

ASIAN MONETARY HISTORY REVISITED [5]

CURRENCY IN EARLY CHOSEON KOREA: ISSUANCE, PRINCIPLES AND CONTROVERSIES

Hidenori Sukawa

Yokohama National University
E-mail h-sukawa@ab.wakwak.com

In the beginning of the fifteenth century, the Choseon court issued currency in the form of paper money and enacted a prohibition of the long-standing custom among the populace of using commodity currencies. Because commodity currencies were restricted by the value of the materials from which they were made, and because the amount in circulation was determined by what was produced by the populace, they did not conform to the financial concept of “royal prerogative” (ikkwon jaesang) – the state control of the production and distribution of resources. From the middle of the fifteenth century, however, there was a loosening of the prohibition against commodity currencies, a change of policy entailing the recognition of material currency as long as it conformed to certain standards. Thereafter, even transactions involving substandard materials gradually came to be tacitly recognized. During the sixteenth century, inferior cloth whose weave was only three-fifths of the standard became the general accepted level of quality for currency among the populace. Other transformations, such the tacit recognition of regional markets in times of poor harvest, and the alignment of periods of substitute payments of tribute and substitute military service, demonstrate that the rigid financial oversight of the early Choseon court, dependent as it was upon the collection of tribute in kind and military and other labour services, had to accede to the demands of the populace for sufficient liquidity.

INTRODUCTION

History of Currency in Korea

In broad terms, the history of the issue of currency in Korea can be divided into three periods. The first, during the Koryeo dynasty (918–1392), lasted from roughly the twelfth to the beginning of the fourteenth century. It began with the minting of a silver ingot (*eunbyeong* 銀瓶, literally “silver jar money”), of which both the quality and weight were officially fixed,¹ as well as the minting of copper coins.² These coins were not, however,

1 [Ed. note] The translation of *eunbyeong* as “ingot” can be slightly misleading. More likely it was used by count than by weight.

2 The coins were of six types according to inscription: the *haedong jungbo* 海東重宝 (“Heavy Treasure of the [Country] East of the Sea”), the *haedong tongbo* 海東通宝 (“Circulating Treasure of [Country] East of the

widely circulated. During the second period, the fifteenth century (early Choseon dynasty), paper notes called *cheohwa* 楮貨 were printed and used. The third period lasted from around the middle of the seventeenth century to the end of the nineteenth (middle to late Choseon dynasty), when copper coins, inscribed with the characters *sangp'eong t'ongbo* 常平通宝 (“Ever Normal Circulating Treasure”), circulated widely.

For a short time at the end of the tenth century iron coins also were minted. Proposals for the minting of silver coins were made in the middle of the fourteenth century, while plans to revive the use of paper money (*cheohwa*) were made towards the end of the Koryeo dynasty. However neither silver coins nor paper money came into actual use at those times. For a brief period during the reign of King Sejong 世宗 (r. 1418–1450), a copper coin called the *choseon t'ongbo* 朝鮮通宝 (“Choseon Circulating Treasure”) was used in place of the paper money. Even after copper coins denominated in *mun* were issued in the middle of the seventeenth century, currency usage was at times suspended, down to the middle of the eighteenth century. And even when circulation was renewed, any new issue was periodically cancelled.

Thus the history of currency circulation in Korea is marked by a pattern of repeated governmental issuance and suspension. This was a different situation to that pertaining in China at the same time (Song, Yuan, Ming and Qing periods), where money was issued almost continuously, whether in the form of notes or copper coins. Moreover, during those times when the issue of currency was suspended in Korea, there was no circulation of large amounts of imported Chinese coins or privately minted coins, as happened in Japan. In the middle of the seventeenth century, Chinese copper coins were imported and circulated as a matter of policy, but only in a very small quantity.

China used a large amount of silver from the Ming period on for domestic circulation, and Japan minted silver and gold coins in the Edo period for that same purpose. Korea, on the other hand, did not use gold for coinage in the seventeenth and eighteenth centuries, and though it employed silver for domestic and foreign trade it did not mint it as a unique coin on the basis of domestic usage alone. It was rather in the twelfth and thirteenth centuries that silver had been minted for currency use.

At risk of over-simplification, it may be said that money issued and circulated by the state in Korea comprised a movement from silver in the twelfth and thirteenth centuries and paper notes in the fifteenth century, to copper coins from the end of the seventeenth century.³

Commodity Currency

Whether or not money was issued and circulated by the state, cloth and grain (rice) were used for commercial transactions throughout the Koryeo and Choseon dynasties. Except for the short period when measures were taken to ban such use of cloth, even with the

Sea”), the *tongguk jungbo* 東国重宝 (“Heavy Treasure of the Eastern Country”), the *tongguk t'ongbo* 東国通宝 (“Circulating Treasure of the Eastern Country”), the *samhan jungbo* 三韓重宝 (“Heavy Treasure of the Three Countries”) and the *samhan t'ongbo* 三韓通宝 (“Circulating Treasure of the Three Countries”).

3 For an overview of the monetary history of the Koryeo and Choseon dynasties, see Sukawa 1998. [Translator's note: see also Palais 1996, pp. 50–60, 902–09.]

issue of paper money at the beginning of the fifteenth century, commodity currency continued to be used, parallel with the money issued by the state.

Stated in extreme terms, there would have been little need to issue a coinage at all if its purpose was simply to be an intermediary in the sale of goods, guaranteeing their quality and facilitating their flow. For example, affixing an official seal to hemp cloth (*p'o* 布) would have been sufficient for its circulation among the people. In fact, the standard bolt of cloth officially sanctioned as currency was the so-called five *sae* cloth (*oseungp'o* 五升布), where the unit of one *sae* (Sino-Korean, *seung*) was 80 warp threads. Thus the standard was based on a fine cloth of 400 warp threads. Records attest to such official stamping during the reigns of King Kongmin (r. 1352–1374) and King Sejo (r. 1455–1468). In 1401 we find mention that the Office of the Inspector-General (Saheonbu 司憲府) insisted that the standard bolt (*p'il* 疋) of five *sae* be cut into three lengths of 3.3 *cha* 尺, 2.6 *cha* and 1.4 *cha*, and stamped with an official seal (*T'aejong sillok* 太宗實錄 1.4). By the sixteenth century, state-issued currency existed only in the legal code, and bolts of cotton remained the chief media of domestic exchange, though their quality had deteriorated.

Silver produced at Tanch'eon in the sixteenth century as well as the silver that flowed in from Japan after the 1530s (“Japanese silver” 倭銀) was used to finance the private (“smuggling”) trade conducted with Ming China. It also was stored in the state treasury. However, since silver had been excluded at the beginning of the fifteenth century as a tribute item to the Ming court on account of its being no longer mined, it could not be used as a domestic currency out of consideration for relations with China. (Silver was later restored as a tribute product to the Qing court, and a considerable amount of Japanese silver was required several times annually to send with envoys. In addition it was used for domestic business transactions and national finances.)

This article will look particularly into the background of the issuance of currency in the first two periods mentioned above, in an attempt to clarify the characteristics of monetary usage in Korea. The fact that the sixteenth century was a time of commodity currency in Korea was the result of a policy choice in view of the failure of fifteenth-century monetary strategy. Throughout the article I will use “Korea” when referring to the geographical entity and the “Chosŏn dynasty” when referring to the Chosŏn court of the Yi kings (1392–1910).

COINS AND SILVER *EUNBYEONG* OF THE KORYEO DYNASTY

Koryeo Dynasty Coins

According to the *Koryeosa* 高麗史 (History of the Koryeo Dynasty), King Seongjeong ordered the minting of an iron coin in 996 (Vol. 79, “Economy, Section 2: Money”, Seongjeong 15.4), which marks the first time the Koryeo dynasty issued a coin. These iron coins continued to be used in the reign of the next monarch, King Mokjong (r. 998–1009). Officials recommended that their circulation be encouraged by abolishing the use of “coarse cloth” *ch'up'o* 麤布 of two or three *sae* as a medium of exchange, and by establishing licensed stores selling tea, liquor, food and condiments. With the dethronement of King Mokjong in a coup d'état, and the upheavals caused by the Liao (Khitan)

invasion of 1010 (with the censure of this action as a pretext), the minting of coinage seems to have been discontinued. Though there are no surviving documents recording the inscriptions on the coins issued under Seongjeong, it is thought that the iron coins cast at that time were the *keonwong jungbo* 乾元重宝 (“Keonwong” Heavy Treasure) coins that have been found in the graves of nobles, and bear the inscription *tongguk* 東国 (“Eastern Country”) on the reverse.

In 1097, around a century after the first iron coins were issued, in the second year of the reign of King Sukjong (r. 1096–1105), an Officer of the Mint was appointed to oversee currency, and in 1102 the first copper coin, the *haedong tongbo* 海東通宝 (“Circulating Treasure of the Eastern Sea”) was issued (Sukjong 7.12). In order to encourage circulation, food and liquor stores were established in the capital Kaeseong and also in the provinces. Because there is a lack of documentary evidence concerning the coins with the five other inscriptions (see Introduction), it is unclear when they were issued and for how long they continued to be minted. However, by 1112 officials were already advising King Yejong (r. 1105–1122) that it was inconvenient to use the coinage (because of the ubiquity of grain and cloth as media of exchange).

According to the *Xuanhe fengshi Gaoli tujing* (Illustrated Record of the Chinese Embassy to the Koryeo Court during the Xuanhe Era) of Xu Jing (1091–1153), a Chinese official who visited Koryeo as an envoy from the court of the Northern Song emperor in 1123, “there was no law regarding money, just prices determined by hemp cloth and silver *eunbyeong*. Small goods, not large enough to be traded by silver or bolts of cloth, use rice, which is measured out in very small amounts in payment” (Vol. 3, “Cities, Trade”). “In Koryeo, goods are all bartered. Only medicine, when brought to market, is, exceptionally, traded for coins” (Vol. 16, “Court, Pharmacies”). Though copper coins were not used as a medium for general trade, they were employed at times for transactions in pharmaceutical products also imported from China.

In comparison with the sluggish use of copper coins, the silver *eunbyeong*, minted first in 1101 and weighing one *kun* (around 440 grams) appears to have entered circulation immediately.

Koryeo Dynasty Silver

Silver in Koryeo had traditionally been produced, refined and crafted into vessels by specialist craftsmen groups called *eunso* 銀所. These products were used not only on a daily basis at court, but, by the latter half of the eleventh century, were being widely used as return gifts for the horses and other items sent by the Jurchen tribes as tribute, as presents to the Northern Song court, and as gifts to members of the royal clan and ministers. Koryeo shared its northern border with the state of Liao (907–1125), formed by nomadic Khitan tribes in Manchuria, Mongolia and northeastern China, and was subject to repeated invasions by that state of the territory on the left bank of the Amnok (Yalu) river. After 994, Liao-era names were used here for years other than during the period 1015–1022, as was the Liao system of rank bequeathal. However this Liao-dominated area did not emerge as a territory for ritual exchange, nor did trade relations deepen. In 1088, it was proposed that a special centre be set up on the banks of the Amnok river as a trading hub for goods from Liao, but that same year Koryeo sought its abolition. As

for trade with Northern Song, records exist of visits by Song Chinese from the beginning of the eleventh century, and in 1078 both merchants and envoys resumed their formal intercourse (after a considerable hiatus). Records also show that several hundred Chinese were living in Kaeseong at the time (*Songshi* Vol. 487, Record of Koryeo). The expansion of trade with Northern Song from the second half of the eleventh century is thought to have led to the appearance of the *eunbyeong*, whose quality and weight were both fixed, as a means of foreign payment.

The value of the *eunbyeong* was equivalent to one per 100 *p'il* (bolts) of cloth. It was used not only for trade with the Northern Song but also for large-scale domestic transactions. Counterfeiters long continued to adulterate silver with copper, lowering its quality, so the government decided to ban this action when it began minting the *eunbyeong* in 1101, and stamped the coin to authorize it. In 1105 it was announced that it was strictly forbidden to “mix sand into rice, and copper or iron into silver, thereby bewildering the common people” (*Koryeosa* Vol. 79, “Economy, Section 2: Money”, Yejong 1). Private minting of copper coins, however, was never specifically forbidden. The *Koryeosa* also mentions that silver *eunbyeong* were paid to generals and soldiers dispatched to fight the Jurchen (Vol. 13, Sukjong 4.2, 4.5 [1099]); and that thieves broke into the government office and stole them (Vol. 79, Sukjong 5.5 [1100]). In addition, state-run granaries (*jangsaenggo* 長生庫, literally “long life storehouses”), which extended loans of grain on interest, were directed in 1100 to store *eunbyeong* and cloth in place of millet, which tended to rot quickly (Vol. 79, “Borrowing and Lending”, Sukjong 6.5).

Records concerning the famine that broke out in 1132 mention that there was a parity between rice and the *eunbyeong*, together with a pony, a cow and a bolt of cloth (*Koryeosa* Vol. 16, Injun 10.7); it therefore appears that the *eunbyeong* functioned as a pricing standard along with cloth. The silver *eunbyeong* was even used to bribe the powerful nobility (*Koryeosa* Vol. 16, Injun 9.8). It was frequently used as a domestic currency, as well as for foreign trade. Because the supply of silver as a raw material was limited to that mined by the *eunso*, the right to issue it as a currency rested in reality with the king. Yet even as the use of the *eunbyeong* broadened and it circulated in the markets, there was no move to make silver the standard for finances, in terms of, for instance, collecting taxes in silver instead of rice.

Changes in the Financial System and the Emergence of Debates about Monetary Reform

The financial system of twelfth-century Koryeo was based on taxation in kind, in which taxes were paid in three ways: the land tax paid in rice (*cho* 租), the “cloth tax” paid in kind (*p'o* 布), and military and labour service (*yeok* 役). There were also regional “tribute” taxes called *sanggong* 常貢 (regular tax, actually a household tax) and *byeolkong* 別貢 (special tax, levied on special local products, such as copper, iron, pottery, paper and black ink). Labour service meant the requisition of labour not simply for civil engineering work, but more commonly for manufacturing and procuring tribute products. Such labour and tribute taxes gradually changed in character and later came to be paid in cloth. From around the beginning of the thirteenth century, the three taxes (*cho*, *p'o* and *yeok*) were

packaged together, and further taxes, called *sangyo* 常徭 (“regular service”) and *chapkong* 雜貢 (“miscellaneous tribute”) were levied separately.⁴

The addition of these new taxable items can be attributed to firstly an increase of consumption expenditure among the ruling class, and secondly a decrease in state income as a result of the vast and rapid expansion in the acquisition of private land by military officers from the latter part of the twelfth century. The Mongol invasions of 1231–1258 too brought widespread devastation to farmland and a substantial displacement of people, but even after the country recovered from the chaos, *sangyo* and *chapkong* both remained in place because state finances remained at a low ebb due to the increase of privately held land by the ruling class. This state of affairs continued until the end of the Koryeo period.

In 1270, the court returned to Kaeseong from the island of Kanghwa, where it had fled in 1232 to take refuge from the Mongols, and a policy of close relations ensued. The period of Mongol domination lasted until 1356. During this time direct trade with the Mongols expanded along the overland route. The Koryeo king too spent long periods in the Mongol capital, since after 1239 the Crown Prince, who was frequently also the son-in-law of the Great Khan, was expected to live as a hostage in Dadou. Because he frequently journeyed between the capital and Kaeseong, costs were very great, and funds were raised by means of silver, cloth and rice. The ruling class, including the king, participated actively in trade with the Mongols, and this trade formed one of the bases of their economic well-being.⁵ Commercial development, coming from abroad and above, encouraged the rapid expansion of business in Kaeseong. Privately held land in the provinces was one of the economic bases of power-holders in the late Koryeo period, though they themselves preferred to remain in the capital, delegating cultivation and tax collection to their serfs. The king too made every effort to increase the financial resources of the royal clan, unconcerned about the poverty of state finances, and attached large quantities of lands and serfs to the royal treasury. Goods from provincial land taxes were taken forcibly to the capital, together with items acquired through forced trade.⁶

In the fourteenth century, silver production by the *eunso* came to an end, due to workers absconding and the exhaustion of the mines. Because silver continued to flow out as the medium of trade, a domestic shortage developed, with the result that in 1331 the “small” *eunbyeong* was cast in place of the regular *eunbyeong*, with a lowering of both weight and quality. Privately cast piece silver, of no fixed weight or quality, was also in circulation among the populace. As the amount of silver in circulation decreased, cloth took on the function of a currency and became increasingly the medium for exchange in place of silver in the ongoing commercial development. Already widely employed in transactions among the common people, cloth, becoming standardized, was also used for the payment of taxes. In addition, large quantities were exported to the Mongols as a commodity of the international trade. In 1342, 48,000 bolts of cloth were released from the private warehouses of the royal household (the Euseongch’ang, Teokch’eongch’ang and Boheungo) onto the capital markets, and a month later, a chamberlain, Namgung Shin, was dispatched to

4 For changes in tax items, see Yi 1994.

5 Sukawa 1997a.

6 Pak 1994.

the Yuan court to sell 20,000 bolts of cloth, as well as gold and silver (*Koryeosa* Vol. 36, Latter Ch'unghye 3.2, 3). These items reflect the changes that occurred as cloth replaced silver as a means of tax payment.

From the thirteenth century, an extraordinary tax called *kwaryeom* 科斂, to be paid in silver, rice, etc., often was exacted from officials and rich merchants in order to meet deficiencies in government expenditure, but by the fourteenth century cloth took the place of silver. The *kwaryeom* implemented in 1343 was an occupational tax targeting those who lived in the provinces and held government positions. Officials of the sixth rank and above paid 150 bolts of cloth, while those below the seventh rank paid 100 bolts. Salaried officials on sinecures (*sanjik* 散職) were required to pay 15 bolts (*Koryeosa* Vol. 79, "Economy, Section 2: Money", Latter Ch'unghye 4). The record tells of a certain poor *sanjik* who could not pay the tax even though he sold all of his property. Unable to ignore her father's plight, his daughter sold her hair and purchased cloth, and then father and daughter both hanged themselves. This anecdote demonstrates that at the time cloth was used widely among wealthy families, including officials in local areas, as a means to store wealth.

Thus in the fourteenth century, cloth had come to be used not simply as a means of distribution but also as a means to pay taxes and to store wealth. Originally a raw material for clothing, woven by women, the amount that could be supplied to the market was limited in how much it could be used either as a financial or a consumer item. In 1356, there was a discussion concerning the reform of the currency system, which may be summarized by the aphorism "The *eunbyeong* changes daily and becomes copper; hemp thread coarsens daily and does not become cloth" (*Koryeosa* Vol. 79, "Economy, Section 2: Money", Kongmin 5.9). This increase in demand for cloth as a means of finance immediately led to its being used as a means both of paying the land tax, and as a currency. As a result, the quality of cloth deteriorated.

Debate about reforms to the currency system led to the decision to issue silver coins in place of the piece silver privately minted without any official stamp, and, in order to combat the lowered quality of cloth, use standardized five *sae* cloth authorized as to quality and stamped with an official seal. Yet silver coins were not issued at that time and there is no confirmation that cloth was stamped with an official seal. Still, the notion that the king should retain the exclusive right to issue currency appears here for the first time. It is an idea that would persist in later debates about currency reform.⁷

In the fourteenth century, Koryeo trade with the Mongols expanded rapidly, and commercial development advanced both laterally and in a top-down fashion. This trade was in the hands of powerful families who stood between the Korean and Mongol royal houses, and the commodities that comprised its main products were forcibly extracted from the people of Koryeo. At the end of the period, there was a demand for a reform of private landholding from members of a reform movement which looked to the power of Ming China. These were young literati who had studied Zhu Xi neo-Confucianism and who had entered official circles through the civil service examinations initiated at the time of King Kongmin (r. 1351–1374). Their concern about the prosperity and extravagance of Kaeseong, allied to

7 For a detailed study of discussions about currency reform from the late Koryeo period to the beginning of the Choseon period, see Sukawa 1997b.

the Mongol trade, and the exploitation of the people by the royal house and powerful families who backed the trade, reflected their youthful idealism.

THE ISSUANCE OF PAPER MONEY AND THE EMERGENCE OF THE DISCOURSE OF “ROYAL PREROGATIVE ABOVE ALL”

Debate Concerning the Issue of Paper Money at the End of the Koryeo Period

In 1391, the third year of the reign of Koryeo's last king, Kongyang (r. 1389–1392), Bang Saryang 房士良, an official of the rank of *chungnangjang* 中郎将, submitted a memorial in which he proposed that the government mint copper coins, print paper money, and ban the use of coarse cloth (*ch'up'o*) for currency (*Koryeosa* Vol. 79, “Economy, Section 2: Money”, Kongyang 3.3). Besides seeking the reform of the currency system, he also called for a strict prohibition of “smuggling” (i.e. private trade) with Ming China. This memorial signals the beginning of the debate about paper money, which already had appeared in Ming China. The proposal to print paper money was accepted and in the seventh lunar month the Paper Money Treasury (Chaseom cheohwago 資贍楮貨庫) was established.

The decision was made to issue paper money to circulate in Korea after the manner of the [Chinese] *huizi* and *baochao*, causing it to be printed and circulated and to be used in conjunction with five *sae* cloth. . . . Copper coins and the *eunbyeong* have both been withdrawn, and five *sae* cloth is now used as the sole currency. In recent years [however], the thread count has gradually coarsened to two or three *sae*. [Weaving] is the product of women's labour and so [cloth] is not convenient to be used among the people [as currency]. [Grain] is difficult to transport, and, when stored, it can be eaten by rats. Merchants are reluctant to deal in them, and for that reason there are price rises in rice and grains.

In other words, the lack of a suitable currency medium was obstructing business transactions. Furthermore, there was also a deficiency of metallic resources, since “neither copper nor silver are being produced in this country,” so it had been difficult to introduce copper and silver coins. It was for these reasons that it had been decided to issue paper money and have it circulate in conjunction with five *sae* cloth. This money was not to be simply a medium of exchange, but was also to be used for financial disbursement “in [times of] flood or drought or military excursions.” It also meant that cloth and paper money were permitted for the payment of those taxes traditionally collected in kind.

If this reform had come about, the payment of taxes in money would have expanded, and there would have been a considerable increase in the relative importance of commercial activities in terms of financial demand, particularly when we consider that land tax and tribute items from the provinces were increasingly being collected. Such a reform might have brought with it a considerable invigoration of business, as it acted as a motive force in the supply of goods to the various government offices. But circumstances did not work out in this way.

The land reform that began immediately after Yi Seonggye's coup d'état in 1388 when the future King T'aejo (1335–1408, r. 1392–1398) conducted a land survey throughout the country, bringing former power relationships to an end with the burning of *sajeon* 私田 (“private land”) prebendal certificates in the ninth lunar month of 1390 and, in the fifth lunar month of the following year, the promulgation of the “Rank Land” (*kwajeon* 科田) Law, whereby land, whose ownership ultimately rested with the king, was distributed according to the rank of office holders, giving them the right to collect rents and taxes. Bang's proposal and the decision to issue paper money may be understood in the context of the series of reforms in the financial system that were being undertaken at the time. While there was support among officials for the implementation of the land reform, however, at the same time there were deepening confrontations regarding the enforcement of other components of political reform, such as the mandate for dynastic change (*yixing geming* 易姓革命). In the fourth lunar month of 1392, Cheong Mongju 鄭夢周 (1337–1392), an influential Confucian scholar who refused to support the new dynasty and sought the continuation of the Koryeo royal house, was assassinated by subordinates of Yi Seonggye's fifth son, Yi Bangwon, who later reigned as King T'aejong (1400–1418). Thus the opponents of Yi's new dynasty were eliminated. Paper money, though capable of stimulating commerce and reviving the economic base of the old Koryeo power-holders, was associated with the policies of Cheong Mongju's faction and was abolished without ever having been issued.

The Issuance of Paper Money in the Early Choseon Period

Paper money (*cheohwa*) was not issued under the first two kings of the Choseon dynasty, T'aejo and Cheonjong (r. 1398–1400). It was issued for the first time during the first three years of the reign of the next monarch, T'aejong (r. 1400–1418), but was abandoned in 1403. In 1410, T'aejong tried for a second time to introduce the *cheohwa*. Its use was suspended between 1425 and 1445, when a copper coin (the Choseon Circulating Treasure, *Choseon t'ongbo* 朝鮮通宝) was issued in its place. But following the restoration of the *cheohwa* in 1445 it was given the status of a national currency, according to the provisions of the Great Law Code (*Kyeongguk taejeon*) drawn up under King Sejo (r. 1455–1468) and published in 1460. Transactions thenceforth could be made using either *cheohwa* or cloth (whether the “correct cloth” [*cheongp'o* 正布] of five *sae* or the “ordinary cloth” [*sangp'o* 常布, i.e. *ch'up'o*] of two or three *sae*). Thus paper money alone went through two periods of abolition and three of reissue, experiencing what might be called bewildering change. What was the political intent that underlay currency issue in the fifteenth century?

At the centre of the strategy concerning the issue of paper money during the reign of King T'aejong was Ha Ryun 河崙 (1347–1416), a neo-Confucianist scholar-bureaucrat. According to the *Veritable Record of King Sejong*,

the *chinsan buwongun*, Ha Ryun, presented a memorial proposing that the country would be prosperous if the people used the *cheohwa*, and rice and grain were sent as tax payments. In times of famine the granaries could distribute grain bought in exchange for paper money and in good years the *cheohwa*

would be distributed and millet gathered, for the convenience of both officials and the people. . . . T'aejong, in accordance with this, enacted the law according to this [proposal]. (*Sejong sillok*, Sejong 4.12 [1421])

In other words, the land tax would be levied in rice and grain, but other necessary goods could be paid for using *cheohwa*. Grain necessary for relief could be bought for storage using *cheohwa*, and in bad years grain could be distributed widely in exchange for *cheohwa*. However, the *cheohwa* did not work as hoped, since the reform of the taxation system early in the new dynasty already had progressed in the direction of reconfirming the tribute system and the payment of taxes in kind.

As previously mentioned, the late Koryeo taxation system lumped together the three taxes that had existed from former times (the land tax, the cloth tax, and labour service) in order to compensate for budget deficits due to the broad expansion of *sajeon*, or “private land”. It also levied the supplementary *sanggyo* (“regular service”) and *chapkong* (“miscellaneous tribute”) taxes. There existed however an understanding that the levy of the miscellaneous tribute and the household cloth tax (*hop'o* 戸布) was a duplication of the category taxes in kind. In the seventh lunar month of 1392, eleven days after the accession of T'aejo, an edict announced that the household cloth tax had been levied due to reductions and exemptions regarding the miscellaneous tribute. Since the levy of miscellaneous tribute in conjunction with the household cloth tax annoyed people, clearly the latter would have to be abolished in the future (*T'aejo sillok*, T'aejo 1.7). The General Directorate for Determining Taxes (Kongbu p'yeongjeong togam 貢賦評定都監) accordingly advised that the tribute ledgers (*kong'an* 貢案) of the previous dynasty would be revised to reduce the amount of tribute required of the people. For instance, citrus fruits were placed in a new category called *byeolkong* 別貢 or “special tribute”, distinct from regular tribute (*sangkong* 常貢). New tribute ledgers were ready by the tenth lunar month (*T'aejo sillok*, T'aejo 1.10). In other words, the new dynasty simply revised part of the miscellaneous tribute, made up of the supplementary tax items added in the late Koryeo period, changed the nomenclature (*sangkong* and *byeolkong*), and authorized them as formal tax items.⁸ Produce needed by the various government offices was acquired through tribute tax payable in kind, thus, unlike Ha Ryun's conception, the procurement of goods by means of paying paper money actually functioned as a simple way of supplementing finances.

It was intended that the *cheohwa*, released in the markets as payment for goods for government offices and part of the salary of officials, would be returned to circulation through being used to pay various taxes and tribute, such as the taxes levied on merchants and craftsmen and the personal tribute (*sinking* 身貢) paid by outside resident serfs to the government. However, it turned out to be impossible to maintain the fixed value of the paper money. When the *cheohwa* came into use, the use of five *sae* cloth as a currency was forbidden. Previous studies have regarded this ban as a device to encourage the

8 As Ha Ryun planned it, the land tax levied by the state could be collected, according to local production and transportation conditions, in products such as cloth, honey, and oil, as pertained during the Koryeo period, but in the fifth lunar month of 1392, before the *cheohwa* began to be used, a change had occurred and taxes were to be paid in rice as much as possible (*T'aejo sillok*, T'aejo 1.5, 1.10, 2.9).

acceptance of paper money,⁹ but the actual intention of the policy was not quite so straightforward.

The Royal Prerogative Over All Economic Activities

In the first half of the fifteenth century, that is, during the reigns of T'aejong (r. 1400–1418) and Sejong (r. 1418–1450), there were frequent changes in the monetary system, with the issue and withdrawal of the *cheohwa*, and the issue of copper coins in place of the *cheohwa*. At each instance, the issue under discussion was that the king should take the initiative in economic management. This idea was expressed at the time as the “rights of kings” 人主之利權 or *ikkwon jaesang* 利權在上. It was the ideology of state management that the king had to take in hand all aspects of economic administration. In the broadest sense, this meant that all the bounty attained from natural resources was to be used and allocated by the state.¹⁰ Activities such as stockpiling and transporting grain, and gathering salt and trading in it naturally fell under the aegis of state management, and the registration of merchants and the designation of their areas of activity, as well as the issue of money and decisions about how much should be put into circulation, all may be thought of as measures associated with the royal prerogative over economic activities.¹¹

Seen in the light of *ikkwon jaesang*, it is clear that cloth was not a suitable form of currency. First, of the cloth woven by the people, the amount collected as part of the taxes and tribute that went immediately into storage in state warehouses was the same as the amount disbursed from the warehouses; thus, to the extent it was not exacted remorselessly, the amount received and disbursed was inflexible. It was difficult to control with certainty the amount in circulation. Furthermore, in terms of price setting, since cloth was the raw material for clothing and so commanded a commodity price, the government did not have much leeway to manipulate values. As a result, the banning of the use of five *sae* cloth was discussed specifically in terms of the loss of a method of state control if vested interests were dispersed, over and above its utility for trade among the people. In 1438, when high officials were discussing currency management policy before King Sejong, particularly whether or not iron coins should be issued in place of copper coins and whether five *sae* cloth be allowed to circulate in conjunction with coined money, the faction in favour of the *cheohwa* argued that the previous monarch (T'aejung) had ordered the issue of coins.

Kweon Ch'ae offered his views: “The previous monarch (T'aejung) ordered that copper coins be minted. By exchanging useless things for useful ones, [the government] controls distribution and collection, for the purpose of equalizing the disparity between rich and poor. The intent in establishing [this] law is truly profound. But now [the government] has abolished coinage, and uses five *sae* cloth, and has the people use it as they please. [As a result] the rights of

9 For example, Cheon 1983.

10 See *T'aejong sillok*, T'aejong 3.8, Memorial from the Office of the Inspector-General opposing T'aejong's plan to abolish the circulation of the *cheohwa* in 1403.

11 Pak 1997, pp. 27–34. Expanded version, Pak 1999.

kings have been dissolved and the state has become ineffectual in its exclusive control [of money]. Your humble subject is sincere in considering such circumstances to be intolerable". (*Sejong sillok*, Sejong 20.2)

What position did the *cheohwa*, conceived as a way of ensuring the state's economic prerogative, occupy in terms of actual economic management? In the fourth lunar month of 1425, copper coins were issued anew, and the *cheohwa* that had been used since 1410 were withdrawn from circulation at the rate of one bill (*jang* 張) per one *mun* coin. The amount of copper coins calculated as being necessary for the exchange was 500 strings (*kan*) in the capital, 50 strings each in Kaeseong, Kyeonggido, Cheolrado, Kyeongsangdo, Ch'ungch'eongdo and P'yeongando, and 30 strings each in Kangwondo, Hwanghaedo, Hamgildo and Hamgyeongdo, totalling 890 strings (equivalent to 890,000 *mun* and 890,000 *jang*) (*Sejong sillok*, Sejong 7.4). This demonstrates that more than half was distributed in the capital. In the fifth lunar month of the same year, regulations established that one *mun* (copper coin) was to be equivalent to one *mal* 升 of rice (0.6 litres) (*Sejong sillok*, Sejong 7.5). If we consider between 1415 and 1423 the value of the *cheohwa* fluctuated according to a ratio of one to 2 or 3 *toe*, this is a reflection of the actual rate. According to the official rate for the copper coin, where one *jang* of paper money equalled one *mal* of rice, 890,000 *jang* was equivalent to around 6,000 *seok* 石 (one *seok* was equivalent to 15 *mal*; the Korean *seok* was about 90 litres, around half the Japanese *koku* 石). However, in 1423, less than 1,070,000 *seok* of rice, beans and grains was being stored in the state granaries for the purpose of famine relief.¹² Of course this figure does not represent the grain that could be stored, but it does indicate the amount calculated as being necessary for famine and other relief, over and above that needed for military provisions (*kunja* 軍資). If we consider the possibility of the *cheohwa* being used to pay for relief, we may be able to make a comparative value. Even supposing that all the *cheohwa* were used for relief, we would arrive at a quantity that only made up less than one percent of the fixed quantity stockpiled.¹³

The economic management system of the Choseon dynasty was built around the payment of tribute in kind. Crafted and manufactured items required by the court and government offices were produced by the labour service of artisans in workshops attached to those offices using as their raw materials the tribute items collected. If we take this fact into consideration, the early Choseon economy was constructed from the beginning as a system that did not particularly involve either money or commercial distribution. The role played by the release of surplus or old materials by government offices in the capital or of resources bought in by the central or local authorities to meet temporary needs was neither anticipated nor indeed one that the authorities originally intended to meet. Nevertheless, the reason that currency issuance continued to be a concern until the use

12 *Sejong sillok*, Sejong 5.9. In the late Koryeo period, Buddhist temples had as a capital resource a fund called *bo* 寶 (lit. "treasure"), lent out at interest. This fund was used among other things for local relief work during times of famine, and depended on temples having a powerful economic base. With the new Choseon dynasty, the serfs and lands owned by temples were, other than what was considered a necessary minimum, confiscated by the state. Consequently state institutions had to take over famine relief.

13 According to an item dated Seongjong 15 (1484), annual national grain use was 440,000 *seok* and that for military consumption was 500,000 *seok* (*Seongjong sillok*, Seongjong 15.8). The details are unclear but it would appear that the rice needed for annual economic management was around one million *seok*.

of the five *sae* cloth already in circulation was banned can be sought in the fact that the state attempted to promulgate to the greatest degree the ideology of *ikkwon jaesang*, denying merchants control of distribution in areas outside the direct reach of the government and influence over the national economy.

OFFICIAL RECOGNITION OF CLOTH AS CURRENCY

Stagnation of the *Cheohwa* and Authorization of Cloth

King Sejong had tried to restore the *cheohwa* in 1445, in place of copper coins. When King Munjong came to the throne in 1450 he found that the reason the *cheohwa* was not successful was because its value was low, due to government departments all using it to pay expenses. He commented that government departments should pay their expenses in cloth rather than in paper money [so paper money would rise in value] (*Munjong sillok*, Mujong 1.10). During the reign of King Sejo (r. 1455–1468) there was increasing support for lifting the ban on the use of cloth as a means of payment. In 1459, after consulting with his ministers about whether or not the *cheohwa* should remain in use, the king advised the Board of Revenue that henceforth transactions in any medium, be it pongee, cotton or standard cloth, five *sae* cloth or paper money, should be allowed, according to circumstances (*Sejo sillok*, Sejo 4.11).

Authorization of the use of cloth as currency derived from King Sejo's deep concern about the current state of affairs. The taxation section of the Law Code (*Kyeongguk taejeon* 經國大典), initiated in 1460, specified in the original draft of 1461 that there were to be in circulation three grades of official currency (*kukp'e* 國幣), the highest being five *sae* cloth, the middle being three *sae* cloth and the lowest being paper money. Cloth being used as currency was to be stamped with a seal reading "Choseon Circulating Treasure" (Choseon t'ongp'e 朝鮮通幣). In the draft of 1462, one *p'il* (bolt) of currency cloth was to be standardized at 35 *cha* 尺 and half a *p'il* was to be 17.5 *cha*. Each end of the cloth was to be stamped with the above seal. The fee for the seal was to be levied at a rate of one *jang* (bill) of paper money for half a *p'il* of "ordinary cloth" or *sangp'o* (i.e. *ch'up'o*, two or three *sae* cloth). The official rate between the various media was to be one *p'il* of standard cloth (*cheongp'o*, i.e. five *sae* cloth) = two *p'il* of ordinary cloth = eighty *jang* of paper money (*Sejo sillok*, Sejo 6.8, 7.2). This rate reflected the depreciation of the *cheohwa*, but what I would like to emphasize is that paper money occupied the position of a low-value subsidiary currency, whereas cloth money (*p'ohwa* 布貨) was the cornerstone. In the final version of the Law Code, completed in 1469, the fixed ratio of exchange was maintained with a certain modification: one *p'il* of standard cloth = two *p'il* of ordinary cloth = twenty *jang* of paper money. We can therefore say that in the course of the latter half of the fifteenth century "cloth money" became the official currency. In terms of quality, though, whereas previously the cloth had been hemp, because of the rapid diffusion of cotton cultivation, the Supplementary Law Code (*Taejeon songnok* 大典統錄) of 1492 reflected the circumstances whereby cotton cloth was being used as the main form of "cloth money", both officially and privately. The code standardized its usage: five *sae* in texture, 35 *cha* in length, and over seven *chi* in breadth.

Circulation of Inferior Cotton Cloth

Standardized cotton was not the only cloth being circulated. During the reign of King Seongjong (r. 1469–1494) so-called “short cloth” (尺短) appeared, the length of the standard bolt (*p’il*) having been shortened to 32.3 *cha*; other bolts of one *p’il* appeared, made by joining three or four *tan* 端 together. This was a cause for official concern (*Seongjong sillok* 18.1). The situation became worse during Yeonsan’gun’s reign (1494–1506); not only did the cloth fall short in terms of length, but cloth with a thread count of three or four *sae* came into common use for transactions. In the sixteenth century, during the reign of King Chungjong (1505–1544), two or three *sae* cloth also appeared. Since one *sae* was eighty warp threads, cotton cloth with a low thread count was a coarse weave and it also meant that the amount of cotton thread needed to weave it was less. Compared with the five *sae* cloth, its exchange value was low.

Regarding the circulation of this non-standard cotton cloth, or “bad cloth” (*akp’o* 惡布), in the seventh lunar month of 1515, King Chungjong decided to attempt once more to spend paper money, increasing its circulation and use. This was not so much forcing a restoration of the use of the *cheohwa* as it was a countermeasure against the use of “bad cloth” for small-scale trade. At this juncture, penalties were exacted against those who wove “bad cloth” and those who made the yarn guides used in its production. In view of the circumstances its use was banned in the third lunar month of the following year. Seeing however that it was difficult to forbid “bad cloth” simply by decree, the government decided to declare “bad cloth” that met the regulations regarding length (termed *chunch’eokp’o* 准尺布) to be excluded from the ban, and made two bolts of it correspond to one bolt of “correct” cotton cloth (*cheongmyeonp’o* 正綿布) (*Chungjong sillok*, Chungjong 10.7). To this extent, the official exchange rate of one bolt of “correct cloth” = two bolts of “bad cloth” can be seen as a restoration of the authorized rate that had existed under King Sejo. However, the problem then became that “bad cloth” (such as *samseungp’o* 三升布) was driving “correct” cloth from the market.

Despite measures to ban it, “bad cloth” remained in use as before, so in 1519 penalties were prescribed not only for weavers and producers of yarn guides but also for those who split the bolts and for users of “short cloth”. But *chunch’eokp’o* remained exempt, although it was “bad cloth”. Because prohibiting the use of “bad cloth” might incur the resentment of the common people who used “bad cloth” in their daily transactions, the law was not strictly enforced (*Chungjong sillok*, Chungjong 15.int.8). Though the weaving of “bad cloth” was banned, there was no prohibition about using it commercially as long as the length met the required standards. As a result people appear to have thought that its use was authorized. Later, three *sae* cotton cloth circulated as “ordinary cloth” (*sangp’o*, *sangmok* 常木).¹⁴

As far as the state was concerned, the cloth standard for the payment of taxes and tribute was necessarily five *sae*. However, in the Supplementary Law Code of 1543 (*Taejeon husongnok* 大典後續錄), there are exceptional examples of a horse that was priced according to four *sae* cotton cloth and a boat according to three *sae* cotton cloth (“Taxes and Tribute”).

14 Concerning the deterioration in the quality of cotton cloth, see Song 1985.

How was cloth money actually used in transactions at the time? A large number of sixteenth-century land sale documents contained in the *Gyeongbuk jibang gomunseo jipseong* generally express the sale price according to the formula “field of *x* *toe* corresponds to *y* *p’il* of cotton cloth, payment to be made according to this amount”. In other words, cotton cloth functioned as a measure of value. We must be aware here that when cotton cloth with a different thread count to a *sangmok* such as five *sae* cotton cloth was used, the thread count was meticulously noted. For example, Document 355 (dated Chungjong 37 [1542]) rarely specifies three *sae* cloth (i.e. non-standard cloth) but it expressly mentions thread count and material when referring to six, five or four *sae* cloth. The equivalent value of a field valued at 120 bolts was calculated in terms of grain (rice plants, harvested rice) and cloth (cotton, hemp), and we should also note that the theoretically prohibited half bolt was also used.

Serf sale records in the same collection of documents give a number of examples, even into the seventeenth century, of transactions being recorded in paper money (e.g. Document No. 280 [1625]). Paper money was not, however, used in the actual payment. This is because an article in the *Kyeongguk taejon* stated that the sale of a serf should be reported to authorities and a contract made up. The style of documentation had been determined in the above Law Code, where the price was set out in terms of *cheohwa*. In fact, the sale was made based on the actual price determined in cloth, etc.

CHANGES IN THE LATTER HALF OF THE FIFTEENTH CENTURY

Social Change

If we characterize economic management in the first half of the fifteenth century in terms of the ideology of *ikkwon jaesang*, with its control from above and emphasis on the establishment of a new order, and the use of paper money as one strategy towards achieving it, the second half of the fifteenth century was a time when those in power went along with the status quo, symbolized by their giving up on the forcible imposition of paper money and allowing the use of cloth money, including “bad cloth”. For example, in 1529 the official Eo Teokkang (1470–1550) sought to reinforce the punishment of weavers who made “bad cloth” by banishing their entire households. King Chungjong opposed his plan on the grounds that to enact a severe law to prohibit “bad cloth” with undue haste would be to incur the resentment of the people. The new law might be effective for a time, but it would ultimately bring disaster (*Chungjong sillok*, Chungjong 24.4). This is an attitude in direct contrast to the policy of 1410 under King T’aejong, when it was made a crime to use rice and cloth and not paper money. At that time violators would receive one hundred strokes of the cane, have their property confiscated and be assigned to the navy to undertake heavy labour (*T’aejong sillok*, T’aejong 10.1).

In the latter part of the fifteenth century periodic regional markets called *changmun* 場門 sprang up around the country.¹⁵ The earliest record concerning the *changmun* dates from 1472.

15 For markets in the early Choseon dynasty, see Yi 1987. Regional trade during the Koryeo period consisted, in

Sin Sukchu 申叔舟 [1417–1475] offered his views. “The success of currency circulation in our country [depends on] whether or not shops and markets exist outside the capital. Even if currency exists, where can it be used? If we want to promote the circulation of coinage without considering the basis, that is, what people want, then the policy will overly vex the people . . . In setting up shops and markets, we will not succeed unless we know the wishes of the people. During the Kyeongin famine [of 1470], people in Choelra province gathered of their own accord to open shops and markets; they called these *changmun*. The people were able to survive [the famine] because of [these markets]. This was truly a [good] opportunity to set up markets and shops around the country. However, when the Board of Revenue sought the views of the country magistrates [about this], they all, without considering either the benefits or the harm, wanted to prohibit them simply because they had not existed in the past . . . Though the Naju magistrate, Yi Yeonggyeong, asked that they be made exempt from the ban, the Board of Revenue made no exception.” (*Seongjong sillok*, Seongjong 4.2)

This item illustrates the policy changes referred to above. The important point is that people in Choelra were able to survive the Kyeongin famine by setting up markets. In the first half of the fifteenth century, famine relief was supposed to be a function of the state, so the government gave its attention to stockpiling grain in the state granaries, the so-called “Righteousness Storehouses” (*euich’ang* 義倉). The issue of paper money too should have been helpful in buying in grain for stockpiling. However, the problem was not simply one of gathering together sufficient amounts of grain, but of its distribution and transportation.

The idea that *changmun* were beneficial in terms of famine relief can be confirmed by other items in the *Veritable Records*. In 1487, Kim Chongjik 金宗直 (1431–1492), the governor of Choelra, reported to the king that the existence of *changmun* in the province made it easier for stolen property to be disposed of, and that, compared with other provinces, incidence of theft in Choelra was high. However, “In bad years, *changmun* are beneficial in regards famine relief, and should not [at those times] be banned.” Because in that particular year the prospects for the harvest seemed to be good, he recommended that they be banned. The king, however, determined that “they should not be abolished since whether or not they exist [affects] trade and commerce” (*Seongjong sillok*, Seongjong 18.6). *Changmun*, the appearance of which in bad years is confirmed above, subsequently were banned, but more than a decade later they appear to have been opened again, though it had not been a year of bad harvest.

An item dated 1520 reports that despite measures taken to forbid *changmun*, they had spread to other provinces.

[Nam] Kon [1471–1527] offered his views: “Now, *changmun* have been set up in the various provinces. Your subject, when he was governor of Choelra, banned

what may be verified, of markets in country towns and long-distance trade by coastal shipping. There are few details. From the end of the Koryeo period into the Choseon, documents confirm the existence of peddlers who toured villages selling goods made in the urban centres such as woven products and accessories, and in turn bought local products such as grain.

them. However they have now become even more numerous than before. Tens of thousands of people attend them. They do not attend to agricultural duties and so severely obstruct civil affairs.”

The royal lecturer (*sigangkwan* 侍講官) Pak Sumun offered his views: “Local markets have begun in recent years. On market days, large numbers of men and women prepare liquor and meat, and during the market sell them to market-goers at a profit. There is nothing more harmful to agriculture.”

The King said: “Some think that local markets bring profits to some. However in the future there should not be any ‘casting out of the main and following the inferior’ [pursuing trade rather than agriculture]” (*Chungjong sillok*, Chungjong 15.3)

To talk of “tens of thousands” attending a market clearly is an overstatement, but the picture this offers of the hustle and bustle of the market and stalls selling food and drink recalls similar scenes belonging to market descriptions of the eighteenth century. The attitude of central figures in the government who wanted to ban markets in order to protect the agricultural norm was shaken by figures wanting to approve the markets because of the benefits they offered. In the middle of the sixteenth century, they were completely accepted.

The appearance of regional markets was in part stimulated by the necessities of years of bad harvests, but we must not forget that this was also the period when “bad cloth” became more and more prevalent. This seems to be in agreement with what Kuroda Akinobu describes as “the ‘currency circuit’ in which regions autonomously adjust the demand and supply of money.”¹⁶ Between the latter half of the fifteenth century and the sixteenth century, the Choseon court, in the face of a gradual dismantlement of the supremacy of the *ikkwon* position, took very few measures other than a loose supervision of the ban of “bad cloth” of non-stipulated lengths; however, there was no issuance of a new copper coin.

Regarding the issuance of paper money, an item in the *Veritable Record* of King Chungjong from 1520 recognizes that its reintroduction was beset by many problems.

The state wishes to use paper and copper money but it cannot. This is because of the ubiquity of cloth and grain in circulation. Even though previously the *cheohwa* was reintroduced, the ignorant masses, in the face of what they were used to, petitioned that the use of paper money was harmful to them. As a result, it has proved impossible to use it. (*Chungjong sillok*, Chungjong 15.3)

Retreat from the Ideology of *Ikkwon Jaesang*

As I have argued already, it is clear that during the first half of the fifteenth century the ideology of *ikkwon jaesang*, whereby all economic activities were under the control of

16 Kuroda 1998, p. 6.

the state, was no longer being followed to the letter. By the latter part of the century, especially during the reign of Seongjong (1469–1494), there was a vast increase in money-making activities by local power holders (*yangban* 兩班, scholar-officials [*sadaebu* 士大夫]) in collaboration with government agencies. They intervened in the transportation of tribute grain, salt, and other goods to the capital. For example, according to region, the price of tribute grain (*napkok suga* 納穀受備) that was paid in kind locally, and that of grain of the same amount that was received in the capital or in those provinces that wanted it, might be very different. By exploiting this price differential, great profits could be made. In the sixteenth century, rights to use and benefit from the products of the seashore could be extended as payment for tribute grain. Such trade in privileges often occurred as a way to dispose of grain surpluses from the provincial estates of the royal family and government officials. At the same time it was also a way to make profits from the grain stored in state granaries for relief or military funding.¹⁷

The period from the latter half of the fifteenth century, particularly from the reign of Seongjong (1469–1494), was marked by the ongoing dismantling of the systems of tribute in kind and labour service that had been set up with the founding of the dynasty. Tribute payments were no longer sent directly from the provinces to the government offices. Instead middlemen such as merchants, officials and priests collected them from taxpayers in the form of rice or cloth substitute payments (*taenap* 代納). These materials were then used to buy the actual tribute items on the market. This practice grew into a system of tribute contracting (*pangnap* 防納) by clerks and serfs (*nobok*) in the government bureaus, whereby taxpayers were directly responsible for paying in rice or cloth. This system did not, however, reduce the burden on taxpayers: the contractors profited because a levy several times the tribute price was exacted. The labour service system that was laid out at the beginning of the dynasty was determined in terms of the needs of the state and military, and was provided on a rota according to the type required. However, from the latter half of the fifteenth century, there was an increase in substitute labour: people could pay in cloth in lieu of performing labour service or have others perform it in their stead. Because of rises in the substitute labour fee, in 1493 the fee for soldiers and sailors used in public works and maintenance was officially set. Regardless of the preferences of those providing labour during the reign of Chungjong (1506–1544), clerks and slaves attached to the various bureaus combined several roles, collecting the substitute labour fees and accumulating profits. No distinction was made about the nature of the labour performed as male labourers as a whole became subject to the substitution of labour service by payment in cloth. In function, labour service had turned into a capitation, or poll, tax. The tribute and labour service system, now reduced to a mere skeleton of its former self, had changed into a mechanism of exploitation by intermediaries. Full-scale reform though had to wait until the seventeenth century.¹⁸

17 For the privileged commerce in grain or salt from the second half of the fifteenth century, see Pak 1997. In this dissertation, Pak discusses the development of a tolerance for commerce as an expansion and regulation from “limiting commerce to encourage agriculture” to “supplementing agriculture with commerce”. In fact, Japanese historians have carried out many excellent studies of the commercial history of sixteenth-century Korea. Because they focus on trade with Japan, the gist can be attained fairly easily. Much is unclear, however, about internal commerce and changes in policy, so this topic remains important for future research.

18 For the development of substitute payments for tribute and labour, see Tagawa 1964. This work is not new but it contains great detail and should be the first reference consulted. In the seventeenth century the military

At the beginning of the fifteenth century, the Korean state focused its attention on constructing a system mobilizing and directly supervising not only the profits from natural resources but from surplus labour as well. Thus the state and the people can be considered to have directly exchanged goods and labour. Commercial distribution, autonomous markets and the intermediate groups that operated them were understood to represent the dispersion below of the rights and benefits that belonged to those in power, and so had to be eliminated. However, from the latter part of the fifteenth century, this strict *ikkwon jaesang* system began to be undermined as a result of the misconduct and profit-seeking of members of the ruling class and those who served them, through the prevalence of substitute payments for tribute and labour service. Eventually the system came to exist in name only. The spread of substitute payments contributed to the increase in scale and numbers of markets.¹⁹ Financial activities deepened the reliance on commercial measures.

Key government figures, including the king, did not try overmuch to check the situation, but instead passively accepted it. This attitude arose because the changes did not directly threaten their vested interests, and because commercial stimulation promised new opportunities for profit through the trade in prerogatives. In the sixteenth century, paper money, which once had been conceived as an intervention meant to eliminate exploitation by middlemen and to facilitate direct exchange between the state and the people, was welcomed no longer, even by the rulers, and was not brought back into circulation.

CONCLUSION

Early Choseon currency can be divided into two types, according to function. The first was cloth, which, from the time of the Koryeo dynasty, came into use as a medium of circulation trusted by the populace. The second was paper money, conceived by the state as a means of payment. The former, in a variety of qualities and types, was used for trading as far back as the Silra and Samguk periods, but if we limit our discussion to its use as a means of procurement of other items, in terms of its effectiveness as a means of exchange among, for example, agricultural products, we cannot especially call it a “currency”. Some kind of standardization is necessary for a specific grade of cloth to be selected as a currency and for it to function as a basis for pricing. It was the taxation system of the Koryeo period that provided the impetus for such standardization.

If however we apply another standard besides taxes and tribute, i.e., its wide acceptance by those involved in trade, then we can talk about its potential as a medium of circulation.

system fundamentally adopted the use of mercenaries, as farmers paid a substitute military labour fee in the form of cloth. The tribute-in-kind system largely levied substitute payments of rice and cloth, which were used to buy the tribute items from merchants called *kong'in* 貢人 (tribute middlemen).

19 The tendency towards agricultural growth in the sixteenth century was characterized on one hand by the expansion of agricultural land in mountainous and coastal regions through reclamation and draining. At the same time, the small farmer, as the unit of agricultural management, was becoming increasingly autonomous. As a result, the functioning of long-term constraints on the adult male workforce was a great burden on agricultural management, and even if substitute payments were made, decisions had to be made as to who would stand in for labour service. The state was not unaware of this situation and in the sixteenth century gave its tacit approval to substitute payments for service. This eventually became official, and the skyrocketing substitute labour fee caused great anxiety among the farming population and eventually was officially capped.

The “coarse cloth” of the latter half of the fourteenth century and the “bad cloth” of the latter part of the fifteenth century correspond to such a standard. From the government’s point of view, it was preferable that cloth currency conforming to the standards set for tribute and taxes serve as the material in circulation, and it was for this reason that cloth that adhered to the standard was stamped with an official seal. Nevertheless, it was difficult to enforce strictly the use of authorized cloth, since it was not easy to avoid the fact that cloth was produced by the people and was already in circulation as an authorized currency. Silver *eunbyeong* too, though of a different material, were fundamentally the same as cloth currency, having already been selected as a currency because they were trusted by the people, and subsequently authenticated by the state as to quality.

By contrast, if a currency that had no intrinsic value unto itself, produced by the state, could be put into circulation, it was feasible that the government would be able to control both the quality and the volume being circulated. It was for this reason that paper money was selected as a currency in the early Choseon period. By the fifteenth century, the formerly copious supplies of Korean silver had been depleted, and copper was not mined. Consequently, there were few choices for a material that could be used as a currency. However, use of paper money (underpinned by its exchangeability) for the payment of taxes was limited by the fact of an increasingly strong trend to pay the main taxes, land and tribute, in kind. Not much consideration was given to how the value of paper money might be maintained, other than compelling people to use it. Over and above this, the amount of paper money issued was very small, so that it was never more than a supplementary means to pay a certain portion of particular taxes, and for the government to procure items in the capital. Furthermore, a thoroughgoing policy of *ikkwon jaesang* was proclaimed at the beginning of the Choseon period, which meant that it was impossible to countenance the joint use of paper money and cloth currency produced by the people. Needless to say, such a concept in itself was problematic. From the latter part of the fifteenth century, paper currency acted as a kind of subsidiary to cloth, but its vitality as a currency was exhausted. It was not until the seventeenth century that the state again issued a currency: in 1678 King Sukcheong authorized the minting of a copper coin, the “Ever Normal Circulating Treasure” (*sangp’eong t’ongbo*). Seventeenth-century discussion about currency issuance revolved around the problem of whether or not the people would support the circulation of a coin. There was no attempt to ban the joint use of silver and cloth currency.

Translated by Gaynor Sekimori

REFERENCES

Primary Sources

- Gyeongbuk jibang gomunseo jipseong* (A Collection of Documents from the Gyeonbuk District). Ed. Yi Sugeon. Gyeongbuk: Yeungnam University Press, 1981.
- Koryeosa* (History of the Koryeo Dynasty). 3 vols. Seoul: Yeonhuei taehakkyo ch’ulp’anbu, 1955.
- Kyeongguk taejon* (Great Code for the Management of the State). Preface dated 1469, revised four times by 1485. Keijō: Chōsen sōtokufu chūsuin ed. 1934.
- Songshi* (History of the Song Dynasty).

- Taejong sillok* 太宗實錄, The Veritable Records of King Taejong. *Choseon wangjo sillok*, ed. National Historical Compilation Committee, 48 vols. Seoul: Tongguk munhwasa, 1955.
- Xu, Jing. *Xuanhe fengshi Gaoli tujing* (Illustrated Record of the Chinese Embassy to the Koryeo Court during the Xuanhe Era). Taipei: Dongfang wenhua shuju, 1971.

Secondary Sources

- Cheon 1983
Cheon, Subyeon. "Choseon T'aejongdae e hwap'e cheongch'aek" [Monetary Policy in the Time of T'aejong of Choseon]. *Hanguksa yeon'gu* 40 (1983).
- Kuroda 1998
Kuroda, Akinobu. "Concurrent but Non-negotiable Currency Circuits: Complementary Relationships among Monies in Modern China and Other Regions." *Financial History Review* 15:1 (April 1998), pp. 17–36.
- Pak 1994
Pak, Chongjin. "Koryeo hugi chaejeong unyong eui byeonhwa" (Changes in Financial Management in the Late Koryeo Period). In *Sibsas segi Koryeo eui cheongch'i wa sahwe*. Seoul: Mineumsa, 1994.
- Pak 1997
Pak, Pyeongsik. "Choseon cheongi eui sangeob kwa sangeob cheongch'aek" [Early Choseon Commerce and Commercial Planning]. Doctoral dissertation, Yeonsei University, June 1997.
- Pak 1999
Pak, Pyeonsik. *Choseon cheongi sangeobsa yeongu* [A Study of Early Choseon Commercial History]. Seoul: Chisik saneopsa, 1999.
- Song 1985
Song, Jaeseon. "Simnyuk segi myeonp'o e hwap'e kineung" [The Currency Function of Cotton Cloth in the Sixteenth Century]. In *Byeon Taeseob baksa hwagab kinyeom sahak nonch'ong*. Seoul: Somyeongsa, 1985.
- Palais 1996
Palais, James B. *Confucian Statecraft and Korean Institutions, Yu Hyöngwön and the Late Chosön Dynasty*. Seattle and London, University of Washington Press, 1996.
- Sukawa 1997a
Sukawa, Hidenori. "Köryō koki ni okeru syogyo seisaku no tenkai" [Changes in Trading Policy in the Late Koryeo Period]. *Chōsen bunka kenkyū* 4 (March 1997).
- Sukawa 1997b
Sukawa, Hidenori. "Kōryōmatsu kara Chōsen hajime ni okeru kaheiron no tenkai" [Development of Debates about Currency from the End of the Koryeo Period to the Beginning of the Choseon Period]. In Takeda Yukio, ed., *Chōsen shakai no shiteki tenkai to Higashi Ajia*. Tokyo: Yamakawa shuppansha, 1997.
- Sukawa 1998
Sukawa, Hidenori. "Chōsen jidai no kahei" [Currency in the Choseon Period]. *Rekishigaku kenkyū* 711 (June 1998).
- Tagawa 1964
Tagawa, Kōzō. *Richō kōnōsei no kenkyū* [A Study of the Tribute System of the Yi Dynasty]. Tokyo: Tōyō bunkō, 1964.
- Yi H. 1994
Yi, Heok. "Koryeo hugi such'ui ch'aeje eui byeonhwa" [Changes in the Tax Collection System in the Late Koryeo Period]. In *Sibsas segi Koryeo eui cheongch'i wa sahwe*. Seoul: Mineumsa, 1994.
- Yi K. 1987
Yi, Kyeonsik. "Simnyuk segi changsi eoi seongnip kwa keu kiban" [The Formation of Regional Markets in the Sixteenth Century and Their Basis]. *Han'guksa yeon'gu* 57 (June 1987), pp. 43–91.