

or no fresh silver was brought to the Mint to be coined; the gold guineas took the place of the silver coinage, and continued to circulate at a price, in silver, higher than the intrinsic or market value of the gold contained in them. They did this without any law fixing their value, and in spite of the law which made silver the legal tender and money of account. In spite of law, in spite of deficiency of intrinsic market value, people preferred the gold coins, and kept to them. The guinea had become a token coin, not by law, but by habit and inclination. Lord Liverpool says (p. 92):—

“The high rate of the gold coins to which the people then voluntarily submitted can only be ascribed to the preference which at that time began to be given to the use of gold coins in all payments, at least of considerable amount. It is evident that during the late re-coinage the common people had become accustomed to the use of the gold coins, and the reason which induced them still to prefer them was, perhaps, the convenience of making large payments in coins of that metal. This change from what had been the case in the reign of Charles II. was probably owing to the great increase in the commerce of the country, and to an augmentation in the price of every commodity, so that payments in general required coins made of the most valuable metals. The fact certainly is that from this period the gold coins began to take the ascendancy, and to become the more usual instrument of commerce and measure of property, in preference to the silver coins. In the reign of King William, when the silver coins were so very deficient, Mr. Locke had said:—‘It is no wonder if the prices and value of things be confounded and uncertain when the measure itself is lost.’ To restore this measure the public had expended £2,700,000. But, notwithstanding so great an expense, this measure of property in the lapse of a very few years was a second time lost, and had again no existence unless it passed into the gold coin.”

In this state of things the Government of George I., on the advice of Sir Isaac Newton, determined to fix by law