Silk, Tea and Treasure: Maritime Trade in Eighteenth-Century Literature

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ABSTRACT

Drawing on contemporaneous literary work, this essay explores how maritime trade reshaped popular concepts of currency and credit in China and Britain. In the eighteenth century, silver produced in Spanish America was carried on board galleons sailing from Acapulco to Manila, and was then transshipped to Southeast China by local seafarers and European traders. China's monetary system had become by then fully bimetallic—copper coins and silver bullion maintained a parity whereby they were mutually convertible and universally accepted. The Chinese system was, in that sense, different from that prevalent in the West, where gold, paper instruments, and government regulation had begun to play a significant monetary role. If the eighteenth century was for China one of passive reliance on imported silver, it presaged in Britain a transition into nation-statehood and big government. The radiation of paper money from Britain to Continental Europe in the eighteenth century was one expression of an emergent credit economy that helps explain the starkly divergent development paths of China and Europe a century later.

Keywords: trade, silver, tea, silk, China and Britain

Introduction

The eighteenth century is generally seen as a period during which maritime trade became truly global. Much has been written about how contact with and colonization of extra-European domains attended the rise of Europe's credit economy and transformed its political culture and consumption habits. However, less attention was paid to the impact of global trade on conceptions of everyday life outside Europe, or to how commodity flows bound disparate extra-European economies closer together.

In the main, this essay aims to fill part of the gap by highlighting the far-reaching effects of imported silver currency on China's eighteenth-century economy, and by tracing out, through this prism, the widening institutional bifurcation between China and Britain. In the interest of brevity, Britain is treated here as the epitome of European economic advancement at that time, and in that sense, the perspective offered is inevitably Anglo-centric. However this is by no means intended to diminish other segments of the “European Miracle” like the Low Countries where great strides in the organisation of finance and equity markets had been made well before the eighteenth century and where cities like Amsterdam continued to bankroll a considerable portion of Europe's imports from Asia right up to the Napoleonic Wars.

The backdrop for the ensuing passages is, of course, the debate between the
Northian and Californian schools of economic historians. Douglass North believed that Europe’s rapid industrialization in the mid-nineteenth century, and its subsequent domination of the world economy, were the result of a unique development pattern that had been shaped much earlier on by the entrenchment of property rights, relatively free labour and capital markets, and—by implication—parliamentary democracy. California School scholars, on the other hand, believe that the Industrial Revolution was akin to an accident of history; it simply derived from the fact that Britain had been endowed with unusually dense coal deposits and surplus land in its North-American colonies. These scholars see no significant qualitative difference between the East Asian and British economies before 1800.

Notably, the debate has assumed a textual, if not literary, dimension in recent years. At heart is the question whether eighteenth-century British authors conceived of the expansion of a credit economy and global trade around them as a token of institutional superiority, or as an omen of the “marginalization” of Britain’s domestic economy. If consistent, self-conscious aggrandizement of domestic institutions cannot be read into eighteenth-century British novels, for example, doubts may be cast on the Northian premise of European-cum-British “exceptionalism” whose origins arguably date as far back as the fourteenth century. This dimension of the debate will also be discussed in this essay, albeit briefly.

Currency in Late-Imperial China(1368-1911)

During the Ming dynasty(1368-1644), China’s economy became progressively reliant on silver mined overseas to oil the wheels of commerce and facilitate government tax revenue. Foreign silver became the preferred monetary standard in urban areas. Though nominally espousing locally-cast copper coinage as legal tender, the imperial court acquiesced in the spread of silver.

The Lijia reform launched by Founding Emperor Hongwu(r.1368-1398), and Emperor Jiajing’s(r.1521-1566) “Single Whip” reform[Yitiao bianfa] formalized over the course of Ming rule a gradual commutation of tax-in-kind and corvée labour into silver-denominated land tax, which was levied by an increasingly decentralized provincial apparatus. That said, the Ming court had little grasp of the global trade dynamic that catapulted silver onto China’s shores. It accepted the availability of silver rather passively: some Ming officials even toyed with the idea of disbursing state-held silver to peasants as a fast-and-ready form of famine-relief. Silver was collected and disbursed by the state, but there was no overarching imperial scheme regulating the sourcing, casting, or distribution of this precious metal.

2 The edited volume by Flynn and Giráldez(1997) is one of the few attempts to systematically trace out the links between disparate economies through global trade.
4 For works broadly associated with the “California school” see Wong 1997; Li Bozhong 1998; Frank 1998; Pomeranz 2000; Hobson 2004.
Much of the silver monetized in China until the sixteenth century was, in fact, mined in Japan. Unlike Japan, however, the Ming bureaucracy did not attempt to expand silver mining or cast domestic silver coinage. The discovery of rich silver deposits in Spanish America, coupled with an interdiction on silver exports in Japan itself, meant that from the seventeenth century the Philippines supplanted Japan as a major hub of silver exports to China. Silver produced in Spanish America was carried on galleons sailing from Acapulco to Manila and was then trans-shipped to Southeast China by local seafarers.

The Pacific route of the galleon trade came under Spanish hegemony by virtue of a papal decree dividing oceanic exploration into a Portuguese sphere from the Cape of Good Hope to Melaka[Malacca], and a Castilian sphere of influence from the Philippines eastward. It is roughly estimated that around 5 million Pieces-of-Eight(later known as Carolus dollars)—commensurate with 120 tons of silver—found their way to Asia during the early seventeenth century.

By the eighteenth century, China’s monetary system had become fully bimetallic—copper coins and silver bullion maintained a parity whereby they were mutually convertible and universally accepted. The Chinese system was, in that sense, different from that prevalent in the West where gold, paper instruments, and government regulation had by then begun to play a significant monetary role.

In essence, the Chinese monetary system was made up of low-denomination, locally-cast copper coins[longqian] widely used in the rural hinterland and in retail. Higher-denomination money was mostly in the form of silver[yinliang]—either ingots known to Westerners as sycee—or foreign-minted silver dollar coins[yinyuan]. Customarily, a string[diao] of one thousand Chinese copper coins was on par with one tael or liang of silver(approximately 37.5 grams). In practice, however, the copper-silver exchange rate fluctuated according to the availability of either metal at any point in time. Sycee weighed about 50 tael, but there could be considerable variations of ingot weight and fineness even within the same province. The word sycee was an English derivative of the Cantonese pronunciation for “fine silk,” the cognate for ingot in Mandarin being dingzi or yuansuo. In South China, a good-quality silver ingot was thought to possess a shiny veneer reminiscent of silk.

The net inflow of Spanish American silver coins into China continued throughout the eighteenth and early-nineteenth centuries until the breakdown of the Canton[Guangzhou] foreign trade system in the 1830s and the subsequent two Opium Wars(1839-1842, 1856-1860). Circumstances changed on the other side of the Pacific Ocean, too. In 1821, Mexico formally gained its independence from Spain, and its symbol of sovereignty—the snake-devouring eagle—replaced Spain’s Pillars of Hercules on all silver coins exported via Acapulco.

7 Kazui 1989.
8 Schurtz 1959:1-32.
9 Flynn and Giraldez 1994:79-83; one source put the amount of silver dollars transported by the Spanish across the Pacific between 1571-1821 at 400 million, see Quan Hansheng 1972:439.
11 For an overview of late-Imperial Chinese metallic weights and standards, see Kann 1927.
By the 1860s, massive imports of Bengali opium (and to a lesser extent tropical goods shipped by Europeans from Southeast Asia) had finally succeeded in eroding China’s longstanding trade surplus with the West. In order to purchase opium from British and other Western trading houses, Chinese merchants had to pay with silver currency. This resulted in a net outflow of the metal and a disruption to the silver-copper exchange rate. When the dynastic order collapsed in 1911, China was heavily indebted to a host of European countries and Japan, but reformers were already contemplating the abolition of the bimetallic standard.

Though first used in China as far back as the eighth century, paper money was not trusted there because successive dynasties had tampered with its convertibility into hard currency. In monetary policy debates at the imperial court, the evocation of silver overshadowed that of paper currency during the early and middle Qing reign (1644-1911). Silver bullion was used as the most common medium for large transactions, foreign trade and tax collection, while round copper coins continued to serve as a daily medium for exchanges in retail. Moreover, since the Qing imperial government preferred bullion to its own often-debased copper coins, silver weights evolved into the most important units of account in China.

**British “Exceptionalism”**

If the eighteenth-century was for China one of reliance on silver, it presaged in Britain both materially and culturally a transition into paper money and nation-statehood. The radiation of paper money from Britain to Continental Europe in the eighteenth century was one expression of an emergent credit economy, equity markets and corporate ownership. Sandra Sherman, for example, contended that “...long-term credit implicated (British) culture in a new kind of narrativity, since promises in stock annuities, and negotiable (paper) instruments were verifiable only with time.”

The circumstances surrounding the spread of the Carolus dollar in China were not wholly dissimilar to the way in which the Maria Theresa Thaler (MMT), originally an eighteenth-century Austrian silver coin, turned into one of the most common medium of exchange in parts of Asia Minor and the Horn of Africa. Whilst Spanish American silver dollars were used by European merchants to purchase tea in China and were coveted by the Chinese for their relatively high minting quality and reliable silver content, Thalers were used by Europeans to purchase African coffee in the Levant, and were coveted there for the same reasons. It is roughly estimated that between 1741 and the present, various European mints minted MMT 390 million for trade purposes.

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12 On the overriding importance of opium for British trading houses and early British financial institutions in China see, e.g. Checkland 1953.

13 The Ming tried to reintroduce paper money in the fourteenth century but the popular rejection of government notes at that stage was too difficult to overcome. Ming officials occasionally revived the idea of paper money in various memorials to the throne thereafter, but a new issue was not implemented. See Peng Xinwei 1938:429-433, 506-509; Yang 1932:67-68.


15 Sherman 1996:5.

16 Tschoegl 2001:443-448.
Both cases demonstrate that by the late eighteenth-century the non-European world was increasingly relying on imported silver and European minting technology. At the same time, Europe's own economy was being unrecognisably transformed by the uses of paper money and exchange bills. In England and Wales, for example, paper instruments totalled approximately £15 million, arguably 56% of the money stock, as early as 1698.\(^{17}\)

However, the overall transition from metal to paper money in Europe was relatively slow. The recovery of mints during the Carolingian era, after a protracted post-Roman hiatus, paved the way for a significant increase in continental trade. Concomitantly, the emergence of Florentine banking in the twelfth century dispelled many of the papal interdictions on interest and capital accumulation. Widening trade links then provided the impetus for a distinctly European phenomenon: the rise of joint-stock enterprise.\(^ {18}\) Joint-stock companies were emerging alongside guilds in Europe from the sixteenth century. Many had received a royal charter which helped them monopolise the most lucrative commodities in foreign trade. At the same time, the transferability and scope of share ownership consolidated the companies' purchasing power and institutionalised their independence from the sovereign. Politically, this new balance of power was reflected in the way the British Parliament was displacing the Crown as the key agent of fiscal policy, and in the legalistic articulation of private property rights.

Papermaking, print technology, and bills of exchange had spread far and wide across the continent in the 1500s, but Europe's first government-endorsed banknotes (kreditiveseddar) appeared in Sweden only in 1661.\(^ {19}\) Tellingly, banknote issuance was gaining momentum in the British Isles through the work of one of the most eminent joint-stock companies at the time. Soon after it had been set up in 1694, the Bank of England aimed at expanding its note issue at the expense of private bank notes, but its monopoly of paper money in England was formalized only in 1844. Elsewhere in Continental Europe and Scotland, private banknotes proliferated well into the late nineteenth century.\(^ {20}\)

In the British context, corporate ownership (meaning here stake-holding transparency and limited liability) evolved as a means of affirming the concession of property rights by the monarch as of the late sixteenth century. The monarch tolerated the concept of corporate ownership because the first joint-stock trading companies paid for their charters and helped raise tax revenue. Through the share capital they raised, the founders of joint-stock companies achieved a degree of investment security and economies of scale that were quite unparalleled elsewhere in the early-modern world.

By the early nineteenth century, the British Parliament was not only tolerating joint-stock enterprise but also actively engaged in regulating it and laying down the

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17 Davies 1994:278-282; Rondo Cameron proposed a more conservative estimate with specie still constituting half of Britain's means of payments in 1688-1689. See Cameron 1967:42(Table II.2).
20 Mackenzie 1953:24-35.
legal wherewithal for its exponential growth in the twentieth century. In his new path-breaking book, James Taylor has flagged the dialectical junctures British joint-stock enterprise had to traverse before it became universally accepted in the twentieth century. The famous Bubble Act of 1720 curtailed the growth of joint-stock ventures that were seen as overly speculative, country banks included. Later, as British public opinion grew less mistrustful of impersonal corporate entities, entrepreneurial pressure was building bottom-up for the government to permit and regulate share capital in a number of industries. Then, in 1844, the famous Peel Act formally recognized smaller joint-stock banks, but it sought to eliminate private bank note issuance in return. Finally, the British corporate law reforms of 1856 allowed all joint-stock companies to apply for limited-liability status irrespective of the royal charter bestowal.

On balance, the British experience seems to suggest that a stable paper currency was contingent on a complex institutional, corporate and regulatory framework. This was a framework that, in turn, supported the creation of “national debt” whereby commoners agreed to lend funds to the central government in order to later partake of the dividends accruing from royally-protected trade ventures and, subsequently, colonialism.

It goes without saying that this far-reaching institutional transformation bred in the eighteenth-century a commercial flair that was frequently reflected in contemporary British literature. Literary scholars like Colin Nicholson attempted to capture the zeitgeist with these compelling words:

As England’s ships colonise markets whenever they find them, commodities flood into London, so that in place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of different place. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction as particular form of global interdependence begins to establish itself.

**Literary Conceptions of Trade and Currency**

The eighteenth century was also the period when China became inexorably integrated into a global trade system whose proverbial clearing house was situated in London. It was a time when imported silver became one of the two pillars of China’s monetary system and when the tea and silk it sold in return for silver (as well as tropical goods from Southeast Asia) were deemed invaluable in Europe.

However, while Chinese silk connoted luxury in eighteenth-century Europe, tea was the commodity that transformed European lifestyle right across all social rungs. Robert Constant, a French merchant based in Canton, remarked in the mid-eighteenth century that: “it is tea which draws European vessels to China; the other articles that comprise their cargoes are only taken for the sake of variety.”

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21 Taylor 2006; Cameron 1967:27-29.
contemporary Dutch doggerel attests to the degree of significance which the consumption of tea reached:

- Tea that helps our head and heart
- Tea medicates most every part
- Tea rejuvenates the very old
- Tea warms the piss of who're cold

At this juncture in history, however, it is important to distinguish between integration into, as opposed to attempted appropriation of, world trade. The nub of the matter is whether educated Chinese contemporaries could read through the global system they were facing. Consider, for example, how the imagery etched on the most popular of Spanish silver coins, the Carolus dollar, was seen in China.

As indicated above, the hallmark of Spanish American silver coinage was the Pillars of Hercules. Emblazoned with the Latin words *plus ultra* [even further], the Pillars relayed a subtle message from the Spanish monarch, namely, that the Columbian voyages that secured the colonization of the Americas were even more daring than Hercules' who, according to the Greco-Roman legend, had drawn the Western boundaries of the known world in Gibraltar.

However, as Richard von Glahn has indicated, the message was completely lost on contemporary Chinese. Rather, the Carolus dollar was banally referred to in Chinese sources as the “Buddha Face” *[fomian]* coin because its obverse carried the portrait of King Carlos III who, like Siddhartha Gautama Buddha, happened to bear distinct non-Chinese features. Neither is there any record to suggest that contemporary Chinese were aware of the spate of silver discoveries in the Americas which had propelled the inflow of silver via Manila.

In his recent influential article, Robert Markley argued along California-school lines that “…seventeenth-century writers in England did not automatically assume the cultural, economic, or even religious superiority of Christendom.” Rather, English novels evinced grave concerns about a world “…dominated economically by Asia.” To validate his provocative thesis, Markley cites amongst others a passage from Daniel Defoe's *New Voyage Round the World* (published in 1724) where one of the British protagonists describes the Chinese as “…despising our manufactures and filling us with their own.”

To be sure, Europeans awed by what they saw as China’s prosperous economy, superior political system, and genteel aesthetics were not uncommon, particularly among early eighteenth-century French physiocrats but, as Jean Chesneaux argued, their idealized perceptions of China had drawn vicariously on seventeenth-century Jesuit travelogs. Physiocrats conjured up an idealized China to lambaste monarchical

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24 Quoted in Gardella 1994:34.
26 Markley 2003:494-495.
27 Markley 2003:516; for a very similar argument see also Porter 2002:400-401.
28 Chesneaux 1996.
absolutism in their own country. To what extent can such critical vein be found in British literary sources? Beyond any temporal discrepancy that may sway judgement about seventeenth-century as opposed to eighteenth-century British writings, it is worth considering at this point some of Defoe’s more prosaic work.

In the Complete English Tradesman published in the early eighteenth century, Defoe clearly evinces acute awareness of the dynamism of global trade that is so conspicuously absent from contemporaneous Chinese writings. At the heart of his observation clearly lies confidence in Britain’s dominion of the world economy:

This trade to our West Indies and American colonies, is very considerable, as it employs so many ships and sailors, and so much of the growth of those colonies is again exported by us to other parts of the world, over and above what is consumed among us at home; and, also, as all those goods, and a great deal of money in specie, is returned hither for and in balance of our own manufactures and merchandises exported thither—on these accounts some have insisted that more real wealth is brought into Great Britain every year from those colonies, than is brought from the Spanish West Indies to old Spain, notwithstanding the extent of their dominion is above twenty times as much, and notwithstanding the vast quantity of gold and silver which they bring from the mines of Mexico, and the mountains of Potosi... As the manufactures of England, particularly those of wool (cotton wool included), and of silk, are the greatest, and amount to the greatest value of any single manufacture in Europe, so they not only employ more people, but those people gain the most money, that is to say, have the best wages for their work of any people in the world; and yet, which is peculiar to England, the English manufactures are, allowing for their goodness, the cheapest at market of any in the world.29

Similar insights about silver bullion and global trade are certainly harder to find in eighteenth-century Chinese classics. There are, however, passages that can be imputed to the rising importance of imported silver. Consider, for example, this elegy in the Dream of Red Mansions (composed c. mid-eighteenth century):

All men long to be immortals,  
Yet bullion is all they prize  
And grub for money all their lives  
Till death seals up their eyes30

Arguably, China’s reliance on imported silver in the early-modern era is also reflected in the classics temporally and numerically. The Dream of Red Mansions or Hongloumeng

29 Defoe 1989: ch.23.  
30 Hongloumeng:26. jinyin is rendered “bullion” here instead of the more literal but less accurate “silver and gold” in the original translation.  
31 The word counts here are based on an Academia Sinica online research aide http://www.sinica.edu.tw/ftms-bin/kiwi1/pkiwi.sh (accessed 28 May 2008).
contains no less than 74 references to silver[yin], of which 12 specifically relate to the metal in a monetary sense. There are, in turn, only 10 references to copper[tong]—none in a monetary sense. The Journey to the West or Xiyouji, another classic that was composed around 1590 but whose plot is set much earlier in the Tang dynasty (618-907) mentions copper no less than 47 times. It contains only 27 references to silver, of which 7 are specifically monetary in nature.\textsuperscript{31}

**Conclusions**

This essay surveyed, in broad strokes, the impact of silver imported from Spanish America on China's eighteenth-century economy. It explained that one of the two Chinese commodities exchanged for silver, tea, had a profound effect on European lifestyle across all rungs of society. California-school scholars tend to view the exalted status of tea in Europe, coupled with China's reluctance to purchase anything other than silver from Western merchants until the nineteenth century, as evidence of European “marginality” in the global economy.

In response, this essay shows that the tea-for-silver trade was just one expression of a widening institutional bifurcation between Europe, particularly Britain, and China. Britain's political institutions and mercantile culture were shaped by joint-stock trading missions that eventually begot what we now call the modern corporate economy. It is an economy where the primacy of paper money and credit instruments are now taken for granted.

Contrary to the notion of European “marginality” in eighteenth-century world economy, Daniel Defoe did express sentiments that bear out British “exceptionalism”. His prose bespeaks understanding of the epochal global trade dynamic where, in the larger schemes of things, the possession of Spanish American bullion does not embody ultimate riches or power but simply a means to an end, i.e. the expansion of trade.

While eighteenth-century China heavily relied on imported silver, it was largely unaware of the global dynamic that churned out so much silver onto its shores. Its passive-restrictive approach to global maritime trade, and to commerce more generally, meant that it would be taken by surprise when Bengali opium started eating into its trade surplus with Britain in the early nineteenth century. Notably, neither opium nor silver were commodities actually extracted in Britain, but came to be subsumed under a British-dominated world trade system.

Chinese late-Imperial classics, on their part, do implicitly reflect China's reliance on imported silver. What they do not seem to contain, however, is anything like Sherman's “new narrativity” of commerce.

**ABBREVIATIONS**

MMT Maria Theresa Thaler
GLOSSARY

diao 吊 Qing 清
dingzi 録子 sycee 細絲
fomian 佛面 Tang 唐
Guangzhou 廣州 tong 銅
Hongloumeng 紅樓夢 tongqian 銅錢
Hongwu 洪武 Xiyouji 西遊記
Jiajing 嘉靖 Yitiao bianfa 一條鞭法
jinyin 金銀 yin 銀
liang 兩 yinliang 銀兩
Lijia 里甲 yinyuan 銀圓
Ming 明 yuanbao 元寶

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