

Recommendations on currency regulation and devaluation of the guinea.

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To the Right Honourable Sidney Lord Godolphin Lord High Treasurer of England.

May it please your Lordship

According to your Lordships direction we have examined the values of several forreign coyns & endeavoured to inform ourselves of the values of gold in proportion to silver in several nations & considered the ways of preserving the coyn. And by the Accompts we have met with Gold is higher in England then in France by about 9^d or 10^d in the Guinea, then in Holland by 11^d or 12^d in the Guinea, then in Germany & Italy by 12^d in the Guinea or above. In Spain & Portugal Gold is higher then in England by about 11^d in the Guinea. For the great quantity of silver coming from the West-Indies has brought down the price of silver in all Europe in proportion to gold & principally in Spain where the Bullion first arrives. The low price mends the market and carries silver from Spain into all Europe & from all Europe to the East-Indies & China, the Merchant bidding more for it then it goes for among the natives. In Spain the Merchants advance about six per cent for silver & sometimes above, at which rate a Guinea is worth about 21^s. 2^d $\frac{1}{4}$ & sometimes less. In England they advance 3^d or 4^d per ounce, & at the rate of 3^d per ounce advance, a Guinea is worth but 20^s. 6^d $\frac{1}{6}$.

Gold is therefore at too high a rate in England by about 10^d or 12^d in the Guinea. And this tending to the decrease of the silver coyn, we humbly conceive that one way of preserving this coyn is to lower the price of gold, suppose by taking 6^d, 9^d or 12^d from the price of the Guinea so as that gold may be of the same value in England as in the neighbouring parts of Europe. France has set us an Example for in the last war when the Lewid'or was raised there to 14 livres the Ecu was raised only to 72 sols but it is now raised to 76 sols though the Lewid'or be raised only to 14 livres as before. So that Gold in respect of silver is lower in France now then in the last war in the proportion of 76 to 72 that is by above 13^d $\frac{1}{2}$ in the Guinea.

The licensing the exportation of Bullion whilst the exportation of money is prohibited seems to be another cause of the decrease of our silver coyn. For this makes silver worth more uncoyned then coyned & thereby stops the coynage & causes the melting down of the money in private for exportation. We are humbly of opinion that care should be taken rather to set the price of money above that of Bullion & to bring Bullion through the Mint, silver being <78v> more apt to stay with us in the usefull form of money then in the useless form of Bullion, & encreasing the coyn whilst it stay with us in the form of money. For which reason it may be better to licence the exportation of money then that of Bullion, or at least to licence the exportation of so

much money as shall be coyned out of forreign Bullion: which whenever it shall be thought fit may be convenient done after some such manner as is expressed in the scheme hereunto annexed.

The safety & encrease of the money depends principally on the ballance of trade. If the ballance of trade be against us the money will be melted down & exported to pay debts abroad & carry on trade in spite of laws to the contrary: and if the ballance of trade be for us such laws are needless & even hurtfull to trade. If trade can be so ordered that no branch of it be detrimental to the nation the money will be safe. For which end luxury in forreign commodities should be checkt & the exportation of our own commodities promoted. If a law were made & well executed against trading with more gold & silver by any Merchant or Company of Merchants then in certain proportions to the value of the good exported, such an addition to the Act of Navigation might put Merchants upon searching out sufficient ways of vending our commodities abroad & as we humbly conceive be more effectual for preserving the coyn then the absolute prohibition of the exportation thereof.

As for the alteration of the standard we are humbly of opinion that if the value of the several species to be hereafter coyned be diminished without changing the denomination it will occasion the melting down & recoyning the species already coyned, for the profit that may be made thereby. And if the value be encreased the people will value their Goods by the old money already coyned in which they are to be paid and the new money of greater value (if any shall be coyned) will be pickt out for exportation, & the Importer who coyns it will lose the overvalue to the discouragement of the coynage, & in payments made by tale to forreigners the nation will also lose the overvalue.

But if it be proposed to retain the value of the several species or quantity of fine silver therein & only to alter the Allay: we are humbly of opinion that if small money which by continual use wears away fast & is apt to be lost, were coyned of coarse allay as is done in several Countries abroad, provided it were well coyned to prevent counterfeiting, such money would weare longer & be less apt to be lost or melted down or exported. By small money we understand Groats, three pences, two pences & pence, unless the penny by reason of its <79r> smalness should be coyned of copper.

All which is most humbly submitted to your

Lordships great wisdom

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[1] Mint Office.
2 Iuly, 1702.
