THE CURRENCY PROBLEM IN CHINA

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649558711

The Currency Problem in China by Wen Pin Wei

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

WEN PIN WEI

THE CURRENCY PROBLEM IN CHINA

Trieste

THE CURRENCY PROBLEM IN CHINA

BY WEN PIN WEI, A. B., M. A.

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN THE FACULTY OF POLITICAL SCIENCE COLUMBIA UNIVERSITY .

- 22 Beel (* 19 Company) Alexa

• NEW YORK 1914

2

4

-

ï

ì

1

1

ł

¥

í

٠

l

l

COPYRIGHT, 1914

BY

THE FACULTY OF POLITICAL SCIENCE OF COLUMNIA UNIVERSITY, NEW YORK

• . . .

22

1

.

PREFACE

19 an 19 27

My aim in this study has been not to advocate any particular plan of reform, but rather to present the different phases of the outstanding currency problem in China and to trace the various attempts at reform that have been made since the modern movement for reform in China began. My interest in this subject was first aroused while an undergraduate in Amherst College studying theories of money and banking under Professor John M. Clark. My attention was then called to the unsatisfactory currency conditions in China and this essay may be said to have begun then and there. While by no means an exhaustive treatment of the subject it may, as I hope, serve to familiarize the reader with the nature of the currency problem in its important bearings and likewise with the currency history of China, concerning which there is yet no work covering the whole subject.

Several of my instructors in the Department of Economics in Columbia University and other friends have aided me in the preparation of this work. I take pleasure in acknowledging my indebtedness particularly to Professors Edwin R. A. Seligman and Henry R. Seager for their guidance and help to me in many ways; to Professor Eugene E. Agger, who read the manuscript through and offered many helpful suggestions; and to my friend Professor Jeremiah W. Jenks of New York University, who with great pains made clear to me at different times many difficult points in connection with the problem of currency reform in China. But my greatest obligation is to Professor Wesley C. 5

265]

305655

6

PREFACE

Mitchell for the painstaking care with which he has helped me to make this monograph readable and to get it through the press. His many suggestions, as to both matter and form, have without exception been incorporated.

W. P. WEI.

[266

1

J

i

ţ

Ť.

÷

ł

٠

COLUMBIA UNIVERSITY. NEW YORK CITY, APRIL 10, 1914.

.

TABLE OF CONTENTS.

PART I.

HISTORICAL SURVEY.

PAGE

CHAPTER I.

ANCIENT MONEY.

CHAPTER II.

GOVERNMENT PAPER MONEY.

The "fying money;" The "convenient money;" The iron money in the province of Shu and invention of the *chiao-tze* notes; Overissue and depreciation of the *chiao-tze* notes; The *hui-tze*, *kuan-tze* and Chuan *yin* notes of the Southern Sung dynasty; The *pao-ch'ao* of the Chin Tartars; Paper currency issues under the Mongol (Yuan) dynasty, the Yuan *pao-ch'ao*; Marco Polo on the Yuan paper money; Ming Tai-tzu's efforts to re-establish the paper currency; Paper currency policy of the Manchu (Ch'ing) dynasty. 19 2671

CONTENTS

PART IL

THE PROBLEM OF CURRENCY REFORM.

CHAPTER III.

CURRENCY CONDITIONS IN MODERN CHINA.

Peculiar double-standard nature of the present-day circulation; 1. The copper cash currency; Peking cash currency; The tiao; 2. The silver tael currency; Variations of the tael unit; The K'up'ing, Haikuan and Shanghai taels; 3. Foreign dollars in China; Imitation dollars and chopped dollars; 4. Beginning of the provincial coinage and circumstances leading to the establishment of the Canton mint; Circumstances leading to the overissue and depreciation of the minor silver coins; Other provincial mints established or projected; The note circulation; Necessity of monetary reform. 30

CHAPTER IV.

CURRENCY REFORM, 1895-1905.

Reform agitation after the Japanese War, 1894-95; Edict of August 26, 1001; Edict of February 2, 1002; Currency-reform pledges in the new commercial treaties; Fail of the silver exchange: Loans and indemnities of the Government; Financial resources of the Government; Characteristics of the different taxes; Inelasticity of the revenue; Effects of the fall of the silver exchange on the government finances; The new Silver Question and simultaneous reforms in different countries; Invitation by Mexico and China to the Government of the United States for an international inquiry; Arguments in the Chinese memorandum; Appointment of the American Commission on International Exchange; Edict of April 22, 1903, creating the Financial Commission; Hu Wei-te's memorial for the introduction of the gold standard; His plan criticised; Commissioner Jeremiah W. Jenks in China; His Memoranda on a New Monetary System for China and Considerations on a Monetary System for China; The American plan analyzed; The Seventeen Suggestions; Special advantages of adopting the proposed plan; Historical development of the gold-exchange standard system in the Dutch East Indies and in British India; Its introduction into the Philippines; The question before the Chinese Government; Difficulties in connection with the choice of the coinage ratio and the principles involved; Chang Chih-

8

[268 PAGE

CONTENTS

tung's opposition to the proposed plan; His arguments criticised; His proposal of a silver standard; Tael coinage experiment at Wuchang; Currency conditions in the country; Overissue aud depreciation of the new copper yuan; Memorial and Regulations of August 22, 1905; The Act of November 10, 1905.

CHAPTER V.

CURRENCY REFORM, FROM 1906 TO THE REVOLUTION OF 1911.

Reconsideration of the Act of November, 1905; Dejects of the Act; The copper currency conditions; Coinage made a means of raising money; The rise of the silver exchange and the actions of the Philippine Government, Siam and Mexico; The lessons taught by these experiences; The Board of Finance's policy; Edict of October 5, 1908; The Reform Act promulgated, May 24, 1910; Treatment of the old coins provided; Reform of the Bank of Issue; The currency loan; Execution of the reform postponed on account of the Revolution

APPENDICES.

(1) The Revolutionary paper money, its amount	unt	and	depre	ciati	on;
Dr. G. Vissering's gold-standard plan; The	Ne	w Sil	vet-S	stand	ard
Act; Creation of the Currency Department	100	1000		1	- 133
(2) The Act of November 19, 1905 .	$\mathbf{\hat{s}}$	3 9	343	20	. 142
(3) The Reform Act of May 24, 1910 .			2003	8 7	. 148
(4) Table showing the gold price of silver sin	ice :	1871			. 155

269]

9 PAGE