11.12: Trade and Currency under the Yuan

Learning Objective

- Describe the trade and monetary policies of the Yuan dynasty

Key Points

- Kublai Khan, who established the Yuan dynasty in China as an extension of the already dominant Mongolian Empire, promoted progressive policies that allowed trade and prosperity to flourish.
- The Mongolians revived the Silk Road and established peace throughout their extensive trade routes, leading to the so-called Pax Mongolia.
- Many Europeans, most famously Marco Polo, travelled to Yuan China and observed Chinese cultural and technological innovations.
- One of the more notable applications of printing technology in China was the chao, the paper money of the Yuan, which became one of the first instances of a unified paper money economy in the world.

Terms

Marco Polo

A Venetian merchant traveller whose travels, especially to Mongolian-ruled China, are recorded in The Travels of Marco Polo, a book that introduced Europeans to Central Asia and China.
Chao

The official banknote of the Yuan dynasty in China.

Silk Road

An ancient network of trade routes that for centuries were central to cultural interaction through regions of the Asian continent connecting the East and West from China to the Mediterranean Sea.

Pax Mongolica

A historiographical term, modeled after the original phrase Pax Romana, that describes the stabilizing effects of the conquests of the Mongol Empire on the social, cultural, and economic life of the inhabitants of the vast Eurasian territory that the Mongols conquered in the 13th and 14th centuries.

Overview

Kublai Khan promoted commercial, scientific, and cultural growth. He supported the merchants of the Silk Road trade network by protecting the Mongol postal system, constructing infrastructure, providing loans that financed trade caravans, and encouraging the circulation of paper banknotes. *Pax Mongolica*, Mongol peace, enabled the spread of technologies, commodities, and culture between China and the West. Kublai expanded the Grand Canal from southern China to Daidu in the north. Mongol rule was cosmopolitan under Kublai Khan. He welcomed foreign visitors to his court, such as the Venetian merchant Marco Polo, who wrote the most influential European account of Yuan China. Marco Polo’s travels would later inspire many others, like Christopher Columbus, to chart a passage to the Far East in search of its legendary wealth.

Marco Polo on the Silk Road. A closeup of the Mallorquín Atlas depicting Marco Polo traveling to the East on the Silk Road during the Pax Mongolica.
Trade under the Yuan Dynasty: *Pax Mongolica*

*Pax Mongolica* is a historiographical term, modeled after the original phrase *Pax Romana*, that describes the stabilizing effects of the conquests of the Mongol Empire on the social, cultural, and economic life of the inhabitants of the vast Eurasian territory that the Mongols conquered in the 13th and 14th centuries, including the Yuan dynasty in China. The term is used to describe the eased communication and commerce the unified administration helped to create, and the period of relative peace that followed the Mongols’ vast conquests.

Before the Mongols’ rise, the Old World system consisted of isolated imperial systems. The new Mongol Empire amalgamated the once-isolated civilizations into a new continental system and re-established the Silk Road as a dominant method of transportation. The unification of Eurasia under the Mongols greatly diminished the amount of competing tribute gatherers throughout the trade network and assured greater safety and security in travel. During the *Pax Mongolica*, European merchants like Marco Polo made their way from Europe to China on the well-maintained and well-traveled roads that linked Anatolia to China.

On the Silk Road, caravans with Chinese silk and spices such as pepper, ginger, cinnamon, and nutmeg from the Spice Islands came to the West via the transcontinental trade routes. Eastern diets were thus introduced to Europeans. Indian muslins, cotton, pearls, and precious stones were sold in Europe, as were weapons, carpets, and leather goods from Iran. Gunpowder was also introduced to Europe from China. In the opposite direction, Europeans sent silver, fine cloth, horses, linen, and other goods to the near and far East. Increasing trade and commerce meant that the respective nations and societies increased their exposure to new goods and markets, thus increasing the GDP of each nation or society that was involved in the trade system. Many of the cities participating in the 13th century world trade system grew rapidly in size.

Along with land trade routes, a Maritime Silk Road contributed to the flow of goods and establishment of a *Pax Mongolica*. This Maritime Silk Road started with short coastal routes in Southern China. As technology and navigation progressed, these routes developed into a high-seas route into the Indian Ocean. Eventually these routes further developed to encompass the Arabian Sea, the Persian Gulf, the Red Sea, and the sea off East Africa.

Along with tangible goods, people, techniques, information, and ideas moved lucidly across the Eurasian landmass for the first time. For example, John of Montecorvino, archbishop of Peking, founded Roman Catholic missions in India and China and also translated the New Testament into the Mongolian language. Long-distance trade brought new methods of doing business from the Far East to Europe; bills of exchange, deposit banking, and insurance were introduced to Europe during the *Pax Mongolica*. Bills of exchange made it significantly easier to travel long distances because a traveler would not be burdened by the weight of metal coins.

**Monetary Policies and Paper Money**

One of the more notable applications of printing technology in China was the *chao*, the paper money of the Yuan, made from the bark of mulberry trees. The Yuan government first used woodblocks to print paper money, but switched to bronze plates in 1275. The Mongols experimented with establishing the Chinese-style paper monetary system in Mongol-controlled territories outside of China. The Yuan minister Bolad was sent to Iran, where he explained Yuan paper money to the Il-khanate court of Gaykhatu. The Il-khanate government issued paper money in 1294, but public
distrust of the exotic new currency doomed the experiment.

Foreign observers took note of Yuan printing technology. Marco Polo documented the Yuan printing of paper money and almanac pamphlets called “tacuini.” The vizier Rashid-al-Din recognized that printing was a valuable technological breakthrough, and expressed regret that the Mongol experiment with printing paper money had failed in the Muslim world. Rashid-al-Din’s view was not shared by other chroniclers in the Middle East, who were critical of the experiment’s disruptive impact on the Il-khanate.

In 1253, Möngke established a Department of Monetary affairs to control the issuance of paper money in order to eliminate the overissue of the currency by Mongol and non-Mongol nobles since the reign of Great Khan Ögedei. His authority established united measure based on sukhe or silver ingot; however, the Mongols allowed their foreign subjects to mint coins in the denominations and weight they traditionally used. During the reigns of Ögedei, Gûyük, and Möngke, Mongol coinage increased with gold and silver coinage in Central Asia and copper and silver coins in Caucasus, Iran, and southern Russia.

The Yuan dynasty under Kublai Khan issued paper money backed by silver, and again banknotes supplemented by cash and copper cash. The standardization of paper currency allowed the Yuan court to monetize taxes and reduce carrying costs of taxes in goods, as did the policy of Möngke Khan. But the forest nations of Siberia and Manchuria still paid their taxes in goods or commodities to the Mongols; chao was used only within the Yuan dynasty. Ghazan’s fiscal reforms enabled the inauguration of a unified bimetallic currency in the Ilkhanate. Chagatai Khan Kebek renewed the coinage backed by silver reserves and created a unified monetary system throughout the realm.

Yuan dynasty money. Yuan dynasty banknote, the chao, with its printing plate (1287)

Sources

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