Collecting Trade Dollars

by Thomas Coulson



1873 Trade Dollar

The Trade Dollar is perhaps the most controversial coin ever issued by the United States Mint. It was designed partly as a way to remove some of the surplus silver regularly coming to the United States market. Moreover, it served a useful purpose as a facilitator of imports from China. As a commercial relationship expanded between China and Western nations in the mid-Nineteenth Century, Chinese merchants preferred to trade their products for Mexican 8 Reales. The old Spanish Colonial Portrait 8 Reales were among the first Western coins seen in China and the following Mexican types were preferred there due to familiarity with the denomination and its standard. In order to import goods from China, American merchants needed to buy the preferred Mexican 8 Reales, often at a premium, if they were even available. To alleviate this problem,

the Mint produced the Trade Dollar at a weight that matched the content of the 8 Reales. These new 1873 Trade Dollars were assayed in China and deemed to be acceptable for use in commerce. Many of these coins were stamped or chopped by Chinese merchants with a 'chop mark' to vouch for the coin's authenticity. This Chinese acceptance would have been the successful conclusion to the Trade Dollar's story except for a quirky provision in the coin's authorizing act of 1873.

This act – the one often referred to as the 'crime of '73' – had a clause that gave the Trade Dollar legal tender status up to a quantity of five dollars in the United States. Initially, this did not present a problem as the price of silver remained fairly high. (For nearly two decades the 'standard' Silver Dollars, which were even lighter than the Trade Dollars, did not circulate because their intrinsic value exceeded their face value.) As more silver from the great Comstock Lode discovery made its way to market, the price of silver began to fall. Meanwhile, in parts of China, the new Trade Dollars were facing some headwinds in gaining acceptance over the preferred Mexican 8 Reales. Some Trade Dollars were then diverted from China as the 'legal tender' clause was invoked domestically. With their quasi-legal tender status, the Trade Dollars soon became an unwanted nuisance in the United States. In recognition of this problem, their legal tender status was revoked entirely in 1876.

Without legal tender status in the United States, the Trade Dollar should have disappeared from circulation. Instead, even more Trade Dollars circulated domestically. In the late Nineteenth Century, many communities in the United States were 'company towns'. In these towns, nearly every aspect of life such as work, boarding, commerce, schooling, and entertainment were controlled by the local employer. Because such companies were so pervasive in the fabric of the community, they wielded immense power. Unscrupulous company owners looking to maximize profits found a great opportunity in the Trade Dollar. These coins, no longer legal tender, could be purchased for slightly over their intrinsic value; often around 80 to 83 cents. The coins could then be paid out to employees as 'dollars', effectively lowering labor costs by 25 percent. Because the company dominated the town, the legal tender status of the Trade Dollars was moot. These companies could force employees to accept whatever they chose to pay out and redeem them at company stores at their discretion. In fact, the coins further strengthened the company's position since outside merchants were likely to refuse the Trade Dollars altogether. Walter Breen stated that over 8.6 million Trade Dollars went into circulation in the Eastern U.S. during 1877 and 1878. (Breen, P.466) That was equivalent to half of the entire Trade Dollar mintage for those years! It is no mystery why the Trade Dollar quickly came to be unwanted and despised by the American public.

Circulating Trade Dollar production ended abruptly as the Bland-Allison act introduced the Morgan Dol-

lar in 1878. Through 1883 and possibly 1884, the Trade Dollar was officially produced as a proof coin for collectors. Only ten 1884 Trade Dollars are known to exist and these are one of the greatest and most prized of all United States numismatic rarities. There is some debate over whether or not the 1884 Trade Dollars were an official Mint Issue. Unauthorized proof Trade Dollars bearing the date 1885 (5 pieces) were also struck. The 1884 and 1885 Trade Dollars were generally unknown until the early 20th Century. Since then, sales of 1884 and 1885 Trade Dollars are special occasions. These mysterious coins are highly coveted and rarely encountered.

Trade Dollars continued to be unpopular for decades. In 1887, the U.S. Treasury agreed to redeem remaining undamaged Trade Dollars at \$1.00 each and many were turned in and melted. Many more were undoubtedly melted in the Orient. Occasionally, Trade Dollars still circulated in the U.S. Based on their silver value. However, few collectors wanted them. Those that did could often purchase them for their scrap value, which remained under a dollar until the price of silver rose in the 1930's. Even proof Trade Dollars could be had for only a few dollars. As coin collecting gained popularity, Trade Dollars eventually found new appreciation. Prices generally rose as more collectors jumped into the market. The coin's



1883 Proof Trade Dollar

attractive design and scarcity in original condition made it appealing to collect. Coins that circulated in China denoted by their 'chops' were found to be intriguing for their role in the history of World commerce. The sad abuse of the Trade Dollar in the United States was equally interesting. No other U.S. Coin has quite the same background.

View Our Inventory of Trade Dollars for Sale Here.



1877-S Trade Dollar reverse

How to Collect Trade Dollars – Four Different Ways

1. The Basic Collection

With only 18 different coins, the Trade Dollar series is short. The collection can be completed albeit not so easily. The coins are not overly expensive, but finding nice specimens will be a challenge. Lots of coins were destroyed or chop marked. Many more were cleaned or mishandled to the point of damage. Even for common dates, problem-free original coins are surprisingly scarce. The optimal grade range for circulated Trade Dollars is Extremely Fine to About Uncirculated. These coins have their design elements intact and lots of eye appeal if original. Most issues, except for some of the Carson City coins can be bought for under \$1,000 each. Many are in the \$200.00 to \$400.00 range. It would make sense to start with the most common coins first and fill in the collection with the scarcer coins as they become available. The 1877-S, followed by the 1876-S, 1878-S and 1875-S are likely to be the starters. The 1877 and 1876 Philadelphia Mint coins would be the next group. The 1875-CC will be the most available of the Carson City coins, followed by the 1874-CC. The 1873 and 1874 issues are tricky to find; as is the 1875 Philadelphia Mint Trade Dollar. The 1878-CC Trade Dollar is the scarcest coin in the series and it is legitimately tough to find. Some Trade Dollar albums also include spots for proof coins, too. The Whitman Classic albums for Trade Dollars included dates through 1883.

Mint State Trade Dollars could make an interesting collection. All mint state Trade Dollars are scarce or rare. They are available in auctions with regularity, though, and given their scarcity represent decent value. Except for the Carson City issues, most of the Mint State Trade Dollars can be bought for \$2,000 to \$4,000 each in MS-62 to MS-63 grades. At this price point, these coins are affordable for many collectors willing to save up and buy them periodically. The 1873-CC, 1876-CC and 1878-CC are expensive at over \$10,000.00 each. They do come up for sale with frequency for those that can afford them. MS-65 Trade Dollars would make an incredible collection. Populations in this grade are miniscule except for the most common dates. This grade will take substantial time and money to complete.

There are many varieties that can be added to any Trade Dollar collection. Both the obverse and reverse designs were modified slightly in 1875 and 1876. Type I and Type II Reverses were issued in 1875 and Type I and Type II Obverses were issued in 1876. There is also a doubled die obverse for the 1876-CC and 1876-S Trade Dollars.

Click Here for a free Collector's Checklist to Help You Get Started!

2. Chop Marked Trade Dollars

Trade Dollars that actually went to China are usually found with chop marks. Chop marks are typically Chinese characters punched into a coin that denote acceptance as a good weight piece by a merchant. Chop marked coins vary from having a few light chops to extensive chopping that even alters the shape of the coin. Chop marks are fascinating because they demonstrate part of the host coin's circulating life as it travelled from merchant to merchant. Even more compelling is the fact that many of these chop marked coins have survived the past century and longer and made the return trip back to the United States. This was not an easy voyage, as silver that goes to China often stays there.



Chop marked Trade
Dollar

Chop marked Trade Dollars exist for every date and mintmark of circulating Trade Dollar issues. The 1878-CC Trade Dollar is likely the scarcest chop marked Trade Dollar. Though chopped Trade Dollars are relatively scarcer than unchopped specimens they can usually be purchased for less. (This was not always the case. Long ago, collectors appreciated the historic value of chop marks and coins with them traded at premiums.) There are several attractive Mint-State Trade Dollars available at very reasonable prices. (1875-S and 1876-S seem to be most common.) Assembling a complete set of chop marked Trade Dollars is more difficult than finding the same coins unchopped. Com-

pleting this set would be a rewarding challenge because of the difficulty in finding the 'stoppers'. The added bonus is found in obtaining wonderful historic value in the small silver U.S. Ambassadors to the East.

Trade Dollars are not the only chop marked coins, though. An interesting expansion to the series of chop marked Trade Dollars would be a type collection of chop marked coins. There are many different types of coins displaying chop marks dating as far back as Ancient Rome. Also, there are a dozen different types of chop marks as outlined by F.M. Rose in his book Chopmarks. Chop Marked coins can be collected by coin type or chop mark type or both! (The types listed in "Trade Coinage Type Set" below would be a good starting point for such a collection.)



Chop marked Trade Dollar

3. Trade Dollar Art

There are two types of distinctive art crafted from Trade Dollars. The first is the Box or Opium Dollar. Box dollars are coins that have a hollowed out compartment on the inside. There is usually a hinge that holds the two sides together. The compartment could hold a picture or note or anything small. Box coin art has existed at least since the Seventeenth Century, and there are many different types of coins



Boxed Trade Dollar

that have been hollowed out this way. The Trade Dollar is the most commonly encountered United States coin in box format. They are often called 'Opium Dollars' due to their proximity to the Opium Trade and the conjecture that these small compartments could have held Opium at one time. Though this is an intriguing concept, it is unlikely that these Trade Dollars were actually used in this manner.

Boxed Trade Dollars could be collected informally as they come. It would be very interesting to see how many different dates and mintmarks could be found, too. Box Trade Dollars could also be collected as part of the larger topical of Box coinage; which would also be a fun and challenging collection.

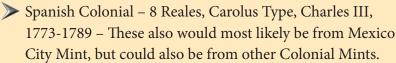
The Second form of Trade Dollar art is the Potty Dollar. On coins designed with Miss Liberty Seated such as the Trade Dollar and Liberty Seated coinage, it was noticed by prospective artists that she appeared to be sitting on a commode or chamber pot. These artists sculpted their vision into the coin. Some of these are very well made and some crude. Nicely executed pieces are interesting to see and collect. If you appreciate coin art, consider this Nineteenth Century equivalent to the Hobo Nickel.

4. Trade Coinage Type Set

There were several different World coins that travelled to China to serve as a medium of exchange for desired Chinese goods unavailable in the West. Chinese merchants had a great desire for silver and demanded silver coinage in exchange for their wares. Though China conducted trade with the West for centuries, the flow of silver seemed to increase in the late 18th Century. Trade expanded further when additional ports were opened after 1842.

The Spanish Colonial 8 Reales were the coins most desired by the Chinese to accept for trade. This was probably due to the fact that these coins were more abundant and consistently minted than other World crowns of the era. As Colonial Spain fell to rebellions by the early 1820's the Colonial 8 Reales was no longer being produced. The Mexican 8 Reale of the same standard became the logical replacement. It was inconvenient for merchants of other countries to procure the old Portrait 8 Reales and the Mexican Cap and Rays coins. Often they could only be had at premiums, if at all. Several countries introduced competing coinage for trade with varying success. Completing a type set of these different trade coins used in China is a fun way to study East-West trade relations of the Nineteenth Century. A type set of these coins might include the following: (Note: the collection might contain one of each example with chop marks to demonstrate coins that actually travelled to China and one example without chop marks as a clear example of the type.)

- > Spain 8 Reales, 1732-1771
- > Spanish Colonial 8 Reales, Columnario or Pillar Type 1732-1772 – These would be most likely be from the Mexico City Mint but could also exist from the Mints of Potosi, Lima, or less likely from Nueva Guatemala or Santiago.



> Spanish Colonial – 8 Reales, Carolus Type, Charles IIII, 1789-1808 – Same Comment as before

- Spanish Colonial 8 Reales, Ferdinand, 1808-1821
- Mexico 8 Reales, 1824-1896
- Mexico Scale Peso 1871-1873, Rare
- ➤ United States Dollar, 1859-S
- > Hong Kong Dollar, 1866-1868
- > United States Trade Dollar, 1873-1878
- > Japan Trade Dollar, 1875-1878
- > French Indochina Piastre De Commerce, 1885-1928
- > Great Britain Trade Dollar 1895-1938, also 1804
- China Dragon Dollar (7 Mace and 2 Candereens) The Chinese Equivalent of these Trade Coins.



China Dragon Dollar



Great Britain Trade Dollar



Pillar Type 8 Reales



Spanish Colonial 8 Reales



1859-S Seated Liberty Dollar



Hong Kong Dollar

This collection could be expanded to include other major trade coins of the World, regardless of where they circulated. There are many more coins that could be added to the list.

Read more About Trade Dollars

Bowers, Q. David. <u>Silver Dollars and Trade Dollars of the United States: A Complete Encyclopedia, Volume I.</u> Bowers & Merena Galleries, Wolfeboro, NH, 1993.

Breen, Walter. <u>Walter Breen's Complete Encyclopedia of U.S. And Colonial Coins</u>. Doubleday, New York, 1987.

Gullberg, Colin James . <u>Chopmarked Coins: A History; The Silver Coins Used in China, 1600-1935</u>, iAsure Group JEAN Publications, 2014.

Rose, F.M. Chopmarks. Numismatic International Incorporated, 1987.

White, JD. Chopmarked Coins: Worthless or Historically Significant?

