

Untitled holograph draft memorandum on John Pollexfen's *A Discourse of Trade, Coyn and Paper Credit* [1697, reprinted 1700].

Author: Isaac Newton

Source: MINT 19/2/608-11, National Archives, Kew, Richmond, Surrey, UK

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Since I first perused M^r Polixfins discourse about paper-credit, I have been endeavouring to get an account of the quantities of hammered money of Gold & Silver which have been coyned from time to time since the reign of Edw. VI in order to make a judgment upon the causes of the increase & descrease of the coynage but have not yet been able to compass my designe the records thereof before the year 1660 being taken out of the Mint. And therefore least I should detein his paper too long in my hands I have here set down such Observations upon it as at present occur to me from such accounts of the coyn as are commonly known or remain in the Mint

I agree with him in the main of his Argument set down in sect 2, 3, 4, 5, 6, 7, 8, that too much paper credit in proportion to money is not safe & every nation where such credit is large & upon the increase & money upon the decrease, ought to take care before it be too late least it become bankrupt by the sinking of its credit at once when there remains not money enough to support it. For paper credit is a sort of riches & riches incline men to luxury & luxury promotes the expence of forreign far-fetcht commodities & by consequence the exportation of money to pay for them, & while paper credit does the business of money & brings money to the Merchant to be exported the money may go away insensibly & not be missed till it be too late.

But in examining by such accounts of the Coynage as have been heretofore given in by command of the House of Commons or now remain in the Mint whether this credit has been of more advantage to England by increasing its trade or disadvantage by increasing its luxury, I do not find that it has hitherto done us any great dammage. Out of those Accounts M^r P. (sect 14, 15, 16, 17) represents that 20 years before Notes had a currency viz^t from 1640 to 1660 there was coyned in the Tower per an in {clo} in silver money 400000^{li} communibus annis, that from 1660 to 1680 there was not coyned above 200000^{li} per an including the Harp & Cross money & the price of Dunkirk, & that from an. 1680 to an 1695 there was not coyned above 80000^{li} per an including the money from the wreck & that since the year 1695 we have coyned very little forreign Bullion so that the coynage since the curren <608v> cy of Notes, that is since 1660 hath been upon the decrease.

Here he sets down only the coynage of silver whereas that of Gold ought also to be considered, & in the first twenty years he tells us that 400000^{li} per an was coyned in silver alone wheras that summ was the whole

coynage of both gold & silver together; & the main periods & causes of the increase & decrease of the coynage he considers not. For the coynage was very great in the reign of K. Charles the 1st, then very small untill the enacting of the coynage Duty, afterwards very great against untill the late war with France & by that war became very small (except the recoynage) for the last ten years. And these vicinities of the coynage shew that its increase & decrease has depended upon other causes then the growth of paper credit

The Gold & silver coyned between the death of K. Charles the first & the return of K. Charles the second & afterwards recoyned was about a million, that is about 88000^{li} per an, which makes in the first $8\frac{1}{3}$ years of that period about 733300^{li}. Subduct this from the gold & silver monies coyned from the last of March 1638 to May 1657 which according to one of the Accounts mentioned by M^r P. was 7733521^{li}. 13^s. 4^d $\frac{1}{2}$, & there will remain about seven millions coyned from the last of March 1638 to the death of K. Charles the first, which was about six hundred & forty six thousand pounds per an. For in this Kings reign Gold & Silver flowed into our Mint from Spain for provisions which we supplied them with untill peace was concluded between Spain & Holland anno 1648. But afterwards the coynage abated & became but the 8th or 10th part of what it had been before: so that in the next 18 years from the death of K. Charles the 1st till the making of the Coynage Act there was coyned in both gold & silver (including the money for Dunkirk) but 1228917. 12. 4 reckoning Guineas at 21^s 6^d, which coynage was but about sixty eight thousand pounds per an. But since the making of that Act the coynage has been constantly great & upon the encrease untill the French war put a stop to it. For in the first nine years of that Act that is from Decemb. 31 1666 to Decemb 31 1675 it was after the rate of 250000^{li} per ann & in the next nine years it was after the rate of 500000^{li} per ann & in the next four years viz^t to Decemb. 31 1688 it was after the rate of 680000^{li} per an taking one year with another. Whence it follows

First that the Coynage Act has been of vast advantage to the nation.

Secondly that the coyn notwithstanding the clipping melting & exporting thereof & the disadvantageous trade with India France & the Northern Crowns, the rebuilding of London & the luxury of <609r> the English did notably increase till the beginning of the late French war, & was more upon the encrease at the beginning of that war then at any other time since the raign of Charles the 1st

Thirdly that therefore Paper credit till the beginning of that was did the nation more service by promoting trade then disservice by promoting luxury. And by consequence the check put to the coynage in the beginning of that war must rather be ascribed to that war then to paper credit. For paper credit works gradually & slowly but that check was on a sudden The coynage of gold fell then in two years time from six hundred thousand to fifty thousand pounds per an & that of silver from one year from 96000^{li} to 2000^{li}. And this 2000^{li} was not imported by the Merchant but bought by the Master & Worker. For silver began the{nc} to go out of the nation faster then the Merchant brought it in & still continues to do so by the ill effects which that war has had upon our trade.

M^r Lowndes reconns that in the reigns of Q. Elizabeth K. Iames & K. Charles the 1st there were coyned $15\frac{1}{10}$ millions of silver monies: whereof all the crowns & all the money smaller then sixpences are long since gone & also all the half crowns of Q. Elizabeth. And no doubt many of the shillings & sixpences of Q. Elizabeth & half crowns shillings & sixpences of K. Iames & K. Charles 1st were also lost before the recoynage of the hammered money. This loss M^r Lowndes computes at above ten millions but by subducting the $9\frac{3}{5}$ millions which remained at the recoynage it appears to be but about $5\frac{2}{5}$ millions. It happened by the wearing away & losing of all the small money, by Seaman Merchants & Travellers carrying pocket money along with them in their voyages & leaving it abroad, but melting down the largest & weightiest pieces for goldsmiths uses or to be recoyned or of later years to be exported by the East-India company, by burying sums of money or accidntally losing many pieces & lately by exporting some of it for defraying such charges as the French was occasioned. Let us suppose that of these $5\frac{2}{5}$ millions three fourth parts were lost before the war & one fourth part or about $1\frac{1}{3}$ million in the first seven years of the war, & this $1\frac{1}{3}$ million added to the $8\frac{1}{4}$ & $9\frac{1}{3}$ millions will make about $9\frac{7}{12}$ millions of sterling silver in all the hammered monies genuine & counterfeit remaining

in the nation in the year 1689 according to the intrinsic value thereof & about $10\frac{2}{3}$ millions in the tale of all the genuine part of those hammered silver monies

Vntill the end of the year 1689 silver bullion came to the Mint in good plenty & the whole coynage of milled silver money amount to <609v> 3690051^{li}. 18^s. 00^d of which if we suppose about a fift part to have been then wasted partly by seamen merchants & travellers carrying pocket money beyond sea & partly by culling out the weightiest pieces for the use of Goldsmiths or to be recoyned or exported to India (for the milled money being weighty was much fitter for the Cullers use then the old worn hammered money) there will remain about three millions which with the $9\frac{7}{12}$ millions of hammered money makes about $12\frac{1}{2}$ millions of silver money (good & bad) not in tale but according to the standard weight & intrinsic value thereof in or near the end of the year 1689 when I reccon we had most silver money in the nation.

But in the late recoynage there has been almost 6900000^{li} of milled money made out of hammered money & plate & by the proportion of the old milled money to the new at present in payments (which proportion I have not much observed but lately found the old in a certain parcel an eighth part of the whole) if the old be reckoned at seven or eight hundred thousand pounds & the wast of all the milled moeny by exportation since the year 1696 at as much or perhaps at a million, there will remain now in the nation about $6\frac{3}{4}$ millions. Deduct the $6\frac{3}{4}$ millions from the $12\frac{1}{2}$ millions & the whole loss of silver monies since the year 1689 will remain about $5\frac{3}{4}$ millions

But all this was not lost to the nation some part of it was turned into gold. The Guineas coyned till Decem 31 1689 amounted to 6843056. 11. 9 reckoning a Guinea at 21^s 6^d. If the weighty Guineas culled out & sent back to the Mint be reckoned about $\frac{1}{8}$ of the whole there will remain about six millions one eight part of which (or not much less) may be supposed at that time current abroad in Holland & other neighbouring parts of Europe. The remaining $5\frac{1}{4}$ millions added to the $12\frac{1}{2}$ millions of silver monies makes the whole cash of England at the beginning of the late French war when we were richest to be $17\frac{3}{4}$ millions in intrinsic value besides broad gold coyned before the death K. Charles the 1st, & some few Pistolls.

From Decemb. 31 1689 to Decemb. 31 1699 there has been coyned in Gold 2059384. 06. 07. If an eighth part thereof be subducted as weighty guineas culled out & sent back to the Mint & to the remainder be added the French & Spanish Pistols & Guineas which came hither from abroad {w}hen Guineas were at 30^s a piece & afterwards at 22^s & all which (considering that above a million has been coyned here out of forreign Gold monies & that Pistolls are here at a higher value then Guineas) <610r> I'll reccon at about a million & an half, the whole increase of our Gold since Dec 31 1689 will be about $3\frac{1}{4}$ millions. And this added to the $5\frac{1}{4}$ millions in Guineas reckoned before will make about $8\frac{1}{2}$ millions in Guineas & Pistols in England at present. Add this to the $6\frac{3}{4}$ millions of silver & it makes $15\frac{1}{4}$ millions of Gold & Silver milled monies now in England. Which deducted from the $17\frac{3}{4}$ millions which we had in 1689 leaves a loss of $2\frac{1}{2}$ millions of Gold & Silver together befallen us since that year. Had we lost ten millions since we {w}ere richest (as M^r P reckons) — $2\frac{1}{2}$ millions. So then instead of gaining 5 or 6 hundred thousand pounds per an as we did before the war, we have lost between 2 & 3 hundred thousand pounds per an during the war, & this by the decay of Trade, losses of our Merchants, charges of naval stores & other expenses abroad & since the war by the two East-India Companies contending to replenish the nation with Indian Goods & break one another. But as for paper credit, that was so far from hurting us that the want of it during the recoinage brought us into the greatest difficulties. It was then found by experience that the want of it made the Interest of money very high which was very chargeable to the government in borrowing & put the greatest damp upon trade and at this credit recovered, interest fell & trade revived. And if interest be not yet low enough for the advantage of trade & the designe of setting the poor on work & encouragement of all such business as is profitable to the nation (as diver understanding men think it is not) the only proper way to lower it is more paper credit till by trading & business we can get more money. To lower it by Act of Parliament is a violent method, & force is apt to put trade & business out of humour. The law should rather follow & comply with the free & voluntary course of interest then attempt to force it. Let it be considered therefore what rate of Interest is best for the nation &

let there be so much credit (& no more) as brings down money to that interest. For this is the due proportion of credit to make the nation flourish.

We have reckoned our losses in silver alone to be almost six millions which is much greater then that in both gold & silver together, the Gold encreasing while the silver was exported. And this certainly proceeded from some other cause then paper credit. In the 18 years before the enacting of the Coynage Duty there was much more silver coyned then gold. In the first nine years of that Act there were coyned in gold monies 1154487^{li}. 8^s. 10^d (reckoning a Guinea at 1^{li}. 1^s. 6^d) & in silver monies 1105103. 4. 4 which is very nearly an equality. In the next nine years there were coyned in Gold monies 3055473^{li}. 5^s. 8^d & in silver 1647517^{li}. 8^s. 8^d which is almost two of gold to one of silver. In the next five years there were coyned in gold monies 2414239^{li}. 4^s. 5^d & in silver 578021^{li}. 2^s. 6^d which is above four of gold to one of silver. And in these last 10 years there has been coyned little or no forreign silver, & above two millions of gold besides <610v> the Guineas & Pistolls which came from abroad while much of our silver has been exported. If this decrease of the coynage of silver & running of our cash into Gold be reckoned the effect of paper credit or of Luxury or the late French war, the cause of the distemper seems to be mistaken. Those causes might diminish our riches in general but not alter the proportion of gold to silver. This alteration proceeds rather from the cheapness of gold in China & Iapan, gold being there almost twice as cheap as with us so that our Merchants make a considerable advantage by purchasing Iapan gold of the Dutch & of late a greater ({60} per cent or above) by purchasing China gold of the natives.

And if this be the case there is no remedy A check upon paper credit will not help us. Our silver must go to China till gold is dearer there or cheaper with us, And indeed its our interest to let it go thither. F China is inclined to take off our manufactures which India is not & therefore is fitter to be tended with, & the trade for their gold must greatly increase our coyne, being as profitable to the nation as to the merchant himself provided we bring home the gold we purchase there (as we have now begun to do) & lay it not out in India. And tho this trade should diminish our silver yet if it leave us but silver enough for market money & workmens wages the gold will serve for all other uses.

Paper credit is therefore not to be rejected as the cause of of the decrease of our silver. Tis rather to be valued as a good remedy presentagainst our want of what we have lost or of what may be further usefull to use, & good Physitians reject not good remedies because they may kill but study how to apply them with safety & success. Credit being a sort of riches inclines a nation to an expensive luxury & so far is of a poisonous nature but let this ill quality be chekt by good Orders & laws well executed & then it becomes a very safe & soveraign remedy. And to find out & propose such Orders & laws is the perpetual buisness of the Council of Trade of which M^r P is a most able member & I leave to to their wisdom. And to yours. I submit the reckonings set down above to be corrected as you & M^r P. shall think fit.

I would propose therefore 1 that the two East India Companies be no more united nor the whole trade any more given to one company but divided between them both, the old Company to trade to all paces from the cape of good Hope to India as far as Pegu or Malacca the new to China & all places beyond Pegu. For this will put an end to the contention between the two Companies & make them both more governable then a single Company can be. A single Company might be sufficient while the trade was in its infancy but now it is grown so great it makes a single Company too potent for the government so that good laws against their interest ca scarce get through a Parliament. Divide them that you may govern them & then you may encourage or discourage the trade of which company you please, as you shall find it for the advantage of the Nation, for this will make them consult the nations interest as well as their own to gain the favour <611r> of the government.

Credit is a present remedy against poverty & like the best remedies in Phyick works strongly & has a poisonous quality. For it inclines the nation to an expensive luxury in forreign commodities. But good Physitians reject not strong remedies because they may kill but study how to apply them with safety & success. Let that expense be corrected by good Orders & laws well executed & then credit becomes a very safe & soveraign remedy. To find out & propose such orders & laws is the perpetuall business of the council of Trade of which M^r P. is a most able member & therefore I leave it to their wisdom. And to yours I submit

the reckonings set down above to be corrected as you & M^r P. shall think fit, I being in some things not sufficiently informed in matter of fact.
