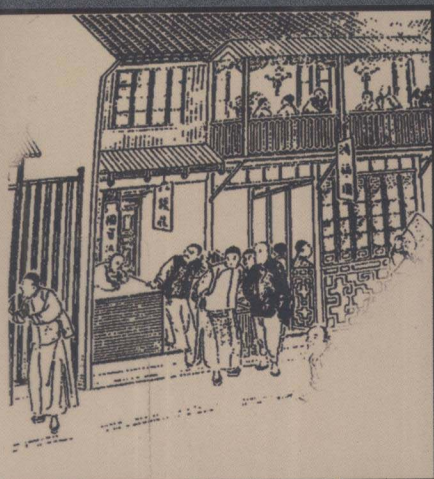


CHINA

UPSIDE DOWN

CURRENCY,
SOCIETY, AND
IDEOLOGIES,
1808–1856



MAN-HOUNG LIN



China Upside Down

Currency, Society, and Ideologies,

1808–1856

Man-houng Lin

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China Upside Down

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To

Professor Philip A. Kuhn and
to my husband, Liang Chi-yuan,
and daughter, Liang Hung



Acknowledgments

In 1842, in a mountainous district in China's Hubei province, a rebellion led by a low-ranking member of the scholar-elite, Zhong Renjie 鍾人杰, took place. The rebels burned the walls of the district seat and killed the magistrate. They were angry because the silver used for calculating the tribute grain taxes had unexpectedly become more expensive, and Zhong's followers simply could not pay as much as the magistrate asked. These rebels would not have anticipated that they influenced a scholar from Taiwan to undertake an odyssey, which has lasted for about two and a half decades from 1982 to 2006 to explore the world conditions that gave rise to this silver crisis and how scholar-officials in Zhong's time perceived the issue.

The documents concerning Zhong Renjie were read at Harvard under Professor Philip A. Kuhn's guidance in an American intellectual climate trying to understand China from its own social structure and social thought. Similarly, the reading of official documents about eighteenth-century grain prices in another of Professor Kuhn's classes also raised the question of traditional Chinese scholar-officials' attitudes toward the extent the state could or should step into economic affairs. This study of China's early nineteenth-century silver crisis began with this kind of intellectual exploration and then proceeded to look at the economic realities.

On the intellectual side, Professor Liu Kwang-Ching's expertise on statecraft thought and Professor Ramon Myers's interest in traditional China's political-economic ideas formed the basis for further collection of materials and studies by Chinese economists. PRC economists' perspectives on China's traditional economic thought were based on

frameworks very different from my own historical training. They expected to explore the theoretical insights on capital, profit, and value of Chinese traditional scholars to contribute to the study of modern economics. My approach, however, was to understand what shaped traditional Chinese scholars' thought. Accordingly, I read the early nineteenth-century Chinese scholar-officials' collected works kept in the Harvard-Yenching Library, Fu Sinian Library, the archives of Taipei's Palace Museum, and the collected materials published in the PRC. Professor Richard Musgrave's class on the social theories hidden in economic discussions in Harvard's Department of Economics was an intellectual inspiration for deciphering these materials. Professor Benjamin Elman's studies on the New Text school drove me to think hard about the relation between this group and statecraft thought. A name list of scholars specializing in the Tongcheng writing style kept by the Harvard-Yenching Library and a brief mention by the Japanese scholar Eguchi Hisao made me deliberate further about the relation between classical studies, writing style, and economic discussions.

The economic aspects of the early nineteenth-century silver crisis were not much investigated until 1988, when I spent two and half years finishing another project called "Native Opium and Late Qing China," which I started before I went to Harvard. In 1988, I was suddenly shocked to find that the presumption that opium caused the early nineteenth-century silver crisis was not fully warranted, since in the late nineteenth century China imported more opium and yet silver flowed back into China. Pierre Vilar's book *Gold and Silver in World History*, archival research at the Widener Library in the *British Parliamentary Papers*, research at the Palace Museum archives, and in the Littauer Library on China's place in the East Asian monetary system forced me to consider the global scope of silver in China during the nineteenth century. The connections between changing economic realities and changing ideas repeatedly reminded me of the holistic views of Professor Kuhn for China, Professor Steve Ozment for Europe, and Professor Albert Craig for Japan on the transition from the premodern to the modern period. The present volume, based on my research mainly at Harvard and the Academia Sinica, was finalized as a Harvard dissertation submitted in 1989 with Professors Kuhn and Peter Bol as readers.

My participation in international conferences, publication in several journals, personal consultations, and visiting professorships in Japan aided revisions to the original dissertation in the following years. During the decade in which I revised this work on the silver crisis, I was also working on a project called "Empires and Networks: Taiwanese Merchants as Intermediaries, 1860–1961." The final presentation of the silver outflow figures in this book serves as an example of how scholars worldwide and my other projects helped in the revision of this book. The London customs reports for India's import of silver from China for 1814–56 were more complete than the figures I obtained in the Widener Library. The London records were obtained at Hong Kong University under the advice of Professor Hamashita Takeshi, whom I met in Xiamen, Leuven, and Beijing in 1990. Because the London customs records used British pounds as units, I did not make much use of this material until 2004, when Professor Mark Metzler underscored its complete nature. I met Mark at the World History Congress at Seoul in 2002, where I read a paper on Taiwan's commercial networks. For the use of the London records, I searched for conversion rates worldwide. It was a Ph.D. student at Oxford University, Mr. Wang Hsien-chun, who finally obtained this conversion rate for me. My visit to Yamaguchi University in 2000 after Professor Kishi Toshihiko invited me to lecture at Shimane University on Taiwan's commercial networks revealed crucial materials for explaining the Indian background of China's silver outflow.

The conferences in which parts of earlier drafts of this book were presented or that provided access to related information include the International Economic History Congress (Leuven, 1990; Milan, 1994); the World and Modern China (Beijing, 1990, 2000); Maritime Customs History (Xiamen, 1990); Maritime Studies (Pondicherry, 1991); Culture, Religion, and China's Economic Development (Berkeley, 1992); Population History of East Asia (Chiba, 1993); East Asian Economic Thought (Beijing, 1993); Asian Open Forum (Matsue, 1998); the Annual Meeting of the Association for Asian Studies (Boston, 1999); Maritime China and Overseas Chinese Communities in Transition, 1750–1850 (Singapore, 1999); World History Congress (Seoul, 2002); the annual meeting of the Association of the Sea of Japan (Sapporo, 2003); the Econo-

metric Study of Chinese Economic History (Beijing, 2004); Ports and Hinterlands (Shanghai, 2004); Financial Institutions and Modern China (Shanghai, 2004); Formation of East Asian Capitalism (Seoul, 2004), and Beyond Market and Hierarchies (Tokyo, 2006). Visiting professorships at Waseda University (September 2000–March 2001) and Kyoto University (August 2003–January 2004), as well as an invitation from University of California, Davis, to give a talk in the Professor Liu Kwang-Ching Lecture Series in May 2004 also helped in the revision of this book. Journals in which parts of earlier drafts of this book were published include *Late Imperial China* and *American Asian Review*. Conference volumes published after the Leuven, Pondicherry, and Singapore conferences containing studies related to this book are listed in the bibliography.

Participating in conferences, publishing articles in journals, personal consultations, and submitting this manuscript for publication brought forth help from various scholars and libraries outside Taiwan. I am grateful to Professors A Feng, Matsuura Akira, Kuroda Akinobu, W. E. Cheong, Chen Laixing, Chen Shiqi, Helen Dunstan, Dennis O. Flynn, Feng Xiaocai, Arturo Giráldez, Naoto Kagotani, Sayako Kanda, Sugihara Kaoru, Rebecca Karl, Hori Kazuo, Barry Keenan, James Lee, Jane Leonard, Thomas A. Metzger, Kishimoto Mio, Susan Mann, Susan Naquin, George B. Souza, Frederic Wakeman, John Watt, Ye Shichang, Ye Tan, Wen-hsin Yeh, Margherita Zanasi, and several anonymous readers. I am also grateful to the following libraries and archives: Fudan University Library, Xiamen University Library, Zhongshan University Library, Beijing Library, the First Historical Archives in Beijing, and Seoul University Library.

My training in Taiwan on the socioeconomic history of modern China prior to my study at Harvard was crucial for this study. Professor Yeh-chien Wang, my teacher in National Taiwan Normal University's Ph.D. program, acquainted me with his and his mentor Quan Hansheng's (1912–2001) contributions in the field of Chinese monetary studies. Another famous monetary historian in Taiwan, Chao-nan Chen, suggested that I read the monetary opinions of Friedrich August von Hayek (1899–1992) and his group. My first book, finished as part of National Taiwan University's M.A. program in 1976, dealt with the opening of treaty ports

and late Qing Taiwan and started to use maritime customs publications under the inspiration of Professor Ts'ui-jung Liu.

I am grateful to the Institute of Modern History of Academia Sinica, where I am a research fellow, for enabling me to concentrate on this work. The facilities and environment at Academia Sinica greatly facilitated this study. Its social science and humanities libraries efficiently solved various academic inquiries, as did the libraries of National Taiwan University, National Taiwan Normal University, and the National Library. My senior colleague in this institute, Professor Lu Baoqian, taught me much about the Tongcheng literary school and New Text classical studies. My previous publication of parts of this book in ten Chinese articles benefited from numerous anonymous readers. Colleagues, including Professors Peter Zarrow and Paul Katz, helped greatly in my finalization of this work. Dr. Pan Guangzhe and Dr. Micah Muscolin rendered help in final proofreading. Professor Okazaki Kōji corrected my Japanese romanization, and Ms. Wei Xiumei helped with dating some of the figures for the Qing period. My joint appointment as a professor at National Taiwan Normal University also provided me the opportunity to discuss this study with students over a period of about fifteen years. Some of the students' related publications also benefited this book.

Although greatly interested in Western historical studies since my student days at National Taiwan University, I was reluctant to go abroad during the years in which Taiwan suffered a number of diplomatic setbacks. Only through the continual encouragement of Professors Lee Kuo-Chih and Chang Peng-yuan and my selection by Vice Minister of Education Li Mo for the Harvard Club Scholarship (1980–81) were my studies at Harvard and my later global and holistic perspectives of history made possible.

The Harvard-Yenching Institute's doctoral scholarship supported me from July 1981 to December 1983 and from February 1988 to January 1989. The ROC National Science Council also provided a research grant from February 1987 to January 1988 and from 1990 to 1992. A Chiang Ching-kuo Foundation grant helped the finalization of this book. All these grants and some aid from Academia Sinica made possible the help from my assistants, Wang Jingfei, Li Daoji, Fei Yuyuan, and

Huang Xiuchun, who were very efficient in helping me gather sources and in solving computer problems. Ms. Yuri Kuwahara's responsible editing work for the thesis version, and the efforts of Ms. Ellise DeVido, Mr. Antonio C. Tavares, and Ms. Victoria Scott on later versions, also helped improve my English prose.

My obsession with using a wide variety of historical sources to write about large-scale historical structures and processes has been a great burden to my family. I would like to extend my deepest gratitude to my parents and siblings. This book started when my daughter, Liang Hung, was one year old and has now ended when she is twenty-five and able to comment on it. A lot of time spent on this book should have been hers. My husband, Liang Chi-yuan, is a very rare husband who always appreciates the academic dedication of his wife, and I am also grateful for his occasional comments from the perspective of an economist. My adviser at Harvard, Professor Kuhn, supervised my work once every week for half a year before its submission as a dissertation, and since 1990 he has always been on the other end of the e-mail to share with me his shrewd grasp of history. To these three people, who most directly shared my joys and sorrows of writing, I dedicate this book.

Numerous other kindnesses are acknowledged in the notes. While responsibility for the faults in this book remains mine, I hope all the kindnesses I have received have to some extent helped our understanding of the question, "What shaped China's transition from the High Qing to its modern fate?"

M-h.L.



Abbreviations and Dynasties

The abbreviations used in the notes are listed below. For complete citations of the works cited in this list, see the Bibliography, pp. 315–45.

<i>BPP</i>	<i>British Parliamentary Papers</i>
<i>CBYWSM</i>	<i>Chouban yiwu shimo</i> (The complete account of the management of barbarian affairs)
<i>CBZD</i>	Changbian zongdang (Chronologically arranged records of archives)
<i>DG</i>	Daoguang 道光 (1821–50)
<i>DHL</i>	<i>Shierchao Donghualu</i> (Donghua records for the twelve reigns)
<i>DXTGZY</i>	<i>Dao-Xian-Tong-Guang sichao zonyi</i> (Official reports of the Daoguang, Xianfeng, Tongzhi, and Guangxu reigns)
<i>GZD</i>	Gongzhong dang (The Palace archives)
<i>GX</i>	Guangxu 光緒 (1875–1908)
<i>HCDXTGZY</i>	<i>Huangchao Dao-Xian-Tong-Guang zonyi</i> (Collected memorials of the reigns of the Daoguang, Xianfeng, Tongzhi, and Guangxu reigns)
<i>HCJSWB</i>	<i>Huangchao jingshi wenbian</i> (Collected writings on statecraft of the reigning dynasty)
<i>HCJSWXB</i>	<i>Huangchao jingshi wen xubian</i> (A sequel to the collected writings on statecraft of the reigning dynasty)

HCZDLZ	<i>Huangchao zhengdian leizuan</i> (Categorized statutes of the reigning dynasty)
JDZGSLCK	<i>Jindai Zhongguo shiliao congkan</i> (Series on modern China's historical materials)
JDZGSLCKXB	<i>Jindai Zhongguo shiliao congkan xubian</i> (Sequel series on modern China's historical materials)
JJD	Junji dang (The record book of the Grand Council)
JQ	Jiaqing 嘉慶 (1796–1820)
KX	Kangxi 康熙 (1662–1722)
QCWXTK	<i>Qingchao wenxian tongkao</i> (Collected documents of the Qing dynasty)
QDQHS	<i>Qinding Da Qing huidian shili</i> (Examples of the statutes of the great Qing dynasty)
QDZJCK	<i>Qindai zhuanji congkan</i> (Collected biographies of the Qing dynasty)
QFD	Qianfa dang (The monetary archives)
QL	Qianlong 乾隆 (1736–95)
QSG	<i>Qingshi gao</i> (Draft of the history of the Qing dynasty)
SGD	Shiguan dang (Archives for the office of the Qing history)
SL	<i>Da Qing lichao shilu</i> (The veritable records of various Qing reigns)
SYD	Shangyu dang (fangben) (Archives of imperial edicts)
TZ	Tongzhi 同治 (1862–74)
WJD	Waiji dang (Archives of reports by Inner Court officials turned over to the Outer Court)
XF	Xianfeng 咸豐 (1851–61)
YZ	Yongzheng 雍正 (1723–35)
YFD	Yifu dang (Copies of official reports sent to the Six Boards for comment)
ZB	Zhuanbao (Packages of biographies)
ZG	Zhuangao (Biography drafts)

ZJHSZL *Zhongguo jindai huobishi ziliao* (Materials on the history of currency in modern China), vol. 1

Dynasties

Shang	1523?-1027? BCE
Zhou	1134-256 BCE
(The Western Zhou	1027-771 BCE)
(Lu kingdom	722-481 BCE)
(Spring and Autumn Era	770-403 BCE)
(The Warring States Era	403-221 BCE)
Qin	248-206 BCE
Han	206 BCE-220 CE
(The Former Han	206 BCE-25 CE)
(The Latter Han	25-220 CE)
Xin (Wang Mang)	9-23
Wei	220-65
Jin	266-420
Northern Wei	386-527
Liu Song	421-81
Qi	479-501
Liang	503-549
Sui	581-618
Tang	618-907
Liao	907-1125
Song	960-1279
(Northern Song	960-1126)
(Southern Song	1127-1279)
Jurchen Jin	1115-1234
Yuan	1279-1367
Ming	1368-1644
Qing	1644-1911



Explanatory Notes

1. Silver and copper coins were the main currencies of eighteenth- and nineteenth-century China. Silver was used in Qing China in the form of silver ingots (*yinliang* 銀兩) and silver dollars (*yinyuan* 銀元). Both silver ingots and silver dollars were measured in units called *liang*, *qian* (0.1 of 1 *liang*), and *fen* (0.1 of 1 *qian*). The casting of silver ingots began in the Yuan dynasty; around 1838, as Lin Zexu 林則徐 (1785–1850), governor and high commissioner pointed out, a medium-income family needed 0.1 *liang* for daily expenses.¹ Silver ingots used by the Board of Revenue or the financial commissioner in each province—i.e., the treasury *liang* (*kupingyin* 庫平銀)—weighed about 37.3 grams. A comparison made in the Republican period of silver ingots used in various places of China revealed that the weight of 1 *liang* varied between 33.99 and 37.50 grams, and that the quality varied between 0.979 and 0.987² (Fig. E1). It was noted in 1863 that in China the variation in the weight or quality of silver ingots was less than that found in measures of capacity.³ The silver dollars mentioned in this book include Spanish dollars and Mexican dollars (Fig. E2) before and after Mexico's independence from Spanish rule. Because both were around 27 grams in weight and 90 percent silver in content,⁴ they are called “silver dollars” to facilitate intertemporal

1. Tan Bi'an, “Zhongguo jindai huobi de biandong,” p. 190; Lin Zexu, *Lin Wenzhong-gong zhengshu, yiji*, 5.11b.

2. Wei Jianyou, *Zhongguo jindai huobishi*, p. 36. The places include Beijing, Tianjin, Zhangjiakou, Hankow, Zhifu, Niuzhuang, Mukden, Chichihar, and Jilin.

3. Williams, *The Chinese Commercial Guide*, p. 275.

4. Zhang Huixin, *Zhongguo huobi shihua*, p. 29. Also, as determined by Numismatist Zhang, Japanese silver dollars and silver dollars cast by Yuan Shikai used in early

quantitative comparisons. Throughout this book, the dollar sign (\$) denotes silver dollars. One *liang* of silver was about 1.43 silver dollars.⁵ One custom *liang* (Haikwan tael 海關兩), a unit of account, is calculated as 1.114 treasury *liang*. It was equivalent to 1.45 silver dollars from around 1860 to 1887, and about 1.52 silver dollars between 1887 and 1895.⁶ The Mexican silver dollar, as a stateless currency, was an important currency in British North America and the United States until the early nineteenth century.⁷ The U.S. silver dollars used in calculating the balance of payments between China and the United States in this book are considered the same as the Spanish or the Mexican dollars. For calculation of the China-Britain balance of payments, the British pound is calculated as equal to 4 silver dollars, based on the early nineteenth-century conventional rate.⁸ For calculating Japanese silver exported to China, 1 *kan* 貫 of Japanese silver weight is approximately equal to 3.75 kilograms (Fig. E3);⁹ 1 kilogram is calculated as 25.098 *liang*.¹⁰ The copper coin (*zhiqian* 制錢) was a round coin with a square hole in the middle and had a face value of 1 *wen* (Fig. E4). One thousand *wen* were often tied together on one string and called 1 *chuan* or 1 *guan*. According to early Qing regulations, 12,880 strings were further tied as 1 *mao*. *Mao* originally denoted the total time period for casting copper coins within

twentieth-century China have similar weight and content as the Spanish or Mexican silver dollars. This shows the rough unity of weight and content of various silver dollars.

5. Yu Jieqiong, *Zhongguo yinhuo shuchuru*, p. 25, calculates 1 *liang* as 1.45 silver dollars.

6. See Man-houng Lin, *Cha tang zhangnao*, p. 41, for the exchange rate between the customs *liang* and the silver dollars and other international currencies of this period based on the Chinese Maritime Customs publications.

7. Pers. comm. from Mark Metzler, March 7, 2004.

8. The page after the table of contents in Morse, *Chronicles of the East India Company*, provides the conventional equivalents for the currencies. The Spanish dollar was indexed from 1619 to 1814 at 5 shillings per dollar. Since a pound contains 20 shillings, 1 pound is equivalent to 4 dollars. From 1815, salaries and other fixed charges at Canton were paid at the rate of £100 = \$416.67. Bills on the East India Company in London were issued at rates ranging from 4s.10d. to 6s. per dollar, for bills payable in 365 days. Since 1 shilling contains 12 pence, 4s.10d. is 0.24 pounds; 6 shillings is 0.3 pounds. That is to say, a one-dollar bill (payable after a year) is equivalent to 0.24–0.3 pounds. Or, the other way around, a one-pound bill is equivalent to 3.33–4.17 dollars. Hence I am taking £1 = \$4 for purposes of calculation.

9. Nihonshi yōgo daijiten henshū iinkai, *Nihonshi yōgo daijiten*, 1: 176.

10. Quan, "Ming zhongye hou Zhong-Ri jian de siyin maoyi," p. 644.

one year.¹¹ Using traditional Chinese methods for minting, copper had to be mixed with zinc (*baiqian* 白鉛), lead (*heiqian* 黑鉛), or tin to form an alloy to cast copper coin. Copper constituted 50–80 percent of the alloy, following various regulations of the Qing emperors.¹² As tin made up little of these mixtures, the Chinese terms *tongqian* 銅錢 is translated as copper coin rather than bronze coin.

2. The official reports to the emperor provide first-hand information about the monetary issues this study describes. The communication system between officials and the emperor in Qing China was comparable to the British parliamentary paper system in routine and detail. Archives of these communiqués are located in both Taipei and Beijing. These official reports came mostly from provincial officials; many also came from censors and court officials of every sort. The official reports kept in Taipei's National Palace Museum archives used in this study include QFD, GZD, SYD, JJD, WJD, YFD, and CBZD.¹³ The JJD kept in Beijing and used in this study were originally kept in the Ming-Qing Archival Institute and published as *ZJHSZL*.¹⁴ Published Qing official records were also investigated. They include *SL*, *CBYWSM*, and others.

3. In addition to the collected works of individual scholar-officials, which were mostly categorized in Zhang Shunhui's *An Annotated Catalogue of the Collected Works of the Qing Literati* (*Qingren wenji biele*) or collected in the Chengwen Press's *JDZGSLCK* and *JDZGSLCKXB*, *HCJSWB* (compiled by He Changling), *HCJSWXB* (compiled by Sheng

11. *ZJHSZL*, p. 74.

12. Yang Duanliu, *Qingdai huobi jinrong shigao*, pp. 16–17. Zhang Jiaxiang, *Zhonghua bizhishi*, p. 94, explains: "At the very beginning of the Qing dynasty, there were no precise regulations for the content of the copper coin. Regulations began in 1684, stating that the copper coin had to contain 60 percent copper and 40 percent zinc or lead. In 1727, this changed to 50 percent for both copper and zinc or lead. In the Qianlong period, the copper coin was supposed to contain 50 percent copper, 41.5 percent zinc, 6.5 percent lead, and 2 percent tin. In the Jiaqing period, this was changed to 52 percent copper, 41.5 percent zinc, and 6.5 percent lead."

13. For the nature of various kinds of official reports, see Bartlett, "Qing Palace Memorials"; and Zhuang Jifa, *Gugong dang'an shuyao*.

14. The editor's note for *ZJHSZL* states that, other than the routine remarks at the beginning or end of each official report, all the official reports had been kept intact in this collection.