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The Goldbugs Go Global: The Philippines, China, and the Foundations of Development

Johnny D. Fulfer 

Department of History, Indiana University, Bloomington, IN, USA
Email: johnnydfulfer@gmail.com

Abstract

While historians have recently called attention to the racial assumptions that shaped the debates over monetary reform in either the colonial Philippines or China during the first years of the twentieth century, this article analyzes the crosscurrents between efforts to “civilize” and “develop” Filipino and Chinese monetary systems. It first examines the history of the Philippine money question (1899–1903), revealing anxieties about the apparent attachment Native Filipinos and Chinese had to silver currency. U.S. colonial officials were ambivalent toward the Native Filipinos, seeing them as possibly teachable, but so-called silver savagism was seen as too deeply engrained in the Chinese community, making the Chinese appear as a threat to monetary stability. In the last section, the article turns to China, revealing how the outcome of the Philippine money question shaped how U.S. monetary experts approached their efforts to reform China’s monetary system. Throughout this process, U.S. colonial officials and monetary experts defined the Philippines and China (“silver countries”) and Filipinos and Chinese (“silver-handling types”) as overlapping objects of development. This analysis reveals how development was simultaneously an economic, racial, and imperial language.

Keywords: U.S. foreign relations; Philippines; China; Chinese Question; development

In early 1901, approximately two years after the United States began colonizing the Philippines, Secretary of War Elihu Root appointed Charles Conant to investigate the Filipino monetary system and consult with U.S. colonial officials about possible avenues for reform. For Conant, one of the era’s leading experts in monetary policy, the U.S. colonial government needed to transition the Philippines to a gold-based currency, which he believed would provide the foundation for the broader process of “opening” the Philippines to American capitalism.¹ From the capitalists’ viewpoint, a perspective that Conant and his like-minded peers privileged, there needed to be a stable exchange rate between U.S. dollars and the silver-based currencies in the Philippines. A stable exchange rate, they believed, would not only facilitate international trade, banking, and finance, but also create a more stable economic environment for a growing cohort of multinational

corporations eager to expand into China and elsewhere in Asia. When the United States began colonizing the Philippines, which many viewed as a “steppingstone” to China, the market price of silver continued to swing up and down, creating an unstable exchange rate. While one U.S. dollar could be exchanged for two silver pesos in 1898, it was only worth the equivalent of one and a half pesos in 1899, the year a conflict in China increased the demand for silver, which in turn increased its price.²

In contrast to these seemingly constant exchange rate fluctuations in “silver countries,” as they were often called, most of the self-styled “civilized” or “developed” nations of the world had already adopted the gold standard by the end of the nineteenth century. By pegging their currency to a fixed quantity of gold, these countries had a fixed exchange rate with other countries that were also on the gold standard. The more countries that adopted the gold standard, the greater the economic incentive for other countries to adopt the standard if they wanted to increase their trading relations with the industrializing world.³ Even beyond this economic enticement, the gold standard also offered a political appeal. By the late nineteenth century, when a growing number of countries across Europe and North America had adopted the gold standard, many of the political and financial elites in these countries began describing gold as the civilized standard of the world.⁴ In this context, the persistence of silver-based currencies in the Philippines, among other “silver countries” such as China, created a general sense among “goldbugs” that Filipinos were uncivilized and undeveloped. It also created questions about why people in this region would want to endure the instability of silver.⁵

For many American observers, especially imperial-minded Republicans and mainstream economic thinkers, the persistent inclination to tolerate a silver standard in this global context could only be explained through the lens of race. The apparently irrational desire to use a silver-based currency, they assumed, reflected the inferior thinking habits of Native Filipinos and, especially, the Chinese population.⁶ In hindsight, Native Filipinos and Chinese had a rational economic incentive to use a silver-based currency. Silver countries traded more with other silver countries, creating an economic incentive to remain on the same currency bloc as their main trading partners.⁷ For “civilized” white Americans, however, a racial frame offered an easy and useful explanation that fit the racial schemas that dominated American political and economic discourses in the era. By racializing the desire for silver—and the silver standard more broadly—U.S. monetary experts and colonial officials had a language with which to articulate the “natural” deficiencies of Native Filipinos and the apparent danger that the Chinese seemed to pose to monetary stability.

Building on histories of Chinese exclusion in the colonial Philippines, this article first reveals how the “Chinese Question” in the Philippines formed debates over monetary reform, contributing to perceptions that the Chinese were threatening the colonial order in the islands.⁸ The story then turns to China, revealing how the outcome of the Philippine money question shaped the debates over currency in China. Throughout this experience, U.S. monetary experts reinforced the narrative that the only way to develop the Philippines and China was to lift “silver countries” and “silver-handling types” out of their silver savagism.⁹

While several historians have called attention to the racial assumptions that shaped the debates over monetary reform in either the colonial Philippines or China during the first years of the twentieth century, this essay analyzes the crosscurrents between these areas.¹⁰ It first traces the history of the Philippine money question, which lasted from 1899 to 1903, when Congress passed the Philippine Coinage Act. Throughout this process, U.S. colonial officials and monetary experts described their anxieties about the apparently

deficient capacities of Native Filipinos to understand and adopt a “civilized” currency.¹¹ Beyond their racialized conceptions of Native Filipinos, however, these officials and experts were equally uneasy about Chinese immigrants and the proximity of the Philippines to China, where silver savagism appeared even more deep-rooted. While U.S. officials, monetary experts, and American businessmen were ambivalent about Filipinos’ capacity to adopt a gold-based currency and “civilized” commercial habits, they did not extend this sense of ambivalence to the Chinese, whose silver savagism appeared too deeply engrained. After briefly pointing to how anxieties over the presence of Chinese immigrants informed the Philippine money question—and the series of events that led up to the Philippine Coinage Act—the second section then turns to China. It reveals how the outcome of the Philippine money question shaped how U.S. monetary experts approached their efforts to reform China’s monetary system. The day after Congress passed the Philippine Coinage Act in 1903, it authorized experts such as Jeremiah Jenks to visit China and began the process of globalizing the gospel of gold.

Analyzing the Philippines and China together shows how U.S.-led efforts to reform the Filipino and Chinese monetary systems in the first years of the twentieth century were critical in the formation of early development thought. While numerous historians have emphasized the role of economic development in U.S. foreign relations during the mid-twentieth century, a growing number of scholars have begun to locate the origins of development farther back in time. They often see its roots in the discourse of civilization, which implies similar assumptions of linear progress and various stages of advancement.¹² Building on these histories, this article shows how the language of development became more pronounced at the turn of the century, when the United States began colonizing new territories in the Caribbean and the Pacific, intensifying its search for foreign markets, and social scientists began to take a more influential role in U.S. colonial governance. This article broadens the arc of the history of development, revealing how U.S. colonial officials and monetary experts began to conceive “silver countries” and “silver-handling types” as overlapping objects of development.¹³

Chinese Silver “Savagism” and the Philippine Money Question

In a campaign speech in Indianapolis on September 16, 1898, when the United States was at war with Spain in Cuba, Albert Beveridge posed a provocative question. “Shall the American people continue their resistless march,” he asked, “toward the commercial supremacy of the world?” This question reflected a sense that U.S. imperial and economic expansion into the Caribbean and the Pacific was inevitable. “Within two decades,” he confidently declared, “the bulk of Oriental commerce will be ours, the richest commerce in the world.”¹⁴ While Beveridge framed the desire for empire and commercial expansion as patriotic and American, President William McKinley described colonial expansion in humanitarian terms. “The Philippines are not ours to exploit,” he announced after the United States began its occupation of Spain’s former colony in the Pacific, “but to develop, to civilize, to educate.”¹⁵ For McKinley, the colonization of the Philippines was a benevolent enterprise that would not only uplift and “civilize” Native Filipinos but also, as Beveridge and his like-minded peers emphasized, provide an outlet for surplus goods and serve as a gateway to China. With 400 million people at the turn of the century, China stood at the center of American dreams of foreign markets. Beginning with Alexander Hamilton, who described Asia as an important “field for the enterprise of our merchants” in his 1791 *Report on Manufacturers*, American officials and globally-minded capitalists imagined its potential.¹⁶ The “China market,” as it was often called, was an elusive object

in the nation's economic imagination—a popular fantasy that became especially pronounced after the United States began colonizing the Philippines in late 1898.

With these apparently benevolent aims to uplift the Filipino people, McKinley appointed Jacob G. Schurman to lead a government-funded commission to examine the cultural, environmental, political, and economic dynamics of the Philippines and report back to Washington.¹⁷ While it confronted several questions in the Philippines, one of the most perplexing and politically demanding issues that the Schurman Commission encountered was the “Philippine money question,” an umbrella term used to describe a series of questions about what caused monetary instability in the Philippines and how it could be stabilized.¹⁸ Like many other parts of Asia and Latin America in this era, the Philippines was on a silver standard, a monetary system that emerged from Spanish colonialism.¹⁹ This did not mean that silver coins were primarily circulating in the islands, but that all copper centavos and other subsidiary coins and cash were measured in terms of the silver for which they could be exchanged. While the silver standard functioned relatively well when Filipinos or Chinese traded among themselves, it created problems when Americans began to exchange their gold-based dollars for local silver-based currencies. When the United States began colonizing the Philippines, Americans could exchange one U.S. dollar for two silver pesos, but the market price of silver kept fluctuating, making the exchange rate between gold-based and silver-based currencies unstable. By 1899, when a conflict erupted in China, Americans could only get the equivalent of 1.5 or 1.75 pesos for one U.S. dollar.²⁰ These unstable exchange rates not only made large-scale military purchases more expensive, as Allan Lumba highlights, but also created uncertainty for international traders and bankers.²¹

Eager to respond to these issues, the members of the Schurman Commission turned to local American businessmen, hoping to gain insight into how monetary reform would impact Native Filipinos. In contrast to many of the gold standard advocates who controlled Congress, the White House, and the diplomatic bureaucracy in the era, the men who spoke to the commission supported the maintenance of a silver-based currency. The reason, they explained in a series of interviews in the spring of 1899, was that Native Filipinos were an agricultural class accustomed to low wages and a cheap currency such as silver. Speaking with a sense of racial expertise, they argued that introducing the gold standard would only confuse Native Filipinos, who were seen as racially incapable of understanding that a smaller gold dollar was worth more than a larger silver dollar. “You think if you made a contract with the native to pay him so many dollars,” a commissioner asked William Daland, “you would have to pay him as many gold dollars as you now pay him silver dollars?” Indeed, Daland believed this to be the case.²²

Beyond these racialized questions about the capacity of Native Filipinos to understand a more “civilized” monetary system like the gold standard, these interviews also revealed anxieties about how local Chinese and mestizo populations could undermine efforts to stabilize the currency. While the U.S. military government had already imposed restrictions on Chinese immigration in 1899, this policy was a temporary reaction to the perception of the Chinese in the Philippines. In many ways, this reaction paralleled debates over Chinese exclusion in the continental United States, most obviously in the narrative that Chinese people were too industrious. White Americans could not compete with them in San Francisco, and, as several people in the period pointed out, Native Filipinos did not appear interested in competing with them in the labor market, either. “The fact of the matter,” as Russell McCulloch Story later observed, “is that the Chinaman threatens, in the Philippines as in other parts of the Orient, to become the master of the

entire field of trade and transportation except in so far as he is restricted from doing so. This dominance is what is really feared.”²³

Beyond this issue of industriousness was the question of race and good citizenship. “What is your opinion of the Chinese as a race here in Manila,” one commissioner asked Charles Ilderton Barnes in June 1899, “as to whether they are desirable citizens or not?” Like many of the other interviewees with whom the commissioners spoke, Barnes was an American who had lived and worked in the Philippines for decades. Given his proximity to Native Filipinos and Chinese residents, he claimed a sense of racial expertise. Like other men the commission interviewed, he “knew” the Filipino and Chinese population. “Everybody wants his own Chinaman [to do work],” Barnes explained to the commission, “but I don’t think they generally make good citizens.”²⁴ Along with other interviewees, including Edwin Warner and William Daland, Barnes’s testimony confirmed the commission’s suspicions about the Chinese population. Beyond the idea that Chinese immigrants and their “Mestizo” offspring seemed to be naturally menacing, sparking conflict wherever they went, Warner, Daland, and Barnes also defined “good citizenship” through the lens of money and consumption. They not only appeared to have a natural inclination toward silver, but the way the money was used was also seen as uncivilized and threatening to the new colonial order.

“All the money and all the profits that a Chinaman makes,” Warner explained to the commission, “he remits it to China, and that is so much money out of the country.”²⁵ Barnes agreed with this assessment. “They take out of the country everything they make,” he complained, “they spend nothing in the country, because they live on nothing, and they intermarry with the people here, and they produce a race which are not good citizens, either.”²⁶ Rather than acknowledging their contributions as laborers and merchants, Barnes, Daland, and Warner framed the Chinese as a menacing drain on the economy. Like the nativist Americans, who described a “good” American as one who consumes within national borders, Barnes, Warner, and Daland described consumer nationalism as a virtue of which Chinese immigrants appeared incapable.²⁷ While the Native Filipino population seemed noticeably deficient in their capacity for consumption, as several interviewees pointed out, this perceived problem with spending and consumption seemed more visible in the Chinese community. Their silver savagism was more pronounced. Each interview conducted by the Philippine Commission shifted from the “money question” to the “Chinese question,” a recurring pattern that revealed how these issues were seen as related. There was wide agreement among U.S. colonial officials that the Philippine Islands required a more stable monetary system that supported U.S. commercial and imperial interests, but the actual mechanics of transitioning the islands to a more stable currency system appeared more challenging and racially fraught than it had been in the continental United States. While Filipinos served as one perceived obstacle, apparently incapable of understanding the value of a more “civilized” gold-based currency, U.S. officials pointed toward two additional complications: the mere presence of Chinese people in the islands and the proximity between the Philippines and other silver-using nations such as China.²⁸

“Does the fact that they have a silver basis in Asia—in India and China and Hongkong— affect you?” Jacob Schurman asked Warner in April 1899. “Yes; that influences the situation,” Warner explained, without offering too many specifics.²⁹ The commission did not receive a more detailed picture of this issue until June 1899, when General Arthur MacArthur questioned Barnes. “Is the Philippine money question,” MacArthur asked, “dependent upon or influenced in any way by the fact that the Archipelago is in close

proximity to the other Eastern countries which are on a silver basis?" Barnes believed this to be the case. "Very likely that has an effect," he explained to the commission, "because the countries that have a lower exchange are accustomed to consider the silver dollars worth so much." For Barnes, people in silver-using countries such as China had their own sense of what a silver dollar was worth. Even when the global bullion price of silver declined, as it had in the late nineteenth century, he explained that it did not matter to people in silver-using nations such as China.³⁰

In his discussion with the Philippine Commission, Barnes indirectly suggested that Chinese people, along with Native Filipinos, understood the value of money as socially constructed. Barnes himself appeared to adhere to this perspective, explaining to MacArthur, "if a grower of rice and the grower of cocoanuts, and the grower of different articles of consumption, and the owner of sheep and beef all agree to consider that silver—that a dollar should count for so much in purchases, then it has not depreciated."³¹

However, for U.S. colonial officials, especially those with a self-proclaimed sense of expertise, this idea was a foreign understanding of money that conflicted with the principles of "sound money." It reflected a silver sensibility that appeared dangerous not only to the monetary stability of the colonial Philippines but also to Asia in general. And while men in positions of intellectual and political authority believed they could teach Filipinos the arts and habits of civilization—which included learning how to view money the "correct" way—they did not extend this expectation to the Chinese population. Their silver sensibility seemed more pronounced, making them appear exceptionally threatening to monetary stability.³² Daland clarified this apparent threat. British and American dollars were both "tried" in the islands, he explained, as were Japanese yen, "but they never succeeded." Colonel Charles Denby, a member of the commission, needed a more detailed answer. "Why didn't they succeed?" he asked. "On account of the prejudice of the Malays and of the Chinese," Daland explained, "who, once accustomed to one coin, will not take another in its place."³³ The type of money to which they were "naturally" accustomed, in other words, appeared just as menacing as the way they used money. While these interviews revealed the anxieties that American capitalists held regarding the Chinese already living in the Philippines, they also revealed anxieties about Chinese immigration. From their perspective, whether they were in China or the Philippines, the Chinese were a "silver-handling type" whose monetary habits seemed too deeply engrained. Seen in this light, Chinese immigrants would further undermine the prospect of stabilizing the currency system.

While the Chinese Question appeared to undermine the prospect of stabilizing the currency system and to introduce more uncertainty into currency questions, the Schurman Commission pointed to a few possible avenues for reform in its 1900 report, discussed below. Meanwhile, President William McKinley was eager to take more immediate and concrete steps toward a stable monetary system. Soon after he appointed a second Philippine Commission, led by William Howard Taft, the Commission's Chief of the Department of Finance and Justice, Henry C. Ide, took the first steps. On December 2, 1901, he announced to reporters in Manila that the Taft Commission would make two Mexican silver pesos lawfully equal to one U.S. gold dollar. Ide knew that this plan was temporary, however, because he could not control the quantity of Mexican pesos that circulated throughout the country.³⁴ Following an idea that later came to be known as the Quantity Theory of Money, men like Ide

believed they could only control price levels in the economy by increasing or decreasing the quantity of money in circulation.³⁵

The Philippine Coinage Act and the Gold Exchange Standard, 1898–1906

Eager to craft a more permanent response to the Philippine money question, the Chief of the Bureau of Insular Affairs, Colonel Clarence R. Edwards, persuaded Secretary of War Elihu Root to send an American monetary expert to the Philippines to investigate the currency system and advise the Taft Commission. For this task, they selected Charles Conant, who began his career as a Washington correspondent for the New York-based *Journal of Commerce*. While his financial reporting gained a wide readership in the 1890s, he also published a series of scholarly journal articles and books that stood out among the sea of literature on the “money question” in the United States.³⁶ While many scholars assumed that the continued success of the U.S. economy depended on the nation’s ability to secure markets in Asia and Latin America, Conant believed that the very survival of capitalism depended on the “civilized” world’s capacity to find outlets for its surplus capital.³⁷

Conant saw the American “foothold in the Philippines as a lever for keeping open the door of China and for sharing the development of Asia,” but for him the entire prospect of expanding into the “China market” hinged on the stability of the region’s currency system.³⁸ In this light, there was no clear separation between currency questions in the Philippines and those in China. If the price of silver continued to decline, merchants in every country on the silver standard would find American products more expensive. It would take more silver to pay for products priced in dollars. Additionally, without a stable currency in the Philippines and China, U.S. investors and entrepreneurs would face shifting exchange rates and an unstable economic environment. “The difficulties which our government has discovered in the Philippines in regard to the currency,” Conant observed, “are symptoms of a world malady.”³⁹ He was determined to improve what he viewed as a global issue of currency instability that involved every country on the silver standard. “If the supply of silver currency in the Philippines, in Mexico, or any silver-using country is kept at a fixed relation to gold,” he explained, the latter metal would continue to serve as the “money of international commerce.”⁴⁰ If the entire world adopted a gold-based currency, fixed exchange rates would create a more fertile ground for growth. It would facilitate international banking and allow a growing number of multinational corporations to expand into new territories.

When he arrived in the Philippines in early 1901, Conant discovered that the Schurman Commission had already sketched out three potential solutions for monetary reform in its 1900 report to the War Department: using the American gold dollar as the sole currency, keeping the silver standard and replacing the Mexican peso with newly minted American coins, or doing nothing.⁴¹ Conant believed that the last option would lead to further deterioration of the currency situation, but he saw the others as potential starting points for a more effective monetary system. Because Filipino laborers earned twenty centavos a day (equal to ten cents in U.S. currency), he assumed that they would find the gold dollar problematic. Like other countries on the silver standard, wages and prices were too low to warrant a pure gold standard. This led Conant and Ide, with whom he worked most closely in the Taft Commission, to believe that the second choice—placing the currency on a gold exchange system—was the best option. Under this currency structure, the civil government would create a theoretical gold dollar that would be used as the

standard of value, while a newly minted silver peso—worth fifty cents in U.S. gold dollars—would be used for everyday transactions.⁴² “The Indian government has been pursuing substantially the same policy as that recommended for the Philippines,” Conant observed. “Conformity to an international unit of exchange, agreed upon by all civilized nations, has been the dream of many students and philosophers.”⁴³

British monetary theorist A. M. Lindsay first proposed the gold exchange standard in his 1892 pamphlet, *Ricardo’s Exchange Remedy*, with an eye toward restructuring India’s monetary system.⁴⁴ Unlike the pure gold standard—which involved the direct conversion of paper money into gold—the gold exchange system was an indirect gold standard. Rather than directly converting Indian rupees into gold, the British colonial government created a system in which rupees could be converted into British pounds—a currency that could then be converted into gold. Doing so created a way to maintain parity with a gold-based currency without a large gold reserve. To maintain the value of its currency, India only needed a reserve of British pounds, which was more accessible than physical gold. In his formal investigation of the various monetary systems in European colonies, American monetary expert Jeremiah Jenks observed that a shift from the silver standard to the gold exchange standard would produce a heavy economic burden for most poor Indians. However, in the long run, he believed it would be beneficial for the country.⁴⁵ It seemed entirely possible, Jenks wrote in 1902, to adapt Lindsay’s plan to the Philippines. This policy would “enable the gold standard to be maintained more easily,” he reasoned, “without necessitating the holding of any very large gold reserve in Manila, provided it should be thought best to place the currency of the Philippine Islands upon a gold basis.”⁴⁶

With the assistance of Ide and Jenks, Conant drafted a detailed proposal for the new reform and then began his return trip to Washington on the steamship *China*.⁴⁷ While the War Department and Republican-led House of Representatives quickly approved the proposal, the Senate opposed certain elements, temporarily delaying Filipino monetary reform. They heard from bankers such as A. M. Townsend, who testified before the Senate Philippines Committee in February 1903. As a representative of the British banking interest in Hong Kong and elsewhere in Asia, Townsend pointed out that “Great Britain’s experiment of placing India on the gold basis had proved conclusively that the standard was applicable only to rich countries.” A gold-based currency, he explained, would raise prices and “tend to restrict rather than develop the export trade of the islands.”⁴⁸ While Townsend’s hesitation toward adopting a new gold-based currency in the Philippines echoed the attitude of the American capitalists interviewed by the Schurman Commission in 1899, he and his like-minded peers found little support in Congress. Many were eager to see a gold-based currency in the Philippines, a sentiment that appeared more pronounced outside the halls of Congress. “The prospects of the passage of the Philippine Currency bill,” the *New York Tribute* reported, “are considered good.”⁴⁹ Journalists from every section of the nation reported on the debates leading up to the legislation. Following the currency issue from Nebraska, for instance, newspaper editor Edward Rosewater wrote that American investors with “commercial interests” in the Philippines believed that the Conant and Taft Commission proposal should be made law immediately. American capitalists, Rosewater argued, demanded a gold standard currency in the Philippines.⁵⁰

Compelled to act in part by this popular support, Congress passed the Philippine Coinage Act on March 2, 1903, with minor adjustments, making provisions for even smaller currency denominations such as the half-centavo, one-centavo, and five-centavo pieces.⁵¹ The new law further authorized the Taft Commission to issue government bonds for 10 million dollars, which would pay an annual interest of 4 percent. Much like the

physical gold used to back the gold dollar in the United States, the money raised from selling these bonds would function as a reserve fund of U.S. dollars to maintain parity of a new silver peso, while also paying for the silver bullion required to mint the pesos.⁵² The Bureau of Insular Affairs first sold three million dollars of these bonds in March 1903 and another three million in August. “These two loans are probably unique in the history of government loans,” Ide remarked, “in that the [U.S.] government has actually made a profit out of its debts.”⁵³ The aim of selling Filipino bonds, Edwin Kemmerer later wrote of the experience, was to create a reserve not only for maintaining the value of silver pesos but also “for providing funds for the new initial purchase of silver bullion required for the coinage.”⁵⁴

Conant, Ide, and Jenks had worked out the details of the plan for monetary reform, which Congress had mandated, but the Taft Commission still faced the challenge of transitioning the Philippines to the new currency system. With the support of his graduate advisor Jenks, the Taft Commission appointed Kemmerer as the chief of the newly formed Division of Currency. He was tasked with removing the old Mexican and Spanish-Filipino pesos from circulation and replacing them with newly minted silver pesos from the United States. Transitioning from one currency to another was always bad for business, Kemmerer recalled in 1905, and American and Filipino capitalists “were anxious to have the transition effected as soon as possible.”⁵⁵

A large proportion of Filipinos initially rejected the authority of the colonial state and monetary experts to assign value to money, revealing how the Filipino people held power to challenge the authority of American colonialism and decide for themselves what held value.⁵⁶ However, this initial resistance was not fixed or impervious to natural misfortune. When rice crops almost completely failed in 1903, Filipinos were forced to import 15 million dollars worth of rice and export an equal amount of Mexican silver pesos. While crop failure was a disaster for Filipinos, this unforeseen event accelerated currency conversion, giving Kemmerer more time to study the new monetary scheme. With meticulous precision, Kemmerer estimated that 26 million Mexican pesos were exported between the summer of 1903 and the spring of 1905, while just over 82 million dollars in new currency were introduced in the same period. These were sufficient sums for Kemmerer to confirm the completion of the Filipino currency reform.⁵⁷ However, this conversion from Mexican and Spanish silver currency to American-minted coins and cash was not just about creating a more efficient medium of exchange. It was also about continually confirming American sovereignty over the Philippines. Each new peso, as historian Alvita Akiboh shows, memorialized American heroes such as George Washington and less well-known presidents such as Benjamin Harrison, making each transaction an opportunity to invite colonial subjects into the shared national culture without offering them shared independence.⁵⁸

Globalizing the Gold Exchange System

Monetary reforms such as those introduced in the Philippines, Conant announced in 1903, “must soon be applied on a larger scale in all the silver-using countries.”⁵⁹ The Filipino experience was only a starting point, a model to be used as a global standard for every country on the silver standard. The transition to the gold exchange system in the Philippines, the *New York Times* reported in May 1903, “has had a strong influence on the proposed change in the Mexican system of finance.” And “[w]hen Mexico takes this step China will doubtless be moved to follow the example and establish a similar system of

guaranteed silver coinage. Japan has already done practically the same thing.”⁶⁰ For U.S. observers, the aim of developing China’s currency system was to bolster the trade of the United States. “The interest of Americans in China is simply to find wider markets,” Conant wrote for the *North American Review*, an interest that was “consistent in every way with the progress and prosperity of China.”⁶¹ While U.S. companies were already exporting textiles, kerosene, and cigarettes to China, American companies such as Standard Oil, the American China Development Company, and the British American Tobacco Company were captivated by the market potential of the most populous region of the world.⁶²

While these popular desires for the “teeming millions” of potential customers became especially pronounced after 1898, efforts to expand were continually impeded by a series of overlapping issues. One perceived obstacle was the “deficient” desire to consume among the Chinese. The “Chinaman,” as missionary Arthur Smith observed in his travelogue, *Chinese Characteristics*, seemed indifferent to “Anglo-Saxon” commercial virtues. The Chinese lived in houses that were “ill-lighted at night,” with furniture that was “clumsy and uncomfortable.”⁶³ Rather than plant trees for shade, they seemed satisfied with small shrubs.⁶⁴ Beyond these foreign curiosities, their perceived tendency to live in a low state of civilization materialized most plainly in their clothes. “One of the most annoying characteristics of the Chinese costume,” Smith explained, “is the absence of pockets.”⁶⁵ The “average Westerner,” in contrast, required many pockets: one for “his memorandum books,” one for a pencil, a handkerchief, a watch, a pocket knife, a pair of scissors, “his bunch of keys, and his wallet.” And one must never leave home, Smith assumed, without a pocket mirror or a “boot-buttoner,” items that were necessarily accompanied by a pair of tweezers and a “pin-ball.”⁶⁶ Smith created an exaggerated sense of what “civilized” consumers held in their pockets, making it seem as if one had to be prepared at all times to navigate the social club with a “cork-screw” and a “pocket-comb,” while at the same time being equipped to navigate unfamiliar terrain with a “minute compass.”⁶⁷ In Smith’s narrative, this desire for such a diverse range of items, and the pockets to put them in, reflected a more advanced culture of consumption, which had already taken hold in the United States, England, and Germany in the late nineteenth and early twentieth centuries. To Western observers like Smith, the Chinese people’s outward indifference to the comforts of capitalism revealed a racial defect, which became a central concern in U.S. foreign relations at the turn of the century.⁶⁸

An added “deficiency” to American observers, especially to those eager for commercial expansion, was the absence of a “modern economic infrastructure.”⁶⁹ From a Western perspective, China appeared as a sharp contrast to a “developed” country like the United States, which had railroad networks connecting the East Coast to the West Coast, a relatively strong federal government, a national banking system, and a stable currency system. Like the Philippines prior to U.S. intervention, American corporations and small-scale traders faced unstable exchange rates in China, which contributed to a general sense that China was risky. Beyond these commercial concerns, however, the Chinese also began to struggle with unstable exchange rates in the years after a conflict that became known as the “Boxer Rebellion.” The Emperor of China agreed to pay 450 million silver taels (equal to 333 million dollars in American gold dollars) to indemnify the eight different powers.⁷⁰ Each time the value of silver declined, however, it became more difficult for the imperial government to meet its financial obligations to the Western powers. As Conant put it, the “gold value of the public revenue crippled the government in its ability to meet the indemnity payments to the Powers.”⁷¹ Given the “violent fluctuations in gold value of silver,” the Chairmen of the Shanghai, Hong Kong, and Tientsin

General Chambers of Commerce wrote in a joint statement in August 1903 that they were “urging upon the Chinese Government the imperative necessity of taking this matter in hand without delay.”⁷²

Sir Robert Hart, perhaps the most influential Westerner in Qing-era China, discussed these matters in the *North China Herald* on July 2, 1903. International trade had been “disastrously affected by the present state of the currency,” Hart wrote, “while the Government has to pay its foreign debts in gold, both country and people are being plunged into the depths of financial distress.”⁷³ Cutting to the heart of the matter, the U.S. Secretary of State John Hay argued that Chinese monetary reform would not only facilitate indemnity payments to the Eight-Nation Alliance but also support the “development” of the Chinese economy.⁷⁴ Summarizing this experience in a January 1902 letter to Hay, the Chinese chargé d'affaires Shen Tung wrote that currency instability “induced the Chinese Imperial Government, acting in concert with the Mexican Government, to ask the cooperation of the United States in seeking a remedy for these conditions for the mutual benefit of all concerned.”⁷⁵ For Tung, Chinese trade was continually threatened by the fluctuating “state of Chinese fiscal and currency systems,” which was falling to a depth that “no one could foresee.”⁷⁶ Aiming to persuade Hay to support Chinese currency reform, Tung was eager to point out that China offered American capitalists a great investment opportunity, “which would tend to relieve overproduction and contribute materially to the prosperity of manufacturing nations.”⁷⁷

In response, Congress authorized the formation of a new three-man Commission on International Exchange on March 3, 1903, just one day after it passed the Philippine Coinage Act. Its members included Conant, Jenks, and Hugh H. Hanna, an Indiana businessman who organized the Indianapolis Monetary Convention, which helped consolidate popular and political support for the gold standard in the months leading up to the Gold Standard Act of 1900.⁷⁸ While Conant and Tung framed monetary reform as mutually beneficial for all silver- and gold-using nations, Conant and his colleagues in the Commission on International Exchange were primarily interested in bolstering the international prestige of the United States and creating a global standard for currency that supported the internationalization of American capital.⁷⁹ Conant, Jenks, and Hanna first traveled to Europe, where they presented China as an investment opportunity to delegates from Britain, France, Germany, Russia, and the Netherlands. Placing China on the gold standard, they argued, “would unquestionably stimulate the importation into China of the products of European and American mills and factories.”⁸⁰ Following the experience in Russia, where imports grew by 50 percent in the years after it transitioned to the gold standard, and in Japan, where imports grew by 200 percent, it seemed reasonable to Hanna, Conant, and Jenks that China would see similar growth in trade.⁸¹ “While it is probable that the development of the commerce of China would not be so rapid as that of Japan,” the commissioners wrote in their 1904 report, the adoption of a gold-based currency would benefit industrialized nations enough to “justify earnest efforts on their part to secure such an important economic result.”⁸² Transitioning China to a gold-based currency, in other words, would create a stable environment for banking and finance and serve as a critical foundation for the country’s economic development.

By adopting a “civilized” currency, Conant later remarked, China would “be grid-ironed with bands of steel which will open a new chapter in her economic life.”⁸³ He believed that “modern methods” of currency and credit were required not only to construct a modern network of railroads but also to serve as a standard of modern civilization, which would eventually “introduce masses of the Chinese to the commercial habits of the West.”⁸⁴ After they marshaled support from European delegates, President

Theodore Roosevelt approved the Commission on International Exchange's request to send Jenks to China.⁸⁵ After arriving in China, Jenks first directed his efforts toward understanding how money functioned in the country, while also gauging the Chinese capacity for reform. He traveled down the Chinese coast, visiting the central trading centers in Shanghai, Canton, and Tientsin, and then the interior regions, between Shanghai and Hankow, along the Yangtze River. He spoke to a range of people, from government officials, bankers, and merchants to itinerant peddlers and day laborers, aiming to understand the types of currency they used in everyday exchange and "the probable ability of the people of all classes to deal with a new and uniform money."⁸⁶ While some merchants exchanged lumps of silver, he found that for most Chinese, holed copper coins strung together were the most common currency.⁸⁷ One Chinese silver tael was equal to 1,000 of these copper coins, and most Chinese did not use them. Rather, taels were primarily used in international trade.⁸⁸ The diversity of currencies in circulation, moreover, created further issues for the Chinese central government. Nations that circulated foreign currencies did not have absolute sovereignty. Without a national currency, the Chinese imperial government not only gave up the symbolic power of a national currency but also surrendered the ability to profit from seigniorage and adjust their economy through monetary measures.⁸⁹ For Conant, Hanna, and Jenks, monetary reform would give China more control over its money supply. Along with his evaluation of Chinese merchants and laborers, Jenks also met with provincial governors and district magistrates to "estimate the qualifications" of those who would be involved in administering the new currency.⁹⁰ He aimed to understand not only their capacity for monetary reform but also the perspective of those who may have been resistant to his proposals.

Along with placing China on the gold exchange standard, Jenks further proposed the appointment of a foreign advisor as the Comptroller of the Currency, a proposition that Chinese officials viewed as an insult.⁹¹ For Jenks and the other members of the Commission on International Exchange, placing an American monetary expert in this position was essential for successful monetary reform and the prospect of attracting foreign investment. As Kemmerer later pointed out, foreign investors relied on international monetary experts to perform "pioneer work" to improve the "investee country" until it met the criteria of a "civilized" monetary system. While interest among foreign investors was trending toward "the direction of less developed countries like those of Latin America and continental Asia," Kemmerer believed these regions required a supervised transition to the gold standard to materialize these investments.⁹² While this proposition seemed sensible to Jenks, the governor-general of Wuchang, Zhang Zhidong, took offense to the idea of appointing a foreign advisor to such a powerful position. For him, Western interference in Chinese finance was a "slippery slope" toward colonial dependence.⁹³ In the years after the Opium Wars (1839–1860) and the Sino–Japanese War (1894–1895), Chinese officials became increasingly suspicious of any form of foreign interference.⁹⁴ Although Zhidong recognized that appointing a foreign advisor as the Comptroller of the Currency would reduce the perceived risk for investors, he placed more value on protecting Chinese sovereignty from a growing wave of Western imperialists in the early years of the twentieth century. Zhidong was more interested in redirecting Western knowledge to support more traditional forms of Chinese governance.⁹⁵ He believed that China would eventually be ready to convert to the gold exchange standard, but he was adamant that a sovereign nation should have complete control over its monetary system.⁹⁶ Other Chinese officials, such as Lui Shiheng, looked to Egypt, which transitioned its currency under the guidance of the British and gradually lost its sovereignty.⁹⁷ Other issues involved a growing conflict between Chinese provincial authorities and the

imperial government. Adopting the gold exchange system, as historian Austin Dean points out, may have shifted power from the provinces to the central government while also cutting off a source of revenue for provincial leaders such as Zhang Zhidong, who relied on revenues from seigniorage.⁹⁸

Although many Chinese officials resisted Jenks's proposal, some were open to it. The Prince of Ch'ing, who served as the president of the Grand Council of the Qing Dynasty, wrote to Jenks as he departed Shanghai. "I found myself after conversation with you in hearty accord with your ideas," he wrote, "and having read the various papers and memoranda which you have prepared, I note that they are all exhaustive in their discussions, and set forth plans covering all details, for all of which how can I sufficiently express my gratitude." Jenks appreciated this letter, viewing it as a sign of his success in China. Though no formal plans were made while he was there, the Prince of Ch'ing's letter suggested that the imperial government was open to currency reform and would eventually carry out such a reform "unless some hostile influence intervenes."⁹⁹ Shortly after Jenks returned to the United States, the Peking-based journalist George Ernest Morrison cabled London. Jenks's mission to China had "[u]ndoubtedly left its mark," Morrison wrote; yet his time in the country revealed how the difference "between Chinese expression of approval of a reform and its actual introduction ... is considerable."¹⁰⁰ Framing Jenks's trip in an organic metaphor, the editor of the *North China Daily News*, Robert Little, wrote that Jenks departed Shanghai "with the satisfactory conviction that his mission has not been altogether in vain. He has planted—it is for others to water, and the increase will come."¹⁰¹

As this discussion demonstrates, the currency question in China involved a range of views about the most effective method of monetary reform, whether China should remain on a silver standard or be placed on the gold exchange system, and the conflicting authority between provincial leaders and the imperial government. Even though Jenks "has practically brought the Chinese Government to believe that his plan is the correct one, and ought, if possible, to be adopted," the U.S. diplomat Edwin Conger observed, "they greatly fear that so radical a change in their financial system cannot at present be carried out by a government which has so little real power over its separate provinces."¹⁰² The debates that emerged from Jenks's mission to China also revealed the perceived relationship between the control of currency and China's sovereignty. While Conant and Jenks, among other American observers, viewed China's resistance to the gold exchange system as a threat to broader monetary stability in East Asia and the prospects of U.S. economic expansion into the country, this resistance enabled China to challenge the growing influence of American and European imperial power in the era. As historian Mae Ngai argues, by resisting the gold exchange standard, China "asserted its independence in the face of foreign encroachment and aggression."¹⁰³ Chinese officials privileged sovereignty over any economic advantages that a more "civilized" monetary system may have provided. This experience reveals a critical moment in history when the desire to remain sovereign in the face of foreign aggression surpassed the desire for economic growth.

Conclusion

While the ambitious plans for global monetary reform did not materialize as Jenks, Conant, and Hanna originally envisioned, colonial monetary reforms in the Philippines and diplomatic interactions with Chinese officials left important legacies. In the

Philippines, these reforms included the creation of a monetary system that extended U.S. colonial authority, the integration of the Filipino economy into the U.S. sphere of economic influence, and the creation of new ways of racializing the Filipinos and Chinese. The attachment that Native Filipinos and Chinese appeared to have toward silver and the seemingly “backward” ways in which they understood money were seen as obstacles to monetary reform and the maintenance of a new gold exchange standard. Such perceptions of silver savagism were particularly pronounced among the Chinese. In the colonial Philippines, as this essay demonstrates, the Chinese Question was bound up with the Philippine money question and shaped conversations about Chinese exclusion in the colonial Philippines.

For U.S. colonial officials and monetary experts, the danger that the Chinese posed to monetary stability extended beyond the boundaries of the Philippine Islands. China’s resistance to the gold exchange standard was a challenge to the global vision for monetary stability that U.S. officials and monetary experts articulated and pursued in the first years of the twentieth century. By resisting U.S.-led efforts to reform their monetary system, the Chinese challenged not only the trend toward a global monetary system based on gold but also American conceptions of civilization and economic development. International monetary experts like Conant, Jenks, and Kemmerer still used the language of civilization, often describing Filipinos or Chinese as “uncivilized,” but during their efforts to reform Filipino and Chinese currency systems between 1901 and 1904, they began to lean on the language of economic development—using it to define, in more social scientific terms, what a developed economy looked like and the range of options a country had to develop.

In both the Philippines and China, these options included habits of thrift and consumption, a “civilized” understanding of money that reflected the principles of sound money, and a gold-based currency. While a newly empowered cohort of social scientific experts defined these habits and ideas as necessary pillars in the path of economic development, they continued to redefine the “natural” path of development in Latin America. In the months after Jenks’s trip to China, Conant turned his attention to Panama, supporting Taft in the creation of a new Panamanian currency system that contributed to Panama’s eventual dollarization.¹⁰⁴ While this article does not examine the Panamanian experience, dollarization has created a new set of questions about the relationship between money and empire. Throughout these experiences, social scientific experts continued to shape the direction of U.S. foreign policy, while the demands of American imperial power shaped the evolving language of development.

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Notes

1 *Commercial and Financial Chronicle*, Feb. 8, 1902, 304; Charles Conant, “The Currency of the Philippine Islands,” *Annals of the American Academy of Political and Social Science* 20 (Nov. 1902): 47; E. W. Kemmerer, “The Establishment of the Gold Exchange Standard in the Philippines,” *Quarterly Journal of Economics* 19 (Aug. 1905): 585.

2 For a history of these exchange rate issues, see Allan E. S. Lumba, *Monetary Authorities: Capitalism and Decolonization in the American Colonial Philippines* (Durham, NC: Duke University Press, 2022), 49–50.

3 Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*, 3rd ed. (Princeton, NJ: Princeton University Press, 2019), 15–16.

- 4 For the relationship between the gold standard and civilization, see Emily S. Rosenberg, “Foundations of United States International Financial Power: Gold Standard Diplomacy, 1900–1905,” *Business History Review* 59 (Summer 1985): 169–202; Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900–1930* (Durham, NC: Duke University Press, 2004); Steven Bryan, *The Gold Standard at the Turn of the Twentieth Century: Rising Powers, Global Money, and the Age of Empire* (New York: Columbia University Press, 2010), 18, 33, 156; Eichengreen, *Globalizing Capital*, 3–4.
- 5 The term “goldbug” often refers to Americans who supported adoption of the gold standard.
- 6 This analysis builds on Lumba, *Monetary Authorities*, 49, 50, 54–57, which reveals anxieties about the relationship between money and the Chinese.
- 7 Eichengreen, *Globalizing Capital*, 4.
- 8 While the “Chinese Question” initially emerged in the gold fields of California and Australia, Mae Ngai emphasizes how the perceived threat the Chinese posed to white-controlled spaces was continually redefined in different historical contexts. See Mae Ngai, *The Chinese Question: The Gold Rushes and Global Politics* (New York: W. W. Norton, 2021), 4. For histories of Chinese exclusion in the colonial Philippines, see Irene Jensen, *The Chinese in the Philippines during the American Regime, 1898–1946* (San Francisco: R and E Research Associates, 1975); Clark L. Alejandrino, *A History of the 1902 Chinese Exclusion Act: American Colonial Transmission and Deterioration of the Filipino-Chinese Relations* (Manila: Kaisa Para sa Kaunlaran, Inc., 2003); Andrew R. Wilson, *Ambition and Identity: Chinese Merchant Elites in Colonial Manila, 1880–1916* (Honolulu: University of Hawaii Press, 2004); Paul A. Kramer, *The Blood of Government: Race, Empire, the United States and the Philippines* (Chapel Hill: University of North Carolina Press, 2006), 400–01; Richard T. Chu, “Transnationalizing the History of the Chinese in the Philippines during the American Colonial Period: The Case of the Chinese Exclusion Act,” in *Filipino Studies: Palimpsest of Nation and Diaspora*, ed. Martin F. Manalansan and Augusto Espiritu (New York: New York University Press, 2016), and Beth Lew-Williams, *The Chinese Must Go: Violence, Exclusion, and the Making of the Alien in America* (Cambridge, MA: Harvard University Press, 2018), 210–11.
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- 10 For histories of monetary reform in the colonial Philippines, see Rosenberg, *Financial Missionaries to the World*, 14–17; Yoshiko Nagano, *State and Finance in the Philippines, 1898–1941: The Mismatch of an American Colony* (Chicago: University of Chicago Press, 2015), 21–40; Alvita Akiboh, “Pocket-Sized Imperialism: U.S. Designs on Colonial Currency,” *Diplomatic History* 41 (Nov. 2017): 874–902; and Lumba, *Monetary Authorities*. For U.S. interventions in Chinese monetary debates, see Austin Dean, “A Coin for China? The Monetary Standards Debate at the End of the Qing Dynasty, 1900–1912,” *Modern China* 44 (Nov. 2018): 591–619.
- 11 For debates over the racial capacities of Native Filipinos to understand money, see Lumba, *Monetary Authorities*, 46–47.
- 12 On the discourse of civilization, see Gail Bederman, *Manliness and Civilization: A Cultural History of Gender and Race in the United States, 1880–1917* (Chicago: University of Chicago Press, 1995), 24. Since Bederman’s analysis, an increasing number of historians have begun to analyze the discourse of civilization in a U.S. imperial context. See Rosenberg, *Financial Missionaries to the World*, 5; Kramer, *Blood of Government*; April Merleaux, *Sugar and Civilization: American Empire and the Cultural Politics of Sweetness* (Chapel Hill: University of North Carolina Press, 2015). For a historiographical analysis of the discourse of civilization in the American empire, see Nan Enstad, “The ‘Sonorous Summons’ of the New History of Capitalism, Or, What Are We Talking about when We Talk about the Economy,” *Modern American History* 2 (Mar. 2019): 91–93.
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21 Lumba, *Monetary Authorities*, 49–50.

22 Philippine Commission, *Report of the Philippine Commission*, 1900, vol. 2, 162.

23 Russell McCulloch Story, “The Problem of the Chinese in the Philippines,” *American Political Science Review* 3 (Feb. 1909): 39.

24 Philippine Commission, *Report of the Philippine Commission*, 187. This verbiage echoed the way white supremacists in the American South use their proximity to African Americans to claim racial expertise. See K. Stephen Prince, *Stories of the South: Race and the Reconstruction of Southern Identity, 1865–1915* (Chapel Hill: University of North Carolina Press, 2014), 226.

25 Philippine Commission, *Report of the Philippine Commission*, 1900, vol. 2, 17.

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27 Philippine Commission, *Report of the Philippine Commission*, 1900, vol. 2, 17. This analysis builds on Charles F. McGovern’s notion of “material nationalism.” See Charles F. McGovern, *Sold American: Consumption and Citizenship, 1890–1945* (Chapel Hill: University of North Carolina Press, 2009), 3.

28 Regarding the perceived incapacity among Filipinos to understand the “market” value of money, see Lumba, *Monetary Authorities*.

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52 Kemmerer, "Establishment of the Gold Exchange Standard," 586–87.

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- 101 Robert Little, "Currency Reform in China," *North China Daily News*, Sept. 8, 1904, in Commission on International Exchange, *Gold Standard in International Trade*, 18–19.
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- 103 Ngai, *Chinese Question*, 300.
- 104 For more on the dollarization of Panama, see Eric Helleiner, "Dollarization Diplomacy: US Policy Towards Latin America Coming Full Circle?" *Review of International Political Economy* 10 (Dec. 2003): 411; Eric Helleiner, "Below the State: Micro-Level Monetary Power," in *International Monetary Power*, ed. David M. Andrews (Ithaca, NY: Cornell University Press, 2006), 88. For some of the political impacts of dollarization, see Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton, NJ: Princeton University Press, 1995), 158–66. These scholars move quickly from a 1904 monetary agreement between the United States and Panama and the full dollarization of Panama years later, leaving questions about how dollarization took form. Research on this topic could begin with Commission on International Exchange, *Gold Standard in International Trade*, 13; "Notes of Meeting with the Commission of Panama and the Secretary of War," June [date uncertain], 1904, "Between the Secretary of War and the Delegation from the Republic of Panama," in *Hearings Before the Finance Committee of the United States Senate on the Monetary Agreement Between the Secretary of War and the Government of Panama*, 59th Cong., Jan. 24 and Jan. 27, 1906, 24–26; *Hearings before the Committee on Interocceanic Canal of the United States Senate in the Matter of the Senate Resolution Adopted Jan. 9, 1906, Providing for an Investigation of the Matters Relation to the Panama Canal, etc.* 59th Cong., Jan. 11 and Jan. 16, 1906, 68.

Johnny Fulfer is a Ph.D. student in the Department of History at Indiana University.