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7.4 Credit and Credit Institutions

1. Usury and Pawnbroking

There were no particular new developments in the credit trade at the beginning of Ming. Loans and pawnbroking were still the undertakings of private individuals. It was only after the middle years of the dynasty that money shops appeared.

Usury was clearly in a flourishing state. The early Ming figure Shen Wansan was a famous usurer.¹ When an honest peasant saw how much money Shen had, he supposed Shen had found a pot of treasure. Actually, usury was his treasure pot.

There were probably quite a few usurers in the city marketplaces. It is said that in zhengde 3 [1508], on the occasion of visits by provincial officials to the capital for imperial audience, Liu Jin demanded that each of them hand over 20,000 ounces of silver before they would be permitted to return. They had no choice but to borrow the money from the "great houses" of Beijing, and when they returned to their home provinces, they confiscated wealth from the people to pay back twice the original sum.²

Of course usurers were not limited to the urban markets. The people of the agricultural villages were also subject to their extortions. A certain number of landlords and retired officials quite naturally turned into such capitalists.³ During years of bad harvests,

or when emergencies occurred, the peasants had no choice but to borrow from them.⁴

There were a variety of labels for a pawnshop during the Ming Dynasty. It might be called "release treasury" [jiekū],⁵ "release shop" [jiepu],⁶ "pledge

hui. He was a native of Wu, the southern lower Yangtze. He entered the capital without any capital, and borrowed 50 strings in cash from the rich man Weng Lutan without a contract." *Ibid.*, "Zhang Di": "On East Street there was a fellow named Li Gui who was a servant of the Zhang family. There was a maid-servant who worked with Di, and borrowed 2,000 cash from him."

Unusual Things Seen in Ancient and Modern Times, 3, "Teng Dayin Settles With the Household Privately" (an event of the yongle period): "In Xianghexian in Shuntianfu, northern Zhili, there was a Guardian Ni . . . who had been dismissed from office and was living alone. Although he was growing old, he expended all his nervous energy in strengthening his prosperity. He took an interest in each of the rents he took in and in each of the loans he made."

The Artful Garden (a book of the wanli period), 11, "The King of Broad Profit": "The King of Broad Profit Temple had much incense from the south which it sold to the people for hard cash, which they were permitted to borrow. There was a purchaser who brought a contract to borrow money, and cast divination sticks before the deity three times. All three times the indications were highly auspicious. On three occasions he borrowed several hundred in metal, and then went overseas, where he encountered pirates who took it all away."

⁴*Hongzhi Veritable Record*, 103, hongzhi 8, 8th month, Ma Wensheng said: "The food of the little people is exhausted. It has been drawn off to the capital in taxes. . . . To get silver in years of good harvest, 8 or 9 piculs can only be exchanged for 1 ounce of silver. In years of bad harvest, they borrow from rich families, and pay back twice the original sum."

⁵*West Lake Second Compendium*, 12: "A man of the hongzhi period of our dynasty with the family name Xu and the given name Ao . . . His mother's brother, Zhang Zhen was a rich man who ran a release treasury, and needed a manager, and so taught Xu Ao to take over the management. He resided in a small side apartment in the Eastern Hall." *Unusual Things Seen in Ancient and Modern Times*, 5, "Tenth Maid Du's Anger At Shen's Treasure Box" (during wanli 20): "In the courtyard his lordship glanced at the blue lapel of the gown. When the piece of silver reached his hand, he did not avoid going to the release treasury

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to redeem several articles of clothing."

⁶*Thump the Table in Alarmed Wonder*, 15, "Wei Chaofeng's Lustful Heart Examines Expensive Property; Lower Degree Holder Chen Craftily Plots to Gain Money from His Original House": "Degree Holder Chen was uneasy in his appetite. For the time being, there was nowhere to turn, and he had no silver to use. Some people had hired him to write a contract paper, and

¹The unofficial histories contain much material concerning Shen Wansan, who had become a legendary figure. Dong Han-yang, *Green Jade Village Miscellaneous Holdings*, "Shen Wansan, Xiu," records: "The Most High Emperor Taizu once on the first day of the month summoned Xiu and gave him one Hongwu coin, saying, 'I'll trouble you to make some profit for me within no more than a month. From the second day of the month to the thirtieth, each day give me double the amount you gave on the previous day.' Xiu was overjoyed, bowed, and accepted the commission. He went out and thought through the calculation, and only then realized the difficulty. He would have to produce coins to the amount of 536,870,912 cash. Now since 160 Hongwu coins weighed 1 catty, and 16,000 of them 1 picul, then reckoned in piculs, that number of coins would come to 23,554 piculs and 43 catties. Though Shen was rich, how could he manage this? The Sagely Ancestor's aim was to show that the interest rate should be 0.03 ounce per ounce, and that no matter how long a loan ran, the total interest should come to no more than the principal. This was written into the laws."

²Chen Hongmo, *Things Heard in Succeeding Generations*, 2.

³Xu Fuzuo, *Conversations of the Elders of Three Family Village*, 1, "Censor Liu": "Censor Liu's given name was Yan-

treasury" [*dianku*],⁷ "pledge shop" [*dianpu*],⁸ "release pledge treasury" [*jiedianku*],⁹ "release pawn treasury" [*jiedangku*] or "release pawn shop" [*jiedangku*],¹⁰ "pledge pawn shop" [*diandangpu*],¹¹

go to that release shop on Three Mountain Street [in Jinling] which was the location of Wei Chaofeng from Weizhou. There he was to borrow 300 ounces of silver. That Wei Chaofeng was a money-loving devil. In the end, Chen's reputation was the better of the two. Wei Chaofeng did not fear that he would be unable to repay the money, and so lent him the 300 in silver. The interest rate was 0.03 ounce per ounce. As soon as Chen got hold of the silver, he reverted to his former wasteful ways."

⁷*The Artful Garden*, 7, "Little Han Undertakes to Requite the Heart": "And from the time the court said to use the plan to obtain it, the devil only knows what happened. There was a broad extension of pledge treasuries. They were run by young and old, and subsequently by rich men from Hang City." *The Stone Assent*, 6, "Request of of a Beggar Woman to Venerate the Luan Birds": "His lordship's helper got money in his empty hands, accumulating it by the tens of thousands, and because of this could run a pledge treasury. The business of that pledge treasury took interest of 0.02 ounce, and though there were limits to it, they merely called it borrowing army uniforms, or buying army provisions. Interest was taken on interest, and wealth beyond counting was taken. In less than five years he had one of the great households of Yancheng, and his reputation was known as far as his old home town."

⁸*Unusual Things Seen in Ancient and Modern Times*, 14, "Song Jinlang's Gang Smashes the Rich Man's Hat" (an event of zhengde times in Kunshan, Suzhou), "In front of the gate there was a pledge shop." *Golden Lotus*, chapter 57: "Now, once again, the cool of Autumn had come, and her furs had been pawned in the pledge shop."

⁹*Thump the Table in Alarmed Wonder*, 22: "That great merchant who had come had the family name Zhang and the given name Jin. He was passed off under the name Zhang Much-treasure. He ran several release pledge treasuries in the capital, and also several textile shops. He specialized in making loans to officials, and was pretty brainy. He went to their residences to discuss business, and sold official ranks. He handled everything personally, but there was nothing he did not accomplish, and so some also called him Zhang Much-guarantee [*Duobao*, a homonym for Much-treasure. EHK]. He was given this name because he could guarantee things no matter how numerous they were."

¹⁰*Golden Lotus*, chapter 21: "He then opened two rooms facing the gate, and entrusted 2,000 ounces of silver to Fu Huoji and Ben Dichuan to open a release pawn shop. The son-in-law, Chen Jingji, merely took the key to make inspections. Ben Dichuan kept the accounts, weighed money and issued goods. Fu Huoji . . . judged the fineness of the silver, and did the buying and selling. . . . Li Ping'r had clothing, jewelry, old books, paintings and antiques on the shelves of that release pawn shop. Quite a bit of silver must have gone out its door every day."

¹¹*Journey to the West*, chapter 72: "'Look at that idiot who

"pawn shop" [*dangpu*],¹² "collateral treasury" [*zhi-ku*],¹³ "collateral shop" [*zhipu*]¹⁴ and "seal shops" [*yinzi pu*].¹⁵ Some of these were carryovers of labels from previous dynasties. Some were new names.

The term *dangpu* became the common name for pawnshop thereafter. [*Zhi* is still used as part of the name for pawnshop, *shichiya*, in Japan. EHK]

We can only discern something of the nature of Ming Dynasty pawnshops from fiction --the infor-

is looking up and laughing. Teacher originally took him out of a pledge pawn shop.' Sandy said, 'What about him?' Bajie replied, 'Don't let the brothers steal all those clothes of his.'" *Repetitive Words from the Guest's Seat*, 2, "The People's Profit": "Before the zhengde period, pledge pawn shops were all opened by people of this capital [Nanjing]. Now, along with textile shops and salt shops, they are all run by rich commoners from outside the district and province."

¹²*Mending White Furs*, 6th collection, 2, West Qin tune, "The Kidnaped Woman of Banchang": "[*chou* comedian) There is an official named Jin from Yanggu here. He's now opened a pawn shop to earn a living. . . ." *Partition Curtain Flower Shadow*, chapter 7: "There are only some twenty or thirty pawn shops, salt shops, incense candle shops and textile shops in the city."

¹³*Qingingshan Hall Prompt Book*, latter part, "Biography of the Highwayman Yang Wen": "Doctor Zhou Quancha said, 'I am the owner of this tea house, and a wealthy man in the town. I summoned Official Yang to run a gold and silver shop and a collateral treasury.'" *Repetitive Words from the Guest's Seat*, 8, "Examination of Rewards": "Zhang Shiduan's 'Picture of the Qingming Festival on the River' was said to have once been in a Nanjing collateral treasury, and later to have entered the household of Lord Wei."

¹⁴*Repetitive Words from the Guest's Seat*: "Up until then . . . there was a ban on collateral shops taking profit . . ."

¹⁵*Golden Lotus*, chapter 95: "Fu Huoji reached home . . . and with a cry of grief, died. Moon Lady observed this with composure, and merely got back her capital from the seal shop, and put out no more silver for pledges." *Ming Emperor Xianzong's Chenghua Veritable Record*, 209, chenghua 16, 11th month, renchen, words of the Minister of War, Yu Zijun: "Recently, both inside and outside of the capital, . . . young neighborhood toughs and criminals who have fled from various places

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have been assembling . . . to carry on gambling. Those who have been impoverished by gambling become bandits. They take the clothing and goods they have stolen and pawn them at seal shops for cash. They do as they please."

Emperor Xizong's Tianqi Veritable Record, 52, tianqi 5, 3rd month, guiyou, proposal of Gu Bingjian: "The Secretariat official Zheng Rongguang stated that the textile shops, seal shops and pawn shops at the front gate had temporarily closed, and that some had even absconded. This was because to end cheating Tao

mal histories. Pawnshops appear to have already differentiated into classes. A distinction was made between "great pledges" [*judian*] and "short pawns" [*duanya*].¹⁶

Judging from the meaning of the components of these two terms, great pledge must refer to high priced articles, but if it was an antonym to short pawn, it must also have included the characteristic of being a long-term loan. The amount of money involved in the collateral loan was probably also relatively large, and the proprietors of such establishments were not willing to make petty exchanges.

Short pawn referred not only to low priced articles, but also to loan durations, which were relatively

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short. Naturally the collateral for such loans were mainly small items, which were pawned either for silver or wine and rice. The pawners were all poor people who regularly pawned and redeemed their property.

Nevertheless, most people used labels loosely. Small pawn shops were not necessarily called *yadian*. Sometimes they were called small release shops, small pawn shops or small pledges.

The capital of a firm probably ran from 1-2,000 to 10,000 ounces.¹⁷ Of course the number of em-

ployees was determined by the size of the business. If there were three employees, then one was the cashier, one managed the accounts and issue of goods, and one was the manager.¹⁸

Naturally, their main business was receiving pawned articles, but they probably also engaged in the ordinary loan trade.¹⁹ As was the case with the loans of the *jiedianku* of the Yuan Dynasty, these loans would be secured merely by a written contract. Nevertheless, when Chaofeng made such loans, other arrangements were often made, and he might even attempt to take over the debtor's house and property.²⁰

The pawn shop might even run other businesses, such as buying and selling army supplies²¹ or exchanging copper cash.²²

Therefore, pawn shops were still an important credit institution during the Ming Dynasty. In wanli 35 (1607), in Henan province alone there were 213 of them, most run by people from Anhui.²³ Anhui

ling marketplace. People settled in large numbers, and quite a few pledge shops were opened. That 3,000 ounces was far from enough. He opened his mouth and said to elder brother that only 10,000 would suffice. . . . The old chaofeng also agreed that what he had said was reasonable, and so a full 10,000 ounces were put together."

¹⁸Cf. note 10.

¹⁹Cf. note 9.

²⁰*Thump the Table in Alarmed Wonder*, 15, "Wei Chaofeng's Merciless Heart Takes Over Expensive Goods": "That Provincial Graduate Chen had this debt of 300 ounces. Wei Chaofeng had the idea of taking over this farm of his. He bided his time, and did not have any one come and seek it. He waited anxiously until the third year, until the principal and interest had come to match exactly."

²¹Cf. note 7.

²²*Rousing the Age Marriage Affinity*, chapter 50: "Di Biniang asked, 'Where can I exchange this for commutation cash?' Huang Guiwu said, 'There are plenty of pawn shops at the East Gate, near Qin Jingyu's house. If it is good fine silk silver, you can exchange an ounce for 92 or 93 cash!'" *Ibid.*, "Noseless Gao came right up and asked . . . 'I'm afraid the only one left in the East Gate is the Qin Pawn Shop. He's still alive, but all the rest are out of business. Outside the West Gate there's still the Wang Pawn Shop . . . Except for these two, none of the others can handle this money.'"

²³*Emperor Shenzong's Wanli Veritable Record*, 434, wanli 35, 6th month, dingyou, the words of the Governor of Henan, Shen Jiwen: "Among the merchants are those who run pawn shops, but they take both primary and secondary moneys, and are not vexed by land or labor service taxes, boat and cart excises, river or lake dangers. They ought to be paying heavy taxes, but through generous bribes they get to lighten them. . . . Now Wei merchants run pawn shops north of the Yangtze. Their

Langxian had stopped the shops from lending silver."

¹⁶Lin Xizhong, *Yikui Pavilion Selected Drafts*, 1, "Advice on changing the Commutation of Rice South of Weizhou": "There are propertied men of Wei who mostly trade outside. People in the register who are constrained by semi-poverty to have nothing to put on the table, frequently take their poor clothing and torn short jackets and temporarily pawn them for a *sheng* of rice. It is most pitiful to see the smoke of their cooking at dawn. And yet the great pledges of the high gates will not deal in fractions of an ounce, and so there are short pawn little shops who specialize in receiving the petty goods of these poor people as collateral for either silver or wine and rice, which are pawned and redeemed from time to time."

¹⁷*Rousing the Age Marriage Affinity*, chapter 76: "Several days passed. Di Xi said he wanted to open a small pawn shop in the garrison district to lend money at profit to provide for his daily needs. He rented a house, moved some furniture in, and invited Tiger Elder Brother to resign his commission to serve as manager of the shop for De Xi. . . . Di Xi put out 1,000 in capital." (This was probably written during the yongli period, after the fall of Ming.) In *Golden Lotus*, Ximen Qing's release pawn shop had a capital of 2,000 ounces. Cf. note 10.

Bean Shed Words of Leisure, 3rd item, "The Chaofenglang Waves Money Wildly": "Wang Yandao had a sickly nature when young, and used 3,000 ounces to open a small pledge on the lower street. That let him just sit there and watch what was going on. . . . That Pingjiang was a commercial entrepot with a bust-

merchants were very active during the Ming Dynasty. That was a difficult time for the government's finances, and during the tianqi period [1621-28] a tax was collected from pawn shops.²⁴ There was a 10 percent tax on their capital, from which it was anticipated that 200,000 ounces could be collected.²⁵ Evidently the capital of pawn shops then was around 2 million ounces.

From the middle years of the Ming Dynasty on, commerce and the monetary economy underwent conspicuous development, and those running pawn shops were mainly merchants. However, some landlords from the official class also put their money into this business.²⁶ This shows that the monetary wealth of the officials and landlords was not entirely locked up in hoards, but that it was tending to be turned into capital for usury.

The interest on loans during Ming was generally at a rate of 3 to 5 percent per month.²⁷ The *Great*

capital is several thousand, and their taxes less than 10 ounces. I have seen some 213 firms like that of Wang Ke in Henan, with over 2,600 ounces of silver being sent."

²⁴Emperor Xizong's *Tianqi Veritable Record*, 52, tianqi 5, 3rd month, renshen: "Zhou Rumu's communication stated, 'To the east and west provisions are lacking. There is no choice but to take some profit from a variety of items. There are eight of these: First, minting; second, the Salt Administration; third, village cultivators; fourth, taxing contracts; fifth, pawn shops; sixth, dispersing officials; seventh, extra labor service; eighth, postal transmission. . . . The pledge shops' taxes are hard to change. In large cities the shops are numerous and they are generously capitalized. A hundred thousand is not considered extreme. Hui merchants do not hesitate to tread in out of the way districts, where it is hard to make even a little profit. Hence they do not just estimate the lightness or heaviness of demand, and meet a gap in supply. For the mass of taxpayers to not find things difficult, and for that collected to be spontaneously exchanged, is the way to level out what has been inequitable."

²⁵Gu Jiheng, *Temporary Obligation through the Ages* (preface dated tianqi 3), 7, "Investigation of Agricultural Field Provisions" (*Mystical Observation Hall Collectanea*).

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²⁶Wang Shizhen, *Yanzhou Historical Materials Latter Collection*, 36: "Now the family of Secretary Dong of Wuxing has more than a million. The Xiang clan of Jiaying controls a million. The Xians' gold, silver and antiques come to more than those of the Dongs. The latter's fields, houses, pledge treasuries and capital are not as great."

²⁷*Golden Lotus*, chapter 19 (also sometimes numbered as chapter 20): "This man said . . . 'The 30 ounces of silver that you borrowed from me the year before last to send to your wife and child now comes to 48 ounces which you owe me, including both principal and interest.'" *Ibid.*, chapter 39: "Bojue said, 'Elder brother, if you don't do it, have him select someone else.

Ming Laws stipulated that "for all private loans and pawned goods, there shall be paid in monthly interest no more than 0.03 ounce per ounce, and no matter how long the term of the loan, the interest shall not exceed the principal."

Nevertheless, the exploitation involved in pawn-broking was not limited to the interest taken. It took other forms as well. When silver was paid in and given out, they would put their hand on the left or right of the scales: That is, when paying silver out, they would make the weight a bit short, when taking it in, they would make the weight a bit heavier. The fineness of the silver being paid out would be a bit lacking. Silver accepted would have to be completely pure.

Sometimes the proprietor would take the best of the jewelry for his own use, and they would use various pretexts to avoid redeeming things that were worth money.²⁸ Or, they would surreptitiously substitute low purity imitations for pure metal ornaments, coarse jewels for fine, low quality stones for good quality ones.²⁹

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We do not know what form the pawnshop tickets took, or what words they bore, but for their texts, we may borrow as representative an example from *Golden Lotus*:

The person who establishes the loan ticket, Jiang Wenhui, is a physician of this district. It is issued because he lacks cash

You just borrow 2,000 ounces of silver to give him. Interest will be 0.05 ounce per ounce per month. Have him draw the money to return you."

²⁸Feng Menglong, *Words to Caution the Generation*, 15, "Jin Lingshi Toasts the Elegant Boy."

²⁹Ling Mengchu, *Thump the Table in Alarmed Wonder*, 15, "Wei Chaofeng's Merciless Heart Takes Over Expensive Goods": "That is to say, Wei Chaofeng usually was an extremely exploitative fellow. When he first arrived in Nanjing, he had only a tiny release shop, but he had a hundred conscienceless tricks for gaining a profit. For example, when the other fellow was going to pawn his pledge, he would take those 9 or 6 or 7 pieces of silver only in terms of their value as pure silver. He would also take out a very small measuring weight to short the weight by several tenths of an ounce. Later, at the time of redemption, he would put a much heavier weight on the scales, demand the full amount it indicated, and demand the pure metal equivalent. If it was the merest fraction short, he would not turn over the article. Or, if he took in as a pledge a piece of gold, silver or jeweled ornament, and if he saw that the gold was completely pure, he would make an identical copy and surreptitiously exchange it with the original. He would exchange coarse pearls for fine ones, good treasure for low quality stones. One is unable to narrate in detail all the things of this sort that he did."

for his wife's funeral. The guarantor, Zhang Sheng, has borrowed from Lu Ming 30 ounces in white silver at a monthly interest of 0.03. From the time it enters his hand for use, it is agreed that the following year both principal and interest will be paid back. No less is to be paid back. In fear that later on there will be nothing on which to rely, this loan ticket is established to testify.³⁰

This is a pawn ticket from the jiajing period. We might note that there is no definite date of repayment specified. This was not an omission in the novel. Probably this was also the case in practice, since some lenders were not anxious to receive repayment. They much preferred that the borrower take a long time to repay so that they could keep on enjoying the interest.³¹

³⁰*Golden Lotus*, chapter 19.

³¹*Words to Caution the Generation*, 31, "Zhao Chun's Looks Earnestly on the Cao Family Estate" says: "After a year and ten months, because interest was being earned on accumulated interest, the lender merely turned over a paper contract, and did not press for repayment."

2. The Rise of the Money Shops

During the fifteenth and sixteenth centuries, a parallel development occurred in both Asia and Europe. The exchange of coins gave rise to a new and more progressive financial institution.

Because the European city-states circulated a large number of foreign coins of non-uniform size and weight, and whose genuineness was hard to determine, merchants felt this to be inconvenient, and so the exchange business appeared.

At first its scale was not great. Some merchants would merely set up a coin stall in the marketplace, or a coin box or coin table.¹ Later, as trade developed, the number of exchanges increased, and as a consequence large credit institutions were established.

These not only calculated the value of coins and exchanged them for merchants, they also provided

¹The English word "bank" was originally spelled "banck," and meant a board or stool. The term originated in Italy. At first, the Jews of Lombardy probably used benches in the marketplaces as stalls on which to display their coins, and these were called "banco." If such a dealer could not pay off his debts, his creditors would smash his banco. This was called "banco ratto," or in English "bankrupt," and this is how that English word

them with the convenience of a form of deposit. These businesses took in various coins and converted them all to standard money on their accounts for merchants who could employ this account money to liquidate their debts, and thereby avoid the trouble of weighing and judging the value of coins.

Later, these banks profitably used deposits to make loans. Such institutions flourished during the fifteenth, sixteenth and seventeenth centuries, which coincided with China's Ming Dynasty. In yongle 6 [1408], the Casa di San Giorgio was established in Genoa. The Venetian Banco di Rialto was organized in wanli 15

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(1587). The famous Amsterdamsche Wisselbank was set up in wanli 37 (1609), followed in wanli 47 (1619) by the Bank of Hamburg, and in tianqi 1 (1621) by the New Lunbao [Limberg?] Bank.

In China, the exchange trade had very remote origins. There were already gold and silver shops during Tang and Song. Of course their business was mainly concerned with hammering out utensils and ornaments, with buying and selling gold and silver as a secondary business. Moreover, there is some intrinsic difference between buying and selling gold and silver and the later emphasis on the exchange mainly of copper coins.

Dealing in copper coins also has a long history. This practice was constantly occurring during the Song Dynasty. Because the price of copper coins was high in Sichuan during the taiping/xingguo period [976-84], merchants competed to bring copper coins across the Sichuan border to exchange for iron cash.

During the chunhua period [990-5], large coins were going to be used to pay taxes in Jinghu and Lingnan Circuits, and so merchants exchanged two or three small coins for each large coin.

Officials also used their salary cash to speculate in the exchange market. During the chongning period [1102-7], private dealing in 10-cash coins flourished, though the authorities prohibited the practice.

To halt private coining, in Song Emperor Renzong's jiayou 8 (1063), the Khitan prohibited private dealing of copper coins. There was also an order banning sale of copper coins during the Yuan Dynasty's zhizheng 16 (1356).

These examples, however, involved genuine sales, the treating of copper cash as commodities, and may have had something to do with the activities of private coiners.

By the zhengtong period [1436-50] of the Ming Dynasty, the fall in value of the Great Ming Treas-

evolved.

ure Certificates had led to relaxation of the ban on use of silver, and thereafter silver and coins could circulate openly and legally.

Later, because of private coining, the weights and fineness of coins fell into disorder, and discrepancies appeared between the price in silver of standard coins and private coins, and these prices frequently changed.

As a consequence, a number of people began to carry on the exchange trade.² In *jiajing* 6 [1527], the Secretary of the Board of Revenue, Zou Wensheng, discussed the private dealing in copper cash by contemporary rich and powerful merchants, and of the abuses this led to.³

In *jiajing* 8 [1529], the Inspector of Zhili, the Investigative Censor Wei Youben mentioned firms which sold Certificates, and sought a profit from the officials for doing so at the official price. He also mentioned firms which sold coins at the market price, taking their profits from the people, this profit reverting to their shops.

He advised that the Certificate offices temporarily halt collecting coins for Certificates, and shift to collecting silver. An official of the Board of Revenue said that some twenty people from this office had set up shops for selling coins and Certificates. These were to weigh and collect silver from merchants to substitute for a certain quantity of coins

and Certificates. This had gone on for a long time, abuses had become very numerous, and finally the practice had been prohibited.

The ban was not, however, effective, since in *jiajing* 15 [1536], Yan Lin mentioned the *jiajing* 8 ban, and said that at that time evil factions and private cabals had agreed to "close the market for coins, to make prices soar." As a consequence, there was no choice but to relax the order of prohibition.⁴ The coin markets referred to here were probably the coin "bancos" or money shops.

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The term money shop [*qianpu*]⁵ first appears in the novel *Golden Lotus*. This was just after the government began to open mints on a large scale, and the quantity and variety of coins was becoming very great. Just among the standard coins there were the gold-reverse, fire-lacquer and lathed-edge types.

This represented an opportunity for the exchange trade to develop. Some merchants or others who commonly took in copper coins might want to exchange them for silver, and could engage in the business of dealing in copper coins.

For example, monks in temples normally took in and paid out a considerable amount of coins and rice, and so might open coin and rice shops.⁶ Even if the development of the exchange trade depended solely on the exchange of coins, it could have been maintained, and surely there would have been peo-

²*Emperor Xianzong's Chenghua Veritable Record*, 260, *chenghua* 21, 1st month, *gengyin*, an edict of amnesty on the occasion of a changing star stated: "Relatives of the meritorious and powerful families are not permitted to usurp power over passes, ferry crossings and bridges, or to set up shops selling strings of Certificates, firewood or fodder, or to make profit by usurping water rights so as to encroach upon and harm the little people."

Emperor Wuzong's Zhengde Veritable Record, 1: "Imperial relatives, meritorious officials and powerful families . . . usurp control of passes, river crossings and bridges, and also set up shops to obstruct Imperial orders about foreign goods. They deal in strings of Certificates, and collect firewood."

³*Emperor Shizong's Jiajing Veritable Record*, 83, *jiajing* 6, 12th month, the Secretary of the Board of Revenue, Zou Wensheng, memorialized on the coinage: "Item: Strictly prohibit private dealing. Rich merchants rely on their power to go back and forth, within and outside the capital to either buy up new coins or accumulate good coins. Their coffers fill. They make deals in accord with circumstances, making sudden changes and transforming a situation so as to strike a profit. They take advantage of the cheapness of ordinary labor, and grasp the power to raise or lower the stream of money. This cannot long go on. There must be orders to put a halt to this. Anyone who undermines officially set prices should be punished as though he were engaged in private coining."

⁴*Emperor Shizong's Jiajing Veritable Record*, 191.

⁵The Japanese specialist in Han history, Hino Kaisaburo, in the Heibon edition of his *Outline of World History*, Volume 6, *Medieval Oriental History*, chapter 3.3.2, "Development of Financial Institutions," says that the term money shop appears in Song Dynasty documents, but he does not give an example and cite a source for it, so we cannot rely on this statement. Hino's conclusions are frequently based on conjecture. For example, he says that Northern Song Exchange Notes were issued by counting houses. He has no authority for this point either.

⁶*Golden Lotus*, chapter 93: "From then on Jingji served as a Daoist priest in the Lord Yan Temple. . . . At that time the court had just opened the Grand Canal, and built two locks at Linqing so as to control the flow of water. They did not restrict the officials and people from using it. Whenever a vessel reached the lock, the passengers all came into the temple, some to treat with the spirits, some to present their desires, some to use the divination sticks, and some to do a good deed. There were those who distributed coins and rice, and those who offered up incense, oil, paper and candles. And there were those who stocked pine poles and rush mats. These Daoist monks accumulated a great number of coins and much food, and so they had their acolytes set up a coin and rice shop on the dock to sell these things for silver, and fill their private purses."

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ple who would have opened specialized money shops.⁷

Of course during the early period of their existence, money shops existed on a very small scale. In wanli 5 [1577], Pang Shangpeng memorialized for permission to set up money shops with affluent families from the cities in charge of them. They would buy coins from the official bureaus in proportion to the sizes of their fortunes, and would use them to carry on trade.⁸

When books of the wanli period mention coin stalls [*qiansi*]⁹ and money shops [*qianzhuang*]¹⁰, they give the impression that these entities were a profitable business. One also encounters the term "exchange store" [*duidian*], which also engaged in the business of exchanging silver and coins.¹¹ This might be another name for a coin store.

We do not know whether there is any connection between the *duidian* and the *duifang* of Song and Yuan times. If the *duidian* was the heir of the *duifang*, then its history may extend as far back as the counting houses of Tang. The first character of *duifang* probably referred to the transfer of funds, while in *duidian* it meant money exchange. Nevertheless, the attitude of the people during Ming toward the *duidian* was the same as that of Song and Yuan people toward counting houses and *duifang*, normally a belief that their widespread establishment was detrimental to society.

⁷*Golden Lotus*, chapter 93: "This Feng Jinbao tearfully said . . . 'Yesterday I heard Chen San'r say that you were opening a money shop here. I wanted to take a look at you. By chance we happened to meet today, but who would have thought you'd want to kill me.'"

⁸*Emperor Shenjong's Wanli Veritable Record*, 66.

⁹*The Artful Garden*, 13, "The Jiao Family Bridge Female Demon": "People who had long lived in the city ran coin stalls adjoining the Jiao Family Bridge."

¹⁰*Partition Curtain Flower Shadow*, chapter 36: "When the first season came, Wang Yixiang obtained the capital from Nan Gongji, and opened a tavern downstream. He also sold blue cloth, and opened a money shop. It all went very well with him, and he ate so much that he turned black and fat."

¹¹Fan Lian, *Amidst the Clouds Eyewitness*, 2, "Notes on Customs," written during the wanli period: "Circulation of false silver causes great harm among the people, and it has never been worse than in recent years. The false silver of former years could be detected, but now this can no longer be done. Formerly, those who circulated it were few, but now they are everywhere. Formerly, they were isolated and concealed their traces, but now their stalls are shamelessly open. They even enter alliances with the rich and powerful to open exchange stores broadly. The localities dare not arrest them. The official bureaus cannot prohibit them. This causes the masses to grind their teeth."

By the end of Ming, the money shops had become modern financial institutions. They could not only exchange copper coins for gold and silver,¹² but actively engaged in the making of loans, and also provided to their customers the convenience of withdrawing their funds by issuing checks.¹³ There were also small scale money changing shops.¹⁴ Such institutions probably flourished because of the extensive private coining going on at the end of Ming.

However, compared with the banks of Medieval Europe, the money shops at the end of Ming were not only smaller in scale, but had a smaller scope of trade. The European banks had evolved from engaging in money changing to making loans, accepting deposits, and to engaging in the remittance trade. The Chinese money shops merely expanded from money changing to the loan trade.

The deposit business made no progress during the Ming Dynasty, either in the hands of public entities¹⁵ or private persons.¹⁶ Because there was no

¹²*Rousing the Age Marriage Affinity*, chapter 11: "He then thought to go to the money shop to exchange the coins that very day. Chao Zhu had exchanged gold in that very same money shop."

¹³*Rousing the Age Marriage Affinity*, chapter 1: "The man who ran the money shop in that city lent money for people to prepare for important ceremonial occasions, and would come to the customer's door to deliver it. The Manager of the money shop said that whenever a household needed cash, no matter what the amount, they could issue a check, and their humble establishment would honor it. They would not dare to have a worse exchange rate than other firms. They would give 20 more cash to the ounce than the other houses, and would accept lower quality coins at par." *Ibid.*, "Within ten days, a firm with several dozen personnel, with several thousand ounces of silver, and daily expenses of 10,000 cash, could issue tickets on the money shop for payment." *Ibid.*, "For miscellaneous daily expenses, there are managers of money shops who are willing to offer the funds."

¹⁴*Emperor Xizong's Tianqi Veritable Record*, 71, tianqi 6, 9th month, dingchou: "Cui Chengxiu gave an itemized discussion of the requirements for minting. . . . In addition to this, rascals from outside the capital have been sneaking into the capital city to open money changing shops. They carry private coins in the midst of their other goods, and come to the capital to distribute them, and then sneak out of the capital with scrap copper to use as the raw material for private coining. All of this causes harm to the coinage."

¹⁵Wang Ao, *Mister Chenze Alternate Collection*, "Chenze Notes of Things Heard," latter part, Liang Fang and Wei Xing: "At first a hoard of 10 *jin* accumulated in the inner treasury. When the hoard had accumulated to a certain number of tens of thousands, the court kept on accumulating it to prepare for emergencies on the frontiers. It was never lightly expended."

guarantee of the safety of deposits for interest, everyone kept their money in hoards. Yan Shifan, for example, buried a large amount of silver in the earth.¹⁷ It could not be given to people for profitable use. As a consequence, loans in China were only between individuals, the amounts involved were not large, and the money was mostly used for consumption rather than investment purposes.

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¹⁶Zhou Xuanwei, *Jinglin Continued Collection*: "Shi Bo's ancestor, Anfu, understood wealth. He accumulated a jar of silver, and buried it by hand under the book hall. After a year he was to take it out for use. He had merely put some dirt on it. He became very nervous, and dug into the dirt, but even after digging three feet down, none of the silver was to be seen. He encountered his second son passing by the window, called him over and told him the story. He thought someone must be cheating him. The son took over the digging from his father, and dug until he found the jar by the side of a pillar. As soon as they examined it, they saw that nothing was lost. He took out two ingots of silver and gave them to his son. Thereafter he no longer buried his money in the earth."

Mister Chenze Alternate Collection, "Chenze Notes of Things Heard," latter part, Wan An: "An coveted wealth in the millions. When he passed on, his survivors got a tea urn which was all of silver. The purchaser of his house found a thousand in metal in a hoard. When An died, his wives and concubines fled with his children, and there was no one left in his family."

¹⁷*Jinglin Continued Collection*: "Shifan paid the bribe. Song did not know the details. First he set it up in a bamboo satchel, and then hid it away. It was stuffed full. Fan's wife then dug up the earth to a depth of one *zhang*, and five *chi* square, and lined it all around and on the bottom with fine stones. The silver was moved into it. It took three days and nights. None of those outside figured it out. Just as they were replacing the dirt, she suddenly said, 'This is what that old man has bequeathed.' She glanced around, and had a slave force Song to the edge of the hole. It dazzled his eyes. Song looked around more widely, and rather arrogantly looked a little more carefully a yard to the left and right. Song covered his ears and walked back. Speaking falteringly he said, 'Much accumulated, much lost. What a disaster!' Thus Song also knew it could not be avoided. After this silver had been lost, the carts went to the Lu River. They loaded 10 big vessels, and the job was still not complete. Finally, it was all confiscated by the officials."

Ibid., "When Shifan was dividing up the silver to be buried, he followed the way it was done in the noble residences of the capital, but doubled the depth and breadth. He piled up the dirt to a height of a yard, and set poles around the edge. He bought stones from Lake Tai, and piled them up into a hill, with the hollow places entirely filled with flowers and trees, so that there was hardly a crack remaining. There was only a hundred million."

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The deposit trade did not become well developed because in a feudal society if someone put his wealth outside his own hands, it was completely vulnerable. Except for the person who one trusted the most, with whom one might sometimes entrust one's property,¹⁸ no one would want to deposit his own money in some unknown shop.

It was still more true that in ancient times that manufacture and commerce were not well developed because comparatively few people could grow wealthy through the management of these activities. Wealth was mainly gained through corruption and graft, and such persons would have even greater need to keep their wealth a secret.

Such lack of security for wealth deposited with other people was not limited to China in ancient times. The same was true of foreign countries. Because the money-changing shops of Venice would lend out people's deposits and be unable to collect them back, depositors incurred losses.

As a consequence these shops were legally prohibited from making loans, and so later on bank loans of a similar type were also not entirely legal. In sixteenth and seventeenth century England, for example, in view of the fact that the Tower of London was a strong prison, and there were government guarantees, much gold and silver was deposited there by merchants. To everyone's surprise, in 1640 (chongzhen 13), King Charles I diverted this money to other purposes because of fiscal difficulties. Thereupon everyone went back to private hoards.

Later, because the credit of the gold shops was good, and because they possessed strong store-rooms, people deposited their funds with them. Because, however, these goldsmiths coveted profit,

¹⁸Yan Song's family had some money deposited with outsiders. *Book of Ming*, 149, "Biography of Yan Song": "The Ruler ordered that when the city had been abandoned, and it was said that Song feared a son cheating his lord, he had been greatly obliged for the care of his relatives. Moreover, his grandsons had been given civil and military appointments, but they had all been taken away. His family was arrested. More than 30,000 ounces of gold and 20,000 ounces of silver . . . he sent off, and it was kept without loss for twenty years."

Ma Congping, "Petition on Inspecting Military Officials": "If the matter is to be completed, a gift of thanks of 400 ounces of silver is needed. . . . Dayuan ought to assent. Only 280 ounces have been set aside. It has been deposited in the shop of the cloth-seller Song Ruqi. By the 26th, when Zhang Sitian and Hong Junyu came to an agreement, they went to Song's shop to wait. Dayuan then went to the shop with Hu Cao. The silver was taken out for their inspection, and then redeposited with Song Ruqi to be lent out for collateral." Cf. *Orchid Pavilion Memorials and Communications*.

they lent this money to the government, and before long the national treasury suspended payment on its debts because of war. These losses fell on the heads of the depositors.

These are all examples of failures of the deposit trade. The expropriation of rented safe-deposit chests in China during the jianzhong era of Tang was even worse than this English example. The English king merely defaulted on a debt or encroached on deposits. The Chinese rulers acted in a positive way to plunder the deposits. Given this fact, no one would dare to deposit money in a public shop.

Once paper money was no longer used, Ming Dynasty money exchange became triangular. There was exchange of silver for coins, gold for coins, and gold for silver. The price of gold was too high, and it was not a true money, so we can only discern its price through its exchange price with silver. At the beginning of Ming, the price of gold was very low, but thereafter it rose steadily.

Many of the banks of Medieval Europe were engaged in the remittance business, but the Chinese money shops had not yet developed to this stage by the end of the Ming. The Chinese remittance trade had not received much emphasis after Northern Song times because paper money could substitute for bills of exchange.

Once paper money went out of use after the middle years of the Ming Dynasty, people came to realize the inconvenience of shipping hard money, and so remittance drafts came back into use, still under government management. In chongzhen 16 [750]

(1643), Emperor Sizong issued an order to the Board of Revenue concerning exchange drafts, greatly encouraging their use. People were to be sent to the local offices to manage the paying out of ready cash for them, official extortion and short payment was prohibited, and rewards were to be given to officials who remitted exceptionally large amounts of silver.¹⁹

The needs of the armies were multiplying then, and the government hit upon this as a way to get hold of some ready cash. This was merely another form of borrowing.

Remittance took the form of the bill of exchange, the Chinese word for which was then written with another homonymous first character (the same one used in Account Note). Such a bill of exchange would be acquired in one place by paying in funds to a government office. When the traveller reached his destination, he would bring it to the branch office there, match it against its stub, and cash it in.²⁰ Such bills of exchange gradually assumed the status of instruments of circulation, and were transformed into paper money.

unusual the situation, a memorial must be sent within three days that the matter has been cleared. Moreover, the amount remitted on previous occasions is to be examined, to see if enough has been provided. If pressure is brought because there is not enough, then participating units will be reprimanded."

²⁰*Amidst the Clouds Eyewitness*, 3, "Notes on Details of the Unusual": "Among the Huating, a son murdered his father. . . . At the time there was a villager named Ma, who had brought his wealth to the capital. Kewen learned of this when he went to pay it in. . . . While recording it, he fooled him, saying, 'I have heard your lordship has set a day for his return, and will walk several thousand *li* alone. Will you not be in danger from brigands? I should send the money for you to Mr. Xu's government office. There is a simple certificate like a contract which you can carry back and show to Xu, who will be certain to pay you the said amount. That way you can have an empty purse and still secure your wealth.'"

Bean Shed Words of Leisure, "The Chaofenglang Waves Money Wildly": "In less than a month that 10,000 ounces of metal coins can all be metamorphized like Zhuang Zhou's butterfly. You just want to have a fellow townsman or relative write a bill of exchange, and put it into your hand."

¹⁹*Chongzhen Long Draft*, 1, chongzhen 16, 10th month, wuchen, proclamation to the Board of Revenue: "Army requirements are multifarious. The matter of remittance exchange is something that ought to be undertaken, and it is capable of helping meet urgent current requirements. The Board must do more to encourage it, perhaps by simultaneously issuing exchange drafts and despatching officials to the local tax offices to pay out the requisite amounts. This can simultaneously both meet the state's requirements and transmit the merchants' capital. It is not permitted for officials or clerks to commit extortion by reducing the amounts paid out. Violators are to be exiled. No matter how the large the amount of silver being remitted, and no matter how