

## RATES DURING THE POST-WAR CHINESE NATIONAL CURRENCY ERA

H. James Maxwell

During the post-war Chinese National Currency (CNC) era, late-1945 to Dec. 1948, the government was doing everything it could to recover from the war, rebuild and reunify the country, including efforts to modernize and expand the postal service. Towards this end the Directorate General of Posts (DGP) inaugurated many new services, including (a) a night express train between Shanghai and Nanking at ordinary letter rates, (b) postal kiosks in major cities, (c) mobile post offices, (d) an improved airmail service, and (e) a new type of domestic insured mail—value declared mail—with higher limits on the value of the contents and lower fees.

Unfortunately the government had to deal with a continuation of wartime inflation, which was wreaking havoc upon the postal system and the economy. The inflation was initially caused by a scarcity of commodities, later by the government printing too much paper currency, and finally by decreased faith that the Nationalists would defeat the Communists. The inflation necessitated printing many new CNC stamps and surcharging older ones, topping out with the last CNC stamp issued having a value of \$5,000,000. During this era the airmail surcharge for a 10g. letter to North America rose from \$18 to \$42,000,000.

Let's begin by discussing the domestic surface rate. The special local rates for letters and postcards equal to one-half the domestic surface rate, in effect since Dec. 1, 1941, was abolished Sep. 22, 1945. The Oct. 1, 1945, rate increase for domestic ordinary letters was a significant shock to the people, a ten-fold increase, from \$2 to \$20 per 20g. Thereafter the domestic surface rates changed infrequently and consistently lagged significantly behind international rates. The fees for ancillary services were modest until November when registration and AR were disproportionately increased to 300% of the 20g. letter rate. Note that the printed matter rate discount in relation to postcards had disappeared by the end of 1947. At this time the Chinese did not use many postcards, most of those found today are printed business notices and ham radio QSL cards. For convenience I have designated rate periods: "DS" for domestic surface, "IS" for international surface, "DA" for domestic airmail, and "IA" for international airmail. Therefore the seven domestic surface rate periods are designated DS1 to DS7.

Although Hong Kong and Macao were international destinations, after April 19, 1944, letters and postcards to those destinations used the domestic surface and airmail rates. Other types of items used the international surface rate, and if sent by airmail, the international surface rate plus the domestic airmail rate. Registration, AR, express and registered express to those destinations were at international rates, with certain exceptions for express and registered express to Macao.

**Table 1. DOMESTIC SURFACE**

Rate Period	Date	Number of Days	Printed Matter (a)	Postcard (single)	Letter Rate Per 20g.	Fees			
						Reg.	A.R.	Exp.	Reg. Exp.
DS1	10/1/45	396	6	10	20	30	30	20	50
DS2	11/1/46	242	30	50	100	150	150	100	250
DS3	7/1/47	163	150	250	500	750	750	500	1,300
DS4	12/11/47	116	1,000	1,000	2,000	3,000	3,000	2,000	5,000
DS5	4/5/48	106	3,000	2,500	5,000	10,000	10,000	5,000	15,000
DS6	7/21/48	121	10,000	10,000	15,000	30,000	35,000	15,000	45,000
DS7	11/19/48	44	(b) 150,000	150,000	300,000	900,000	900,000	300,000	1,200,000

(a) Per first 100g until 7/21/48, 150g until 11/19/48, and 250g thereafter.

(b) The CNC equivalent of the new Gold Yuan Currency rates.

One notices that the domestic surface rate was held artificially low until Nov. 19, 1948. This was probably done because the government did not wish to increase the hardships its citizens were facing. This is borne out by the following table which compares the Shanghai wholesale price index with both the domestic and international surface rates for Sep. 1945 to Feb. 1947. The table on the right shows that users of international

mail, which were primarily foreigners and businesses, suffered because the rates were forced to more nearly track the international exchange rate of the currency.

**Table 2. INFLATION**

Shanghai Wholesale Price Index		Surface Rate per 20g.		Date	Exchange Rate per US 10¢		International Surface Rate
		Domestic	International				
Sep. 1945	100	2	4	Jun-45	2		2
Oct.	110	20	30	Dec-45	2		30
Nov.	288	20	30	Jun-46	202		190
Dec.	257	20	30	Dec-46	335		300
Jan. 1946	269	20	30	Mar-47	1,200		1,100
Feb.	509	20	30	Jun-47	1,200		1,100
Mar.	742	20	30	Sep-47	4,164		1,100
Apr.	748	20	30	Dec-47	7,764		8,000
May	1,103	20	190	Mar-48	21,158		14,000
June	1,070	20	190	Jun-48	127,300		50,000
July	1,180	20	190	Aug. 1-18, 1948	709,463		150,000
Aug.	1,242	20	190	Aug. 19-31, 1948	1,200,000	(a)	150,000
Sep.	1,475	20	300	Sep-48	1,200,000	(a)	300,000
Oct.	1,554	20	300	Oct-48	1,200,000	(a)	300,000
Nov.	1,541	100	300	Nov-48	8,400,000	(a)	1,050,000 (b)
Dec.	1,656	100	300	Dec-48	36,600,000	(a)	12,000,000 (b)
Jan. 1947	1,990	100	300				
Feb.	3,090	100	300				

(a) New Gold Yuan Currency converted into CNC.

(b) New Gold Yuan Currency postal rates converted into CNC.

We must pause for a moment and contemplate the effect this inflation had upon the people. A standard large (171 pound) sack of rice rose in price to \$6.7 million by June of 1948 from a mere \$12 in the summer of 1937, and increased to \$63 million by August of 1948. A bag of flour (49 pounds) rose from \$42 in 1937 to \$1.95 million by June of 1948 and \$21.8 million by August of that year. Most people found themselves only able to purchase the bare necessities of life and such frivolities as letter writing simply went by the wayside.

**Table 3. INTERNATIONAL SURFACE**

Rate Period	Date	Number of Days	Printed Matter (a)	Postcard (single)	Letter Rate		Fees			
					First 20g.	Add'l. 20g.	Reg.	A.R.	Exp.	Reg. Exp.
IS1	10/1/45	211	6	20	30	20	50	40	60	110
IS2	5/1/46	123	40	120	190	120	270	200	400	670
IS3	9/1/46	181	60	200	300	200	450	350	650	1,100
IS4	3/1/47	226	200	700	1,100	700	1,600	1,200	2,400	4,000
IS5	10/13/47	49	1,500	3,500	5,500	3,500	8,000	6,000	11,000	19,000
IS6	12/1/47	31	2,000	5,000	8,000	5,000	11,000	8,000	15,000	26,000
IS7	1/1/48	15	2,000	5,000	9,000	5,000	12,000	9,000	18,000	29,000
IS8	1/16/48	45	3,000	7,000	11,000	7,000	15,000	12,000	23,000	38,000
IS9	3/1/48	15	3,000	9,000	14,000	9,000	20,000	15,000	30,000	49,000
IS10	3/16/48	16	5,000	10,000	20,000	10,000	25,000	20,000	40,000	65,000
IS11	4/1/48	10	5,000	15,000	25,000	15,000	35,000	25,000	50,000	85,000
IS12	4/11/48	38	6,000	20,000	30,000	20,000	45,000	35,000	65,000	110,000
IS13	5/19/48	74	10,000	30,000	50,000	30,000	70,000	50,000	100,000	170,000
IS14	8/1/48	20	60,000	100,000	150,000	100,000	200,000	150,000	300,000	500,000
IS15	8/21/48	77	150,000	200,000	300,000	200,000	400,000	300,000	600,000	1,000,000
IS16	11/6/48	15	(b) 450,000	600,000	1,050,000	600,000	1,800,000	1,200,000	2,400,000	4,200,000
IS17	11/20/48	22	(b) 3,000,000	3,000,000	6,000,000	3,000,000	9,000,000	6,000,000	12,000,000	21,000,000
IS18	12/12/48	20	(b) 4,500,000	7,500,000	12,000,000	7,500,000	18,000,000	13,500,000	27,000,000	45,000,000

(a) Per first 50g. July 1 to 31, 1948, \$20,000. Successive 50g the same until July 1, 1948, then somewhat less.

(b) The CNC equivalent of the new Gold Yuan Currency rates.

On Oct. 1 the international surface rate was raised from \$4 to \$30 per 20g. Thereafter the international surface rates, and the ancillary service fees, changed much more frequently, producing eighteen rate periods, designated as IS1 to IS18, compared to seven for domestic surface. Ten of the eighteen rate changes were effective on the first of a month, while only three of the domestic surface ones were. Reflecting the frequent changes are many short rate periods. Seven rate periods are of twenty days duration or less. Printed matter always enjoyed a discount to postcards, with the exception of IS17, although the discount varied from 70% to 25%. International printed matter was most frequently used by missionaries. The discount for postcards versus ordinary letters was generally around 34%, but occasionally as high as 50%. Throughout the period the fees for ancillary services stayed in pretty much the same relation to one another and registration and AR were never more than 150% of the 20g. letter rate.

Domestic airmail surcharge rates are by far the most complex. It must be remembered that the airmail surcharge was always in addition to the applicable surface rate. Also please note the domestic airmail surcharge was per 10g until Nov. 9, 1946, and per 20g thereafter. The domestic airmail surcharge increased to \$3 on March 16, 1944. To assist families dislocated by the war the DGP chose to hold it at \$3 until May 3, 1946, when it was increased ten fold to \$30.

There are twenty-one domestic airmail rate periods, seventeen of which resulted from actual airmail surcharge rate changes, three of which resulted from ancillary service fee changes (DA3, DA8 and DA12) and one of which resulted from a surface rate change (DA20). Only three of the actual airmail surcharge rate changes (DA1, DA5 and DA16) occurred on the same date as a surface rate change, while fourteen occurred independently. This produced some interesting anomalies, seven rate periods of nineteen days or less, two of which lasted only one day. The outbreak of civil war in June 1946, led to a Nov. 1 five-fold increase for domestic surface from \$20 to \$100 per 20g, with the domestic air surcharge jumping to \$150 eight days later. This eight-day juncture between the \$100 domestic surface rate and the former \$30 airmail surcharge creates the first short rate period. From this example it can be seen how the other short rate periods were created.

**Table 4. DOMESTIC AIRMAIL**

Rate Period	Date	Number of Days	Printed Matter (a)	Postcard (single)	Letter Surface Each 20g	Airmail Surcharge Each 20g. (b)	Fees			
							Reg.	A.R.	Exp.	Reg. Exp.
DA1	10/1/45	214	6	10	20	(c) 3	30	30	20	50
DA2	5/3/46	182	6	10	20	(c) 30	30	30	20	50
DA3	11/1/46	8	30	50	100	(c) 30	150	150	100	250
DA4	11/9/46	234	30	50	100	150	150	150	100	250
DA5	7/1/47	87	150	250	500	300	750	750	500	1,300
DA6	9/26/47	46	150	250	500	500	750	750	500	1,300
DA7	11/11/47	30	150	250	500	1,000	750	750	500	1,300
DA8	12/11/47	21	1,000	1,000	2,000	1,000	3,000	3,000	2,000	5,000
DA9	1/1/48	37	1,000	1,000	2,000	2,000	3,000	3,000	2,000	5,000
DA10	2/7/48	34	1,000	1,000	2,000	3,000	3,000	3,000	2,000	5,000
DA11	3/12/48	24	1,000	1,000	2,000	5,000	3,000	3,000	2,000	5,000
DA12	4/5/48	1	3,000	2,500	5,000	5,000	10,000	10,000	5,000	15,000
DA13	4/6/48	66	3,000	2,500	5,000	7,000	10,000	10,000	5,000	15,000
DA14	6/11/48	24	3,000	2,500	5,000	10,000	10,000	10,000	5,000	15,000
DA15	7/5/48	16	3,000	2,500	5,000	30,000	10,000	10,000	5,000	15,000
DA16	7/21/48	19	10,000	10,000	15,000	70,000	30,000	35,000	15,000	45,000
DA17	8/9/48	90	10,000	10,000	15,000	95,000	30,000	35,000	15,000	45,000
DA18	11/7/48	11	(d) 10,000	10,000	15,000	1,200,000	30,000	35,000	15,000	45,000
DA19	11/18/48	1	(d) 10,000	10,000	15,000	3,000,000	30,000	35,000	15,000	45,000
DA20	11/19/48	26	(d) 150,000	150,000	300,000	3,000,000	900,000	900,000	300,000	1,200,000
DA21	12/15/48	17	(d) 150,000	150,000	300,000	4,500,000	900,000	900,000	300,000	1,200,000

(a) Per first 100g until 7/21/48, 150g until 11/19/48, and 250g thereafter. (b) Plus the domestic surface rate.  
(c) For each 10g. (d) The CNC equivalent of the new Gold Yuan Currency rates.

International airmail surcharge rates were incredibly complex prior to Dec. 1, 1947, when a unified surcharge rate was introduced. Prior to that date the rate varied depending upon the destination country, route taken and airlines involved, and were generally per 5g. rather than the 10g. used for the unified rate. One must consult the detailed rate tables in *Postage Rates of China 1867-1980* by Sieh and Blackburn for information on these rates.

After the introduction of a unified airmail surcharge, changes to the surcharge coincided with the international surface rate changes. There are likewise seven rate periods of twenty days duration or less. The surcharge per 10g. varied between 240% and 364% of the first 20g. of the surface rate, averaging 287%. As pointed out earlier the international surface rate conformed more nearly to the actual inflation than the domestic surface rate. Although infrequent, one occasionally sees an item of printed matter or a postcard being sent by air.

Table 5. INTERNATIONAL AIRMAIL

Rate Period	Date	Number of Days	Printed Matter First 50g. (a)	Postcard (single)	Letter Rate Surface		Airmail Surcharge Each 10g. (b)	Fees			
					First 20g.	Add'l. 20g.		Reg.	A.R.	Exp.	Reg. Exp.
IA1	10/1/45	212	6	20	30	20	(c)	50	40	60	110
IA2	5/1/46	123	40	120	190	120	(c)	270	200	400	670
IA3	9/1/46	181	60	200	300	200	(c)	450	350	650	1,100
IA4	3/1/47	226	200	700	1,100	700	(c)	1,600	1,200	2,400	4,000
IA5	10/13/47	49	1,500	3,500	5,500	3,500	(c)	8,000	6,000	11,000	19,000
IA6	12/1/47	31	2,000	5,000	8,000	5,000	22,000	11,000	8,000	15,000	26,000
IA7	1/1/48	15	2,000	5,000	9,000	5,000	30,000	12,000	9,000	18,000	29,000
IA8	1/16/48	45	3,000	7,000	11,000	7,000	40,000	15,000	12,000	23,000	38,000
IA9	3/1/48	15	3,000	9,000	14,000	9,000	45,000	20,000	15,000	30,000	49,000
IA10	3/16/48	16	5,000	10,000	20,000	10,000	50,000	25,000	20,000	40,000	65,000
IA11	4/1/48	10	5,000	15,000	25,000	15,000	65,000	35,000	25,000	50,000	85,000
IA12	4/11/48	38	6,000	20,000	30,000	20,000	80,000	45,000	35,000	65,000	110,000
IA13	5/19/48	74	10,000	30,000	50,000	30,000	120,000	70,000	50,000	100,000	170,000
IA14	8/1/48	20	60,000	100,000	150,000	100,000	400,000	200,000	150,000	300,000	500,000
IA15	8/21/48	77	150,000	200,000	300,000	200,000	800,000	400,000	300,000	600,000	1,000,000
IA16	11/6/48	14	(d) 450,000	600,000	1,050,000	600,000	3,000,000	1,800,000	1,200,000	2,400,000	4,200,000
IA17	11/20/48	22	(d) 3,000,000	3,000,000	6,000,000	3,000,000	15,000,000	9,000,000	6,000,000	12,000,000	21,000,000
IA18	12/12/48	20	(d) 4,500,000	7,500,000	12,000,000	7,500,000	42,000,000	18,000,000	13,500,000	27,000,000	45,000,000

(a) July 1 to 31, 1948, \$20,000. Successive 50g the same until July 1, 1948, then somewhat less. (b) Plus the international surface rate.  
(c) Rates depended upon destination country, route taken and airlines involved. (d) The CNC equivalent of the new Gold Yuan Currency rates.

In 1948 the DGP introduced domestic and international formula air letter sheets. The domestic air letter was first issued Aug. 1 at a fixed price of \$120,000, and could be used any time prior to Aug. 1, 1949, without the payment of additional postage, irrespective of future rate increases. On Aug. 1 the total cost of a 20g. domestic airmail letter was only \$95,000, but the air letter sheet was still a bargain because it was a hedge against inflation. By May 24, 1949, the cost of a 20g. domestic airmail letter had risen to \$12 trillion in CNC dollars. Privately printed domestic air letter sheets had to pay ordinary letter rates.

The international formula air letter sheet had a fee (initially \$5,000) for the sheet, in addition to postage, and did not work as an inflation hedge. However, the rate for the sheet was at a discount to the ordinary letter rates. Until Aug. 1 they cost 50% of the total cost of a 20g. international airmail letter and thereafter the discount varied from 43% to 50%. Enclosures were not permitted; no more than four stamps could be affixed; registration, AR and express were not available; and they could only be sent to the Philippines, Australia, Canada, Great Britain, India and the USA. The limit on the number of stamps was not well enforced and was lifted on June 3, as was the limitation on destinations. Privately printed international air letter sheets paid ordinary letter rates.

**Table 6. FORMULA AIR LETTER SHEETS**

Date		Domestic	International	Cost of Letter Sheet (a)
3/29/1948		n/a	35,000	(b)
4/5/1948		n/a	45,000	(b)
4/15/1948		n/a	55,000	5,000
5/19/1948		n/a	85,000	5,000
8/1/1948		120,000	250,000	5,000
8/9/1948		150,000	250,000	5,000
8/21/1948		150,000	600,000	5,000
11/6/1948	(c)	150,000	2,100,000	5,000
11/7/1948	(c)	150,000	2,100,000	5,000
11/11/1948	(c)	1,500,000	2,100,000	5,000
11/18/1948	(c)	4,500,000	2,100,000	5,000
11/20/1948	(c)	4,500,000	12,000,000	5,000
11/25/1948	(c)	4,500,000	12,000,000	900,000
12/12/1948	(c)	4,500,000	27,000,000	900,000
12/15/1948	(c)	6,000,000	27,000,000	900,000

(a) Cost of the Formula International Air Letter Sheet exclusive of postage.

(b) Although there was a published rate, no examples are known.

(c) The CNC equivalent of the new Gold Yuan Currency rates.

A new form of domestic insured mail, called value declared mail, was introduced Jan 4, 1947. Initially the amount, which could be insured, was low and the fee quite high. Over time the insurable amount increased and the fee decreased. Contents were restricted to valuable items and documents, but after Jan. 6, 1949, currency could be enclosed. The postal clerk could ask to see the contents. Items had to be registered, while airmail, express and AR services were optional.

**Table 7. VALUE DECLARED MAIL**

Date		Amount Insured		Value Declared Fee
		Minimum	Maximum	Percent of Amount Insured (a)
1/4/1947		1,000	50,000	10.0%
4/29/1947		1,000	200,000	5.0%
7/1/1947		2,000	1,000,000	5.0%
11/13/1947		2,000	2,000,000	1.5%
12/1/1947		4,000	4,000,000	1.5%
4/5/1948		10,000	4,000,000	1.5%
4/19/1948		10,000	10,000,000	1.5%
6/9/1948		10,000	50,000,000	1.5%
7/21/1948		50,000	50,000,000	1.0%
9/2/1948	(b)	50,000	60,000,000	1.0%
9/21/1948	(b)	50,000	1,500,000,000	1.0%
11/19/1948	(b)	1,500,000	7,500,000,000	1.0%

(a) In addition to applicable postage and the required registration fee.

(b) The CNC equivalent of the new Gold Yuan Currency rate.

Rate changes for all categories were so frequent that on Mar. 2, 1948, the DGP decreed that mail posted at an old rate would be handled for up to one week without assessing postage due. Covers can be collected bearing inadequate postage for the dates mailed and are referred to a "grace period covers."

A new Gold Yuan Currency (GYC) was introduced Aug. 20, 1948. Gold Yuan bank notes became available almost immediately. However, Gold Yuan stamps were not available until October. CNC stamps continued in use and remained valid for postage, at the official exchange rate of CNC \$3,000,000 to GYC \$1, until Jan. 31, 1949.

The monetary change to GYC accomplished nothing and soon prices and postal rates continued spiraling upward. GYC itself only lasted until April 1949, when it was replaced with a new Silver Yuan Currency. Silver Yuan Currency fared no better, and inflation continued unabated. However, by the fall of 1949, questions of monetary problems and rates were academic, because by then the civil war was over and a new team was at bat.

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