

IMPERIAL CHINESE CURRENCY OF THE TAI'PING REBELLION

Part II - CH'ING DYNASTY COPPER CASH NOTES

John E. Sandrock

In Part I we explored the historical background leading to the Tai'ping rebellion and the subsequent need for an increased money supply. This need initially led to the introduction of big cash or multiple cash coins – a radical departure from China's past. The experiment was not a success, which necessitated the reintroduction of Chinese paper money after an absence of four hundred years. Parts II and III will discuss these issues in detail.

Sources of Imperial Revenue

The great Tai'ping Rebellion of 1850-1864 was responsible for destroying nearly a third of China's population before it ended. It did more than that, however. The rebellion devastated twelve of the richest of China's eighteen provinces, straining the government's resources to the breaking point in the process. In turn, this upheaval sowed the seeds for further calamities which ultimately led to the downfall of the Ch'ing dynasty.

At the outset of Manchu rule (1644) total imperial revenues approximated thirty million taels. Government expenditures were, happily, correspondingly modest. During the balance of the seventeenth and eighteenth centuries revenue consistently exceeded expenditures, resulting in a tidy cash surplus in the Imperial Treasury. The state of China's finances was not unlike the individual who gets what he can, spends what he must, and by some fortuitous circumstance manages to make both ends meet without knowing just exactly how he accomplished it. Modern budgets were, of course, unknown. The vastness of the country, poor communications, and looseness of administration encouraged all sorts of irregularities.

The principal means of swelling the imperial coffers was through taxation. These taxes took many forms; the foremost of which were the land tax, grain tribute, customs revenue, the salt tax, *likin* and miscellaneous taxes and duties. From antiquity the land tax had produced up to two-thirds of China's revenue. In China, all land was considered to be the Emperor's property, the Emperor having come into it by conquest. The use of the land, however, was left to its occupants in return for an annual tax based upon the rental value of the land. In 1713 Emperor K'ang-Hsi fixed this relationship at $\frac{3}{4}$ tael per 6 mou (one acre) and decreed that it should stand for all time. From time to time the land tax collected was reduced as a result of floods, earthquakes and insurrection. Indeed, those provinces most ravaged by the Tai'ping rebels (Anhwei, Chekiang, Honan,

Kiangsi, Kiangsu, Kweichow and Szechuan) enjoyed a “tax break” for decades due to the devastation wreaked upon them. This accounted for much loss of revenue. The proceeds of the land taxes collected at the provincial level were considerably watered down. Gross irregularities and extortion on the part of local tax gatherers were commonplace.

The grain tribute constituted the second most important form of taxation. Annual quotas were set, but these were limited to only the fifteen fertile provinces which lay along the Yangtze basin. Quotas were assessed based upon grain productivity.

The practice of collecting customs duties on goods entering China was almost as old as the land tax itself. With the opening of China's doors and the resulting increase in maritime trade, it took on vastly increased importance. Prior to 1854 the same lax administration and slight of hand existed with the collection of the customs as with the land tax. An event which occurred in September 1853 changed all this forever, in the process transforming the maritime customs into a highly efficient force.

In September 1853 the Tai'pings, making their way down the Yangtze valley while leaving devastation in their wake, threatened Shanghai. The loyal Chinese officials lost no time in fleeing to Shanghai's International Settlement which lay under the protecting guns of foreign warships. The Customs House had been abandoned. Foreign merchants, not wishing to pay duties to unauthorized officials, declared their goods instead to their representative consulates until the Customs House could be reopened. This amounted to a considerable workload, as the funds raised through customs duties were based upon a five percent ad valorem tax on all imports and exports. The consular officials, unable to cope with this volume, set up the Maritime Customs Service to be run by British, American and French representatives and gave it the responsibility of collecting all customs duties.

Inasmuch as the British inspector was the only one who spoke Chinese, he became the Inspector General. Very few, if any, of the Chinese who came into the International Settlement at this time had had any contact with Westerners. They now could observe western business practices and administration at close quarters. Some of these refugees quickly realized that China would do well to follow the West's example. Impressions of foreign business acumen gained at this time, together with cooperation arising out of need, led to the establishment of the first Chinese shipping companies and similar enterprises. The Maritime Customs was organized so well it became a model of efficiency, so much so that the British never relinquished control, the Manchus continuing the arrangement to the end of their dynasty.

From time immemorial the salt trade was treated as a government monopoly. The administration of this commodity was so complicated, by comparison, it would make

Rubic's cube look like child's play. Since salt was not uniformly obtainable throughout China, the country was divided into many districts in an attempt to equalize natural conditions in various places. A schedule of tax was arranged such as the traffic would bear. A high tax upon consumers near the sea, for example, would motivate everyone to evaporate their own salt, while in places where no salt was produced too high a tax would drive consumption down thereby reducing revenues. By fine tuning the salt tax the Imperial Treasury kept up a steady flow of income of significant proportions.

The last of the imperial revenue sources was by far the most diversified. This category fell under the heading of miscellaneous taxes and duties, where everything imaginable was taxed. There was a tax on deeds, wine, tobacco, tea, sugar and timber. Operating a business was taxed. There was a mining tax, a butcher tax, a pawnshop tax and a fishing tax. All this somehow sounds strangely familiar! In reality, little has changed over the years. Duties were levied on grain, silk, cattle, wagons, oil, cotton, camels, bamboo, sulfur, cloth and on and on. Despite the miscellany of the above taxes and duties, each tax in and of itself was very small and of minimal consequence to the individual, however in the aggregate, it was of great significance to the government. Collecting and accounting for this revenue constituted a nightmare of administration.

A Depleted Treasury

The Tai'ping rebellion was the largest civil strife China had experienced up to that time. The Chinese Army of the Green Standard and its bannermen had long since fallen into decay, revealing the decrepit state of the military. After repeated defeats on the field of battle, new armies had to be raised. For this the Emperor turned to the provinces. Eventually Peking had no recourse other than to place full responsibility in these newly formed units led by war-lords and aristocrats. Tseng Kuo-fan, the architect of eventual victory over the Tai'pings, was given unprecedented powers. By this time the imperial treasury was practically empty. Tsing realized that his army could not live off the land in rebel infested Anhwei, Kiangsu and Chekiang provinces. Since, after 1858, Kiangsi province had been little molested by the Tai'pings, Tseng depended upon it for his supplies and made its defense an essential part of his strategy. The main sources of income were agriculturally based; however, the collection of statistical data upon which to levy taxes was often totally disrupted during Tai'ping incursions, thus depriving the Board of Revenue of its base upon which to collect taxes. As a result, land taxes and grain tribute, the two principal sources of revenue, were in large measure not paid to Peking. In addition, taxes that were collected were often diverted to provincial treasuries to defray local military expenses. To make up in part for these losses, the likin tax was introduced.

As a revenue enhancer likin was a success; however, it severely hampered commerce. The likin was a tax imposed upon commodities in transit. The word means

“a contribution of a thousandth” in Chinese - in other words, a tax of one-tenth of one percent. Likin barriers were placed along all highways and waterways. In addition, the tax was collected at every provincial border crossing and at all city gates. Lumber originating on the upper Yalu River and bound for Peking passed through no less than sixty-eight inspection stations. The likin collected added seventeen percent to the cost of this material. It was the practice to limit the amount collected in any one province to ten percent. The tolls collected on passing commodities materially slowed the flow of business. This obnoxious tax was finally abandoned in 1902. Likin constituted the principal source of income for the provinces and was most essential to Tseng Kuo-fan's military operations. The Board of Revenue ruled over which funds had to be sent to Peking and which could be retained for provincial use. The fact that, at times, the payment of provincial troops was eight to nine months in arrears gives us some idea of where the money went. By January 1862 conditions had worsened. Tseng's troops now only received forty percent of their pay, and even so, payment fell fifteen months behind. Desertions now occurred for the first time in nine years of fighting. There were never sufficient funds to run the government and pay the army.

Emperor Hsien Feng cannot be fully blamed for this monetary crisis. Ch'ing monetary policy had been effective for over one hundred and sixty years, yet under Tai-kuang's preceeding reign serious problems were becoming evident. Three principal difficulties arose. First, cash coinage became debased due to dishonest officials and the failure of the Yunnan copper supply which had been interdicted by the rebels. Secondly, the silver sector, with its system of loofang (the private smelting of sycee), could not adequately meet the demands of commerce; and thirdly, China found itself saddled with a government which proved incapable of enforcing the monetary policy which had worked so well in the past. All this reached a climax about 1853, the third year of Hsien Feng's reign. By then the rebel armies had conquered Nanking and established their capital there. Clearly, something beyond traditional solutions was called for.

As we have seen in Part I, the first radical change involved the authorization of “big cash” - known today as multiple cash coins. When this action failed, the only remaining recourse left to the government was the reintroduction of a paper currency. Hsien Feng's paper money consisted of two types of paper bank notes, the first of which was denominated in ch'ien, or copper cash; and the second, in silver taels.

Ta Ch'ing Copper Cash Precious Notes

China in those days was deeply impoverished. Copper was the basis of a monetary system in the midst of which millions of human beings barely eked out an existence. Silver, by contrast, was the currency of the merchant and upper classes. Millions of Chinese peasants for thousands of years knew of no other medium of payment than copper coins. All daily necessities were quoted and paid for in



Great Ch'ing dynasty (Ta Ch'ing Pao Ch'ao) note of 500 cash, fifth year (1855).

cash. Therefore, with the reintroduction of paper money under the Manchus, it was quite natural that such money would appear in terms of copper cash.

The previous Ming dynasty experience with inconvertible paper money had been so disastrous that the printing of paper money in China had been suspended altogether for four hundred and fifty years. During this period China mercifully got along without using paper money. Because of the indebtedness brought on by the rebellion, the rulers of China decided that the time had come to again produce a fiat money. This was passed off as a necessary evil inasmuch as a shortage of bronze existed at this time. The pauperized public was vehemently set against paper money emissions in any form or for whatever reason. So intense was the feeling against paper that, in 1814, when Ts'ai Chih-ting, a high official in the Ministry of State, petitioned the imperial court advocating the resumption of a paper money currency, emperor Chia-ching refused. Ts'ai was severely rebuked in the emperor's memorial in which he pointed out that neither the government nor individuals in the past had benefited from the circulation of a paper currency. Chia-ching was not without justification, as Ming bank notes from the very beginning had been inconvertible. With no government backing they were rapidly depreciated. This would be obvious today, but then the lesson had to be learned the hard way.

All this changed with the outbreak of the Tai'ping rebellion. To counter the devastation wrought by the rebels, the government was forced to outlay ever increasing amounts for defense. These costs mounted so rapidly, that after three years of fighting, Hsien Feng had no recourse other than to fall back on the issuance of paper money. Unquestionably, war expense was the overwhelming reason the government returned to bank note issues after four centuries without them. There were other good arguments for a paper currency; the earlier advantages of paper money had not been completely forgotten. Those supporting the reintroduction of fiat money argued that it could be manufactured at low cost and could circulate widely. Being lightweight, bank notes could be carried with ease and concealed on one's person as opposed to strings of cash which were visible and an easy target for would-be thieves. Another compelling argument was that paper money was not dividable like silver into various grades of purity. Nor did it have to be weighed whenever used in a transaction. Neither could it be clipped by the dishonest money lender as was the case with silver. The strongest advantages the use of paper held over hard currency from the government's perspective were twofold. First, if paper took the place of copper and copper ceased to be used in casting coins, the copper saved could be used in the manufacture of arms for the imperial armies. Secondly, in the case of silver, if the mercantile and commercial classes could be persuaded to accept paper notes in lieu of silver, then silver could be stored up in the government coffers.

The argument for reintroduction of paper money prevailed. The cash notes and

tael notes made their appearance simultaneously. Unlike their Ming predecessors they were to be backed by the government and fully convertible. Cash notes were referred to as *ch'ao-p'iao*, or precious notes. They were also called *ch'ien-p'iao*, or cash notes, a reference to their convertibility into strings of copper cash. As it turned out, there was very little that was “precious” about them, as they ultimately became worthless. The 1853 and successive issues of copper cash notes were in denominations of 500, 1000, 1500 and 2000 cash. It was not until severe depreciation occurred, brought on by inflation, that higher denomination notes (5,000, 10,000, 50,000 and 100,000 cash) made their appearance in years six through nine. (See Table 1.)

Table 1. Hsien Feng Cash Notes Issued (1853 – 1859)

| Denomination | Years Issued | Approximate Size |
|--------------|-----------------|------------------|
| 500 cash | 3,4,5,6,7,8th | 130 x 232mm |
| 1000 cash | 3,4,5,6,7,8th | 138 x 240mm |
| 1500 cash | 4th | 126 x 233mm |
| 2000 cash | 3,4,5,6,7,8,9th | 138 x 245mm |
| 5000 cash | 6,7,8,9th | 138 x 247mm |
| 10,000 cash | 7,8,9th | 141 x 248mm |
| 50,000 cash | 7,8,9th | 147 x 267mm |
| 100,000 cash | 7,8,9th | 145 x 277mm |

As originally intended, the cash notes were to circulate throughout the Manchu Empire, or, “Under the Heavens” as the inscription contained in the four ideograms *T'ien Hsia T'ung Hsing* (found in the right border of the note) attests. To facilitate this, the notes themselves were issued through semi-official banks (the Yu, Ch'ien and T'ien groups) which were fiscal agents of the Board of Revenue. These clearing houses were not under direct government supervision and were totally independent of one another. The five “Yu” banks were existing private banks, while the “Ch'ien” and “T'ien” institutions were little more than large cash shops licensed to disburse the new money. The T'ien shops also served as a publicly funded pawnshops, dealing in pawned items as well as deposits. It is significant to note that none of these clearing houses survived, having drowned in an ever increasing sea of cash notes. By 1861 they had all failed and closed their doors. The demise of the T'ien shops was hastened by peasants who, with inflation running rampant, speedily redeemed their pawned items with depreciated currency. This run practically wiped out the pawnshop business overnight. Since the *ch'ien-pao* were to circulate throughout the country, it was necessary to introduce them into the provinces through these banking groups. This process was spread over a two year period, not surprisingly, when one considers the distribution, chaos and turmoil

caused by the Tai'pings. Records exist which show the issue of copper cash notes in Peking alone to have exceeded fifteen million strings. Since provincial officials displayed complete disregard and disdain for record keeping, no statistical material regarding these issues has come to light. However, it may be surmised that provincial issues must have equaled or greatly surpassed this amount.

In Peking the government used the army and civil service to put their notes into circulation. Salaries were paid, in part, with the notes. All banks and cash shops were required to accept the copper notes in place of coins. Imperial authorities did, however, permit people to pay part of their taxes in these notes. The ability of the government to force circulation of the notes in the provinces was more limited.

A Discription of the Great Ch'ing Precious Notes

The paper used in the production of Hsein Feng's cash notes was handmade and sized. Various references cite the paper to have been of north Chinese or Korean origin. The notes have a uniformity throughout, suggesting that the paper may have been supplied by the government to the various provincial note issuing offices. The paper can be described as hard, thin, yellowish in color and of a lumpy texture.

Upon examining cash notes released in the 7th, 8th and 9th years, I discovered that 1000 and 2000 cash notes can be found printed on two different types of paper. This is interesting, inasmuch as tael notes were made from a much heavier, thicker paper which is softer to the touch – almost blotter-like in quality. This paper is full of large, stringy fibers, most probably bamboo. Some of the 1000 and 2000 cash notes were printed using “tael” paper. Since the larger 5,000, 10,000, 50,000 and 100,000 cash notes were not authorized until year 6 and 7, I have speculated that by year 6 the government contract for cash note paper may have run out or been canceled. When the larger denominations were authorized, they were printed on whatever government paper was available at the time.

Both types of paper bear line watermarks, which is surprising, since they can easily be overlooked. In many cases the watermark is very indistinct, while in others it can be very pronounced. Watermark lines found on some cash note paper consist of horizontal bars – thick, continuous lines spaced approximately 18mm apart. Other watermarks form a grid pattern. A particularly distinct example appears on a 100,000 cash specimen. The note contains seven heavy, vertical and thirteen horizontal lines interspersed with smaller horizontal lines, thus:



Of all the inventions attributed to the Chinese, none can surpass the impact paper made upon the world. The formal invention of paper is traceable to the year 105 A.D., the year in which Ts'ai Lun, a scholar attached to the imperial court, developed an easy process for its manufacture. His method involved the use of tree bark, hemp waste, straw, rags and fish nets. By substituting cheaper materials in place of silk (a commodity previously experimented with) paper was soon within reach of everyone. The uses of paper spread with amazing speed and it was not long before sizing, a method of adding glue and varnish to paper in order to fill the pores to make it more suitable for writing, had been discovered. That early Chinese paper was of excellent quality there is no doubt. Surviving examples of paper manufactured within one hundred years of its discovery have recently been found in the arid deserts of Chinese Turkestan. All sorts of paper products including wrapping paper, paper napkins; and yes, even toilet paper, made their appearance at this time and were soon in wide usage. The world owes a huge debt to Ta'ai Lun, yet his name is hardly known. Without paper it is doubtful that printing would have come into general use.

The ink used to provide the variable data on notes, i.e.; date, serial number, etcetera was applied with a brush. The Chinese made ink from plant substances mixed with colored earths and soot. The result was a deep black ink with excellent color strength and adhering quality. Inks on the cash notes seen today appear almost as fresh as on the day they were applied. The same may be said for the blue printing inks used in the block printing process. The vermilion ink used to impress the various authenticating seals upon the paper also show good color and paper penetration. Earlier inks, used on Ming notes, for example, tended to dry out, become brittle and flake off leaving only traces in many cases.

Once paper and ink had been discovered it was only a matter of time before the two products were brought together to create printing. The device which made this process a reality was the hand carved wooden block. The earliest known paper money was printed using these wooden blocks and it is interesting to note that the procedure continued virtually unchanged right up to the of Hsien Feng's note emissions. Printing of paper money utilizing wood blocks preceded the printing of books in China by three hundred years. Block printing was made possible with the development of xylography - the art of carving wooden blocks. Due to the complexity and size of Chinese characters, engraving produced from blocks was much preferred over stone or bronze.

Wood printing blocks had earlier been used to print Buddhist and Taoist religious tracts. Here was introduced for the first time the idea of rapid duplication, an inherent principal of printing. It was not long before the process spread to the production of paper bank notes. As early as the Sung dynasty national defense was financed through the printing of paper currency.

In all probability the wooden blocks from which the cash notes were printed were carved in the location of their issue, since a close examination of a number of these notes reveals substantial differences among them. In some cases different characters are used for the same intended meaning, in others systems of numbering change and in still others, the physical dimensions of similar ideograms differ.

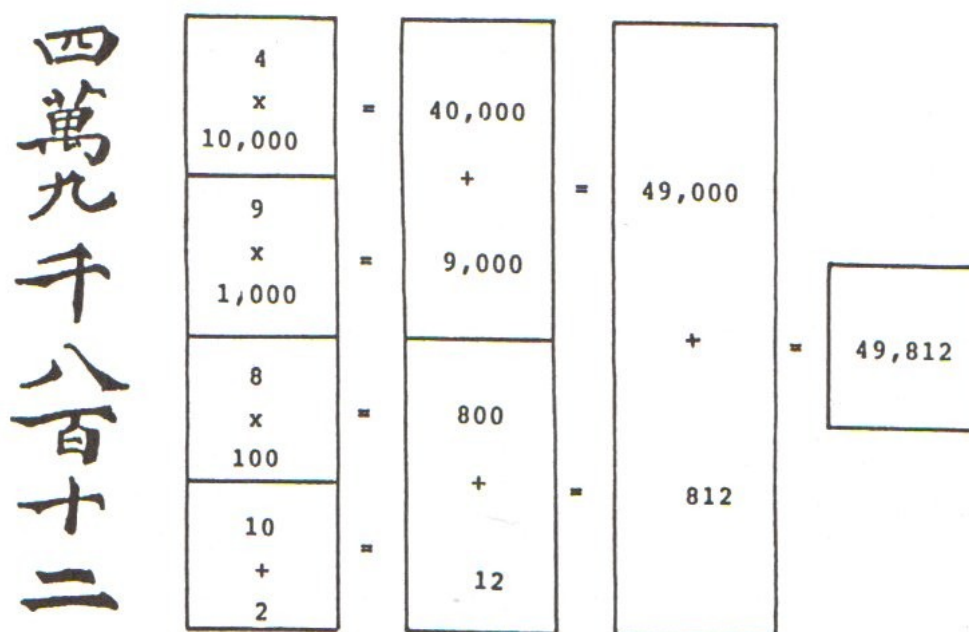
A general description of the copper cash notes is given here. Each note is headed with the Chinese inscription *Ta Ch'ing Pao Ch'ao*, contained within four circles at the top of the note. This inscription may be translated variously as “Great Ch'ing Dynasty Note”, “Money Note of the Great Ch'ing”, or “Ta Ch'ing Precious Note”. The notes were printed in light blue ink and the seals affixed with orange or vermilion. With the



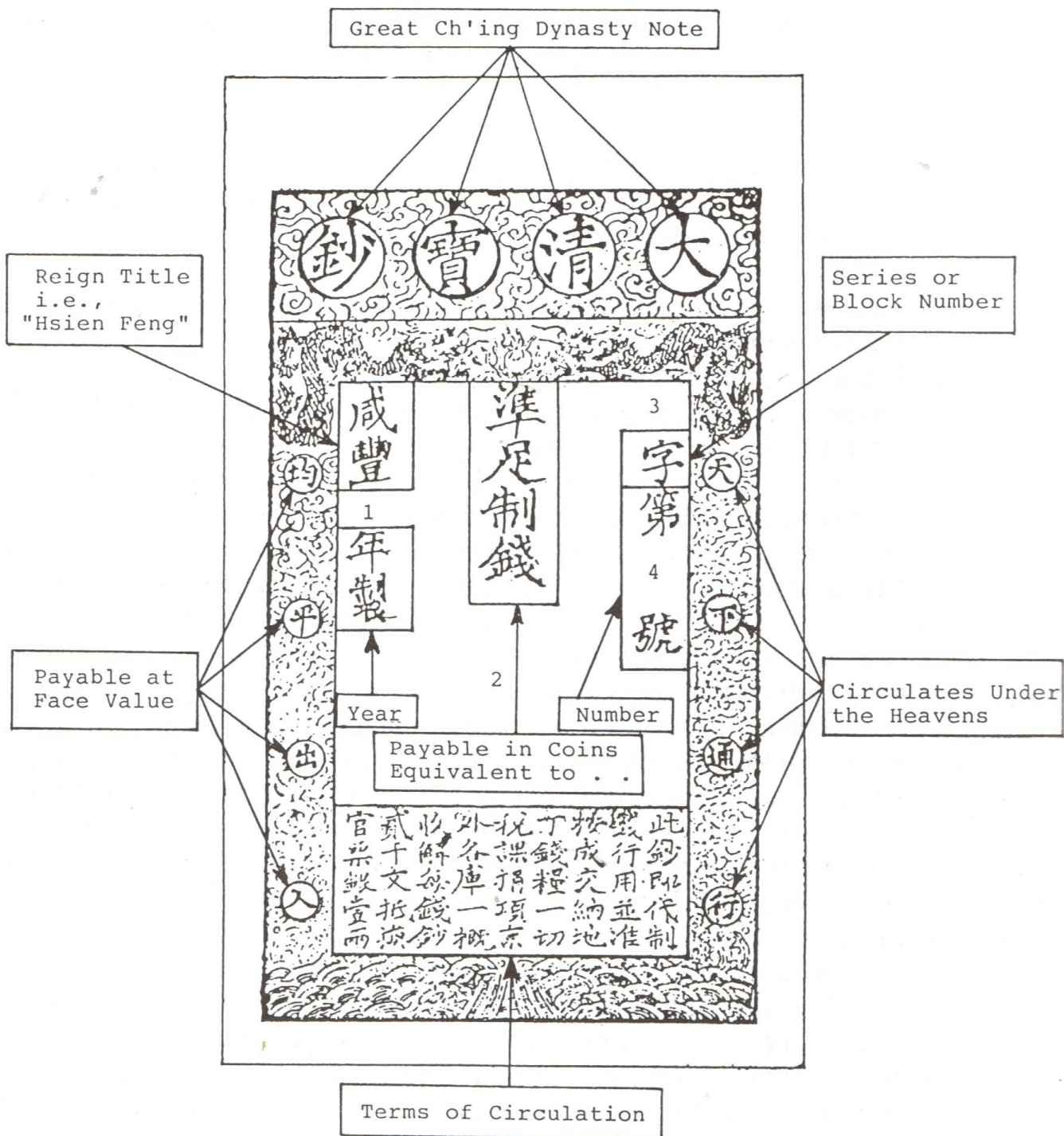
Board of Revenue seal found on cash notes. The seal reads: “Great Ch'ing Dynasty Treasury Note” and measures 57 x 57mm.

exception of the denomination, which was carved into the block and therefore printed, all other variables such as block and serial number and the seals of minor officials, were applied using black ink. Their overall appearance is quite pleasing. Beneath the dynasty inscription is a rectangular border, or frame, across the top of which may be seen two dragons striving for a pearl. The side frames depict clouds interrupted by medallions containing the ideograms *T'ien Hsia T'ung Hsing* which spell out on the right: “To

Circulate Under the Heavens”, i.e., throughout the empire; and on the left *Chun P'ing Ch'u Ju* : “Issued and Accepted at Equal Value” or “Payable at Face Value”. In the lower border may be seen the fabled mountain of precious stones with coral trees surmounting an angry sea. Within the upper body of the note is the phrase “Payable in Coins Equivalent to . . .” or “Equivalent Without Deduction to . . .” with the printed value of the cash note at the center. At the upper left of this area appears the *nien hao*, or reign title , i.e., “Hsien Feng” and year of issue. At the upper right we find the block, or series character with the serial number of the note applied with brush strokes. Below all this is a rectangular box containing five lines of horizontal text which translated read: “These notes shall circulate in place of government copper money and will be received in the proportion fixed for the different taxes, for all customs duties, and for the purchase of rank. The treasuries, both in the capital and in the provinces, shall alike accept and forward them. Cash notes shall be exchangeable for silver notes in the proportion of two thousand cash for one silver tael”. In order to certify the note as genuine a large square vermilion seal was stamped on the center portion of the note which read in Chinese and Manchu “Treasure Note of the Great Ch'ing Dynasty”.



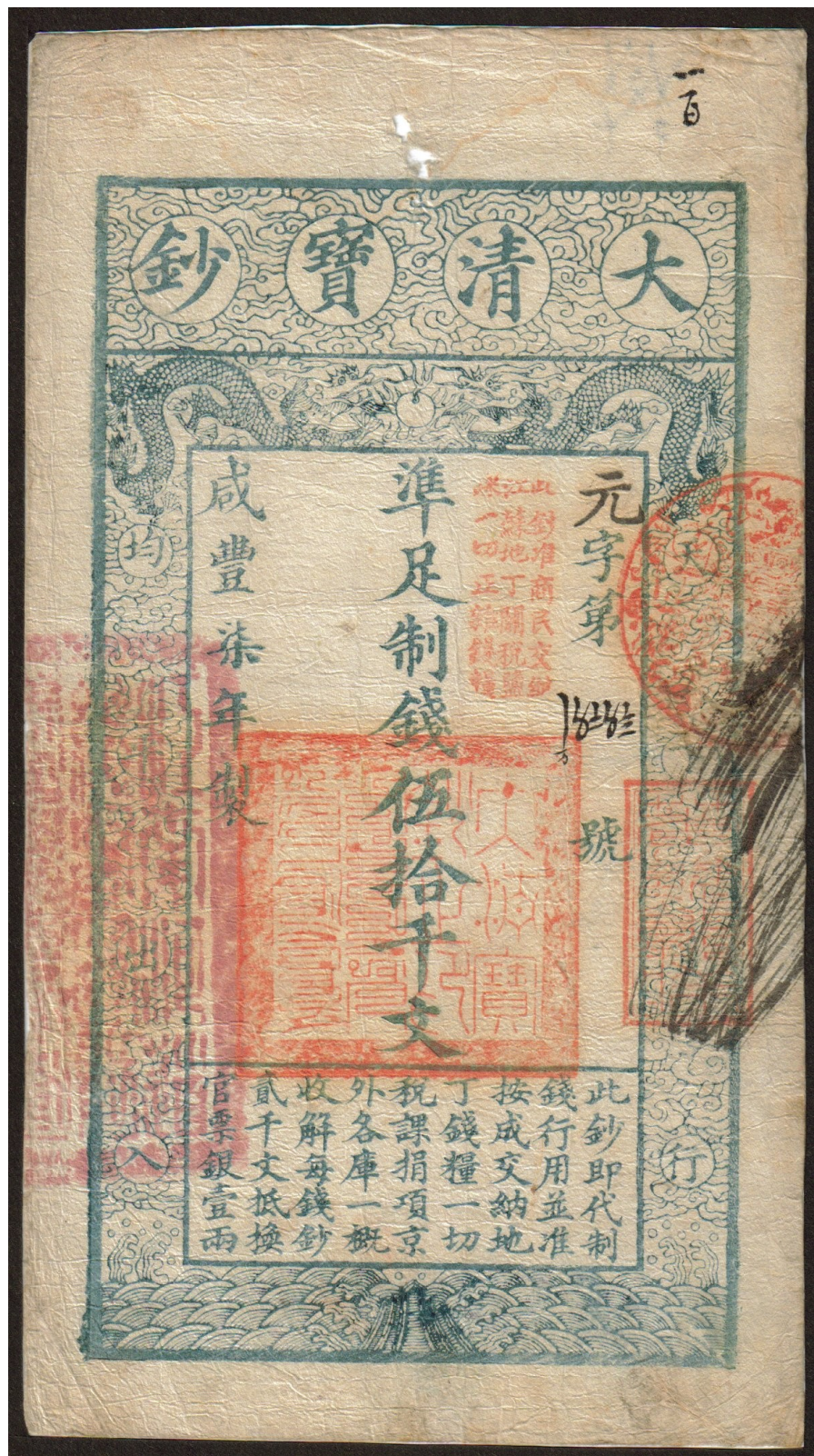
The “conventional” method of numbering Chinese notes is illustrated here. In this example the upper two characters at the left express the value in “tens of thousands” of cash, the next two characters represent “thousands”, the next “hundreds” and finally, “units”. When you add it all up vertically you get the serial number “49,812”.



Constant and Variable Characters Appearing on Copper Cash Notes

Variables (see number references above).

1. Numeric for year, e.g., 7th year of reign = 1857.
2. Value of note.
3. Series or block character.
4. Serial number of note.



50,000 cash, Year 6 (1856). This note shows the horizontal, or commercial form of serial numbering. It has been hand-stamped with a twenty-one character army overprint attesting to its use in Kansu province in payment of taxes and for the purchase of commodities in the marketplace.

In Peking the government used the army and civil service to put the notes into circulation. Salaries were paid, in part, with these notes. After all, how could loyal bannermen and faithful civil servants refuse? In addition, all banks and cash shops were compelled to accept the copper notes in place of metallic currency. Imperial authorities did, however, permit people to pay part of their taxes in cash notes. The ability of the government to force circulation of the notes in the provinces was limited. Peking obviously became impatient with the progress being made as the Board of Revenue found it necessary to send an additional memorial in 1854 to all provincial governors and governors-general to speed things up. The memorial, quoted here in part, is rather revealing:

“The Board of Revenue has already memorialized to order each province to open an official cash office and issue official notes, to increase the casting of copper and iron cash and the various denominations of big cash. Upon receipt of this memorial WE thereupon issued an edict fully authorizing this.

Because there is a shortage of funds, the currency system depends entirely on the circulation of standard cash as well as other forms of money without obstruction, so that the money supply will be sufficient for the People's livelihood in difficult times.

A long time has passed and WE have only received memorials from the governors-general and governors of Fukien, Shansi and Shensi to state that they have acted in accordance with the edict. As for the rest of the provinces, they have by no means as yet done so. Those governors-general and governors, if they had with full devotion managed their affairs, what need would there be for a year's delay? Are not the regulations settled? Fukien is well known to be a barren place and yet the regulations are already in effect there. Even if the situation is not the same in each province, it cannot be so difficult to establish the law and arrange these affairs. In general, delinquent local officials fear difficulties and live in improper ease, idle and negligent, procrastinating. They are really to be bitterly hated.

LET each province's governor-general, governor and military commander, and the governor of the imperial prefecture take official notice of the original memorial of the Board of Revenue and take part with their subordinates, deliberating over the local circumstances, and then quickly establish an official currency office and also devise means to raise funds to open mints to increase the casting so that the legal cash and cash notes, the one supplementing the other, are issued. At the same time deliberate on the rules and regulations and memorialize on what is being done.”

In reality, government officials must have realized at the outset that such a

monetary policy would be disruptive and inflationary. The real issue was how much they could get away with. Physical supplies of metal were not reaching Peking because of the war, so some substitute had to be found. Officialdom knew that its paper money must be kept within strict limits as to the amount issued lest the people lose faith in the currency causing its purchasing power to fall more rapidly than the increase in the money supply. Unfortunately, those who saw the fiscal problem as dominant (the government's need of money to pay for the war) argued for ever increasing note issues and ever higher denomination notes. Their advice prevailed because there was no real alternative if the rebellion was to be suppressed.

The circulation of copper cash notes was extensive in the north China provinces of Chihli, Shansi, Honan, and throughout Manchuria (the provinces of Heilungkiang, Kirin and Fengtien). They also circulated in central China vacillating with the fortunes of war. On the other hand, south China overrun by the Tai'ping rebels (with the exception of the imperial stronghold in Fukien) saw comparatively small amounts of cash notes.

In the beginning the cash notes were to be redeemable through the Yu, Ch'ien and T'ien banks in a proportion of standard cash, big cash, silver or tael notes as set by regulation. Manchu bannermen were to be paid, for example, in eight parts ordinary cash to two parts big cash. Members of the imperial household received six strings of standard cash for each ten ch'uan disbursed. Ordinarily merchants and government contractors received a higher ratio of big cash to standard cash for their labors. In other words, the higher the position, the less depreciated big cash one would receive on payday! The reserves which had been set aside for note redemption were shortly to prove inadequate. Also, when audited, the accounts between the Board of Revenue and some issuing banks showed gross irregularities. The government ultimately abandoned any policy other than one of keeping the notes in circulation by forcing them on the population under threat of punishment and by making their redemption as difficult as possible.

After a short period during which the cash notes were actually redeemed, the government abandoned this conservative approach amid the screams and protests of those who foresaw its inevitable consequence. From that point on the precious notes became less and less so. (Refer to the comparison of the year three 1000 cash note with endorsements so numerous that there was no space left for more, and the year nine note of the same denomination with few endorsements on its reverse which are illustrated elsewhere in this article). By the year 1861, cash notes had depreciated so severely that they were being sold at auction on the streets of Peking at three percent of their legal tender value -a discount of ninety-seven percent. The banks of issue could not, or would not, redeem them when presented. In July 1861 laborers refused to accept cash notes in payment of wages. Long lines formed at the banks with people trying to exchange as many notes as possible. Foreigners and officials holding these notes managed to

exchange them at par; however, the ordinary peasant had to bid competitively for hard currency. The person willing to surrender the greatest number of notes for a given quantity of big cash coins had his bid accepted. Soon after, in September 1861, the Ta Ch'ing Precious Notes ceased to circulate altogether. The repudiation of these bank notes by their official and semi-official issuers condemned hoards of hardworking peasants to never ending poverty and misery. The copper cash notes together with their silver tael cousins were the last government emissions of paper money under the empire.

Some Numismatic Observations

The designs found on Chinese wood carvings, embroidery, jade and elsewhere are not merely ornamental. These pictures are steeped in ancient lore arising from traditions and mythology going back to the Han dynasty and beyond. Most are ancient symbols with philosophic meaning; some are religious, representing Buddhist and Taoist beliefs, while others merely express popular symbols of good fortune.

Ornamentation found on cash and tael notes is related to the Chinese concept of earth, the seas and the heavens. Chinese mythology and literature is rich in such nature lore. One such depiction, which appears on both cash and tael notes is that of the universe. This is expressed as a landscape showing a high mountain surrounded by water, while above is a border containing clouds and dragons. This symbology conveyed the idea that the Emperor, as the Son of Heaven, was ruler of the universe.

On the cash notes may be seen the somorous stone, or coral, rising from the sea. Coral was one of the seven precious jewels in Chinese mythology. These depictions represent expectations of wealth. Another of the seven jewels encountered with regularity on Chinese notes and coins is the pearl, or fireball.

The dragon appears as the principal motif on both cash and tael notes. The money of the lower classes, the copper cash, contains but two dragons, while the taels used more extensively by merchants and the ruling class contain five. When westerners think of dragons it is invariably in terms of a fierce predator to be hunted down and slain. Such images as St. George slaying the dragon (used extensively in British coin and bank note design) and the White Knight rescuing the princess from the clutches of a fire breathing dragon come readily to mind.

It is important to understand that the Chinese concept of dragons is the complete antithesis of this image. Chinese lore attributed quite a different character to its dragon, or "lung". The dragon is venerated as a kindly protective creature equally at home on land, in the sea, or in the air. Rather than devouring virgins, he is their protector. Although he flies through the air with the greatest of ease (as shown on many Chinese bank notes), he is wingless. This beneficent creature when wronged breathes fire and

hurls fire-balls at his enemies. The lung eventually evolved into a symbol of divine or supernatural power, and untimely came to represent the imperial family. In addition,



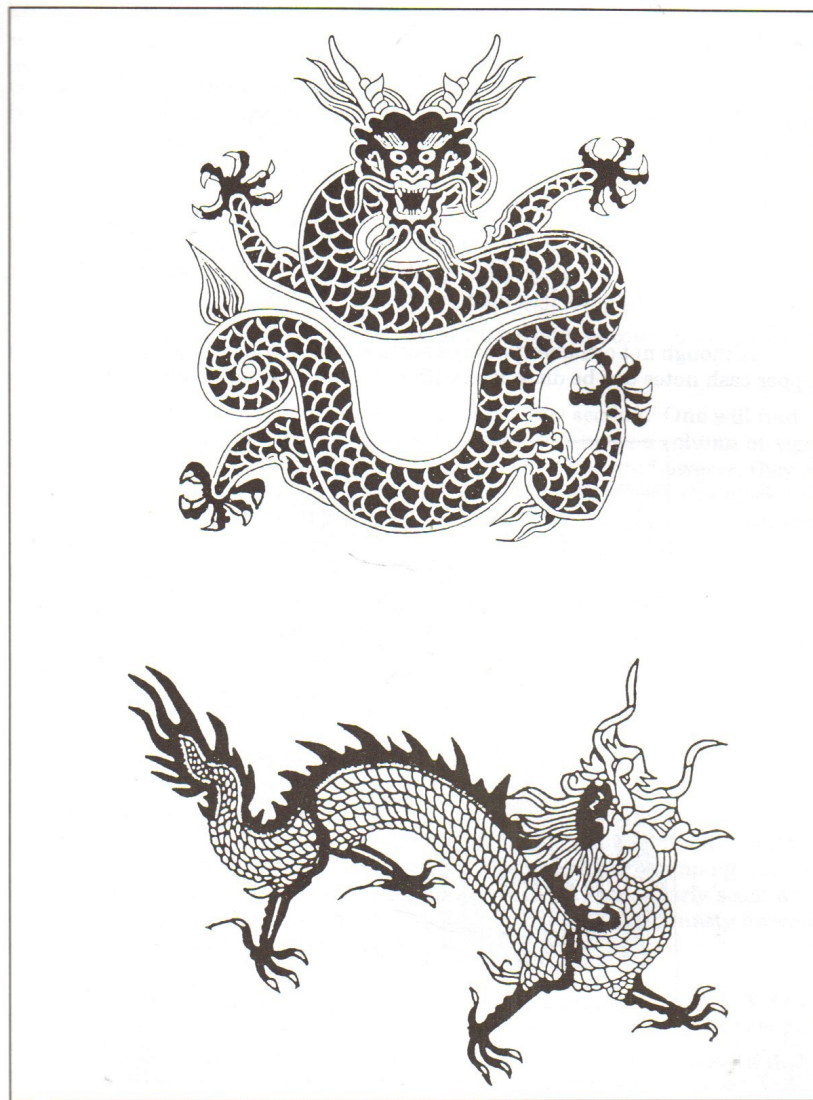
In western tradition the dragon is seen as a fierce predator, to be hunted down and slain. This United Kingdom 1 pound note showing St. George slaying the dragon is a good example of this concept.



In contrast, the benevolent Chinese dragon was equally at home on land, sea, or in the air. Their wingless state did not at all daunt their aeronautical capers. The fact that a dragon appearing on this 1938 issue could have five (imperial) toes is explained by the fact that the plates were originally prepared for an imperial issue which did not materialize due to the intervention of the Chinese revolution. The thrifty Japanese later used these same plates for their first issue of Federal Reserve Bank of China during the occupation of China.

this beneficial sky-dragon was known for its rain bearing qualities. The Chinese dragon is closely identified with water. It dwells in pools, can rise to the clouds, brings rain and thunder; floods rivers and is equally at home in the ocean where, through the magic of its pearls, it causes the tides to ebb and flow. When provoked, this normally mild creature hurls fire-balls to the ground. When content, the dragon casts its magic pearls upon the land bringing the promise of an abundant supply of water.

In China, there are two types of dragons, one with five claws and the other with only four. Only imperial dragons have five claws, all others have but four. The Manchu royal banner used prior to the 1912 revolution consisted of a single five toed dragon on a yellow field.



How many toes has a dragon? That would depend on whether he was imperial or not. The symbol representing the emperor (top) was always shown with five claws; while all other inferior dragons (bottom) only possessed four.

Although not ornamentation as such, another feature common only to the cash note series are the camel's hair brush strokes found at the right edges of the notes. These brush strokes were made before the note was cut from its tally. The purpose of this was to deter counterfeiting. This method was the greatest security against counterfeiting known at that time. The black ink of the brush stroke overlapped the counterfoil which remained in the tally kept by the issuing official when the note was cut and removed. As they contained hundreds of little hairlines forming random patterns, these brush strokes were not unlike individual fingerprints since no two were the same. When the two parts were brought together for redemption, the two halves were compared by serial number. If the stroke matched, the note was genuine; if not, counterfeit. Of the several hundred cash notes I have observed I have only encountered one which did not contain this feature.

The technique used in block printing was to press a sheet of paper onto the inked surface of the block and then roll it by hand. Notwithstanding the fact that movable type had made its appearance early on, the block maker's skill and the economy of manufacture were such that he produced a superior product for the purpose intended. It was not until after the disappearance of the Ch'ing dynasty notes that block printing of paper money gradually gave way to European style machine printing.

Copper or brass plates were also employed in the block printing of notes. As early as 1168 A.D., under the Southern Sung dynasty, copper plates were substituted for wood cuts when printing money. Some of these Sung and Tang dynasty plates have recently been recovered in archaeological digs in Sinkiang province. This practice did not persist, however, probably due to the high cost of brass compared to wood.

When comparing the production detail among a number of cash note specimens, it became obvious to me that a wide range of results were obtained. Since this was the case, it begs the question: "Were all notes printed from wooden blocks, or were both wood and brass blocks employed in the manufacture of notes in differing locations?" A glance at the enlarged areas of the two different 2000 cash notes shown in the illustration below will confirm the point.

Perhaps both notes were printed from wood blocks, the second one being so considerably worn as to have caused the blurring of the dragon design? Or was the first example of superior workmanship and the second slipshod? Or, did a brass block impression provide the clarity of the first and a wood block the poor quality of the second? I cannot tell. Both notes have multiple endorsements on their backs, so they were obviously accepted as genuine.

The practice of carving wooden blocks for the local use of provincial cash offices permitted the introduction of many variants. No doubt Peking sent out samples of the



A comparison of the printing impressions left on two different 1000 cash notes of year 6. The note at the top is clear, while the one at the bottom is decidedly blurred. Was this the result of a worn wooden block, or were both wooden and brass blocks used in their manufacture?

format desired; nevertheless the skill of the various carvers was such that the end result differed somewhat. The most obvious difference is in the positioning of the character indicating “number”, which appears at the bottom of the vertical serial number column. Since it was the practice in some issuing areas to use the commercial vice conventional style of numbering on cash notes, two varieties of blocks can be found; those with the number ideogram positioned half way down the column to accommodate the horizontal format of the commercial numbers and those with the number ideogram located at the bottom right-hand corner of the center rectangle to accommodate the vertical conventional style of numbering. (Refer to the 500 and 50,000 cash notes illustrated

earlier in this article).

Andrew McFarland Davis, in his book *Certain Old Chinese Notes*, commented that occasionally different characters were used for the same intended meaning and cited an example which appears in the counterfeiting clause on tael notes. In one case an ideogram was used which conveyed the idea that the informer would be rewarded for merely betraying the criminal; in the other case the ideogram implied that the informant must physically bring the counterfeiter in and hand him over to the officials in order to claim his reward. Lastly, wood blocks differ to a large degree because of the calligraphy employed by the engraver. In some cases characters have a thick and bold appearance, while in other cases they appear thin and weak.

The official seals placed on Ch'ing dynasty copper cash and silver tael notes served many and various purposes. A seal's impression was manifest proof of the genuineness of the note. The seal also signified authority, since every government officer obtained his seal from the emperor. Its use carried the idea of central authority as well as official validity. These stamps were large or small, square or round, or oblong and were impressed on various parts of the note. It is important to distinguish at the outset the difference between "seal", "overprint" and "endorsement". In general, seals were affixed officially by the issuing authority. Overprints were added after the note had been placed into circulation. These were the products of semi-officials. Endorsements represent acceptance of the note as genuine and were placed on the reverse, or blank side, of the note by the many cash shops, t'ien shops and money changers through whose hands they passed. Overprints and endorsements will be discussed later. Seals most commonly appear on the face of the note, although there are cases where they appear on the back as well. They are usually orange, vermilion or wine-red in color although certain seals also appear in black

In order to certify genuineness the large vermilion seals were affixed to the center of the note. The additional seals employed are always positioned at the left or right margin so that only a partial impression is made on the note itself. These seals are bilingual, their text being in both Chinese and Manchu script.

An additional round orange seal may be seen at the upper right edge of all cash notes. A pictograph in form, it is always found in partial impression. Its purpose is not known to the author; however, it has been suggested that it may have served as a warning to counterfeiters.

Cash notes also contain black oblong seals which were placed at the left center of the note beneath the reign year and date. These are the signature seals of semi-officials in charge of inserting the date of emission upon the note. All tael notes carry the same seal, however; those found on cash notes are varied and picturesque. These are found

only on 500, 1000, 1500, and 2000 cash, the practice having been abandoned prior to the release of the higher denominations which appeared commencing in year 6. To date I have identified nine such signature seals. Considering the numerous offices of issue and the quantity of these notes which were forced on the public, many more must exist.



Examples of signature seals used by semi-officials responsible for affixing the date to notes. The top seal was used exclusively on tael notes. All the others are found only on cash notes of 500, 1000, 1500 and 2000 copper cash.

As there were numerous offices of issue, some system had to be devised to keep track of which government agency issued the notes. The area in which cash and tael notes actually circulated at any one point in time was in large part determined by the fortunes of war and the land held by the imperial forces. After the Tai'ping northern

expedition's aborted attempt to capture Peking (1853) failed, the rebels fell back upon central China and the provinces of Anhwei, Hupeh, Hunan and Chekiang where their support was strongest. As the Tai'pings relinquished control over previously conquered areas, while consolidating their forces around Nanking, the emperor's officials were quick to release cash notes into this void.

Two systems were devised for controlling the cash and tael emissions. Both cash and tael notes employed a device which used a series of index, or prefix ideograms, based upon an early Chinese literary work known as *The Thousand Character Classic*. The prefix character (which appears in the series block preceding the actual serial number on each note) was one of these thousand ideograms. In addition, early tael notes, which were issued through the Peking Metropolitan District, the provincial treasuries and the military commissaries, used a different prefix system - one which was based upon the *Five Confucian Virtues*.

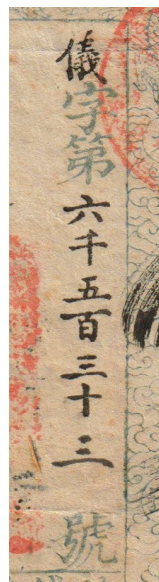
In the case of cash notes, the ideogram or character chosen from the Thousand Character Classic determined the issuing source. All that is known at this time is that the first three hundred twenty characters were reserved for the Peking Metropolitan District. The balance were assigned to the various provincial treasuries. The Shensi and private banks which had been set up by the government to represent the provincial treasuries were assigned blocks of characters to be placed in the prefix block on each note, thereby identifying every note to a specific place of issue.

One can learn a great deal about a particular issue of notes by paying attention to serial numbers. Comparison of serial numbers appearing on Ch'ing cash and tael notes can tell us quite a lot. Since these notes were dated, numbered and released from many wide-spread locations, it is not surprising that they are not entirely uniform. In fact, three different numbering systems were employed as well as two methods of dating. To appreciate this, one needs to make reference to Table. 2.

The final aspect of the cash and tael note series of Ch'ing dynasty notes of interest to the numismatist are the endorsements, or lack thereof, to be found on the blank back side of the note. Generally speaking, notes issued in years 3 and 4 were extensively endorsed. Notes bearing reign years 5 and 6 contain a modest number of endorsements, while notes dated years 7, 8 and 9 have few, and in many cases no endorsement at all! Today's collectors cannot fully appreciate the significance of these disparate circumstances inasmuch as the few cash notes now appearing on the market are almost invariably late issues or remainders (no endorsements) which made their way into circulation after the notes had suffered over ninety percent depreciation. Hence, the general population had by then universally rejected them and at the end refused to accept them entirely. Therefore, the notes contain very few endorsements. The early issues, particularly year 3, are quite scarce as few were left after six years of severe inflation.

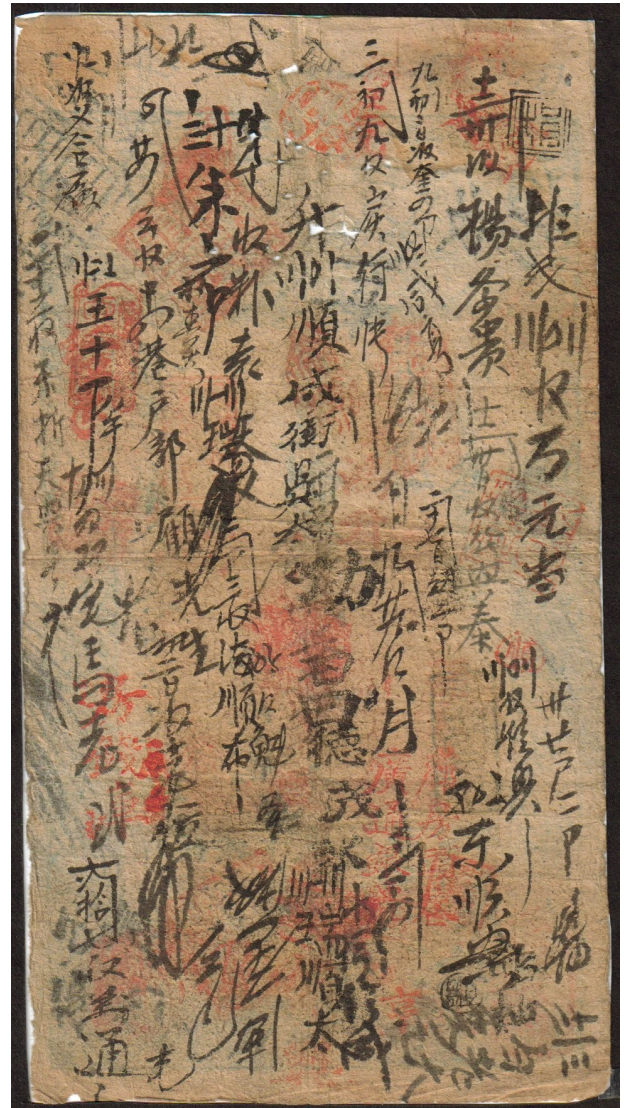
Table 2. - Chinese Numbering Systems Employed on Cash and Tael Notes

| Number | Conventional | | | Formal | | Commercial |
|---------|--------------|----|---|--------|----|------------|
| 1 | 一 | 正 | 元 | 壹 | 弍 | 丨 |
| 2 | 二 | | | 貳 | 弍 | |
| 3 | 三 | | | 叁 | 弍 | |
| 4 | 四 | | | 肆 | | × |
| 5 | 五 | | | 伍 | | ㄅ |
| 6 | 六 | | | 陸 | | ⊥ |
| 7 | 七 | | | 柒 | | ⊥ |
| 8 | 八 | | | 捌 | | ⊥ |
| 9 | 九 | | | 玖 | | ㄣ |
| 10 | 十 | | | 拾 | 什 | 十 |
| 50 | 十五 | | | 拾伍 | | 丨五 |
| 100 | 百一 | | | 佰壹 | | 丨百 |
| 1,000 | 千一 | | | 仟壹 | | 丨千 |
| 10,000 | 萬一 | | | 萬壹 | | 丨万 |
| 100,000 | 萬十 | 億一 | | 萬拾 | 億壹 | 十萬 |

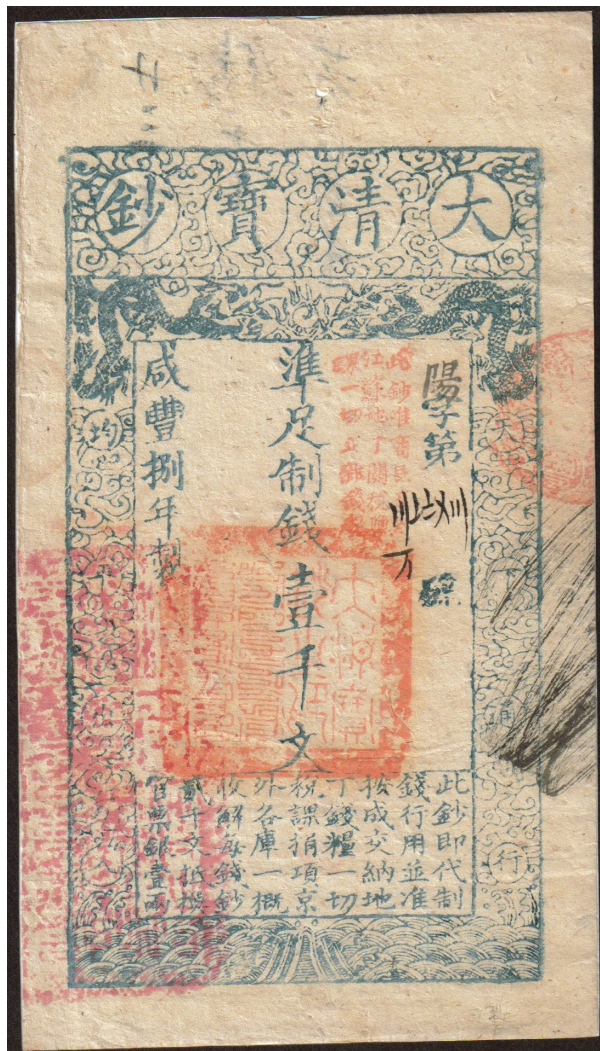


Conventional serial number 6,533 is shown at left and commercial serial 15,758 at right.

The author is fortunate to have in his collection several cash notes from reign year three. The reverse of the 1000 cash note is so full of endorsements, attesting to the hundred or so times it was cashed while passing through banks and cash shops, so much so that it can hold no more; indeed, when the back was full the banks continued to endorse the note on its obverse! This feverish activity must have occurred when the notes were first introduced and widely accepted in payment. By contrast, I have illustrated below a similar 1000 cash note of year 9, the last year of issue. This note is practically devoid of endorsements.



A most interesting study of the dangers of inflation. This 1000 cash note was issued in year 3 when the note was still easily convertible into specie. It was so readily accepted by the public that space ran out for further endorsements!



By contrast, this 1000 cash note issued in year 9 (six years later than the example shown above) has few endorsements on its reverse, attesting to the fact that few Chinese would accept it.

We have now completed our discussion of Hsien Feng's copper cash notes. In Part III we will investigate the story behind his silver tael currency.

