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The Rise of the Gold Standard, 1660-1819

1695 July 3

'Representation to the Lords Justices from the Treasury Lords on the price of guineas', reporting that the high price of guineas in England has encouraged the importation of large quantities of gold from abroad to the loss of the nation.

By the Indenture of the Mint now in force the Master and Worker covenant to make a 20s. piece of Crown gold to run for 20s. sterling, 44½ to the lb. Troy and every lb. Troy of such gold moneys to be in value 44*l.* 10s. 0*d.* and in fineness at the Trial of the Pyx to be 22 carats fine gold and two of allay, which standard for the Crown gold is ordained by the said indenture and the pieces of gold coined in pursuance thereof are usually called guineas. Nevertheless, a guinea at this day passes in any payment for 29s. 6*d.* and if be for provisions and goods bought it goes for 30s. in London; and in the several counties of England (according to information) it passes at several different rates, generally higher than the price in London.

Gold of the said standard sold very lately for 5s. 6*d.* [*sic* for 5*l.* 6s. 0*d.*] an ounce, which is 63*l.* 12s. 0*d.* the pound Troy and it is said to be now something higher and the gold of a guinea (being in weight 5*dwt.* 9⁴/₁₀ *grains*, supposing the gold is to be but 106s. per ounce) amounts to 28s. and 7*d.*

The balance of trade hath produced so great a difference in the exchange or remittances of money that it is become necessary to export either gold or silver to answer bills in foreign parts and this time the exportation runs wholly upon the silver, it being the present practice (which is managed chiefly by foreign merchants) to import vast quantities of gold into England by which they have gained 20 or 15 *per cent.* profit more or less according to the differences of its value here and abroad, and to export for it silver which they buy in England at 6s. 2*d.* for every ounce of English standard and sell in their own country at a much lower price without being losers by the silver itself, because the difference of its price is recompensed by having it abroad to answer bills of exchange in which our loss abovementioned is profit to them.

If the balance of trade has been one cause why gold and silver have both risen in England, then it may be considered why the value has not been equally advanced, it being evident that gold is risen almost a third part, to wit from 21s. 6*d.* to 30s., whereas silver is not raised above a sixth part, to wit from 5s. 2*d.* to 6s. 2*d.* or thereabouts.

The disproportion seems to arise from two causes; the one is the badness of the silver coin, which is so clipt that the bags brought to the Exchequer for revenue taxes or loans commonly want about one half of their due weight. The 100*l.* which should weigh 32*lb.* 3*oz.* Troy (and something more) commonly weighs 16 or 18 pound more or less including in the same many mixt pieces of base metal: and from this diminution and baseness of the silver coin it is come to pass that the same, especially the half crown, doth not pass from man to man without great difficulty, and many times and in many places is wholly refused by persons who choose to take guineas at an exorbitant rate rather than trust to their own skill in distinguishing good silver from bad or meddling with that which perhaps will not pass from them again. The other cause of the said dispropotion may be a vile practice, which is vulgarly (though perhaps improperly) called stock jobbing of guineas, that is

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where one gives a premium or reward to another to have the refusal of a number of guineas at a limited price and within a limited time: which practice in the case of guineas, as it doth usually in the case of joynt stock, serves to put a fictitious, imaginary or too high a valuation by which many of the King's subjects have been and are cheated, and the public (as to guineas at least) is endamaged in so high a degree that it may well be worthy consideration of authority to put a stop thereunto.

It remains now to be considered whether the Officers of the Exchequer and the Public Receivers [of taxes] should take or refuse guineas at the price for which they are now current. The gentlemen of the Bank who are now under a contract for returning the King's moneys [by exchanges from the Provinces to London] and others do desire that guineas may be refused at the Exchequer and by the King's Receivers as the only expedient to bring down their price, insisting that greater prices are still given here by foreigners for bullion and silver **in order to its exportation for Holland and other places**, which as they say will prove a greater and more general mischief than that of clipped money: that this extravagant price for gold is all given to foreigners who export silver for returns, to our double loss: that notwithstanding the late Act, melted or English silver is exported, it being risen to above 6s. per oz.; whereas it was sold since the proroguing of Parliament for 5s. 5d. the ounce and scarce any was to be had in London: that if this pernicious trade continues it will (besides the mischief abovesaid) utterly disable them to pay the Army, in regard these gold traders not only export silver, but also ruin the exchange by taking up all the money they can here to pay for their gold and [also] all the bills of exchange which they can procure in England [as] in return of those vast quantities of gold [which] they import from all parts of Europe: and that the King will lose the benefit designed by the late Act [6 and 7 Wm. III, c. 17, § 13] in the 700,000 ounces which were to be exported if little or no silver is to be had in London, at least not without an exorbitant price.

On the other side it is alleged that if the Tellers in the Exchequer and the receivers of the King's revenue and taxes (whilst they find duly occasion to turn back counterfeit halfcrowns and shillings which are brought to them in great numbers by collectors and others who perhaps receive them from people through ignorance or for want of skill and are frequently prejudiced if not undone thereby) should continue to refuse guineas at the present current price it will in all places defer the bringing in of the said taxes and revenues; that in some places it may occasion the total loss of the King's money and that great complaints have been made by the Receivers to the Agents for Taxes "whereof extracts are hereto annexed": in [all] which there seems to be something of weight.

It ought to be observed that if the King's Receivers be permitted to take guineas at a stated price (for instance at 30s. apiece) it is likely that they may by selling at a higher price (for instance 31s. for there will always be some difference in the putting of guineas) acquire to themselves an unjust profit, which perhaps some of them may have in prospect.

And it is very likely that if a stated value should once be put upon those pieces of gold to govern the public receipts intaking the same they will nevertheless still be rising something higher, so that there may be a continual occasion of renewing or altering the determinations which shall be made concerning their valuation.

However, the circumstances of affairs make it necessary to have this question (to wit whether the King's officers shall continue to refuse or whether they shally take guineas at the current price) to be forthwith decided by public authority.

Appending: (1) computation:

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1 *lb.* gold = 12 *oz.* Troy = 240 *dwt.* = 5,760 *grains.* 1 *lb.* gold is coined into 44½ guineas ergo $\frac{5760}{44.5} = 129.439 \text{ gr.}$ or 5 *dwt.* 9 *gr.* $\frac{438}{1000}$ in a guineas.

then 1 *oz.* gold = 20 *dwt.* = 480 *grains.*

the price of gold is admitted to be 106 *s.* *per oz.* Troy if 480 *gr.* = 106 *s.*

129.4 *gr.* = 28 *l.* 6 *s.* 3 *d.* $\frac{63984}{100000}$ which is the value of gold in the guinea when gold is at 5 *l.* 6 *s.* *per oz.*

(2) An abstract of the several letters lately received from the Receivers General of Taxes relating to their receiving of guineas.

- (a) Henry Whitebread and Thomas Richards, Receivers General, co. Beds. ([their total receipt being] about 6,800 *l.*) and co. Herts (about 9,900 *l.*), by their letter of the 13th June say they shall not be able to bring in half their taxes unless they take guineas at 30 *s.* a pices: and pray direction therein.
- (b) Robert Chaplinn, Receiver General, co. Suffolk (about 17,500 *l.*), by his letter of 16th June says the collectors did resort to him to know if he would take guineas at 30 *s.* and 31 *s.* apiece; if not, they should not be able to get in their taxes: and therefore prays direction therein.
- (c) Nath. Rich, Receiver General, co. Essex (about 21,000 *l.*), by letter of 14 June says the collectors resort to him to know if he would take guineas at 30 *s.* apiece; otherwise they must be forced to make distresses and how to sell the goods at all for current money they know not.
- (d) Gilbert Spencer, Receiver General, co. Kent (about 19,500 *l.*), by letter of 16 June to Mr. Peters, the Teller's clerk, says the collectors have taken many guineas at 30 *s.* each and says they are current so in the country and swear they cannot get white money to change them.
- (e) Receivers for cos. Berks (9,700 *l.*), Bucks (11,000 *l.*), Oxford (9,000 *l.*), Warwick (9,400 *l.*) and Sussex (13,000 *l.*) make the same personal complaints as above.
- (f) The correspondent of the Receiver General for co. Dorset (7,900 *l.*) says he would now pay 6,000 *l.* if guineas could pass at the Exchequer at 30 *s.* apiece, though the money is not yet due to be paid to the Exchequer.
- (g) Also many of the Receivers' correspondents here in town (viz. co. Norfolk, 17,000 *l.*; North Wales and Chester, 20,000 *l.*; Northampton and Rutland, 12,000 *l.*) allege they cannot receive their bills [of exchange out of the country] unless they take guineas at 30 *s.* apiece which is the occasion of keeping vast sums of money out of the Exchequer; particularly North Wales, Norfolk and other places.

Source: *Calendar of Treasury Books, January 1693 to March 1696*, vol. 10, pt. 3, pp. 1144-1147.