

SHANGHAI'S WARTIME EMERGENCY MONEY

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This is the story of a little known aspect of China's wartime history and an oft neglected area of numismatics. The setting for our tale is the city of Shanghai and the time 1939. Dire things are about to happen, but before we can fully appreciate and understand them, a refresher course in Chinese currency might prove useful.

For centuries the currency of China had consisted of a jumble of bank notes and coins issued by every conceivable authority - government, provincial and private. Most issues circulated only within limited areas (the province of issue) or, in the case of native banks, circulation was limited to the locale of the town or city of issue. On the lower end of the scale, notes of the myriad pawn shops and money-lenders were heavily discounted when presented only a few blocks away or were refused altogether! Many of these issues had little if any financial backing in the form of reserves - most depended solely on the reputation of the person printing and circulating the notes. This chaotic situation permitted the circulation side by side of notes and coins denominated in cash, cents, ch'uan, coppers, fen, and chiao much to the consternation of foreigners and to the detriment of commerce.

Silver Dollars

Steps had been taken in 1890 to modernize China's currency system which led to the introduction of the first steam operated press at Canton in Kwangtung province. The mint's initial task was to strike Chinese silver dollars to replace the tremendously popular Mexican dollars which had been imported into China to facilitate trade. The local merchants loved the "Mex" because of its standard fineness and weight. The newly minted Chinese dollars retained these characteristics while at the same time appealing to ethnic pride. The "dragon" dollars, as they came to be called, were readily accepted by the masses. Their popularity soon led to similar issues being struck by other provincial mints in Wuchang, Peiyang and Foochow. By the turn of the century additional mints were operating in Nanking, Hankow, Anking, Chengtu, Mukden and Kirin. It was not long before these mints produced subsidiary coinage as well.



The Mexican silver dollar (top), imported into China to facilitate trade, proved very popular over the years. Chinese silver, known as “dragon” dollars (bottom) gradually replaced the “Mex” after the first mint was opened in Canton in 1890.

Standardization of the currency system was not possible, however, as long as two units of silver currency - the tael and the dollar - circulated side by side. Since the tael unit differed in weight and fineness from one locality to another, beside which existed a number of fictitious taels used only for accounting purposes; calculating their relative exchange rates presented an exceedingly complicated problem.

This chaotic situation came to an end when the tael system was abolished in 1933. The Standard Silver Dollar Coinage Law thus promulgated called for a silver dollar of 880 fineness, containing 23.49 grams of silver. This new national dollar was to be known as the yuan and was to replace all provincial silver dollars then in circulation. These moves brought about the first notable monetary reform in China's history.

After several false starts the Shanghai Mint, utilizing plant equipment and coin presses ordered in the United States, formally opened on March 1, 1933. The now obsolete silver sycee taels, or shoes, comprised ninety percent of the silver thus converted into legal tender, the remainder being bullion or demonetized silver

dollars or subsidiary silver coins. Silver dollars were in great demand following the abolition of the sycee tael, as production strained to keep up with requirements.

This first national silver dollar issued by the Shanghai mint has an interesting story to tell. The proposed design of the new coin called for the head of Sun-Yat-Sen, the founder of modern China, to be shown on the obverse and a Chinese junk under sail to appear on the reverse. After reviewing different design submissions, a winner was chosen and the work assigned the new mint at Shanghai. The winning design showed Sun-Yat-Sen on the obverse together with an artistic depiction of a junk sailing into a rayed sun with three geese flying overhead. This coin, dated the 21st Year of the Republic (1932), was actually struck between March and June 1933. Over fifty-one thousand of these pieces entered circulation before they were withdrawn and the coin redesigned. The reason was patriotic. By this time, the Chinese - Japanese troubles over Manchukuo had broken out and mint officials feared the sun would be misinterpreted as the "rising sun" of Japan, and the geese as enemy aircraft. The redesigned coins continued to be minted in 1933 and 1934 sans the "rising sun" and "aircraft"! The 1932 issue is rather scarce today with the other dates decidedly more plentiful. By 1935 China was off the silver standard, with most of these junk dollars finding their way into the melting pot and the silver sold abroad.



The Sun Yat Sen standard silver dollar. First introduced in 1932, its reverse design contained three geese flying over a junk which was sailing into the rising sun. When the Japanese invaded China shortly thereafter, mint officials had the offending symbolics removed fearing the general public would construe the geese as raiding aircraft and the rising sun as Japan. Mintage of these beautiful pieces ceased in 1935 when China abandoned the silver standard.

Subsidiary Coinage

China's Minister of Finance, H. H. Kung, turned his attention next to standardizing the country's subsidiary coinage. In 1935 he announced the replacement of the confusing mixture of twenty cent pieces, silver dimes and various coppers then circulating with a standard coinage based on the decimal system. Thereupon the Shanghai mint was instructed to strike nickel coins of five, ten and twenty cents and copper coins of one half cent and one cent of uniform design. These coins made their initial appearance to the general public in February 1936.

All five denominations were produced by the Shanghai mint in 1936. After that date the one half cent coin was dropped due to its unpopularity and relative worth. Production of one, five, ten and twenty cent pieces continued throughout 1937 (the one cent only), 1938 and 1939 after which the one cent coin was struck in aluminum owing to the advent of inflation. In 1939 a two cent piece was added to meet the need for small change. Five, ten and twenty cent coins continued to be struck from 1940 through 1942 by which time the need for a fifty cent specimen manifested itself. This coin was minted over the short span of two years after which spiraling inflation took its toll. An interesting variation exists in the production of the ten cent coin in that after 1939 the mint changed the character used for "ten" from the official style of writing to the more popular simple style ("十") of expressing the value ten. Eventually all coinage ceased to circulate as higher and higher denominations of paper money took over as the sole medium of exchange.

It should be mentioned here that all work had to be suspended at the Central Government Mint in August 1937 due to the outbreak of war in Shanghai. The staff was able, however, to dismantle and remove the bulk of its machinery before the Japanese army had a chance to occupy the mint buildings. The production of subsidiary coins was then continued at branch mints in the interior located in Chengtu, Chungking, Wuchang, Kweilin and Lanchow. Production was spread evenly across all branch mints with the exception of Kweilin which produced only ten and twenty cent pieces.

The Republic of China's standardized coin issue was of a very pleasing design and extremely well struck. The one half, one and two cent coins displayed on their obverse a depiction of the republican Chinese sun within a wide border with "Republic of China" and the date appearing above. The reverse of all

denominations was uniform. It shows a bold rendering of an ancient square-footed spade coin, or "pu", such as those dating to the Chou dynasty (1122-255 B.C.). A large number of these pus have, over time, been unearthed in the Chang-tzu and T'un-lin districts of Shansi province. A wide border containing the coin's denomination shown in two characters to left and right of the pu completes the design. Several curious anomalies add interest to this series. (See Table 1.) From the outset in 1936, production at the Shanghai mint could not keep up with demand necessitating the contracting out of additional production to the mint in Vienna, Austria. These coins are identical in all respects with the exception of the addition of a mint letter "A" beneath the pu to identify them. Production was limited to five, ten and twenty cent pieces. The Tientsin mint was also pressed into service to alleviate demand for these coins. In 1936 this mint produced one million ten cent coins identical to those being struck in Shanghai, yet it is possible today to tell them apart! This incongruity stems from the fact that insufficient nickel metal being then available at the Tientsin mint, a large quantity of diverse metals were alloyed with the nickel to produce coins of only eighteen percent nickel. The heavily alloyed coins struck in Tientsin proved to be non magnetic, while the pure nickel ones (95 percent pure nickel, actually) produced in Shanghai were attracted to a magnet.



The standard issue of subsidiary coinage released in 1936 included ½, 1, 5, 10 and 20 cent pieces. Later 2 cent and 50 cent coins were struck. Shown here are the 1 cent (Yr. 25) typical of the ½, 1 and 2 cent design; the 50 cent coin of Yr 31 (1939) which is representative of the 5, 10, 20 and 50 cent issues; and a pattern 1 dollar coin of 1936 which never saw production. The absence of 1937 dated 5, 10 and 20 cent coins in this series is due to the Japanese occupation of Shanghai and the evacuation of the mint to the interior in August 1937.

Table 1. China's Standardized National Coinage

Denomination	Year	Metal	Mintage*	Remarks
½ cent	25 (1936)	Bronze	64.720	
1 cent	25 (1936)	Bronze	311.780	
	26 (1937)	“	307.198	
	27 (1938)	“	12.000	
	28 (1939)	“	75.000	
2 cents	28 (1939)	Brass	300.000	
5 cents	25 (1936)	Nickel	72.844	Shanghai mint
	25 (1936)	“	20.000	Vienna mint
	25 (1936)	“	?	With “P’ing”
	25 (1936)	“	?	With “Ch’ing”
	27 (1938)	“	34.325	
	28 (1939)	“	6.000	
	29 (1940)	Copper Nickel	57.000	
	30 (1941)	“	96.000	
10 cents	25 (1936)	Nickel	73.866	Shanghai mint
	25 (1936)	“	60.000	Vienna mint
	25 (1936)	“	1.000	Tientsin mint
	27 (1938)	“	110.203	
	28 (1939)	“	68.000	
	29 (1940)	Copper Nickel	68.000	Reeded edge
	29 (1940)	“	in above	Plain edge
	30 (1941)	“	254.000	Reeded edge
	30 (1941)	“	in above	Plain edge
	31 (1942)	“	10.000	
	20 cents	25 (1936)	Nickel	49.620
25 (1936)		“	40.000	Vienna mint
27 (1938)		“	61.248	
28 (1939)		“	38.000	
31 (1942)		Copper Nickel	32.300	
50 cents	31 (1942)	Copper Nickel	57.000	
	32 (1943)	“	4.000	

Note: * in millions

Three other deviations appeared in the five cent series. Two varieties of this coin were minted at Shanghai in 1936. On one the character "P'ing" appears on both sides of Sun-Yat-Sen's portrait, while the other bears the inscription "Ch'ing" in the same location. It is not known to the author why this was done. The final oddity concerns the ten cent coin of 1941 which appears with both reeded and plain edges.

Emergency Money

In the late nineteen thirties one could stand atop Shanghai's tallest building, Broadway Mansion, and gaze down upon the city extending to the horizon in all directions. No wonder the Japanese made it their headquarters in 1941! From this vantage point the Whangpoo River and Soochow Creek were clearly discernible. Shanghai was a thriving congested city full of bicyclists weaving between cars and buses, the tinkling of their bells mixing with the deep blasts from the ships horns of oceangoing freighters in the Yangtze River beyond.

To the north of Soochow Creek lay the International Settlement, home to foreigners engulfed in a sea of Chinese. Here three million English, French, Americans, Germans, Russians, Italians and assorted others were jammed into twelve and a half square miles.

Beginning in 1842, following the First Opium War, China was increasingly taken over and exploited by the West, gradually being reduced to a state bordering on colonization. Because of its commercial importance to the West, Shanghai symbolized this aggression and submission. Following the Opium Wars, China set aside three parcels of land for the use of the "foreign devils" - one British, one American and the third French. In 1863 the Americans joined with the British to create the International Settlement. The concession enjoyed its own separate political status, courts, municipal council and police force - all the trappings of extraterritoriality. By treaty the International Settlement had been leased in perpetuity from the Chinese. Above all the settlement was a place international in character, politically neutral, and a place where the rights and privileges inherent in extraterritoriality were strictly enforced.

Over the years the settlement increased in size ever extending into the surrounding countryside. By the 1920s Shanghai had become the most Westernized city in China, enjoying some of its best years. Within the walls of the settlement foreigners enjoyed an existence of leisure, indulging in their own pleasure while beyond its walls, the Chinese peasant lived a subsistence level

existence of hard labor with little hope for a better life. Constant fighting surrounding the settlement (1927: Kuomintang versus Communists; 1932: Japanese occupation of the city; and 1937: outright war between China and Japan) did nothing to diminish the good life within. The fighting affected neither the commerce nor the river traffic upon which Shanghai depended. Foreigners within the settlement were so complacent that they referred to the 1932 trouble as "the war across the bridge" (Soochow Creek), and the 1937 Japanese occupation as "the war at the end of the street" (edge of the settlement boundary)! Of course the world was caving in around them and the Chinese were enduring unthinkable suffering. For the time being their enclave was secure because the Japanese war machine in 1937-1940 wasn't yet ready to take on the world powers of Britain and America. Still in awe of the British, the Japanese hesitated to take what they wanted. Choosing to pay lip service to the sovereignty of her future enemies instead, Japan developed a hands-off policy, and life within the International Settlement went on pretty much as usual.

The situation beyond the Settlement walls presented a stark contrast, however. Shanghai's industrial enterprises suffered irreparable losses in consequence of the undeclared war. The northern districts of Hongkew and Chapei were particularly hard hit. Incessant warfare and bombing made any kind of commerce an impossibility. Cotton mills, ironworks, soap factories, woolen mills, tobacco factories, breweries, rubber and printing works, shipyards and wharves all shut down as if on command. Work ceased abruptly everywhere, sending 800,000 refugees swarming into the International Settlement. Many factories were destroyed in the course of actual fighting while many others burned to the ground. The electric company and waterworks were one of the first casualties of Japanese bombs, depriving greater Shanghai's citizens of light and water. Coal, transport and food were in short supply. The industrial might of greater Shanghai had been brought to a standstill in a matter of weeks. Faced with all this, the Chinese people refused to abandon hope. They stood as one solid body behind their government with a renewed determination to resist the Japanese enemy, understanding that not to do so would in all probability result in their permanent extinction as a nation.

The first to feel the effect of the turning tide was the city's commerce. Shanghai failed to completely bounce back after 1937. The surrounding countryside was devastated in the wake of the Japanese army's march on the republican capital of Nanking. In an effort to deny the mighty Yangtze to the Japanese navy, chains were stretched across the river effectively ending commercial traffic as well. Japanese authorities took over the Chinese Maritime

Customs and commencing in 1938 dismantled factories, sending the machinery back to Japan for scrap.

Little by little the standard coinage Minister Kung had worked so hard to create began to disappear from general circulation. Metal currency in Shanghai and throughout central China was aggressively siphoned off by the Japanese to feed her war machine back home. What better way to augment scarce supplies of copper and nickel than to assign the enemy's coins to the crucibles of their war industry? By mid 1939 the shortage of coin within the International Settlement became so acute that merchants were no longer able to carry on business as usual. The shortage of coins forced merchants to quote prices of commodities in round numbers much to the disadvantage of the poor. Clearly, something had to be done.



Money of the Wu Tang Tsiang Restaurant and the French tramway. Typical of these emergency issues, all notes no matter how lowly the denomination, bore serial numbers.

One must bear in mind that even at this time (1939-1940) a dollar was quite a large sum of money to millions of Chinese, in extreme cases equating to a week's wages. It becomes obvious then that a great need existed for smaller units of currency. Even the lowly cent was further divided by the Chinese into approximately three coppers, and in rural areas the copper further divided into ten cash.

The merchants of Shanghai, isolated from the central government in Chungking, and tired of losing business brought about by the shortage of small change and not being unsympathetic to the suffering of their poor clients, very soon devised ways of overcoming this obstacle. Their approach was three fold. First they placed into circulation certain tokens already in existence for specific purposes. This category included telephone tokens, bus tokens and the slugs commonly used in slot machines. Their quantity being very limited, this expedient hardly made a dent in the situation, however. Even postage stamps were used until the postal authorities stepped in and forbade it. Amazingly, these various and sundry pieces were readily accepted at the assumed value of "ten cents" by the money-starved population. The next expedient was to manufacture new coins varying in value from one to ten cents. These "coins", or tokens, were usually made of aluminum and rarely of brass. The manufacture of coins being both timely and expensive defeated this approach as it became clear that insufficient quantities could be made to meet the demand.

In 1939 my good friend Harry Atkinson, a retired army colonel, was in Nanking with the American advisory group. He managed to leave just one step ahead of the advancing Japanese. His familiarity with the Shanghai tokens was extensive. At one time Harry bought a large collection of these pieces from an old man who was selling out and wanted to go to Taiwan. Unfortunately, they were all stolen in a burglary many years later. Harry states that they were made in local machine shops - some of them being as large as poker chips. Metals used were bronze, aluminum and nickel. Americans adopted the practice also as various military clubs, such as the Fourth Marines, issued their own tokens.

This leads us to the third method employed by the Shanghai merchants to alleviate the coin shortage - that of printing small change paper money. The coupon solution was the one relied upon by the overwhelming number of shops and firms. All kinds of enterprises availed themselves of this opportunity to alleviate the desperate need for small change. They included theaters, department stores, tramways, bus companies, hotels, dry goods stores, coffee shops, butchers, fish markets and a myriad of others. The stouthearted and straightforward manner

in which the Shanghai merchants rose to meet this challenge deserves attention. Small change paper money, or script, was certainly inexpensive to print. Larger firms printed them by the tens of thousands. The smaller shops sometimes relied solely on scraps of paper impressed with a rubber stamp. They all bore one characteristic in common, however - that of accountability. Almost without exception these small scraps of paper carried a serial number on their obverse. In addition, the lesser known firms and shops carried the handwritten signature of the manager as well. The smaller shops were usually content to either sign the notes or apply their "chop" after serializing them and affixing their rubber stamp. All this for one cent! Such a system meant endless work for them, but the merchants of Shanghai met the challenge nonetheless.



The Sun Company was a large Shanghai department store. It issued small change notes in denominations of 1, 2, 5 and 10 cents in an effort to keep commerce flowing.



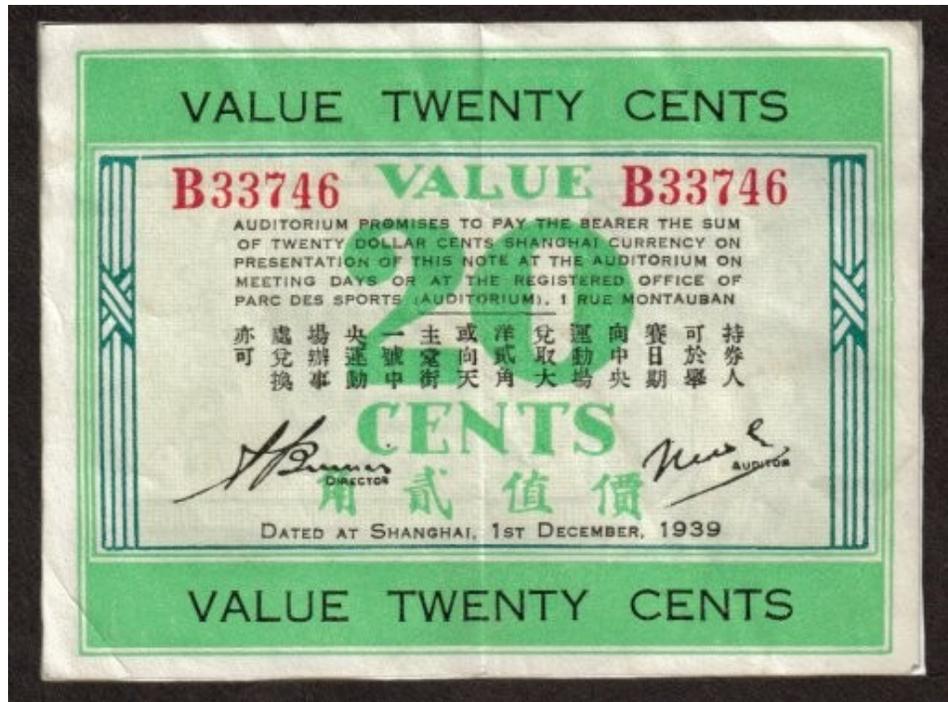
Notes typical of the smaller Chinese shops. Most carried the “chop”, or seal, of the manager, or in many cases were hand signed by the manager himself.

Paper also being somewhat at a premium, some interesting examples may be found of script printed on the inside of used cigarette cartons and old shoe boxes, and in other cases, on discarded theater tickets. The cursory wording on some of these notes is also interesting - and indicative of the times. Some examples: "This note can be exchanged for full value after the tension is removed, or for full value in trade at any time at this restaurant". Another: "We will return (this note) when the national cents notes are issued".

Some firms placed limiting conditions upon their notes. The Majestic Dry Cleaning Company stated that their note was "Good for ten cents in payment of accounts" while a note of the Palace Hotel magnanimously stated "This coupon is good for twenty cents while on the hotel's premises". The Sincere Company Ltd., living up to its name, stated on its one cent 'national currency' bearer coupon: "This coupon is exchangeable at face value for goods only and being 'Bearer Certificated'. No registration of loss will be entertained. This coupon is not valid unless it bears the official stamp of the company". It did. A two cent coupon of the Compagnie Francaise de Tramways et d'Eclairage Electrique de Shanghai, a streetcar company operating in the French Concession, stated that its money was good at any place along the company's route as long as it was used before midnight 30 June 1940: "Ce coupon sera accepte en paiement du prix des places sur les viotures de la compagnie, pour la valeur deux cents. Il cessera le 30 Juin 1940 a 24 H."



Temporary 1 cent coupon of the Tsung Tai Money Exchange and Tobacco Shop



Twenty cent note of the Parc des Sports “Auditorium”, a well known Shanghai sports arena.

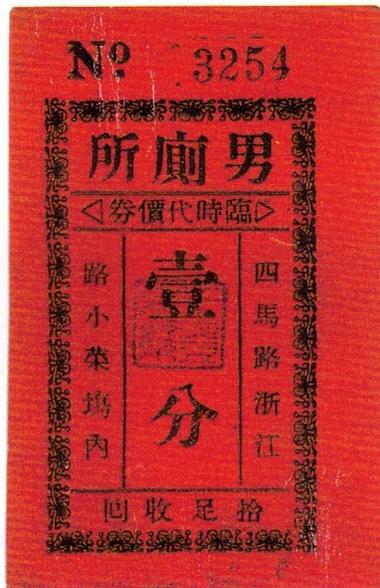
The fact that the Shanghai money shortage was being felt as early as 1939 is evident on the notes of the Auditorium, a well known sports palace featuring the then very popular jai-alai games. It issued a series of well designed notes of ten and twenty cents (and perhaps other values) upon which this statement appeared on the reverse of the 20 cent note: "The Auditorium promises to pay the bearer the sum of twenty dollar cents Shanghai currency on presentation of this note at the auditorium on meeting days, or at the registered office of Parc des Sports (Auditorium), 1 Rue Montauban. Dated at Shanghai 1st December 1939".

The size of these notes bore no relation to their value. Many were printed in as many as three colors. English was the most prevalent language, although some vouchers appeared in French while most of the smaller native shops were printed entirely in Chinese. One of my favorites is a "Good for Ten Cents" coupon of the Doumer Theater which, so as not to miss out on any possible business, had their script printed in English on the obverse and Chinese on the reverse, stating "In view of the present shortage of small money this coupon is worth ten cents at the theater where it will be taken instead of cash at any time until 1 April, 1940. This coupon is only valid with the signature of the owner of the Doumer Theater".

So the city of Shanghai in this manner overcame its difficulties. Each shop, large or small, intent upon relieving its own requirements contributed to the overall availability of small change. Eventually the flood of notes forthcoming became sufficient to keep the lesser wheels of commerce turning. It must be said that the system was a great success and that despite overwhelming obstacles, - it worked! Not everyone profited from the scheme however as the poor rickshaw coolies, at the bottom of the economic scale, had to take their fares in any way they could. When they went to the money shop to exchange their fistful of nondescript chits into something more tangible they found that such paper was heavily discounted. Paper small money continued to be issued and to circulate until the International Settlement fell to the Japanese army on 8 December 1941.

It goes without saying that after the fall of Shanghai none of this script was redeemed. The vast majority of this money has been lost forever. Nevertheless, enough pieces have survived to this day to allow us an insight into these troubled times and the ingenious way in which Necessity became the Mother of invention.

The central government in far away Chungking recognized the dire straits which had befallen the Shanghai population but were slow to do anything about it. Not until the situation became acute did the government authorize the Central Bank of China to produce a series of small denomination bank notes specifically for



Shanghai emergency money of 1939. Clockwise: upper left, French dog racing course; the Lyric Theatre; unknown; 1 fen (cent) coupon of the Hongchang Cigarette Shop.; Shanghai Men's Toilet; and a 5 cent coupon of the U.S. Navy Y.M.C.A. Soon after Chinese shop owners commenced issuing emergency paper, European companies soon followed suit.

Shanghai. These notes were printed in denominations of one, five, ten and twenty cents. Although bearing dates of 1939 and 1940, they did not commence appearing on the streets of Shanghai until February 1940.



In order to alleviate the Shanghai shortage of small change, the central government in Chungking finally authorized special "small change" notes of 1 and 5, 10 and 20 cents for circulation there.

The smaller denomination one and five fen (cent) notes bear as their central vignette a picture of a nine storied pagoda together with the value in cartouches at right center and at the four corners. The Chinese date "28th Year of the Republic" (1939) appears below. Their reverse depicts the standard republican one and five fen "spade" coins respectively. The one cent note is red, while its five cent companion was printed in green. The work was contracted out to two local firms, the Union Printing Company and Union Publishers and Printers whose imprint appears on the notes. Thus, two varieties of each exist.

The two larger denominations of one and two chiao (ten and twenty cents) were printed by the Chung Hwa Book Company, Ltd. and are of superior



The “specific use” small change note for 20 cents authorized to replace Shanghai's private paper money issues.

workmanship. Both show Sun-Yat-Sen in an oval at right with their denominations in cartouches, as mentioned before. The Chinese date on the obverse of these notes reads "29th Year of the Republic" while on the reverse the date "1940" is shown. Unlike the two smaller denominations, the printed signatures of the General Manager and the Assistant General Manager appear on these notes. All carry the title "The Central Bank of China" in Chinese on the obverse and in English on the reverse. The one chiao specimen is light green while the two chiao note is blue. Both notes are very common and can be easily found by collectors today attesting to the quantities undoubtedly remaining when the Japanese authorities took over Shanghai.

Surrender Passes

One other aspect of this story is of more than passing interest. While it has no bearing on Shanghai directly, it is nevertheless an integral part of the overall numismatic picture. I refer here to the surrender passes printed by the Japanese puppet Reformed Government of the Republic of China. These interesting pieces, rarely encountered today, constitute a part of many important Chinese collections.

After the Japanese attack on Shanghai in 1937 her Central China Expeditionary Army swept up the Yangtzi river valley to attack Nanking, the then capital of nationalist China and the seat of Chang Kai Shek's government. Despite a pledge that Nanking would never fall, the government and troops panicked precipitating a mass exodus of civilians and garrison troops. The Japanese bombarded the city with leaflets promising decent treatment for all civilians remaining there. Nonetheless, the invading troops on 13 December, 1937, upon entering Nanking, unleashed upon the defeated troops and helpless civilians terror, destruction and cruelty that has had few parallels. The wanton violence lasted three weeks and took over 60,000 lives. This action has come to be known as "The Rape of Nanking".

Once Nanking had fallen, the Japanese moved to install yet another "puppet" regime similar to those previously established in Manchukuo, Mongolia and North China (see my article entitled "Japanese Sponsored Coin and Bank Note Issues for the Occupied Regions of China" which appeared in the March 1997 issue of The NI Bulletin). The new governing body was given the somewhat grandiloquent name "Reformed Government of the Republic of China". Its area of authority was to extend over all of central and south China. One Liang Hongzhi, a Chinese with Japanese sympathies, was installed as President on 28 March, 1938. Chronically short of money his regime was forced to rely upon an alliance with the gangsters who ran the rackets in Shanghai for much of its income. Finally the Japanese came to the rescue by establishing the Central Reserve Bank of China in March 1941, which was to ultimately serve central and south China as the sole bank of issue. Initially, its bank notes met a poor reception among the local population; and in Shanghai's International Settlement still under the influence of Chungking, the new notes were refused altogether.

In an effort to swell the ranks of its Japanese controlled puppet army, the Reformed Government hit upon the idea of printing surrender leaflets and good conduct passes to entice the morale stricken Nationalist troops to come over to their side. Issued by the Nanking government's Military Affairs Committee, these



Front and back sides of a surrender pass guaranteeing safe conduct through the lines. This leaflet was the product of the newly created Reformed Government of the Republic of China, a Japanese controlled political entity set up to administer the "liberated" area of China. Its purpose was to encourage defection of soldiers from Chiang Kai Shek's Nationalist Army. Note that the face of the note is identical to the 5 cent Shanghai emergency issue of the Central Bank of China. The printers imprint of the obverse of the real note is lacking on the leaflet, however.

surrender leaflets took the form and appearance of previously issued Central Bank of China "fa-pai" (legal tender) notes. It is known that the lowly five cent note prepared to alleviate the Shanghai coin shortage and an obsolete one yuan note of 1936 were used for this purpose. Other examples may exist. The propaganda use of these notes must therefore equate to the year 1940 - subsequent to the issue of the five cent note (1939) and prior to the run away inflation commencing in 1942. For sake of comparison it should be pointed out that a rickshaw fare costing sixty cents in 1939 had escalated to four hundred dollars by late 1942. To be of any use for propaganda purposes the notes scattered over Nationalist lines by Japanese aircraft had to have sufficient value to be picked up and examined!

The surrender pass most usually encountered (although very rarely) is the green five cent piece, the face of which was printed to resemble its genuine counterpart. Harry Atkinson, having such a note in his collection, reports that this pass was also issued in a light-blue ink. The back of the leaflet consisted of a reproduction of the one yuan note printed by Thomas de la Rue dated 1936 which had been modified by removing the central and right hand vignettes to accommodate the propaganda message. All bear the serial number 558829 N/E. A translation of the message appearing on the reverse of these notes is as follows:

Caption: Certificate for Returning Soldiers

Left hand vertical: Welcome. Join the peace movement.

Right hand vertical: Protect safety of life.

Nine column central message:

This certificate is issued to those who volunteer to join the peace movement of the New Central Government before a circular is issued by the Military Council. Agreement has been made with Japanese troops at the front that this certificate will provide for protection if produced to the Japanese patrol and also for conveniences for coming back to the New Central Government.

Issued by the Military Council of the Nanking Government.

(Translation courtesy of Harry Atkinson)

Having passed through Shanghai during the war while experiencing some of China's history first hand, I have always held a fascination for Asian numismatics. I have enjoyed researching this little known story of Shanghai's emergency money and in shedding new light on this seldom reported and often neglected field.

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