

# NATIONALIST CHINESE INFLATION AND HYPERINFLATION 1945-1949 – CHINA TO UNITED STATES POSTAL RATES

Shown is an in-depth study of Nationalist China international postal rates during inflation that escalated to hyperinflation, documented on mail to the United States.

Following World War II, fighting between Nationalist Chinese and Communist Chinese broke out. As the fighting continued, Nationalist controlled territory ebbed, confidence in the Nationalist currency shrank, and inflation set in. By mid-1949 the Nationalists controlled little ground - inflation accelerated to hyperinflation. Shifting to Gold Yuan currency did not stop the inflation. Postal rates document the inflation.

Chinese National Currency (CNC) rates were established October 1, 1945. This currency was devalued twice to Gold Yuan and then Silver Yuan:

8 November 1948	\$1 Gold Yuan = \$3,000,000 CNC
29 April 1949	\$1 Silver Yuan = \$4,000,000 Gold
	\$1 Silver Yuan = \$12,000,000,000,000 CNC

Surface mail, air mail, and printed matter rates are shown along with registry fees. They are presented separately as the rate periods do not always overlap. All 114 rates are shown. Important covers are bordered in red.

The start - \$30 CNC Surface Rate – Shanghai - 22 October 1945

Each class of mail begins with a chart in color of the CNC rates. Special notes appear in that class's color. As the rates spiraled upward, a box appears each time the rate reaches another multiple of ten times the original rate.

Surface Rate – Frame 1 Page 2

Air Mail Rate – Frame 3 Page 8

Printed Matter – Frame 6 Page 16

Registry Fee – Frame 8 Page 13

1,333 Times Initial Rate

Rate multiple examples

30,000,000 Times Initial Rate

## SYNOPSIS OF EXHIBIT

### NATIONALIST CHINESE INFLATION AND HYPERINFLATION 1945-1949 – CHINA TO UNITED STATES POSTAL RATES

**General Background:** During World War II, the rival Nationalist and Communist forces allied uneasily with the aim of fighting the Japanese. At the conclusion of the war, open civil war erupted. Control of the country flowed back and forth with Nationalist control diminishing. On October 1, 1949, Mao Zedong declared the People's Republic of China and over the next months expelled the Nationalist government which moved to Taiwan.

The financial demands of fighting the war against Japan and the wartime loss of much of the country's industrial strength left the Nationalist government hard pressed to keep itself afloat. Printing of new money started an inflationary spiral turning into hyperinflation 6 November 1948 that did not end until April 29, 1949, when a new currency, the Silver Yuan, was introduced in what remained of Nationalist territory. The inflation had become so severe that the currency had little value. This is a logical ending time for this exhibit.

**Importance:** This exhibit reflects the high inflation faced by a major country recovering from invasion by Japan and fighting a civil war as its territory was overtaken by the Communists. The government fled to Taiwan in the fall of 1949. This exhibit begins with the end of World War II and establishment of rates on October 1, 1945, designed to be permanent and the exhibit ends in May 1949 with the Nationalist forces holding onto meager vestiges of the country and Nationalist currency collapsing before the total Communist takeover late in 1949.

The exhibitor was the first to exhibit this inflation period of Nationalist China and presents the most complete coverage exhibited of international mail.

**Treatment:** This exhibit covers three international mail classes and registration fees for the period of Nationalist Chinese inflation October 6, 1945, to spring 1949. These are presented chronologically by class type as the rate periods for each class do not overlap in many cases. Such arrangements allow ease in seeing the inflation through each class. A rate chart documents the Chinese National Currency rates and a second rate chart the Gold Yuan rates for each class. Each section ends with the first Silver Yuan rate as its conclusion.

The exhibitor has chosen to show mail from China to the United States as the aim is to clearly show the spiraling inflation without attempt to find "exotic" destinations which are immaterial for the rate study.

Attention is called to the many very short rate periods including six of 10 or fewer days and a three-day surface/air mail combination rate. All 114 rates in this period are shown.

**Philatelic/Subject Knowledge/Study:** Covers have been selected to show a diversity of origins. As the period developed, the area controlled by Nationalists generally decreased, so, by early 1949 the outgoing mails were limited primarily to Shanghai and the larger cities along the southern coast and the far southeast of China.

Translations of Chinese characters are provided unless obvious alongside English.

The exhibit has covers selected to show the great diversity of stamps used for franking. It is beyond the scope of this exhibit to trace the stamps themselves - even the basic catalogues for China list more than 800 stamps for this period, the specialized more than 2,000 different issues and printings. This is not a study of the stamps but of the rates demonstrating the inflation.

In this short time, there were two currency conversions, from Chinese National Currency to Gold Yuan to Silver Yuan. This is confusing as the currency on the stamps is in Chinese characters, hence after the currency change the values do not show the large numbers as earlier European inflation periods do. From the surface rate of \$30 CNC in October 1945, it took the equivalent of \$1,200,000,000,000 CNC on April 29, 1949, to mail the same piece. The final rate is 40 billion times the original rate. Every time the new rate is another factor of ten of the original rates, a box at the top of the page shows what multiple has been reached.

**Rarity:** The challenge of finding correctly franked covers to reflect 114 different rates is there. It has taken the exhibitor 30 years to reach this level of completeness. All 114 rates are shown. There is no census available on the individual rates.

Although not a study of the stamps themselves, covers have been chosen to show a great variety of the stamps issued. The overprinted blue revenue stamps are difficult to find on cover and are well represented. Special items to note include:

Frame 3 Page 14 – A combination of surface and air mail rates in use 3 days

Frame 5 Page 7 & Frame 10 Page 10 – Meter franking is rare

Frame 5 Page 11 – Gold Yuan stamps used for CNC franking

There are 23 rates of 10 days or fewer and 24 of 11 to 20 days

Shown are 16 first day of rate and 10 last day of rate covers identified in color notations

**References:** Succinct references are scant. The rates themselves have been compiled and published by Pingwen Sieh and J. Lewis Blackburn in *Postage Rates of China 1867-1980*. However, I would not borrow this reference for this exhibit. I have charts conveying the rate information in the exhibit.

A general philatelic background is provided by J. Millard Williams in two works, *The National Currency Stamps of China 1945-1948* and *The Gold Yuan Stamps of China*. [The exhibitor discovered one error: in the *National Currency* work Williams states “the air mail postage for international mail was not additional to the surface rates.” It was in addition as these covers demonstrate.] Again, this work deals mainly with the stamps themselves, not the rates. This reference is not necessary to judge the exhibit.

Be prepared to see this exhibit as other inflation period exhibits, a study of the rates shown with correct franking through an inflation and hyperinflation period.