

Short Observations on a Printed Paper, entitled "For encouraging the coining Silver Money in England, and after for keeping it here."

John Locke

THE author says, "Silver yielding the proposed 2d. or 3d. more by the ounce, than it will do by being coined into money, there will be none coined into money; and matter of fact shows there is none."

It would be hard to know what he means, when he says, "silver yields 2d. or 3d. more by the ounce, than it will do by being coined into money:" but that he tells us in plain words at the bottom of the leaf, "that an ounce of silver uncoined is of 2d. more value than after it is coined it will be;" which, I take the liberty to say, is so far from being true, that I affirm it is impossible to be so. For which I shall only give this short reason, viz. because the stamp neither does nor can take away any of the intrinsic value of the silver; and therefore an ounce of coined standard silver must necessarily be of equal value to an ounce of uncoined standard silver. For example, suppose a goldsmith has a round plate of standard silver, just of the shape, size, and weight of a coined crown-piece, which, for brevity's sake, we will suppose to be an ounce; this ounce of standard silver is certainly of equal value to any other ounce of unwrought standard silver in his shop; away he goes with his round piece of silver to the Tower, and has the stamp set upon it; when he brings this numerical piece back again to his shop coined, can any one imagine that it is now 2d. less worth than it was when he carried it out smooth, a quarter of an hour before; or, that it is not still of equal value to any other ounce of unwrought standard silver in his shop? He that can say it is 2d. less worth than it was before it had the king's image and inscription on it, may as well say, that sixty grains of silver, brought from the Tower, are worth but fifty-eight grains of silver in Lombard-street.

But the author very warily limits this ill effect of coinage only to England; why it is in England, and not every where, would deserve a reason.

But let us grant it to be true, as our author affirms, that coined silver in England is one-thirtieth worse, or of less value, than uncoined; the natural consequence from this, if it be true, is, that it is very unfit that the mint should be employed in England, where it debases the silver one-thirtieth; for, if the stamp lessens the value of our silver this year, it will also do so the next, and so on to the end of the world, it always working the same way. Nor will the altering the denomination, as is proposed, at all help it.

But yet he thinks he has some proof for his proposition, because it is matter of fact that there is no money coined at the mint. This is the great grievance, and is one indeed, but for a different reason from what seems to inspire that paper.

The matter in short is this; England sending more consumable commodities to Spain than it receives from thence, the merchants, who manage their trade, bring back the overplus in bullion, which, at their return, they sell as a commodity. The chapmen, that give highest for this, are, as in all cases of buying and selling, those who can make most profit by it; and those are the

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returners of our money, by exchange, into those countries where our debts, any way contracted, make a need of it: for they getting 6, 8, 10, &c. per cent according to the want and demand of money from England there, and according to the risk of the sea, buy up this bullion, as soon as it comes in, to send it to their correspondents in those parts, to make good their credit for the bills they have drawn on them, and so can give more for it than the mint-rate, i.e. more than equal weight of milled money for an equal weight of standard bullion; they being able to make more profit of it by returns.

Suppose the balance of our trade with Holland were in all other commodities equal, but that in the last East India sale we bought of them of East India commodities to the value of a million, to be paid in a month; within a month a million must be returned into Holland: this presently raises the exchange, and the traders in exchange sell their bills at high rates; but the balance of trade being (as is supposed in the case) equal in all other commodities, this million can no way be repaid to their correspondents, on whom those bills were drawn, but by sending them money or bullion to reimburse them.

This is the true reason why the bullion brought from Spain is not carried to the mint to be coined, but bought by traders in foreign exchange, and exported by them, to supply the overplus of our expenses there, which are not paid for by our commodities. Nor will the proposed raising of our money, as it is called, whether we coin our money for the future one-thirtieth, or one-twentieth, or one-half lighter than now it is, bring one ounce more to the mint than now, whilst our affairs in this respect remain in the same posture. And I challenge the author to show that it will; for saying is but saying. Bullion can never come to the mint to be coined, whilst the over-balance of trade and foreign expenses are so great, that to satisfy them, not only the bullion your trade in some parts now yearly brings in, but also some of your formerly coined money is requisite, and must be sent out: but when a change in that brings in and lodges bullion here, (for now it seems it only passes through England) the increase of silver and gold staying in England will again bring it to the mint to be coined.

This makes it easily intelligible how comes it to pass that, when now at the mint they can give but 5s. 2d. per ounce for silver, they can give 5s. 4d. the ounce in Lombard-street, (which is what our author means when he says, "silver is now worth but 5s. 2d. the ounce at the mint, and is worth 5s. 4d. elsewhere.") The reason whereof is plain, viz, Because the mint, giving weighty money for bullion, can give so much and no more for silver than it is coined at, which is 5s. 2d. the ounce, the public paying all the odds that is between coined and uncoined silver, which is the manufacture of coinage: but the banker, or returner of money, having use for silver beyond sea, where he can make his profit of it, by answering bills of exchange, which he sells dear, must either send our money in specie, or melt down our coin to transport, or else with it buy bullion.

The sending of money in specie, or melting it down, has some hazard, and therefore, if he could have bullion for 5s. 2d. per ounce, or a little dearer, it is like he would always rather choose to exchange corn for bullion, with some little loss, rather than run the risk of melting it down for exportation.

But this would scarce make him pay 2d. in the crown, which is almost three and a half per cent., if there were not something more in it than barely the risk of melting, or exportation; and that is the lightness of the greatest part of our current coin.

For example, N. has given bills for thirty thousand pounds sterling in Flanders, and so has need of ten thousand weight of silver to be transported thither; he has thirty thousand pounds sterling by him in ready money, whereof five thousand pounds is weighty milled money; what shall hinder him then from throwing that into his melting-pot, and so reducing it to bullion to be transported? But what shall he do for the other twenty-five thousand pounds, which, though he has by him, is yet clipped and light money, that is at least twenty per cent. lighter than the standard? If he transports or melts down this, there is so much clear loss to him; it is therefore more advantage to him to buy bullion at 5s. 4d. the ounce with that light money, than to transport or melt it down; wherein, though the seller of the bullion has less weight in silver than he parts with, yet he finds his account, as much as if he received it in weighty coin, whilst a clipped crown-piece, or shilling, passes as well in payment for any commodity here in England as a milled one. Thus our mint is kept from coining.

But this paper, For encouraging the coining, &c. would fain have the mill at work, though there be no grist to be had, unless you grind over again what is ground already, and pay toll for it a second time: a proposition fit only for the miller himself to make; for the meanest housewife in the country would laugh at it, as soon as proposed. However, the author pleases himself, and thinks he has a good argument to make it pass, viz, because the toll to be paid for it will not amount to three hundred and thirty thousand pounds, as is said in a late treatise about raising the value of money, p. 170; for, he says, that writer is mistaken in saying that "3s. and 6d. is allowed at the mint for the coinage of every pound troy, "whereas there is but sixteen pence halfpenny there allowed for the same; which sixteen pence halfpenny being above one-third of 3s. 6d. it follows by his own computation, that the new coining our money will cost the nation above one hundred and ten thousand pounds; a small sum, in this our plenty of riches, to be laid out for the purchasing these following inconveniencies, without any the least advantage.

1. A loss to the king of one-thirtieth (if you coin your money 2d. per crown, one-twentieth, if you coin your money 3d. per crown lighter) of all his standing revenue.

2. A like loss of one-twentieth, or one-thirtieth, in all rents that are settled; for these have, during the term, the nature of rent-sec: but five per cent. loss in a man's income he thinks so little, it will not be perceived.

3. Trouble to merchants in their trade. These inconveniencies he is forced to allow. He might have said disorder to all people in their trade, though he says it will be but a little trouble to merchants, and without any real damage to trade. The author would have done well to have made out this, and a great many other assertions in that paper; but saying is much easier, if that may pass for proof.

Indeed he has, by a short way, answered the book above-mentioned, in the conclusion of his paper, in these words: "And he that so grossly mistakes in so material points of what he would assert, it is plain is not free from mistakes." It does not appear that he who published that book ever thought himself free from mistakes; but he that mistakes in two material points ay be in the right in two others, and those will still need an answer. But one of these material points will, I think, by what is already said, appear not to be a mistake; and for any thing the author of the paper hath said, or can say, it will always be true, that an ounce of silver coined, or not coined is, and

eternally will be, of equal value to any other ounce of silver. As to any other mistake concerning the rate of coinage, it is like he had his information from some disinterested person, whom he thought worthy of credit. And whether it be 3s. 6d., as he was told, or only sixteen-pence halfpenny per pound troy, as the paper says, whether the reader will believe the one or the other, or think it worth his more exact inquiry, this is certain, the kingdom ought not to be at that, or any other charge, where there is no advantage, as there will be none in this proposed coinage, but quite the contrary.

In his answer to

Object. 1. He says from Edw. III. "Silver has from time to time (as it grew in esteem) been by degrees raised in all mints. "If an ounce of silver now not exchanging or paying for what one-tenth of an ounce would have purchased in Edward the Third's time, and so being ten times less worth now than it was then, be growing in esteem, this author is in the right; else silver has not, since Edward the Third's reign, from time to time grown in esteem. Be that as it will, he assigns a wrong cause of raising of silver, as he calls it, in our mint. For if growing thus in request, i.e. by lessening its value, has been the reason of altering our money, this change of coin, or raising the denomination of silver in ours, and other mints, ought to have been greater by much, since Henry the Seventh's time, than it was between that and Edward the Third's; because the great change of the value of silver has been made by the plenty of it poured into this part of the world from the West Indies, not discovered till Henry the Seventh's reign. So that I think I may say, that the value of silver from Edward III. to Henry VII. changed not one-tenth, but from Henry VII. till now it changed above seven-tenths; and yet, money having been raised in our mint two-thirds since Edward the Third's time, the far greater part of the raising of it was before Henry the Seventh's time, and a very small part of it since; so that the cause, insinuated by our author, it is evident, was not the cause of lessening our coin so often, whatever it was: and it is possible there wanted not men of projects in those days, who for private ends, by wrong suggestions, and false reasonings, covered with mysterious terms, led those into mistakes, who had not the time and will nicely to examine; though a crown-piece three times as big as one of ours now, might, for its size alone, deserve to be reformed.

To Object. 2 he says, "The raising the denomination of money in Spain and Portugal, was making it go for more when coined than its true value."

This, I say, is impossible, and desire the author to prove it. It did in Spain and Portugal, just what it will do here and every where; it made not the silver coined go for more than its value, in all things to be bought, but just so much as the denomination was raised, just so much less of commodity had the buyer in exchange for it: as it would be here, if you should coin sixpences into shillings; if any one went to market with this new money, he would find that, whereas he had a bushel of wheat last week for eight shillings of the former coin, he would have now but half a bushel for eight of the new shillings, when the same denomination had but half the quantity of silver. Indeed those who were to receive money upon former contracts would be defrauded of half their due, receiving, in their full tale of any denomination contracted for, but half the silver they should have; the cheat whereof they would find, when they went to market with their new money. For this I have above proved, that one ounce of silver is, and eternally will be, equal in value to

another ounce of silver; and all that can possibly put a difference between them is only the different value of the workmanship bestowed on one more than another which in coinage, our author tells in this paper, is but sixteen-pence halfpenny per pound troy. I demand therefore of our author, to show that any sort or, as he calls it, raising of money, can raise value of coined silver, or make it go for more than uncoined, bating the charge of coinage; unless it be to those who, being to receive money upon former contracts, will, by receiving the tale agreed for, receive less than they should of silver, and so be defrauded of what they really contracted for.

What effect such a raising of their money had in one particular, I will tell our author. In Portugal they count their money by reys, a very small, or rather imaginary coin, just as if we here should count all our sums by farthings. It pleased the government, possibly being told that it would raise the value of their money, to raise in denomination the several species, and make them go for a greater (let us suppose double) the number of reys than formerly. What was the consequence? It not only confounded the property of the subject, and disturbed affairs to no purpose; but treaties of commerce having settled the rates of the customs at so many reys on the several commodities, the king immediately lost in the value half his customs. The same that in proportion will happen in the settled revenue of the crown here, upon the proposed change.

For though our author in these words, "whereas all now desired by this act is to keep silver, when coined, of the same value it was before," would insinuate, that this raising the denomination, or lessening our coin, as is proposed, will do no such thing; yet it is demonstration, that when our coin is lessened 3d. in 5s., the king will receive five per cent. less in value in his customs, excise, and all his settled revenue, and so proportionably, as the quantity of silver in every species of our coin, shall be made less than now it is coined in those of the same denomination.

But, whatever our author means by "making money go for more when coined than its true value, or by keeping silver, when coined, of the same value it was before;" this is evident, that raising their money thus, by coining it with less silver in it than it had before, had not the effect in Portugal and Spain, which our author proposes from it here: from it has not brought one penny more to the mint there, nor kept their money, or silver, from exportation since, though forfeiture and death be the penalties joined in aid to this trick of raising to keep it in.

But our author tells us in answer to Object 4. This "will scarce ever at all be perceived." If of 100 guineas a man has in his pocket, five should be picked out, so he should not perceive it, the fraud and the loss would not be one jot the less; and though he perceived it not when, or how it was done, yet he will find it in his accounts, and the going so much back in his estate at the end of the year.

To Object 3 he says, The "raising your coin (it may be) may raise the price of bullion here in England." An ounce of silver will always be equal in value to an ounce of silver every where, bating the workmanship. I say it is impossible to be otherwise, and require our author to show it possible in England, or any where, or else hereafter to spare his "may be." To avoid fallacies, I desire to be understood, when I use the word silver alone, to mean nothing but silver, and to lay aside the consideration of baser metals that may be mixed with it: for I do

not say that an ounce of standard, that has almost one-twelfth of copper in it, is of equal value with an ounce of fine silver that has no alloy at all; but that any two ounces of equally alloyed silver will always be of equal value; the silver being the measure of commerce, it is the quantity of silver that is in every piece he receives, and not the denomination of it, which the merchant looks after, and values it by.

But this raising of the denomination our author would have pass, because it will be "better for the possessors of bullion," as he says, Answer 3. But who are they who now in England are or what private men are there in of that consideration, that for their advantage all money should be new coined, and of a less great a charge to the nation, and loss to revenue?

He farther adds, Answer 3, It not thence inevitably follow, it will raise "the price of bullion beyond sea."

It will as inevitably follow, as that nineteen ounces of silver will never be equal in weight, or worth, to twenty ounces of silver: so much as you lessen your coin, so much more you must pay in tale, as will make the quantity of silver the merchant expects for his commodity; under what denomination soever he receives it.

The clothier, thus buying his Spanish wool, oil, and labour, at five per cent. more in denomination, sells his woollen manufacture proportionably dearer to the English merchant, who, exporting it to Spain, where their money is not changed, sells it at the usual market rate, and so brings home the same quantity of bullion for it which he was wont; which, therefore, he must sell to you at the same raised value your money is at: and what then is gained by all this? The denomination is only changed to the prejudice of the public; but as to all the great matters of your trade, the same quantity of silver is paid for commodities as before, and they sold in their several foreign markets for the same quantity of silver. But whatever happens in the rate of foreign bullion, the raising of the denomination of our money will bring none of it to our mint to be coined; that depends on the balance of our trade, and not on lessening our coin under the same denomination: for whether the pieces we call crowns be coined 16, 24, or 100 grains lighter, it will be all one as to the value of bullion, or the bringing more or less of it into England or to our mint.

What he says in his answer to Object. 4, besides what we have already taken notice of, is partly against his bill, and partly mistake.

1. He says, "It may be some (as it is now) gain to those, that will venture to melt down the milled and heavy money now coined." That men do venture to melt down the milled and heavy money is evident, from the small part of milled money is now to be found of that great quantity of it that has been coined; and a farther evidence is this, that milled money will now yield four or five more per cent. than the other, which must be to melt down and use as bullion, and not as money in ordinary payments. The reason whereof is, the shameful and horrible debasing, (or as our author would have it, raising) our unmilled money by clipping.

For the odds betwixt milled and unmilled money being now, modestly speaking, above twenty per cent., and bullion, for reasons elsewhere given, being not to be had, refiners, and such as have need of silver, find it the cheapest way to buy milled money for clipped, at four, five, or more per cent. loss.

I ask, therefore, this gentleman, What shall become of all our present milled and heavy money, upon the passing of this act? To which his paper almost confesses, what I will venture to

answer for him, viz. that, as soon as such a law is passed, the milled and heavy money will all be melted down; for it being five per cent. heavier i.e. more worth than what is to be coined in the mint, nobody will carry it thither to receive five per cent. less for it, but sell it to such as will give four, or four and a half per cent. more for it, and at that rate melt it down with advantage: for Lombard-street is too quick-sighted, to give sixty ounces of silver for fifty seven ounces of silver, when bare throwing it into the melting-pot will make it change for its equal weight. So that by this law five per cent. gain on all our milled money will be given to be shared between the possessor and the melter of our milled money, out of the honest creditor and landlord's pocket, who had the guaranty of the law, that under such a tale of pieces, of such a denomination as he let his land for, he should have to such a value, i.e. such a weight in silver. Now I ask, Whether it be not a direct and unanswerable reason against this bill, that he confesses, that it will be "a gain to those, who will melt down the milled and heavy money," with so much loss to the public; and not, as he says, "with very small loss to those, that shall be paid in the new," unless he calls five per cent. very small loss; for just so much is it to receive but fifty-seven grains, or ounces of silver, for sixty, which is the proportion in making your crowns 3d. lighter. This is certain, nobody will pay away milled or weighty crowns for debts, or commodities, when it will yield him four or five per cent. more; so that which is now left of weighty money, being scattered up and down the kingdom, into private hands, which cannot tell how to melt it down, will be kept up and lost to our trade. And, as to your clipped and light money, will you make a new act for coinage, without taking any care for that? The making a new standard for your money cannot do less than make all money, which is lighter than that standard, unpassable; and thus the milled and heavy money not coming into payment, and the light and clipped not being lawful money, according to the new standard, there must needs be a sudden stop of trade, and it is to be feared, a general confusion of affairs; though our author says, "it will not any ways interrupt trade."

2. The latter part of the section, about raising the value of land, I take the liberty to say is a mistake; which, though a sufficient reply to an assertion without proof, yet I shall not so far imitate this author as barely to say things: and therefore, I shall add this reason for what I say, viz. Because nothing can truly raise the value, i.e. the rent of land, but the increase of your money; but because raising the value of land is a phrase, which, by its uncertain sense, may deceive others, we may reckon up these several, meanings of it.

1. The value of land is raised, when its intrinsic worth is increased, i.e. when it is fitted to bring forth a greater quantity of any valuable product. And thus the value of land is raised only by good husbandry.

2. The value of land is raised, when, remaining of the same fertility, it comes to yield more rent, and thus its value is raised only by a greater plenty of money and treasure.

3. Or it may be raised in our author's way, which is, by raising the rent in tale of pieces, but not in the quantity of silver received for it; which, in truth, is no raising it at all, any more than it could be accounted the raising of a man's rent, if he let his land this year for forty sixpences, which last year he let for twenty shillings. Nor would it alter the case, if he should call those forty sixpences forty shillings; for having but half the silver of forty shillings in them, they would be but of

half the value, however their denomination were changed.

In his answer to the fifth objection, there is this dangerous insinuation, That coin, in any country where it is coined, goes not by weight, i.e. has its value from the stamp and denomination, and not the quantity of silver in it. Indeed in contracts already made, if your species be by law coined a fifth part lighter, under the same denomination, the creditor must take a hundred such light shillings, or twenty such light crown-pieces for 5l. if the law calls them so, but he loses one-fifth, in the intrinsic value of his debt. But, in bargains to be made, and things to be purchased, money has, and will always have, its value from the quantity of silver in it, and not from the stamp and denomination, as has been already proved, and will, some time or other, be evidenced with a witness, in the clipped money. And if it were not so, that the value of money were not according to the quantity of silver in it, i.e. that it goes by weight, I see no reason why clipping should be so severely punished.

As to foreigners, he is forced to confess, that it is all one what our money is, greater or less, who regard only the quantity of silver they sell their goods for; how then can the lessening our money bring more plenty of bullion into England or to the mint?

But he says, "The owners and importers of silver will find a good market at the mint," &c. But always a better in Lombard-street, and not a grain of it will come to the mint, as long as by an under-balance of trade, or which other foreign expenses, we contract debts beyond sea, which require the remitting of greater sums thither, than are imported in bullion." If for above forty years after silver was raised, in the forty-third year of queen Elizabeth, from 5s. to 5s. 2d. the ounce, uncoined silver was not worth above 4s. 10d. per ounce;" -- the cause was not that raising of silver in the mint, but an over-balance of trade, which bringing in an increase of silver yearly, for which men having no occasion abroad, brought it to the mint to be coined, rather than let it lie dead by them in bullion: and whenever that is the case again in England, it will occasion coining again, and not till then. "No money was in those days exported," says he; no, nor bullion neither, say I; why should, or how could it, when our exported merchandize paid for all the commodities we brought home, with an overplus of silver and gold, which, staying here, set the mint on work. But the passing this bill will not hinder the exportation of one ounce either of bullion or money, which must go, if you contract debts beyond sea; and how its having been once melted in England, which is another thing proposed in this bill, shall hinder its exportation, is hard to conceive, when even coining has not been able to do it, as is demonstrable, if it be examined what vast sums of milled money have been coined in the two last reigns, and how little of it is now left. Besides, if the exportation of bullion should be brought under any greater difficulty than of any other commodity, it is to be considered whether the management of that trade, which is in skilful hands, will not thereupon be so ordered, -- as to divert it from coming to England for the future, and cause it to be sent from Spain directly to those places where they know English debts will make it turn to best account, to answer bills of exchange sent thither.

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