

SYNOPSIS OF EXHIBIT

CHINESE INFLATION RUN AMOK 1945-1949: 41 MONTHS OF HYPERINFLATION

General Background: During World War II, the rival Nationalist and Communist forces co-existed with the aim of fighting the Japanese. At the conclusion of the war, open civil war erupted with the Communists becoming stronger and eventually taking control of the country. On October 1, 1949, Mao Zedong declared the People's Republic of China, ending Nationalist control of any of mainland China, the government moving to Taiwan.

Once the civil war started, the Nationalist government needed financial resources to pay its military expenses. Printing of new money started an inflationary spiral that did not end until April 29, 1949, when a new currency, the Silver Yuan, was introduced in what remained of Nationalist territory. This new currency was only in place for the six months before total Communist takeover and did arrest the hyperinflation. Thus, April 29, 1949 is a logical conclusion of this rate study. The Silver Yuan period is another study.

Importance: This exhibit reflects the high inflation faced by a major country fighting a civil war as its territory was quickly overtaken and the government fled to Taiwan in 1949. It begins with the end of World War II and establishment of a rate on October 1, 1945, designed to be permanent and ends with the Nationalist forces holding onto meager vestiges of the country before total Communist takeover.

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

Treatment: This exhibit covers three mail classes and registration fees for the period of Nationalist Chinese inflation October 6, 1945 to April 29, 1949. These are presented chronologically by class type as the rate periods for each class do not overlap in many cases. Such arrangement allows ease in seeing the inflation 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. Of the 118 rates in this period, all but two printed matter and two registry rates are shown.

This exhibit reflects the high inflation faced by a major country fighting an internal civil war as its territory was quickly overtaken and the government fled to Taiwan in 1949. It begins with the end of World War and establishment of a rate designed to be permanent

and ends with the Nationalist forces losing ground to the Communists and holding on to the vestiges of Nationalist mainland China in April 1949.

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

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 some notes will comment on the stamps to show philatelic knowledge.

In this short time, there were two currency devaluations, 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. The logarithmic graph emphasizes the scale of inflation.

Rarity: The challenge of finding correctly franked covers to reflect 118 different rates is there. It has taken the exhibitor 30 years to reach this level of completeness, 114 of 118 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. Likewise, the cover with gold yuan currency stamps used before the official conversion to the new currency is rare.

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*. [One error exists, 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. It is noted as the exhibitor spotted the error. 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 a hyperinflation time.