



INFLUENCIA DE PLATA GRUESA

BARBARA C. WALRAFEN



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BY

BARBARA C. WALRAFEN



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FOREWORD

THIS PAPER WAS RESEARCHED AND WRITTEN UNDER THE TITLE OF ...MONEY USED IN THE CHINA TRADE... BY MY WIFE BARBARA A FEW MONTHS BEFORE HER DEATH IN 1966. I HAVE TAKEN THE LIBERTY OF EDITING, ILLUSTRATING, AND PRINTING IT IN THIS FORM IN HOPES THAT THERE ARE THOSE AMONG YOU THAT WILL FIND IT OF INTEREST.

HER SOURCES OF INFORMATION ARE NO LONGER AVAILABLE TO ME SINCE, FOR THE MOST PART, THEY WERE OBTAINED FROM THE LIBRARY OF THE UNIVERSITY OF HAWAII. SO I AM DEPENDING UPON THE ACCURACY OF HER ORIGINAL PAPER. I SHALL NOT ATTEMPT TO WELD THIS PAPER INTO A MONUMENT OF LITERARY ACHIEVEMENT SINCE I AM MORE AT HOME WITH A SLIDE RULE IN MY HAND THAN WITH A PEN.

MY THANKS TO THE AZTECA BOARD OF GOVERNORS, IN PARTICULAR, AND THE ENTIRE AZTECA MEMBERSHIP, IN GENERAL, FOR THEIR FINANCIAL SUPPORTWITHOUT WHICH THIS PAPER WOULD NEVER HAVE BEEN PRINTED. MY SPECIAL THANKS TO ...MRS. ERMA C. STEVENS... FOR HER CONFIDENCE IN THE VALUE OF THIS PROJECT AND FOR HER ENCOURAGEMENT AND HELP.

I WILL WELCOME ANY COMMENTS OR CRITICISMS AS IT IS IN THIS MANNER THAT WE ALL BROADEN OUR KNOWLEDGE AND OUR VIEWPOINTS.

VERY RESPECTFULLY,

VERNE R. WALRAFEN

ANA LM-553

P. O. BOX 1751
TOPEKA, KANSAS
66601

... IN MEMORY OF

ONWARD EVER ONWARD
HIS FOOTPRINTS MARK THE DUST
HE TRAVELS SLOWLY ONWARD
IS IT BECAUSE HE MUST

THE DUST IS EVEN THICKER
ON THIS TRAIL OF LITTLE USE
HE DRAWS NEAR TO HIS REWARD
BE IT PARADISE OR NOOSE

AS THE EONS ROLL ONWARD
DUST COVERS HIS PASSING MARKS
LEAVING ALL HE LEFT BEHIND HIM
TO THE MICE AND MEADOW LARKS

DID HE FOLLOW BLINDLY
DRAWN FORWARD BY A DANGLED BAIT
WAS MAN REALLY
MASTER OF HIS FATE

INFLUENCIA DE PLATA GRUESA

THE WESTERN DEMAND FOR CHINESE GOODS BROUGHT A PROBLEM TO THE WESTERN NATIONS WHO WISHED TO PURCHASE THEM. THE CHINESE DID NOT DESIRE ANY WESTERN GOODS SO THEY WOULD ACCEPT ONLY A FEW WESTERN ITEMS AND DEMANDED PAYMENT FOR THE BALANCE IN SPECIE. DURING THE ENTIRE TRADE WITH CHINA SILVER WAS DRAINED FROM THE WEST. THE DEMAND FOR OPIUM RELIEVED THE SITUATION SOMEWHAT BUT RECORDS SHOW THAT DESPITE THE OPIUM TRADE CHINA ENJOYED A NET IMPORT OF SILVER THROUGHOUT THE ENTIRE PERIOD OF THE TRADE.

TRADE WAS FURTHER COMPLICATED BY THE VARIETY OF COINAGE USED BY THE MERCHANTS. NEITHER THE UNITED STATES NOR CHINA HAD AN ESTABLISHED COINAGE AT THE BEGINNING OF THEIR TRADE. CHINA DID NOT HAVE AN ESTABLISHED MONETARY SYSTEM UNTIL THE EARLY TWENTIETH CENTURY.

AT THE TIME OF THE REVOLUTION IN THE UNITED STATES, COINS OF EVERY DESCRIPTION CIRCULATED. SPANISH, ENGLISH, FRENCH AND PORTUGUESE COINS OF VARIOUS DENOMINATIONS AND OF VARYING VALUATIONS WERE CURRENT IN DIFFERENT PARTS OF THE COUNTRY. THE POUND WAS THE MONEY OF ACCOUNT BUT MANY DIVERSE IDEAS PREVAILED REGARDING POUNDS, SHILLINGS AND PENCE.¹ BETWEEN THE REVOLUTION AND THE ESTABLISHMENT OF THE MINT IN 1792, THE COINS MOST FREQUENTLY LEGALIZED BY ACT OF CONGRESS WERE BRITISH AND PORTUGUESE, THE LATTER GENERALLY MEANING BRAZILIAN GOLD, AND SPANISH OR MEXICAN SILVER.² IN 1783 ROBERT MORRIS PRESENTED TO CONGRESS A SPECIMEN AMERICAN COIN. OUR NATIONAL COINAGE MAY BE SAID

1 ...ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE... , V. IV, JULY 1893 - JUNE 1894, PHILADELPHIA, AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, 1894, P. 94-95.

2 ...CATALOGUE OF COINS, TOKENS, AND MEDALS IN THE NUMISMATIC COLLECTION OF THE MINT OF THE US AT PHIL. PA.... PREPARED UNDER THE DIRECTION OF THE BUREAU OF THE MINT, 1914, P. 6-7.

TO DATE FROM THE MAKING OF THAT COIN. THE MINT WAS NOT ESTABLISHED UNTIL AFTER THE ADOPTION OF THE CONSTITUTION AND IT WAS PRACTICALLY A GENERATION AND A HALF BEFORE A NATIONAL COIN CURRENCY CAME INTO GENERAL USE.³

THE YEARS BETWEEN 1792 AND 1834 HAVE BEEN CALLED THE SILVER PERIOD BY THE HISTORIANS OF BIMETALLISM IN THE UNITED STATES. IT CAN HARDLY BE SAID TO HAVE BEEN A PERIOD OF AMERICAN COINAGE AS IT IS MORE DESTINCTIVELY THE PERIOD OF BANK NOTES AND FOREIGN COINS.⁴ IN THE EARLY HISTORY OF THE COUNTRY THE SPANISH ...PILLAR DOLLAR... OR THE SPANISH ...MILLED DOLLAR... , ALSO KNOWN AS ...PIECE OF EIGHT... , WAS THE VERY GENERALLY RECOGNIZED MONETARY UNIT. THE PAPER CURRENCY ISSUED BY CONGRESS IN THE UNITED COLONIES DURING THE REVOLUTION WAS MADE REDEEMABLE IN ...SPANISH MILLED DOLLARS OR THE VALUE THEREOF IN GOLD AND SILVER... AND IN CONTRACTS OF NEARLY EVERY DESCRIPTION PAYMENT WAS FREQUENTLY STIPULATED IN THE SAME COIN. THE SPANISH, AND LATER THE MEXICAN, REALE AND HALF REALE WERE IN COMMON USE IN THE RETAIL TRADE OF THE COUNTRY UNTIL THE MIDDLE OF THE NINETEENTH CENTURY. ...SHILLING... OR ...MEXICAN SHILLING... WAS THE TERM APPLIED TO THE REALE WHICH WAS ONE-EIGHTH OF THE PESO AND APPROXIMATELY 12 1/2 CENTS. IN CERTAIN OF THE MIDDLE STATES, ESPECIALLY PENNSYLVANIA AND NEW JERSEY, AND IN MUCH OF THE SOUTH THE REALE WAS KNOWN AS THE ...LEVY... AND THE HALF REALE AS THE ...FIPPENY... OR ...TIPPENY BIT... , TERMS WHICH ARE CORRUPTIONS OF ELEVEN AND FIVE PENNY AND PRESUMABLY POINT TO A LOCAL VALUATION PLACED UPON THE COINS.⁵

3 ...ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE... , OP. CIT., P. 93.

4 IBID., P. 106.

5 ...CATALOGUE OF COINS, TOKENS, AND MEDALS IN THE NUMISMATIC COLLECTION OF THE MINT OF THE US AT PHIL. PA.... , OP. CIT., P. 6-7.

THE ACT OF 1792 PROVIDED FOR THE ESTABLISHMENT OF THE MINT. THE MOST IMPORTANT FEATURE OF THE ACT WAS THE PROVISION AUTHORIZING THE FREE COINAGE OF BOTH GOLD AND SILVER FOR ALL COMERS, IN THE ORDER OF ARRIVAL.⁶ NEITHER GOLD NOR SILVER WAS PRODUCED IN THE COUNTRY. NO PRIVATE INTEREST EXISTED ANXIOUS TO AVAIL ITSELF OF THE PRIVILEGE OF HAVING ITS PRODUCE GRATUITOUSLY MANUFACTURED BY THE GOVERNMENT, NEITHER WAS THERE ANY INDUCEMENT FOR INDIVIDUALS TO OFFER FOREIGN MONEY FOR RECOINAGE WHILE THE COINS WERE CONVENIENT AND WERE FULL LEGAL TENDER.⁷ THE TREASURY ITSELF FAILED TO COOPERATE WITH THE MINT IN THE EFFORT TO PROVIDE A SYSTEM OF NATIONAL COINAGE. THE ACT OF 1792 HAD A PROVISION ACCORDING TO WHICH ALL COIN RECEIVED BY THE GOVERNMENT OFFICIALS IN THE TREASURY DEPARTMENT WAS TO BE SENT TO THE MINT AND RECOINED INTO AMERICAN MONEY BEFORE BEING ALLOWED TO PASS INTO CIRCULATION AGAIN. THE SECRETARIES REFUSED COMPLIANCE WITH THIS PROVISION AND AS LATE AS 1803, THE DIRECTOR OF THE MINT REPORTED THAT NO PRECIOUS METAL HAD BEEN COINED ON THE ACCOUNT OF THE GOVERNMENT OF THE UNITED STATES.⁸ AS A RESULT, THE MINT OCCUPIED A PRECARIOUS POSITION. ITS CONTINUANCE BECAME A MATTER OF DISPUTE AND IT WAS NOT UNTIL 1828 THAT A BILL PASSED CONGRESS PROVIDING FOR ITS PERMANENT ESTABLISHMENT. NEARLY TWO GENERATIONS PASSED AWAY BEFORE THE FIRST AMERICAN COINS, OF GOLD, BECAME FAMILIAR TO THE PEOPLE AND A THIRD GENERATION WAS WELL ADVANCED BEFORE A GENERAL NATIONAL COIN CURRENCY WAS SECURED BY THE SUBSIDIARY COINAGE LAW OF 1853 AND THE LAWS OF 1864, 1865, AND 1866 AUTHORIZING THE SMALLER TOKEN COINS.⁹

6 ...ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE... , OP. CIT., P. 95-96.

7 IBID., P. 100-101.

8 IBID., P. 101.

9 IBID., P. 102-103.

IN 1834 THE BASIS OF OUR CREDIT CURRENCY WAS MADE UP OF FOREIGN COINS AND FRACTIONAL SILVER COINS. FOREIGN GOLD COINS CEASED TO BE LEGAL TENDER IN 1819. VERY LITTLE GOLD OF ANY KIND, FOREIGN OR NATIVE, REMAINED IN CIRCULATION AFTER 1820. THE SILVER COINS WERE OLD AND WORN. THE MAJORITY WERE SPANISH, THE ONLY FOREIGN COINS WHICH WERE LEGAL TENDER FROM 1827 TO 1834, WHICH HAD BEEN IN CIRCULATION FROM TWENTY TO ONE HUNDRED YEARS. THE BULK OF THE CURRENCY WAS PAPER, THE NOTES OF A GREAT NUMBER OF BANKS IN EVERY DEGREE OF SOLVENCY. AMERICAN COINS WERE FEW AND THE OLD SPANISH COINS WERE THE NEAREST APPROXIMATION TO A STANDARD OF VALUE. THE CURRENCY WAS NEITHER CON-¹⁰VENIENT NOR SIMPLE. THE FEW AMERICAN COINS THAT WERE MADE WERE SOON EXPORTED. THE NEW AMERICAN COINS COULD NOT ...DRIVE OUT... THE FOREIGN COINS WHICH WERE INVARIABLY CHOSEN IF A PREFERENCE WERE OFFERED. THE AMERICAN DOLLARS AND EAGLES WERE EXPORTED BECAUSE THEY WERE WORTH MORE AS COMMODITIES IN OTHER MARKETS THAN AS A CIRCULATING MEDIUM OR A MEANS OF PAYING DEBTS IN THE UNITED STATES. GOLD COINS WERE NOT ISSUED UNTIL THE LATTER PART OF 1795 AND AS EARLY AS 1798 A LARGE QUANTITY HAD BEEN SEEN IN A GOLDSMITHS WINDOW IN LONDON. IN THE FIRST YEARS OF THE CENTURY THE DRAIN OF SILVER DOLLARS WAS SO GREAT THAT THE GOVERNMENT CEASED MAKING THEM AFTER MARCH OF 1804, NONE BEING ISSUED¹¹ THEREAFTER UNTIL 1836. BANK NOTES WERE MORE SUCCESSFUL IN THE COMPETITION WITH FOREIGN COINS. PRIOR TO 1800 MOST OF THE CURRENCY OF THE COUNTRY WAS COMPOSED ALMOST ENTIRELY OF GOLD AND SILVER MONEY. AFTER 1800 THE BANK CIRCULATION BECAME AN IMPORTANT FACTOR IN THE¹² CURRENCY OF THE COUNTRY.

¹⁰ ...ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE... , OP. CIT., P. 109-110.

¹¹ IBID., P. 102.

¹² IBID., P. 103.

DIRECTOR OF THE MINT, SNOWDEN, SET HIS OWN PRICES FOR BULLION WELL ABOVE THE MARKET, AND IN JULY OF 1854, ANNOUNCED THAT HE WOULD PAY FOR IT ONLY IN SUBSIDIARY COINS. AS A RESULT OF THIS ACTION, THE COUNTRY, WHICH HAD BEEN SO BADLY IN NEED OF SMALL CHANGE, SOON FOUND ITSELF WITH AN ABUNDANCE SO GREAT THAT THE NEW COINS WERE ACTUALLY DISCOUNTED WHEN LARGE BUSINESS FIRMS ACCUMULATED A SURPLUS. SURPLUSES CONTINUED TO 1862. BY LAW OF FEBRUARY 21, 1857 CIRCULATION OF SPANISH AND MEXICAN FRACTIONAL SILVER WAS STOPPED. THE SPANISH AND MEXICAN PIECES WERE NO LONGER TO BE LEGAL TENDER AND THE HOLDERS COULD EXCHANGE THEM FOR THE NEW COPPER-NICKEL ONE CENT PIECE AT A RATING OF 25 CENTS FOR THE SPANISH AND MEXICAN DOUBLE-REALES, 12 1/2 CENTS FOR THE REALES, AND 6 1/4 CENTS FOR THE MEDIOS, REGARDLESS OF THE STATE OF WEAR OF THE FOREIGN SILVER.¹³

IN THE WESTERN PART OF THE COUNTRY THE REALE WAS POPULARLY KNOWN AS A ...BIT... , A TERM WHICH YET SURVIVES, THE TERMS ...TWO BITS... , ...FOUR BITS... , AND ...SIX BITS... BEING EMPLOYED TO EXPRESS THE VALUES, TWENTY-FIVE, FIFTY, AND SEVENTY-FIVE CENTS. THE INFLUENCE OF THE MEXICAN REALE ...BIT... , WHICH HAD A VALUE OF APPROXIMATELY 12 CENTS, IS PROBABLY SEEN IN THE APPLICATION, IN PARTS OF THE WEST, OF THE TERM ...SHORT BIT... TO THE SLIGHTLY SMALLER U. S. DIME.¹⁴

AS A SPECIFIC AND CONVENIENT PIECE OF BULLION, THE DOLLAR COIN OF THE UNITED STATES SUFFERED IN THE WORLD MARKETS WHERE IT CAME INTO DIRECT COMPETITION WITH THE SPANISH AND MEXICAN DOLLARS.¹⁵ AS A RESULT THE AMERICAN TRADE DOLLAR WAS COINED TO GIVE THE AMERICANS A

13 JOHN M. WILLEM, JR., ...THE UNITED STATES TRADE DOLLAR... , NEW YORK, PRIVATELY PRINTED, 1959, P. 1.

14 ...CATALOGUE OF COINS, TOKENS, AND MEDALS IN THE NUMISMATIC COLLECTION OF THE MINT OF THE US AT PHIL. PA.... , OP. CIT., P. 6-7.

15 JOHN M. WILLEM, JR., OP. CIT., P. 23.

COIN WITH WHICH TO COMPETE IN THE ORIENT AGAINST THE MEXICAN PESO. THE AMERICAN TRADE DOLLAR WAS COINED FROM 1873 TO 1878 TO THE EXTENT OF NEARLY 36,000,000 PIECES. THESE WERE INTENDED SOLELY FOR THE CHINA TRADE, BUT SOME CIRCULATED IN THE UNITED STATES.¹⁶ THE UNITED STATES TRADE DOLLAR, A COIN OF SILVER WEIGHING 420 GRAINS, 0.900 FINE (NINE PARTS OF PURE SILVER TO ONE OF ALLOY) AND THEREFORE CONTAINING 378 TROY GRAINS OF PURE SILVER WAS MINTED IN ORDER TO FILL TWO PURPOSES. ONE WAS TO PROVIDE THE COUNTRY WITH ANOTHER OUTLET FOR THE METAL COMING OUT OF THE BONANZA MINES OF NEVADA IN THE EARLY 1870 S AND THE OTHER TO SPARE THE AMERICAN TRADERS FROM HAVING TO PAY A PREMIUM FOR MEXICAN DOLLARS, THE MONEY MEDIUM IN WHICH THE CHINA TRADE WAS THEN CONDUCTED.¹⁷ WHEN FIRST COINED THEY WERE LEGAL TENDER IN THE UNITED STATES TO THE EXTENT OF FIVE DOLLARS BUT WITH THE DECLINE IN PRICE OF SILVER BULLION CONGRESS REPEALED THE LEGAL TENDER PROVISION IN 1876 AND AUTHORIZED THE TREASURY TO LIMIT COINAGE TO EXPORT DEMAND.¹⁸ IN 1887 AFTER THE FALL OF THE PRICE OF SILVER MADE THEIR SILVER CONTENT WORTH LESS THAN A DOLLAR GOLD, A REDEMPTION LAW WAS PASSED, WHICH EXPLICITLY EXCLUDED DEFACED AND MUTILATED DOLLARS.¹⁹ OF THE TOTAL OF 35,965,924 COINED, ONE FIFTH (7,689,036) WAS REDEEMED AT FACE VALUE, IN EXCHANGE FOR STANDARD SILVER DOLLARS OR SUBSIDIARY SILVER COINS.²⁰ IT MAY BE ASSUMED THAT THE MAJORITY OF THE BALANCE OF ABOUT 28,000,000 REMAINED IN CHINA AS CHOPPED DOLLARS OR ALREADY HAD BEEN MELTED INTO SYCEE BECAUSE THEIR BULLION CONTENT WAS SLIGHTLY ABOVE THAT OF THE

16 DICKSON H. LEAVENS, ...SILVER MONEY... , BLOOMINGTON, INDIANA, PRINCIPIA PRESS, INC., 1939, P. 96.

17 JOHN M. WILLEM, JR., OP. CIT., P. 1.

18 R. S. YOEMAN, ...A GUIDE BOOK OF UNITED STATES COINS... , RACINE, WISCONSIN, WHITMAN PUBLISHING CO., 1963, P. 154-155.

19 DICKSON H. LEAVENS, OP. CIT., P. 96.

20 ...ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE... , OP. CIT., P. 130.

MEXICAN DOLLAR.²¹ UNITED STATES TRADE DOLLARS ARE STILL CIRCULATING
IN THE ORIENT.²² THE FEW SHORT YEARS OF THE EXISTENCE OF THE TRADE
DOLLAR MADE LITTLE IMPRESSION UPON THE OLD TRADITIONS OF THE CHINESE.
THE DECLINE IN THE PRICE OF SILVER, WHICH WAS THE CAUSE OF THE DISCON-
TINUANCE OF THE TRADE DOLLAR HAD NO EFFECT ON THE USE OF SILVER IN
CHINA, WHERE SILVER DOLLARS, IN ONE FORM OR ANOTHER, REMAINED A STAN-
DARD UNTIL BANNED, IN FAVOR OF PAPER MONEY, BY FINANCE MINISTER T. V.
SOONG IN 1935.²³

DURING THE YEARS OF TRADE THE CURRENCIES IN CHINA WERE IN A STATE
OF MEDIEVAL CHAOS WITH MANY SCORES OF DIFFERENT TAEELS, OR WEIGHTS OF
SILVER, IN USE.²⁴ MARCO POLO FOUND THE COWRY SHELL IN USE AS MONEY IN
CHINA IN HIS DAY.²⁵ THE CHINESE UNIT OF CURRENCY WAS THE SILVER TAEEL,
OR LIANG, ROUGHLY AN OUNCE IN OUR WEIGHT. ITS VALUE FLUCTUATED
SLIGHTLY ACCORDING TO THE PURITY OF THE SILVER.²⁶ TAEEL COINS NEVER
CIRCULATED TO ANY GREAT EXTENT, BUT TAEEL NOTES HAD AT TIMES ENJOYED A
RELATIVELY WIDE CIRCULATION. TAEEL PRIMARILY WAS A UNIT OF ACCOUNT AND
ITS EXACT WEIGHT WAS NOT DEFINED BY LAW BUT WAS MERELY FIXED BY
CUSTOM. GENERALLY THE WEIGHT OF DIFFERENT KINDS OF TAEELS RANGED FROM
APPROXIMATELY 500 TO 600 GRAINS OR FROM ABOUT 32 TO 39 GRAMS. EACH
MONETARY TAEEL HAD ITS PARTICULAR FINENESS, AND LOCAL CONVENTION HAD IN
SOME CASES COMPLICATED MATTERS STILL FURTHER BY REQUIRING THAT A MONE-
TARY TAEEL WEIGH SLIGHTLY MORE OR LESS THAN ORDINARY TAEEL WEIGHT. IN

21 DICKSON H. LEAVENS, OP. CIT., P. 96.

22 R. S. YOEMAN, OP. CIT., P. 154-155.

23 JOHN M. WILLEM, JR., OP. CIT., P. 109.

24 A. W. PINNICK, ...SILVER AND CHINA... , SHANGHAI, KELLY AND
WALSH, LTD., 1930, P. 45.

25 WILLIAM WARRAND CARLILE, ...THE EVOLUTION OF MODERN MONEY... ,
LONDON, MACMILLIAN AND CO., 1901, P. 240.

26 EMILY HAHN, ...CHINA ONLY YESTERDAY... , GARDEN CITY, NY,
DOUBLEDAY AND CO., 1963, P. 26.

1929 THE TAEI, AS A UNIT OF ACCOUNT, WAS USED IN VARYING DEGREES IN ALMOST ALL PARTS OF CHINA BUT PHYSICAL TAEI IN THE SHAPE OF SILVER SHOES, COMMONLY KNOWN AS SYCEE, WERE NOT FOUND EXTENSIVELY OUTSIDE OF ABOUT THREE CENTERS, SHANGHAI, HANHOW, AND TIENTSIN. IT WAS USED MORE EXTENSIVELY IN SHANGHAI THAN IN ANY OTHER CITY. HALF OF THE SILVER RESERVES OF THE BANKS, BOTH DOMESTIC AND FOREIGN, WERE IN SYCEE. SYCEE PACKED IN BOXES OF ABOUT 3,000 TAEI, OR 60 SHOES TO THE BOX, WAS SHIPPED ABOUT FREELY IN SETTLEMENT OF BANK BALANCES.

MONEY IN THE FORM OF COINS AND BULLION CIRCULATED REGULARLY IN CHINA FROM AS EARLY AS THE FOURTH AND THIRD CENTURIES BEFORE CHRIST. THE COINS WERE MADE OF COPPER, OR TO BE EXACT, BRONZE, IN THE SHAPE OF KNIVES AND SPADES. IN HAN TIMES (206 BC - 220 AD) A ROUND COIN WITH A SQUARE HOLE IN THE MIDDLE WAS THE STANDARD MEDIUM OF EXCHANGE. REMARKABLY ENOUGH, SUCH COINS CONTINUED IN CIRCULATION FOR MORE THAN TWO THOUSAND YEARS, UNTIL THE END OF THE MANCHU DYNASTY (1644-1912). FOR THE POOR PEOPLE, THESE COINS CALLED ...CASH... WERE A MORE FAMILIAR MEDIUM THAN THE TAEI. THESE COINS WERE STRUNG A HUNDRED TO A STRING. PRICES WERE QUOTED IN SO MANY STRINGS OF CASH IN 1842 TEN STRINGS ADDED IN VALUE TO ONE TAEI OF SILVER, IN OTHER WORDS 1000 CASH WERE WORTH ONE TAEI. THAT WAS THE GENERAL RULE, BUT IN TIMES OF ECONOMIC UPHEAVAL CASH COULD BE DEVALUED, AND IN ANY CASE ITS WORTH WAS SUBJECT TO COUNTLESS VARIATIONS. A STRING OF CASH CONTAINED 100 COINS AND IN THE EASTERN PROVINCES TEN STRINGS WERE THEORETICALLY EQUIVALENT TO ONE MEXICAN DOLLAR. BUT THE NUMBER OF CASH PER STRING VARIED IN

27 ...PROJECT OF LAW FOR THE GRADUAL INTRODUCTION OF A GOLD-STANDARD CURRENCY SYSTEM IN CHINA TOGETHER WITH A REPORT IN SUPPORT THEREOF... NATIONAL GOVERNMENT OF THE REPUBLIC OF CHINA COMMISSION OF FINANCIAL EXPERTS, NOV. 11, 1929, P. 55-56.

28 LIEN-SHENG YANG, ...MONEY AND CREDIT IN CHINA... , CAMBRIDGE, MASS., HARVARD UNIVERSITY PRESS, 1952, P. 2.

EACH OF THE 18 PROVINCES.²⁹ BRASS AND COPPER CASH WERE PRACTICALLY THE ONLY COINS EXTENSIVELY USED IN CHINA UNTIL DIRECT TRADE WITH WESTERN COUNTRIES WAS STARTED IN THE SIXTEENTH CENTURY.³⁰ THE CASH WERE INTENDED FOR CIRCULATION AND IN THE NINTH CENTURY WHEN THERE WAS A SERIOUS SHORTAGE OF CASH, IMPERIAL DECREES WERE ISSUED PROHIBITING THE HOARDING OF COPPER COINS ABOVE A SPECIFIED NUMBER OF STRINGS. THE SITUATION WAS DIFFERENT, HOWEVER, WITH REFERENCE TO PRECIOUS METALS. PRIOR TO THE MODERN ERA OF CHINESE HISTORY, WHICH BEGAN IN THE NINETEENTH CENTURY, THE HOARDING OF LARGE SUMS OF GOLD AND SILVER WAS A COMMON PRACTICE. IN THIS MATTER, THE EMPEROR, THE IMPERIAL PRINCES,³¹ AND TOP-RANKING OFFICIALS WERE NATURALLY IN THE LEAD. IT REMAINED TRUE THAT COPPER CASH WAS A STANDARD FOR ORDINARY TRANSACTIONS BUT FOR LARGE TRANSACTIONS, GOLD, SILK, PAPER MONEY AND SILVER WERE USED AS THE PREDOMINANT MEDIUM OF EXCHANGE.³² SILVER, ON THE OTHER HAND, DURING THE LAST FEW HUNDRED YEARS INCREASED IN IMPORTANCE AS AN ELEMENT OF THE MONETARY SYSTEM. IT CIRCULATED SIDE BY SIDE WITH COPPER, AT VARYING RATIOS THERETO. NEVERTHELESS, THE GOVERNMENT WHICH CAST THE BRASS CASH NEVER, WITH TWO OR THREE UNIMPORTANT EXCEPTIONS, MINTED ANY SILVER COINS UNTIL THE END OF THE NINETEENTH CENTURY. SILVER CIRCULATED ONLY AS BULLION BY WEIGHT OR IN THE FORM OF IMPORTED FOREIGN COINS.³³ NO SILVER COINS WERE ISSUED IN CHINA UNTIL THE ESTABLISHMENT OF THE MINTS WITH MODERN MACHINERY. PREVIOUS TO THE MINTING OF DOLLARS AND SUBSIDIARY COINS SILVER WAS PRACTICALLY ENTIRELY CURRENT IN INGOTS OR SHOES WHICH WERE CALLED ...YUAN PAO... THE

29 EMILY HAHN, OP. CIT., P. 26.

30 ...PROJECT OF LAW FOR THE GRADUAL INTRODUCTION -----... , OP. CIT., P. 45.

31 LIEN-SHENG YANG, OP. CIT., P. 4.

32 IBID., P. 3.

33 DICKSON H. LEAVENS, OP. CIT., P. 87.

STANDARD INGOT WEIGHED ABOUT 50 TELS AND THE SILVER IT CONTAINED WAS CALLED ...SYCEE... FROM THE CANTONESE PRONUNCIATION OF ...HSI SSU... , FINE SILK. THE TERM ORIGINATED IN THE FIVE NORTHERN PROVIDENCES (CHIH LI, SHANTUNG, SHANSI, SHENSI AND HONAN). WHEN THE SHANSI BANKERS MELTED SILVER INTO INGOTS, AFTER IT HAD BEEN LIQUIFIED AND POURED INTO THE MOLD, AND BEFORE IT HAD AGAIN SOLIDIFIED, THE MOLD WAS LIGHTLY TAPPED. THEN THERE APPEARED ON THE SURFACE OF THE SILVER FINE, SILKLIKE, CIRCULAR LINES. THE HIGHER THE ...TOUCH... OF THE METAL, THE MORE LIKE FINE SILK WERE THOSE ...CIRCLINGS... ON THE SURFACE OF THE SILVER. HENCE INGOTS OF FULL QUALITY WERE CLASSIFIED AS ...SYCEE...³⁴

IN 1890 KWANGTUNG PROVINCIAL MINT STRUCK SILVER DOLLARS AND SILVER FRACTIONAL COINS BEARING A DRAGON DESIGN. THE MOST COMMON FRACTIONAL COINS WERE THE 10-CENT AND 20-CENT PIECES. OTHER PROVINCES AND THE CENTRAL GOVERNMENT LATER ISSUED SILVER DOLLARS AND FRACTIONAL COINS WITH SIMILAR DESIGNS. DRAGON DOLLARS, ALTHOUGH VARYING SLIGHTLY IN WEIGHT AND FINENESS AT THE DIFFERENT MINTS HAD APPROXIMATELY THE SAME FINE SILVER CONTENT AS THE FOREIGN SILVER DOLLARS AND GENERALLY CIRCULATED ON A PARITY WITH THEM.³⁵ THE COINAGE LAW OF 1914 PROVIDED FOR THE COINAGE OF A SILVER DOLLAR, OR ...YUAN... , APPROXIMATELY EQUAL IN THE FINE SILVER CONTENT TO THE SILVER DOLLARS ALREADY IN CIRCULATION. THE CHINESE DOLLAR BORE THE HEAD OF YUAN SHIH-KAI AND LATER THAT OF SUN YAT-SEN. THIS CAME CLOSER TO PROVIDING CHINA WITH A NATIONAL CURRENCY THAN ANYTHING BEFORE.³⁶

34 SIR JAMES H. STEWART LOCKHART, ...THE STEWART LOCKHART COLLECTION OF CHINESE COPPER COINS... , HONG KONG, KELLY AND WALSH, LTD., 1915, P. XI.

35 ...PROJECT OF LAW FOR THE GRADUAL INTRODUCTION -----... , OP. CIT., P. 46.

36 IBID., P. 46-47.

TRADE THROUGH CANTON BROUGHT IN SPANISH OR ...CAROLUS... SILVER DOLLARS. WITH THE OPENING OF OTHER PORTS IN THE MIDDLE OF THE NINETEENTH CENTURY IT WAS FOLLOWED BY THE MEXICAN DOLLARS, AND SUBSEQUENTLY BY MANY OTHER SILVER COINS, INCLUDING THE AMERICAN TRADE DOLLAR, THE JAPANESE YEN, THE BRITISH ...STANDING MAN... DOLLAR, THE SAIGON DOLLAR AND DOLLARS OF SEVERAL SOUTH AMERICAN COUNTRIES. ALL OF THESE COINS HAD APPROXIMATELY THE SAME FINE SILVER CONTENT AS THE CAROLUS AND MEXICAN DOLLARS AND GENERALLY CIRCULATED ON A PARITY WITH THEM, AND ALL WERE COMMONLY KNOWN AS ...MEXICAN... DOLLARS. THESE DOLLARS TOGETHER WITH THE SILVER BULLION IN THE FORM OF SHOES KNOWN AS SYCEE, WERE THE PRINCIPAL CURRENCY IN THE PORTS OF CHINA AND GRADUALLY PENETRATED INTO THE INTERIOR AND CAME TO BE USED MORE AND MORE THROUGHOUT CHINA. PETTY TRANSACTIONS OF THE LARGE PART OF CHINAS MILLIONS CONTINUED TO BE CARRIED ON IN CASH UNTIL THE TIME OF WORLD WAR I WHEN THE HIGH PRICE OF COPPER AND THE LARGE ISSUES OF COPPER COINS CONTAINING MUCH LESS BULLION IN PROPORTION TO THEIR MONEY VALUE DROVE MOST OF THE CASH INTO THE MELTING POT.

37

THE SPANISH DOLLAR WAS THE PRINCIPAL FORM IN WHICH SILVER FIRST ENTERED CHINA. AT FIRST, IT WAS ACCEPTED BY THE CHINESE ONLY BY WEIGHT, BUT AS THE COINS BECAME MORE FAMILIAR AND WERE FOUND TO BE OF UNIFORM WEIGHT AND FINENESS, THEIR CONVENIENCE WAS RECOGNIZED AND THEY CAME INTO USE AS A MEDIUM OF EXCHANGE AT CANTON. A CUSTOM, PARTICULARLY CHINESE, GREW UP OF ...CHOPPING... COINS. THAT IS, THE HOLDER OF A DOLLAR STAMPED HIS NAME ON IT WITH A METAL STAMP OR ...CHOP... , WHICH BIT DEEPLY INTO THE SILVER, MAKING A CHARACTER 1/8 TO 1/4 INCH SQUARE. THIS SERVED THE SAME PURPOSE AS THE ENDORSEMENT ON A CHECK AS

IT GUARANTEED THE GENUINENESS OF THE COIN AND GAVE SUBSEQUENT HOLDERS RECOURSE TO THE ENDORSER. DOLLARS WERE FREQUENTLY CHOPPED MANY TIMES SINCE EACH RECIPIENT WOULD REQUIRE THE PAYER TO CHOP THEM. THIS PROCESS NATURALLY MUTILATED THE DESIGN OF THE DOLLARS AND GRADUALLY REDUCED THE WEIGHT AS BITS OF SILVER BROKE OFF. SOME DOLLARS WERE CHOPPED SO MUCH THAT THEY WERE DISTORTED INTO THE SHAPE OF A BOWL. THE ...SPECTACLE... DOLLAR ALSO WAS FOUND WHERE THE WHOLE CENTER OF THE COIN HAD BEEN PUNCHED OUT. NEVERTHELESS, A REASONABLE NUMBER OF CHOPS WAS A GUARANTEE AND ONLY CHOPPED DOLLARS WERE ACCEPTABLE IN MANY TRANSACTIONS.³⁸ THE SPANISH CAROLUS DOLLAR WAS INTRODUCED INTO CHINA VIA THE PHILIPPINES IN THE SIXTEENTH CENTURY. FOR MANY YEARS IT WAS THE CHIEF FOREIGN CURRENCY ACCEPTED BY THEM.³⁹ THE CAROLUS DOLLAR WAS THE RESULT OF THE VAST FLOOD OF SILVER FROM THE MEXICAN MINES. THE SPANISH HAD THE SILVER MINTED INTO COINS AS SOON AS POSSIBLE AS IT WAS EASIER TO HANDLE AND TO KEEP TRACK OF IN THAT FORM. DURING THE CENTURIES THAT FOLLOWED ITS OPENING THE MEXICO MINT POURED OUT A FLOOD OF COINAGE, ESPECIALLY IN SILVER. THE MOST IMPORTANT COIN WAS THE EIGHT REALES. THE ...PIECE OF EIGHT... PROBABLY ENJOYED WIDER CIRCULATION THAN ANY OTHER COIN IN HISTORY. ITS EXPORTATION TO EUROPE ENCOURAGED THE STRIKING THERE OF LARGE SILVER PIECES. IN THE FAR EAST THE ...PIECE OF EIGHT... WAS THE STANDARD OF VALUE. ALREADY IN THE SIXTEENTH CENTURY SPANISH TRADE MOVED THROUGH MEXICO, VIA THE PORTS OF VERACRUZ AND ACAPULCO. EXOTIC GOODS FROM CHINA AND THE PHILIPPINES WERE PAID FOR BY THE EXPORTATION OF COINED MONEY FROM MEXICO.⁴⁰ THE

38 DICKSON H. LEAVENS, OP. CIT., P. 95.

39 LIEN-SHENG YANG, OP. CIT., P. 48.

40 THEODORE V. BUTTREY, JR., ...A GUIDE BOOK OF MEXICAN DECIMAL COINS 1863-1963... , RACINE, WISCONSIN, WHITMAN PUBLISHING CO., 1963, P. 12.

CAROLUS DOLLAR BORE THE HEAD OF THE REIGNING KING ON THE OBVERSE AND THE SPANISH ARMS WITH THE PILLARS OF HERCULES ON THE REVERSE. THE ...PILLAR DOLLAR... AS IT WAS ALSO CALLED HELD VERY CLOSELY TO ITS ORIGINAL WEIGHT AND FINENESS DURING THREE CENTURIES AND BECAME PRACTICALLY A WORLD CURRENCY. IT WAS LEGAL TENDER IN THE UNITED STATES UNTIL 1857, AND WAS LONG THE PRINCIPAL MEDIUM OF EXCHANGE IN MANY PARTS OF ASIA. AFTER ITS COINAGE WAS STOPPED BY THE INDEPENDENCE OF THE SPANISH AMERICAN COLONIES THE DOLLARS OF CAROLUS IV CONTINUED TO BE SOUGHT AFTER IN CHINA WHERE THEY ACQUIRED A SCARCITY VALUE WELL ABOVE THAT OF THEIR BULLION CONTENT. OCCASIONAL SPECIMENS WERE TO BE FOUND IN CIRCULATION IN THE INTERIOR OF CHINA WELL INTO THE TWENTIETH CENTURY.⁴¹ SO SCARCE DID THIS DOLLAR BECOME AND SO INSISTENT WERE THE CHINESE UPON HAVING IT THAT THE SITUATION WHICH DEVELOPED AFTER 1854 FORMS AN INTERESTING EXAMPLE OF THE EFFECT OF CUSTOM UPON EXCHANGE RATES. IN 1856 COINS OF IDENTICAL SILVER CONTENT WERE WORTH IN EXCHANGE, FOR ENGLISH MONEY, 4S. 11D. IN CANTON AND 7S. 9D. IN SHANGHAI. IN OTHER WORDS, 374 1/2 GRAINS OF FINE SILVER IN THE FORM OF A CAROLUS DOLLAR WAS WORTH 696 GRAINS OF FINE SILVER IN THE FORM OF SYCEE, OR SHOES OF SILVER, SUCH WERE COMMONLY USED IN CHINA. IN 1857 CAROLUS DOLLARS WERE NO LONGER TO BE FOUND.⁴² PRODUCTION OF THE SPANISH COIN IN MEXICO AND ELSEWHERE IN THE SPANISH AMERICAS WAS INTERRUPTED BY THE REVOLUTIONS WHICH BEGAN IN 1810 BUT CONTINUED SPASMODICALLY THROUGHOUT THE REVOLUTIONARY PERIOD.⁴³ MEANTIME, THE MEXICAN MINTS WERE BACK IN FULL PRODUCTION, HITTING AN AVERAGE VALUE OF 22,000,000 PESOS PER YEAR. BETWEEN THE HEAVY DEMAND IN CHINA AND MEXICO'S ABILITY TO MEET

41 DICKSON H. LEAVENS, OP. CIT., P. 3-4.

42 C. F. REMER, ...THE FOREIGN TRADE OF CHINA... , SHANGHAI, THE COMMERCIAL PRESS, LTD., 1928, P. 21-22.

43 JOHN M. WILLEM, JR., OP. CIT., P. 41-42.

THIS DEMAND AT THE SAME VALUE, THE NEW MEXICAN COIN LITERALLY FORCED ITS OWN ACCEPTANCE.⁴⁴ THE MERCHANTILE PREJUDICE AGAINST ANY DOLLAR BUT THE CAROLUS WAS HARD TO DISPEL EVEN IN THE FACE OF GROWING COMMERCIAL DISTRESS AND THE ADMISSION THAT THE INTRINSIC VALUE OF THE MEXICAN DOLLAR EXCEEDED THAT OF THE OLD FAVORITE (OFTEN REDUCED SEVERAL GRAINS BY USE AND MUTILATION). FINALLY NATIVE MERCHANTS CAME TO REALIZE THAT FOREIGN TRADERS COULD NOT SECURE MORE OF THE CAROLUS COINAGE. RATES WERE TOO HIGH TO PERMIT SATISFACTORY BUSINESS OPERATIONS.⁴⁵ A CIRCULAR OF TEN FOREIGN CONSULS (OCTOBER 4, 1853) CALLED A PUBLIC MEETING OF THE CANTON FOREIGN COMMUNITY TO EFFECT AN UNDERSTANDING ABOUT PUTTING THE MEXICAN OR REPUBLICAN DOLLARS AT PAR. THE CHINESE MERCHANTS HAD ALREADY CIRCULATED PAPERS THROUGHOUT THE SUBURBS DESIGNED TO SECURE ADOPTION BY NATIVE PERSONS IN BUSINESS OF RECIPROCAL ENGAGEMENTS TO RECEIVE AND PAY REPUBLICAN DOLLARS AT PAR. BY OCTOBER 22 MOST OF THE FOREIGN MERCHANTS WERE AGREED ON THE USE OF ALL DOLLARS EQUALLY ACCORDING TO PURITY.⁴⁶ THE NEW MEXICAN COIN HAD TO EARN ITS WAY IN CHINA. IN DESIGN IT BORE NO RESEMBLANCE TO THE SPANISH BUT IT RECEIVED A BIG ASSIST FROM THE FACT THAT IT WAS MEXICAN FOR IT WAS A WELL KNOWN FACT THROUGHOUT THE WORLD THAT A MAJOR PROPORTION OF THE SPANISH DOLLARS WERE COINED OF MEXICAN SILVER AND IT CONTINUED AS A PIECE OF EIGHT REALES. THE FERDINAND DOLLARS OF SPAIN WERE THE LAST MINTED IN MEXICO IN 1821. THEN CAME THE TRANSITIONAL EIGHT REALES ITURBIDE PIECE FROM 1822 TO 1824 TO BE FOLLOWED BY THE REGULAR EIGHT REALE OF THE REPUBLIC OF MEXICO.⁴⁷ IN 1869 IT WAS

44 IBID., P. 43.

45 ELDON GRIFFIN, ...CLIPPERS AND CONSULS... , ANN ARBOR, MICHIGAN, EDWARDS BROTHERS, INC., 1938, P. 212.

46 ELDON GRIFFIN, OP. CIT., P. 213.

47 JOHN M. WILLEM, JR., OP. CIT., P. 41-42.

DECIDED BY THE MEXICANS TO ADOPT THE MODERN DECIMAL TYPE OF COINAGE AND THE BALANCE SCALE DESIGN WAS USED. THIS NEW COINAGE WAS EQUAL IN WEIGHT AND FINENESS TO THE EIGHT REALE COINS BUT WAS VIEWED WITH SUSPICION BY MOST ORIENTAL MERCHANTS AND WAS DISCOUNTED 3 TO 4 PERCENT. THIS FORCED MEXICO TO AGAIN RESUME MINTING EIGHT REALES FROM 1873 TO 1879.⁴⁸ SINCE THE EXPORT OF COINED SILVER ACCOUNTED FOR A SUBSTANTIAL PART OF MEXICO'S FOREIGN TRADE, REJECTION OF THE NEW PESO ABROAD MADE ITS WITHDRAWAL IMPERATIVE. IN 1873 THE OLD TYPE, READING ...8R... WAS REINSTATED. THE ALTERATION WAS NECESSARY TO SATISFY FOREIGNERS, NOT MEXICANS.⁴⁹ IN 1898 MINTING OF EIGHT REALE COINS WAS STOPPED AND A NEW PESO WAS MINTED. THE EIGHT REALE COIN WAS SO WIDELY ACCEPTED IN THE ORIENT THAT IN 1949 THE CHINESE GOVERNMENT, THROUGH ITS CENTRAL BANK, HAD 10 1/4 MILLION ...LIBERTY CAPS... MINTED FOR THEIR PEOPLES USE. THE COINS WERE STRUCK IN THE UNITED STATES MINT IN SAN FRANCISCO BUT BORE THE DATE 1898 AND THE ...MO... MINT MARK. DUE TO ECONOMIC AND POLITICAL PRESSURES ONLY 2,526,978 PIECES WERE DELIVERED TO THE REPUBLIC OF CHINA. THE MAJORITY OF THE BALANCE OF THE COINS WERE⁵⁰ MELTED FOR THEIR BULLION CONTENT.

DURING THE LAST HALF OF THE NINETEENTH CENTURY THERE CAME INTO CHINA OTHER FOREIGN DOLLAR COINS WHICH TRIED TO COMPETE WITH THE SPANISH AND MEXICAN DOLLARS. THESE WERE THE BRITISH HONG KONG DOLLAR COINED FROM 1866 TO 1868, BUT THEY WERE NOT POPULAR AND WERE ABANDONED QUICKLY. THE JAPANESE ISSUED ABOUT 165,000,000 SILVER YEN FROM 1871 UNTIL SHE ADOPTED THE GOLD STANDARD IN 1897. ABOUT TWO THIRDS OF THESE WERE EXPORTED AND COMPETED WITH THE MEXICAN DOLLAR IN CHINA AND

48 NEIL S. UTBERG, ...THE COINS OF MEXICO... , PRIVATELY PRINTED, 1963.

49 THEODORE V. BUTTREY, JR., OP. CIT., P. 13.

50 DR. A. F. PRADEAU, (PERSONAL CORRESPONDENCE TO ERMA C. STEVENS).

SOUTHEASTERN ASIA. THE AMERICAN TRADE DOLLAR WAS MINTED FROM 1873 TO 1887. THE SAIGON DOLLAR WAS ISSUED BEGINNING IN 1885 BY THE GOVERNMENT OF FRENCH INDO-CHINA. A BRITISH DOLLAR, ISSUED FROM THE INDIAN MINTS FROM 1895 ON, CIRCULATED IN HONG KONG AND IN PARTS OF CHINA. SPANISH ...ALFONSINO... PESOS, COINED IN SPAIN IN 1897 FOR THE PHILIPPINES, AND THE FIRST AMERICAN PHILIPPINE PESO, COINED FROM 1903-1906, ALSO CAME TO CHINA, AS DID THE FIRST STRAITS SETTLEMENT DOLLAR OF 1903 TO 1906. THE MEXICAN DOLLAR HOWEVER MAINTAINED ITS PREDOMINANCE UNTIL THE END OF THE NINETEENTH CENTURY.^{51,52} THESE DOLLARS ALL APPROXIMATED THE SPANISH AND MEXICAN DOLLAR STANDARD. THIS LEGALLY WAS 417.8 GRAINS, 0.902 65/72 FINE, CONTAINING 377.14 GRAINS OF PURE SILVER, BUT PRACTICALLY WAS ABOUT 416.5 GRAINS, 0.898 FINE, CONTAINING 374 GRAINS OF PURE SILVER. THE OTHER FOREIGN DOLLARS VARIED SLIGHTLY FROM THIS. THUS THE AMERICAN TRADE DOLLAR, THE JAPANESE YEN FOR A FEW YEARS, AND THE ...PIASTRE DE COMMERCE... (SAIGON DOLLAR) FOR THE FIRST TEN YEARS, WEIGHED 420 GRAINS, 0.900 FINE AND CONTAINED 378 GRAINS OF FINE SILVER WHICH CAUSED THEM TO BE CULLED OUT AND MELTED SINCE THEY PASSED FOR NO MORE THAN A MEXICAN DOLLAR IN ORDINARY TRANSACTIONS. SOME OF THE OTHER DOLLARS WERE SLIGHTLY UNDER THE MEXICAN IN SILVER CONTENT BUT NEVERTHELESS PASSED AS A DOLLAR. IT WAS A VERY NICE POINT IN CHINA JUST HOW MUCH UNDERWEIGHT A COIN COULD BE AND STILL PASS AT ITS FACE VALUE. OFTEN IT MIGHT BE ACCEPTED IN ONE MARKET AND REJECTED IN ANOTHER.⁵³

SILVER CAME INTO EXTENSIVE USE AS CURRENCY UNDER THE MING DYNASTY AND SINCE THE ESTABLISHMENT OF THE MANCHU DYNASTY MOST LARGE TRANSAC-

51 LIEN-SHENG YANG, OP. CIT., P. 48.

52 DICKSON H. LEAVENS, OP. CIT., P. 96-97.

53 DICKSON H. LEAVENS, OP. CIT., P. 96-97.

TIONS AND TREASURY OPERATIONS HAVE BEEN CONDUCTED IN SILVER. A GREAT DEAL OF THE SILVER STOCK IN CHINA CAME FROM FOREIGN COMMERCE. DIRECT FOREIGN TRADE WITH THE WESTERN COUNTRIES BEGAN AT CANTON IN 1516 FIRST WITH THE PORTUGUESE. DURING THE EARLY YEARS THIS TRADE WAS LARGELY ONE-SIDED. THE WEST WANTED SILK AND TEA FROM CHINA BUT THE CHINESE WANTED NO MERCHANDISE FROM THE WEST. THEY WOULD, HOWEVER, ACCEPT SILVER AND THUS, EXCEPT FOR A VERY LIMITED AMOUNT OF MERCHANDISE, SILVER WAS THE PRINCIPAL CARGO CARRIED TO CHINA BY WESTERN NATIONS. DURING THE SEVENTEENTH AND EIGHTEENTH CENTURIES THE TEA AND SILK TRADES BROUGHT INTO CHINA A STEADY IMPORTATION OF SILVER. THIS WAS LARGELY IN THE FORM OF SPANISH DOLLARS. MR. H. B. MORSE ESTIMATED THAT THE IMPORTS OF GOODS NEVER EQUALLED THE EXPORTS OF TEA AND SILK DURING THE EIGHTEENTH CENTURY AND THAT SUCH IMPORTS NEVER AMOUNTED TO EVEN ONE-FIFTH OF THE TOTAL EXPORTS. THE BALANCE WAS ALWAYS PAID IN SILVER. HIS ESTIMATE FOR THE TOTAL IMPORTATION OF SILVER INTO CHINA FROM 1700 TO 1830 WAS 500,000,000 DOLLARS.^{54,55}

THE BRITISH EAST INDIA COMPANY BROUGHT THOUSANDS OF CHESTS OF TEA AND PAID FOR IT IN SILVER BULLION AND COINS, USUALLY SPANISH DOLLARS. THERE WAS SO MUCH TEA BUYING THAT WESTERN MERCHANTS FOUND THEMSELVES IN NEED OF SILVER AND COINS WITH WHICH TO PAY.⁵⁶ THE EAST INDIA COMPANY WAS REQUIRED DURING THE EIGHTEENTH CENTURY TO CARRY FROM ENGLAND AT LEAST ONE-TENTH OF THE VALUE OF ITS CARGOS IN GOODS. THIS THEY SUCCEEDED IN DOING, WITH DIFFICULTY, UNTIL 1730 WHEN THE ATTEMPT WAS ABANDONED AND FOR SOME YEARS THE CARGOS OUTWARD BOUND FROM ENGLAND CARRIED AS HIGH AS NINETY-EIGHT PERCENT OF THE VALUE OF THE CARGO IN

54 WEN PIN WEI, ...THE CURRENCY PROBLEMS IN CHINA... , NEW YORK, COLUMBIA UNIVERSITY, LONGMANS, GREEN AND CO., 1914, P. 34-35.

55 DICKSON H. LEAVENS, OP. CIT., P. 87.

56 EMILY HAHN, OP. CIT., P. 12.

SILVER. THE VALUE OF SILVER BULLION AND COIN SENT TO THE WHOLE OF THE EAST DURING THE YEARS 1602-1620 WAS 548,090 ENGLISH POUNDS AND FOR THE FIFTY YEARS 1710-1759, IT WAS 26,833,614 ENGLISH POUNDS. THESE SUMS⁵⁷ WERE SENT IN THE GREATER PART IN SPANISH DOLLARS.

THE AMERICANS FACED THE SAME PROBLEM WHEN THEY BEGAN TO TRADE WITH THE CHINESE. THE ...EMPRESS OF CHINA... , THE FIRST AMERICAN SHIP TO REACH CANTON, CARRIED CARGO OF THIRTY TONS OF GINSENG, A VARIETY OF OTHER ITEMS AND A CONSIDERABLE NUMBER OF SPANISH DOLLARS.⁵⁸ IN ORDER TO OBTAIN THE SPANISH DOLLAR, AMERICAN PRODUCTS WERE SHIPPED TO EUROPE AND SOLD FOR SPANISH DOLLARS WHICH WERE THEN SHIPPED TO CHINA. OR THE SHIP MIGHT BE ENGAGED IN CARRYING TRADE BETWEEN PORTS IN EUROPE UNTIL SHE HAD ACCUMULATED ENOUGH SPANISH COINS WITH WHICH SHE THEN SAILED FOR CANTON. TEA AND SILK WERE SHIPPED BACK IN EXCH-⁵⁹ANGE FOR THESE COINS. IT HAS BEEN ESTIMATED THAT FROM 1800 TO 1834 SIXTY PERCENT OF THE GOODS BROUGHT TO CHINA BY THE AMERICANS WAS IN THE FORM OF SILVER AND THAT FOR THE FIRST YEARS OF THE NINETEENTH⁶⁰ CENTURY THIS PERCENTAGE WAS AS HIGH AS SEVENTY-FIVE. FROM THE PERIOD FROM 1805 TO 1833, AMERICAN SHIPS BROUGHT IN SPECIE TO THE AMOUNT OF 88,630,000 DOLLARS, AN AVERAGE OF 3,056,000 DOLLARS A YEAR AND GOODS TO THE TOTAL VALUE OF 50,349,000 DOLLARS, AN AVERAGE OF⁶¹ 1,735,000 A YEAR. FURS WERE THE BIGGEST SINGLE ITEM BROUGHT IN. SPECIE CARRIED TO CHINA WAS PACKED IN CHESTS, 4,000 COINS TO THE CHEST AND THOSE COINS PASSED INTO CHINESE HANDS BY WEIGHT IN TAEELS, MODIFIED

57 C. F. REMMER, OP. CIT., P. 21-22.

58 RAYMOND A. RYDELL, ...CAPE HORN TO THE PACIFIC... , BERKELEY, UNIVERSITY OF CALIFORNIA PRESS, 1952, P. 24.

59 WEN PIN WEI, OP. CIT., P. 40-41.

60 C. F. REMMER, OP. CIT., P. 24.

61 JOHN M. WILLEM, JR., OP. CIT., P. 30-31.

BY THE TOUCH, OR DEGREE OF FINENESS OF PURE SILVER.⁶² AMERICAN MERCHANTS FOUND IT PROFITABLE TO IMPORT TEAS AND SILKS EVEN WHEN PAYING FOR THEM WITH SO EXPENSIVE A COMMODITY AS SPECIE. IN SOME YEARS SPECIE WAS IN SUCH DEMAND THAT A PREMIUM HAD TO BE OFFERED IN THE UNITED STATES TO OBTAIN ENOUGH FOR A CARGO. MOST OF THE SPECIE WAS IN THE FORM OF SPANISH DOLLARS.⁶³ THE SUPPLY OF UNITED STATES MONEY IN THE ORIENT WAS NOT LARGE BUT IT WAS FORTUNATE FOR AMERICANS THAT THEIR MONETARY SYSTEM WAS RELATIVELY SIMPLE AND THAT THEIR DOLLAR (412.5 GRAINS OF SILVER 0.900 FINE) BORE A FAIRLY CLOSE RELATION TO THE SPANISH, MEXICAN AND OTHER DOLLARS WHICH THE ORIENT DRAINED FROM THE WEST.⁶⁴

EVENTUALLY THERE AROSE A CHINESE DEMAND FOR OPIUM AND AS A RESULT THE TRADE BECAME LESS ONE-SIDED. BEGINNING IN 1773, WHEN THE FIRST SHIPMENT REACHED CANTON, OPIUM BECAME A MEDIUM OF EXCHANGE. SO GREAT DID THE DEMAND FOR OPIUM BECOME THAT THE CHINESE NOT ONLY BARTERED THEIR SILKS AND TEA FOR OPIUM BUT SILVER AS WELL.⁶⁵ THE CHINESE APPETITE FOR OPIUM BECAME ALMOST INSATIABLE, SPREADING UPWARD TO THE EMPERORS OFFICIAL FAMILY AND DRAINING AWAY MUCH OF THE FOREIGN EXCHANGE GAINED BY EXPORTING TEA AND SILK. THE ALARMED EMPEROR ISSUED A DENUNCIATION OF THIS ...VILE DIRT OF FOREIGN COUNTRIES... IN 1796 AND FOLLOWED IT WITH A LONG SERIES OF EDICTS AND LAWS INTENDED TO STOP THE OPIUM TRADE.⁶⁶ THERE WAS EVEN AN ATTEMPT MADE TO SUPPRESS THE USE OF FOREIGN COINS TOGETHER WITH THE IMPORTATION OF OPIUM SHORTLY BEFORE THE OPIUM WAR. THE PROVINCIAL TREASURER SENT A PROTEST TO PEKING

62 IBID., P. 31.

63 JOHN M. WILLEM, JR., OP. CIT., P. 32.

64 ELDON GRIFFIN, OP. CIT., P. 209.

65 JOHN M. WILLEM, JR., OP. CIT., P. 29.

66 GENE GLEASON, ...HONG KONG... , NEW YORK, JOHN DAY CO., 1963, P. 17-18.

(1836) AGAINST SUCH AN ACTION AND DECLARED THAT THE COINS WERE OF GREAT CONVENIENCE AND UNLIKE THE OPIUM COULD NOT PRODUCE THE SLIGHTEST INJURY TO CHINA. THE OFFICIAL SHOWED THAT THE COINS HAD AN EXTENSIVE CIRCULATION IN THE FOUR COAST PROVINCES IN THE SOUTHERN PART OF CHINA. AFTER THE WAR ALL THE DIFFERENT KINDS OF FOREIGN COINS WERE DECLARED⁶⁷ LAWFUL MONEY IN CANTON. IN 1834 THE OPIUM TRADE HAD GROWN SO THAT A CHINESE OFFICIAL MAINTAINED SILVER WAS ACTUALLY BEING SENT OUT OF THE COUNTRY TO THE AMOUNT OF ...TEN AND SOME ODD MILLIONS... OF OUNCES⁶⁸ ANNUALLY. IN 1837 OPIUM WAS DRAINING ABOUT 40,000,000 DOLLARS IN SILVER OUT OF THE EMPIRE EVERY YEAR, WHEREAS PREVIOUSLY SILVER HAD⁶⁹ FLOWED INTO CHINA FOR THE PURCHASE OF TEAS AND SILKS.

IF THE OPIUM TRAFFIC HAD NOT GROWN UP CHINA MIGHT HAVE CONTINUED TO BE AN ABSORBER OF SILVER FROM THE WEST BUT BY 1834 OPIUM HAD TAKEN⁷⁰ ITS PLACE. THE EAST INDIA COMPANY NEVER SHIPPED ANY OPIUM ON ITS OWN ACCOUNT, NEVERTHELESS IT PROFITED ON THE SALE OF OPIUM IN INDIA. AT A TIME WHEN IT WAS DIFFICULT TO OBTAIN SILVER IN LONDON IN SUFFICIENT QUANTITY FOR THE CHINA TRADE, THE COMPANY WAS ABLE TO OBTAIN SILVER IN CANTON FROM OPIUM IMPORTERS IN EXCHANGE FOR ITS BILLS ON CALCUTTA OR LONDON. THUS, THE OPIUM TRADE RELIEVED THE DRAIN OF⁷¹ SILVER FROM EUROPE. THIS OPIUM TRADE GAVE THE BRITISH AN ADVANTAGE OVER THEIR AMERICAN COMPETITORS. OFTEN THE AMERICANS HAD NOTHING TO BARTER WITH THE CHINESE BUT HAD TO BUY THEIR TEAS AND SILKS WITH SILVER DOLLARS AND THE BRITISH OPIUM DEALERS SAILED AWAY WITH THESE SAME DOLLARS.

67 WEN PIN WEI, OP. CIT., P. 42-43.

68 C. F. REMMER, OP. CIT., P. 26-27.

69 HALLETT ABEND, ...TREATY PORTS... , GARDEN CITY, NY, DOUBLEDAY, DORAN AND CO., 1944, P. 20.

70 C. F. REMMER, OP. CIT., P. 26.

71 DICKSON H. LEAVENS, OP. CIT., P. 88.

AMERICANS WERE IN THE OPIUM TRADE BUT WERE NEVER SERIOUS COMPETITORS AND NEVER HAD MORE THAN 6 PERCENT OF THE TRADE.⁷² THE AVAILABLE STATISTICS SHOW THAT DURING THE YEARS 1818-1834, FIFTY MILLION DOLLARS IN SILVER WAS CARRIED FROM CHINA BY BRITISH SHIPS. DURING THE SAME YEARS IT IS ESTIMATED THAT THE AMERICANS BROUGHT TO CHINA AT LEAST SIXTY MILLION DOLLARS. FROM ABOUT THE BEGINNING OF THE NINETEENTH CENTURY CHINA BEGAN SENDING OUT SILVER IN HER BRITISH AND INDIAN TRADE BUT THE AMOUNTS SENT FROM CANTON WERE MORE THAN COVERED BY THE AMOUNTS BROUGHT IN BY THE AMERICANS.⁷³ THE OPIUM TRADE BECAME SO PROFITABLE THAT THE AMERICANS CAME TO TAKE SOME SHARE IN IT. HOWEVER THIS TOOK PLACE IN THE METHOD OF MAKING PAYMENTS. IMPORTS OF SILVER INTO CHINA BY AMERICAN SHIPS BECAME MUCH SMALLER AFTER THE YEAR 1827. THE AMERICANS WERE NOW ABLE TO MAKE USE OF THE INCREASING IMPORTS OF OPIUM INTO CHINA AND OF THE INCREASING EXPORTS FROM THE UNITED STATES TO EUROPE FOR FINANCING THEIR PURCHASES IN CHINA. THIS THEY DID BY SENDING BILLS OF EXCHANGE ON LONDON TO CANTON WHERE THE PROCEEDS OF THE SALE OF THESE BILLS WERE USED FOR THE PURCHASE OF CHINESE GOODS. IN 1832 AMERICAN MERCHANTS IN CANTON SOLD BILLS ON LONDON TO THE VALUE OF 2,480,871 DOLLARS AND IN 1833, 4,772,516 DOLLARS. THE INDEBTEDNESS IN LONDON WAS MET BY THE EXPORT OF AMERICAN GOODS TO ENGLAND.⁷⁴

CHINA AFTER 1800 DEMANDED SUCH QUANTITIES OF OPIUM THAT THE IMPORT OF SILVER GRADUALLY DIMINISHED UNTIL IT PRACTICALLY CEASED FOR A FEW YEARS. AFTER THIS THE CHINESE DEMAND FOR OPIUM WAS MET BY INCREASING SUPPLIES OF THE DRUG GROWN WITHIN THE COUNTRY SO THAT SOME IMPORT OF SILVER WAS A CHARACTERISTIC OF THE TRADE THROUGHOUT THE

72 HALLETT ABEND, OP. CIT., P. 20.

73 C. F. REMMER, OP. CIT., P. 24-25.

74 C. F. REMMER, OP. CIT., P. 25.

REMAINING YEARS.⁷⁵ STATISTICS ON THE INFLOW OF SILVER PRIOR TO 1889 ARE LACKING BUT IT IS PROBABLE THAT THERE WAS A CONSIDERABLE INWARD MOVEMENT TAKING THE PERIOD FROM 1834 TO 1889 AS A WHOLE. THIS WAS ESPECIALLY TRUE DURING THE TIME OF THE TAIPING REBELLION WHEN WESTERN DEMAND FOR CHINESE GOODS CONTINUED BUT WHEN THE CHINESE BECAUSE OF⁷⁶ DISTURBED CONDITIONS BOUGHT LESS FROM THE WEST AND HOARDED SILVER. CHINA, THEREFORE, RECEIVED SILVER FROM THE WEST DURING SEVERAL HUNDRED YEARS OF TRADE. FROM 1871 TO 1921, THE MOVEMENT OF SILVER WAS TOWARD CHINA FOR A TOTAL IN NET IMPORTS OF AN ESTIMATED 360 MILLION HAIKWAN⁷⁷ TAELS FOR THAT PERIOD. DESPITE THE DRAIN OF SILVER DURING THE EARLY DAYS OF THE OPIUM TRADE THERE WAS A NET IMPORT OF SILVER DURING THOSE YEARS.

IT IS AN INTERESTING FACT THAT DURING THE YEARS WHEN CHINA WAS BEING FLOODED WITH SPECIE THERE WAS REALLY NO USE FOR THE VERY LARGE⁷⁸ PORTION OF THE SILVER IMPORTED INTO THE COUNTRY. FOR A NUMBER OF YEARS MORE THAN TWO-THIRDS OF THE EXPORTS WERE PAID FOR IN SPECIE AND BULLION, FOR WHICH THE CHINESE HAD A LIMITED USE, EXCEPT, FOR HOARD-⁷⁹ ING. IT HAD LONG BEEN THE CUSTOM FOR THE PEASANTS IN ASIA TO STORE THEIR WEALTH IN THE FORM OF SILVER COINS OR ORNAMENTS. MONEY TO THE AVERAGE PEASANT MEANS SILVER IN SOME FORM OR OTHER IF IT IS AT ALL⁸⁰ OBTAINABLE.

75 C. F. REMMER, OP. CIT., P. 28.

76 DICKSON H. LEAVENS, OP. CIT., P. 89.

77 C. F. REMMER, OP. CIT., P. 215.

78 SRINIVAS R. WAGEL, ...FINANCE IN CHINA... , SHANGHAI, HORTH-CHINA DAILY NEWS AND HERALD, LTD., 1914, P. 96-97.

79 IBID., P. 79.

80 A. W. PINNICK, OP. CIT., P. 26.

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