

Volume I
The Rise of the Gold Standard, 1660-1819

1702 July 7

**Report of Isaac Newton to Sidney Godolphin, Lord High Treasurer
of England, concerning the values of various foreign gold and
silver coins.**

According to your Lordships direction we have examined the values of several forreign coyns & endeavoured to inform our selves 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 $9d$ or $10d$ in the Guinea, then in Holland by $11d$ or 12 pence in the Guinea, then in Germany & Italy by $12d$ in the Guinea or above. In Spain & Portugal Gold is higher then in England by about $11d$ 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 thereby carries silver from Spain into all Europe & from all europe to the East Indies and China, the Merchant bidding more for it then it goes for among the natives. In Spain the Merchants advance about six per cent or above for silver: At which rate a Guinea is worth about $21s. 3\text{-}3/8d$ & sometimes less. In England they advance $3d$ or $4d$ per ounce, and at the rate of $3d$ per ounce advance a Guinea is worth but $20s. 6\text{-}1/6d$.

Gold is therefore at too high a rate in England by about $10d$ or $12d$ 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 $6d$, $9d$ or $12d$ 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 ua an example for in the last war when the Lewisdor was raised there to 14 livres the Ecu was raised only to 72 sols but it is now raised to 76 sols tho the Lewis d'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 in the last war in the proportion of 76 to 72 that is by above $13\frac{1}{2}d$ in the Guinea.

The liberty of melting forreign monies into ingots in private shops & houses for exportation gives opportunity of melting down the money of England for the same purpose. For restraining of wch a law might be usefull against exporting any Ingots of silver melted down in England except in publick Office to be appointed or erected for that purpose.

The law by barring the exportation of forreign silver after it is coyned prevents the coynage thereof because the Merchant cannot afterwards export it, & tends to discourage the importation of silver into England because the Merchant can make no use of it whilst it stays here in the form of Bullion. The bringing of silver to the market of England & the turning it into money should rather be encouraged as the proper means of encreasing the coyn, silver being more apt to stay with us in the useful form of money then in the useless form of Bullion. If the merchant might export what he coyns, some part of what he coyns would be apt to be laid out here. And this liberty may be allowed him after some such manner is described in the scheme hereunto annexed.

The licensing the exportation of Bullion whilst the exportation of the money is prohibited makes silver worth more uncoyned than coyned & thereby not only stops the the coynage

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but causes the melting down of the money in private for exportation. For remedying this mischief it may be perhaps better on the contrary to prohibit the exportation of Bullion & and license that of money, & whenever the money is in danger to license the exportation of so much money only as shall from time to time be coyned out of forreign Bullion.

The saftey & encrease of the coyn 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, & if the ballance of trade be for us such laws are needless and 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 wch end luxury in forreign commodities should be checkt & the exportation of our own commodities encouraged. 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 goods 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 the 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 Merchants & people will value their goods by the old money already coyned in wch thay are to be paid, & 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 dicouragement 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 and only to alter the allay, we are humbly of the opinion, that if small money which by continual use weares 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 then the small money now in use. By small money we understand Groats, Three pences, Two pences & pence, unless the penny by reason of its smallness should be made of copper.

Source: Scott, ed., 1967, no. 650, pp. 388-391, esp. 388-390, from the original, in Newton's hand, in the PRO T 1/80, no. 105. See also Shaw, ed., 1896, pp. 153-157.