

The Bank of England and earlier proposals for a decimal coinage

The introduction of a decimal system of currency in February 1971 makes it timely to recall earlier proposals for decimalisation with which the Bank were concerned.

The establishment of a decimal coinage has long had its advocates in this country. As early as 1682 Sir William Petty was arguing in favour of a system which would make it possible to "keep all Accompts in a way of Decimal Arithmetick".¹ But the possibility of making the change did not become a matter of practical politics until a decade later, when the depreciated state of the silver currency made it necessary to undertake a wholesale renewal of the coinage.

The advocates of decimalisation, including Sir Christopher Wren – a man who had to keep many 'accompts' – saw in the forthcoming renewal an opportunity for putting the coinage on a decimal basis.² But the opportunity was not taken. In 1696 – two years after the foundation of the Bank – the expensive and difficult process of recoinage was carried through, but the new milled coins were issued in the traditional denominations.

Although France and the United States, for different reasons, adopted the decimal system in the 18th century, Britain did not see fit to follow their example. The report of a Royal Commission issued in 1819 considered that the existing scale for weights and measures was "far more convenient for practical purposes than the Decimal scale".³ The climate of public opinion was, however, changing and in 1849 the florin was introduced in response to Parliamentary pressure as an experimental first step towards a decimalised coinage. Four years later in 1853 a Select Committee of the House of Commons was appointed to consider the question.⁴ Among the witnesses it examined were two representatives of the Bank, Thomson Hankey, a Director and former Governor, and William Miller, a Cashier.

Hankey, whose two-year term of office as Governor had expired only a few weeks before he gave evidence, explained to the Committee that his interest in the subject of decimalisation had been aroused by the "extremely complicated system of keeping accounts with respect to all transactions in the purchase or sale of bullion at the Bank of England". When Hankey had been appointed Governor in 1851, the Bank's bullion calculations were entirely innocent of decimal simplification. Weight was expressed in troy pounds, consisting of 12 ounces subdivided into 20 pennyweights each of which contained 24 grams. Quality was calculated by carats subdivided into eighths, and value was in terms of pounds, shillings, pence and farthings.

For his own private purposes, Hankey explained, he had worked out a simplified system which involved discarding the pound troy and using a decimal ounce. This system had been adopted by the Bank some months before and was now in general use by the London bullion market. It not only saved labour but resulted in greater accuracy. Of

¹ "Quantulumcunque concerning Money". Sir William Petty (1623-87) was the author of a large number of treatises on scientific subjects, particularly political economy.

² Sir Christopher Wren's "Proposall", 1695.

³ First Report of Royal Commission on Weights and Measures.

⁴ House of Commons Select Committee on Decimal Coinage.

course, if a decimal system of currency were introduced, a further considerable improvement would be achieved.

Speaking in more general terms on the advantages of decimal coinage, Hankey considered that such a system would lead to an improvement "in an educational point of view", and make life easier for tradesmen and all classes of the population.

The unit of calculation favoured by Hankey as involving least disturbance in the transition was the sovereign, which he proposed should be subdivided into 1,000 mils. He suggested that the subsidiary coins should be:

- the half-sovereign (500 mils)
- the florin (100 mils)
- the half-florin or shilling (50 mils)
- the quarter-florin or "Victoria" (25 mils)
- the "doit" or "groat" (10 mils)
- a 3 mils piece
- a 2 mils piece
- a 1 mil piece

It will be noted that the denominations advocated by Hankey down to the 10 mils unit correspond with the denominations which will circulate after next February. Like the modern decimalists, Hankey saw no place for the half-crown, though he saw a continuing use for the sixpence.¹

To a suggestion that a half-sovereign (containing 10 shillings or 100 pence or 1,000 mils) would be more suitable as the major unit of account, Hankey objected that, although such a system would be simpler, "it would interfere . . . with so many of the large transactions, for instance, the public debt of this country . . ." (Minutes of Evidence Q.55).

The other witness from the Bank, William Miller, emphasised that his proposals were entirely his own. Like Hankey, he favoured retention of the pound as the unit of account, but unlike Hankey he proposed that the existing coins should initially be allowed to circulate. This would involve reducing the value of the copper coins so as to make a pound contain 1,000 instead of 960 farthings.

At a later interview before the Committee, Miller illustrated by a practical example the great simplification and saving of labour which decimalisation would bring to the calculation of dividends on government stocks. He considered that the use of tables necessitated by the pounds, shillings and pence system dulled the natural faculties of the clerks, and estimated that decimalisation might make it possible to dispense with one in twelve of the clerks.

In its Report dated 1st August 1853 the Committee favoured a pound-mils system; withdrawal of the half-crown and the threepenny and fourpenny pieces; and the introduction of coins of 1, 2, 5, 10 and 20 mils.

The Report aroused much public interest and in June 1854 at a public meeting of bankers, merchants and traders it was decided to establish an Association² to press for the immediate issue of decimal coins and the early consideration of a system of decimal weights and measures. One of the Council members of the new Association was the same William Miller who had given evidence before the Select Committee in 1853.

¹ The sixpence will continue to circulate for two years after February 1971; whether it will remain in circulation after that has yet to be decided.

² The Decimal Association (formed 12th June 1854). The subsequent history of the Association is uncertain, but it probably ceased to be active after the Royal Commission of 1856 had reported in 1859 (see page 456).

In June 1855 William Brown, the member for Lancashire South and Chairman of the Decimal Association, urged in the House of Commons that the decimal system of coinage, already successfully initiated by the introduction of the florin, should be extended by the issue of coins representing the 100th and 1,000th parts of a pound.

A Royal Commission followed in 1856. This body consisted of Lord Monteagle, Lord Overstone and John Gelli-brand Hubbard, a Director of the Bank, who had served his term as Governor from 1853 to 1855. Thomson Hankey and William Miller again made submissions in favour of the change – on this occasion in writing (Appendices 13 and 14 to the Preliminary Report).

The Preliminary Report issued by the Royal Commission in 1857 was followed by a Final Report in 1859. The Final Report, under the signatures of Lord Overstone and J. G. Hubbard,¹ concluded (disappointingly, no doubt, to Hankey and Miller) that:

. . . it does not appear desirable, under existing circumstances, while our weights and measures remain as at present, and so long as the principle on which their simplification ought to be founded is undetermined, to disturb the established habits of the people with regard to the coins now in use, by a partial attempt to introduce any new principle into the coinage alone.

An opportunity to reconsider the question came with the appointment of a Royal Commission in 1868 to consider the reports of the International Monetary Conference held in Paris in 1867 and of the British representatives to that Conference. In December 1865, France, Belgium, Italy and Switzerland had established an international coinage among themselves, and Great Britain was invited to consider adhering to the Convention or at least bringing the British coinage into a more convenient relationship with that of the Convention countries.² The gold content of the sovereign was greater by about 0.993 of a grain, worth a little over 2*d.*, than the new 25 franc piece of the Convention countries, but the Royal Commission of 1868, which included among its members Thomas Hunt, Governor of the Bank from 1867 to 1869, and Thomson Hankey and J. G. Hubbard, rejected any variation in the value of the sovereign and suggested instead that the gold content of the 25 franc piece should be altered so as to make it exactly equal to the pound. Had agreement been possible, impetus would, no doubt, have been given to the movement for decimalisation of the British coinage. Nothing, however, materialised and the prospect of a world in which 5 francs would exactly equal 1 dollar or 4 shillings remained a dream.

At the Colonial Conference of 1907 there was some discussion of the advantages of the metric system both for coinage and weights and measures, but the Prime Ministers of the Dominions recognised that the attitude of the Mother Country put this outside practical politics (Cmd. 3523 pp.192-5). The British attitude was that the "weighty pronouncement [of the Royal Commission of 1856] may be considered to have disposed of the question for the last fifty years so far as the United Kingdom is concerned", and that "there is no such approach to unanimity of opinion in the commercial or other classes of the community as

¹ Lord Monteagle had resigned just before the conclusion of the enquiry.

² The original Convention of December 1865 was entered into by France, Belgium, Italy and Switzerland with a view to establishing uniformity of coinage in these four countries. The Convention was later adhered to by Greece. It lasted, despite some difficulties, until the First World War, and was not formally terminated until 1925.

would justify the Government in taking action". A resolution in favour of decimal coins, weights and measures was moved by the New Zealand representative at the Imperial Conference of 1911 but was withdrawn after representations by the British Government on the practical difficulties of implementing it.

In July 1916 a "Committee on Commercial and Industrial Policy after the War" was appointed. This considered, among other things, proposals for the introduction of a decimal system of coinage including the following scheme¹ submitted by Lord Cunliffe, at that time the Governor of the Bank:

	£	Shillings	(New) Pence	Equivalent in today's coinage		
				£	s.	d.
Gold						
Sovereign	1.000	20.00	200	1	0	0
Half-Sovereign	0.500	10.00	100		10	0
Silver						
Crown = $\frac{1}{4}$ Sovereign	0.250	5.00	50		5	0
Florin	0.100	2.00	20		2	0
Shilling = $\frac{1}{2}$ florin	0.050	1.00	10		1	0
Fivepence = $\frac{1}{4}$ florin	0.025	0.50	5			6
Nickel						
Dime	0.010	0.20	2			2.4
Bronze						
Penny = $\frac{1}{2}$ dime	0.005	0.10	1			1.2
Halfpenny = $\frac{1}{4}$ dime	0.0025	0.05	0.5			0.6
Mil	0.001	0.02	0.2			0.24

It will be noted that Lord Cunliffe's proposals, although following the traditional pound-mil pattern, introduced the concept of new pence of which there were to be 200 to the sovereign. This scheme only required three new coins, the 5 (new) pence piece equal to 6 (old) pence, the dime equal to 2 (new) pence, and the mil.

The Committee in its Final Report stressed the upheaval which would be caused by decimalisation in the lives of wage earners, retail shopkeepers and their customers and concluded that "the introduction of such a change would be inexpedient at a time when the social, industrial and financial organisation of the country will be faced with numerous and exceptional difficulties".

This conclusion was reinforced by the majority report of the Royal Commission on Decimal Coinage of 1918-20, which found that it was "not advisable to make any change in the denomination of the currency and money of account of the United Kingdom with a view to placing them on a decimal basis".²

This effectively disposed of the subject for more than thirty years, but renewed and growing interest during the 1950s was furthered in 1960 by the publication of a joint report by Committees appointed by the British Association for the Advancement of Science and the Association of British Chambers of Commerce.³ In 1961, the then Chancellor of the Exchequer, Mr. Selwyn Lloyd, announced the formation of a Committee of Inquiry under the chairmanship of Lord Halsbury to consider the form which decimalisa-

¹ Appendix III to the Final Report published in 1918 (Cmd. 9035).

² Cmd. 628.

³ *Decimal coinage and the metric system - should Britain change?* Butterworths Publications Ltd.

tion might take, its timing and phasing and its likely cost. The Committee was not, however, directly concerned with the principle of decimalisation, or arguments for or against it. As the Chancellor explained when announcing the enquiry:¹

. . . The Government's view is that real advantage would follow from the adoption of a decimal currency, but that the matter must depend a little upon the cost and other relevant considerations. In the light of the findings of the Committee, we will make the final decision . . .

The Bank submitted a memorandum to the Committee in April 1962 arguing in favour of retaining the £ as the main unit in any decimal system. This was the recommendation of a majority of the Committee, whose Report was published in September 1963.²

The Government adopted the majority view of the Committee, and arrangements were set in train for the introduction of the new system next February – almost 300 years after Sir William Petty made his proposals.

¹ *Hansard* 19th December 1961, Col. 1134.

² Cmnd. 2145.