

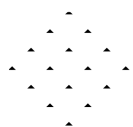


Traktat o reformie monetarnej Prus Królewskich i Książęcych - Tłumaczenie angielskie

Although there are countless scourges which in general debilitate kingdoms, principalities, and republics, the four most important (in my judgment) are dissension, mortality, barren soil, and debasement of the currency. The first three are so obvious that nobody is unaware of their existence. But the fourth, which concerns money, is taken into account by few persons and only the most perspicacious. For it undermines states, not by a single attack all at once, but gradually and in a certain covert manner.

Coinage is imprinted gold or silver, by which the prices of things bought and sold are reckoned according to the regulations of any State or its ruler. Therefore money is, as it were, a common measure of values. That which ought to be a measure, however, must always preserve a fixed and constant standard. Otherwise, public order is necessarily disturbed, with buyers and sellers being cheated in many ways, just as if the yard, bushel, or pound did not maintain an invariable magnitude. Hence this measure is in my opinion the coin's face value. Although this is based on the metal's purity, nevertheless intrinsic value must be distinguished from face value. For, the denomination of a coin may exceed its metallic content, and the other way around.

Coinage was introduced for a necessary reason. Things could have been exchanged for gold and silver by weight alone, because mankind's common judgment prizes gold and silver everywhere. But to carry weights around all the time was very inconvenient. The purity of the gold and silver, moreover, was not instantly recognizable by everybody. Accordingly people ordained that a coin should be marked with a universally recognized symbol to indicate that it contained the proper amount of gold or silver, and to instill confidence in its reliability.

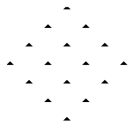


In the next place, copper is usually mixed with coins, especially those made of silver. This is done, I believe, for two reasons. First, the coinage is less vulnerable to the schemes of crooks and those who would melt it down if it consisted of pure silver. Secondly, when silver bullion is broken down into little pieces and the smallest coins, it keeps a convenient size when it is alloyed with copper. A third reason may be added, namely, to stop it from disappearing sooner by being worn down through constant use, and to make it last longer by strengthening it with copper.

The face value of a coin is just and proper when the coin contains slightly less gold or silver than may be bought with it, since only the expenses of the minters should be deduced. For, the symbol should add some value to the metal.

This face-value is corrupted in many ways. First, the metal alone may be defective, when for the same weight of coin more than the right amount of copper is alloyed with the silver. Secondly, the weight may be defective, even though the proportion of copper and silver is correct. Thirdly, and this is the worst, both defects may be present at the same time.

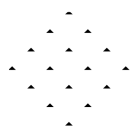
Money loses its value most of all through excessive abundance, if so much silver is coined as to heighten people's desire for silver bullion more than for coined money. For in this way the coinage's market value vanishes when with it is not possible to buy as much silver as the money itself contains, and is found greater advantage in destroying the coin by melting the silver. The solution is to mint no more coinage until it recovers its par value and becomes more desirable than silver.



The value of a coin deteriorates also by itself as the coin is worn down through long use. Only for this reason should it be renewed and replaced. This is indicated if somewhat less silver is found in the coin than is bought with it. This is the condition in which depreciation of the coinage is properly perceived.

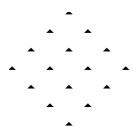
Having discussed money in a general way above, let me turn to Prussian money in particular by first showing how it became so debased. [...]

But at least some small remnants of the money's worth must have persisted in the end, since no consideration was given to restoring it. Yet this practice or abuse of counterfeiting, clipping, and tampering with money was ingrained so long that it could not stop, nor has it stopped to this very day. For what kind of money it will become hereafter and what its condition is now, it is shameful and painful to say. For it has fallen so low today that 30 marks contain hardly 1 pound of silver. Then what remains in the absence of help except that hereafter Prussia, drained of gold and silver, will have an exclusively copper currency? Consequently imports of foreign merchandise and all foreign trade will soon end. For what foreign merchant will want to exchange his goods for copper coins? Lastly, which of our merchants will be able to buy foreign merchandise in foreign lands with the same money? Yet those in authority scornfully disregard this immense misfortune of the Prussian state. To their very dear country they owe, not to mention the deepest devotion, after piety to God, even their very lives. Yet by their thoughtless indifference they let their country slip wretchedly downhill further and further day after day and crash.



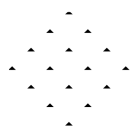
While, then, such grave evils beset Prussian money and consequently the whole country, its calamities benefit only the goldsmiths and those who know the purity of metal by experience. For from the mixed coinage they collect the old pieces, from which they melt down the silver and sell it. From the inexperienced public they constantly receive more silver with the mixed coinage. But after those old shillings now disappear completely, the next best are selected, while the inferior mass of money remains behind. Hence arises that widespread and incessant complaint: gold, silver, food, household wages, workmen's labor, and whatever is customary in human consumption soar in price. But, being inattentive, we do not realize that the dearness of everything is produced by the debasement of the coinage. For in line with the quality of money everything, especially gold and silver, rises and falls, prices being based not on brass or copper, but on gold and silver. For we declare that gold and silver are, as it were, the foundation of money, on which its value rests.

But maybe someone will argue that cheap money is more convenient for human needs, forsooth, by alleviating the poverty of people, lowering the price of food, and facilitating the supply of all the other necessities of human life, whereas sound money makes everything dearer, while burdening tenants and payers of an annual rental more heavily than usual. This point of view will be applauded by those who were heretofore granted the right to coin money and would be deprived of the hope of gain. Nor will it perhaps be rejected by merchants and artisans, who lose nothing on that account since they sell their goods and products in terms of gold, and the cheaper the money is, the greater is the number of coins they receive in exchange.



But if they will have regard for the common good, they will surely be unable to deny that sound money benefits not only the state but also themselves and every class of people, whereas debased coinage is harmful. Although this is quite clear for many reasons, we learn that it is so also through experience, the teacher of objective truth. For we see that those countries flourish the most which have sound money, whereas those which use interior coinage decline and fall. Certainly Prussia too prospered when 1 Prussian mark [as coin] was worth 2 Hungarian florins and when, as was said above, 2 Prussian marks, 8 skoters, were exchanged for 1/2 pound, that is, 1 mark by weight of pure silver. But in the meantime, as its coinage was debased more and more day after day, our fatherland too declined, and as a result of this plague and other misfortunes it was brought down almost to its final destruction. Moreover, those places which use sound money, as is well known, have flourishing trades, excellent craftsmen, and an abundance of commodities. On the other hand, where cheap money prevails, through listlessness, lethargy, and slothful idleness the development of the fine arts as well as of the intellect is neglected, and the plentifulness of all goods is also a thing of the past. The memory of man has not yet forgotten that grain and produce were bought in Prussia with a smaller number of coins while sound money was still being used. Now, however, as it is being debased, we experience a rise in the price of everything related to food and human consumption. Hence it can be seen that cheap money fosters laziness more than it helps poor people. An improvement of the currency will not be able to impose a heavy burden on tenants. If they seem to pay more than usual for their land, they are going to sell the products of their fields, their livestock, and that kind of output at an even higher price. For the adjusted evaluation of the money will balance the mutual exchange of giving and receiving.

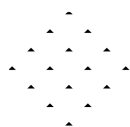
Therefore, if it is decided to let Prussia at last recover at some future time from its previous depression by restoring its currency, the most urgent task will be to avoid the confusion arising from the differences between the various mints where the coinage is to be struck. For, multiplicity interferes with uniformity, and to maintain standardized production in several mints is harder than in one. It would therefore be advantageous to have for all of Prussia one common mint producing coinage of every denomination. On one side, the device will be the arms or insignia of the lands of Prussia, surmounted by the crown to signify the overlordship of the kingdom of Poland. But the other side will display the arms of the duke of Prussia with the crown of the kingdom resting thereon.



If, however, this could not be done because of the opposition of the duke of Prussia on the ground that he wants to have his own mint, let two places be designated at the most, one in his Royal Majesty's territory and the other in the duke's domain. Let the first mint strike coins showing the royal insignia on one side, and on the other the arms of the lands of Prussia. Let the second mint, however, issue coins stamped with the royal insignia on one side, and on the other side the duke's. Let both coinages be subject to royal control, and by His Majesty's order be used and accepted throughout the entire kingdom. This arrangement will produce no small effect on the reconciliation of attitudes and participation in trade.

It will be essential, moreover, that these two coinages should be of a single standard, intrinsic value, and face value, and remain forever, under the watchful supervision of the leaders of the State, in agreement with the regulation to be established now. It is also essential that in both places the rulers should expect no profit from the minting of the coinage. Only as much copper should be added as would make the face value exceed the intrinsic value, so that it would be possible to recover the loss of the expenses of the minting operation and remove the opportunity of melting down the coinage.

Furthermore, let us hereafter avoid falling into our present age's confusion arising from the mixture of new coinage with old. It seems necessary, when the new coinage is issued, to abolish the old coinage, wipe it out completely, and exchange it at the mints for the new coinage in proportion to its intrinsic value. Otherwise the work of renewing the money will be in vain, and the subsequent confusion will perhaps be worse than the earlier. For again the old coinage will spoil the value of the new coinage. The mixture will of course make the aggregate's weight less than is right and its quantity excessive. The result will be the dislocation described above. In this regard, somebody may think that the solution is to assign to the remaining old coins a value as much beneath the new coinage's as their intrinsic value is inferior or lower. But this cannot be done without a great error. For not only the groats and shillings but also the pennies are now so different in their many kinds that individual coins can hardly be rated according to the condition of their intrinsic value and differentiated from one another. Consequently the resulting variety of money would produce inescapable confusion and aggravate the difficulties, problems, and other annoyances of those who engage in business and enter into contracts. It will therefore always be better to withdraw the old coinage completely from circulation when money is being renewed afresh. For so small a loss will have to be borne calmly once, if that can be called a loss which gives rise to increased production and steadier serviceability as well as enhances the state.



To raise the Prussian coinage, however, to its original worth is very hard and perhaps impossible after so drastic a collapse. [...]

With reference to the restoration and maintenance of the currency, the following recommendations seem worthy of consideration.

First, the currency should not be renewed without the deliberate advice and unanimous consent of the Councillors.

Secondly, only one place, if possible, should be designated for a mint. There coins should be struck in the name, not of one city, but of the whole country with its insignia. The validity of this recommendation is proved by the Polish coinage, which for this reason alone maintains its value over so vast an extent of territory.

Thirdly, when new money is issued, the old coinage should be demonetized and abolished.

Fourthly, it should be a permanent rule, without change and without exception, to strike only 20 marks, and no more, from 1 pound of pure silver, minus what must be deducted for the expenses of the operation. The Prussian coinage will in this way be definitely adjusted to the Polish, with 20 Prussian groats as well as 20 Polish groats being worth 1 Prussian mark.

Fifthly, an excessive multiplicity of coinage should be avoided.

Sixthly, money should be issued in all denominations at the same time, that is, skoters or groats, shillings, and pennies should be minted simultaneously. How big should the proportion of each denomination be? Should groats as well as shillings be struck? Should silver pennies also be minted, worth $\frac{1}{4}$ or $\frac{1}{2}$ or even 1 whole mark? These questions are to be decided by those concerned, except that whatever the distribution, the decision should be made in such a way as to last forever after. Attention must also be paid to the ordinary pennies, since they are now worth altogether so little that a whole mark of pennies by weight contains hardly more than the silver in 1 groat.

Lastly, a difficulty arises from contracts and obligations made before and after the renewal of the money. In these matters a way must be found not to burden the contracting parties too much. This was done in former times, as is clear from what is copied out on the other side of this sheet.

(in: Nicholas Copernicus, Complete Works, volume III: Minor Works, Warsaw–Cracow: Polish Scientific Publishers, 1985, pp. 176–195)