF THE BRITISH COINAGE. 49

PART II.

CHAP. I.

Mr. Lowndes's Proposition for Amendment of the Coins in the Reign of William III.

ABOUT the year 1695 the current coin of this kingdom was found to be in so bad a state, as to occasion great hindrance and loss in the collection of taxes, as well as in every commercial transaction; which caused a public enquiry to be made into the proper method to be pursued for amendment; and, by order of the then Lords Commissioners of his Majesty's treasury, Mr. Lowndes, their secretary,

tary, delivered to them a report of his opinion, what measures were proper to be taken in carrying on a new coinage; which report, by their Lordship's directions, was published, in order that the opinion of the world might be taken thereon; but, as the reader may not have that report at hand, to refer to, I shall employ a few pages in making such extracts from it as may be adapted to the present circumstances, omitting such parts of his plan as I conceive to be merely temporary. Mr. Lowndes, after setting forth the variations that had been made in our standard of money, from the 28th of Edward I. to the time in which he wrote, proceeds as follows:

* * *

“ BY the careful observing of which deduction here made, from the indentures of the mint, for above four hundred years past (many of which are yet extant, and have been seen and examined by me) it doth evidently appear, That it has been a policy constantly practised in the mints of England (the like having indeed been done in all foreign mints belonging to other governments) to raise the value of the coin in its extrinsic denomination, from time to time, as any exigence or occasion required; and more especially to encourage the bringing of bullion into the realm to be coined (though sometimes, when

“ the

“ the desired end was obtained, the value has been suffered to fall again); so that in the whole number of years, from the twenty-eighth of Edward I. until this time, by such variations, the extrinsic value or denomination of the silver is raised in about a triple proportion; that is to say, in the reign of the said king Edward I. (as is plain by this narrative) a pound weight Troy of sterling silver was shorn at twenty shillings and three pence, and consequently, two hundred forty-three pence, or twenty shillings and one fourth of a shilling, or one pound and one eightieth part of a pound by tale, were then coined out of the said pound weight Troy: whereas at this day, and for about ninety years past, a pound weight Troy of like silver is, and hath been, coined into seven hundred forty-four pence, or sixty-two shillings, or three pounds, and one tenth of a pound, by tale; the pound weight Troy having then and now the same weight and fineness. And as to the gold, I need only to observe from the foregoing deduction, that in the eighteenth of Edward I. a pound weight fine, twenty-three carats, three grains and one half, was coined into fifteen pounds by tale: whereas at this day, a pound weight of gold, of the fineness only of twenty-two carats, is coined into forty-four pounds ten shillings. And this method of raising the extrinsic value of the gold and silver, in the denominations of the coins, as it hath been constant almost in the reign of every king, so no inconvenience, disgrace or mischief (as can be observed) has ever accrued by the doing thereof at any time, when a just, necessary, or reasonable cause gave occasion thereunto.

“ The which being premised, and every project for debasing the money (by the reason before given) being rejected, as dangerous, dishonourable, and need- less; it remains, that our nation, in its present exigence, may avail itself by raising the value of its coins; and this may be effected, either by making the respective pieces called crowns, half-crowns, shil- lings,

“ lings, &c. to be leffer in weight; or by continuing
“ the fame weight or bigness which is at present in the
“ unclipt monies, and ordaining at the same time, that
“ every such piece shall be current at a higher price in
“ tale.

“ But, before I proceed to give my opinion upon this
“ subject, it seems necessary for me to assert and prove
“ an hypothesis, which is this, namely, *That making the*
“ *pieces less, or ordaining the respective pieces (of the pre-*
“ *sent weight to be current at a higher rate, may equally*
“ *raise the value of the silver in our coin.* The former
“ of these finds many precedents in the indentures above
“ recited; but the latter seems more suitable to our
“ present circumstances, as will afterwards be shewed
“ more at large.

“ I humbly take leave to offer my opinion, That all
“ such silver monies as are after enumerated of the
“ lawful coins of this realm of England, which are
“ now in being, and are not at all diminished by clip-
“ ping, rounding, filing, washing, or any other arti-
“ fice, be raised by public authority to the foot of six
“ shillings and three pence for the crown, and propor-
“ tionably for the other species, namely, the crown to
“ go for seventy-five pence, the half-crown to go for
“ thirty-seven pence and an halfpenny, and the shilling
“ for fifteen pence, and the half-shilling for seven
“ pence halfpenny; and leaving all the other old un-
“ clipt pieces, as the thirteen-pence halfpenny, the
“ nine-pence, the groat, two-pence, &c. which are
“ very few in number, and much worn, to go upon
“ their present foot, and to find their values in pence,
“ and parts of a penny, as they do at this day. And
“ that the new coins to be made, either of the clipt
“ money, as it shall be brought in, or of any other
“ sterling silver, be made in their respective weights or
“ bigness, by the present indenture of the mint, and to
“ pass as above expressed. And because it may be
“ convenient to have the denomination of shillings con-
“ tinued, let there be added one piece, to be called the
“ shilling.

“ shilling, or twelve-penny piece, to be equal in fine-
“ ness, though not in weight, to any standard-money
“ now in being, to run for twelve-pence sterling (which
“ will be a fifthpart less in weight than the present
“ shilling) of these there shall be seventy-seven and an
“ half in a pound weight Troy, and twenty of them
“ will make a pound by tale; whereby every pound
“ weight Troy of the silver monies aforesaid will be
“ and hold in number and tale, and in the value will
“ be raised from three pounds two shillings to three
“ pounds seventeen shillings and six-pence sterling by
“ the pound Troy: and my reasons for this opinion are
“ as follows:

“ *First*, The value of the silver in the coin ought to
“ be raised to the foot of six shillings three pence in
“ every crown, because the price of standard-silver in
“ bullion is risen (from divers necessary and unnecessa-
“ ry causes, producing at length a great scarcity thereof
“ in England) to six shillings five pence an ounce.
“ This reason (which I humbly conceive will appear
“ irrefragable) is grounded chiefly upon a truth so ap-
“ parent, that it may well be compared to an axiom
“ even in mathematical reasoning, to wit, *That when-*
“ *soever the extrinsic value of silver in the coin hath been,*
“ *or shall be, less than the price of silver in bullion, the*
“ *coin hath been, and will be, melted down.* Although
“ the melting down of coin, for private lucre, be done
“ in secret (because it is punishable by law); yet no
“ man can doubt but that it has been practised for a
“ long time past, to such a degree upon the weighty

“ c 9 Edw. III. and 17 R. II. prohibited goldsmiths, and
“ others, to melt down small coins, under pain of forfeiture
“ of the molten silver.

“ 14 Car. II. prohibited the melting any the silver monies,
“ under pain of forfeiting the same, and double the value; if
“ by a freeman, he is to be disfranchised; and if not a free-
“ man, he is to be imprisoned six months; 6 & 7 W. & M.
“ makes the conviction of melters more practicable, and in-
“ flicts six months imprisonment for the offence.

" money, as that in particular the crowns and half-
 " crowns of Edward VI. and queen Elizabeth are quite
 " vanished: those of king James I. are become very
 " rare: those of king Charles I. (though the most nu-
 " merous of all that remain) are in a great measure re-
 " duced, and will appear to be so the more plainly,
 " when they come to be distinguished from the coun-
 " terfeits, which are mostly contrived to resemble these:
 " the crowns, half-crowns, and indeed the lesser coins
 " of king Charles II. (the far greatest part whereof were
 " milled money) in all payments at the exchequer, and
 " other public offices, do not by estimation exceed the
 " proportion of ten shillings per cent. or a two hun-
 " dredth part. And if this wicked fact of melting down
 " has been notoriously committed, at times when there
 " was no great difference between the value of the sil-
 " ver in the coin and that in the bullion; or when the
 " goldsmiths, and other artificers, could make no other
 " profit thereby than the small over-weight, which (by
 " weighing and culling the pieces coined at the Tower)
 " they found to be in some of them, which, being
 " molten, might be carried back to the mint, and
 " there re-coined, at the king's charge, into a greater
 " number by tale for their own use: Then one may
 " easily conclude, that the temptation of melting down
 " is grown of late much more prevalent; since, at this
 " day, standard silver in bullion is commonly sold at
 " the said price of six shillings and five pence, or for
 " seventy-seven pence an ounce. And in regard twenty
 " pennyweight (equal to an ounce) bears the same pro-
 " portion to seventy-seven pence, as nineteen penny-
 " weight and $\frac{3}{10} \frac{5}{10} \frac{4}{10} \frac{8}{10} \frac{3}{10} \frac{8}{10}$ of one pennyweight (equal to
 " the standard silver contained in a crown piece) doth
 " to six shillings and two pence halfpenny; it is most
 " plain, that he that now melts down (for instance) a
 " crown piece, which, whilst it retains the image and
 " superscription of his majesty, or either of the late
 " kings, runs only for five shillings, can immediately
 " sell the silver of it here for six shillings and two
 " pence

" pence half-penny, and gain the sum of fourteen-
 " pence halfpenny upon every such melted piece, by
 " such sale of the silver here; or (by reason of the great
 " loss which this nation at present suffers in its foreign
 " exchange or remittances) he may make a greater
 " profit of the same silver, by exporting it into foreign
 " parts, if he can effect the same, either by stealth; or
 " by eluding the late act of parliament, prohibiting
 " such exportation. One may also foresee, that con-
 " tinuing the silver monies (either old or new coins)
 " upon the present foot, whilst bullion is so much
 " dearer, will inevitably produce consequences perni-
 " cious to the whole; in effect, it will be nothing else
 " but the furnishing offenders with a species to melt
 " down, at an extravagant profit, and encouraging not
 " a necessary, but a violent and exorbitant exportation
 " of our silver to the foreign parts, for the sake of the
 " gain only, till we shall have little or none left in the
 " kingdom. And, upon an impartial consideration of
 " these matters, we may be able to make a more ma-
 " ture judgement upon the suggestion that has been
 " raised by some men; namely, that raising the value
 " of our coin, or continuing it on the present foot, will
 " be the same thing. If these gentlemen mean, that
 " silver in bullion will always be dearer than silver in
 " coin, because of the necessity to export it to answer
 " the balance of trade; I answer,
 " That, this necessity may be diminished; but it
 " cannot, in any sense, be augmented, by raising the
 " value of our coin.
 " That supposing the worst, to wit, a further ad-
 " vance of the silver in bullion; yet, even in that case,
 " the offenders before-mentioned will not find so much
 " encouragement, or temptation, when their profit,
 " whatsoever it be, upon every raised crown, must evi-
 " dently be less by fourteen-pence halfpenny than it is
 " at present, upon a crown running in payment for five
 " shillings only.

" There must be a great difference, with regard to
 " the service and disservice of the public, between a
 " necessary exportation of bullion or coin; and such
 " an exportation thereof as proceeds originally from the
 " said exorbitant profit of the melters, who being gold-
 " smiths, refiners, or other traders, and by this means,
 " and by the clippings, getting great quantities of mol-
 " ten silver into their hands, know well enough (though
 " by unlawful or indirect means) to convey the same
 " beyond sea, either to buy gold there, which is after-
 " wards brought hither and coined into guineas, passing
 " at thirty shillings apiece; or to buy prohibited
 " goods, as lace, lustrings, muslins, divers East-India
 " goods, or other enumerated commodities, or for other
 " purposes, which, though unlawful or needless, do all
 " help or combine, at this time, to augment and in-
 " crease that balance of trade between us and our
 " neighbours, very much to our detriment, as will be
 " shewn hereafter.

" These gentlemen consider only the use of our coin
 " in England, as it hath relation to foreign exchanges
 " or remittances; whereas it serves principally the in-
 " land commerce, and supplies many other occasions
 " which will be advantaged by the rise and plenty
 " thereof. And whereas it is apprehended, that the
 " proposed advance of the silver in the coin will produce
 " a proportionable loss in all rents and revenues, pub-
 " lic or private, settled or ascertained by antecedent re-
 " servations, grants, or agreements, and in all debts
 " now standing out upon specialty, or without speci-
 " alty: I humbly conceive, these apprehensions must
 " entirely vanish, when it shall be impartially con-
 " sidered, that every thing having any value or worth
 " whatsoever, when it becomes scarce, grows dear, or
 " (which is the same thing) it riseth in price, and con-
 " sequently it will serve to pay more debt, or it will
 " buy greater quantities of other goods of value, or in
 " any thing else it will go further than it did before:
 " That silver in England being grown scarce, as afore-
 " said,

" said, is consequently grown dearer: That it is risen
 " in price from five shillings and two pence, to six
 " shillings and five pence an ounce; and, by daily ex-
 " perience, nineteen pennyweight and three tenths of
 " a pennyweight in sterling silver (equal to the weight
 " of a crown piece) in England, doth and will pur-
 " chase more coined money than five shillings by tale
 " (though the latter be delivered *bona fide* in unclipt
 " shillings, or in a good bill); and consequently doth
 " and will purchase and acquire more goods or neces-
 " saries, or pay more debts in England, or (being de-
 " livered here) it fetches more money in any foreign
 " parts by way of exchange, than five shillings by
 " tale, or the sixth part of a guinea by tale, or goods
 " to the value of five shillings in tale only, do or can
 " fetch, purchase, or acquire: That this advanced
 " price of the silver has been growing for some time,
 " and is originally caused by the balance, excess, or
 " difference above-mentioned, which naturally and
 " rationally produces such an effect; and there is no
 " reason to expect, that silver will decline in its price
 " or value here, till it be made more plentiful, by
 " turning the balance of trade to our advantage; That
 " the raising the value of the silver in our coins, to
 " make it equal to silver in mass, can in no sense be
 " understood to be a cause of making silver scarce:
 " That there can never be proposed any just or reason-
 " able foot upon which the coins should be current,
 " save only the very price of the silver thereof, in case
 " it be molten in the same place where the coins are
 " made current, or an extrinsic denomination very
 " near that price; it being most evident, that if the
 " value of the silver in the coins should (by any extrin-
 " sic denomination) be raised above the value, or mar-
 " ket-price of the same silver, reduced to bullion, the
 " subject would be proportionably injured and defraud-
 " ed, as they were formerly in the case of the base
 " monies coined by public authority; but if the value
 " of the silver in the coins be less than the value or
 " market-

" market-price of the same silver reduced to bullion,
 " then the coins are always melted down for lucre, as
 " they have been, and are at this day, in the case of the
 " unclipt monies; and as they will certainly be, in case
 " of any new coins that shall be made, to be current
 " upon the old foot of sixty pence for the silver of a
 " crown-piece, which sufficiently proves, that the
 " medium proposed is the true foundation for the course
 " of our monies: That for this purpose we need only
 " to consider the very price that silver bears in Eng-
 " land, where these coins are to be current; although
 " if we will have relation to neighbouring countries,
 " particularly to Holland, we shall find that the current
 " price of an ounce of silver there, adding thereunto
 " the difference of exchange from London to Amster-
 " dam or Rotterdam (which difference in the exchange,
 " is but another effect of the balance of trade, before-
 " mentioned) will still make up the price of six shil-
 " lings and five pence for the ounce of silver at Lon-
 " don; and if this were not so, your Lordships might
 " be sure, that nobody would buy silver at London for
 " six shillings and five-pence an ounce, carry it to
 " Holland, and sell it there perhaps for five shillings
 " and five pence an ounce, or for so much in their
 " coins, the silver whereof is not equal to five shillings
 " and five pence by our standard: That it ought not
 " to be alledged, that silver has no price; for every
 " indenture of the mint (having first ascertained the
 " extrinsic denomination of the current coins) has ta-
 " ken care also to determine the price or value of the
 " silver to the merchant or importer, which was to be
 " answered in those extrinsic denominations; and daily
 " experience shews every man, in buying or selling of
 " silver, that it has a price or value still reckoned in
 " those extrinsic denominations, although at present it
 " much exceeds, as aforesaid, the said rate of sixty-two
 " shillings for a pound Troy: That five shillings
 " coined upon the foot hereby proposed, will actually
 " contain more real and intrinsic value of silver, by a
 " great

" great deal, than is in the current monies now com-
 " monly applied to the payment of the said rents, re-
 " venues, and debts, upon which the imaginary loss is
 " apprehended; and in reason will, and ought to go
 " further, to all intents and purposes, than five shillings
 " in clipt monies, or in the sixth part of a guinea, doth
 " or can go: And lastly, that as the foot or foundation
 " hereby proposed, for the course of the monies, will
 " be just and reasonable, with regard to the price of
 " silver, and more advantageous to the receivers thereof,
 " than payment in clipt monies, or gold, at the present
 " price; so every person that shall receive any money
 " coined or made current upon this new foot, will have
 " the payment, issuing, and expenditure thereof, at the
 " same rate. And it is freely submitted to impartial
 " judgements, whether the proposed advance of silver
 " in the coins can infer a real loss upon any persons,
 " other than such as can propose to themselves particu-
 " larly the receipt of monies in weighty or unclipt
 " pieces only, and the conversion thereof to an advan-
 " tage which law or reason would not allow them.
 " Secondly, The value of the silver in the coin ought
 " to be raised, to encourage the bringing of bullion to
 " the mint to be coined. It is a matter of fact well
 " known to your Lordships, and (by the small number
 " of the pieces of the present king, or of his majesty
 " and the deceased queen) it is perceivable by every
 " body else, that, since bullion hath borne a greater
 " price than silver in the coin, there has been none
 " brought to the mint to be coined, either by impor-
 " ters or others, unless some small parcels that were
 " seized, or sent thither by public authority. And it
 " is utterly against reason for any man to think, that
 " any bullion of silver will be carried thither voluntarily
 " to be coined, till the value of silver coined be raised,
 " at least as high as the value of silver in bullion. By
 " the proposed advance to six shillings and three pence,
 " the sterling silver in the coins will be set at six shil-
 " lings and five pence halfpenny per ounce; which will
 " exceed

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“ exceed the present price of sterling in bullion by one
“ halfpenny per ounce, and give (though by a small
“ profit) an encouragement to those that have English
“ silver or plate, and particularly to the retailers of
“ wine, beer, ale, and other liquors, (whose tankards
“ and other vessels are herein after proposed to be
“ brought in) and generally to all those that have, or
“ can have, silver imported, to carry the same to the
“ mint to be coined. And this will be agreeable to
“ the policy that in past ages (as hath been observed
“ upon the aforesaid deduction) hath been practised, not
“ only in our mint, but in the mints of all politic
“ governments, namely, to raise the value of silver in
“ the coin, to promote the work of the mint.

“ *Thirdly*, The raising the value of the silver in the
“ coin, will increase the whole specie in tale, and
“ thereby make it more commensurate to the general
“ need thereof, for carrying on the common traffic and
“ commerce of the nation, and to answer the payments
“ on the numerous contracts, securities, and other daily
“ occasions, requiring a larger supply of money for
“ that purpose. This reason may be farther illustrated
“ by considering, that the want of a sufficient stock of
“ money hath been the chief cause of introducing so
“ much paper-credit (which is at best hazardous, and
“ may be carried too far) and the setting up of offices,
“ both in city and country, for bartering of goods or
“ permutations.

“ *Fourthly*, The silver in the old unclipt monies, and
“ in the new coins now proposed to be made, ought to
“ be raised (as I have offered) equally, to avoid confu-
“ sion and uncertainty in payments: for if pieces, hav-
“ ing the same bigness, should have different values, it
“ might be difficult for the common people (especially
“ those not skilled in arithmetic) to compute how
“ many of one kind will be equal to the sum of ano-
“ ther: and there might be some dispute about the
“ lawful money of England, to be paid upon mort-

“ gages,

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“ gages, bonds, contracts, or other legal securities re-
“ ferring thereunto.

“ *Fifthly*, By this project, all computations in pounds,
“ shillings, and pence, used in accounts; and the rec-
“ konings by pounds, marks, half-marks, shillings, and
“ pence, practised in the law of England, and in the
“ records, contracts, and other instruments relating
“ thereunto, will be preserved as they ought to be.

“ *Sixthly*, By this method, the bringing in of the
“ present unclipt coins, to be cut into lesser pieces, are
“ rendered needless; which species being at present (for
“ the most part) hoarded, will, upon raising their value,
“ come forth, and go a great way towards supplying
“ the commerce and other occasions, whilst the new
“ monies are making. And I think it will be granted,
“ to be utterly impossible to recoin the clipt monies, if,
“ at the same time, the unclipt shall be brought in to be
“ new cut; or if the unclipt pieces should not (by such
“ an encouragement) be brought forth to supply the
“ commerce, pay taxes, and serve other occasions in
“ the mean time.

“ *Seventhly*, It is difficult to conceive, how any de-
“ sign of amending the clipt monies can be compassed,
“ without raising the value of the silver remaining in
“ them, because of the great deficiency of the silver
“ clipt away; which, upon recoinage, must necessarily
“ be defrayed or borne one way or other.

“ *Eighthly*, As our unclipt monies, and the new coins
“ here proposed to be made, will, by the former proposition,
“ retain the ancient sterling, or old right standard of the
“ mint, for fineness and purity (the alteration of which could
“ never be justified by any necessity;) so by this proposi-
“ tion they will both continue the present standard of
“ the mint in the weight or bigness of the respective
“ pieces, without being cut into less, as they have for-
“ merly been, the new shilling only excepted. These
“ propositions, indeed, dealing with nothing but the
“ very value of the silver in the coins, to make it equal
“ to the current price of our own bullion or silver in
“ mass with a very little excess, to wit, of an half-
“ penny

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“ penny in an ounce, to encourage the coinage, and
 “ thereby to cure such mischiefs relating to our coin as
 “ are not to be paralleled in the records of former ages;
 “ which raised values may be lowered again by the
 “ wisdom and authority of parliament, when the wealth
 “ of the nation shall (by God’s blessing) be re-estab-
 “ lished without trouble or charge of re-coining or cut-
 “ ting the silver pieces into other sizes.

* * *

By perusing the foregoing extracts, the reader will have the consolation, to find that the price of silver bullion at present is only about one fifth so much above mint-price as it was in king William’s time; for then it was fifteen pence, and now only about three pence; however, this three pence, we find (by the foregoing tables) has prevented our coining any considerable quantity of new silver money for these last twenty years; and we also daily find great inconvenience for want of new coin.

As Mr. Lowndes’s Report was compiled from the best materials he could sort out from the many propositions that were laid before the treasury-board at that time, and as it was supported by the precedents of former ages, under the like circumstances, the above measure proposed by him would
 most

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most probably have been adopted, had not Mr. Locke published his disapprobation thereof; but his great reputation, joined to the strength of his arguments, occasioned Mr. Lowndes’s plan to be dropt, and a new coinage carried on upon the old standard, as Mr. Locke had recommended, though at a very great expence to government.

In his answer to Mr. Lowndes’s reason for raising our coin, by making it *more in tale, that it would make it more commensurate to the general need thereof, and thereby hinder the increase of hazardous paper credit, and the inconveniences of bartering,* he says:

“ Just as the boy cut his leather into
 “ five quarters (as he called them) to cover
 “ his ball, when cut into four quarters it
 “ fell short.—If the quantity of coined
 “ silver employed in England fall short,
 “ the arbitrary denomination of a greater
 “ number of pence given to the several
 “ pieces of it, will not make it commen-
 “ surate to the size of our trade, or the
 “ greatness of our occasions.” He further
 says:

“ That

"That sterling silver, compared with
 " sterling silver, being always of equal
 " value, quantity for quantity, can have
 " no variation in price between one piece
 " and another, whatever shape it may
 " appear in, but under these two cir-
 " cumstances, *viz.* wrought plate is dear-
 " er than *unwrought plate, bullion, or coin,*
 " by so much as the value of the work-
 " manship is estimated at. *Coin* is of less
 " value than *bullion,* by one per cent. ac-
 " cording to estimate, because it is not
 " exportable consistent with law. There-
 " fore, he asserts (excepting the above
 " difference of one per cent) that the mill
 " and the press of the mint cannot have
 " the magical power of transforming a
 " piece of silver into a greater or less va-
 " lue than it is intrinsically worth."

To point out, and give full force, to the
 general scope of Mr. Locke's arguments,
 (which are rather voluminous, being in
 three distinct publications) as concisely as
 possible, will be my intent in the ensuing
 chapters, in this part of my enquiry; and
 afterwards shall submit some general obser-
 vations that have occurred to me, relative
 to the principles he has laid down.

CHAP.

C H A P. II.

*The Basis of Exchanges considered, in
 order to illustrate Mr. Locke's Ar-
 guments against the Proposition of
 Mr. Lowndes.*

WHEN we view Mr. Locke tracing,
 with such accuracy, the dark paths
 of abstracted philosophy, we wonder and
 admire the comprehensiveness of his
 mind: in this light he very justly deserves
 that deference which mankind pay to his
 judgement; but practical knowledge comes
 not by intuition, nor is acquired by meer
 study, without experience; and perhaps
 Mr. Locke, in money-matters, was not so
 well skilled as many others, and might be
 liable to err: therefore it may not be
 deemed improper for the present age to ex-
 amine the validity of the arguments he

F

made

made use of to establish, or rather to continue perpetually, the present standard of money.

I beg leave to make a few remarks on the origin and basis of exchanges, that the scope and tendency of Mr. Locke's reasoning may the more fully appear.

And, in order to elucidate the basis of exchanges, I will endeavour to explain my idea of the origin of trade.

The manner of carrying on trade to foreign countries, in former ages, was extremely simple: A merchant freighted his ship with goods proper for the destined port, and acted himself as supercargo; and bartered them on arrival for goods proper for his own country; and whatever difference or balance there might be between the value of goods delivered and those received in barter, was immediately paid in coin or bullion. Thus the whole transaction of the voyage was finally liquidated.

But the refinements of modern times have made commerce much more complicated. For now a merchant, instead of going abroad himself, consigns his goods
to

to a correspondent. This correspondent, in like manner, consigns him goods to sell. The goods sent on both sides being sold in different countries, are, of course, sold for money of different denominations and value: for example, A. the Englishman, has sold the goods sent him by B. the Dutchman, for 100 l. sterling, or 2000 shillings.

B. the Dutchman, has sold the goods sent him from hence for 4000 skillings Dutch.

Now, by an assay of the English shilling and the Dutch skilling, their intrinsic value is found to be as 20 to 36; that is, 20 shillings are intrinsically worth 36 Dutch skillings^d; and this assay of the intrinsic value of the coins of the respective nations is the *true basis to fix the price of exchange* between one country and another: therefore, according to this calculation of the price of exchange, B. the Dutchman owes

^d I might explain here the aggio, or difference between bank-money and current-money in foreign countries; but the present subject does not seem to require it.

F 2

A. the

A. the Englishman a balance of 400 Dutch skillings.

If A. wants no more goods from Holland, this balance is to be sent home; which may be done by either coin or bullion: this doubtless was formerly the method, before bills of exchange became frequent; as it was the most natural way of settling such an account. But modern refinements have made the settlement more commodious.

B. the Dutchman finds C. another merchant in Holland, to whom an equal sum is owing from D. a merchant in England.

B. therefore pays the above balance of 400 skillings to C. on condition that C. gives him a letter, or bill of exchange, to D. requiring him to pay the like value in pounds sterling to A. calculated at the abovementioned price of exchange.

Thus not only the balance due to individuals is transferred from one to another, by means of these bills of exchange; but also the balance due from one nation is transferred to another nation, to prevent an

an unnecessary importation and exportation of bullion backwards and forwards.

This transferring of debts from one person or nation to another may be carried on with great facility, while the value of the exports and imports between the nations concerned therein are equal: in this case there is no favour to any one; for it is a reciprocal benefit to all; and the coins of each nation are rated in exchanges, according to their real intrinsic value as bullion; and then exchanges are said to be *at par*.

But, should any of the nations concerned in this commercial intercourse receive goods to a greater value than they send away, there will still remain a balance to be paid; which, in the common course of trade, cannot be done by bills of exchange: but, as individuals who have connexions abroad may prefer the transmitting their balances due to other countries by bills, rather than sending bullion or coin; so, though the balance of trade be ever so much against the country they reside in, yet they may always get bills to remit to any trading country whatsoever.

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And this convenience is furnished by a certain trade, established in every commercial city, carried on by monied people, who have established a general credit in the trading world, and are called, Dealers in Exchanges; who, from their extensive connexions, are able to transfer the balance from one nation to another; and, if necessary, will send over bullion or coin to any part of the world; so that they are always ready to give their bills, or take your bills, on any country whatsoever.

But as they will have a profit to induce them to carry on this trade; this profit must be answered from the general commercial transactions; and the loss will ultimately fall upon the nation whose balance of trade is in their disfavour; and this loss they sustain by a deduction from the intrinsic value of their coin, compared with the coin of the other nations to whom they are indebted. For instance,

Though 20 shillings English are intrinsically worth 36 Dutch skillings; yet, supposing the balance to be against us in respect to Holland, the 20 shillings in all bills

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bills of exchange upon Holland shall be deemed worth no more than 34 Dutch skillings; and this deduction of two skillings, from the real value, is called *the loss upon exchange*, being two skillings below par in favour of Holland.

I do not mean to say, that all this profit falls into the hands of these dealers in exchanges; for it is a profit arising to the country of Holland in general, upon every transaction in trade we have with them. When the price of exchange is fixed, it is not only the surplus, or balance, to be paid, is obliged to bear this deduction, but every monied transaction carried on between the two nations. Hence arises a duplicate advantage, from the balance of trade being in favour of a nation.

I may have trespassed on the patience of the reader, by dwelling so long on a subject which perhaps he may be better acquainted with than I am. All that I mean to shew is, my idea of the *basis of exchanges*, which I apprehend to be *the intrinsic value of the coins of one nation, compared with those of another nation*; and

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when it varies from that just par, the variation arises, as I have before attempted to shew, from accidental causes. And in the future discussion of the subject of coinage, there may be occasion to recur to these first principles.

CHAP.

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C H A P. III.

*Arguments on Mr. Locke's Principles
against altering the Standard, in
respect to foreign Exchanges.*

IF the intrinsic value of the coins of each nation be the basis, or true par, of exchanges; then, in case the pound sterling was reduced in value, for instance, five per cent.; our exchanges with all foreign nations would fall to our prejudice, in proportion as the pound sterling was diminished in intrinsic value.

Therefore the then nominal pound sterling would not purchase so much of any foreign commodity as the present pound sterling, by so much as the intrinsic value is diminished. And this seem to be an argument against the supposition, that, though our money was lessened in intrinsic value, it would purchase

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purchase as much of any other commodity as the present standard-coin; at least, it must be allowed, that it would not purchase so much of any foreign commodity.

But if, upon examination, we should find that diminishing the coin would remedy the present scarcity of silver money, by enabling the mint, in future, to carry on a coinage without loss; and that it would not be attended with any inconveniences to our inland trade: the matter of exchanges, perhaps, should not prevent the measure from being carried into execution.

For our national coin, as that of all other countries, was originally intended for the convenience of inland trade; and in the establishment of the weight or fineness of the standard-money, no regard ever was, or ought to be paid, to its comparative value with the coins of other countries; for be it larger or smaller, baser or finer, than it is at present, it is just the same thing with regard to our foreign trade; with this difference only, that, if they are smaller or baser, more will be required

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quired to pay the balances; and if larger or finer, fewer will be required: for it has been already laid down, that merchants pay no regard to the value of coin, but what it is worth as bullion. Therefore, in a national view, if we are to send a certain number of ounces of sterling silver abroad, it is of no consequence, whether they be in pieces worth eleven pence halfpenny, or one shilling apiece; for the intrinsic quantity of silver sent away will be exactly the same in both cases.

For though it shall appear, that we pay a greater number of nominal pounds for foreign goods, by five per cent. than at present; yet we shall not pay intrinsically a greater *quantity* of metal, although a greater *number* of coins, than we do at present.

For if we actually paid more for foreign goods by such an alteration, foreigners, by the same rule, would pay us more for all the goods sent from hence; as they would be charged *nominally* higher by five per cent. If so, provided the balance be in our favour, we should be actual gainers by the difference on the balance.

And

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And in order to illustrate this matter, I beg leave to draw out the following calculations; by which it will appear, that the prices of the goods imported here, and those exported from hence, and the annual balance, would be intrinsically the same, though nominally different.

Calculation

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Calculation on the present Standard of Money.

We will suppose, that we export goods annually, which we charge foreigners 21,000,000 l.

We import goods, for which foreigners charge us 20,000,000 l. sterling; and if calculated at 36 skillings the pound sterling, would be 720,000,000 Dutch skillings.

The balance, in that case, is 1,000,000 sterling, or 36,000,000 Dutch skillings, in our favour.

Calculation of the same Transaction, on a Supposition that the Standard-value of our Coin was diminished five per cent.

We export annually the same goods; for which we charge foreigners five per cent more than we used to do, on account of the alteration of the standard, that is, 22,050,000 l.

We import the same goods; for which foreigners continue to charge us, reckoning, in their own money, exactly the same as they did formerly; that is, 720,000,000 Dutch skillings; which, before the alteration of the standard, was worth but 20,000,000 l. sterling; but our standard being now diminished in value five per cent. the English merchant will estimate it at 21,000,000 l. sterling.

Therefore,

Therefore, though the balance, reckoning in our money, will be nominally 1,050,000 l. or 50,000 l. more than it used to be, yet they will have no more to pay us than 36,000,000 of Dutch skillings, as they did before the alteration happened; and of course, though the nominal appearance of the balance in our books at home will be five per cent. more than formerly, yet intrinsically, when remitted to England, it will produce no more actual gold or silver than before the alteration of the standard took place.

In order to explain this matter even more fully, to those who are not conversant in trade, let me take the supposition from a single transaction.

An Englishman sends the Dutchman a yard of cloth, for which he charges him 20 shillings.

The Dutchman considers that it cost him in England 20 shillings, which is equal to 36 Dutch skillings; and, in order to have a reasonable profit upon it, he must sell it for 40 Dutch skillings; and this 40 Dutch skillings is the price to the consumer in Holland.

But,

Upon the alteration of standard, five per cent. below its present value, this yard of cloth will be charged to the Dutchman 21 shillings.

Yet, as the exchange is risen in the favour of Holland, equal to the alteration; the 21 shillings charged in England is still no more than 36 Dutch skillings; therefore his price and profits are the same as before.

Hence

Hence it will appear, that all goods sent from hence to foreign countries, will be charged at a proportional nominal higher value in English money than now, though the foreigner will pay in his own money exactly the same.

Again,

The Dutchman sends the Englishman spices to the amount of 36 Dutch skillings.

The Englishman finding that these spices cost him 36 Dutch skillings, which are equal to 20 shillings sterling, he calculates his reasonable profits, and sells them for 22 shillings. But if there was an alteration of the standard of money five per cent. the 36 Dutch skillings would be equal to 21 shillings English; therefore, to secure his reasonable profit, he must then sell them for at least 23 shillings sterling.

From this calculation it will appear, that all foreign goods must rise in England in proportion as the standard is decreased in value; yet it will not occasion any actual loss or gain to the nation in our commerce with foreigners.

C H A P. IV.

What Effect diminishing the Standard might have on Inland Concerns; on the Principle of Mr. Locke.

THE consequences of diminishing the intrinsic value of our standard-coin, in respect to every monied transaction at home, now remains to be considered; and which perhaps is the only object we ought ultimately to have in view in this speculation: therefore I propose considering this subject upon the principles of Mr. Locke.

It has been made appear, that, immediately upon a diminution of the standard five per cent. 20 shillings will then be worth, or purchase, no more of any foreign commodity, than nineteen shillings

lings does now; and I think it must be also equally conclusive, that, as soon as we find this material difference in respect to all foreign commodities, our inland commodities will rise *in the same proportion*, especially as it has been shewn, that all exporters of English goods could afford to give five per cent. more for them, without making the foreigners pay more than they do at present.

Therefore if the intrinsic value of the pound sterling should be lessened one shilling; all previous obligations and agreements (which were made on a supposition that the pound sterling would be intrinsically worth, for ever, the same it was when the agreement was made) would be violated, to the receivers loss of five per cent. on all such obligations or agreements; which could not but create, not only confusion, but real injury, to a great part of the nation.

But in order to guard against the ill consequences above-mentioned, we will suppose, that in the act which authorized a diminution of the standard, clauses were
G inserted,

inserted, that every person who had, before the act took place, entered into any obligation for the payment of any sum of money, should be bound for five per cent. more than the sum specified in the said obligation: This might be a means of indemnifying all persons from losses, on account of the alteration: Wherein should be comprehended, taxes, duties, customs, excise, &c. payable to government; rents, mortgages, annuities, bonds, contracts, agreements, notes, book-debts, &c. payable to individuals. And as it is more than probable, that all merchants, tradesmen, manufacturers, and labourers, would find means to increase their nominal profits, equal to the alteration of the value of money hereby made; so another clause might be inserted, that all officers and people in the army and navy, or in civil employments, should have a proportional increase of salary; and when we consider the public revenues would be nominally increased, government would be amply provided for such an additional nominal expence. And moreover, all

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companies, bodies corporate, and individuals, might provide for their servants in like manner. With regard to the public funds, which by this alteration would become of five per cent. less value than they are at present; in order to indemnify the proprietors, it might be proposed, That the price of stock might be taken at the time the measure was adopted; and to make a calculation what five per cent. of its then value would amount to; which sum government would be considered as indebted to the proprietors, over and above the nominal debt. Now in order that the public faith might be kept inviolate; it might be proposed, that this sum should be turned into annuities on lives, at per cent. and each proprietor to have his advantage thereof, in proportion to the stock he might then hold; or any other mode of indemnity that might be thought proper.

If we were to indulge this thought; it might perhaps open a plan for decreasing the national debt, in a course of years, upwards of five millions sterling: but I am

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not

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not now considering how the national debt may be lessened; but how to create a greater plenty of silver money. And upon reflection, it unfortunately occurs to me, that, after having taken so much pains to make the above-mentioned equitable regulations, to secure property, and guard against every injury that might happen by the proposed alteration, we should most undoubtedly find ourselves, in a few years, in as bad a situation, in respect to our silver coins, as we are at present.

For I think it has been already proved, beyond contradiction, that the decrease of the value of the standard-money, would keep pace, and bear a proportion, in the purchase of every article, to the diminution of its intrinsic value: therefore we should find, that bullion, or uncoined silver, would rise in price with the rest of the articles of life; especially as that is a foreign article, and more immediately depends upon the price of exchange than any other article whatever.

Hence it appears, that our standard-money is neither of more nor less value than

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than it ought to be. If it had originally been made of more or less value than it is at present, we ought to abide by it, for the same reason that we ought to abide by the present, because we can reap no real benefit whatsoever from an alteration; for it would be only hunting a shadow that would always keep before us, and which we should never overtake.

CHAP. V.

Causes of the high Price of Bullion, according to the Principles of Mr. Locke.

THE mint has not coined any silver money during his present Majesty's reign (and not much during the latter end of the reign of his late majesty) unless pennies, two-pences, three-pences, and groats, every year, on account of the Maundy-money; and a small quantity coined by the duke of Northumberland, when he went Lord Lieutenant to Ireland, in order to give away as presents.

From this cause, and the great trade that has been carried on in melting and exporting the good silver coins, our present silver money is in general worn, clipt, or counterfeited; so that there is very little of it equal to standard-value. I have

have been informed, by those who have frequently weighed and assayed them, that the shillings, in general, want one penny, at least, of full weight.

It must also be allowed, that all dealers in bullion look upon the coin, in exchanges thereof for bullion, only as of so much value as it is worth if melted down.

We will then suppose, for the sake of argument, that our present current shillings are *one halfpenny* deficient, or below standard-value.

Hence it may be inferred, that five shillings and five pence of such of our silver money, as we are now able to obtain in all monied transactions, will buy as much silver bullion as they are intrinsically worth; that is, five shillings and five pence of our present silver money is not of more intrinsic value, if melted down, than an ounce of uncoined silver; although, if it was new, and equal to standard, five shillings and two pence would be equal to an ounce.

Therefore the magic art does not lie in the mill and the press of the mint; but in the tooth of time, and the ingenious knavery of clippers and coiners.

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But it may be said, that though there are very few of the present current shillings equal to standard; yet undoubtedly there are some; and every one takes it for granted, in all receipts and payments, that they *are all so* while they are current.

In answer to that, I appeal to every candid gold or silversmith, dealer, melter, or exporter of silver bullion; whether, to his knowledge, he has of late years paid away one crown, halfcrown, shilling, &c. that was equal to standard, in his purchases of bullion. It is a solecism to suppose he has, unless through inattention; for no man in his senses will give a greater quantity of a material for a less quantity of the same, both being of equal goodness.

It is a well-known fact, that for many years past, as the coin began to decline in goodness, by wear or otherwise; and of course, when the silver began to rise in price; there have been people employed in collecting silver money, and separating those which were of full weight, from those which were under weight. The former they threw into the melting pot, or exported; and the latter, being still current,

served

OF THE BRITISH COINAGE. 89

served them to buy bullion with. And this sorting trade they have carried on so long, that the good standard silver money we find to be very nearly all sorted away.

Therefore, though every current piece of silver money is supposed, in bargains in general, to be equal to standard; yet, in respect to the dealings in bullion, that supposition will not be allowed: for if the dealers did not consider the actual weight and value of the silver coin they received in payment for their bullion, they might probably be intrinsically losers, instead of gainers, by the exchange of uncoined for coined silver: but it hath been before observed, they will, at least, insist upon quantity for quantity, and fineness for fineness, to indemnify themselves.

Upon this principle, silver money does not, notwithstanding the appearances to the contrary, lose any of its value by being transformed into coin; unless one penny per ounce: and the cause of this difference has been set forth.

Let the quantity of bullion in this country be ever so great; it can never fall below mint-price, or the intrinsic value of the

standard-coins; while the expences of coinage are defrayed by the public, and the mint open to all who chuse to send bullion thither for that purpose; for, as they can receive back the same in money, free of all deductions, no one would sell his silver bullion for fewer shillings than he could make of it if coined at the mint.

Mr. Locke says, "The reason of so much money coined in queen Elizabeth's time, and afterwards, was not the lessening of the crown-pieces from 480 to 462 grains, and so proportionably all the rest of your money; but from the over-balance of your trade, bringing them in plenty of bullion, and keeping it here." N. B. Silver was at four shillings and ten pence an ounce at that time; but then it is to be observed, that the Seignorage of the mint was held by the Queen, and nobody could coin at that time but her Majesty.

CHAP.

CHAP. VI.

Mr. Locke's Arguments continued, shewing the Necessity of a new Coinage of Silver-Money on the old Standard, in order to lower the Price of Bullion.

UPON the foregoing principle, if the present bad silver money was called in, and new money coined according to the present mint-standard; silver bullion would fall to five shillings and three pence, that is, one penny above mint-price; and it has been demonstrated that it can never be lower, while the melting or exporting of coin is deemed illegal; and it would remain at that price till a considerable quantity of clipped, worn, and counterfeit money was introduced again. In which case, I suppose, we should be in the same situation we are at present, with the appearance of silver bullion having risen; when,

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when, in fact, it only shews the bad state of the current-coin; and this seems plainly to appear from the following considerations.

Five shillings and five pence of the present silver coins now current, are not intrinsically worth above an ounce of uncoined silver; therefore they ought to purchase no more.

If, upon a new coinage, we were to diminish the standard two pence in the crown-piece, it can by no means lessen the price of bullion; for silversmiths will weigh the new money, and know how many pieces go to the ounce; and will govern their price of bullion accordingly.

They would find, that five shillings and four pence of the new money weighed an ounce; therefore it is intrinsically worth no more than an ounce of bullion; and allowing for the difference of one penny per ounce abovementioned, the price of silver bullion would then be five shillings and five pence per ounce.

But, if we should coin afresh upon the old standard, the silversmiths know that five shillings and two pence of this new money would be intrinsically worth an ounce

OF THE BRITISH COINAGE. 93

ounce of bullion; and the price of the silver bullion would accordingly be five shillings and three pence per ounce.

This not only shews, that having a fresh supply of good standard-money would reduce the price of bullion; but also the inefficacy and futility of the proposal for diminishing the standard, in order to lower its price.

If the variations in price, between bullion and coin, is merely owing to the good or bad state of the current coin, as Mr. Locke seems to think, we can form no speculation from this variation or difference; but to make it a measure, to know *how good or how bad* it is^r; and if we find it very bad, or, in other words, if we find bullion very high in price, *government must begin to coin, notwithstanding all the accumulated losses attending thereon, in order to make the price of bullion fall.*

For should the balance of trade, or other circumstances, create a greater plenty of bullion in this country, the price of it would never fall so low, while our money continued in its present bad state, as to en-

^r Vide pag. 112 of Mr. Locke's 4th edit, vol. ii. 1768. courage

courage private persons to coin; unless, indeed, the plenty was so very great, above the demands for other purposes, as to oblige the proprietors of the bullion to send it to the mint to be coined, rather than let it lie by them as useless and unsaleable merchandize. But as we have no hopes of seeing that happen, such circumstances will probably never remove the evil in our time; and the remedy must be found in government only, who must call in the present bad money, and sustain the loss, however great it may be, of coining new.

The longer a new coinage is postponed, the greater the loss must be to government, when it shall become absolutely necessary; for if there be no fresh supplies, the coin will be daily growing worse; and, upon the above principle, the price of bullion, of course, will be daily growing higher: but this circumstance may not be attended to at present; for we are willing to put off the evil day as long as we can; hoping this necessity will not happen in our time.

Before the new coinage was carried on in king William's time, it appears, by Mr. Lowndes's

Lowndes's report, that silver was six shillings and five pence an ounce: and I think it is not improbable, that it may rise in time to the same price again, if a new coinage is not undertaken.

It appears to me, that the wear and tear of coins, is a loss that government ought to sustain; as it cannot be supposed, that individuals will be at the expence of coining when bullion is above mint price.

The loss on the coinage of silver at that time was one shilling and three pence per ounce, or twenty-five per cent. exclusive of the expence of coinage; the loss at present would be about six per cent.

One hundred thousand pounds, appropriated to this service, would answer the loss upon coining of nearly two millions of silver money; even upon a supposition that the price of bullion would remain the same during the whole time of the new coinage. But, if Mr. Locke's principle is right, as the new money would be daily issuing from the mint, *the price of bullion would fall,* in proportion to the quantity of good new money in circulation; till at last it would fall

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fall to its natural price of five shillings and three pence; and then the loss would not be above one third so much.

It is not my intention, in this enquiry, to point out a mode for the mint to pursue, in issuing the new money; but I should think it might be so dispersed, as to render it extremely difficult, I may say impossible, to collect it immediately; and this precaution would be only necessary at first, till it became universal in payments; for as silver bullion would then fall in price, the temptation of profits by collecting, would no longer exist.

CHAP.

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C H A P. VII.

Mr. Harris's Arguments, shewing the Propriety of making gold and silver Coins correspond with their respective Value as Bullion.

IN the two last chapters I endeavoured to give the reader a short view of Mr. Locke's sentiments on the subject. In like manner I propose in this to shew, wherein Mr Harris differs from, or rather improves upon, Mr. Locke's principles.

At first view it may appear extraordinary, that in other countries, particularly in France, the plenty of silver money is so great, that in large payments it becomes troublesome; while in England there is so great a scarcity, that we find a difficulty in even changing a guinea: but at the same time, gold coin is almost as difficult

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to

to be obtained in France, as silver money is here.

The reason of this difference of circumstances between the two countries, I apprehend to be, that the currency of the gold coin in England is fixed above its intrinsic value, in respect to the standard silver money; and that the currency of the gold coins in France is fixed below its intrinsic value, in respect to their silver money: or, in other words, it is more advantageous to coin silver money in France than gold coin, compared with its currency and price of bullion at their market; and in England just the reverse.

Now that current coin will be always the most plentiful in a country, which is of the least intrinsic value; for the coinage thereof can be carried on with the least expence; and the temptation to melt or export it will be less, in the same proportion.

When I speak of the currency of our gold coins being too high, I mean it merely in respect to the currency of the silver money; that is, the pound or ounce of silver is the standard or measure of all property; and

and the pound sterling will buy at market more gold than silver bullion, in proportion to their currency when coined.

Hence it is that we lose five per cent. and upwards on the coinage of our silver money, and not above three per cent. on the coinage of the gold coin.

Now though we do not lose so much on the coinage of gold as upon the silver; yet it appears by the foregoing table*, that we lose near three per cent. upon the guineas, &c. now coined; and at first sight it may appear unaccountable how the coinage of gold is carried on at present at so great a certain loss: but this is owing to the bank of England being obliged to coin gold every year, in order to answer the circulation of their bills; therefore they are constantly buying great quantities of bullion for that purpose; the payments for which are made in their paper money: They might also coin silver money in the same manner; but they naturally prefer the coining of gold, because the loss is less than upon the coinage of silver.

* Page 6 and 7.

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The East-India company have for many years eagerly bought up the greatest part of the silver bullion that is brought hither, in order to send to Asia; where silver is proportionably more valued than gold is here. And since their territorial dominions have produced them such large revenues, I am informed, individuals have sent gold bullion from thence into this country, by way of remittances.

But to return to the comparative scarcity or plenty of gold and silver coins in Europe. If the current value of the gold coins, in respect to the silver money, was lessened so much as to make the loss on the coinage of gold greater than the silver, we should be, as the French now are, burthened by receiving large payments in silver money.

It has been shewn in the foregoing table^h, that our gold coins in currency are made in respect to our silver coins, as 15 to 1 nearly; but the price of the two metals, as bullion, at market, is as 14½ to 1. Therefore the gold coins are over-rated, compared with the standard silver-money, about eight pence in the pound sterling. But suppose the guinea should

^h Page 6, 7, 8.

be

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be made to be current for twenty shillings only, instead of twenty-one shillings (which is only four pence less than it ought to go for); we should then find the bank and others pour in silver to the mint, instead of gold: and then probably we should soon be obliged to hire porters, as the French now do, to carry home five hundred pounds from a banker's; but if the guinea was to run for twenty shillings and four pence, it would make the loss on coinage, while the comparative value of gold and silver bullion remained as it does, to be nearly equal.

It appears, by Mr. Lowndes's report to the Lords of the treasury, that the mint indenturesⁱ in James the First's time, and for many reigns preceding, made the current value of the gold coins, in respect to the silver, no more than as 12 to 1. The indenture made in Charles the Second's time fixed it nearly the same as it is at

ⁱ Indent. 2 Jac. I. a pound weight of gold was coined into thirty-seven pounds four shillings by tale. A pound weight of silver was coined into sixty-two shillings; and for many ages before that time the same ratio had been observed in the mint indentures.

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present:

present: and I should apprehend, that this variation, during the times of James I. and Charles II. might very probably be owing to the great flux of silver brought from the West-Indies after the discovery of America; which rendered it of less value, compared with gold, than it formerly had been.

As the comparative value of gold to silver may fluctuate by a variation of circumstances, it seems reasonable to suppose, that regard should be paid to these variations, upon any new establishment of the coinage at the mint.

The consequences of not paying that regard, at present, I will endeavour to make appear.

Mr. Locke, as has been before shewn, made the supposition, that silver money was to be paid in the purchase of silver bullion; and I have hitherto supposed that to be a fact, in order to illustrate his sentiments; and his arguments seem conclusive, if that appeared to be the case. But it is well known, that, in all purchases of bullion to any considerable amount, the payments are made in gold coin: and, though
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the silver money is allowed, in general, to be very bad, yet the gold coin is, in general, good, and of full weight; if not, it is refused in payment.

Though the gold coin be good, in respect to its standard; yet when it is considered, that its standard is not of equal intrinsic value with the standard silver money, comparatively with the price of bullion, and the currency of each metal; the seller of the bullion, in his calculations of profit, considers that the payment will be made in gold coin, and not in good standard silver money; therefore he puts a greater price on his bullion, to make up the deficiency, on account of his receiving the payment in gold coin.

It is true, that acts of parliament have said, that a guinea shall pass in all payments for twenty-one shillings; and, in the general inland trade, it passes for so much accordingly; but the silversmith, or dealer in bullion, cannot be prevailed upon, notwithstanding these acts, to part with his silver bullion on such a supposition.

He considers, the purchaser wants, for instance, one thousand ounces of silver bullion; which he values at five shillings and five pence per ounce; and if he was sure his customer would pay him in good standard silver money (five shillings and two pence of which would weigh an ounce) he could afford to sell the bullion at five shillings and three pence, and have his reasonable profit of one penny per ounce; but, as he is very sure he will either be paid in the present bad silver money, or in gold coin, he cannot afford it under five shillings and five pence; for it has been before observed, that the intrinsic value of twenty one shillings, paid by a guinea, is not of equal intrinsic value as if paid in good standard silver money, by about eight pence in the pound sterling; and this makes the difference about two pence per ounce: consequently it must be nearly the same to the silversmith, whether he receives in payment the present bad silver money, or in the good standard gold coins. Therefore he will not sell it at less than five shillings and five pence per ounce.

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But, as this matter may not perhaps be clearly seen at first view, give me leave further to demonstrate it.

Three hundred and eighty-seven ounces six pennyweights of silver bullion, sold at five shillings and five pence per ounce, amounts to one hundred and five pounds.

Now if this sum was paid in silver, that is, in two thousand one hundred good standard shillings, they would weigh four hundred and six ounces sixteen pennyweights; and this, calculated at five shillings and five pence per ounce, would be worth, when melted down, *one hundred and ten pounds two shillings and ten pence*; and would make a gain to the feller of the bullion of *five pounds two shillings and ten pence*; that is, five times more than the reasonable profits ought to be.

But, as the silversmith does not expect to be paid in good standard silver money, he calculates his profits on a supposition that the payment is made in good gold coin; which is as follows:

He receives one hundred guineas for the above bullion, which guineas are equal in
currency

currency to *one hundred and five pounds*, the price he demands; weighing twenty-six ounces and ten carrats; consequently, if melted or exported, will fetch as bullion, according to its present price at market of three pounds nineteen shillings and six pence per ounce, the sum of *one hundred and seven pounds four shillings and six pence*; therefore he gains on the transaction two pounds four shillings and six pence, and no more.

The foregoing calculations, I apprehend, will clearly shew, that if a new coinage of silver money, upon the old standard, should be undertaken, a new regulation should at the same time be made, respecting the current value of the gold coins; in order that their intrinsic value should be made, as nearly equal as possible to the intrinsic value of the silver money.

For although the silver monies were made by a new coinage equal to standard; yet, if the gold coins are not reduced in their current value; dealers in bullion will continue to make their calculations upon the

the old supposition, that the payments will be made in gold; and of consequence, silver bullion will not fall so low as it ought to do; and that just equilibrium so earnestly to be wished between money and bullion would still be destroyed.

CHAP.

C H A P. VIII.

What Effects the Plan proposed by Mr. Harris might have at home or abroad.

AS it has been made appear, that it is absolutely necessary to lessen the current value of the gold coins, and make them bear a just proportion to standard silver money, before we can expect silver bullion to fall to mint-price: I will now endeavour to consider its consequences in other respects; and first, with regard to our connexions with foreign countries, in matters of trade.

It has been already supposed, that 20 standard English shillings are equal in value to 36 Dutch skillings; but, as there is so small a quantity of good standard silver coin now current, very few can be collected to pay the yearly balance due to the Dutch; therefore

therefore the comparative value between their silver coin and ours is in a great measure ideal; and gold and silver bullion, or gold coins, are exported in lieu thereof. But, for argument sake, we will suppose that there is no bullion exported from hence thither, and that the balance is paid in guineas, which, I believe, for the most part is the case at present, and the reason of which I shall shew hereafter.

One guinea, passing for 21 shillings here, is equal in value, provided the Dutch were governed by our valuation of the respective coins, to 37½ Dutch skillings, because 21 shillings are worth so many skillings: but as gold coins are not the standard money of any nation, the value of them can only be measured by the price of gold bullion at their market. Otherwise, suppose a guinea should pass, as currency in England, for 22 shillings, which is equal to 39½ Dutch skillings, then they would be allowed of that value by the Dutch in all payments; and this advancement of its current value would create a gain to us of one shilling, or 1½ Dutch skillings, on every guinea exported thither. So, upon the

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the same principle, if they were to pass here only for 20 shillings, we should be losers one shilling upon every guinea sent thither more than we do at present.

But this will not happen in either case; for, let whatever variations happen here, with regard to the nominal or current value of the guinea, foreigners would still estimate them according to their intrinsic value as bullion.

Yet it would be in some measure different with respect to the guinea at home, if they were decreased in their current value six pence or eight pence apiece: especially if at the same time there was no new coinage of silver according to the old standard; for then the merchants would obtain the guineas about three per cent. cheaper than they do at present; and as they could get the same price for them abroad as they do now, the sending our guineas away would be the most lucrative trade they could carry on; this would presently produce as great a scarcity of gold coins, as we now find of silver money.

But if there was a new coinage of silver money on the old standard carried on at the

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same time that this regulation was made, there could be no preference given to either coin in exportation; unless, that the gold, being less bulky, would be therefore more easily and secretly conveyed away.

By lessening the current value of the gold coins as is hereby proposed, at first view it may appear, that the loss upon the coinage of gold would then be equally great as it is now upon the silver; but, if the foregoing arguments are attended to, it will plainly appear, that gold bullion, as well as silver bullion, as both are paid for in gold coins, must fall in price in proportion to the decreased current value of the gold coins; or, in other words, in proportion to its increased intrinsic value, compared with currency; for the dealers in bullion will receive more guineas in every payment by $3\frac{1}{4}$ per cent. than they do now.

Yet the lessening the current value of the gold coins might not be entirely free from objections; for the present holders of any considerable quantity of guineas would immediately say, that they had received these guineas for twenty-one shillings,

upon the faith of an act of parliament; but by this regulation, they could pass them away for no more than twenty shillings and four pence.

However, I think, if there was a new coinage of silver, according to the old standard, this would be rather cavilling than argument; for although they would receive no more than twenty shillings and four pence, yet they would receive its intrinsic value, in exchange for silver money; and even as much intrinsically as they do at present, when changed into the *present bad* silver money: and this will have still greater weight, when it is considered, that silver money is *the measure of all property; for that act of parliament* could never be intended to be *perpetual*; in case the comparative values of gold and silver should *very much vary*.

After all, if this objection should appear of sufficient weight, I am far from thinking it impossible to point out some mode to indemnify these holders of guineas for the losses they may hereby sustain.

PART

PART III.

General Observations on the Whole.

I Understand, that the present officers of the mint continue to adopt the opinion of Mr. Harris, namely, that lowering the current value of the *gold coins* will be a means of carrying on a new coinage of *silver money* at the mint, at no greater loss than at present is sustained on the coinage of *gold*; and this opinion appears to be well-founded: however, neither they nor Mr. Harris suppose this regulation would reach so far as I would wish it to extend; for *gold coins* are, and have been for some time, current for less than their real value as bullion: the desideratum is, to shew how coin and bullion may be reduced to that just equilibrium.

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In order to illustrate my future arguments, I will suppose, that government should think proper to change the standard from *silver* to *gold*. In that case, care should be taken that the intrinsic value of the new gold standard should (according to Mr. Locke's and Mr. Harris's principle) bear an exact proportion to the intrinsic value of the old silver standard. If of more value, the coinage would be stopped; if of less, individuals, and the nation in general, would be injured, in the same manner as if the silver standard was diminished.

Therefore the piece of gold coined as standard-money, representing and passing for a pound sterling, should contain as much intrinsic worth as the present silver standard pound sterling; but the guinea at present is of less intrinsic worth than the twenty-one shillings it passes for, by eight pence in every guinea.

Consequently, if gold was made the standard, the guinea ought not in justice to go for more than one pound and four pence of the old money; or perhaps rather, in coining of new gold coin, four pennyworth of gold should be taken from
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OF THE BRITISH COINAGE. 115

the weight of the new guineas to be coined, and (after that deduction) let the guinea pass for one pound sterling.

But then it may be said, that the loss upon the coining of the new gold standard money would be upwards of three per cent. more than it is at present; there is already a loss of considerably above two per cent. The bank of England say, their loss upon average is three per cent. upon the guineas they now coin. Therefore if bullion did not fall in price, in consequence of this increased intrinsic value of the gold coin, compared with its currency, the loss upon the coinage thereof would be about $5\frac{1}{2}$ per cent. and equal to the present loss upon the coinage of silver money.

That the price of bullion would fall, in some measure, on such an event, is most probable; but whether it would fall to *mint-price*, is very doubtful; nay, if the proceedings of future times may be allowed to be measured by the present, it can be demonstrated that it certainly *will not*, unless further regulations are made.

For the dealers in bullion will not at present let you have it at the rate the gold coin is intrinsically worth, by more than twice the difference we ought to estimate the inconveniences arising from coin not being free for exportation.

It has been already observed, that the payment for bullion purchased here is almost always made in gold coin, and not silver; and though there may be many bad guineas in circulation, yet it is through inattention if any one receives such as are not good, and of full weight; as bad ones may always be refused, and good ones demanded in lieu thereof. And, indeed, I may venture to say, that they are as near standard-value as the current coin of any nation in Europe; and this may be reasonably supposed, when it appears, by the foregoing tables^k, that during this present reign, we have coined gold to the amount of upwards of eight hundred thousand pounds a year.

Now the present price of gold bullion, we will say, is 3*l.* 19*s.* 6*d.* per oz. though I believe it is somewhat higher; if so, my argument is still the stronger.

^k See page 2, 3.

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I want 26 ounces 10 carrats of standard gold, for which I am obliged to give the dealer 3*l.* 19*s.* 6*d.* per oz. this amounts to 105*l.* sterling, or one hundred guineas: the dealer insists upon every one of them being good and of full weight; these guineas, when melted down or exported abroad, will sell as bullion, according to the above price of 3*l.* 19*s.* 6*d.* per oz. for 107*l.* 4*s.* 6*d.* so that by this transaction he gets about 2¼ per cent.

It will appear, by a like calculation, that the profits on the sale of *silver bullion, when paid in gold coin*, is very nearly the same to the melter or exporter, as upon the *gold bullion*; that is, about 2¼ per cent^l. provided silver is no more than 5*s.* 5*d.* per ounce; if higher, the profits, of course, will be greater.

Now the difference between silver bullion and coin has been allowed to be 1 per cent. and no more, owing to the exportation being prohibited: the difference cannot be *greater* between the gold bullion and gold coin; I should rather think *less*, by reason of its being less bulky, and consequently more secretly and easily conveyed

^l See page 106.

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away;

away; but, allowing it to be the same, the difference is still greater than it ought to be, by $1\frac{1}{4}$ per cent. Yet if the prohibition should be estimated at more, and found to be the *sole cause* of the present difference between gold coin and gold bullion, I should think it well deserves consideration, whether that prohibition ought not to be taken off. In order to bring them to a level, as melters and exporters will carry on their trade while this præmium remains to them, and the only way of preventing it in future, that I know of, is, *removing the temptation*; a more effectual check than the severest punishments the law can inflict.

If the present unphilosophical difference (if I may so call it) between *gold bullion* and *gold coin* be owing to the *natural course of trade*, how are we to expect a new coinage of *silver money* on the old standard to operate in a different manner in respect to the *silver bullion*? If it is owing to the artifice of merchants, how does a new coinage (making either gold or silver the standard) fix bounds to their avarice? As the present difference is $2\frac{1}{4}$ per cent. upon the gold coins, instead of 1 per cent. why should it not, in
time,

time, rise to 3, 4, or 5 per cent. from the same causes? Further, provided it is owing to the artifice of trade, it by no means follows, if the current value of the guinea was made *less*, or the intrinsic value *greater*, in proportion to its currency, as proposed by Mr. Harris, that gold bullion would be nearer to mint-price than at present.

These are arguments, not only against changing the standard from silver to gold, but also coining new silver money on the old standard, until the cause of this seeming unnatural difference between the price of coin and bullion be discovered. To point out this cause, is the object of my present enquiry.

With regard to importers of bullion, it is obviously their interest to get as much for it as they can: on the other hand, the merchants who buy it to send abroad to pay their balances, and the manufacturers who want it in their various trades, endeavour to get it as cheap as possible: these contending interests, it may be supposed, would keep it at its due equilibrium; but our present situation with regard to gold bullion is very peculiar: for instance,

I 4 We

We are beholden entirely to the bank of England for the present degree of plenty of good gold coin, as has been set forth in the foregoing tables; they are obliged, when in want of specie, to coin, to answer their demand in the payment of bills; and, exclusive of their yearly supply, we might soon be in near as great want of guineas, as we are now of shillings; for nobody else will coin at the mint, while there is a loss of 3 per cent.

But, this unnatural or unphilosophical difference being once established, the series of events arising therefrom run in a circle, like the old adage in the Almanack.

The dearth of bullion causes the guineas to be exported in preference, in the payment of balances of foreign trade.

The exportation, of course, causes a scarcity of them, and obliges the bank of England to buy up an additional quantity of bullion, in order to supply the deficiency.

And these their constant purchases continue to keep up the price of bullion; which is not only a grievance on account of the coinage, but makes also our manufactures of gold and silver so much the
dearer,

dearer, and of course is a tax upon every consumer of goods, where the price of bullion is in any wise concerned.

In order to set forth my reasons for doubting the truth of Mr. Locke's principles, I must remind the reader that he says, *that the cause of the high or low price of bullion is merely owing to the current coin being more or less near to standard value: it then follows,*

That, however advantageous the balance of trade may be to us, *bullion cannot be cheaper during the present bad state of our coin: consequently, we should then find no fluctuations in the price of silver bullion, backwards and forwards, and only a gradual rising, in proportion as the coin gradually grew worse; but Castaign's paper will shew that not to be the case.*

Further, as the gold coin is in general good, there could be no reasonable pretence, at present, for raising gold bullion more than 1 per cent. above mint-price; yet it has been made appear, that at present it is above 2 per cent.

This extraordinary price of bullion is either owing to the natural course of trade, or it is owing to a monopoly; *viz.* by being
kept

kept up at an unfair price, by the holders thereof: in either case, the reasonings of Mr. Locke and Mr. Harris seem to be totally destroyed.

As I have mentioned the word monopoly, it may be necessary to examine, whether this difference arises from the fair course of trade, or from a Monopoly among the importers and dealers. If such a combination does exist in this country,

Quid juvat immensum te argenti pondus et auri?

In vain may the balance of trade send home ships fraught with gold and silver bullion, if this Leviathan swallows it up ere it comes on shore. Unless laws are enacted to restrain his insatiable appetite, the manufacturers must pay for it at an exorbitant price, and the mint must be starved.

As no man holds the understanding of Mr. Locke in higher veneration than I do, I was very willing to suppose that this difference between bullion and coin was owing to the chicanery of trade, rather than allow that Mr. Locke reasoned falsely.

But, upon examining more nicely into the nature of that trade, I found no foundation

dation for such a charge upon the importers; and, that the reader may equally judge of that matter, I will here insert a calculation of the price of silver at present at Cadiz, according to the present price of exchange, as put down in Castaign's paper; together with the charges thereon in bringing hither, and the gains upon the sale at this market; the calculation is made from an original invoice, and bill of sales, communicated to me by a merchant in London. I have also inserted a calculation I have made of the profits of the Dutch merchant, in bringing silver from Cadiz to Amsterdam; by which the reader will find their profits to be nearly equal. Also a calculation of the profits of importing gold bullion from Lisbon.

Calculation

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Calculation of the Profits of importing Silver Bullion from Cadiz, according to the Price of Exchange, and the Price of Bullion, from Jan. 1, to July 1, 1771.

Taken from } Exchange between Price of Silver
Castaign's paper. } London and Cadiz. Bullion.

1771.	pence		s. d.
Jan. 1.	39	per peso	5 6
Feb. 5.	39		5 6
Mar. 1.	39 $\frac{1}{8}$		5 6 $\frac{3}{4}$
April 2.	39 $\frac{1}{2}$		5 6 $\frac{3}{4}$
May 3.	39 $\frac{5}{8}$		5 6
June 4.	Ditto		5 6
July 1.	39 $\frac{3}{4}$		5 5 $\frac{3}{4}$
	<u>275$\frac{5}{8}$</u>		<u>38 6$\frac{3}{4}$</u>
	Average 39 $\frac{3}{8}$		<u>5 6</u>

The Peso is equal to 8 Reals, or 272 Maravadies.

The Hard Dollar, or Piece of Eight, such as is imported here from Cadiz, passes for 10 $\frac{5}{8}$ Rials, or 360 $\frac{1}{4}$ Maravadies.

1000 Pieces of Eight, weighing 867 ounces English, render profit, according to the present price of exchange, as follows :

1000 Pieces

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1000 Pieces of Eight at Cadiz are equal, at 10 $\frac{5}{8}$ Rials Plate per piece, to R. 10,625.

Charges of shipping, &c. at Cadiz.

Bags and carrying aboard,	6 $\frac{1}{4}$
Duty 3 per cent.	318.6
Postage of letters	22.
	<u>347.</u>

R. 10,972.

10,972 Rials Plate, make 1371,4. current Pesos, which, at the Exchange of 39 $\frac{1}{2}$, make 54,154 $\frac{1}{2}$ pence, or £. 225 12 10 $\frac{1}{2}$ sterling.

Sale in London.

867 ounces of Silver, at 5s. 6d. or 66d. is 57,222 pence.

Freight, 1 per cent.	572 pence
Landing	48
Portage	69
	<u>Deduct 689</u>

Nett produce	£. 235 11 1	or	56,533 pence.
Cost as above	225 12 10 $\frac{1}{2}$		
Nett profit	<u>9 18 2$\frac{1}{2}$</u>	or about	4 $\frac{1}{2}$ per cent.

But then it is to be observed, that the commission at Cadiz is not charged, which is 2 per cent. which reduces the gain of the English merchant to 2 $\frac{1}{2}$ per cent. It is also further to be observed, that if the money to pay for the Dollars be remitted from hence, the interest of that money, for at least three months, must be calculated. If the correspondent draws for the money from Cadiz on London, the exchange will be higher by about 1 per cent. which will make the gains little or nothing.

Calculation

Calculation of the Profits of importing Silver Bullion to Amsterdam from Cadiz, according to the Price of Exchange, and the Price of Bullion, between Cadiz and Amsterdam, in March last.

The Spanish Ducat is equal to 375 Maravadies.

As the Ducat estimated at 375 Maravadies is valued at the present price of exchange from Cadiz to Amsterdam at 94½ Groots Dutch; so the Piece of Eight, passing for 340 Maravadies, costs the Dutch merchant in Cadiz 85½ Groots bank*.

1000 Pieces of Eight weigh, upon average, about 876 Dutch ounces, or 109 marcs 4 ounces; and cost in Cadiz, at the above rate of exchange, of 85½ Groots per Piece of Eight, 85,500 Groots, or 2138 Florins 1 Sol. Bank.

The present price for Spanish Dollars at Amsterdam, is F. 22.8. bank per marc. therefore the above 876 ounces, or 109 marc. 4 oz. of silver, will fetch,

* One skilling Dutch is 12 Gros, or 6 Sols; 1 Florin Dutch is 20 Sols; 1 Sol is 8 Dutes, or 16 Derniers.

when

when carried thither, ——— Florins.
2452.16. bank.
The price of the 1000 Dollars at Cadiz
is, as above, ——— 2138. 1. bank.

Difference between the price at Cadiz
and the price at Amsterdam, F. 314.15. bank;
or about 12¾ per cent.

Deduct for freight, duty, commission,
and other charges, as in page 125,
7 per cent. There remains 5¾ per
cent. the nett profits.

N. B. The same observation, as above-
mentioned, holds good, concern-
ing the difference of remitting and
drawing, in respect to Cadiz and
Amsterdam.

If these Dollars, sold in Amsterdam at
F. 2452.16. bank, should be thought
proper to be bought by the English
merchant to be sent to England,
Exchange being at 34½ to Amster-
dam, they would stand him in £. 236 19 8½

Sale in London produces, as in page 125,
at 5s. 6d. per oz. ——— 235 11 1

Therefore the loss upon importing silver
hither from Holland, exclusive of
the payment of commission, freight,
insurance, and other charges, and
loss on the interest of money, 1 8 7½

And the gain, of course, on sending it to Holland from
hence, is equal to the loss on bringing it from Holland
hither; but that gain is not sufficient to tempt the
exportation

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exportation of bullion to Holland; unless the exporter can procure good standard silver money; which stands him in 6 per cent. less.

Hence it will appear, that the prices of bullion in Holland and England are nearly the same, allowing for the difference of exchange; and, indeed, they must be so, while such numbers of people are constantly upon the watch, to lay hold of any advantage that may be made by sending it backwards and forwards. And it will also plainly appear, by the foregoing calculations, that if there is any ground for a charge of monopoly, or that bullion is kept up at an unfair price by the holders thereof, that charge lies much stronger against the Dutch merchant than the English merchant, as the former gains $5\frac{3}{4}$ per cent. by the importation from Cadiz, and the latter only $2\frac{1}{4}$ per cent. But I do not apprehend, that there is a monopoly in either case; for the greater profits of the Dutch merchant arise merely from exchanges with Cadiz being more in favour of Holland than England; and the apparent dearth of bullion in Holland, compared with the price in England, as above, is merely owing to exchange being *against us* in favour of Holland.

Calculation

OF THE BRITISH COINAGE. 129

Calculation of the Profits of importing Gold Bullion from Lisbon in the Course of the present Year.

1000 PP's at R. 6: 400.	—	R. 6400 000
Pms. paid at Lisbon $\frac{1}{2}$ per cent.	—	32 060
Comm. $\frac{1}{2}$ per cent.	—	32 060
Brok. on the Dra: $\frac{1}{8}$ per cent.	—	8 080
		<hr/>
		R. 6472 200

1000 PP's at 36 s.	—	£: 1800 0 0
Deduct land carriage, $\frac{1}{4}$ per cent.	—	4 10 0
		<hr/>
Advance by weights;	—	£: 1795 10 0
		33 7 6
		<hr/>
		£: 1828 17 6
	Pence: Rees.	
R: 6472 200, drawn at $66\frac{1}{2}$ per 1000,		1796 14 5
		<hr/>
	Profit, £:	32 3 1

But the exchange to Lisbon in June or July, 1771, when I made the above calculations, was, according to Castaign's paper, $66\frac{1}{2}$, which makes the cost of gold in Lisbon only £. 1783.

Produce in London, as above,	£: 1828 17 6
Cost of gold in Lisbon, as above,	1783 0 0
	<hr/>
	£: 45 17 6

Or upwards of $2\frac{1}{2}$ per cent.

N. B. The above invoice and bills of sales, was on a transaction of about 10 years ago; but I am informed, that

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that the Portuguese, at this time, are too well apprized of the difference of the weights of their coin, to suffer the foreign merchant to make the advantages on the overweight of the coin exported, as formerly. I am not sufficiently conversant with the minutiae of the present trade, to ascertain how far this may be a fact. But provided they are only of equal weight and fineness to 36 shillings of our gold coins of mint-standard, the profit on melting them down (which may be legally done) is $2\frac{1}{4}$ per cent. as hath been before shewn, more than if they passed as current money for 36 shillings, provided gold bullion be 3*l.* 19*s.* 6*d.* per oz. therefore in that case the profits of importing gold bullion from Lisbon, calculated at the present price of exchange, I apprehend to be between 2 and 3 per cent. This superior advantage in melting down the Portugal pieces, as soon as they come hither, rather than passing them away as current money, sufficiently accounts for the small quantity of Portugal coin now in circulation in this kingdom.

I might here also trace the gold bullion from Lisbon to Amsterdam, and from thence to London, in like manner as I have the silver bullion from Cadiz; but as I would not burthen the reader with more calculations than are necessary, I refer this speculation to such gentlemen as may chuse to pursue it. Those which are already inserted, I think, must be sufficient to prove the non-existence of a monopoly
of

OF THE BRITISH COINAGE. 131

of bullion in this country; and that the present price thereof, is owing to the fair course of trade.

And in order to make it appear that the price of bullion, at this market, hath, for many years past, been regulated and governed by the price of exchange from Cadiz; I will put down the price of exchange between London and Cadiz, the first of January and the first of July every year for these last twenty-seven years; and also the price of silver at this market during that period. And in like manner also, state the prices of exchanges between London and Lisbon, and the price of gold bullion at this market, during the above period of time, as set forth in Castaign's paper.

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Table of Exchanges between London and Cadiz, and the price of Silver Bullion at the London Market every six Months, from the Year 1742 to 1770. extracted from Castaign's Papers.

	Price of exchange between Cadiz and London.		Price of Pieces of Eight per oz. at the London market.	
	pence		per oz.	s. d.
1770. Jan.	39 $\frac{1}{2}$			5 6 $\frac{1}{4}$
July	—	39 $\frac{1}{2}$	—	5 6 $\frac{1}{4}$
1769. Jan.	—	39 $\frac{3}{8}$	—	5 7
July	—	39 $\frac{1}{2}$	—	5 5 $\frac{3}{4}$
1768. Jan.	—	39 $\frac{3}{8}$	—	5 4
July	—	39 $\frac{3}{8}$	—	5 4 $\frac{1}{8}$
1767. Jan.	—	39 $\frac{1}{2}$	—	5 5 $\frac{1}{8}$
July	—	40	—	5 5
1766. Jan.	—	40	—	5 4 $\frac{3}{4}$
July	—	39 $\frac{3}{4}$	—	5 5 $\frac{1}{2}$
1765. Jan.	—	38 $\frac{3}{4}$	—	5 2 $\frac{1}{2}$ à $\frac{3}{4}$
July	—	38 $\frac{7}{8}$	—	5 3 $\frac{1}{8}$
1764. Jan.	—	38 $\frac{3}{8}$	—	5 3
July	—	37 $\frac{7}{8}$	—	5 2 $\frac{1}{8}$

1763. Jan.

OF THE BRITISH COINAGE. 133

	Price of Exchange between Cadiz and London.		Price of Pieces of Eight per oz. at the London market.	
1763. Jan.	—	40	—	5 4 $\frac{3}{4}$
July	—	39 $\frac{5}{8}$	—	5 5 $\frac{1}{8}$
1762. Jan.	—	38 $\frac{3}{8}$ à $\frac{1}{2}$	—	5 5 $\frac{1}{8}$
July	—	39 $\frac{5}{8}$	—	5 5
1761. Jan.	—	39 $\frac{1}{2}$	—	5 7 $\frac{3}{4}$
July	—	39 $\frac{7}{8}$	—	5 8
1760. Jan.	—	38 $\frac{3}{8}$	—	5 5 $\frac{1}{2}$
July	—	39 $\frac{1}{2}$	—	5 5 $\frac{1}{4}$
1759. Jan.	—	40 $\frac{1}{2}$	—	5 7
July	—	39 $\frac{7}{8}$	—	5 7 $\frac{3}{4}$
1758. Jan.	—	38 $\frac{7}{8}$	—	5 4 $\frac{3}{4}$
July	—	40	—	5 7 $\frac{1}{4}$
1757. Jan.	—	37 $\frac{3}{4}$	—	5 2 $\frac{1}{4}$
July	—	38 $\frac{1}{8}$	—	5 4 $\frac{1}{2}$
1756. Jan.	—	38 $\frac{1}{8}$	—	5 3 $\frac{7}{8}$
July	—	38	—	5 3 $\frac{1}{2}$
1755. Jan.	—	39 $\frac{3}{4}$	—	5 4 $\frac{1}{4}$
July	—	39	—	5 3 $\frac{3}{8}$
1754. Jan.	—	39 $\frac{7}{8}$	—	5 6
July	—	39 $\frac{3}{4}$	—	5 4 $\frac{1}{2}$
1753. Jan.	—	40 $\frac{5}{8}$	—	5 5 $\frac{3}{4}$
July	—	40 $\frac{1}{2}$	—	5 5 $\frac{7}{8}$
1752. Jan.	—	39 $\frac{5}{8}$	—	5 4 $\frac{3}{4}$
July	—	39 $\frac{1}{2}$	—	5 5 $\frac{1}{8}$
1751. Jan.	—	39	—	5 5 $\frac{1}{2}$
July	—	39	—	5 3 $\frac{3}{4}$
1750. Jan.	—	39 $\frac{1}{4}$	—	5 4
July	—	38 $\frac{1}{4}$	—	5 4
1749. Jan.	—	39 $\frac{3}{4}$	5 5 à	5 4 $\frac{3}{4}$
July	—	38 $\frac{1}{2}$	—	5 3 $\frac{3}{4}$

K 3

1748. Jan.

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	Exchange.	Bullion.
	s. d.	£. s. d.
1760. Jan.	5 5 ³ / ₈	3 18 6 per oz.
July	5 6	3 19 1
1759. Jan.	5 5 ¹ / ₂	3 18 10
July	5 6	4 0 3
1758. Jan.	5 4 ¹ / ₂	3 17 11
July	5 5 ¹ / ₂	3 18 9
1757. Jan.	5 4 ⁷ / ₈	3 17 10 ¹ / ₂
July	5 4	3 18 0
1756. Jan.	5 4 ¹ / ₄	3 17 11
July	5 4 ³ / ₄	3 17 11
1755. Jan.	5 5 ³ / ₈	3 17 11
July	5 5 ³ / ₈	3 17 11
1754. Jan.	5 5 ³ / ₄	3 18 5
July	5 5 ⁵ / ₈	3 18 2
1753. Jan.	5 6 ¹ / ₈	3 18 4
July	5 5 ³ / ₄	3 18 7
1752. Jan.	5 5 ³ / ₄	3 17 11
July	5 6 ¹ / ₈	3 18 0
1751. Jan.	5 5 ³ / ₄	3 17 11
July	5 5 ³ / ₈	3 17 11 ¹ / ₂
1750. Jan.	5 6 ¹ / ₄	3 17 11
July	5 5 ³ / ₈	3 18 1
1749. Jan.	5 5 ³ / ₈	3 18 0
July	5 5 ¹ / ₄	3 17 11
1748. Jan.	5 4 ¹ / ₄	3 18 5 ¹ / ₂
July	5 5 ¹ / ₈	3 18 1
1747. Jan.	5 4 ³ / ₄	3 18 0
July	5 5 ³ / ₄	3 18 6
1746. Jan.	5 2 ¹ / ₄	3 18 0
July	5 4 ⁷ / ₈	3 18 0
1745. Jan *		
July		

* The year 1745 wanting in the collection.

1744. Jan.

OF THE BRITISH COINAGE. 137

	Exchange.	Bullion.
	s. d.	£. s. d.
1744. Jan.	5 6	3 18 8 ¹ / ₂ per oz.
July	5 4	3 18 11
1743. Jan.	5 5 ⁵ / ₈	3 18 4
July	5 6 ¹ / ₂	3 18 9
1742. Jan.	5 5	3 18 1
July	5 5 ¹ / ₂	3 18 6, à 5 d.

Average price of exchange between London and Lisbon, for 10 years, from Jan. 1, 1760, to Jan. 1, 1770, Exchange. Price of Bullion. 5 6¹/₂
 Price of bullion in London 3 19 5³/₈

Ditto for 10 years, from Jan. 1, 1742, to Jan. 1, 1753, 5 5¹/₄ - 3 18 2

Which Calculation will shew the evident declension of our trade to that country, and which naturally accounts for the present high price of gold bullion.

Average price of exchange between London and Cadiz, for 10 years, from Jan. 1, 1760, to Jan. 1, 1770; and the average price for the 10 years from 1742 to 1752, and also the price of silver bullion is, during those two different periods, very nearly the same.

REMARK.

R E M A R K.

BY these tables it will appear, that the price of exchange hath governed the price of bullion; though a greater or less demand for it here may make some temporary variations; and as the price of exchanges is governed by the *balance of trade*, it is evident, that balance is the load-stone which attracts and retains bullion to itself; and exchanges are the subordinate powers which operate irresistibly over all the commercial world, and force the bullion to whatever country that balance may be due.

But to return to the consideration of Mr. Locke's principles; I agree with him, that when the price or difference between metals coined and uncoined is abstractedly considered, itself being poised with itself, it can admit of no change or alteration in value, quantity for quantity, fineness for fineness; yet we must not rest our determinations on meer speculation, however true the theory may be in a philosophical light, when it is found contradictory to daily

daily experience. But we should endeavour to guard against every possible deviation from philosophical justice; Mr. Locke and Mr. Harris did not seem to take into consideration, *that the value of money is unalterably fixed by the mint indenture; and that the price of bullion is governed by the continual variations in the circumstances of trade*; it appears evident from the foregoing tables of exchanges and calculations, that it is impossible to sell bullion at this market at mint-price, without loss to the importer, till the exchanges are more in favour of England with the countries from whence the bullion is brought, than they have been upon the average of late years; and I see no prospect before us of the balance from these countries becoming more favourable.

However, I will not entirely abandon Mr. Locke's principle; but observe upon it, that *if there is the least probability of a new coinage of silver money upon the old standard, making exchanges more favourable to this country, I would recommend it before any innovation on the standard whatever, as 100,000 or 200,000 l. expence in the experiment,*

periment, is no object to the nation in a matter of so great consequence. In regard to my own opinion, I cannot but confess, though with all due deference to Mr. Locke's superior understanding, that it appears to me, that the present high prices of exchanges are rather owing to the deficiency of annual balance received by this country, compared with former times, than the bad shillings in circulation at home; and that the mill and press of the mint has a magical power of transforming a piece of gold or silver into a less value than it is intrinsically worth; but at the same time, I will acquit the officers of the mint of any conjuration; and attribute this most surprizing transformation either to the legerdemain of the dealers in bullion, or to the unavoidable circumstances of trade; how far the dealers are culpable, the foregoing calculations, if rightly made, will shew.

In short, I will now quit the system of Mr. Locke, with observing, that it clearly was founded on his high regard to national justice and honour, and that his arguments are full of ingenuity and refined speculation;

tion; indeed I can see but one objection to them, namely, that they appear to be contrary to facts: and I recommend the examination of them to those gentlemen who are more intimately conversant with that trade than I am.

It is beyond the latitude of my judgment to determine, whether, in our present circumstances, we should preserve the old standard, or diminish it 5 or 6 per cent.; because this determination *seems solely to rest upon its operations on exchanges with foreign countries.* If it should be thought that a new coinage on the old standard would make exchanges more favourable to England, as I have observed above, that measure, before any other, should be preferred, as innovations might be attended with unforeseen inconveniences, especially as we then should have, *not only a prospect immediately before us, of bullion falling at or below mint-price, but we should also have an additional advantage, still superior in its consequences; that is, of gaining all the difference between the present price of exchange, and the price it would then come to in*

our favour upon every commercial transaction with foreign countries.

But if, upon examination, that event should not appear probable (and I am apprehensive it would not) it would be only a momentary, though an expensive expedient; for in that case, as bullion must remain at its present price, the temptation to melt and export the new money would be equally great as at present.

But if, on the other hand, it should be thought, that foreigners could have no reasonable pretence to raise the prices of exchanges to our prejudice, in case the standard of silver money was diminished 5 or 6 per cent. I at present see no solid objection against adopting that measure; for we arrive at the desired point we have been seeking for, *of reducing bullion to mint-price*; and all property both at home and abroad in *statu quo*.

I am the more induced to adopt this opinion, as I find it corroborated by the opinion of merchants the most experienced in commercial matters, and who have thought much on the subject in a speculative light; they think, that notwithstanding

ing the intrinsic value of the monies of the respective nations compared together, is the true and only basis of exchanges (the truth of which position they do not dispute) yet if the mint-standard of silver money was lessened 5 or 6 per cent. or any other diminution which should more exactly correspond with the medium price of bullion in this country for these last 50 years, *it would not have any effect upon foreign exchanges*, though a greater diminution most probably would: and the reasons they give are as follow.

First, Coin was originally intended merely for the convenience of inland trade, and ought to correspond with the value of the metals of which it is composed when coined.

Secondly, We should, in that case, be on the same footing as every other country that takes care that money and bullion shall correspond in intrinsic value.

Thirdly, Though there are frequent variations of the standard in other countries, on account of the variations in the price of bullion, or from other causes, particularly in France, where they are perpetually varying

ing their standard, inſomuch that it is impoſſible to aſcertain, with accuracy, by any fixed tarif, the real value in weight and fineneſs, of 1000 French crowns coined in different years, though all are apparently equally freſh and good; yet it is not the practice of merchants, in the exchanges with France, to weigh and aſſay the crowns of the preſent year, and alter the exchanges, on a pretence, that the money coined this year is not ſo good as the laſt; but govern their price merely by the greater or leſs demand for bills to foreign countries; *though, if they were to make any material alteration, foreigners would doubtleſs have regard to it.* The aforegoing inſtance is by no means given to recommend an uncertain ſyſtem of coinage, as practiſed in France, but only to illuſtrate how far it is probable foreigners could avail themſelves of the circumſtances of the diminiſhing our ſtandard, upon the reaſonable grounds herein propoſed.

Fourthly, No payments, particularly to foreign nations, are now made with our ſilver money, but in bullion, or gold coin; therefore the effects of the propoſed dimi-
nution,

nution, would be merely internal, where- in foreign countries would be in no wiſe concerned.

Fifthly, Our preſent ſtandard of ſilver money is merely ideal, and as well known by foreigners to be ſo, as by us at home; we have little or no ſilver money current at preſent equal to mint-ſtandard; and if the mint-ſtandard were diminiſhed five or fix per cent. it would be intrinſically worth more than the ſilver money at preſent in circulation; therefore, if foreigners do pay ſo nice a regard to our exiſting coin, as to fix the prices of exchanges to our prejudice, in proportion to the badneſs of the currency, they could have no reaſonable pretence for raiſing it, to our prejudice, merely *because we have made the currency better than it is at preſent.*

Sixthly, Allowing that the current coin of a nation is regarded in foreign commerce merely according to its comparative value as bullion; then foreigners will alſo know, that, the ſtandard being diminiſhed, as hereby propoſed, it would be intrinſically worth as much bullion as could have been bought at this market on the average
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of these last fifty years, with the money that hath been current ; therefore, although the exchanges were not altered in their favour, they being left to their choice, to take our bullion or our coin, it could be no prejudice to them, in the regular course of trade; but with this difference to ourselves, that the nation would save the loss which the exporters cause by a clandestine trade, which at present drains us of our good specie.

Seventhly, The probability of the medium price of bullion, in this country, in a series of years to come, being different from an averaged price made at present, and therefore a new regulation of the standard may be then necessary to be made again, does not appear to be a sufficient objection to prevent the rectifying of it now, agreeably to our present circumstances.

How far these reasons may be conclusive, I will not take upon me to determine; but confess, they appear to me to have considerable weight. If they should also appear so to the reader, they ought to be attended to, notwithstanding they seem to contradict the principles of Mr. Locke. I have

have put down all the arguments which presented themselves; and if some of them may not appear conclusive, it is hoped they will not lessen the force of those which carry more weight. If government should think proper to refer the question to a committee of merchants, particularly of those gentlemen who are dealers in exchanges, to consider and report their opinion on this question, whether there is a probability, or not, of *foreign exchanges altering to our prejudice, in consequence of the proposed alteration; or that it would be more in our favour, upon a new coinage of silver money on the old standard*: after they had reported their opinion thereupon, we might form our judgements on the subject beyond mere conjecture.

I would not presume to put my judgement in competition with Mr. Locke's; but then, at the same time, it is surely paying too great a compliment to the judgement of any man, to prefer his to the united opinion and successful practice of every other civilized nation, and even of this nation, for time immemorial, before the age he lived in; especially when

the grievous consequences of his system daily teach us, that, however right it may be in speculation, it is certainly wrong in practice.

If, after the subject is duly weighed, it should appear, that the diminishing the standard, as above proposed, would be attended with no ill consequences on exchanges; I think there can be no objection started to prevent the adopting the measure, of coining the pound weight of silver into 65 or 66 shillings, whichever shall be thought the nearest to the averaged price of bullion, instead of 62 shillings, as at present; and the pound weight of gold into 45 guineas and an half, instead of 44 guineas and an half, as at present: this would make the gold and silver coins bear a due proportional intrinsic value, in currency, as they bear to each other as bullion; that is to say, 21 shillings would then be intrinsically worth as much as the new guinea, and no more; and both the guineas and the shillings would then be intrinsically worth just as much as the bullion you can now purchase with the present coin:

coin: therefore no injury could arise from hence to private property, in respect to either inland or foreign concerns.

The reader will clearly perceive, that the above regulations materially differ from the plan laid down by Mr. Lowndes, both with regard to the quantity of the diminution, and to the mode: He proposed that, as silver was risen, at the particular juncture of time when he wrote, to six shillings and five pence per ounce, the mint standard should be altered to that price, without considering the propriety of establishing a tariff, or average, from a calculation of a *series of years*. The high price, at that time, was owing, in a great measure, as he himself states, to temporary circumstances; and that, at the end of the war then carrying on, bullion would probably be cheaper. Mr. Lowndes's inattention to the pernicious tendency, both at home and abroad, of making the standard correspond with a temporary high price, when trade should again flow on in its old course, gave great force to the arguments of Mr. Locke, for preserving the

old standard inviolate, rather than adopt so indigested a proposition.

He also proposed, that, in the coinage of the new silver money, the same intrinsic value should be preserved in each current piece as heretofore, viz. that the pound weight of silver should still be coined into sixty-two shillings; but that they should pass for fifteen pence, instead of twelve pence: this would have created much confusion in accounts; and it gave Mr. Locke fair occasion to be jocular upon him, by comparing his proposal to the boy who cut his leather into five quarters, in order to cover his ball, because when in four quarters it fell short. But the method herein proposed, perhaps, may obviate those objections.

Thus having, as I apprehend, traced the subject through its mazes, I leave to the public to determine, what is the cause of the *present high price of bullion*.

When once the source of the evil is discovered, the remedy is easily pointed out.

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The substance of my whole enquiry may be comprised in these two questions:

Is it owing to the bad state of our present current money? All we have to do is to amend it by a new coinage on the old standard; and we ought not to hesitate a moment to carry the measure into execution; for the national expence attending it would be very inadequate to the national benefit, as well as convenience.

But if the present high price of bullion should appear to be owing to the prices of exchanges between this country and foreign nations having risen to our prejudice of late years, compared with former times, and that this rise of exchanges is occasioned by the *annual balance sent hither being less than formerly*; which is my present opinion; and it also appears to me, that provided there is one million sterling annually remitted to foreigners, on account of interest of money they have lodged in our funds, though I believe it is usually estimated at one million and an half: this deficiency of balance proceeds principally from that circumstance, rather than from

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the declension of our *actual trade*; for although, as it hath been observed by the Council of Trade, before cited, *this nation hath, of its own growth, manufacture, and product, always enough to oblige the importation of money and bullion upon all occasions, beyond any other nation whatsoever in Christendom*; yet the abovementioned annual deduction from the annual national profits arising from trade, or otherwise, which did not exist in former ages, must operate very strongly to our prejudice at this time. If the high price of bullion be owing to a deficiency of balance, let some other person, for I confess it is above my capacity, point out how that balance may be increased, as he, in preference to all others, should undoubtedly be first heard: but if this should be beyond the reach of human invention, I fear it will be in vain to attempt to resist the tide of times; and that we must at length be obliged to submit to the uncontrollable vicissitude of things, and endeavour to accommodate ourselves in the best manner we are able to the circumstances we shall find ourselves reduced to.

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Therefore, if it be found that the present high price of exchanges is owing to a deficiency of balance, I offer the above proposition for diminishing the standard of both gold and silver coin so much as to make them correspond with the price of bullion on the average of these last fifty years, and to make them correspond with each other in intrinsic value, as the only effectual method of supplying this country with a sufficiency of current money for any length of time; hoping the public will take it under consideration, how far the measure may at present be expedient.

I cannot take leave of the reader without observing, that, in the course of this enquiry, I frequently found myself much at a loss to form a decisive opinion. Mr. Locke's speculative reasonings appeared so conclusive, while, at the same time, facts seemed so clearly to contradict his system, that I found myself bewildered in the search; and I frequently laid down my pen, and said within myself, It is strange, that though money is an object we all pursue every day, we handle almost every hour, we endeavour to enjoy every minute, yet its properties

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we seem less acquainted with than of almost any other thing; insomuch that we cannot even decisively determine whether, in making this money, it would be more convenient to divide a pound of the precious metal of which it is composed, into sixty-two pieces, or into sixty-six pieces, or into more or less; for this knotty point has for a century past puzzled *the wisest men in the wisest nation in Europe*. It is the fashion of people in general, to declare the subject of coinage to be too intricate to be thoroughly explained or understood; and without employing their thoughts in pointing out a mode of relief, they quietly sit down, after a momentary lamentation, and wish for more prosperous days, when the balance of trade may make bullion cheaper: in these delusive hopes we have been waiting for these last twenty years and upwards.

It seems to be the almost universally adopted opinion of men who have studied, or rather read and talked upon, the subject, that an alteration of our standard would be dangerous: and why? Because Mr. Locke

Locke has told us it would be wrong. Thus we superstitiously rest our faith upon his opinions, although it appears inconsistent with common sense, general experience, and the universal and successful practice of every other nation, and totally precludes us from the means of relief from our present grievances.

Perhaps it is beyond the reach of any one man's understanding, to comprehend this subject, in all its various lights, with proper accuracy and precision; until the necessary informations are obtained from the various classes of mankind. I shall therefore conclude with observing, that I am not singular in my opinion; for there are gentlemen, whom I have already hinted at, who are endowed with far greater knowledge in these matters than I can pretend to, who do not scruple to declare, That experience has taught them, commerce is governed by its own laws; and though sometimes it may deviate from strict philosophical justice, yet it is in vain to attempt to impede its course; it exercises over all property an uncontrollable power,

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power, and every thing must submit to its laws against all human prevention; therefore making money to follow the course of trade, is not hunting a shadow, as Mr. Locke^m would have it, which it will never overtake; but following a substance, whose attraction it cannot resist.

To excite men of judgement and experience to re-consider this important question, has been my object in this publication; therefore, if any inaccuracies should appear, either in my calculations, or in any other parts of this enquiry, not essential to the argument, I hope they will be excused. After having endeavoured to state the several opinions and reasonings on all sides with candour and perspicuity, and ventured to give my reasons for altering the standard of both our silver and

^m I have been credibly informed, that Mr. Locke acknowledged, some years after he had published his Considerations on the Raising the Value of Money, that he had been mistaken in some points, through the haste in which he wrote, and from a want of a sufficient information on the subject,

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gold coins at present, as a proper mode of relief from the inconveniences arising from the present scarcity of specie; I leave to others more nicely to examine, and to determine, how far my arguments may be deemed conclusive; perhaps we may differ about the means of redress, yet in this we shall all agree, *that something however should be done.*

*Felix qui potuit boni
Fontem visere lucidum.*

THE END.

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