

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

1705

Excerpt from John Law's famous tract *Money and trade considered*, which puts forward an argument in support of a paper currency based on reserves in land rather than precious metal. In this brief excerpt, Law argues that silver is superior to gold and copper as a medium for commercial exchange, effectively dispensing with these metals before moving on to direct his proposal for a land-based paper currency against silver. The recommendations of Law were put into effect in France in the early eighteenth century, though with disastrous results.

[...] Gold and Copper may be made Money, but neither with so much Convenience as Silver. Payments in Copper being Inconvenient by reason of its Bulk; and Gold not being in so great Quantity as to serve the Use of Money. In Countries where Gold is in great Quantity, it is used as Money; and where Gold and Silver are scarce, Copper is used.

Gold is Coin'd for the more easie Exchange of that Mettal, and Copper to serve in small Payments; But Silver is the measure by which Goods are Valued, the Value by which Goods are Exchanged, and in which Contracts are made payable.

Source: Law, 1966, p. 11.