

Response to an order to report on gold and silver coin in Britain.

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To the Right Honourable the Lords

Commissioners of his Majesty's Treasury.

May it please Your Lordships

In obedience to Your Lordship's Order of Reference of the 12th August 1717, that I should lay before Your Lordships, a State of the Gold and Silver Coyns of this Kingdom, in Weight and fineness, and the value of Gold in proportion to Silver, with my observations and Opinion & what Method may be most Effectual for preventing the melting down or exporting the Silver Coyne: I humbly represent to Your Lordships, that a Pound Weight Troy of Gold Eleven Ounces fine & one Ounce allay, is cut into $44\frac{1}{2}$ Guineas, and a Pound Weight of Silver Eleven Ounces two penny Weight fine, and 18 penny weights Allay is cut into 62 shillings, and according to this Rate, a Pound Weight of fine Gold is worth fifteen Pounds Weight Six Ounces, seventeen Penny Weights and five Grains of fine Silver, recconing a Guinea at £1: 1^s: 6^d in Silver Mony, but Silver in Bullion is usually worth 2^d or 3^d per <111v> Ounce more than in Coyne, and if at a medium Such Bullion of Standard Allay, be valued at 5^s: $4\frac{1}{2}$ ^d per ounce, a Pound Weight of fine Gold will be worth but $14\frac{1}{2}$ ^{wt}: 11^{oz}: 12^{dw}: 9^{grs}: of fine Silver in Bullion, And at this rate a Guinea is but worth so much Silver as would make 20^s: & 8^d. When ships are Loading for the East Indies the Demand of Silver for Exportation raises the Price to 5^s– 6^d. or 5^s– 8^d. per Ounce, or Above, but I consider not those extraordinary Cases.

A Spanish Pistole was coyned for 32 Ryales, or four Pieces of Eight, Rialls commonly called Pieces of Eight, and is of equall Allay, and the Sixteenth Part of the Weight thereof, And a Doppio Moeda of Portugal was coyned for ten Crusados of Silver and is of Equal Allay, and the sixteenth Part of the Weight thereof. Gold is therefore in Spain and Portugal of 16 times more value than Silver of equal weight, and Allay, according to their Standard, At which Rate a Guinea is worth 22^s: 1^d: But this high Price keeps their Gold at Home, and carrys away their Silver into all Europe, So that at Home they make their Payments in Gold, & will not pay in Silver without a Premium. Vpon the <112r> Coming in of a Plate Fleet, the Premium ceases or is but small, but as their Silver goes away and becomes scarce, the Premium encreases, & is most commonly about Six per Cent, which being abated a Guinea becomes worth about 20^s: and 9^d in Spain and Portugal.

In France a Pound Weight of fine Gold is reckoned worth fifteen Pound Weight of fine Silver. In raising or falling their Mony through King's Edicts, have sometimes varied a little from this Proportion in Excess or defect; but the Variations have been so little; I do not here consider them. By the Edict of May 1709 a new Pistole was coyned for four new Lewises, & is of equal Allay, & the fifteenth part of the Weight thereof,

except the Errors of their Mints. And by the same Edict, fine Gold is Valued at 15 times its weight of fine Silver, and at this Rate a Guinea is worth 20^s: and 8^d $\frac{1}{2}$. I Consider not here the Confusion made in the Monys in France; by frequent Edicts to send them to the Mint, to give the King a Tax out of them, I consider onely the Value of Gold and Silver in proportion to one another.

The Ducats of Holland <112v> Hungary and the Empire were lately Current in Holland among the common People in their Markets and Ordinary Affairs at five Guilders in Specie and five Stivers, and commonly changed for so much Silver mony in three Guilder Pieces, and Guilder Pieces as Guineas are changed with us for 21^s– 6^d sterling, at which rate a Guinea is worth 20^s: 7^d $\frac{1}{2}$.

According to the Rates of Gold to Silver in Italy, Germany, Poland, Denmark & Sueden a Guinea is worth about 20^s: & 7^d: 6^d: 5^d: or 4^d. for the Proportion varys a little in the severall Governments within those Countryes.

In Swedenland, Gold is lowest in Proportion to Silver, and this has made that Kingdom which formerly was content with Copper Mony, abound of late with Silver; sent thither (I suspect) for Naval Stores.

In the End of King William's Reigne and the first Year of the late Queen's, when Forreigne Coins abounded in England, I caused, a great many of them to be Assayed in the Mint, and found by the Assays that fine Gold was to fine Silver in Spain Portugal France Holland Italy Germany and the <113r> Northern Kingdoms in the Proportions abovementioned, the Errors of the Mints excepted.

In China and Iapan One Pound weight of fine Gold is worth but nine or ten pounds of fine Silver and in East India it is worth about twelve, And this low price of Gold in proportion to Silver carryes the silver away from all Europe, and when Ships are loading for the East Indies, raises the Price of Silver in Bullion to 2^d– 3^d– or 4^d per Ounce above the Ordinary Price as often as Ships are loading for the East Indias

It is the demand for Exportation which hath raised the Prices of Exportable Silver about 2^d or 3^d in the Ounce above that of Silver in Coyne and hath thereby created a Temptation to Export or Melt downe the Silver Coyne rather than give 2^d or 3^d. more for Forreign Silver, And the Demand for Exportation arises from the higher Value of Silver in other Places than in England in proportion to Gold, that is from the higher value of Gold in England than in other Places in Proportion to Silver.— If Gold could be brought down so low in England or Silver in East India as to bear the same Proportion to one another in both Places, there would be no greater <113v> Demand for Silver then for Gold to be exported to India, And if Gold were brought downe to have the same Proportion to the Silver Mony in England, which it hath to it in the rest of Europe, there would be no Temptation to Export Silver rather than Gold to any other part of Europe. And to Compass this last there seems nothing more requisite than to take off about 10^d or 12^d from the Price of the Guinea; But if onely six pence were taken off at Present it wou'd diminish the Temptation to Export or Melt down the Silver Coyne, and the Effect wou'd shew hereafter, better than it can appear at Present with further Reduction would be most convenient for the Publick.

Those that import Gold represent that their Profit is but small, & if by Lowering the Price that Profit be taken away, these will be neither Gold nor Silver imported: But must the Nation pay 38 or 40 shillings too much for every Pound Weight of Gold imported? Must all Our Silver be Exported to enrich the Merchants and is there no remedy?

In the last Year <114r> {of} King William's Reigne the Dollars of Scotland worth about four Shillings and Six pence halfpenny, were put away in the North of England for five Shillings, and at this Price began to flow in upon us: I gave Notice thereof to the Lords Commissioners of the Treasury, and they Ordered the Receivers of Taxes to forbear taking them at that Value, & thereby put a Stop to the Mischief.

At the same time the Lewis d'ores of France which were worth but seventeen shillings and three farthings a piece, passed in England at Seventeen and Six pence, I gave Notice thereof to the Commissioner of the Treasury, & his late Majesty put out a Proclamation that they should go but at 17 Shillings, & thereupon, they came to the Mint and a Million and four hundred thousand Pounds were coyned out of them, and if the

Advantage of five pence farthing in a Lewis d'ore sufficed at that time to bring into England so great a Quantity of French Mony, and the Advantage of three Farthings in a Lewis d'ore to bring it to the Mint, the Advantage of <114v> Nine Pence halfpenny or above may have been sufficient to bring in the great Quantity of Gold which has been Coined in these last 16 Years without any Forreign Silver.

Some Years ago the Portugal Moyders, were received in the West of England at 28^s a piece, Vpon Notice from the Mint that they were worth onely about 27^s & 7^d: the Lords Commissioners of the Treasury order'd their Receivers of Taxes to take them for no more than 27^s & 6^d. Afterwards many Gentlemen in the West Sent Vp to the Treasury a Petition, that the Receivers might take them again, at 28 Shillings, and Promised to get Returns for this Mony at that Rate, alledging that when they went at 28^s, their Country was full of Gold, which they wanted very much: But the Commissioners of the Treasury considering that at 28^s the Nation would loose five pence a piece rejected their Petition. And if an Advantage to the Merchant of 5^d in 28^s: did pour that Mony in upon Vs, much more hath the Advantage to the Merchant of 9^d $\frac{1}{2}$ or 10^d: in a Guinea been able to bring to the Mint <115r> Mint great Quantitys of Gold without any Forreigne Silver and may be able to do it till the Cause be removed.

If things be let alone till Silver Mony be a little Scarcer the Gold will fall of it selfe, for People are allready backward in giving Silver for Gold, and will in a little time refuse to make Payments in Silver without a Premium, And this Premium will be an Abatement in the Value of the Gold, and so the Question is whether Gold shall be lowered by the Government or let alone till it falls of it selfe for the Want of Silver Monys.

It may be said that there are great Quantitys of Silver in Plate; and if the Plate were Coyned, there would be no want of Silver Mony, But I Reckon that Silver is Safer from Exportation in the Form of Plate than in the Forme of Mony, because of the greater Value of the Silver and Fashion together, and therefore I am not for Coyning the Plate till the Temptation to Exporting the Silver mony, (which is a Profit of 2^d. or 3^d. in the ounce) be taken away; For as often as men are <115v> necessitated to Send away Mony for answering Debts abroad, they will be tempted to send away Silver rather than Gold, because of the Profit which is allmost four per Cent and for the same reason Forreigners will send hither their Gold rather than their Silver.

All which is most humbly submitted

to Your Lordship's Great Wisdom

Isaac Newton

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Memoriall about the high Values of Gold.—

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Mint office

21 Sep^r. 1717

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