ounce of bullion; and the price of the silver bullion would accordingly be five shillings and three pence per ounce.

This not only shews, that having a fresh supply of good standard-money would reduce the price of bullion; but also the inefficacy and futility of the proposal for diminishing the standard, in order to lower its price.

If the variations in price, between bullion and coin, is merely owing to the good or bad state of the current coin, as Mr. Locke seems to think, we can form no speculation from this variation or difference; but to make it a measure, to know *how good* or *how bad* it is [f]; and if we find it very bad, or, in other words, if we find bullion very high in price, *government must begin to coin, notwithstanding all the accumulated losses attending thereon, in order to make the price of bullion fall.*

For should the balance of trade, or other circumstances, create a greater plenty of bullion in this country, the price of it would never fall so low, while our money continued in its present bad state, as to en-

[f] Vide pag. 112 of Mr. Locke's 4to edit. vol. ii. 1768.

courage

courage private perſons to coin; unleſs, indeed, the plenty was ſo very great, above the demands for other purpoſes, as to oblige the proprietors of the bullion to ſend it to the mint to be coined, rather than let it lie by them as uſeleſs and unſaleable merchandize. But as we have no hopes of ſeeing that happen, ſuch circumſtances will probably never remove the evil in our time; and the remedy muſt be found in government only, who muſt call in the preſent bad money, and ſuſtain the loſs, however great it may be, of coining new.

The longer a new coinage is poſtponed, the greater the loſs muſt be to government, when it ſhall become abſolutely neceſſary; for if there be no freſh ſupplies, the coin will be daily growing worſe; and, upon the above principle, the price of bullion, of courſe, will be daily growing higher: but this circumſtance may not be attended to at preſent; for we are willing to put off the evil day as long as we can; hoping this neceſſity will not happen in our time.

Before the new coinage was carried on in king William's time, it appears, by Mr. Lowndes's

Lowndes's report, that ſilver was ſix ſhillings and five pence an ounce: and I think it is not improbable, that it may riſe in time to the ſame price again, if a new coinage is not undertaken.

It appears to me, that the wear and tear of coins, is a loſs that government ought to ſuſtain; as it cannot be ſuppoſed, that individuals will be at the expence of coining when bullion is above mint price.

The loſs on the coinage of ſilver at that time was one ſhilling and three pence per ounce, or twenty-five per cent. excluſive of the expence of coinage; the loſs at preſent would be about ſix per cent.

One hundred thouſand pounds, appropriated to this ſervice, would anſwer the loſs upon coining of nearly two millions of ſilver money; even upon a ſuppoſition that the price of bullion would remain the ſame during the whole time of the new coinage. But, if Mr. Locke's principle is right, as the new money would be daily iſſuing from the mint, *the price of bullion would fall*, in proportion to the quantity of good new money in circulation; till at laſt it would

fall

fall to its natural price of five ſhillings and three pence; and then the loſs would not be above one third ſo much.

It is not my intention, in this enquiry, to point out a mode for the mint to purſue, in iſſuing the new money; but I ſhould think it might be ſo diſperſed, as to render it extremely difficult, I may ſay impoſſible, to collect it immediately; and this precaution would be only neceſſary at firſt, till it became univerſal in payments; for as ſilver bullion would then fall in price, the temptation of profits by collecting, would no longer exiſt.

CHAP. VII.

Mr. Harris's Arguments, ſhewing the Propriety of making gold and ſilver Coins correſpond with their reſpective Value as Bullion.

IN the two laſt chapters I endeavoured to give the reader a ſhort view of Mr. Locke's ſentiments on the ſubject. In like manner I propoſe in this to ſhew, wherein Mr Harris differs from, or rather improves upon, Mr. *Locke's* principles.

At firſt view it may appear extraordinary, that in other countries, particularly in France, the plenty of ſilver money is ſo great, that in large payments it becomes troubleſome; while in England there is ſo great a ſcarcity, that we find a difficulty in even changing a guinea: but at the ſame time, gold coin is almoſt as difficult to be obtained in France, as ſilver money is here.

The reaſon of this difference of circumſtances between the two countries, I apprehend to be, that the currency of the gold coin in England is fixed above its intrinſic value, in reſpect to the ſtandard ſilver money; and that the currency of the gold coins in France is fixed below its intrinſic value, in reſpect to their ſilver money: or, in other words, it is more advantageous to coin ſilver money in France than gold coin, compared with its currency and price of bullion at their market; and in England juſt the reverſe.

Now that current coin will be always the moſt plentiful in a country, which is of the leaſt intrinſic value; for the coinage thereof can be carried on with the leaſt expence; and the temptation to melt or export it will be leſs, in the ſame proportion.

When I ſpeak of the currency of our gold coins being too high, I mean it merely in reſpect to the currency of the ſilver money; that is, the pound or ounce of ſilver is the ſtandard or meaſure of all property; and

and the pound ſterling will buy at market more gold than ſilver bullion, in proportion to their currency when coined.

Hence it is that we loſe five per cent. and upwards on the coinage of our ſilver money, and not above three per cent. on the coinage of the gold coin.

Now though we do not loſe ſo much on the coinage of gold as upon the ſilver; yet it appears by the aforegoing table[g], that we loſe near three per cent. upon the guineas, &c. now coined; and at firſt ſight it may appear unaccountable how the coinage of gold is carried on at preſent at ſo great a certain loſs: but this is owing to the bank of England being obliged to coin gold every year, in order to anſwer the circulation of their bills; therefore they are conſtantly buying great quantities of bullion for that purpoſe; the payments for which are made in their paper money: They might alſo coin ſilver money in the ſame manner; but they naturally prefer the coining of gold, becauſe the loſs is leſs than upon the coinage of ſilver.

[g] Page 6 and 7.

 The

The Eaſt-India company have for many years eagerly bought up the greateſt part of the ſilver bullion that is brought hither, in order to ſend to Aſia; where ſilver is proportionably more valued than gold is here. And ſince their territorial dominions have produced them ſuch large revenues, I am informed, individuals have ſent gold bullion from thence into this country, by way of remittances.

But to return to the comparative ſcarcity or plenty of gold and ſilver coins in Europe. If the current value of the gold coins, in reſpect to the ſilver money, was leſſened ſo much as to make the loſs on the coinage of gold greater than the ſilver, we ſhould be, as the French now are, burthened by receiving large payments in ſilver money.

It has been ſhewn in the aforegoing table [h], that our gold coins in currency are made in reſpect to our ſilver coins, as 15 to 1 nearly; but the price of the two metals, as bullion, at market, is as $14\frac{1}{2}$ to 1. Therefore the gold coins are overrated, compared with the ſtandard ſilver-money, about eight pence in the pound ſterling. But ſuppoſe the guinea ſhould

[h] Page 6, 7, 8.

be made to be current for twenty ſhillings only, inſtead of twenty-one ſhillings (which is only four pence leſs than it ought to go for); we ſhould then find the bank and others pour in ſilver to the mint, inſtead of gold: and then probably we ſhould ſoon be obliged to hire porters, as the French now do, to carry home five hundred pounds from a banker's; but if the guinea was to run for twenty ſhillings and four pence, it would make the loſs on coinage, while the comparative value of gold and ſilver bullion remained as it does, to be nearly equal.

It appears, by Mr. Lowndes's report to the Lords of the treaſury, that the mint indentures [i] in James the Firſt's time, and for many reigns preceding, made the current value of the gold coins, in reſpect to the ſilver, no more than as 12 to 1. The indenture made in Charles the Second's time fixed it nearly the ſame as it is at

[i] Indent. 2 Jac. I. a pound weight of gold was coined into thirty-ſeven pounds four ſhillings by tale. A pound weight of ſilver was coined into ſixty-two ſhillings; and for many ages before that time the ſame ratio had been obſerved in the mint indentures.

present: and I ſhould apprehend, that this variation, during the times of James I. and Charles II. might very probably be owing to the great flux of ſilver brought from the Weſt-Indies after the diſcovery of America; which rendered it of leſs value, compared with gold, than it formerly had been.

As the comparative value of gold to ſilver may fluctuate by a variation of circumſtances, it ſeems reaſonable to ſuppoſe, that regard ſhould be paid to theſe variations, upon any new eſtabliſhment of the coinage at the mint.

The conſequences of not paying that regard, at preſent, I will endeavour to make appear.

Mr. Locke, as has been before ſhewn, made the ſuppoſition, that ſilver money was to be paid in the purchaſe of ſilver bullion; and I have hitherto ſuppoſed that to be a fact, in order to illuſtrate his ſentiments; and his arguments ſeem concluſive, if that appeared to be the caſe. But it is well known, that, in all purchaſes of bullion to any conſiderable amount, the payments are made in gold coin: and, though the

the ſilver money is allowed, in general, to be very bad, yet the gold coin is, in general, good, and of full weight; if not, it is refuſed in payment.

Though the gold coin be good, in reſpect to its ſtandard; yet when it is conſidered, that its ſtandard is not of equal intrinſic value with the ſtandard ſilver money, comparatively with the price of bullion, and the currency of each metal; the ſeller of the bullion, in his calculations of profit, conſiders that the payment will be made in gold coin, and not in good ſtandard ſilver money; therefore he puts a greater price on his bullion, to make up the deficiency, on account of his receiving the payment in gold coin.

It is true, that acts of parliament have ſaid, that a guinea ſhall paſs in all payments for twenty-one ſhillings; and, in the general inland trade, it paſſes for ſo much accordingly; but the ſilverſmith, or dealer in bullion, cannot be prevailed upon, notwithſtanding theſe acts, to part with his ſilver bullion on ſuch a ſuppoſition.

He confiders, the purchafer wants, for inftance, one thoufand ounces of filver bullion; which he values at five fhillings and five pence per ounce; and if he was fure his cuftomer would pay him in good ftandard filver money (five fhillings and two pence of which would weigh an ounce) he could afford to fell the bullion at five fhillings and three pence, and have his reafonable profit of one penny per ounce; but, as he is very fure he will either be paid in the prefent bad filver money, or in gold coin, he cannot afford it under five fhillings and five pence; for it has been before obferved, that the intrinfic value of twenty one fhillings, paid by a guinea, is not of equal intrinfic value as if paid in good ftandard filver money, by about eight pence in the pound fterling; and this makes the difference about two pence per ounce: confequently it muft be nearly the fame to the filverfmith, whether he receives in payment the prefent bad filver money, or in the good ftandard gold coins. Therefore he will not fell it at lefs than five fhillings and five pence per ounce.

But,

But, as this matter may not perhaps be clearly ſeen at firſt view, give me leave further to demonſtrate it.

Three hundred and eighty-ſeven ounces ſix pennyweights of ſilver bullion, ſold at five ſhillings and five pence per ounce, amounts to one hundred and five pounds.

Now if this ſum was paid in ſilver, that is, in two thouſand one hundred good ſtandard ſhillings, they would weigh four hundred and ſix ounces ſixteen pennyweights; and this, calculated at five ſhillings and five pence per ounce, would be worth, when melted down, *one hundred and ten pounds two ſhillings and ten pence*; and would make a gain to the ſeller of the bullion of *five pounds two ſhillings and ten pence*; that is, five times more than the reaſonable profits ought to be.

But, as the ſilverſmith does not expect to be paid in good ſtandard ſilver money, he calculates his profits on a ſuppoſition that the payment is made in good gold coin; which is as follows:

He receives one hundred guineas for the above bullion, which guineas are equal in currency

currency to *one hundred and five pounds*, the price he demands; weighing twenty-six ounces and ten carrats; consequently, if melted or exported, will fetch as bullion, according to its present price at market of three pounds nineteen shillings and six pence per ounce, the sum of *one hundred and seven pounds four shillings and six pence*; therefore he gains on the transaction two pounds four shillings and six pence, and no more.

The aforegoing calculations, I apprehend, will clearly shew, that if a new coinage of silver money, upon the old standard, should be undertaken, a new regulation should at the same time be made, respecting the current value of the gold coins; in order that their intrinsic value should be made, as nearly equal as possible to the intrinsic value of the silver money.

For although the silver monies were made by a new coinage equal to standard; yet, if the gold coins are not reduced in their current value; dealers in bullion will continue to make their calculations upon the

the old ſuppoſition, that the payments will be made in gold; and of conſequence, ſilver bullion will not fall ſo low as it ought to do; and that juſt equilibrium ſo earneſtly to be wiſhed between money and bullion would ſtill be deſtroyed.

CHAP.

CHAP. VIII.

What Effects the Plan proposed by Mr. Harris might have at home or abroad.

AS it has been made appear, that it is abſolutely neceſſary to leſſen the current value of the gold coins, and make them bear a juſt proportion to ſtandard ſilver money, before we can expect ſilver bullion to fall to mint-price: I will now endeavour to conſider its conſequences in other reſpects; and firſt, with regard to our connexions with foreign countries, in matters of trade.

It has been already ſuppoſed, that 20 ſtandard Engliſh ſhillings are equal in value to 36 Dutch ſkillings; but, as there is ſo ſmall a quantity of good ſtandard ſilver coin now current, very few can be collected to pay the yearly balance due to the Dutch; therefore

therefore the comparative value between their ſilver coin and ours is in a great meaſure ideal; and gold and ſilver bullion, or gold coins, are exported in lieu thereof. But, for argument ſake, we will ſuppoſe that there is no bullion exported from hence thither, and that the balance is paid in guineas, which, I believe, for the moſt part is the caſe at preſent, and the reaſon of which I ſhall ſhew hereafter.

One guinea, paſſing for 21 ſhillings here, is equal in value, provided the Dutch were governed by our valuation of the reſpective coins, to $37\frac{3}{4}$ Dutch ſkillings, becauſe 21 ſhillings are worth ſo many ſkillings: but as gold coins are not the ſtandard money of any nation, the value of them can only be meaſured by the price of gold bullion at their market. Otherwiſe, ſuppoſe a guinea ſhould paſs, as currency in England, for 22 ſhillings, which is equal to $39\frac{1}{2}$ Dutch ſkillings, then they would be allowed of that value by the Dutch in all payments; and this advancement of its current value would create a gain to us of one ſhilling, or $1\frac{3}{4}$ Dutch ſkillings, on every guinea exported thither. So, upon the

the ſame principle, if they were to paſs here only for 20 ſhillings, we ſhould be loſers one ſhilling upon every guinea ſent thither more than we do at preſent.

But this will not happen in either caſe; for, let whatever variations happen here, with regard to the nominal or current value of the guinea, foreigners would ſtill eſtimate them according to their intrinſic value as bullion.

Yet it would be in ſome meaſure different with reſpect to the guinea at home, if they were decreaſed in their current value ſix pence or eight pence apiece: eſpecially if at the ſame time there was no new coinage of ſilver according to the old ſtandard; for then the merchants would obtain the guineas about three per cent. cheaper than they do at preſent; and as they could get the ſame price for them abroad as they do now, the ſending our guineas away would be the moſt lucrative trade they could carry on; this would preſently produce as great a ſcarcity of gold coins, as we now find of ſilver money.

But if there was a new coinage of ſilver money on the old ſtandard carried on at the ſame time that this regulation was made, there could be no preference given to either coin in exportation; unleſs, that the gold, being leſs bulky, would be therefore more eaſily and ſecretly conveyed away.

By leſſening the current value of the gold coins as is hereby propoſed, at firſt view it may appear, that the loſs upon the coinage of gold would then be equally great as it is now upon the ſilver; but, if the aforegoing arguments are attended to, it will plainly appear, that gold bullion, as well as ſilver bullion, as both are paid for in gold coins, muſt fall in price in proportion to the decreaſed current value of the gold coins; or, in other words, in proportion to its increaſed intrinſic value, compared with currency; for the dealers in bullion will receive more guineas in every payment by $3\frac{1}{4}$ per cent. than they do now.

Yet the leſſening the current value of the gold coins might not be entirely free from objections; for the preſent holders of any conſiderable quantity of guineas would immediately ſay, that they had received theſe guineas for twenty-one ſhillings, upon

upon the faith of an act of parliament; but, by this regulation, they could pass them away for no more than twenty shillings and four pence.

However, I think, if there was a new coinage of silver, according to the old standard, this would be rather cavilling than argument; for although they would receive no more than twenty shillings and four pence, yet they would receive its intrinsic value, in exchange for silver money; and even as much intrinsically as they do at present, when changed into the *present bad* silver money: and this will have still greater weight, when it is considered, that silver money is *the measure of all property*; *for that act of parliament* could never be intended to be *perpetual*; in case the comparative values of gold and silver should *very much vary*.

After all, if this objection should appear of sufficient weight, I am far from thinking it impossible to point out some mode to indemnify these holders of guineas for the losses they may hereby sustain.

PART III.

General Obſervations on the Whole.

I Underſtand, that the preſent officers of the mint continue to adopt the opinion of Mr. Harris, namely, that lowering the current value of the *gold coins* will be a means of carrying on a new coinage of *ſilver money* at the mint, at no greater loſs than at preſent is ſuſtained on the coinage of *gold*; and this opinion appears to be well-founded: however, neither they nor Mr. Harris ſuppoſe this regulation would reach ſo far as I would wiſh it to extend; for *gold coins* are, and have been for ſome time, current for leſs than their real value as bullion: the deſideratum is, to ſhew how coin and bullion may be reduced to that juſt equilibrium.

In order to illuſtrate my future arguments, I will ſuppoſe, that government ſhould think proper to change the ſtandard from *ſilver* to *gold*. In that caſe, care ſhould be taken that the intrinſic value of the new gold ſtandard ſhould (according to Mr. Locke's and Mr. Harris's principle) bear an exact proportion to the intrinſic value of the old ſilver ſtandard. If of more value, the coinage would be ſtopped; if of leſs, individuals, and the nation in general, would be injured, in the ſame manner as if the ſilver ſtandard was diminiſhed.

Therefore the piece of gold coined as ſtandard-money, repreſenting and paſſing for a pound ſterling, ſhould contain as much intrinſic worth as the preſent ſilver ſtandard pound ſterling; but the guinea at preſent is of leſs intrinſic worth than the twenty-one ſhillings it paſſes for, by eight pence in every guinea.

Conſequently, if gold was made the ſtandard, the guinea ought not in juſtice to go for more than one pound and four pence of the old money; or perhaps rather, in coining of new gold coin, four pennyworth of gold ſhould be taken from the

the weight of the new guineas to be coined, and (after that deduction) let the guinea paſs for one pound ſterling.

But then it may be ſaid, that the loſs upon the coining of the new gold ſtandard money would be upwards of three per cent. more than it is at preſent; there is already a loſs of conſiderably above two per cent. The bank of England ſay, their loſs upon average is three per cent. upon the guineas they now coin. Therefore if bullion did not fall in price, in conſequence of this increaſed intrinſic value of the gold coin, compared with its currency, the loſs upon the coinage thereof would be about $5\frac{1}{2}$ per cent. and equal to the preſent loſs upon the coinage of ſilver money.

That the price of bullion would fall, in ſome meaſure, on ſuch an event, is moſt probable; but whether it would fall to *mint-price*, is very doubtful; nay, if the proceedings of future times may be allowed to be meaſured by the preſent, it can be demonſtrated that it certainly *will not*, unleſs further regulations are made.

For the dealers in bullion will not at present let you have it at the rate the gold coin is intrinsically worth, by more than twice the difference we ought to estimate the inconveniences arising from coin not being free for exportation.

It has been already observed, that the payment for bullion purchased here is almost always made in gold coin, and not silver; and though there may be many bad guineas in circulation, yet it is through inattention if any one receives such as are not good, and of full weight; as bad ones may always be refused, and good ones demanded in lieu thereof. And, indeed, I may venture to say, that they are as near standard-value as the current coin of any nation in Europe; and this may be reasonably supposed, when it appears, by the aforegoing tables[k], that during this present reign, we have coined gold to the amount of upwards of eight hundred thousand pounds a year.

Now the present price of gold bullion, we will say, is 3*l.* 19*s.* 6*d.* per oz. though I believe it is somewhat higher; if so, my argument is still the stronger.

[k] See page 2, 3.

I want

I want 26 ounces 10 carrats of ſtandard gold, for which I am obliged to give the dealer 3*l.* 19*s.* 6*d.* per oz. this amounts to 105*l.* ſterling, or one hundred guineas: the dealer inſiſts upon every one of them being good and of full weight; theſe guineas, when melted down or exported abroad, will ſell as bullion, according to the above price of 3*l.* 19*s.* 6*d.* per oz. for 107*l.* 4*s.* 6*d.* ſo that by this tranſaction he gets about 2¼ per. cent.

It will appear, by a like calculation, that the profits on the ſale of *ſilver bullion, when paid in gold coin*, is very nearly the ſame to the melter or exporter, as upon the *gold bullion*; that is, about 2¼ per cent[1]. provided ſilver is no more than 5*s.* 5*d.* per ounce; if higher, the profits, of courſe, will be greater.

Now the difference between ſilver bullion and coin has been allowed to be 1 per cent. and no more, owing to the exportation being prohibited: the difference cannot be *greater* between the gold bullion and gold coin; I ſhould rather think *leſs*, by reaſon of its being leſs bulky, and conſequently more ſecretly and eaſily conveyed

[1] See page 106.

 away;

away; but, allowing it to be the ſame, the difference is ſtill greater than it ought to be, by 1¼ per cent. Yet if the prohibition ſhould be eſtimated at more, and found to be the *ſole cauſe* of the preſent difference between gold coin and gold bullion, I ſhould think it well deſerves conſideration, whether that prohibition ought not to be taken off. In order to bring them to a level, as melters and exporters will carry on their trade while this præmium remains to them, and the only way of preventing it in future, that I know of, is, *removing the temptation*; a more effectual check than the ſevereſt puniſhments the law can inflict.

If the preſent unphiloſophical difference (if I may ſo call it) between *gold bullion* and *gold coin* be owing *to the natural courſe of trade*, how are we to expect a new coinage of *ſilver money* on the old ſtandard to operate in a different manner in reſpect to the *ſilver bullion*? If it is owing to the artifice of merchants, how does a new coinage (making either gold or ſilver the ſtandard) fix bounds to their avarice? As the preſent difference is 2¼ per cent. upon the gold coins, inſtead of 1 per cent. why ſhould it not, in time,

time, riſe to 3, 4, or 5 per cent. from the ſame cauſes? Further, provided it is owing to the artifice of trade, it by no means follows, if the current value of the guinea was made *leſs*, or the intrinſic value *greater*, in proportion to its currency, as propoſed by Mr. Harris, that gold bullion would be nearer to mint-price than at preſent.

Theſe are arguments, not only againſt changing the ſtandard from ſilver to gold, but alſo coining new ſilver money on the old ſtandard, until the cauſe of this ſeeming unnatural difference between the price of coin and bullion be diſcovered. To point out this cauſe, is the object of my preſent enquiry.

With regard to importers of bullion, it is obviouſly their intereſt to get as much for it as they can: on the other hand, the merchants who buy it to ſend abroad to pay their balances, and the manufacturers who want it in their various trades, endeavour to get it as cheap as poſſible: theſe contending intereſts, it may be ſuppoſed, would keep it at its due equilibrium; but our preſent ſituation with regard to gold bullion is very peculiar: for inſtance, We are beholden entirely to the bank of England for the present degree of plenty of good gold coin, as has been ſet forth in the aforegoing tables; they are obliged, when in want of ſpecie, to coin, to anſwer their demand in the payment of bills; and, excluſive of their yearly ſupply, we might ſoon be in near as great want of guineas, as we are now of ſhillings; for nobody elſe will coin at the mint, while there is a loſs of 3 per cent.

But, this unnatural or unphiloſophical difference being once eſtabliſhed, the ſeries of events ariſing therefrom run in a circle, like the old adage in the Almanack.

The dearneſs of bullion cauſes the guineas to be exported in preference, in the payment of balances of foreign trade.

The exportation, of courſe, cauſes a ſcarcity of them, and obliges the bank of England to buy up an additional quantity of bullion, in order to ſupply the deficiency.

And theſe their conſtant purchaſes continue to keep up the price of bullion; which is not only a grievance on account of the coinage, but makes alſo our manufactures of gold and ſilver ſo much the dearer,

dearer, and of courſe is a tax upon every conſumer of goods, where the price of bullion is in any wiſe concerned.

In order to ſet forth my reaſons for doubting the truth of Mr. Locke's principles, I muſt remind the reader that he ſays, *that the cauſe of the high or low price of bullion is merely owing to the current coin being more or leſs near to ſtandard value:* it then follows,

That, however advantageous the balance of trade may be to us, *bullion cannot be cheaper during the preſent bad ſtate of our coin:* conſequently, we ſhould then find no fluctuations in the price of ſilver bullion, backwards and forwards, and only a gradual riſing, in proportion as the coin gradually grew worſe; but Caſtaign's paper will ſhew that not to be the caſe.

Further, as the gold coin is in general good, there could be no reaſonable pretence, at preſent, for raiſing gold bullion more than 1 per cent. above mint-price; yet it has been made appear, that at preſent it is above 2 per cent.

This extraordinary price of bullion is either owing to the natural courſe of trade, or it is owing to a monopoly; *viz.* by being kept

kept up at an unfair price, by the holders thereof: in either caſe, the reaſonings of Mr. Locke and Mr. Harris ſeem to be totally deſtroyed.

As I have mentioned the word monopoly, it may be neceſſary to examine, whether this difference ariſes from the fair courſe of trade, or from a Monopoly among the importers and dealers. If ſuch a combination does exiſt in this country,

Quid juvat immenſum te argenti pondus et auri?

In vain may the balance of trade ſend home ſhips fraught with gold and ſilver bullion, if this Leviathan ſwallows it up ere it comes on ſhore. Unleſs laws are enacted to reſtrain his inſatiable appetite, the manufacturers muſt pay for it at an exorbitant price, and the mint muſt be ſtarved.

As no man holds the underſtanding of Mr. Locke in higher veneration than I do, I was very willing to ſuppoſe that this difference between bullion and coin was owing to the chicanery of trade, rather than allow that Mr. Locke reaſoned falſely.

But, upon examining more nicely into the nature of that trade, I found no foundation

dation for ſuch a charge upon the importers; and, that the reader may equally judge of that matter, I will here inſert a calculation of the price of ſilver at preſent at Cadiz, according to the preſent price of exchange, as put down in Caſtaign's paper; together with the charges thereon in bringing hither, and the gains upon the ſale at this market; the calculation is made from an original invoice, and bill of ſales, communicated to me by a merchant in London. I have alſo inſerted a calculation I have made of the profits of the Dutch merchant, in bringing ſilver from Cadiz to Amſterdam; by which the reader will find their profits to be nearly equal. Alſo a calculation of the profits of importing gold bullion from Liſbon.

Calculation

Calculation of the Profits of importing Silver Bullion from Cadiz, according to the Price of Exchange, and the Price of Bullion, from Jan. 1, to July 1, 1771.

Taken from Caftaign's paper.		Exchange between London and Cadiz.		Price of Silver Bullion.	
1771.		pence		s.	d.
Jan. 1.	——	39	per pefo	5	6
Feb. 5.	——	39	——	5	6
Mar. 1.	——	39⅛	——	5	6¼
April 2.	——	39½	——	5	6¼
May 3.	——	39⅝	——	5	6
June 4.	——	Ditto	——	5	6
July 1.	——	39¾	——	5	5¾
		275⅝		38	6¼
	Average	39⅜	——	5	6

The Pefo is equal to 8 Reals, or 272 Maravadies.

The Hard Dollar, or Piece of Eight, fuch as is imported here from Cadiz, paffes for 10⅝ Rials, or 360¼ Maravadies.

1000 Pieces of Eight, weighing 867 ounces Englifh, render profit, according to the prefent price of exchange, as follows:

1000 Pieces

1000 Pieces of Eight at Cadiz are equal, at $10\frac{5}{8}$ Rials Plate per piece, to		R. 10,625.
Charges of shipping, &c. at Cadiz.		
Bags and carrying aboard,	$6.\frac{1}{4}$	
Duty 3 per cent. ——	318.6	
Postage of letters ——	22.	
		347.
		R. 10,972.

10,972 Rials Plate, make 1371,4. current Pesos, which, at the Exchange of $39\frac{1}{2}$, make $54,154\frac{1}{2}$ pence, or £. 225 12 $10\frac{1}{2}$ sterling.

Sale in London.

867 ounces of Silver, at 5*s.* 6*d.* or 66*d.* is			57,222 pence.
Freight, 1 per cent.	572 pence		
Landing ——	48		
Portage ——	69		
		Deduct	689
Nett produce £. 235 11 1		or	56,533 pence.
Cost as above 225 12 $10\frac{1}{2}$			
Nett profit 9 18 $2\frac{1}{2}$		or about $4\frac{1}{2}$ per cent.	

But then it is to be observed, that the commission at Cadiz is not charged, which is 2 per cent. *which reduces the gain of the English merchant to $2\frac{1}{2}$ per cent.* It is also further to be observed, that if the money to pay for the Dollars be remitted from hence, the interest of that money, for at least three months, must be calculated. If the correspondent draws for the money from Cadiz on London, the exchange will be higher by about 1 per cent. which will make the gains little or nothing.

Calculation

Calculation of the Profits of importing Silver Bullion to Amsterdam from Cadiz, according to the Price of Exchange, and the Price of Bullion, between Cadiz and Amsterdam, in March last.

The Spanish Ducat is equal to 375 Maravadies.

As the Ducat estimated at 375 Maravadies is valued at the present price of exchange from Cadiz to Amsterdam at $94\frac{1}{2}$ Groots Dutch; so the Piece of Eight, passing for 340 Maravadies, costs the Dutch merchant in Cadiz $85\frac{1}{2}$ Groots bank*.

1000 Pieces of Eight weigh, upon average, about 876 Dutch ounces, or 109 marcs 4 ounces; and cost in Cadiz, at the above rate of exchange, of $85\frac{1}{2}$ Groots per Piece of Eight, 85,500 Groots, or 2138 Florins 1 Sol. Bank.

The present price for Spanish Dollars at Amsterdam, is F. 22.8. bank per marc. therefore the above 876 ounces, or 109 marc. 4 oz. of silver, will fetch,

* One skilling Dutch is 12 Gros, or 6 Sols; 1 Florin Dutch is 20 Sols; 1 Sol is 8 Dutes, or 16 Derniers.

when

	Florins.
when carried thither, ——	2452.16.bank.
The price of the 1000 Dollars at Cadiz is, as above, —— ——	2138. 1.bank.
Difference between the price at Cadiz and the price at Amsterdam, or about $12\frac{3}{4}$ per cent.	F. 314.15.bank;

Deduct for freight, duty, commission, and other charges, as in page 125, 7 per cent. There remains $5\frac{3}{4}$ *per cent. the nett profits.*

N. B. The same observation, as above-mentioned, holds good, concerning the difference of *remitting* and *drawing*, in respect to Cadiz and Amsterdam.

If these Dollars, sold in Amsterdam at F. 2452.16. bank, should be thought proper to be bought by the English merchant to be sent to England, Exchange being at $34\frac{1}{2}$ to Amsterdam, they would stand him in	£. 236 19 $8\frac{1}{2}$
Sale in London produces, as in page 125, at 5*s.* 6*d.* per oz. —— ——	235 11 1
Therefore the loss upon importing silver hither from Holland, exclusive of the payment of commission, freight, insurance, and other charges, and loss on the interest of money,	1 8 $7\frac{1}{2}$

And the gain, of course, on sending it to Holland from hence, is equal to the loss on bringing it from Holland hither; but that gain is not sufficient to tempt the exportation

exportation of bullion to Holland; unless the exporter can procure good standard silver money; which stands him in 6 per cent. less.

Hence it will appear, that the prices of bullion in Holland and England are nearly the same, allowing for the difference of exchange; and, indeed, they must be so, while such numbers of people are constantly upon the watch, to lay hold of any advantage that may be made by sending it backwards and forwards. And it will also plainly appear, by the aforegoing calculations, that if there is any ground for a charge of monopoly, or that bullion is kept up at an unfair price by the holders thereof, that charge lies much stronger against the Dutch merchant than the English merchant, as the former gains $5\frac{3}{4}$ per cent. by the importation from Cadiz, and the latter only $2\frac{1}{4}$ per cent. But I do not apprehend, that there is a monopoly in either case; for the greater profits of the Dutch merchant arise merely from exchanges with Cadiz being more in favour of Holland than England; and the apparent dearness of bullion in Holland, compared with the price in England, as above, is merely owing to exchange being *against us* in favour of Holland.

Calculation

Calculation of the Profits of importing Gold Bullion from Lisbon in the Course of the present Year.

1000 PP's at R. 6. 400.	——	R. 6400 000
Pms. paid at Lisbon ½ per cent.	——	32 060
Comm. ½ per cent.	——	32 060
Brok. on the Dra. ⅛ per cent.	——	8 080
		R. 6472 200

1000 PPs. at 36 *s.* ——	£. 1800	0	0
Deduct land carriage, ¼ per cent.	4	10	0
	£. 1795	10	0
Advance by weights, ——	33	7	6
	£. 1828	17	6
R. 6472 200, drawn at Pence. 66⅝ Rees. per 1000,	1796	14	5
Profit,	£. 32	3	1

But the exchange to Lisbon in June or July, 1771, when I made the above calculations, was, according to Castaign's paper, 66⅛, which makes the cost of gold in Lisbon only £. 1783.

Produce in London, as above,	£. 1828	17	6
Cost of gold in Lisbon, as above,	1783	0	0
	£. 45	17	6

Or upwards of 2½ per cent.

N. B. The above invoice and bills of sales, was on a transaction of about 10 years ago; but I am informed,

 that

that the Portugueſe, at this time, are too well apprized of the difference of the weights of their coin, to ſuffer the foreign merchant to make the advantages on the overweight of the coin exported, as formerly. I am not ſufficiently converſant with the minutiæ of the preſent trade, to aſcertain how far this may be a fact. But provided they are only of equal weight and fineneſs to 36 ſhillings of our gold coins of mint-ſtandard, the profit on melting them down (which may be legally done) is $2\frac{1}{4}$ per cent. as hath been before ſhewn, more than if they paſſed as current money for 36 ſhillings, provided gold bullion be 3*l.* 19*s.* 6*d.* per oz. therefore in that caſe the profits of importing gold bullion from Liſbon, calculated at the preſent price of exchange, I apprehend to be between 2 and 3 per cent. This ſuperior advantage in melting down the Portugal pieces, as ſoon as they come hither, rather than paſſing them away as current money, ſufficiently accounts for the ſmall quantity of Portugal coin now in circulation in this kingdom.

I might here alſo trace the gold bullion from Liſbon to Amſterdam, and from thence to London, in like manner as I have the ſilver bullion from Cadiz; but as I would not burthen the reader with more calculations than are neceſſary, I referr this ſpeculation to ſuch gentlemen as may chuſe to purſue it. Thoſe which are already inſerted, I think, muſt be ſufficient to prove the non-exiſtence of a monopoly of of bullion in this country; and that the prefent price thereof, *is owing to the fair courfe of trade*.

And in order to make it appear that the price of bullion, at this market, hath, for many years paft, been regulated and governed by the price of exchange from Cadiz; I will put down the price of exchange between London and Cadiz, the firft of January and the firft of July every year for thefe laft twenty-feven years; and alfo the price of filver at this market during that period. And in like manner alfo, ftate the prices of exchanges between London and Lifbon, and the price of gold bullion at this market, during the above period of time, as fet forth in Caftaign's paper.

Table of Exchanges between London and Cadiz, and the price of Silver Bullion at the London Market every six Months, from the Year 1742 to 1770. extracted from Castaign's Papers.

		Price of exchange between Cadiz and London.		Price of Pieces of Eight per oz. at the London market.
				s. d.
1770. Jan.	pence	39½	per oz.	5 6¼
July	—	39½	—	5 6¼
1769. Jan.	—	39⅜	—	5 7
July	—	39½	—	5 5¾
1768. Jan.	—	39⅜	—	5 4
July	—	39⅛	—	5 4⅛
1767. Jan.	—	39½	—	5 5⅛
July	—	40	—	5 5
1766. Jan.	—	40	—	5 4¾
July	—	39¾	—	5 5½
1765. Jan.	—	38¾	—	5 2½ à ¾
July	—	38⅞	—	5 3⅛
1764. Jan.	—	38⅜	—	5 3
July	—	37⅞	—	5 2⅛

1763. Jan.

		Price of Exchange between Cadiz and London.	Price of Pieces of Eight per oz. at the London market. s. d.
1763.	Jan.	40	5 4¾
	July	39⅝	5 5¼
1762.	Jan.	38⅜ à ½	5 5⅛
	July	39⅝	5 5
1761.	Jan.	39½	5 7¾
	July	39⅞	5 8
1760.	Jan.	38⅜	5 5½
	July	39½	5 5¼
1759.	Jan.	40½	5 7
	July	39⅞	5 7¾
1758.	Jan.	38⅞	5 4¾
	July	40	5 7¼
1757.	Jan.	37¾	5 2¼
	July	38⅛	5 4½
1756.	Jan.	38⅛	5 3⅞
	July	38	5 3½
1755.	Jan.	39¾	5 4¼
	July	39	5 3⅜
1754.	Jan.	39⅞	5 6
	July	39¾	5 4½
1753.	Jan.	40⅝	5 5¾
	July	40½	5 5⅞
1752.	Jan.	39⅝	5 4¾
	July	39½	5 5⅛
1751.	Jan.	39	5 5½
	July	39	5 3¾
1750.	Jan.	39¼	5 4
	July	38¼	5 4
1749.	Jan.	39¾	5 5 á 5 4¾
	July	38¼	5 3¾

		Price of exchange between Cadiz and London.		Price of Pieces of Eight per oz. at the London market.
				s. d.
1748. Jan.	—	no price	—	5 4
July	—	$39\frac{1}{4}$	—	5 $4\frac{1}{8}$
1747. Jan.	—	$38\frac{1}{2}$	—	5 5
July	—	$40\frac{1}{2}$	—	5 4
1746. Jan.	—	no price	—	5 0 *
July	—	$37\frac{3}{4}$	—	5 3
1745 †.				
1744. Jan.	—	$41\frac{3}{8}$	—	5 $6\frac{1}{2}$
July	—	$41\frac{5}{8}$	—	5 $5\frac{1}{2}$
1743. Jan.	—	$39\frac{5}{8}$	—	5 $6\frac{3}{4}$
July	—	41	—	5 6
1742. Jan.	—	$40\frac{1}{4}$	—	5 $7\frac{1}{2}$
July	—	$39\frac{1}{4}$	—	5 $6\frac{1}{4}$

The average price of ſilver bullion at this market for theſe 27 years paſt is 5*s.* 5*d.* per oz.

I muſt refer thoſe who would wiſh to compare the prices of exchanges and bullion more accurately, to the Collection of Caſtaign's Papers from the firſt publication; that from whence I extracted theſe being incomplete.

* The low price of bullion at this time, was probably owing to the rich prizes taken from the Spaniards by Lord Anſon and others.

† The book of Exchanges for the year 1745 was miſſing in the Collection I examined.

Table

Table of the Exchange, between London and Lisbon, and the Price of Gold Bullion at the London market, every six Months, from the year 1742 *to* 1770.

	Exchange.		Bullion.		
	s.	*d.*	*£.*	*s.*	*d.*
1770. Jan.	5	$6\frac{5}{8}$	4	0	6 per oz.
July	5	$6\frac{3}{4}$	4	0	2
1769. Jan.	5	$6\frac{3}{8}$	3	19	7
July	5	$7\frac{3}{4}$	4	0	8
1768. Jan.	5	$6\frac{3}{8}$	3	18	8
July	5	$6\frac{1}{2}$	3	19	6
1767. Jan.	5	$6\frac{1}{4}$	3	19	3
July	5	7	3	19	8
1766. Jan.	5	$6\frac{1}{8}$	3	19	0
July	5	$7\frac{1}{8}$	3	19	10
1765. Jan.	5	$5\frac{5}{8}$	3	18	0
July	5	6	3	18	0
1764. Jan.	5	$5\frac{1}{4}$	3	18	3
July	5	6	3	18	3
1763. Jan.	5	6	4	0	0
July	5	7	4	0	6, à 1 *s.*
1762. Jan.	5	5	3	19	0
July	5	$6\frac{1}{2}$	3	19	10
1761. Jan.	5	$5\frac{1}{4}$	3	18	10
July	5	6	4	0	9

		Exchange.		Bullion.		
		s.	d.	£.	s.	d.
1760.	Jan.	5	$5\frac{3}{8}$	3	18	6 per oz.
	July	5	6	3	19	1
1759.	Jan.	5	$5\frac{1}{2}$	3	18	10
	July	5	6	4	0	3
1758.	Jan.	5	$4\frac{1}{2}$	3	17	11
	July	5	$5\frac{1}{2}$	3	18	9
1757.	Jan.	5	4 [illegible]/8	3	17	$10\frac{1}{2}$
	July	5	4	3	18	0
1756.	Jan.	5	$4\frac{1}{4}$	3	17	11
	July	5	$4\frac{3}{4}$	3	17	11
1755.	Jan.	5	$5\frac{5}{8}$	3	17	11
	July	5	$5\frac{3}{8}$	3	17	11
1754.	Jan.	5	$5\frac{3}{4}$	3	18	5
	July	5	$5\frac{5}{8}$	3	18	2
1753.	Jan.	5	$6\frac{1}{8}$	3	18	4
	July	5	$5\frac{3}{4}$	3	18	7
1752.	Jan.	5	$5\frac{3}{4}$	3	17	11
	July	5	$6\frac{1}{8}$	3	18	0
1751.	Jan.	5	$5\frac{3}{4}$	3	17	11
	July	5	$5\frac{3}{8}$	3	17	$11\frac{1}{2}$
1750.	Jan.	5	$6\frac{1}{4}$	3	17	11
	July	5	$5\frac{3}{8}$	3	18	1
1749.	Jan.	5	$5\frac{3}{8}$	3	18	0
	July	5	$5\frac{1}{4}$	3	17	11
1748.	Jan.	5	$4\frac{1}{4}$	3	18	$5\frac{1}{2}$
	July	5	$5\frac{1}{8}$	3	18	1
1747.	Jan.	5	$4\frac{3}{4}$	3	18	0
	July	5	$5\frac{3}{4}$	3	18	6
1746.	Jan.	5	$2\frac{1}{4}$	3	18	0
	July	5	$4\frac{7}{8}$	3	18	0
1745.	Jan *.					
	July					

* The year 1745 wanting in the collection.

1744. Jan.

	Exchange. s. d.	Bullion. £. s. d.
1744. Jan.	5 6	3 18 8½ per oz.
July	5 4	3 18 11
1743. Jan.	5 5⅝	3 18 4
July	5 6½	3 18 9
1742. Jan.	5 5	3 18 1
July	5 5¼	3 18 6, à 5 d.

	Exchange.	*Price of Bullion.*
Average price of exchange between London and Lisbon, for 10 years, from Jan. 1. 1760, to Jan 1, 1770,	5 6½	
Price of bullion in London		3 19 5 9/10
Ditto for 10 years, from Jan. 1, 1742, to Jan. 1, 1753,	5 5¼	3 18 2

Which Calculation will ſhew the evident declenſion of our trade to that country, and which naturally accounts for the preſent high price of gold bullion.

Average price of exchange between London and Cadiz, for 10 years, from Jan. 1, 1760, to Jan. 1, 1770; and the average price for the 10 years from 1742 to 1752, and alſo the price of ſilver bullion is, during thoſe two different periods, very nearly the ſame.

REMARK.

REMARK.

BY theſe tables it will appear, that the price of exchange hath governed the price of bullion; though a greater or leſs demand for it here may make ſome temporary variations; and as the price of exchanges is governed by the *balance of trade*, it is evident, that balance is the load-ſtone which attracts and retains bullion to itſelf; and exchanges are the ſubordinate powers which operate irreſiſtibly over all the commercial world, and force the bullion to whatever country that balance may be due.

But to return to the conſideration of Mr. Locke's principles; I agree with him, that when the price or difference between metals coined and uncoined is abſtractedly conſidered, itſelf being poiſed with itſelf, it can admit of no change or alteration in value, quantity for quantity, fineneſs for fineneſs; yet we muſt not reſt our determinations on meer ſpeculation, however true the theory may be in a philoſophical light, when it is found contradictory to daily

daily experience. But we ſhould endeavour to guard againſt every poſſible deviation from philoſophical juſtice; Mr. Locke and Mr. Harris did not ſeem to take into conſideration, *that the value of money is unalterably fixed by the mint indenture*; *and that the price of bullion is governed by the continual variations in the circumſtances of trade*; it appears evident from the aforegoing tables of exchanges and calculations, that it is impoſſible to ſell bullion at this market at mint-price, without loſs to the importer, till the exchanges are more in favour of England with the countries from whence the bullion is brought, than they have been upon the average of late years; and I ſee no proſpect before us of the balance from theſe countries becoming more favourable.

However, I will not entirely abandon Mr. Locke's principle; but obſerve upon it, that *if there is the leaſt probability of a new coinage of ſilver money upon the old ſtandard, making exchanges more favourable to this country, I would recommend it before any innovation on the ſtandard whatever*, as 100,000 or 200,000 *l.* expence in the experiment,

periment, is no object to the nation in a matter of ſo great conſequence. In regard to my own opinion, I cannot but confeſs, though with all due deference to Mr. Locke's ſuperior underſtanding, that it appears to me, that the preſent high prices of exchanges are rather owing to the deficiency of annual balance received by this country, compared with former times, than the bad ſhillings in circulation at home; and that the mill and preſs of the mint has a magical power of transforming a piece of gold or ſilver into a leſs value than it is intrinſically worth; but at the ſame time, I will acquit the officers of the mint of any conjuration; and attribute this moſt ſurprizing transformation either to the legerdemain of the dealers in bullion, or to the unavoidable circumſtances of trade; how far the dealers are culpable, the aforegoing calculations, if rightly made, will ſhew.

In ſhort, I will now quit the ſyſtem of Mr. Locke, with obſerving, that it clearly was founded on his high regard to national juſtice and honour, and that his arguments are full of ingenuity and refined ſpecula-

tion;

tion; indeed I can ſee but one objection to them, namely, that they appear to be contrary to facts: and I recommend the examination of them to thoſe gentlemen who are more intimately converſant with that trade than I am.

It is beyond the latitude of my judgement to determine, whether, in our preſent circumſtances, we ſhould preſerve the old ſtandard, or diminiſh it 5 or 6 per cent.; becauſe this determination *ſeems ſolely to reſt upon its operations on exchanges with foreign countries.* If it ſhould be thought that a new coinage on the old ſtandard would make exchanges more favourable to England, as I have obſerved above, that meaſure, before any other, ſhould be preferred, as innovations might be attended with unforeſeen inconveniences, eſpecially as we then ſhould have, *not only a proſpect immediately before us, of bullion falling at or below mint-price,* but we ſhould alſo have *an additional advantage, ſtill ſuperior* in its conſequences; that is, *of gaining all the difference between the preſent price of exchange, and the price it would then come to in* *our favour upon every commercial transaction with foreign countries.*

But if, upon examination, that event should not appear probable (and I am apprehensive it would not) it would be only a momentary, though an expensive expedient; for in that case, as bullion must remain at its present price, the temptation to melt and export the new money would be equally great as at present.

But if, on the other hand, it should be thought, that foreigners could have no reasonable pretence to raise the prices of exchanges to our prejudice, in case the standard of silver money was diminished 5 or 6 per cent. I at present see no solid objection against adopting that measure; for we arrive at the desired point we have been seeking for, *of reducing bullion to mint-price*; and all property both at home and abroad in *statu quo*.

I am the more induced to adopt this opinion, as I find it corroborated by the opinion of merchants the most experienced in commercial matters, and who have thought much on the subject in a speculative light; they think, that notwithstanding