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THE CURRENCY PROBLEM IN CHINA

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

*No. 144 in the "Studies in History, Economics
and Public Law" of Columbia University.*

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

NEW YORK
1914

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PREFACE

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.

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.

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

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APPENDIX I

SINCE the Revolution, currency conditions have become a great deal worse than before on account of the issues by the provincial and local authorities of a large amount of paper currency. The exact amount is not accurately known, but is estimated at approximately 130,000,000 silver dollars. The paper has been heavily discounted. The degree of depreciation varies in different places. The paper currency is based on the double standard, that is, there are silver as well as cash notes.

The depreciation is heaviest in Kuangtung where the total issue was estimated at between \$22,000,000 silver (the Government estimate) and \$12,000,000 (the estimate according to the provincial authorities). In December, 1913, the paper was being received at 43 per cent of its face value. Kiangsi is another Province where the paper has suffered heavy discount. Silver has practically given way to paper and the copper yuan, and disappeared. A large amount of the copper yuan has been put into circulation during the last two years in this Province. It was reported that in 1912 the cash pieces fluctuated from .538 Changsha taels per 100 at the beginning of January to .70 Changsha taels per 100 at the end of December and that the rise in the value of the cash indicated the depreciation of the paper money which had meanwhile displaced silver.¹ The issue in this Province was estimated at between \$21,000,000 and \$14,694,000. Sze-chuan is in a similar situation. Last December the

¹ *The China Rep.*, weekly ed., Aug. 22, 1913.

paper dollar was exchanged at Chentu for 950 to 1000 cash, while the silver dollar was at 1300 to 1350.¹ The depreciation in the Manchurian Provinces and Hupei is equally marked. Many attempts have been made in different localities to regulate and maintain the specie value of the paper currency, but, as usual, these attempts have been futile. The redemption of these provincial paper notes by an issue of uniform convertible banknote currency is now being considered. The Shanghai *Shen Pao*, gives the following figures purporting to be authoritative:

Anhwei	\$300,000	Kuangtung	\$22,000,000
Chekiang	2,438,000	Kirin	14,456,000
Chihli	6,000	Kuangsi	2,186,000
Fuchien	300,000	Kweichow	1,768,000
Heilungkiang	2,518,000	Fengtien	5,184,000
Honan	1,482,000	Sinkiang	2,776,000
Hunan	10,570,000	Shantung	480,000
Hupei	30,000,000	Shansi	2,076,000
Jehol	14,000	Shensi	1,500,000
Kansu	282,000	Szechuan	11,592,000
Kiangsi	14,694,000	Yunnan	2,000,000
Kiangsu	1,124,000		
		Total	\$129,746,000

Dr. Vissering, the monetary advisor, assisted by Dr. Roest, acting as his secretary, made an investigation into the currency conditions subsequent to his appointment, and the results of his investigations were embodied in a currency reform plan which he submitted to the Government late in 1912. Dr. Vissering's views and arguments may be briefly summarized:²

Dr. Vissering has reached the conclusion that the gold-exchange standard is the only feasible system for China and must be the goal of the currency reform. But he recog-

¹ *N. C. D. News*, Dec. 13, 1913.

² Dr. G. Vissering, *On Chinese Currency*, 1912.

nizes the complications created by the token money in introducing this system in a country with such enormous extent of territory and such divergent conditions and interests. He holds that "a token coin can only be issued by a Government which is powerful enough to prevent a serious degree of counterfeiting even in the remote interior and at the same time defend its frontiers against the importation of counterfeit money from abroad." Should the Government fail in either of these respects, the introduction of the gold-exchange standard would be an absolute failure, and the worst consequences would be experienced if the value of the token money could not be maintained. To avoid the necessity of introducing the token coins at the very beginning, Dr. Vissering suggests as a practical expedient, a *double standard*—not bimetallism, but two independent standards—a gold-exchange standard in co-existence with the present practically silver standard, the former gradually to supplant the latter during the period of transition, which the plan provides for.

This plan is based on the experiences of the Dutch East Indies and can be carried into effect without any serious difficulties. The first step to be taken for the practical execution of this plan would be for the Government to adopt at the outset a theoretical or bank unit with a fixed value in gold. The central Bank of Issue, which must be strengthened and operated on sound principles, may, as the next step in advance, issue notes on the gold basis, redeemable in gold values abroad, on presentation of sums amounting to 50,000 units and upwards. The foreign gold reserve, built up by the equivalent received against the issue of these notes, must be used for no other purpose than the maintenance of the values of these notes. As soon as possible, at least part of the reserve must be brought back to China. The great advantage of adopting the fictitious unit, ac-

ording to Dr. Vissering, would be the certainty about the figure at which the future real gold unit will be adopted, thus preventing the speculation on the gold par and on the value of silver. There is no risk in following this course of action, and every step in the extension of this fictitious gold unit is so much advantage gained. During this stage, Dr. Vissering says, a study may be made of the actual conditions in regard to the balance of trade and of payment.

The next period in the reform of the currency begins with the issue of the token silver coins, and this can be begun as soon as the Government is strong enough to maintain the gold value of these coins. For the coinage ratio Dr. Vissering suggests a gold ratio of 21 to 1, which is approximately the same as the rupee, the yen and the Philippine dollar. The silver coin, provided for by the Act of May, 1911, the yuan of $72/100$ K'up'ing tael, is considered too large, and a coin one-third of the K'up'ing tael is recommended. Taken at 28*d.* per oz. standard (444 grains fine) the equivalent of one-third K'up'ing tael (575.8 grains, 987 fine, or at 1000 fine, 568.3146 grains) would contain 189.4382 grains of fine silver: the gold value of the unit expressed in silver at the price of 28*d.* per oz. would be 11.946553*d.* The gold sovereign contains 7.32238 grams of fine gold. The proposed unit will have a gold value of 0.3644883 grams of fine gold:— $7.32238 \div 240 \times 11.946553$. At the ratio of 21 to 1 the silver unit would contain 7.6542543 grams of fine silver, or a gross weight of 8.504727 grams, 900 fine. The subsidiary coins should have more alloy. Gold coins of 10 and 20 units may ultimately be coined, the former of the weight of 3.644883 grams fine gold and the latter of 7.289766 grams.

The withdrawal of the old silver and copper coins is the third and final stage of the reform. He suggests that Amsterdam, on account of its favorable location from a politi-

cal point of view, may be selected for the location of the gold reserve that is to be kept abroad.

It may be well to give Dr. Vissering's outline of the proposed progress of the currency reform, as submitted to the Republican Government for its consideration.

First Period

1. The very first step must be the adoption of a future gold unit as a foundation of the new system, in order to avoid speculation on the announcement of the gold par, and also to avoid having at a later stage to raise the new unit to its future nominal value.
2. The organization of a central bank of issue, or otherwise the reorganization of the Ta Ch'ing Bank as a central bank for the whole country.
3. The introduction of the new gold unit as a money of account for book credits and book transfers.
4. Securing the co-operation of the foreign exchange banks and of the private Chinese banks and bankers for the introduction of the new gold unit into their bookkeeping.
5. The issue of banknotes based upon the new gold unit.
6. The accumulation of a gold reserve against the aforesaid banknotes.
7. The regulation of the management of this gold reserve.
8. Eventually declaring the banknotes legal tender.
9. To make a close study of the conditions of the balance of trade and of the balance of payment for China.

Second Period

10. The establishment of the weight, fineness and alloy of the token coins and of the new subsidiary coinage, by preference in the manner mentioned on page 136.
11. The issue of these token coins and subsidiary coins simultaneously.
12. The accumulation of a gold reserve against the token coins and the regulation of its management.

13. If desirable: the coinage and issue of gold coins, by preference in the manner mentioned on page 136. Also, if desirable, the temporary admission of some particular foreign gold coins as legal tender, and the temporary issue of gold certificates.

14. The proclamation as unlimited legal tender of:
- a. the silver token coins of 1 unit and 2 units;
 - b. the above-mentioned gold coins and eventually the gold certificates.

Third Period

15. The gradual withdrawal and subsequent demonetization of the old silver dollars, as far as necessary of the old sycee, and of the present copper cash.

The Government, however, has no desire to undertake the task of introducing the gold standard and, at the time of this writing, has just announced its decision of introducing the national coinage on the basis of the silver standard. The National Coinage Act was promulgated by a Presidential Mandate on February 27, 1914, and the text was published in the leading dailies of the country. An English version of the text of the Act is given below. In many respects and in general principles the Act resembles the Act of May 24, 1910. But there are several provisions in the new Act that are improvements upon the old. There is an Article (Art. 12) providing for free coinage of the standard pieces, subject to a charge of 6/1000 of a K'up'ing tael. In other words, for the yuan of 648/1000 of a K'up'ing tael 1000 fine the Government will charge 654/1000 of a K'up'ing tael pure silver. This charge is made on the ground that, besides lessening the expenses of the reform, it will likewise prevent melting down the coins. This must be regarded as a sound policy.

Equally sound is the provision for coining the subsidiary

pieces at a much lower degree of fineness, whereby the expenses of recoinage these minor pieces can be met when the system is put on the gold standard in the future. The proposed method of dealing with the old coins is that for the standard pieces the Government will give the new coins in exchange without charge, and that the subsidiary coins will be redeemed at their actual values according to the local market conditions. Within a prescribed period of time the old coins are to be permitted to circulate at a fixed value in the new coins and, in the case of the depreciated subsidiary coins, it is decided that the average value of the preceding month must be taken in the payment of public dues. The withdrawal of the old coins is the most difficult part of the reform, and would require most careful and intelligent handling. On this point perhaps too much stress cannot be laid.

The following is the text of the Act:

*The New National Coinage Act promulgated by Presidential Mandate*¹

1. The right to coin and issue money shall belong exclusively to the Government.

2. The standard coin shall contain 648/1000 of a K'up'ing tael pure silver (23.97795048 grams) and shall be called yuan.

3. The different coins shall be as follows:

Silver coins: 1-yuan; half-yuan or 5-chiao; 2-chiao; 1-chiao.

Nickel coins: 5-fen.

Copper coins: 2-fen; 1-fen; 5-li; 2-li; 1-li.

4. The national coinage shall be on the decimal basis. The one-tenth of one yuan shall be one chiao; the one-hundredth of one yuan, one fen; the one-thousandth of one yuan, one li. All exchanges, public or private, must be at this rate.

¹ From *Shih Pao*, or *Shanghai Eastern Times*, translated by the author.

5. The weight and fineness of the different coins shall be as follows:

	Gross weight	Fineness
The standard coin		
yuan	$\frac{1}{10}$ of a K'up'ing tael	..90% silver, 10% copper.
Half-yuan, or		
5-chiao	$\frac{88}{1000}$	..70% silver, 30% copper.
2-chiao	$\frac{144}{1000}$	..70% silver, 30% copper.
1-chiao	$\frac{72}{1000}$	..70% silver, 30% copper.
5-fen	$\frac{1}{10}$	..25% nickel, 75% copper.
2-fen	$\frac{2}{100}$	..95% copper, 4% zinc, 1% lead.
1-fen	$\frac{1}{100}$.. " " " "
5-li	$\frac{18}{1000}$.. " " " "
2-li	$\frac{4}{1000}$.. " " " "
1-li	$\frac{2}{1000}$.. " " " "

6. There shall be no limitation upon the use of the standard coin. The 5-chiao coins may not be offered in excess of 20 yuan in any one payment. The 2-chiao and 1-chiao coins may not be offered in excess of 5 yuan in any one payment. The nickel and copper subsidiary coins may not be offered in excess of 1 yuan in any one payment. These limitations do not apply to the Government Bank in the exchange of coins or the Government offices in the payment of public dues.

7. The exact forms of the different coins will be determined by subsequent Presidential Mandate.

8. No coin of any denomination may differ from the legal weight by more than $\frac{3}{1000}$. 1000 coins weighed together must not differ by more than $\frac{3}{10,000}$ from the legal weight.

9. The fineness of the different silver coins must not differ from the legal standard by more than $\frac{3}{1000}$.

10. When the standard coin has been so abraded by circulation and use that its weight has fallen by 1 per cent, and when the subsidiary coins, whether of silver, nickel, or copper, of 5-chiao and under, have lost by abrasion 5 per cent of their legal weight, they may be taken to the Government offices to be exchanged for new coins.

11. No one shall be compelled to accept mutilated coins when the mutilation can be shown to be intentional.

12. When silver bullion is presented by individuals for coinage at the mints the Government must consent to give coins at a charge of 6/1000 of a K'up'ing tael a piece.

13. The date when this Act shall be effective will be determined by Presidential Mandate.

Mr. Liang C'hi-ch'ao, until lately Minister of Justice, has been appointed Director-General of the Currency Department. For the first time a competent single official has been put in charge of the execution of the reform, in place of the usual Commissions and Boards, and sometimes the entire Government. On account of this divided responsibility reform often ended with the drafting of the program. In all probability the reform will be launched as soon as political conditions become fairly settled, and enough funds are obtained. The Ministry of Finance has lately been negotiating to this end.

APPENDIX II

THE REGULATIONS OF NOVEMBER 19, 1905¹

I. THE new silver currency should be purer in quality than the dollars heretofore coined in various provinces and the standard unit of value must be heavier to be suitable as a national coin. The purest silver in circulation in China to-day is shown by chemical analysis to contain not more than 98 or 99 per cent of pure silver, but a deduction of two or three per cent should be allowed in minting the new coin to cover the cost of coinage, and it is proposed to make the new tael of nine mace six candareens of pure silver, mixed with one mace's weight of pure copper, to be fixed as the equivalent of one K'up'ing tael of full touch.

The fractional currency shall consist (a) of a piece containing four mace eight candareens' weight of K'up'ing silver mixed with five candareens' weight of pure copper which shall be declared the equivalent of five mace K'up'ing silver full touch; (b) a piece of one mace seven candareens' weight of K'up'ing silver mixed with three candareens of pure copper, to be the equivalent of two mace K'up'ing silver of full touch; and (c) a piece of the weight of eight candareens five li of pure K'up'ing silver mixed with one candareen five li of pure copper, as the smallest piece, to be the equivalent of one mace of K'up'ing silver, full touch. It is also decided that in every ten pieces minted four shall

¹In the *Report of the Director of the Mint of the U. S.*, 1906, pp. 198-200. Translation made by Mr. E. T. Williams, of the American Legation, Peking.

be of one tael's value and two of the denomination of five mace, two of two mace and two of one mace. This shall be the rule, but, if there shall be a demand for a larger proportion of any particular denomination, orders shall be issued to make a careful investigation as to the real amount (in circulation) and report upon the matter to the Financial Commission and the Board of Revenue, who shall consult together and make reply, and only if they consent may the additional amount be minted. As to these coins the central and branch mints must make them exactly of the same weight and fineness, and assay and inspection must be made according to the rules for the regulation of the coinage already submitted by us and approved by the Throne.

2. The 1-tael coin shall be equal to two 5-mace coins or five 2-mace coins, or ten 1-mace coins. The small fractional coins of less than five mace shall exchange among themselves at this rate, and in all monetary transactions, public or private, they must be paid out and received at this rate; under no circumstances may a discount be charged. Any disobedience will be punished according to law.

3. The 1-tael coin being the standard monetary unit, there shall be no limit to its circulation. The 5-mace and other fractional silver pieces shall be legal tender in every transaction to the amount of ten taels, *i. e.*, to the value of ten of the 1-tael coins. They must not be used to pay in full amounts over ten taels, and if offered they may be refused in amounts over the sum specified. The rate of exchange between the copper coins and the silver and the limit of circulation of the former will be determined after the provincial authorities have complied with the regulations already submitted, by which they are required to investigate and report to the Board of Revenue the facts as to the circulation of copper coins.

4. As to the minting of the silver coins, it is proposed

that, the Board of Revenue having been ordered to coin, the central mint will coin several million pieces and send them to the bank, and the Board of Revenue shall send dies to the provincial mints of Chili, Kiangsu, Hupeh and Kuangtung, which shall at the same time mint several million pieces, whereupon the bank of the Board of Revenue shall print paper money to the full amount of the silver coins minted and fix a date upon which it shall be put into circulation. After its issue the Treasury of the Board of Revenue and the treasuries of the provinces mentioned shall first receive it in a fixed proportion, and thereafter all the provinces, the railways, the (China Merchants) Steamship Company, and the Telegraph Administration shall receive it in the same proportion. There must be no discrimination against it by the said official companies on the ground that it is not issued in their provinces. The method of arranging the proportions shall be to fix the proportion payable in silver coins and that payable in paper money of the bank of the Board of Revenue, and for the present the remainder may be paid in other silver—that is, in lump silver or the old dollars—but afterwards as the coinage of the new pieces increases in amount the proportion payable in this may be increased until finally payments will be made entirely in the new silver coins. We request that orders be issued to all the Tartar generals, viceroys, and governors, as well as to the superintendent of railways, of the China Merchants Steam Navigation Company, and the Telegraph Administration to comply with this regulation.

5. All provincial taxes levied in K'up'ing taels shall be payable in the same amount of the new tael coins. The collectors should have salaries definitely fixed, *i. e.*, not be allowed to make their living by charges for exchange, *etc.*, as heretofore. Aside from the legal charge of meltage, no other charge shall be added to the sum levied under the

name of "assaying charges," *etc.* All other moneys heretofore collected or paid in taels of another scale shall be converted, according to the value of the tael used, into their equivalent in K'up'ing taels of full touch, and the conversion having once been made, these sums shall forever hereafter be receivable and payable in that amount of the new 1-tael coins, and no variation from the rule will be allowed. We have also to request that orders be issued to all the provincial authorities to comply with this rule.

6. As China is now entering into new commercial treaties with the various foreign powers which provide for the adoption of a uniform national coinage which the merchants of foreign nationalities residing in China shall use, it becomes necessary to request that the Board of Foreign Affairs be instructed that at the time of the issue of the new coinage dispatches must be sent to the various foreign ministers and to the consuls at the various treaty ports and notifications made to the commissioners of customs that they may all hereafter uniformly use the new coins. The customs duties have heretofore been levied and collected in Haikwan taels, and orders must be issued to the commissioners of customs thereafter in accordance with the provisions of the commercial treaties to convert the duties levied in Haikwan taels into their equivalent in K'up'ing taels and collect accordingly.

7. On the day when the new coins are put into circulation the viceroys and governors of the various provinces must issue instructions to the local authorities to put out proclamations informing the merchants and all people that whatever accounts they may have, old or new, and whatever commercial transactions may take place in the markets, the original amounts, according to the value of the taels in which they may be reckoned, must be converted to their equivalents in K'up'ing taels of full touch, and paid in that

amount of the new silver coins, and such payment may not be refused.

8. As all viceroys, governors, other officials, merchants, soldiers and common people in all the provinces must use the new coins, all may send their silver to be minted, and the central mint and the branch mints at Tientsin, Nanking, Wuchang and Canton will coin it for them. Every tael of K'up'ing silver of full touch will be refined to pure silver 0.985 fine, or finer, in return for which (0.985 tael) they will receive one of the new tael dollars. Fractional coins of the denomination of five mace, two mace, and one mace will also be minted for them in the proportions set forth above.

The excess in the fineness of the silver will pay the cost of minting, and thus there will be nothing to make good on either side.

Silver of inferior quality, foreign silver coins, and the silver dollars heretofore minted in the various provinces may also be sent in to be reminted, the amount of the new coins given in exchange being determined by the amount of pure silver contained—that is, their value will be determined in K'up'ing taels of full touch, and new coins issued accordingly.

9: When the new coins are first issued and the people are unfamiliar with them, there will almost surely be attempts made among the merchants in exchanging them to discriminate against them (boycott them), or to discount them. The Bank of the Board of Revenue, the customs banks in the various provinces, and other official banks and cash shops must be charged with the responsibility of seeing that any one bringing the new silver coins to exchange for paper money, bullion, or copper coins, or desiring to exchange paper money, silver bullion, or copper coins for the new silver coins, shall receive just treatment

on the basis of one K'up'ing tael being the equivalent of one tael in the new coinage. There must be no extortion. Orders must be given also to investigate the markets, and if any mercantile firms are found raising or lowering the rate of exchange at their own pleasure, report shall be made for cases in Peking to the Financial Commission and to the Board of Revenue, and for the provinces to the Tartar generals, viceroys, and the governors concerned, who shall investigate and severely punish the offence, so as to enforce the coinage regulations.

10. These regulations must be published in the official gazettes for the information of the people, and we have to request that orders be issued to the Tartar generals, viceroys and governors of the various provinces that at the time when the new coins are issued they must instruct the department and district magistrates to print these regulations in large characters in proclamations which must be posted in all the cities, villages, and market towns of their jurisdictions, that the people on seeing the same may become thoroughly acquainted with the matter, and thus the yamen clerks may be kept from cheating them.

APPENDIX III

REGULATIONS FOR THE NATIONAL COINAGE OF MAY 24, 1910¹ (WITH ORIGINAL EXPLANATORY NOTES)

Article 1. The monetary unit of the Ta Ch'ing Empire shall be called the dollar (yuan).²

Art. 2. The different coins shall be as follows:

Silver coins: (1) One-dollar coins; (2) fifty-cent coins; (3) twenty-five cent coins; (4) ten-cent coins.

Nickel coins: (1) Five-cent coins.

The coinage of this nickel coin will be delayed pending an investigation into mines and methods of mintage.

Copper coins: (1) Two-cent coins; (2) one-cent coins; (3) five-mill coins; (4) one-mill coins.

The coinage of the one-cent copper coins will be postponed, owing to the danger of their being confounded with the ten-cash coins formerly minted.

Art. 3. The dollar (yuan) will be the standard coin, and the coins from the fifty cents and under will be considered subsidiary coinage, and will be in the decimal system. One dollar will be ten dimes. One dime will be ten cents. One cent will be ten mills. All exchanges must be at this rate.

Art. 4. The weight and fineness of the silver coins will be as follows: The weight of one dollar will be seventy-two

¹ In *U. S. Mint Report*, 1911, pp. 236-8. Translation by Dr. C. D. Tenney, of the American Legation, Peking.

² The monetary unit means that used in computations above unity. Below unity the reckoning is decimal.

hundredths of a K'up'ing tael, and the fineness ninety per cent, amounting to six hundred and forty-eight thousandths of a tael of silver.

The weight of the fifty-cent pieces will be thirty-six hundredths of a K'up'ing tael and eighty per cent fineness, amounting to two hundred and eighty-eight thousandths of a tael of silver.

The weight of the twenty-five cent piece will be eighteen hundredths of a K'up'ing tael, and the fineness eighty per cent, amounting to one hundred and forty-four thousandths of a tael of silver.

The weight of the ten-cent piece will be $864/10000$ of a K'up'ing tael, and the fineness sixty-five per cent, so containing $5616/100000$ of a tael of silver.

The weight and fineness of the nickel and copper coins will be determined later.¹

Art. 5. There will no limitation in the use of the standard dollar.

The subsidiary silver coins may not be offered in excess of five dollars' worth in any one payment. The nickel and copper subsidiary coins may not be offered in excess of half a dollar's worth in any one payment.

Payment of the subsidiary coins in excess of the above amounts may be refused, but this does not apply to the Ta Ch'ing Bank or any of its branches in the exchange of coins.²

¹ In these regulations the "K'u-p'ing tael" refers to the K'u-p'ing tael as determined in response to the joint memorial of the Board of Agriculture, Industry, and Commerce, and the Board of Finance in regard to uniform weights and measures. Therein it was specified that the K'u-p'ing tael would be reckoned as equivalent to thirty-seven and three hundred and one one-thousandths (37.301) grams by the French metric system. The silver referred to is to be absolutely pure silver.

² Therefore in all financial operations the dollar will be current,

Art. 6. On one face of the silver dollar will be a dragon and on the other face the characters "Ta Ch'ing Silver Coin, One Dollar." The subsidiary coins of silver, nickel, and copper will be minted on the same general model.¹

Art. 7. No dollar may differ from the legal weight by more than two one-thousandths of a K'up'ing tael. One thousand coins weighed together must not differ more than three one-thousandths of the legal weight.²

Art. 8. The fineness of silver coins must not differ from the legal standard more than three one-thousandths.³

Art. 9. When a dollar coin has been so abraded by use that its weight has fallen below seventy-one one-hundredths tael, and when the fractional coins, whether of silver, nickel, or copper, of fifty cents and under, show signs of

whether the transactions are in tens, hundreds, thousands, or tens of thousands. The purpose in minting the subsidiary coins is to provide for small transactions in trade and for reckoning change; so the limit for the use of them must be clearly defined. But exchanging coins and using them are different, and therefore there is no limit in matters of exchange. So the subsidiary coinage is protected and the people's confidence in it will not be impaired. If it be found that the absence of a limitation in the matter of exchanging coins will lead to the banks receiving large amounts of the subsidiary coins so that they cannot avoid offering temptation to counterfeiters, it should be remembered that there is a fixed limit to the number of subsidiary coins that may be minted and those who care to exchange them will naturally be few. Also there is a regular medium of exchange so that the counterfeiting may be easily discovered. So no fear need be entertained on this score.

¹ The exact forms of the silver, nickel, and copper coins will be sent to all the Provinces.

² In enforcing the first and second parts of this article some liberality may be shown in reckoning and passing single silver dollars, but the reckoning by thousands will be strictly observed.

³ Differences in weight in numbers of coins will be determined according to the provisions of the last Article, but differences in fineness according to this Article.

abrasion, they may be taken to the mint or to the Ta Ch'ing Bank to be exchanged for new coins.¹

Art. 10. No one can be compelled to accept mutilated coins, when the mutilation can be shown to be intentional.²

Art. 11. The Board of Finance will fix the limit for the amount of coinage of the subsidiary coins.³

Supplementary Articles

Art. 12. The Ta Ch'ing Bank will appoint a special official to control carefully all matters connected with the exchanging of coins, both old and new.⁴

Art. 13. During the introductory period of issuing the new coins, one dollar and fifty cents will be reckoned as one tael of the Board of Finance Treasury weight, standard silver.⁵

Art. 14. In places where the new coins have been issued, the large and small coins previously minted may continue to circulate temporarily at their market value. On the one hand, the Government mints and the Ta Ch'ing Bank will

¹ Silver coins used in trade cannot fail to be abraded, therefore the limit of seventy-one one-hundredths tael will be set for abrasion. When this limit of abrasion is exceeded the coins must be exchanged to secure confidence.

² The last Article provides for the exchange of coins abraded by use, and this Article forbids the exchange of coins deliberately mutilated, in order to prevent the people from boring holes, affixing stamps, or grinding off the coins.

³ The coinage of the subsidiary coins must be limited, and they must not be issued in excessive quantities to avoid injuring their currency as subsidiary coins.

⁴ The exchanging of the old and new coins is the special business of the bank, but since the business of the bank is complicated, a special bank officer will be deputed to control this department so that it may be properly managed.

⁵ This Article fixes the exchange value of the new and old money and the standard for discounting. By standard silver is meant silver of nine hundred and eighty-five one-thousandths fineness.

gradually withdraw them at the market rate to be reminted into the new coinage; and on the other hand, the Board of Finance will take all the circumstances into consideration, and fix a limit of time for this to continue. After the time fixed, all such circulation will cease, and the mints and the Ta Ch'ing Bank will exchange the old coins as silver bullion.

Art. 15. The copper coins previously minted in the Provinces will continue to circulate at their market value and the Board of Finance will regulate this matter in accordance with circumstances.¹

Art. 16. After the regulations have been approved by imperial rescript, a limit of one year will be granted within which period all regular official receipts and disbursements will be converted into Treasury taels of standard silver and then reckoned in the new monetary unit.²

Art. 17. A limit of one year will be fixed after the date of the imperial sanction of these regulations, and within this time all official receipts and disbursements regularly made in copper cash or silver shall be reckoned in Treasury

¹ In regard to the method of treating the old coinage as laid down in Articles 14 and 15, the Board of Finance will determine a special method of treatment after considering the conditions and will memorialize the throne on the subject.

² In order to unify the currency system all accounts and public documents will first use the new monetary denominations. This is to hasten the adoption of the new monetary unit, and the resulting advantages in making and auditing the budgets will be many. Therefore before the new coins have been issued there is no difficulty about fixing a limit of time within which the new terminology shall replace the old. So if the former reckoning in taels is changed to dollars it will not be troublesome to use the ratio of exchange laid down in Article 13. Therefore fixing a year as the limit for the change is not too rapid. If it is found that the new coins will not be immediately sufficient for use till after the change of name, the silver bullion and old coins may continue to be used and the actual receipts and disbursements may be reckoned in Treasury taels of standard silver and then reckoned in the national coin. This will cause no inconvenience.

taels and thence converted into national dollars. In cases where silver dollars or other coins have hitherto been used, the same method shall be followed.¹

Art. 18. All customs, postal, telegraph, steamer, and railway accounts shall be tendered in the national coinage after being first changed into Treasury taels by the heads of the offices concerned according to the weights and purity of the money received or disbursed, within one year of the time when these regulations receive the imperial sanction.²

Art. 19. All debts of the common people which are reckoned in silver shall be reckoned in Treasury taels according to the weight and fineness of silver in the locality concerned and then reckoned in the national coinage. When they are reckoned in the old silver dollars, copper-minted coins, copper cash, or any other kind of money they shall be reckoned in Treasury taels according to the market rate for the place, fixed by decree on memorial as provided in these regulations, and then reckoned in the national coinage. In all cases, in which the documents have not been reckoned in the national coinage, as laid down in this Article, if there shall be any litigation, judgment shall be given according to the rate for the day fixed by edict, on memorial, as prescribed in these regulations.³

¹ In changing the unit of reckoning according to this Article, public accounts and documents shall be first changed and the market rate for the day fixed by the throne, on memorial, shall be used in order to prevent brokers from lowering or raising the exchange and to avoid dispute about exchange. The method of carrying out this provision shall be for the Board of Finance to telegraph to every Province, obtaining the market rates for all sorts of silver money in every *fu*, *ting*, *chou*, and *hsien*, which the Board will publish in every locality.

² Since the large customs accounts and the communication accounts have an important influence upon currency, they should be first changed so as to promote the use of the new currency.

³ The different kinds of money alluded to in this Article and Article 17 are the Tientsin "ching ch'ien," Hsinchiang "hung ch'ien," and other such coins.

Art. 20. From the date when these regulations receive the imperial sanction, all mintage of large and small silver and copper coins in the Provinces shall cease.

Art. 21. The Board of Finance will establish an assay office and engage an expert to take charge of it. Specimen coins will be taken from the coins minted by the mints, which shall be assayed and the analysis will be published.¹

Art. 22. Throughout the Ta Ch'ing Empire when the Ta Ch'ing national coins are offered in payment, no matter who the person may be or what the account may be, the national money may not be refused.²

Art. 23. Any one who violates the provisions of Article 3 or Article 22 may be accused in court by the person concerned. After conviction a fine of from \$10 to \$1,000 will be inflicted.³

Art. 24. If these regulations require alteration, the Board of Finance will memorialize the Throne publicly thereon.

¹ The coins selected will be either from those already in circulation or from those just minted, and the analysis will be for the purpose of maintaining confidence.

² This article defines the legal-tender quality of the national coins, and is in accordance with the regulations of all countries.

³ Violating Article 3 means forcing one to discount coins, so interfering with the decimal value of the subsidiary coins. Violating Article 22 means that when the national currency is offered one refuses to accept it.

APPENDIX IV

GOLD PRICE OF BAR SILVER

HIGHEST, LOWEST, AND AVERAGE PRICE OF BAR SILVER IN LONDON, PER OUNCE
BRITISH STANDARD (0.925), AND THE EQUIVALENT IN U. S. GOLD COIN
OF AN OUNCE 1000 FINE, TAKEN AT THE AVERAGE PRICE, SINCE 1871

	Highest quotation	Lowest quotation	Average quotation	Value of a fine ounce at average quotation
	d.	d.	d.	
1871	61	60 3/16	60 1/2	\$1.326
1872	62 1/8	59 1/4	60 5/16	1.322
1873	59 15/16	57 7/8	59 3/16	1.29769
1874	59 1/2	57 1/4	58 5/16	1.27883
1875	57 5/8	55 1/2	56 11/16	1.24233
1876	58 1/2	46 3/4	53 1/4	1.16414
1877	58 1/4	53 1/4	54 13/16	1.20189
1878	55 1/4	49 1/2	52 5/8	1.15358
1879	53 3/4	48 7/8	51 1/4	1.12392
1880	52 13/16	51 1/2	52 1/4	1.14507
1881	52 7/8	50 7/8	51 5/8	1.13229
1882	52 3/8	50	51 13/16	1.13562
1883	51 3/16	50 1/16	50 9/16	1.10874
1884	51 3/8	49 1/2	50 11/16	1.11068
1885	50	46 7/8	48 9/16	1.06510
1886	47	42	45 3/8	.99467
1887	47 1/8	43 3/4	44 11/16	.97946
1888	44 9/16	41 5/8	42 7/8	.93974
1889	44 3/8	41 15/16	42 11/16	.93511
1890	54 3/8	43 5/8	47 3/4	1.04634
1891	48 3/4	43 1/2	45 1/16	.98800
1892	43 3/4	37 7/8	39 3/4	.87145
1893	38 3/4	30 1/2	35 9/16	.78030
1894	31 3/4	27	28 15/16	.63479
1895	31 3/8	27 3/16	29 13/16	.65406
1896	31 15/16	29 3/4	30 13/16	.67565
1897	29 13/16	23 5/8	27 9/16	.60438
1898	28 3/8	25	26 15/16	.59010
1899	29	26 3/8	27 7/16	.60154

	Highest quotation d.	Lowest quotation d.	Average quotation d.	Value of a fine ounce at average quotation
1900	30 $\frac{3}{4}$	27	28 $\frac{5}{16}$	.62007
1901	29 $\frac{9}{16}$	24 $\frac{15}{16}$	27 $\frac{3}{16}$	.59595
1902	26 $\frac{1}{16}$	21 $\frac{11}{16}$	24 $\frac{1}{16}$	.52795
1903	28 $\frac{1}{2}$	21 $\frac{11}{16}$	24 $\frac{3}{4}$	.54257
1904	28 $\frac{9}{16}$	24 $\frac{7}{16}$	26 $\frac{13}{32}$	.57876
1905	30 $\frac{5}{16}$	25 $\frac{7}{16}$	27 $\frac{13}{16}$	.61027
1906	33 $\frac{1}{8}$	29	30 $\frac{1}{8}$	.67689
1907	37 $\frac{7}{16}$	24 $\frac{1}{4}$	30 $\frac{3}{16}$	.66152
1908	27	22	24 $\frac{13}{32}$	.53490
1909	24 $\frac{7}{8}$	23 $\frac{1}{16}$	23 $\frac{23}{32}$	.52016
1910	26 $\frac{1}{4}$	23 $\frac{3}{16}$	24 $\frac{21}{32}$	.54077
1911			24.592	.53304
1912			28.842	.60835
1913			27.576	.59791

VITA

THE author was born in Mi-yun Hsien near Peking, China, August 1, 1888. He was prepared for college in the Peking University Preparatory College and attended the College of Liberal Arts of that institution, from which he graduated with the A. B. degree in 1908. He passed the Government competitive examination, was granted a scholarship and came to the United States in 1909. He studied at Amherst College during the years 1909-11, graduating *cum laude* with the A. B. degree in 1910 and receiving the A. M. degree in 1911. He entered the School of Political Science of Columbia University in the fall of 1911. At Columbia he studied under Professors Seligman, Seager, Clark, John B. Moore, Goodnow and Giddings, and attended the seminars of Professors Seligman and Seager.