

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

1698 September 22

**Report of the Board of Trade**, which included John Locke and John Pollexfen among its four members, to the House of Commons on the high price of guineas and the consequent flight of silver from England. Although prepared in September, the report was ordered to be laid before the House of Commons only on the 10th of February 1699.

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In obedience to your Excellencies Order in Council dated the 8th of the Month, that we should take into consideration the Value of Guineas, as they are now current at 22s. and the prejudice which had been represented to your Excellencies to arise thence to the trade of this Kingdom, and particularly in the Importation of Silver Bullion; and that having spoken with merchants and other fit persons, we should report to your Excellencies our opinion thereupon, and what we conceive your Excellencies may fitly do in the matter: We have accordingly spoken with several eminent merchants, and other persons, whom we thought most capable to give us information therein; and thereupon must humbly report.

That the merchants and others, we have consulted thereupon are generally agreed, that the Importation of Gold, occasioned by our over-valuing it in the currency of guineas at 22s. is a prejudice to this Kingdom in our Trade; and an occasion that so much silver as the Value of Gold so imported is worth, hath been either carried out of England or hindered from coming in; **that we cannot expect and Silver Bullion**, from Spain or elsewhere, should be imported and coined here, whilst we put so great an over-value upon Gold; because it is easy for merchants to know the value of both, in all Places where they deal, and exchange their Silver for Gold; and most certain, they will only import hither to be coined, what makes most for their own advantage.

But besides their opinion, the thing demonstrates itself, for it is certain, That Gold in Holland, from whence the greater Part, of what has been lately coined here been brought over to us, is about Six per cent cheaper than it is here; that is to say The same Quantity of Gold that will yield here at the Mint a sum equivalent to One Hundred ounces of Silver will there be bought for less than 94 ounces of the same Silver; and from thence it evidently follows, That whoever imports Gold, gains Six per cent here more than if he imported Silver to be coined, and carries away for it, either so much of our silver or, at least, so much of our Commodities as that Six per cent amounts to: which is both ways alike prejudicial to this Kingdom. That this over-value of guineas draws Gold in upon us, the Mint is an unquestionable Evidence; from the first of May last, to the 12th of this present September have been coined 250,713 Guineas but in Silver only 72,366l.8s. And it also observable that the Silver so coined has been only some Remain of our clipped and hammered Money and not foreign Bullion imported: nor can it be hoped, that this course of coinage, now in the Mint, *viz.*: The Coinage of Gold in a much greater proportion than silver, should alter; but that it will be continued on to the exportation of our silver, and very great loss to the exportation of our silver, and very great loss to this Kingdom in trade, so long as gold here shall have the value of 22s. sterling for a guinea.

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The Prejudice arising from hence to Trade and the advantage that may be expected from the fall of Guineas, are also more particularly observed to us by Merchants, from the rate of exchange. For the course of exchange between England and Holland, having of late by the importation of so much gold from thence been brought considerably lower than the Par, the consequence of which is, that we pay as much for everything we bring from thence, and receive so much less for everything we send thither; that the course has ever since your Excellencies Commands to us make an Inquiry into this Matter, by the spreading of the Rumours and expectation of some Change, already received an Alteration of about one per cent to our Advantage; and it is not doubted, but as the Price of Guineas shall be more certainly reduced towards their true value, the Exchange will rise proportionately. This being the state of the Matter, we are humbly of Opinion that it is necessary, Guineas in their common currency be brought down to 21s.6d. at least; And further humbly conceive that Your Excellencies may fitly do it by giving directions that the Officers of the Receipt of his Majesty's Exchequer and all other Receivers of His Majesty's Revenue, do not take them at the higher rate. This appears to us the Most Convenient way; because it may, at all times, be a ready and easy remedy, upon any further variation that shall happen in the world in the Price of Gold; or even in case this new proposed Lowering of Guineas should not prove sufficient: For it being impossible, that more than one Metal should be the true Measure of Commerce; and the world by common Consent and Convenience having settled that Measure in Silver; Gold as well as other Metals, is to be looked upon as a Commodity, which varying in its Price as other Commodities do, its Value will always be changeable; and the fixing of its value in any country, so that it cannot be readily accommodated to the course it has in other neighbouring Countries, will always be prejudicial to the Country which does it. The value of Gold, here at the price of 21s.6d. a Guinea, in the proportion to the Rate of Silver in our Coin, will be very near as fifteen and one half to one; the value of Gold in proportion to Silver, in Holland and Neighbouring Countries, as near as can be computed, upon a Medium, is as fifteen to one, so that by bringing to so low a Price as in our Neighbouring Countries; Nevertheless, we are humbly of opinion that the Abatement of Sixpence in the Guinea will be sufficient to stop the present disproportionate Importation of gold; because the charge for Insurance, Freight, Commission, and the like, will eat up the Profit that may then be made thereby, and hinder that Trade; but if, contrary to our Expectation, this Abatement should prove too small Guineas may by the same easy Means be lowered yet further, according as may be found expedient.

All of which, nevertheless, is most humbly submitted.

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**Source:** Li, 1963, pp. 126-128. For the order of the 10th of February to lay the report before the House of Commons, see *Journal of the House of Commons* 12, pp. 495-497, esp. 496.