

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

1720 March 22 - November 12

Excerpts from the correspondence of William Pulteney, 1st Earl of Bath and MP from 1705 to 1742, to James Craggs, Secretary of State for Southern Affairs from 1717 to 1721, concerning the state of the gold coin in France. The correspondence illustrates the inflationary consequences of a rapid increase in the volume of currency in France in the form of not only specie but also bills of credit and notes, which stemmed from the implementation of the theories put forward by John Law in his *Money and trade considered*.

1720 March 22

The people continue to carry their gold & silver to the Bank & to the Mints, & the Bank Bills are now preferred in all payments to the coin; even at [L]isle & other palces, where they were lately at a considerable discount; so that Mr Law says he shall now gain the most important point in his system, which was to draw into his Bank [of] all the gold & silver in the Kingdomes; to suppress entirely the use of gold coin, & to allow no more silver than is absolutely necessary for small payments & to support the circulation of the Bank Bills; the rest of the silver is to be employed in such foreign trades as cannot be carried on without it, or as Mr Law may propose to beat us & the Dutch out oft by that means: the gold is to be sent abroad to turn the ballance of the exchange & to purchase all the silver that can possibly be got; Commissions for this purpose are sent to Genoa, Cadiz, Amsterdam & London; & I am told that Mr Midleton the Goldsmith in the Strand who is Mr Law's agent & Banker, has already heap'd up in his house very considerable quantities of Silver. The serious advantage which might be made by sending gold & silver here according to the preferred exchange between us & France is the high price given for it at the Bank & the Mint, will no doubt occasion the melting down of a great deal of our silver coin; but to prevent us as well as other strangers from making the utmost advantage this way & at the same time to hinder the importation of gold, an *Arret* is published to prohibit under very severe penalties any person except the Company from importing into this Kingdom gold or silver in coin or otherwise, to the end of December next, when several directions for bringing the gold & silver here to the same standard as in other places, will be completed; Mr Law has said that he will drain us of all our silver. I beg leave to submit to your consideration whether it might not be necessary for us on this occasion to lower the price of gold, that since we cannot hinder the exportation of silver; Mr Law may at least pay the full value for it, which he would not do at present according to the proportion on price between the gold and silver. If this be proper, I believe you will think it should be done immediately.

1720 April 10

I beg leave to add what I said in my letter of the 6th inst. concerning our Coin, that it should not be thought proper either to allow the exportation of our Coin and lay at the same time such a small duty upon the exportation of Bullion as may engages the Merchants

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to bring the Bullion to the Mint, or to prohibit absolutely the exportation of Bullion, it may however be proper and necessary that a power should be lodged in the King to prohibit the exportation of Bullion on any extraordinary occasion. unless one of these methods or others to the same purpose are taken we may be drained of all our silver coin, without a possibility of putting a Stop to it, if it should be attempted when the parliament is not sitting. I cannot help being under a good deal of apprehension in this respect, because I am well assured that Mr Law has this & many other evil designs against us. The succeeding in any one of them will not only encourage him to attempt the rest, but will enable him to remove the chief difficulty, I fear the only one, he finds in bringing others here into all his measures and designs against us; I mean the doubt there may have been about the success.

1720 April 18

I have advice from Calais that twelve millions of livres in gold were, on the 12th instant N.S., shipped off there for London; I have reason to believe this is not the first cargo which has been sent thence, & is not to be the last; besides what may have put by the way of Holland.

1720 August 20

The exchange with London is under 9 pence for a French crown, at which rate 100 £ st. yields about 8000 *Livres* in Bank Bills on Comptes en Banque; & yet I have taken it as a very great favour that a Banker gave me to day 4600 L. in money for 100 £ st. I am assured that very great sums of gold are brought from England, in guineas; this is done not only by the Bankers for the great profits they may make in changing gold & silver for Bill, but by those who have gained in our stocks, it being at present allowed to keep any sums in money.

Letters from several provinces say the misery is very great among the common people; that in some parts of Brittany they have been reduced to such extremity as to eat the corn in the fields, & that the harvest is spoilt there by the great rains which have fallen of late. An officer of the garrison in the C[astle] of Marseilles has sent to the Commandant of that C[astle] who is here, that the plague begins to abate, but that the misery is so great among the people, that there is reason to apprehend a revolt, if some care be not soon taken for their relief.

It is said that the Company will undertake the selling several lots of commodities to bring down the excessive prices [now] let upon them; the people complain that the system has not only ruined them for this world; but is likely to do them do for the next; the price of a [...] being from 15 [sdls] to 25.

1720 August 24

The exchange to London was yesterday at 8 pence for a French crown of 3 *Livres*. A person who is likely to be well informed has assured me that m/400 guineas have been brought here within a week.

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1720 October 1

The enclosed edict was published this Evening; it declares that for the future no Gold or Silver coin shall be made at the Mint but with a certain mark, and according to the Standard, described by this Edict; that all the old species, except one or two particular Coinages, shall be brought to the Mint to be recoinced, and that the excepted Species shall be brought there likewise, to have a certain stamp or mark put on them in the same manner as the new coin; that all Foreign Coins shall be brought to the Mint, that to the several Sums of Gold and Silver brought in, an equal sum of Bills of 100, 50, and 10 livres shall be added, and the amount of the Whole shall be paid in New Coin; that is, for a 1000 *livres* in Gold or Silver, and another thousand in Paper, 2000 shall be given in the new Coin, the intrinsic value of which will little more than answer the 1000 £ in the old Coin. That after the 1st of December next, the Old Species shall be abolished entirely, and not be negotiated in any manner whatever; but shall be confiscated if found in the Possession or Custody of any Persons or Communitys without exception; one half to the sting, the other half to the informer.

All former *Arrêts* or Declarations concerning the Exportations of Gold and Silver in Coin or in Bullion are renewed and enforced; and Subjects or Foreigners who export and Gold or Silver, (except only in small Quantity of New Coin, which will be too bad to be exported for the use of Travellers) are to be punished with Death, a fine of 6000 *Livres*, and forfeiture of Ships, Wagons, or other Voitures made use of on that occasion. The Preamble to the Edict says that a very considerable Quantity of Gold and Silver has lately been brought here from foreign Parts. The French call this the second part of the Bankrupt made by the *Arrêt* of the 15th of the last month.

Mr Law said the other day publickly at his Table, that the French would have sold their Stock in the South Sea, but their Correspondents in London had been ordered by the government not to do it; he says and reports every day many things concerning our affairs equally false and impertinant.

I send enclosed an *Arrêt* published this morning which grants to the India Company the sole Trade to the Coast of Guinea from the Serr Lyon to the Cape of Good Hope

1720 November 12

An *Arrêt* published this day forbids, all dealings for Gold or Silver in Coin or in Bullion, by the weight, otherwise than at the Mint, and in the Offices of the sworn Brokers, *Agens de Change*, on the penalty of forfeiting the sums dealt for, and a fine of 3000.£ to the Informer; the reasons given for this in the Preamble to the *Arrêt*, is, that people, fond of unlawfull gains, delay carrying to their old Species, and Bullion to the Mint, with a prospect of making greater advantages by such private dealings. This is a plain acknowledgement that they want mony very much, but it is surprising they can expect people should carry their old Species or Bullion to the Mint or the *Agens de Change*, to sell there at much less value, then [*sic*] can be got in other places; they give at the Mint 52. Sols for a piece, lately coined and given out from thence at 60. Sols, and pay for it in another New peice, of Equal value, at 60. Sols.

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Source: PRO, SP 78/166, fols. 182r-182v; 191r-192r, esp. 191r; 195r-195v; 311r-312v, esp. 312r-312v; 315r-316v, esp. 315v; 381r-381v; 424r-424v.