

Summary

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“Currency Competition in China Between 1850 and 1950.
A Case Study on Hayek’s Denationalised Money?”

In this article, we analyse whether China’s monetary system between 1850 and 1950 can be compared to F. A. von Hayek’s idea of denationalised money. While different currencies existed and competed during the whole period, we find that only the first part, until the beginning of the 20th century can be characterised as a one of denationalised money. We furthermore find evidence that the decentralised supply of competing monies acted as a protection against money induced inflation as it helped to preserve the convertibility of banknotes in precious metal. However, this advantage of currency competition came along with considerable transaction and information costs. (JEL E42, N15, O53)