

The Non-denominated Domestic Air Letter Sheets of China: A Philatelic Window on Hyperinflation, the Fall of China & the Taiwan Strait Crisis



The purpose of this postal stationery exhibit is to tell the story of the small group of non-denominated domestic air letter sheets that were first released by the Directorate General of Posts (DGP) of the Republic of China (ROC) on August 1, 1948. Initially, these sheets were a response to the Chinese hyperinflation of 1948-49. They then tracked the defeat of the Nationalists on the Chinese mainland and their retreat to Taiwan. Lastly, they reflected the tensions that developed across the Taiwan Strait in the early 1950's that led to the deployment of the U. S. Navy's Seventh Fleet in the Taiwan Strait to counter a feared Communist invasion of Taiwan. In late 1954, tensions had risen to the point that there was even talk of the use of nuclear weapons against Communist China.

The late 1940's and early 1950's were tumultuous times in China. When the sheets were first issued, Chinese inflation was intensifying and soon transformed into hyperinflation. Communist forces were soon to capture Tientsin and Peiping in the north and, by late April and late May 1949, respectively, both Nanking and Shanghai in central China. At this time, the Nationalist evacuation to Taiwan was in full force. Even though the People's Republic of China (PRC) was established on October 1, 1949, the ROC on Taiwan (ROC Taiwan) maintained, and continued to maintain until not that long ago, that it governed all of China.

The ROC Taiwan legislature even included representatives purporting to represent each Chinese province, although the only territories outside of Taiwan that the ROC government still actually controlled were several small islands adjacent to Chekiang and Fukien Provinces. While those sheets used in Taiwan were restricted to use within or from Taiwan, one letter sheet that was not so restricted was issued to provide for the needs of the residents (mostly military) of the offshore islands. This sheet is among the rarest of ROC postal stationery items and is represented in this exhibit with mint, used, and specimen sheets.

In one form or another, these sheets were used over a period of seven years by the postal authorities of three different governments (the ROC, the ROC Taiwan, and the PRC), and were used in connection with six different currencies (Chinese National Currency (CNC), Gold Yuan (GY), Silver Yuan (SY), Taiwan Dollars (TD), New Taiwan Dollars (NT), and People's Currency (RMB)). CNC was replaced by GY in late 1948 at an exchange rate of 3,000,000:1, and GY was replaced by SY in mid-1949 at an exchange rate that began at 1,000,000:1 and went up. TD was replaced by NT in mid-1949 at an exchange rate of 40,000:1.

This exhibit contains the full range of ROC and ROC Taiwan non-denominated domestic air letter sheets and examples of all primary uses to which the ROC sheets were put by or in the PRC. The order of presentation is chronological within the postal authority that issued the item or under which the item was used, as follows:

ROC – Two issued letter sheets and one unissued letter sheet (1948-1949);

ROC Taiwan – Three issued letter sheets (1951-1952); and

PRC – Uses of ROC letter sheets as postal stationery or otherwise (1949-1955 and later).

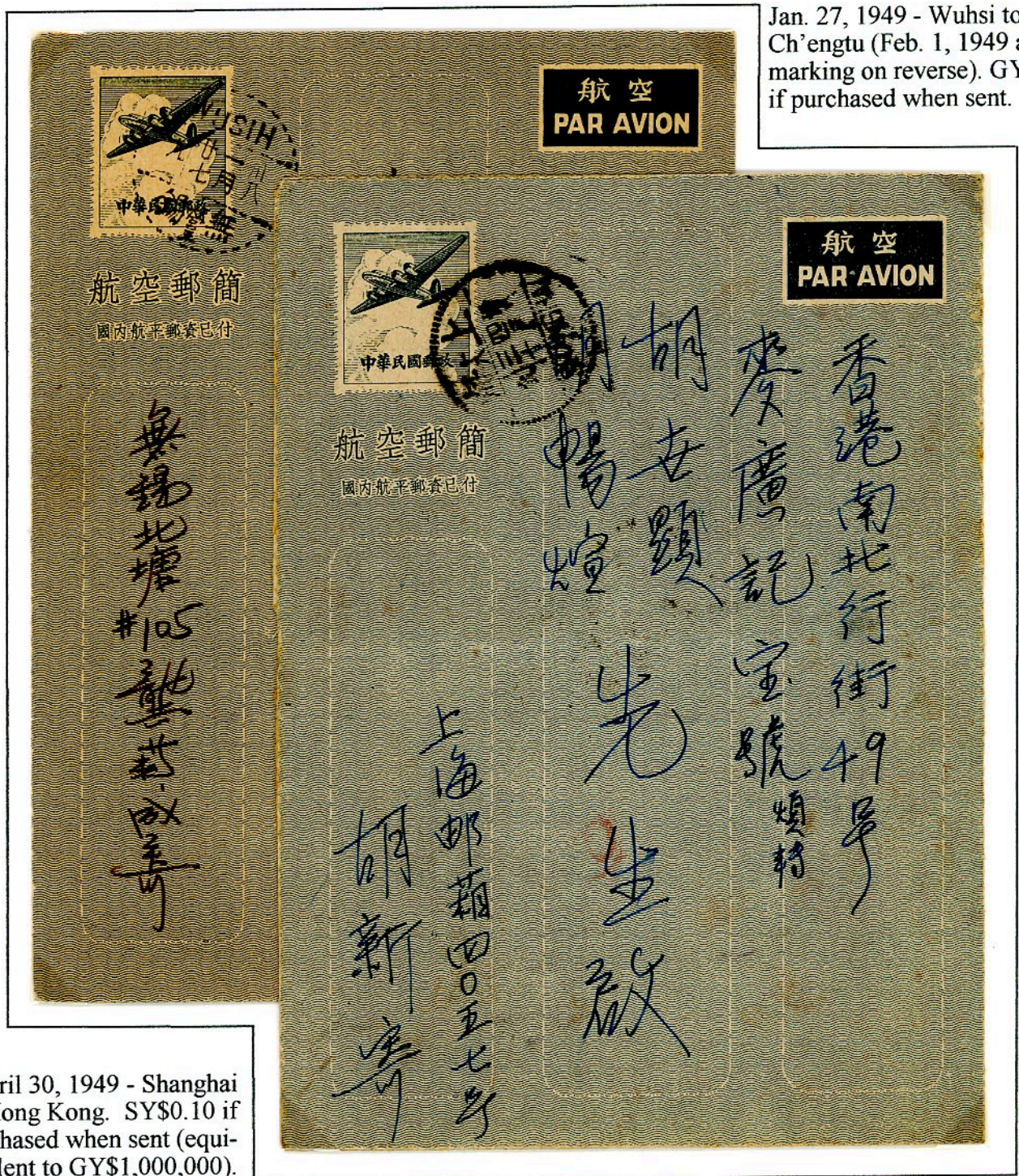
Very significant items are bordered in **dark red**. Most cancels number years from the founding of the Republic in 1912. Accordingly, ROC and ROC Taiwan cancels may use 37 to refer to 1948, 38 to refer to 1949, etc. PRC cancels dated after October 1, 1949, the date of the founding of the PRC, usually do not use this dating convention. Chinese place names have been Romanized using either commonly accepted names or Wade-Giles transliteration. The government, armed forces, and ruling party of the ROC and the ROC Taiwan are sometimes referred to as Nationalist or the Nationalists; the government, armed forces, and ruling party of the PRC and its predecessors are sometimes referred to as Communist or the Communists.

The first of China's non-denominated domestic air letter sheets was issued on August 1, 1948, on what seemed to be a test or experimental basis. Prior to January 1, 1949, they were available only from post offices in Shanghai and Nanking and could not be purchased in quantities greater than ten at any one time. The sheets were somewhat more expensive than the combined cost of domestic mail and the airmail surcharge when purchased but could be used at any time prior to August 1, 1949, without payment of additional postage, regardless of changes in postal rates. Accordingly, they served as a hedge against the mounting inflation.



On January 1, 1949, the DGP instructed Postal District Head Offices throughout the country to requisition supplies of these sheets for sale throughout the country. The three lines of text on the front read "Chinese Postal Administration," "Air letter sheet," and "Domestic air postage already paid." The top line on the reverse reads "If anything is included in this air letter sheet, it will be sent by surface routes;" and the bottom three lines on the reverse read "The sales price and duration of sale of these letter sheets shall be in accordance with postal regulations," "Within one year of issuance, no additional postage will be collected even if postage rates rise," and "(Imitation not permitted.)"

The table below shows postal rates applicable on mainland China from the issuance of the air letter sheets through the evacuation of the Nationalist government to Taiwan. These rates were not applicable to Taiwan as it had a separate currency, the TD. The sheet to Hong Kong shown below indicates that the DGP treated Hong Kong as "domestic" in computing air letter sheet postage, at least prior to the DGP's evacuation to Taiwan. Then current postal tariffs otherwise accorded "domestic" treatment only to letters and postcards.

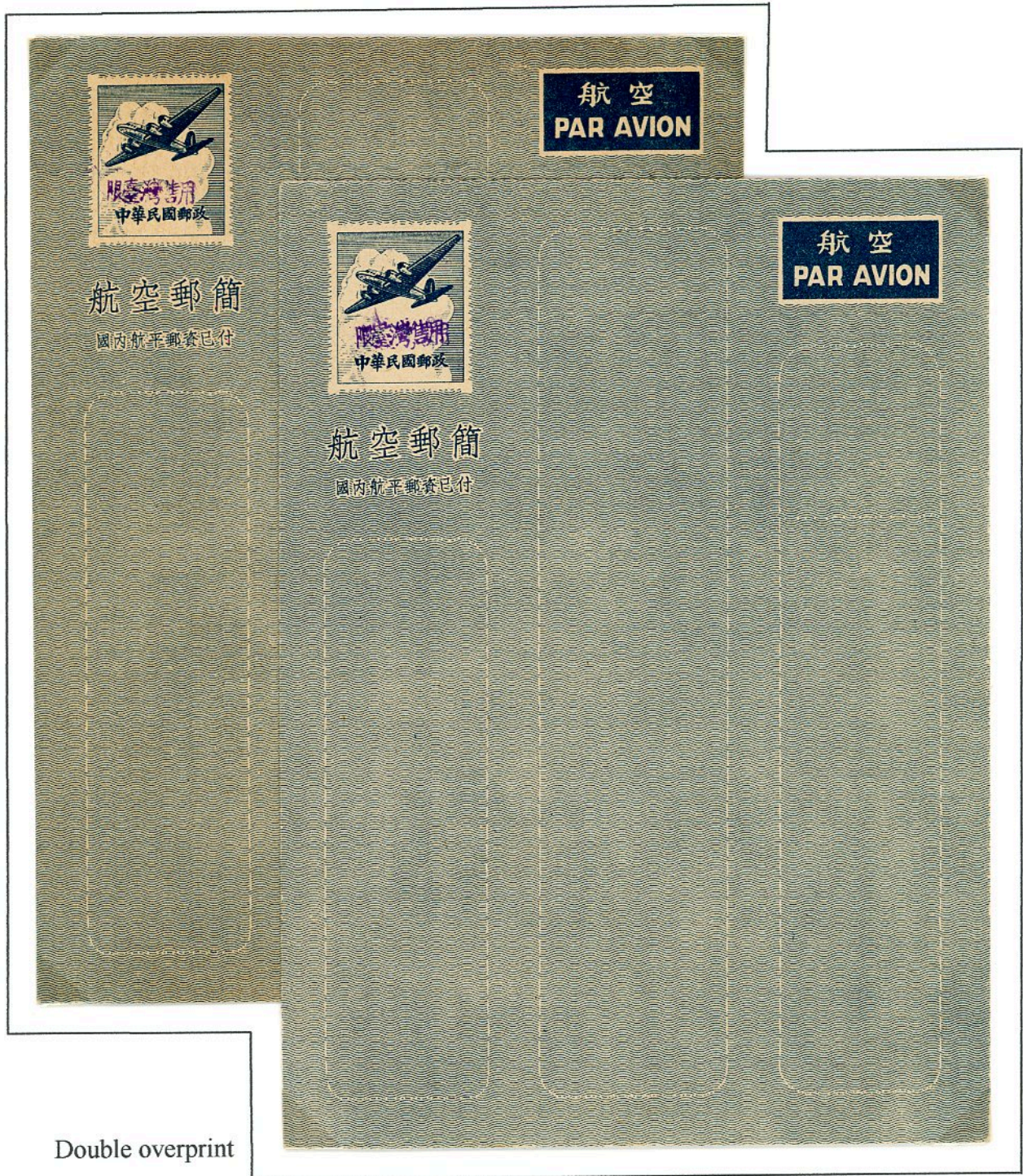


Jan. 27, 1949 - Wuhsi to Ch'engtu (Feb. 1, 1949 arrival marking on reverse). GY\$6.00 if purchased when sent.

April 30, 1949 - Shanghai to Hong Kong. SY\$0.10 if purchased when sent (equivalent to GY\$1,000,000).

8/1/48	8/9/48	11/7/48	11/11/48	11/18/48	12/15/48	1/3/49	1/17/49	2/4/49	2/7/49
CNC 120K	150K	150K	GY 0.50	1.50	2.00	3.50	6.00	12.00	15.00
2/18/49	2/21/49	3/3/49	3/11/49	3/18/49	4/1/49	4/3/49	4/17/49	4/28/49	7/27/49
60.00	80.00	125.00	150.00	250.00	300.00	700.00	5,000.00	SY 0.10	0.15

In preparation for the January 1, 1949, release of these sheets throughout China, the DGP instructed that those to be sold in Taiwan be overprinted by hand with characters reading "Restricted for sale and use in Taiwan." These were then distributed to Taiwan District Head Offices and their sub-offices. Although restricted for use in Taiwan, the sheets could be sent anywhere in China if mailed from Taiwan. It seems likely that the one-year period of validity was not strictly enforced and, on October 5, 1949 the DGP in Taiwan released all restrictions on the number that could be purchased at one time and the duration of validity.



Double overprint

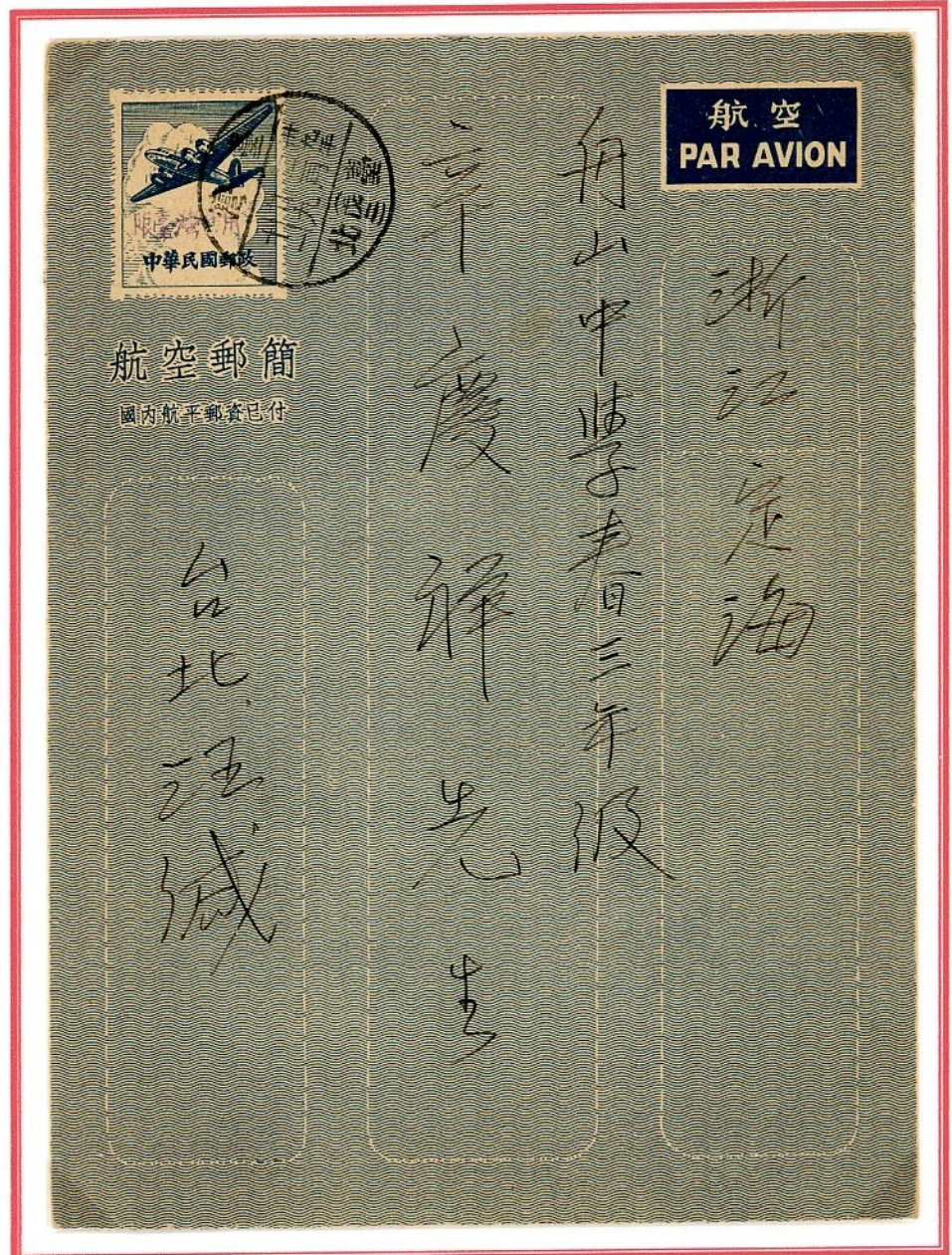
Air letter sheet postal rates on Taiwan from the time they became available through their discontinuance for lack of use after the 1956 (denominated) air letter sheets sold out.

2/8/49	2/19/49	4/3/49	4/17/49	4/28/49	6/15/49
TD 1,000	1,500	1,800	3,500	5,600	NT 0.23

7/15/49	8/27/49	10/22/49	12/27/49	5/6/50
0.25	0.50	0.60	0.70	1.00

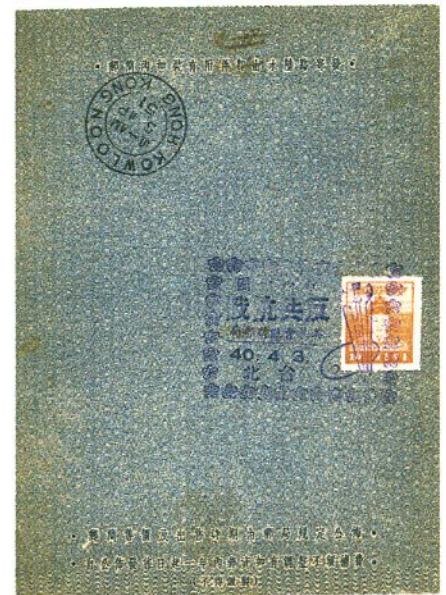
The Nationalists continued to hold a number of islands offshore of Chekiang and Fukien Provinces even after their evacuation to Taiwan. Their plan at the time was to use these islands as bases from which they could blockade much of the Chinese coast and, in effect, turn the Taiwan Strait into a Taiwan “lake.” Despite their small size, these island holdings posed problems for the Communists. The Choushan Islands provided the Nationalists a base to operate against shipping traveling to and from Shanghai and Hangchow. Matsu and Quemoy may have been even more important as they blocked egress from Fuchow and Amoy, the two cities from which the Communists would have been most likely to mount an invasion of Taiwan.

The Nationalists successfully defended Quemoy in October 1949, and both it and Matsu remain to this day under the control of the ROC Taiwan. Choushan, however fell to Communist forces on May 17, 1950, shortly before Truman sent the U.S. 7th Fleet into the Taiwan Strait following the North Korean invasion of the south.



March 29, 1950 - Taipei to Tinghai, capital of the Choushan Islands. NT\$1.00 if purchased when sent. Mail to any of the islands in the Choushan group is very unusual.

Mail sent to Hong Kong was subject to special rules in effect from April 19, 1944 until July 1, 1953. Under these rules, letters and postcards were charged domestic rates while all other classes of mail and all special services (registration, express, etc.) were charged international rates. In a change from prior practice, the DGP in Taiwan seems to have determined that such rules would no longer apply to air letter sheets. While the sender was credited with the NT\$1.00 cost of the sheet (regardless of what the sender may have originally paid), an additional charge of NT\$1.00 was made to make up the difference between the then current rates for domestic and international air letter sheets, and an additional charge of NT\$1.50 was made to cover international registration. Payment of these charges is evidenced by the frankings on the front and back.

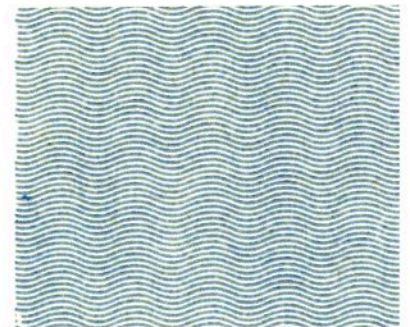


April 3, 1951 - Taipei to Hong Kong (April 5, 1951 arrival marking on reverse). The sheet would have cost NT\$1.00 if purchased when sent.

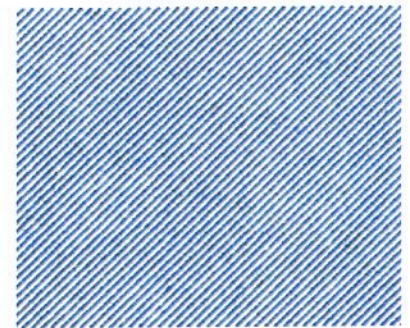
The cancel is a special cancel for a temporary post office set up at a 1951 "Free China" art exhibition in Taipei. The four large characters read (from right to left) "Oppose the Communists, Resist Russia."

The success of the original non-denominated domestic air letter sheets prompted the DGP to contract for a new printing. This 2nd print was prepared in late April or early May 1949 and was apparently warehoused in Shanghai pending distribution. Because Shanghai fell to Communist forces on May 27, 1949, the vast bulk of these 2nd print sheets were captured by the Communists and resurfaced only a number of years later, used as stationery (postal or otherwise) in the PRC.

It was not until 1984, thirty-five years after the sheets were printed, that a mint and a used copy (mailed on May 6, 1949 from Shanghai to Hong Kong) were reported. No additional mint or used copies have since been reported.



1st print background

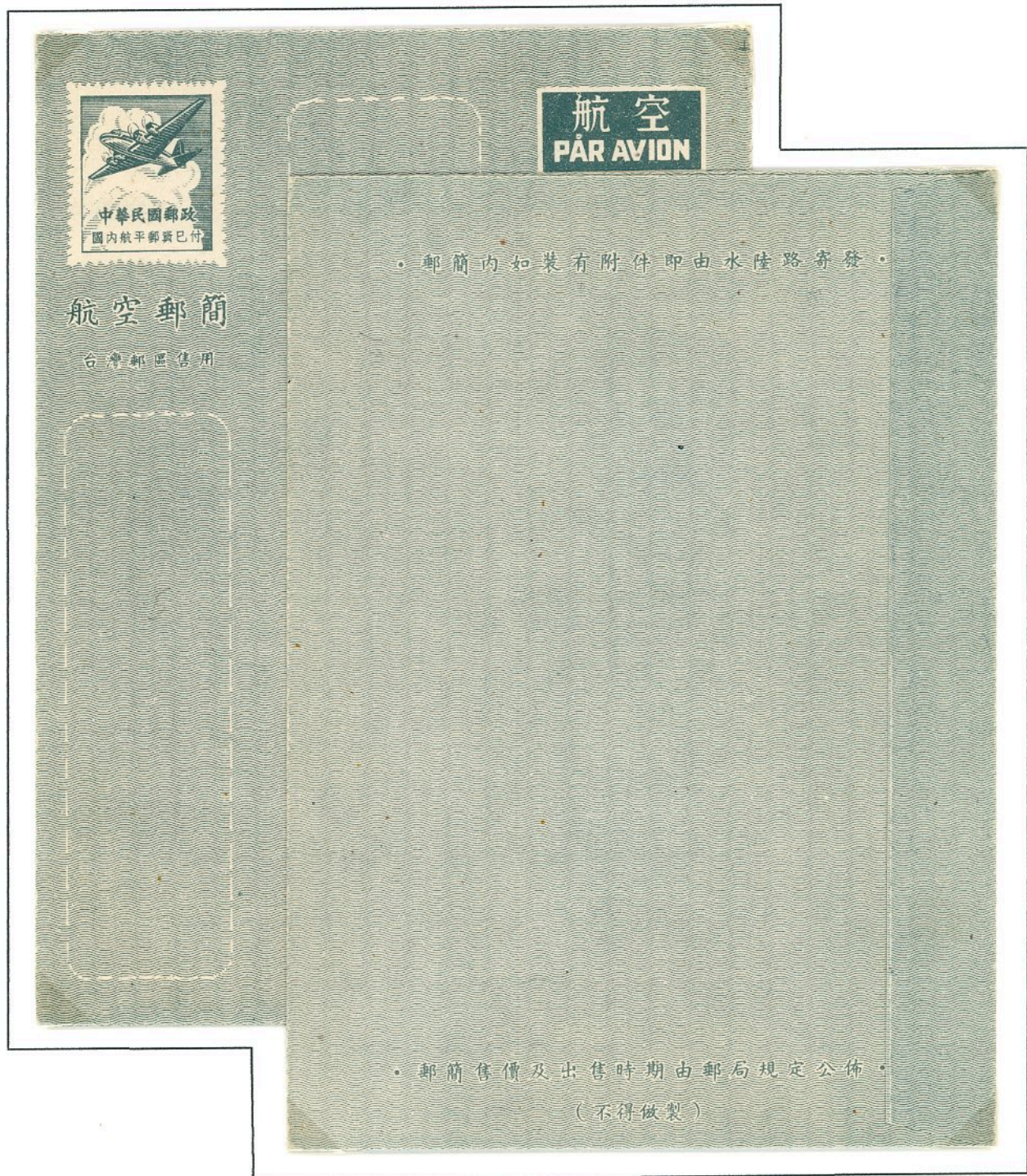


2nd print background

Most copies of the 2nd print sheet have either had the indicia and text obliterated to serve as postal stationery, or were shortened, punched for filing, and printed on the inside to serve as inventory reports and the like. This copy is quite unusual in that even though it was so printed, it is otherwise intact.

The 2nd print differs from the 1st in that the background lines are straight and diagonal rather than wavy and horizontal, and what had formerly been the top line of text on the reverse has been moved to the bottom of the front of the sheet.

In May 1951 the Taiwan District Head Office of the DGP entered into a contract with the Hoping Printing Factory in Taipei to produce a new non-denominated domestic air letter sheet with a printed restriction for use in Taiwan. The DGP distributed 10,100 of these sheets throughout Taiwan. The sheets had no limitation on duration of use and could be used without payment of additional postage regardless of subsequent postal rate increases. As it turned out, in order to assuage fears of a resumption of inflation, the government did not again raise airmail charges until 1965, long after these sheets had been phased out.



The four lines of text on the front of the sheet read “Chinese Postal Administration,” “Air letter sheet,” “Domestic air postage already paid,” and “Restricted for sale and use in Taiwan.” As with the original sheets, the top line on the reverse reads “If anything is included in this air letter sheet, it will be sent by surface routes;” and the bottom two lines on the reverse read “The sales price and duration of sale of these letter sheets shall be in accordance with postal regulations,” and “(Imitation not permitted.)” The second line that had been on the bottom of the reverse of the original sheet was omitted as it no longer applied.

Hoping Printing Factory Print (Restricted for Use in Taiwan)



Feb. 4, 1952– Keelung to Taipei (Feb. 5, 1952 arrival marking on reverse).
 NT\$1.00 if purchased when sent.

Specimen overprint. Of the non-denominated domestic air letter sheets, only the two that were printed by the Hoping Printing Factory are reported with “specimen” overprints.

When the Taiwan District Head Office of the DGP contracted with the Hoping Printing Factory for production of the preceding sheet that was restricted for use in Taiwan, it also contracted for a smaller number of the sheet shown below were not so restricted. These were for use by the residents (largely military) of the islands offshore of Chekiang and Fukien Provinces that were still under Nationalist control. They constituted a statement that Nationalist control extended to more than just the island of Taiwan.

10 mint sheets reported.



Dec. 18, 1953 - Kangtung, Taiwan, to Taipei (Dec. 18, 1953 arrival mark on reverse). 5 used sheets reported.

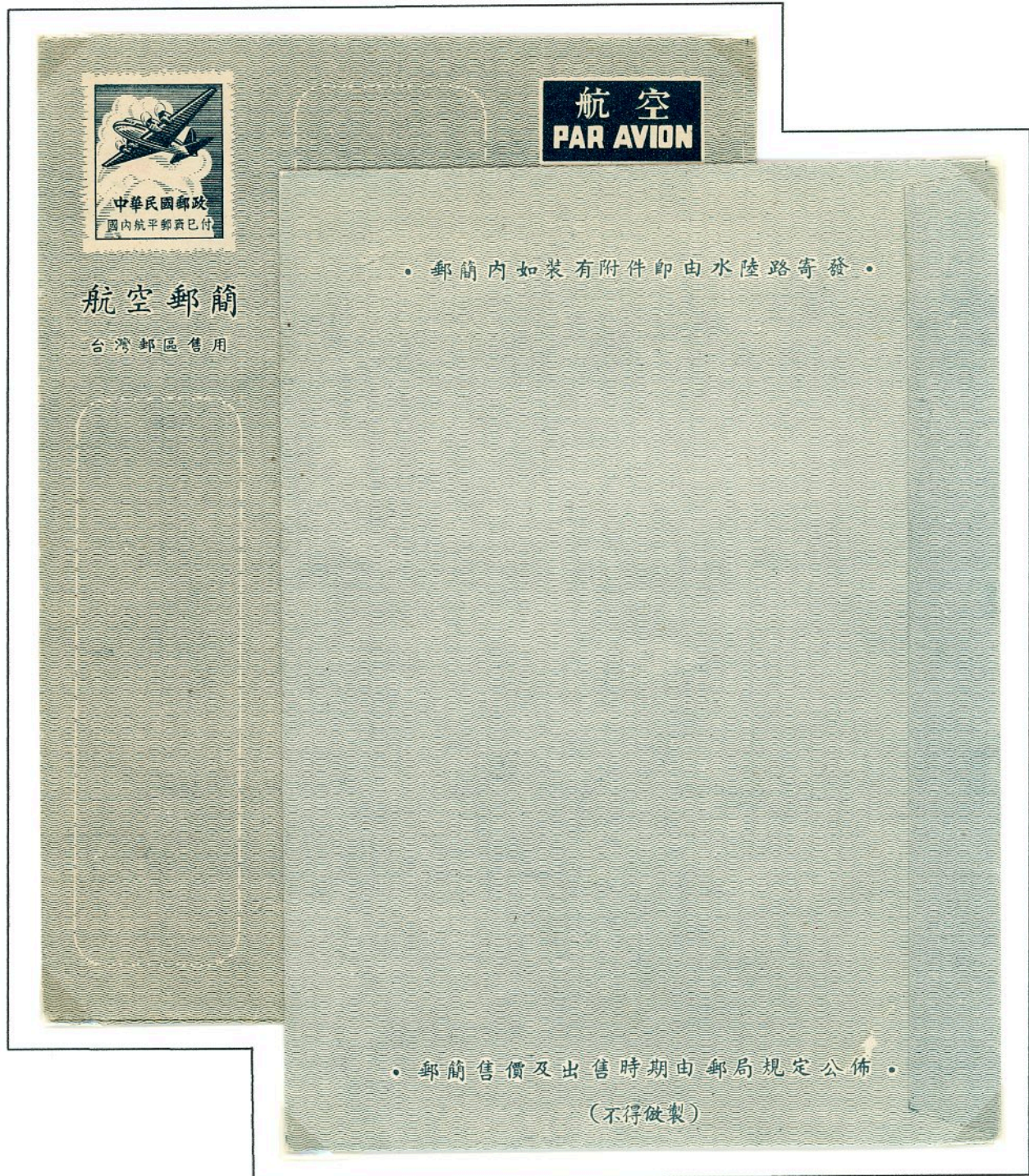
The text on this sheet is identical with that on the other sheet printed by Hoping Printing Factory with the exception that the bottom line on the front of the sheet which read "Restricted for sale and use in Taiwan" has been deleted. Even though these sheets were used outside of Taiwan, their sales price was in New Taiwan Dollars, the only currency circulating on the offshore islands. On May 15, 1953, the few sheets remaining were sold in Taiwan.

Hoping Printing Factory Print (Not Restricted for Use in Taiwan)



Specimen overprint. One of two reported.
The other is in the Chunghua [China]
Postal Museum in Taipei.

The last of the non-denominated domestic air letter sheets was printed by the Central Engraving & Printing Works in Taipei. The DGP issued 20,000 of the sheets and use was again restricted to Taiwan. These sheets are similar to the Hoping Printing Factory sheet that was restricted for use in Taiwan except the indicia on the front is slightly narrower (20.5 mm rather than 21 mm), the form of the characters reading "Air letter sheet" is somewhat different, and the top line of text on the back is shorter (67.5 mm rather than 71.5 mm).



Between 1954 and 1956, the DGP issued several denominated domestic air letter sheets. With the inauguration of a Prompt Delivery service in Taiwan in 1956, issuance of domestic air letter sheets was discontinued.

Central Engraving & Printing Works Print



Jan. 2, 1952 [sic: 1953] - Taipei to Hong Kong. The additional NT\$0.40 franking may have covered only the difference between the NT\$1.00 domestic air letter sheet rate and the NT\$1.40 surface rate to Hong Kong. If so, this sheet may have gone by sea.

May 20, 1953 - Taipei to Quemoy (Kinmen). NT\$1.00 if purchased when sent.

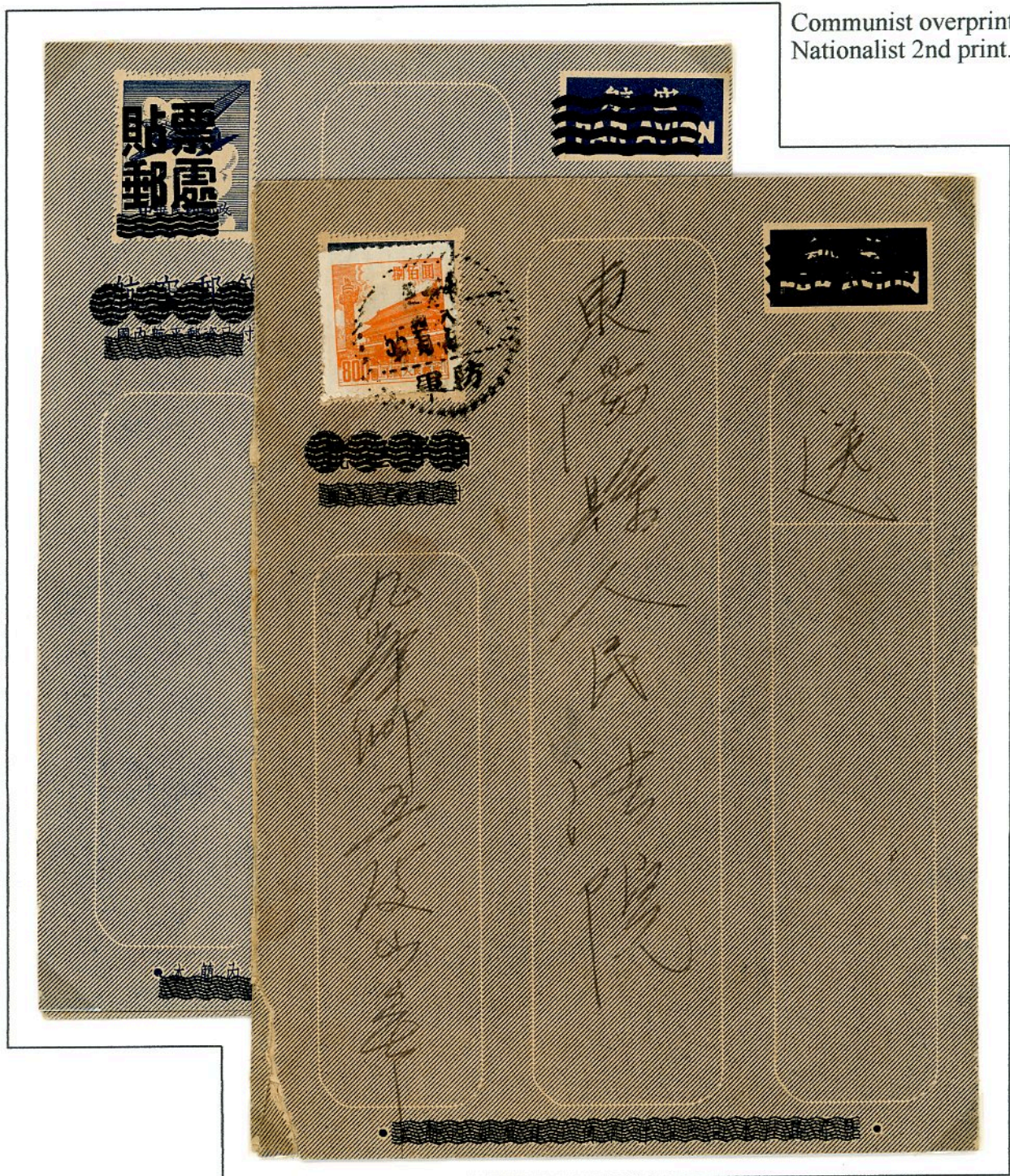
In the first few years following the founding of the PRC, and in some cases even before, some of the non-denominated domestic air letter sheets that had been distributed throughout China by the DGP remained in post offices in areas that had fallen to Communist forces. From time to time, these sheets were used as non-prepaid postal stationery by affixing PRC or Liberated Area stamps in the correct amount, as shown below:

April 19, 1949 - Peiping to Chelsea, MA.
The RMB\$18 payment covered the international surface rate



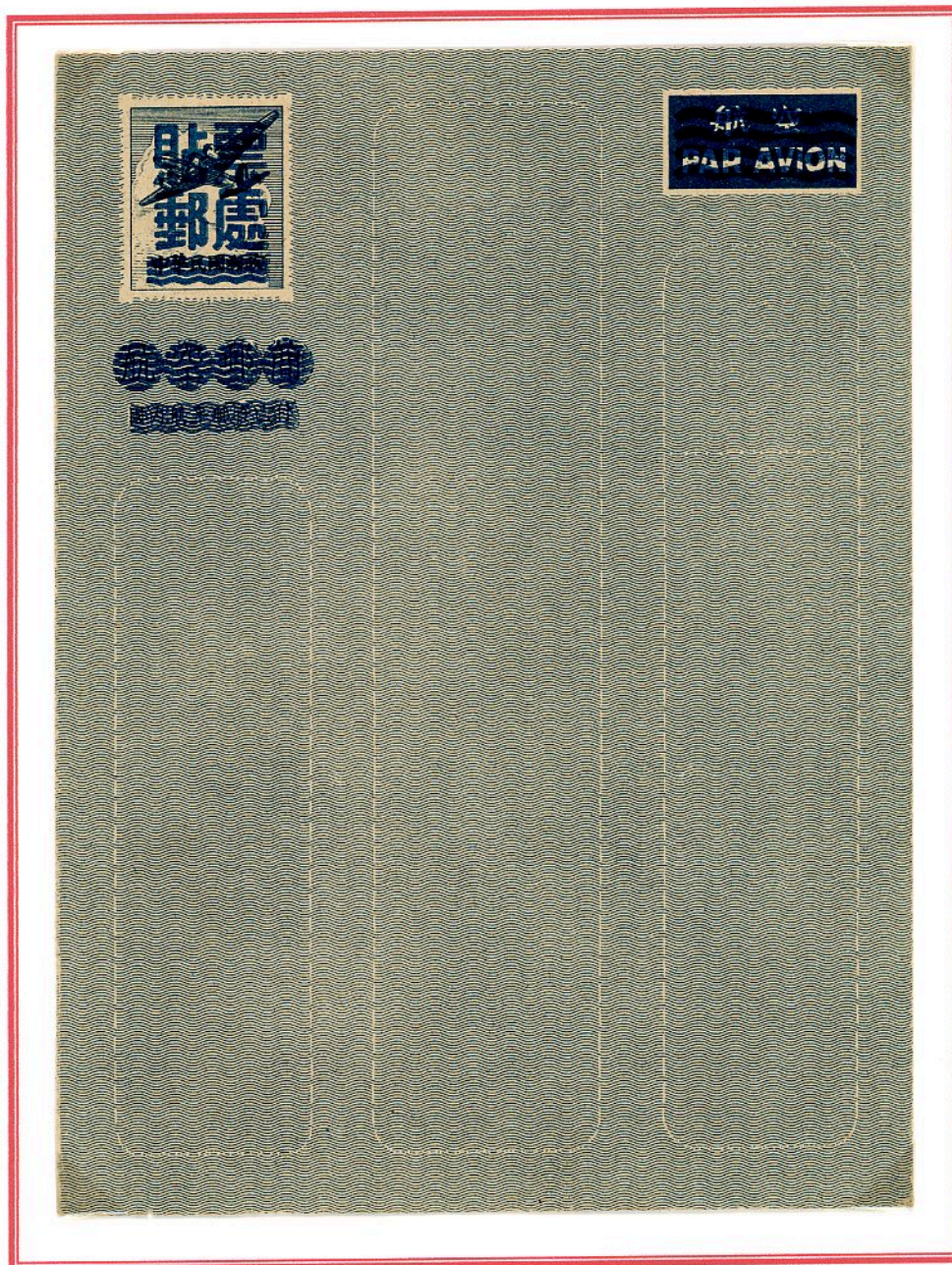
March 25, 1951 - Huach'i, Kweichow, to Angels, PA
(Canton April 3, 1951 transit mark on reverse)
The RMB\$2,500 payment covered the international surface rate

In the mid-1950's, the PRC still had a number of the Nationalist 2nd print domestic air letter sheets they had captured from Nationalist warehouses in Shanghai and that had not been printed on the reverse for use as inventory or other forms. In order not to waste them, the Communist postal authorities prepared the sheets for use as postal stationery by obliterating all text on the front and back of the sheets with wavy lines and by overprinting the indicia with four characters reading (from top to bottom, left to right) "Place to Attach Postage Stamp." These were then used as letter sheets but were not accorded any special or reduced postage rate.



April 8, 1955 - Chiui, Hunan to the Tungyang County People's Court. RMB\$800 paying domestic ordinary postage.

When the Communists overprinted the Nationalist 2nd print domestic air letter sheets in the mid-1950's, at least some of the Nationalist 1st print air letter sheets were still in PRC stocks. These could have been part of the material they captured in Shanghai in May 1949 or could have been stock that had been distributed by the DGP before its evacuation to Taiwan. In all events, there were enough to justify a separate plate for overprinting as the 1st print overprint differed from the 2nd print overprint in that no wavy lines were needed to cover text at the bottom of the front of the sheet and three wavy lines were needed to cover the three lines of text at the bottom of the reverse. The Communist overprint on the Nationalist 1st print air letter sheet has not previously been reported.



Communist overprint on Nationalist 1st print domestic air letter sheet. Exhibitor discovery. Only 1 mint sheet reported; no used sheets reported.