

**OBSERVATIONS ON
COINAGE, AND
OUR PRESENT
MONETARY SYSTEM**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649236619

Observations on coinage, and our present monetary system by N. A. Nicholson

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

N. A. NICHOLSON

**OBSERVATIONS ON
COINAGE, AND
OUR PRESENT
MONETARY SYSTEM**

OBSERVATIONS
OR
COINAGE, AND OUR PRESENT
MONETARY SYSTEM,

BY
N. A. NICHOLSON, M.A.,
TRINITY COLLEGE, OXFORD.

Second Edition,
REVISED AND ENLARGED.

"But even money is liable to the same objection as other commodities, for it is not always of equal value, but nevertheless it is more likely to remain firm."—*Aristotle's Ethics*, Book V. Cap. V.



LONDON:
TRÜBNER & CO., 69, PATERNOSTER ROW.

—
1868.

Price One Shilling.

232. e. 109.

LONDON:
PRINTED BY WETTERHEIM, LEA AND CO.,
FINCHLEY CIRCUS.

OBSERVATIONS ON COINAGE,

AND OF THE

PRESENT MONETARY SYSTEM,

BY
W. S. W. W.

A STANDARD of value which is subject to no variation does not exist.

Gold and silver have been chosen as standards of value, or measures by which we are to measure the value of all other commodities, not because they do not vary in value, but because they vary less in value than any other commodities do.

The quantity of metal in a piece of gold is found by weighing it by troy weight.

24 grains = 1 dwt.

20 dwts. = 1 oz.

12 ounces = 1 lb. troy.

The quality of the metal contained in the piece is found by a process called assaying, and is reported by British assayers in different grades of quality called carats.

Fine gold, that is gold as pure as it can be obtained, is called 24 carat gold — 22 carat gold, or gold of which $\frac{2}{3}$ part consists of alloy, is called standard gold.

Grades of quality expressed in carats:—

1 carat . . . = 240 grains.

1 carat-grain = 60 grains or $\frac{1}{4}$ carat.

$\frac{1}{2}$ carat-grain = 15 grains or $\frac{1}{16}$ carat.

$\frac{1}{4}$ carat-grain = 7 $\frac{1}{2}$ grains or $\frac{1}{32}$ carat.

Our assayers take no notice of any fractions below $\frac{1}{8}$ of a carat grain—that is to say, they recognise no grade of quality less than $\frac{1}{8}$ of a carat grain. The assay reports in England are, therefore, almost always a little below the actual fineness of the metal. French assays are made on the principle of representing fine gold by 1,000 parts, called *Millièmes*. Standard gold is gold containing a tenth part of alloy or 900 parts fine gold. The French assayers report to $\frac{1}{10000}$ exact, while our assayers go only to $\frac{1}{8}$ of a carat grain, or $\frac{1}{728}$ part exact, because 768 is just contained $7\frac{1}{2}$ times in 5,760 grains, equal to 24 carats, or one pound troy.

Since 1816, gold has been chosen as the standard of value in Great Britain, and much care is taken to secure a proper gold coinage. Any one may bring gold to the Mint to be coined, provided it be not less than £10,000 in value, and that it has been first assayed by the Mint assayer, and obtained his certificate; and the Mint is bound to return in coin to the last grain exactly the weight of standard metal which it has received without any charge being made to the bearer. Since 1837, no private individuals have availed themselves of this privilege, and the Bank of England alone sends gold to the Mint to be coined. The Bank buys gold with its own bank-notes, but will buy none which has not been previously assayed by one of the six assayers employed by itself. It gives £3 17s. 9d. per ounce for all the standard gold brought to it for sale, whatever be the quantity, reserving 1½d. on each ounce, £3 17s. 10½d. being the exact legal price at the Mint.

What is called the Mint price is merely a declara-

tion of the weight of metal of a fixed purity which the law requires to be in our gold coin ; it ought to be called the Mint division rather than the Mint price. For instance, 40 pounds troy of 22 carat gold are divided into 1,869 stamped ingots of a certain shape, which we call sovereigns ; whatever be the value of the gold, whether it rises or whether it falls, the number of sovereigns into which this particular quantity of standard gold is divided will remain the same, and it makes no difference whether the Royal Mint, which performs the division, is at Sydney or in London. The Bank assayer, when he has assayed the gold, reports to an eighth of a carat grain, leaving out any smaller fractions to the loss of the seller, who gets so much less for his gold from the Bank. The Mint is not bound to return coin for bullion in less than twenty days. The working is divided into journeys ; each journey consists of 15 pounds troy weight (£701) of coined gold, or 60 pounds troy weight of coined silver (£198).

The reason why private individuals do not have gold coined on their own account seems to be that the loss by the delay in the coinage exceeds the loss on selling to the Bank of England.

There is an admixture of one-twelfth of alloy in the English gold coinage ; this proportion is considered to amalgamate better with the gold in cooling than the French proportion of one-tenth, and to produce in consequence a more durable kind of coin. A sovereign contains $113\frac{1}{4}$ grains of fine gold, it weighs $133\frac{1}{4}$ grains full weight, but a deficiency of $\frac{1}{2}$ grain $\frac{1}{4}$ is tolerated in circulation ; that is, if a sovereign does not weigh $122\frac{1}{2}$ grains, it is considered light.

A half-sovereign is considered light if it weighs less than $61\frac{1}{2}$ grains. Light sovereigns will, however, continue some time in circulation through the country, till they are remarked upon as not being of full weight, when they cease to be legal money, and the last holder must get rid of them at a loss to himself. When sovereigns find their way to the different London banks, being deposited by customers, such as railway companies, houses of business, etc., they are sent in bags to the Bank of England, where machinery is provided to weigh each separate sovereign; those of full weight are cast into one box and those that are light into another; the banks who have sent the bags are charged with the loss on these last, and they are at once transferred to other machinery, which cuts them in two. The Bank buys these light sovereigns at £3 17s. 6½d. per ounce, but sells them, when they are cut, to tradesmen at the rate of £3 17s. 9½d. per ounce, it will not sell a less quantity than £1,000 worth at one transaction. Messrs. W. C. Sillar, of 62, Cornhill, sell any quantity at £3 17s. 9d. per ounce; they are cut with a pair of shears to deface them and prevent their future circulation, but the cut does not divide them into two pieces. Our guiding principle in this matter should be to try to diminish any inducement to pass light gold coin, by lightening, as far as we justly can, the loss which must fall on the last holder; and we therefore think that the Mint ought to be obliged by law to take light gold coin by weight at £3 17s. 10½d. per ounce, when brought to it in sufficient quantities, say £1,000 worth at a time. Our gold coin ought to have the best of all guarantees, a stamped declaration from the Mint that

it is 22 carat gold, and the fact of its being light does not interfere with its quality as metal. The French Mints are bound to buy light French gold coin by weight at the tariff rate, 900 fine; that is to say, as French standard gold. The number of sovereigns weighed daily at the Bank of England, by machinery, varies from 60,000 to 70,000; there are ten machines at work, and each is able to test thirty sovereigns per minute. The average yearly loss on the wear and tear of gold coin is considered, in round numbers, to be 1 in 950.

As we use both silver and copper money, though we have chosen gold as our standard of value, we are obliged to put a sufficient quantity of alloy in our silver and copper coin to prevent speculators taking advantage of fluctuations in the relative values of the three metals; for instance, we make a bronze penny do the duty of an intrinsic copper penny, though it is intrinsically worth about a quarter of such a coin, because we have found by experience that if we had an intrinsic copper coinage, speculators would take advantage of any rise in the marketable value of copper as compared with its legal value as coin, when measured in gold or silver money, and melt all they could get of it for sale as metal. Our bronze coin is not a legal tender for more than twelve pence.

Silver coin in Great Britain is not a legal tender above 40s.; silver, of which 222 parts are pure silver and 18 parts alloy, is standard silver, and a pound Troy of such silver is coined into 66s.; whereas, if the price of silver be reckoned at 62d. per ounce, and this is above the average price, it ought to be coined into 62s. The 4s. are retained by Government to defray