

ANCIENT CHINESE CASH NOTES – THE WORLD'S FIRST PAPER MONEY

PART II

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Ming Dynasty Paper Money

In contrast to Yuan heavy reliance upon paper notes, the follow-on Ming and Ch'ing dynasty economies were based principally upon copper cash coins and silver. Paper money was occasionally issued by the Ming government; however little effort was made to control and maintain its value. The first Ming paper money appeared in 1374, the product of the Precious Note Control Bureau (the name was later changed to the Board of Revenue) specifically set up for this purpose. The notes themselves were called "Ta Ming T'ung Hsing Pao Ch'ao", Great Ming Precious Notes. Emperor T'ai-tsu's reign title was Hung-wu. This nien-hao appeared on these notes and on successive Ming issues, regardless of the fact that all Ming emperors had their own reign titles. This was an honor given to the founder of the dynasty. *Ch'uan Pu T'ung Chih* refers to sixty different notes issued between 1368-1426. In all probability there were many more.

From the beginning these notes were inconvertible and could not be exchanged for coin. Notes of the Hung-wu reign (1368-1398AD) were issued in denominations of 100, 200, 300, 400, 500 and 1000 cash. One string of paper (1000 cash) was the equivalent of 1000 copper coins or one ounce of pure silver. In 1389 smaller value notes of 5, 6, 7, 8, 9, 10, 20, 30, 40 and 50 cash were printed to facilitate trade. It is reported that the mulberry bark paper used to make the T'ai-tsu notes was recycled from the waste of government ministries and Civil Service examination papers. There were three distinct issues of Ming notes as follows: all bearing the reign title "Hung-wu". These notes circulated throughout the entire kingdom.

1. Those of the emperor T'ai-tsu, issued in 1375AD
2. Those of emperor Ch'eng-tsu (1403-1424AD)
3. Those of emperor Jen-tsung, son of Ch'eng-tsu, issued in 1425AD

Reflecting the inflation then being experienced, Ch'eng-tsu paper money consisted of notes denominated 1 through 20 kwan, 25, 30, 35, 40, 45 and 50 kwan all bearing pictorial presentations of the equivalent amount of cash coins, each coin representing five cash. Various cloud and dragon designs adorned their borders. Their color was gray.



Ming dynasty 200 cash note of the emperor T'ai Tsu, who took the reign title Hung Wu in 1368. The pictorial presentation is of two strings consisting of ten 10 cash coins which were in circulation at that time.



Ming dynasty 50 kwan note of Ch'eng Tsu (1403-1424 AD). The pictograph in the top rectangle depicts ten five cash coins, representing currently circulating coins of the preceding Hung-wu era. (Schj  th catalog numbers S-1156 and S-1157.)

The unfortunate Jen-tsung died shortly after ascending the throne. In the short eight months of his reign, twenty denominations were emitted. Beginning with 10 cash, they proceeded by tens to 100 cash and then by hundreds to 1000 cash. They were known as Great Ming Military Administration Treasury Notes. Pictorial presentations on this series consisted of the equivalent in strings of cash.

The value of all these notes rapidly declined, eventually to the point where the people would not accept them. By the end of the century it took 35 strings to buy an ounce of silver. Twenty years later it took 80 strings to buy an ounce. Erosion in the value of paper escalated until by the mid 1400s an ounce of silver commanded 1000 strings in paper! Silver was rapidly supplanting paper as a medium of exchange. The Great Ming Precious Notes gradually disappeared from commerce. After 1455 works on Chinese history make no mention of them. In the last year of the Ming dynasty (1643AD) a memorial was sent to the emperor proposing the revival of a paper currency. Set forth in the memorial, were a list of ten arguments for a new paper currency. These advantages were cited as:

1. Paper money can be manufactured at a low cost
2. It can circulate widely
3. Being lightweight, it can be carried with ease
4. It can be readily concealed
5. Paper money is not divisible, like silver, into various grades
6. Paper money did not have to be weighed when used, as did silver
7. Dishonest money changers could not “clip” it for their own profit
8. It would not be exposed to the preying eyes of thieves
9. Should paper replace copper coins, the copper saved could be used for making armaments
10. Should paper replace silver, the silver saved could be stored up by the government

The proposal, however, was not adopted, as by that late date the government was too weak to benefit from such a scheme. Chinese commerce was to exist without paper money for the next four hundred years.

Without question, the Ming note most widely known, and perhaps the only specimen available to collectors today, is the 1 kwan of emperor T'ai-tsu. Enough of these notes have survived to be found in many museums and private collections. The story of how they came to be preserved is an interesting one. As far as I can ascertain most Ming 1 kwan notes available today came from two sources. The first of these stemmed from an incident, which occurred during the Boxer Rebellion. In 1908 H. B.



Yuan dynasty 90 cash note of emperor Shun Ti (1333-1367 AD) at left, together with a Ming dynasty 1000 cash note of emperor Jen Tsung (1425 AD), right. Jen Tsung's reign lasted but one year. Both notes measure approximately 3 ½ by 8 ½ inches and depict strings of copper cash. Note the increase in inflation during the 100 year interval between the release of these two specimens. From the Chinese work entitled *Ch'uan Pu T'ung Chih*.

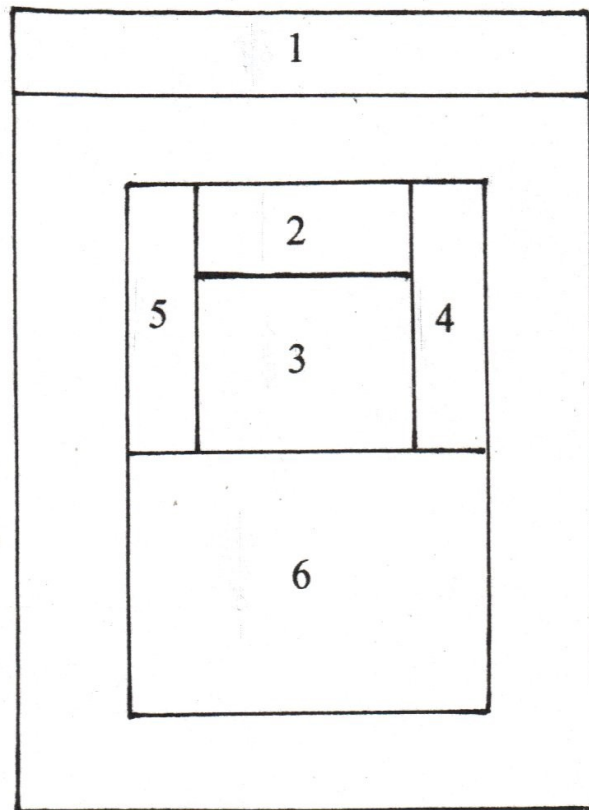
Morse published a book entitled *Trade and Administration of the Chinese Empire* containing a lithographic facsimile of the Ming 1 kwan note. In the book he gives a complete description of the note together with translations of the Chinese characters found on it. Morse also tells of the manner in which the note was acquired, which goes as follows:

“This five hundred year old instrument of credit has a curious history furnishing an absolute guarantee of its authenticity. During the foreign occupation of Peking in 1900, some European soldiers had overthrown a sacred image of Buddha, in the grounds of the Summer Palace. Deposited in the pedestal (as in the corner-stones of our public buildings) were found gems and jewelry and ingots of gold and silver and a bundle of these notes. Contented with the loot’s intrinsic value, the soldiers readily surrendered the bundle of notes to a bystander, U.S. Army Surgeon Major Lewis Seaman, who was unofficially present. He gave to the Museum of St. John’s College in Shanghai the specimen which is here reproduced”.

The second report concerning the discovery of Ming 1 kwan notes concerns the Reverend Mr. Ballou, a long time missionary, who was born in China and resided there until after World War II. Reverend Ballou states that he received his Ming note from his friend L. Carrington Goodrich who had been associated with Yenching University in Peking during the 1930s. Mr. Goodrich related that he acquired the note under the following circumstances:

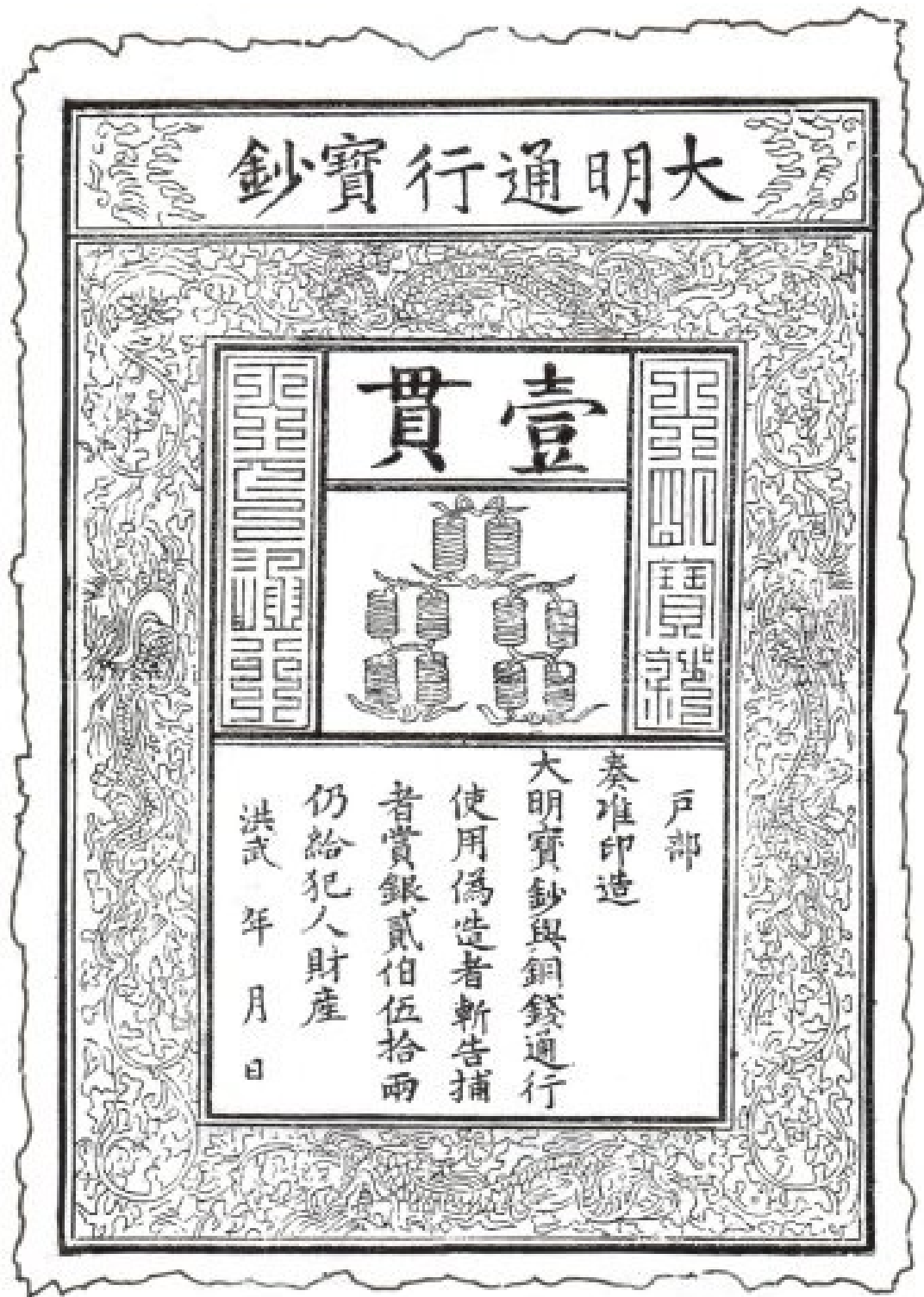
“Sometime in 1936 one of the walls surrounding Peking was torn down. When the laborers got to the huge gate in the wall, they found to their surprise, a large bale of 1 kwan Ming dynasty banknotes buried in the wall itself. After removing the soiled and damaged notes, the workers sold the notes to those persons standing around. Mr. Goodrich came upon his note at that time. He told Reverend Ballou that he purchased two of them for a few coppers, which amounted to just a few pennies.”

Inasmuch as the 1 kwan note is the only one likely to be found in collections today and without a doubt the oldest piece of world paper money one can aspire to own, it is perhaps worthy of detailed discussion. Translation of the principal inscriptions found on the note are as shown in the accompanying panel diagram:

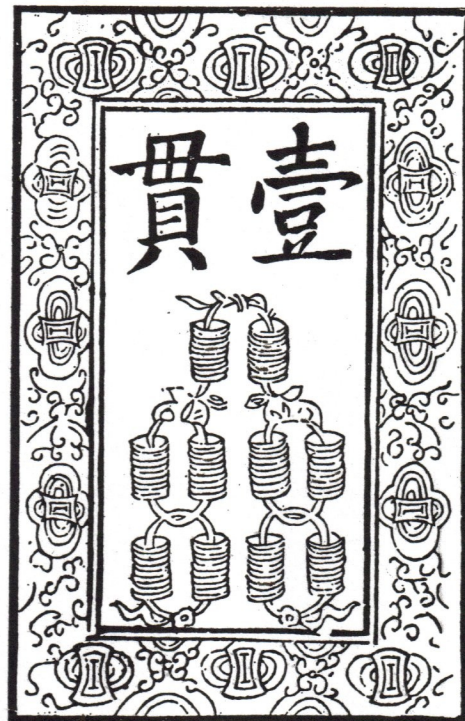
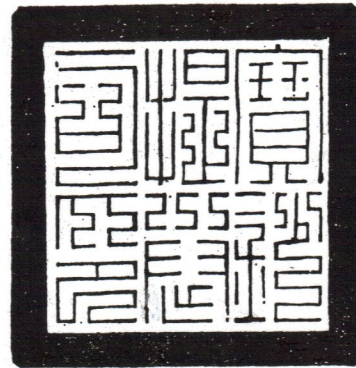
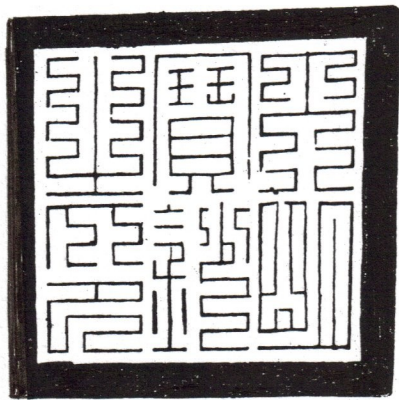


1. "Great Ming General Circulation Treasure Note"
2. "One kwan"
3. A pictorial presentation of ten strings of 100 cash (= 1000 cash = 1 kwan)
4. "Great Ming Treasure Note" in seal style characters
5. "To circulate for ever and ever under the heavens" in seal script
6. The lower panel text reads: "The Board of Revenue, having petitioned and received the imperial sanction, prints the Great Ming Precious Note, to be current and to be used as standard copper cash. The counterfeiter shall be decapitated. The informant shall be rewarded with 250 taels of silver, and in addition shall be given the entire property of the criminal."

The last column of characters at the left of the bottom panel, show the date as: "Hung-wu era, ...year, ...month, ...day". The note was manufactured from recycled gray mulberry bark paper. Two vermilion seals were impressed into the note by government officials to authenticate it. The upper of these seals reads: "Seal of the Treasure Note of the Great Ming Dynasty"; the lower of the two bears the inscription: "Seal of the Office of the Superintendent of the Treasury".



Ming dynasty 1 kwan note of the Hung-wu era (1368-1398). This large note, printed in gray mulberry bark paper, measures 8 x 11 ½ inches. The two vermilion seals shown in the next illustration do not appear on this prototype. This is the only ancient Chinese paper money likely to be found in private collections today.



Two official government seals appear on the face of the Ming 1 kwan note. They were pressed into the finished note with wooden blocks using vermilion ink, thereby authenticating it. These seals can still be plainly seen on most 1 kwan specimens in collections today. The seal at upper left reads: "Seal of the Great Ming Treasure Note"; the seal at right "Seal of the Office of the Superintendent of Treasure". At the bottom is a black seal which was placed on the reverse of the note to indicate its value. The ten strings represent 1000 copper cash, which equaled 1 kwan.

Some Numismatic Observations

The first observation I would like to make concerns the definition of the term “ancient Chinese paper money”. What exactly, is meant by “ancient”? For me the term, when applied to our subject, encompasses those notes which relate to the earliest and remotest periods in Chinese history. Since the ancient style notes continued to be printed into the nineteenth century, this causes a problem. Paper money ceased to exist in China after being repudiated by the masses during Ming dynasty times and was not to be seen again for four hundred years. During the Taiping Rebellion (1851-1865), emperor Hsien-feng again resorted to financing his wars with paper money resembling its forbearers. Are these notes to be included? I think not, as the period encompassing the nineteenth century can hardly be considered “ancient”. I bring this up as most authors lump the Hsien-feng notes into the overall category of ancient notes. I have not. The notes of the T'ai-ping Rebellion deserve discussion in their own right. Therefore, I have chosen not to include them here.

My next observation concerns the failure on the part of modern day catalogers to include these ancient notes in their works. The *Standard Catalog of World Paper Money* makes reference to only two Ming notes. Why is this, when so much information regarding their authenticity is available? Today we know that notes of the Sung, Chin, Liao, Yuan and Ming dynasties have survived. Of the Tang dynasty flying money or Posterior Chou and Western Hsia dynasty paper money I have no information as to surviving specimens. Many un-cataloged notes may be found in museums and private collections. Of those that no longer exist a great deal is known thanks to surviving Chinese numismatic works and to archeological discoveries. Why then are they not included? Is it because notes that are unique or no longer exist cannot be collected and therefore do not deserve a place in our numismatic catalogs? Since numismatists generally have a profound curiosity about the material they collect and a deep appreciation for the history which these items represent, the hobby would greatly benefit from their inclusion.

Some may be curious as to the value of these ancient notes. The answer is simplicity itself - they are, with the sole exception of T'ai-tsu's one kwan Ming note, priceless. Many specimens known today are unique, others known to exist in only two or three collections or museums. The only ancient note one could reasonably hope to obtain today is the Ming 1 kwan note, due to the fortunate discoveries in 1900 and 1936 mentioned above. The price of a reasonable example, intact, completely legible and with seals affixed that are still clearly discernable would command between \$ 1,000 and \$1,500 on today's market.

A discussion of ancient paper money would not be complete were one to ignore

the extensive counterfeiting of these notes, which was at all times an immense problem for administrative officials. From the earliest known issues cash notes always carried a clause in the text, which called for capital punishment - usually decapitation. Those who covered up or condoned such crimes were to suffer the same fate. It was also stated in the text that a reward would be paid to the informer of such acts. These rewards were to be paid in silver taels, of varying amounts, depending upon the denomination of the note counterfeited. It also appears that such rewards fluctuated with the severity of the problem at any one point in time. In reality, punishment meted out to those who ran the risk of falsifying banknotes varied widely during different periods.

When emperor Shin Tsung of the Posterior Chou ascended the throne in 915AD, he was in great need of funds. He seized over 3350 monasteries and then gave orders to melt all Buddhist bronze images found there so that they could be turned into cash. The emperor declared that Buddha himself would raise no objection, having in his lifetime given up so much for mankind. The shortage of money also caused the emperor to send a fleet of junks to Korea to trade silk for copper with which to mint cash coins. Given these drastic measures, it is not surprising that the Chou also resorted to paper. The Chou counterfeiting clause reflected the mood of the times when it stated: "The counterfeiter of this denomination - principal or conspirator irrespectively - shall be immediately executed by the authorities of the district concerned and be exposed to public view".

During the Sung dynasty the punishment seems to have been limited to banishment, although a case is on record reporting the public decapitation of one greedy fellow who was caught with 250 counterfeit notes in his possession! During the following Chin and Yuan periods the problem must have become more severe, as the punishment reverted to decapitation. By Ming times paper money became so depreciated and was so disliked by the peasants that local officials treated these criminals more leniently, often letting the miscreant off with only a fine. One emission of notes stated a desire to single out only the true offenders, offering amnesty to accomplices who confessed their wrongdoing.

Several types of counterfeiting were prevalent. Of course, the most frequently encountered were notes printed from counterfeit blocks or plates. Another form of counterfeiting, known as "pasting", consisted of notes that were pasted together from bits of other notes so that one kwan became ten and so on. For this type of counterfeiting the punishment was less severe than for printing.

A most original solution to the counterfeiting problem occurred in Sung times after a large shipment of counterfeit money had been seized. During the discussion as to what should be done with the counterfeiters, one court official stated that the current

policy of beheading the criminals and destroying their money was a mistake. He proposed instead the following:

“If you put the official imperial stamp on the counterfeited paper, it will be just as good as genuine paper. If you punish these men only by tattooing them, and circulate these notes, it is exactly as if you saved each day 300,000 copper cash together with fifty lives.” It is said that the proposition was adopted.

Lastly I would like to call to the reader's attention to an anomaly I noted some years ago when inspecting a specimen of the Ming 1 kwan note. It concerns the depiction of strings of cash shown on the face and reverse of the note. As early as Sung times representations of coins found their way onto their paper money counterparts. In ancient times, when the majority of the population consisted of an illiterate peasantry, it was necessary to identify the value of the paper money note by placing ideograms or pictographs upon it which everyone could recognize. This practice was continued by succeeding dynasties, up to and including the Ming.

Individual coins were sometimes depicted but more often, because the intrinsic value of a single coin was so low, they were shown grouped together as strings, or groups of strings. A standard string was theoretically composed of one thousand cash, which were strung together to facilitate handing. Each string of one thousand cash coins had the equivalent value of one ounce of pure silver.

When one examines the 1 kwan note of Hung-wu closely he finds a depiction of what appears to be at first glance ten strings of ten coins each which must be considered to be of 10 cash denomination. Thus ten strings x ten coins per string x 10 cash per coin = 1,000 cash, or 1 kwan. In reality what is depicted are ten strings of 10 cash coins; however on close examination we will find that there are only nine coins to a string. Aha! This is interesting. Could it be a mistake on the engravers part? This cannot be the answer as a check of other cash notes in this series reveals the same anomaly, i.e., only nine 10 cash coins per string, or 900 cash.

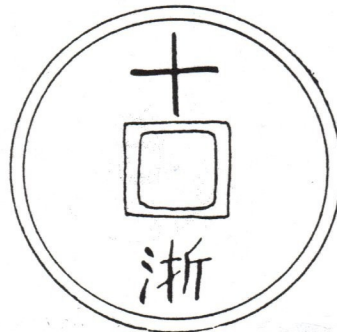
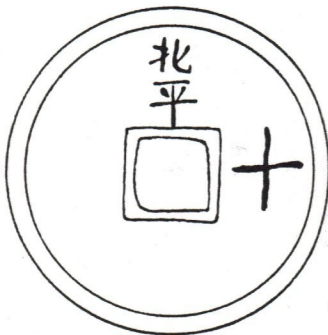
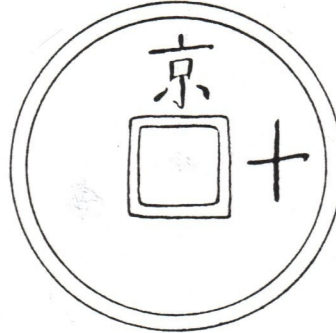
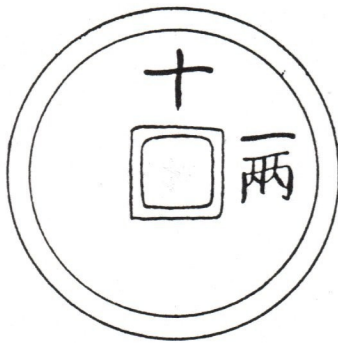
I have concluded, therefore, that the representation of only nine coins, or 90 cash per string was deliberate. But how can 900 cash be the same as 1000 cash? The explanation, I believe, lies in the fact that during the Hung-wu reign 900 cash passed for 1000; just as 770 cash represented a string in Sung dynasty times and 800 during the Chin dynasty. In other words the government's financial arm, the Board of Revenue, must have set the relation of cash coin to the value of a string by decree. Thus the official value of cash in the marketplace would vary from time to time.

As we have seen, the pictorial representations of cash seen on ancient Chinese banknotes are highly picturesque, tending more to reality than surrealism. One may therefore conclude that the imagery of the coins contained in each string actually



This blow-up of the strings of cash depicted on the Ming 200 cash note of Hung-wu reveals but nine 10 cash coins per string, not the ten one would expect. Ten strings of ten coins each representing 10 cash would equal 1000 cash, or one ounce of silver, otherwise known as 1 kwan. This was the official ratio of cash to an ounce of silver. A depiction of nine 10 cash coins per string is found on all Ming dynasty notes of 100 cash and above. So why are there only nine coins per string? There is an explanation! On lower Ming denominations face value was depicted, not to represent the “official” ratio, but rather what the note could be exchanged for in the marketplace.

depicted the real thing. If this is so, one must ask: “What exact coin was being represented”? It would have to be a 10 cash piece, which circulated side-by-side with paper money. Ming coinage production consisted overwhelmingly of one cash “square holes” augmented occasionally by value “two’s”, “three’s” and “fives”. But, what of the value “ten” cash pieces? A close examination reveals that the Ming Board of Revenue minted ten cash pieces on only three occasions. The first of these was during the Ta-chung era (1364-1367AD), and the second during the Hung-wu era (1368-1398AD). The final Ming 10 cash coin issue appeared late in the dynasty (1621-1627AD) under the reign period of T’ien-ch’i.



Ming 10 cash coin of the Hung-wu reign (1368-1398 AD) together with six reverses depicting the value as "ten cash of a tael" (upper left) and five other coins with mint marks representing Nanking, Honan, Peking, Chekiang and Fukien. This coin was most certainly the one represented on Ming dynasty notes.

Since the 1 kwan Ming note states that it was sanctioned by emperor T'ai Tsu for release under the Hung-wu reign title, the earliest date during which Hung-wu 1 kwan paper money circulated would have been the year 1368. From this extrapolation we can eliminate the 10 cash pieces of the T'ien-ch'i era, since they did not enter circulation until almost three hundred years later. That leaves us with the ten cash pieces of the Ta-chung and Hung-wu eras, either of which could have been the coins represented by the

pictograms. More than likely the contemporary coins of Hung-wu were those shown in these illustrations, those whose legend reads “Hung-wu t’ung-pao” (current money of Hung-wu). If this be so, we have narrowed our identification down to a series of six 10 cash pieces minted from 1368-1398AD. All bear the character “shih” (ten) on their reverse. One specimen has in addition the characters “yi-liang” (one tael). When read together the inscription reads “10 cash of a teal”, much as we would say “10 cents of a dollar”. The remaining five specimens vary only by the position of the “shih” and the location of the mint mark - “ching” for Nanking, “yu” for Honan, “Pei-ping” for the Pei-p’ing Fu mint in Chihli, “che” for Chekiang and “fu” for the Fukien mint. These coins are identified in Schjoth’s catalog *The Currency of the Far East* as S1158-S1163. I believe these 10 cash pieces to be those appearing in the pictorial representations found on Ming dynasty paper money.

In the field of paper money research there is probably more yet to be discovered among ancient Chinese cash notes than in any other area. There is no doubt that additional discoveries will be forthcoming from yet to be exploited archaeological sites.

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