

Currency Museum

A Special Exhibition

The Gold Rush in the Closing Days of the Tokugawa Shogunate

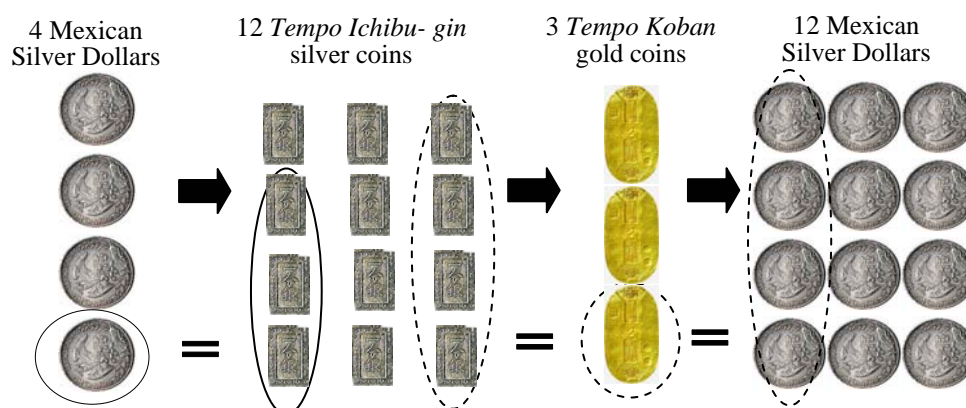
The Ansei Five-Power Treaties and the Outflow of Gold Coins from Japan

November 11, 2008 - March 8, 2009

The year 2008 is the 150th anniversary of the Ansei Five-Power Treaties in 1858, which Japan concluded with five western powers. The treaties were the first ever international treaties of commerce for Japan, and, among other clauses, stipulated that Japan should open ports to foreign trade in the following year. As a result of the treaties, Japan experienced a huge outflow of gold coins in exchange for foreign silver coins. The outflow of gold coins resulted in significant changes in the Japanese monetary system.

We are pleased to have the opportunity to present to you the Japanese monetary system of that time through the materials displayed in our museum.

In the middle of the 19th century, the parity between gold and silver in Japan deviated significantly from the international level. The parity between gold and silver was 1:5 in Japan and 1:15 abroad. This parity gap caused a massive outflow of gold coins. Foreign merchants brought Mexican silver dollars into Japan to exchange them for Japanese gold coins. Then, they sold the Japanese gold coins abroad, and got huge arbitrage profits.



Mexican Silver Dollar (1854)
Diameter 38 mm
Weight: 26.8 g
Fineness: 90 percent
Pure silver content: 24.1 g



Tempo Ichibu-gin (1837)
(silver coin)
24 mm (length) x 16 mm (width)
Weight: 8.6 g
Fineness: 99 percent
Total weight for three coins: 25.8 g



Tempo Koban (1837)
(gold coin)
60 mm (length) x 32 mm (width)
Weight: 11.3 g
Fineness: 57 percent

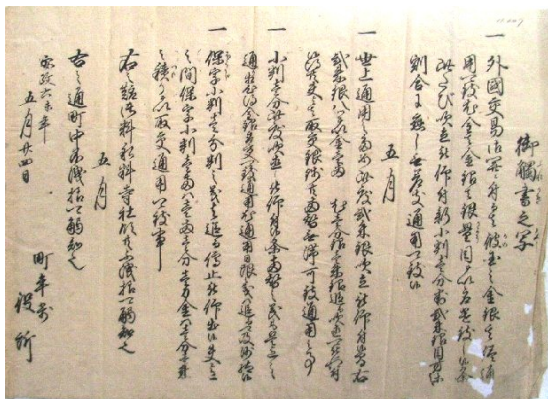
Exhibition Contents

In 1858, Japan concluded Treaties of Amity and Commerce with five countries: the United States, the United Kingdom, Russia, the Netherlands, and France (the “Ansei Five-Power Treaties”). This meant the end of Japan’s long isolation from international trade, which had endured more than 200 years. In the following year, overseas trade began through the three ports; Hakodate, Kanagawa (Yokohama), and Nagasaki.

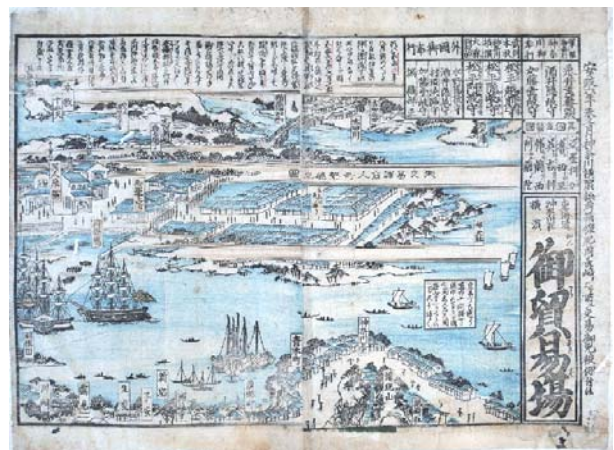
In the wake of its re-opening to international trade, Japan needed to adjust the gold-silver parity, which had deviated substantially from the international level during the preceding isolation period. In Japan, silver had been overvalued against gold, while the gold-silver parity remained largely unchanged in western countries. Once the treaties came into effect, equivalent Japanese and foreign coins (either gold or silver) of equal weight would be convertible on a one-to-one basis. As a consequence of the currency clauses in the treaties and the parity gap between Japan and foreign countries, a large volume of Japanese gold coins drained out of the country in exchange for an influx of foreign silver coins.

Around that time, the discovery of gold mines was spurring gold rushes in countries such as the United States, and the use of gold coins as currency became prevalent in the western world. Merchants from western countries desired to obtain gold cheaply, while the Japanese authorities wished to halt the outflow of gold. The exhibition tells us how the opening of the Japanese treaty ports catalyzed the nation’s society and monetary system.

- A copy of the ordinance promulgated by the Tokugawa Shogunate to the general public following the conclusion of the Ansei Five-Power Treaties (1859)



- A *Nishiki-e* (colored woodblock print) that depicts the port of Yokohama, Kanagawa (around 1859)



① Coins in circulation in the world around 1858

• Gold coins in Europe and the United States

In the late 1840s, gold mines were discovered in the United States, Russia, Australia, and other countries, leading to gold rushes and a subsequent increase in the production of gold coins in western countries. By 1859, the year Japan opened the three ports to foreign trade, the United Kingdom had already adopted the *de jure* gold standard, while the use of gold coins became prevalent in other western countries.

■ the United Kingdom; 1 sovereign Gold Coin (1838-1874) ■ the United States; 50 dollars; Private Gold Coin (1855)



■ France; 20 franc Gold Coin (1852-1860)



• Silver coins in Asia

In China and India, silver coins rather than gold coins were mainly in circulation, and merchants from the United States and European countries paid with silver coins when they traded with Asian countries.

【Silver coins used for international trade】

■ Mexican Silver Dollar (1858)



【Silver coins used within Asian countries】

■ Netherlands East Indies; 1/10 gulden, 1/4 gulden Silver Coin (1854)



■ India; 1 rupee Silver Coin (1840)



■ China; Silver Ingot (1851-61) Silver Coin (1821-50)



② Japan before and in 1858

• Gold and silver coins in use before 1858

In the Edo Period, both gold and silver coins were recognized as standard coins. The Edo Period is known as the era of the “tri-metallic monetary system,” incorporating gold, silver, and copper coins. (See page8.) Among these three metal coin types, the Tokugawa Shogunate had promoted the circulation of gold-denominated coins (the *ryo*; the *bu*, worth 1/4 *ryo*; and the *shu*, worth 1/4 *bu*). Since the issuance of the *Meiwa Nanryo Nishu-gin* (two-*shu* silver) coins in 1772, it had issued silver coins as an auxiliary currency to gold coins. These silver coins, denominated in the gold unit of account, were gradually accepted by the Japanese people.

【Gold coins issued before 1858】

■Tempo Nishu-kin (1832)



■Tempo Ichibu-kin (1837)



■Tempo Koban (1837)



【Silver coins in circulation, denominated in the gold unit of account】

■Tempo Ichibu-gin (1837)

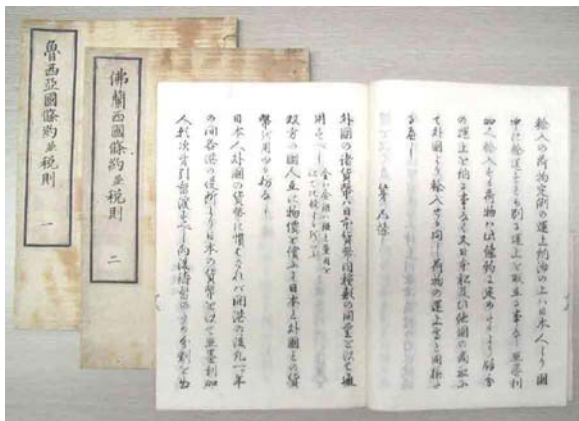


• Currency clauses in the Ansei Five-Power Treaties

At the time of the opening of the ports to foreign trade, the parity between gold and silver was 1:5 in Japan and 1:15 abroad. However, the Ansei Five-Power Treaties stipulated that coins of same type could be exchanged with coins of the same weight regardless of fineness.

■Currency clauses in one of the Ansei Five-Power Treaties

(the Japan-U.S. Treaty of Amity and Commerce, 1858)



③ The disturbance in the monetary system: Part I

– Japan’s policy attempt and setbacks

▪ The issuance of *Ansei Nishu-gin* and its withdrawal

On June 2, 1859, literally the day before the opening of the ports to foreign trade, the Tokugawa Shogunate issued a *nishu-gin* silver coin, which was devalued against the *koban* (the standard gold coin representing one *ryo*) to less than one third of its former value. The new parity between gold and silver coins would be 1:17. This was an attempt to make the parity conform to the international standard. Had the new silver coins been circulated, the outflow of *koban* gold coins abroad would have been prevented, even given the currency clauses in the treaties.

However, diplomats from the United States and other countries strongly opposed the circulation of the new silver currency, while merchants from these countries rejected the new coins. Therefore, the Japanese authorities discontinued the circulation of the silver coins after a short time.

【Coins issued on the eve of the opening of the treaty ports】

■ Ansei Nishu-gin (1859)



■ Ansei Koban (1859)



■ Ansei Ichibu-kin (1859)



▪ Policies based on a foreign diplomat’s proposal

Following the unsuccessful promotion of the *Ansei Nishu-gin* silver coins by the Tokugawa Shogunate, trade was continued under the exchange rate of one one-dollar silver coin to three *ichibu-gin* silver coins.

Since Mr. Townsend Harris, the first United States Consul General to Japan, wanted to promote trade, he made policy proposals to the shogunate. He suggested that the shogunate issue an *ichibu-gin* (one-*bu* silver) coin by reminting Western coins. He also suggested that the shogunate stamp “This is worth three *ichibu-gin* coins” on Mexican silver dollars and make them legal tender in Japan. The shogunate accepted his proposals and implemented these policies.

■ Ansei Ichibu-gin (1859)



■ Mexican Silver Dollar Used as 3/4 Ryo in Gold (1859)



④ The disturbance in the monetary system: Part II

– Stemming an outflow of gold coins

• Reminting of gold coins in 1860: A measure to stem the outflow of gold coins

After the opening of the ports to foreign trade, foreign merchants were engaged in arbitrage transactions along with speculation on gold coins, causing a huge outflow of gold coins from Japan.

In 1860, the shogunate issued a gold coin of about one-third the original weight in order to align the gold-silver parity to the international level. The new gold coins included the *Man'en Koban* (one-ryo) and the *Man'en Nishu-kin* (two-shu) coins. As a result, the outflow of gold coins came to an end.

■ Tempo Koban (1837)



Before debasing the gold coins by reducing their weight to one-third, the shogunate promulgated its decree to reevaluate the gold coins in circulation. The decree tripled the value of previous gold coins such as the *Tempo Koban*, that was in circulation in large quantities at that time. This was to adjust the parity between gold and silver, thus bringing an end to the outflow of gold coins from Japan.

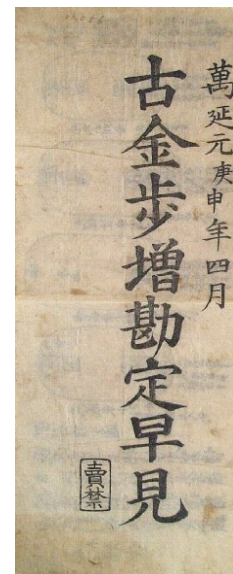
■ Man'en Koban (1860)



■ Man'en Nibu-kin (1860)



■ A list of old gold coins and their conversion rates against current coins (1860)



(cover)

• The aftermath of the reminting of gold coins

As the silver coins were overvalued in Japan during the isolated period compared to the international level, this led to a massive outflow of Japanese gold coins. Although the initial purpose of the introduction of *Man'en* gold coins was to stem the outflow of gold coins, the coins were eventually issued in excess to monetize the ballooning fiscal deficit of the Tokugawa Shogunate. This caused rampant inflation and major chaos in the domestic economy, and resulted in the political instability.

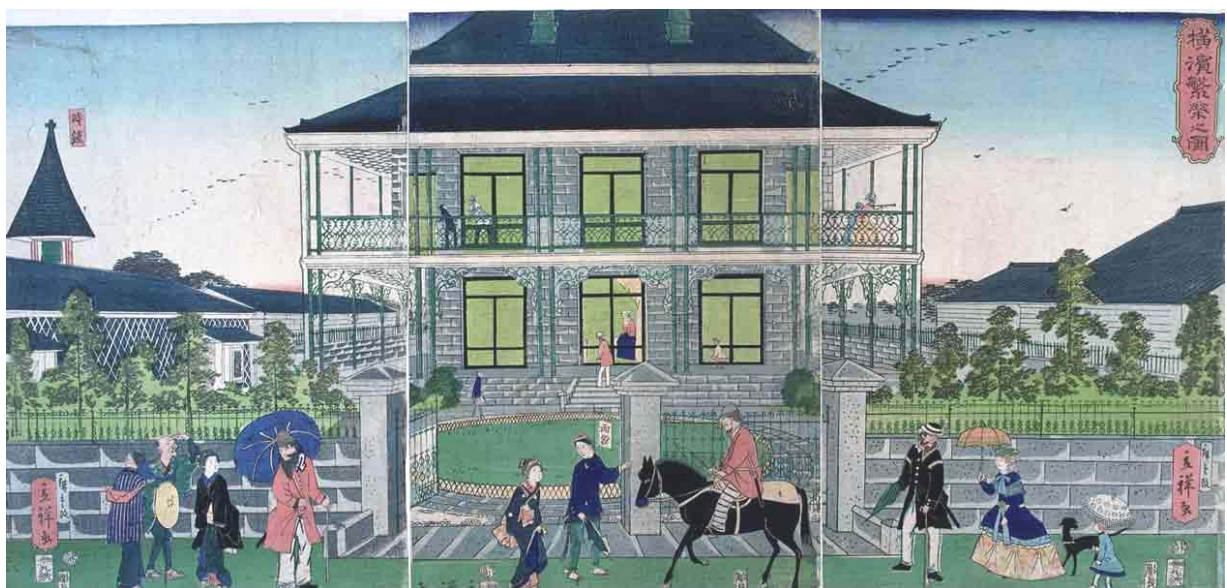
○ Printed Items

The Museum also owns historical printed items such as *nishiki-e* (colored woodblock prints) that are relevant to currencies from the late Edo Period to the early Meiji Period. These include booklets on foreign currencies, as well as *nishiki-e* prints that depict the social influence of the opening of the ports to foreign trade.

■ Booklet on foreign (Russian and British) currencies (19c)



■ *Nishiki-e* depicting the Chartered Mercantile Bank to show the prosperity of Yokohama (1865)



●Currency issued by the Tokugawa Shogunate

The monetary system of the Tokugawa Shogunate (1603-1867) employed three different types of coins; gold, silver and copper. The table below shows the equivalent amount of three kinds of coins, based on one-*ryo* *Koban* (gold coin).

The shogunate had promoted the circulation of gold-denominated coins (the *ryo*; the *bu*, worth 1/4 *ryo*; and the *shu*, worth 1/4 *bu*). Since the issuance of the *Meiwa Nanryo Nishu-gin* (two-*shu* silver) coins in 1772, it had issued silver coins as an auxiliary currency to gold coins. These silver coins, denominated in the gold unit of account, were gradually accepted by the Japanese people.

In Japan, silver had been overvalued against gold, while the gold-silver parity remained largely unchanged in western countries. At the time of the opening of the ports to foreign trade, the parity between gold and silver was 1:5 in Japan, while that was 1:15 abroad.

