

## The financial effects of the Taiwan tea boom

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### 1. What is the question of the paper?

Taiwan experienced a tea boom in the last-half of the nineteenth century, exports increased greatly leading in the money supply lowered interest rates in north Taiwan. With higher real money balances, landowner put less land on the market causing a great increase in real estate prices. The banking system allowed businesses to move funds easily in and out of the north Taiwan area, but once silver reached farmers in the village, who had no access to deposit banking, they held onto the money or used it only locally.

### 2. Why should we care about it?

Although Taiwan experienced a tea boom in that time, and we exported amount of tea to other countries, but it seems that international trade did slightly impact on economics, as the result of money was stacked by the farmers, causing the bank was lack of capital, causing the lower consumption and also causing the economy developed slower than expected.

### 3. What is your(or auther' s) answer?

The author find out the reason why farm families didn' t spend their money, because they preferred to increase the real money balances rather than spend to other place, when they get more money due to the tea boom, they wanted to save it for the future emergencies or simply smooth their family' s consumption over a long period.

### 4. How did you(or auther) get there?

The author collected the relevant data, included the history and some statistics of tea boom, some financial data during that period and also the real estate price data, the author analyzed those data and made the conclusion.