An Analysis on the Copper Coin Trade between China and Japan in the Tang and Song Dynasties

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Abstract. Copper coins, as one of the important contents of trade exchanges between China and Japan in the history, has always played an important role. However, during the Tang and Song Dynasties, there were differences in copper coin trade between China and Japan. What are the reasons? To answer this question, from the perspective of Sino-Japanese cultural exchange, this paper will first analyze the status of copper coins in the currency circulation systems of Tang and Song Dynasties, and then combines the Sino-Japanese trade policy, foreign policy, output of copper coins to discuss the differences and reasons of copper coin trade between China and Japan in two different periods. Through analysis we hypothesize that, more copper coins flowed into Japan in the Song Dynasty than in the Tang Dynasty, the shortage of copper coins in the Tang Dynasty was mainly caused by internal reasons and the outflow of copper coins affected the shortage of copper coins in the Song Dynasty. Although there are same phenomena in two different periods, the reasons are quite different.

Introduction

As we all know, from Nara period to Edo period, large number of copper coins from China have entered the currency circulation system of Japan. Copper coins were widely used in the market. However, during the Tang and Song Dynasties, there were some differences in copper coin trade between China and Japan. The specific differences and reasons deserve our attention. This paper will try to discuss this question through historical data and prior researches.

Copper Coins in the Currency Circulation System of the Tang Dynasty

The currency system of the Tang Dynasty was a combination of coins and silk. In the early Tang Dynasty, both money and silk were used in circulation, and silk cloth was also one kind of the legal currencies. For example, during that period, a lot of Japanese diplomats were sent to Tang, every time the Japanese government will give the members in the team cotton or silk cloth as living expenses in the Tang Dynasty, which shows that silk cloth could be circulated as money at that time.

According to a lot of historical materials and prior study, the currency circulation system of Tang Dynasty may be different from that of the Song Dynasty. In the Tang Dynasty, besides copper coins, cotton and silk could also be used as money, physical transactions did not withdraw from the historical stage, while in the Song Dynasty, more copper coins were used, so the total amount of copper coins circulated in the society may be less than that in the Song Dynasty. The relatively lower quantities of copper coins in domestic commodity transactions will inevitably lead to differences in the amount of copper coins flowing out of the country. According to prior study, the ancient Chinese copper coins found in Japan were mainly made after the Tang Dynasty, indicating that the amount of copper coins flowing out of the country in the Tang Dynasty may be smaller than that in the Song Dynasty. Many evidences may show that, the situations of copper coins in domestic currency circulation between the Tang and Song Dynasties were different.
According to historical records and prior study, the situation of copper coins in the currency circulation system changed after the mid-Tang Dynasty. And these changes of copper coins in the circulation system can be discussed from several aspects, such as copper raw materials, casting cost, the demand and supply of money. After the mid-Tang Dynasty, according to historical records, copper raw materials seemed to become inadequate, and the composition of copper coins was influenced, in order to save the cost of coinage, the government changed the composition of copper coins, other ingredients in copper coins increased, which reflected the shortage of copper raw materials after the mid-Tang Dynasty, this reflects the circulation of copper coins in the middle and late Tang Dynasty.

On the other hand, after the mid-Tang Dynasty, the cost of casting copper coins seemed to increase. In 780, Han Hui, the vice-president of the board of revenue, said to the emperor, “45 million copper coins can be cast and transported to the capital every year by the supervisory organs set up in the changjiang-huaihe basin. However, the cost of production and transportation is estimated to be 2,000 coins per 1,000 coins, which is higher than the profit. Now there is a place called Hongya in Shangzhou can produce copper in relatively large number, the local supervisory organs called Luoyuan has been abandoned for a long time. It is hoped that workers can be sent to dig the hills there for copper, flourish the copper mine, and set up ten copper smelting furnaces, which can cast 72 million coins per year. The cost of production and transportation is estimated to be 900 coins, and profits will be made” [1], the cost of casting 1000 coins was as high as 2,000 coins, while in the periods of Kaiyuan and Tianbao, the cost of casting coins is about “750 coins per thousand coins” [2], which means that the cost of casting coins at that time was much higher than that in the early Tang Dynasty. At the same time, the destruction of roads by wars also leads to higher cost of money transportation. As for the reasons for the shortage of copper coins in the market, in addition to the reasons mentioned before, the increased demand for copper coins may be one of them. Due to the implementation of the Two-tax Law during the Jianzhong period (780-783), the demand for copper coins seemed to increase, which worsened the problem of money shortage at the time.

There are other reasons for the decrease in the amount of copper coins circulating at that time. After the Anshi Rebellion, the right of coinage could not be centralized by the central government, the local forces controlled the right of coinage. After the mid-Tang Dynasty, the bureaucratic rich set up money for the profit and the phenomenon of melting copper coins among the people can be seen everywhere. The value of copper as material exceeds the par value of copper coins, and many people make profits by melting coins. The Old Book of Tang says, “In January 793, Zhang Pang said to the emperor, ‘The local officials are making copper wares. At present, there are not enough copper coins circulating in the market, it will be a loss.... businessmen are secretly melting copper coins. One thousand copper coins contain 3 kilograms coppers, which can be used to make other things. Each kilogram copper can sell more than 600 copper coins. Because of the profits, there are many people melting copper coins. In the changjiang-huaihe basin, the copper coins in circulation in the market has been greatly reduced’” [3]. Through the above data and analysis, after the mid-Tang Dynasty, the copper coins in the society may be insufficient, resulting in the phenomenon of money shortage.

From the above discussions, we can understand the situation of copper coins in the currency circulation system in the Tang Dynasty. After the mid-Tang Dynasty, the shortage of copper raw materials, the increasing cost of casting and transportation, and the imbalance between supply and demand of copper coins lead to the shortage of copper coins circulating in the market. The shortage of copper coins circulating in the domestic market will inevitably affect its overseas export, the total amount of its overseas exports. This is the situation of the copper coins in the Tang Dynasty, which can be compared with that in the Song Dynasty in many aspects.

**Copper Coins in the Currency Circulation System of the Song Dynasty**

According to previous studies, the Song Dynasty still belongs to the copper-based monetary system. According to historical data, the amount of copper coins minted in the Song Dynasty seemed to be much higher than that in the Tang Dynasty. From the beginning of the dynasty, every emperor seems...
to cast about several billion coins per year. If the records are true, the number of copper coins minted per year would be several dozen times than that of the Tang Dynasty. As we all know, the commercial economy of the Song Dynasty was prosperous, and the demand for copper coins was great. Therefore, the government minted a large amount of copper coins to meet business needs.

The commodity economy of the Song Dynasty was more prosperous than that of the Tang Dynasty. The government actively rewarded non-governmental trade, and overseas trade was also prosperous. According to historical records, Song not only traded with Korea and Japan, but also with Southeast Asia, Central Asia, Arab and other regions in the world. In these transactions, the copper coins of the Song Dynasty were always used by merchants, which were conducive to the development of local commodity economy and the circulation of copper coins around the world. The Large amount of copper coins output and the prosperous trade with other countries led to the wide use of copper coins of the Song Dynasty all over the world, which may be the obvious difference of copper coins in the currency circulation systems between the Tang and Song Dynasties.

The Differences of Copper Coin Trade between China and Japan in the Tang and Song Dynasties

According to the historical records, during the Nara period, Suo province, Nagato province, Inaba province, and Musashi province were the main places where copper was produced in Japan [4]. In 708, the government started to cast its earliest legal currency, Wado-Kaiho. Since then, the government casted Kocho-Junisen (twelve coinages minted during the Nara and Heian periods such as Mannen-Tsuho, Jingu-Kaiho etc.) successively. The circulation of copper coins has promoted the development of Japanese economy. And after these copper coins being casted, the Japanese government also issued a series of decrees to force its circulation. However, after the middle of Heian period, due to the decline of the Ritsuryo system, the serious shortage of copper materials and deterioration of the quantity and quality of copper coins, in 958, the government is said to have stopped casting copper coins [5]. In order to promote the development of commodity economy, the market needs to import coins from other countries to ensure the circulation of money. In the Nara period, Japan created and just started using copper coins for circulation. It was not particularly necessary to import large amounts of money from abroad. Considering the output and situation of copper coins in the market after the mid-Tang Dynasty mentioned before, it can be roughly inferred that the amount of copper coins imported into Japan at that time should be not very much.

However, things have changed over time. On foreign policy, since the end of the Tang Dynasty, Japan has not shown enthusiasm in promoting relations with other east Asian countries. According to previous research, neither Later Baekje, Korea, nor Southern Wu (902-937 AD) of China received positive responses from the Japanese court, the government at that time seemed to show indifferent attitudes to other countries [6]. After Taira no Kiyomori gained power, he seemed to show interest in developing trade with the Southern Song Dynasty. As historical records, he allowed merchants’ ships from the Southern Song Dynasty to enter the Seto Inland Sea, these measures promoted trade activities between China and Japan. At that time, the government carried out a period management system for businessmen, in order to avoid being expelled and beyond the jurisdiction of the Dazaifu (government headquarters in Kyushu), many businessmen from the Song Dynasty took measures in the trade, and after 1120s the Japanese court's time limit management about businessmen has never been recorded, due to the relaxation of trade restrictions on businessmen, there appeared the phenomenon that businessmen from the Song Dynasty stayed in Hakata for a long time for trade [7]. From the above materials, it is found that after entering the Song Dynasty, Sino-Japanese trade has entered a climax.

With the development of domestic commodity circulation, the demand for copper coins seemed to increase in Japan. According to historical data and advance research, some businessmen purchased large number of copper coins and shipped them into Japan from the Southern Song Dynasty, which leads to widespread use of copper coins in Japan, Chinese merchant ships always travelled to Japan,
and Japanese merchant ships also frequently went to trade with the Song Dynasty, the merchants often carried large number of gold to trade with the Song Dynasty, most of which were used to exchange copper coins [8]. In this way, China exported copper coins, Japan exported gold, China and Japan traded with each other.

Copper coins’ flowing out of the country will do harm to the Song Dynasty. The government strictly prohibited the outflow of copper coins. According to historical records, “the government made laws to prohibit people and soldiers in coastal areas from transporting copper coins to ships privately” [9], “Those who allow copper coins to flow out of China will be sentenced to three years' imprisonment. If the number reaches five hundred coins, you will be banished for two thousand miles. If the number reaches three thousand, they will be sent to more remote and harsh places. If the number reaches five thousand, they will be killed and the followers will be sent to remote and harsh places. The laws above have been approved by the emperor, and the prisoners can’t be commuted” [10], the government forbade people to trade copper coins with foreign businessmen. Although the ban is strict, the smuggling of copper coins still existed.

From the above analysis, it is found that there were copper coin trades between China and Japan during the Tang and Song dynasties, but the situations were quite different. Firstly, the amount of copper coin casted in the Song Dynasty may be larger than that in the Tang Dynasty due to the more prosperous economy in the Song Dynasty, therefore the number of copper money flowing out of Tang may be less than that of the Song Dynasty. Secondly, the development of Sino-Japanese trade was different in the Tang and Song dynasties. Therefore, maybe more copper coins have flowed into Japan in the Song Dynasty than in the Tang Dynasty. When analyzing the reasons, the internal and external factors of the two countries must be considered. Different domestic economic conditions, trade policies and developments may be the reasons for the differences in the copper coins trade between China and Japan during the Tang and Song dynasties.

**Conclusion**

Through the above analysis, we can find that the situations of copper coins in the domestic currency circulation systems of the Tang and Song dynasties were different firstly. The social background, the level of commodity economic development, the trade situation and so on were also different in the two periods. The demand for copper coins in Japan was also different in the two periods.

In the Tang Dynasty, Japan has just started using copper coins, the demand for copper coins was not very high, and the output of copper coins in the Tang Dynasty may be lower than that in the Song Dynasty. After entering the Song Dynasty, the Chinese government minted more copper coins as the commodity economy developed. Japan's demand for copper coins also appeared at this time. As for the trade policy at that time, Taira no Kiyomori supported the trade with the Song Dynasty. This policy will certainly promote the prosperity of trade between the two countries. Therefore, the trade policy and demand for currency at that time may be the main reasons for large number of copper coins being transported into Japan and large amount of copper coins flowing out of China at that time.

The phenomenon of copper coins shortage in the Tang Dynasty was not mainly caused by the outflow of copper coins, but by internal reasons as analyzed before. The imbalance between supply and demand of copper coins was the main reason for the shortage of copper coins in the market. While in the Song Dynasty, the commodity economy highly developed, so the government minted more copper coins and Sino-Japanese trade prospered in the Song Dynasty. The outflow of copper coins is one of the reasons for the shortage of copper coins in the Song Dynasty. Although there are the phenomena of copper coins shortage in two different periods, one is internal cause and the other is external cause, which are quite different.
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