

# DEFINING MODERNITY

GUOMINDANG RHETORICS  
OF A NEW CHINA, 1920–1970



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### VIEWING CURRENCY CHAOS: PAPER MONEY FOR ADVERTISING, IDEOLOGY, AND RESISTANCE IN REPUBLICAN CHINA<sup>1</sup>

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“And so I say that people unfortunately know only how to spend money, but very rarely understand its secrets.” Sun Yatsen, *Memoirs of a Chinese Revolutionary*, 1918, 38

Writing in 1918, Sun Yatsen, the founding father of the new nation, urged that an understanding of money was crucial for developing a strong, modern China. “Only thanks to circulation of money” he wrote, “was humanity able to step forward from primitive times to modern civilization” (Sun 1918, 25). Just as the marketplace and metallic money had moved humanity away from rudimentary barter to systems of exchange, so too would paper money, checks, and bills help to propel China into advanced global trade and industry. He called on the Chinese people to lay aside their “superstitions,” and to trust in paper currency (Sun 1918, 28).

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Of course, there existed a certain irony in presenting paper currency as a step in the direction of modernity. Paper currency had been invented in the Middle Kingdom and circulated there at least since the eleventh century, long before it appeared in the rest of the world. Merchants in the fertile basin of present-day Sichuan, seeking a more convenient alternative to heavy iron coins, had issued private money called *jiaozi* (exchangeables) on mulberry paper (HCC 1983, 49), and Song dynasty officials soon “succumbed to the temptation to finance deficit spending by issuing excessive quantities of paper money” (Von Glahn 1996, 44).

Sun Yatsen’s faith in the inevitable victory of paper currency over precious metal (1918, 29) was not only an idealistic vision of the progress of human civilization toward modernity but indicated the very real problem Sun and the Nationalist Party faced of trying to finance a new state system. Like Song dynasty officials, the Nationalists repeatedly used what is euphemistically called “inflationary financing,” the excessive printing of paper currency, to make financial ends meet. Sun waved aside fears that paper currency could become worthless, yet people gradually lost trust in both the paper currency and in the government that had issued it.

By examining money in the decentralized and unstable context of Republican China, and by focusing on it as a symbolic object, we find that money served not only as a means of exchange, a measure of value, and a store of value, but also as a means of advertising, of spreading national ideology, and of fostering political resistance. Groups and institutions attempted to entice customers and citizens to trust not only in the money but also in the power and ideology that stood behind it. While both coins and paper money served this function, this chapter focuses primarily on paper money, for it was paper, in the form of bank notes, military notes, and government bonds, that came to be printed most quickly, and paper that allowed for the greatest range of symbolic imagery. Furthermore, the focus here is mainly on *attempts* to use the imagery for institutional ends, and not on the public reception or reaction to these attempts.

### Money, Imagery, and Trust

In his classic *Philosophy of Money*, Georg Simmel claims that “only money, is free from any quality and exclusively determined by quantity,” that it is of “pure economic value,” and “completely cut off from the corresponding relationships that concern it” (Simmel 1990, 279). Over the

years, anthropologists and sociologists have challenged Simmel’s views on money as purely “economic,” showing that not only is it embedded within social relationships but that it also holds symbolic value (e.g. Parry and Bloch [1989] 1996; Errington and Gewertz 1995; Zelizer 1997; Akin and Robbins 1999). Despite the anthropological data, general theorists of money have downplayed its symbolic value. For example, in *The Consequences of Modernity*, Anthony Giddens describes money as “symbolic tokens . . . media of interchange which can be ‘passed around’ without regard to the specific characteristics of individuals or groups that handle them at any particular juncture” (Giddens 1990, 22). While Giddens recognizes that money is symbolic, he fails to acknowledge that the symbolic qualities of money can have meaningful significance for those who handle it. Contrary to Giddens, we will see that, particularly in contexts of economic instability and competing currencies, producers of paper currency constantly keep in mind the individuals and groups who will handle it. Producers attempt initially to catch the eye of potential client-consumers, and eventually seek to use the paper currency to evoke trust in their paper currency-printing group or institution.

In complex societies, trust and money exist in a wary relationship. Giddens describes trust in money as “a commitment to something” (1990, 26–7). Individuals or groups who use money not only count on the positive future outcome of their transactions, they also make a commitment to the state and the system that issues that money. Although Giddens elegantly identifies this aspect of the double trust involved with money, he makes a questionable distinction between “pre-modern” and “modern” trust. Giddens argues that in “pre-modern cultures” people placed trust in kinship systems, local community, religious cosmologies and “tradition” as manifested through routine and ritual; in “modern cultures,” on the other hand, people place trust in “abstract systems,” such as money (Giddens 1990, 100–11).

Even if we set aside the problem of defining what constitutes “modern” and “pre-modern,” many scholars would challenge Giddens’ divide between trust arenas. Trust in kinship, community, cosmologies, and tradition, at least in reinvented forms, has not been completely supplanted by trust in abstract systems, and some might even argue that as abstract systems grow larger, people’s desire for local community and spirituality grows stronger. Contemporary abstract systems also recognize this dichotomy. For example, U.S. currency has printed or stamped on it “In God We Trust.” While wanting people to trust in and commit to U.S. currency and to the state

system that issues it, the phrase symbolically links the nation-state to a higher cosmological trust.

Moreover, systems such as money do not operate in a vacuum. As Margery Wolf observed during research in a Taiwanese village in the 1960s:

A man not thoroughly imbedded in a network of kinship cannot be completely trusted because he cannot be dealt with in the normal way. . . . Wealth cannot make up for this deficiency any more than it can make up for the loss of arms and legs. Money has no past, no future, and no obligations. Relatives do. (Wolf 1968, 23)

Money may have a past, but, like a stranger without local kin, that past is murky. A stranger with money, but without kin, cannot completely buy the trust of a community. Money, at least in material (versus electronic) form, cannot be completely disembedded from human relationships.

It is from this perspective that we can begin to understand the motivation for the various kinds of visual imagery on paper money. In the Republican context of competing currencies, groups and institutions attempted to use meaningful symbolic imagery on paper money to entice the trust of customers and citizens. Moreover, paper money became a tool with which to define a national community.

Benedict Anderson (1983) has argued that nations have been partially imagined and defined through what he calls "print capitalism." By "print capitalism," he refers specifically to the circulation of newspapers and novels written in the vernacular. Based on research in Indonesia, he suggests that as circulation of novels and newspapers expanded, the community of readers started to imagine itself as a national community. Anderson's idea of a community of readers linked through novels and newspapers works well if we limit our scope to an urban, literate elite. His scenario aptly fits China's early twentieth century "May Fourth" generation of intellectuals and their imaginings of a new nation through essays, novels, newspapers, and journals.

However, Anderson's textual focus for print capitalism works less well once we move away from an intellectual elite. How would illiterate or semiliterate Chinese farmers, fishers, soldiers, servants, and peddlers be made aware of and brought to participate in an imagined national community? As we shall see, the Nationalists, and later, the Communists attempted to use paper money as another form of "print capitalism" with which to extend the nation outward.

### Inflationary Financing: Paper Money and Public Display

In the United States today, citizens take for granted a single, national currency. However, for most of U.S. history up until the Civil War, numerous state and private banks, not the federal government, printed paper money. Two legislative acts changed this situation. The first Legal Tender Act signed by Abraham Lincoln on February 25, 1862 authorized the federal government to print \$150 million worth of paper notes that were nonredeemable in gold or silver. The National Bank Act passed by Congress in 1863 specified that all state bank notes would be taxed beginning in 1866 (Chown [1994] 1996, 246–50). These two acts allowed the federal government to begin to centralize monetary control and to finance the Union army (Weatherford 1997, 170–71). This use of paper money to finance state projects—inflationary financing—was an important one in Republican China as well. In effect, government officials performed a kind of respectful looting—trading initially worthless pieces of paper for goods and services. The government asked people to "bank" on it, in return for a promise of future economic and political stability. This was not a form of equal exchange in the marketplace, for the government had the power to enforce the terms of the interaction.

For example, Wan Kuiyi, in his *Old Tales of Yunnan (Dianyun jiu wenlu, 1998)* draws on interviews, archives, and newspaper accounts to reconstruct the chaos of currency issue in the provincial capital of Kunming between 1915 and 1937. As Wan tells it, for the first five years of the new Republic, from 1911 to 1915, the currency situation was relatively stable despite the fact that many currencies circulated simultaneously. However, at the end of 1915 this situation started to change as provincial officials rose up against Yuan Shikai.<sup>2</sup> Initially, they were able to open their military campaign by confiscating "\$2 million, the entire currency of the still unopened local branch of the Bank of China" (Sutton 1980, 193), but eventually they resorted to printing an estimated 10 million "Republic of China Save the Nation Government Bonds" (*Zhonghua minguo huguo gongzhai*) as well as military notes. Public trust in paper currency steadily declined, and in an effort to control the situation an order was issued that notes signed or stamped by the Yunnan Military Commanding Officer (Yunnan jun dudu)

<sup>2</sup> For a detailed and lively account of political events in Yunnan in the early years of the Republic see Sutton 1980.

could continue to circulate; notes signed or stamped by the Commander-in-Chief of the National Protection Army (Huguo jun zong siling guan) had to be exchanged for temporary military use certificates; unsigned and unstamped notes also had to be exchanged for military use certificates, but before May 2, 1916, at which time they became invalid (Wan Kuiyi 1998, 306–7).

After the death of Yuan Shikai in June 1916, Yunnan's Fu Dian Bank printed an additional one million yuan worth of "memorial paper currency" (*jinian zhibi*), and Yunnan Military Commander Tang Jiyao sought to finance his own textile factory in Kunming by issuing ten million yuan worth of "bonus tickets" (*jiangli piao*) in 1917. Popular reception to these tickets proved cool and the factory failed to open, but Tang kept the printing presses going. Late in 1917 the Yunnan Pacify-the-Nation Military Use Bank (Yunnan jingguojun junyong yinhang) issued 600,000 yuan worth of "exchange certificates" (*duihuan juan*) and starting in 1918 the Military Payroll Office (Chouxiang ju) issued almost monthly sets of "military payroll lottery tickets" (*chouxiang caipiao*). These were followed by an issue of two million yuan worth of "Yunnan Pacify-the-Nation Military Government Bonds" (*Yunnan jingguo jun gongzhai*) of which every government employee was required to purchase at least two (Wan Kuiyi 1998, 306–9).

By 1921 Kunming city residents made a run on the Fu Dian Bank. The bank refused to exchange any paper currency for silver, but reassured people with the promise of an issue of silver dollars. This did not happen however, and by 1923, people started to refuse to accept Fu Dian bank notes (*chaopiao*), preferring hard cash or notes issued by the French colonial Banque de L'Indochine. One businessman, Mr. Lin Yuqing, was made an example of, and sentenced to four years in prison for raising the exchange rate of silver relative to the notes. Hu Ruoyu and Long Yun replaced Tang Jiyao yet continued the practice of inflationary financing, issuing three million yuan worth of paper currency in the fall of 1927 alone. Government authorities tried to restore the public's trust in the paper currencies by staging public burnings of excess and worn out currencies; there were nine such burnings in 1927 (Wan 1998, 310–13).

Yunnan was not alone in its currency chaos. Currencies issued by Chinese, foreign, and joint Sino-foreign banks circulated, and bank runs and bank closings occurred frequently (Lee [1926] 1982). Brett Sheehan provides an excellent, detailed analysis of elite efforts to handle bank runs in the city of Tianjin between 1916 and 1938 (Sheehan 1997). Sheehan focuses on elite struggles to keep banks operating, especially under government-imposed

duress such as Yuan Shikai's moratorium on exchanging paper money for silver in 1916, or later government inflationary financing. Like the example above of Kunming officials using display—public burnings of old currency—to restore trust, Sheehan discusses ways in which Tianjin elites tried to visually inspire trust in their banks and currencies. In the 1910s and 20s, Tianjin bankers modelled their banks on imposing European and American style buildings, where imposing columns and massive marble lobbies displayed a strong public "face." Imposing architecture alone could not deter a bank run, but once a run had started, it might be alleviated by conspicuously displaying silver behind the teller counters or by allowing members of the public to examine the bank's vaults. During one bank run in 1927, the Tianjin "Support the Currency Association" opened in a newly refurbished bank building, and brought in four electric stamping machines to stamp a guarantee on the local currency (Sheehan 1997, 31, 38, 303). Providing a visual stamp of authenticity on the currency followed the practice of old-style Chinese banks and exchange shops that would assay silver coins and ingots and "chop" them (McElderry 1976, 14) with a guarantee for all to see. These old-style banks also stamped their own private currencies with auspicious symbols, such as images of the God of Wealth, or warnings, such as "May spirits place obstacles in the way of spurious notes" (Ramsden 1914, 163–64, 166–67).

It is unclear how the general public interpreted these displays meant to inspire trust. It is not known, for example, how an average citizen would have interpreted the sight of officials burning piles of paper money. Would such behavior have been perceived as good officials purging the land of bad money? Or as attempts by desperate officials to make offerings to the deities, as might be done with ritual paper money at a temple? Nevertheless, in addition to publicly burning paper money, placing silver behind tellers, and stamping guarantees on currency to restore trust during bank runs, banks also routinely used the imagery on the currency itself to try to entice customers to trust in their institutions. This imagery served as a form of advertising.

### Paper Money as Advertising

To think of money as advertising we need to think of money as existing within a context of competing commodities. Using paper money as a form of advertising might not seem surprising if we think of money itself as a commodity (Marx 1964, 192) that is produced, bought, and sold.

Paper money in Nationalist China existed within a system of competing currencies of brass, copper, silver, and paper. For example, in Fujian Province in the early 1920s, there coexisted Qing and Republican copper coins, and almost a dozen types of silver dollar (Mexican dollars, Qing “dragon” dollars, the Yuan Shikai dollar, Hong Kong dollar, Japanese silver yen, Philippine peso, Spanish pillar dollar, United States trade dollar, French Indo-China dollar, and the Straits Settlements dollar), “subsidiary silver coinage” minted in Guangdong and Fujian, Chinese native bank notes, Bank of China Fujian bank notes, and foreign bank notes (Lee [1926] 1982, 28). As in pre-Civil War United States, both private and state banks issued their own paper notes.

Due to the number of banks and number of currencies, banks competed with each other to attract customers. Thomas Rawski has noted that foreign banks in particular “competed fiercely among themselves” (Rawski 1989, 131). And as Andrea Lee McElderry has observed, “the key to the strength of foreign banks was their ability to attract large amounts of deposits from many sources, both Chinese and foreign” (McElderry 1976, 19). One of the ways to attract potential customers to a bank was through circulating paper money.

Frederic E. Lee, writing in 1926 as a former American Economic Consul in China, suggests that some foreign banking corporations in China did not want to issue bank notes because of fears of bank runs:

The Park Union did not issue notes and the Equitable Eastern [Banking Corporation] does not issue them. The present managers of the latter corporation do not favor note issues in China, inasmuch as the notes of American banks in China are mainly for advertising purposes, and at times, such as the time of the run on the Asia Bank at Tientsin following the Banque Industrielle fiasco, they proved to be expensive and dangerous methods of advertising. (Lee [1926] 1982, 103)

Lee’s explanation includes the startling statement that American banknotes in China served “*mainly* for advertising purposes,” not for exchange or revenue-generating purposes. For these foreign banks, paper money functioned as a kind of promotional flyer that advertised the existence of a bank and its services. This function for paper money would only work in a context of competing currencies and competing banks. In using money this

way, the risk for the bank was that the public might try to suddenly exchange all of the paper money for silver, which could escalate into a bank run.<sup>3</sup>

The imagery on foreign bank notes issued in China primarily illustrated colonial ideals of power and hegemony. For example, the New York-based International Banking Corporation issued one and five dollar notes out of Shanghai in 1909 showing an eagle perched above two globes, one turned to show the Americas, the other Africa and Eurasia. Symbolically this can be read as the United States (the eagle) maintaining hegemonic control over the entire world, both East and West, North and South (see illustration 1).



Illustration 1. Advertising U.S. hegemony. Courtesy of the American Numismatic Society, New York. Photo by B. Notar

The notes of the French colonial Banque de L’Indochine, which circulated in Yunnan Province, especially in cities and towns along the Hanoi-Kunming railway line, portrayed a more romanticized image of colonialism. For example, one side of a cent piastre note shows the profile of the Greek hero Hermes with his staff, the other side illustrates a close-up image of an Indochinese man, with another man and an elephant in the background. The image of Hermes, as the god of commerce and the shepherd of Apollo’s celestial sheep (Guirand 1974, 123–24), invokes the

<sup>3</sup> Banks in China guaranteed silver in exchange for paper until 1935 when the currency was nationalized, at which time banks remained on the silver standard, but no longer allowed exchange. Yuan Shikai tried to impose a moratorium on exchange of paper for silver in 1916, but this proved ineffective (see Sheehan 1997).

bank's economic hopes for profits as well as the role of the French as colonial "shepherds" for the colonized (see illustrations 2 and 3).



Illustrations 2 and 3: Allegorical Hermes as god of commerce and shepherd for the colonized Indochinese. Courtesy of the American Numismatic Society, New York. Photos by B. Notar

It is difficult to ascertain the ways in which potential customers of the time interpreted these images. Certainly customer trust would have relied not only on the imagery of the currency-as-advertising, but also on the popular reputation of any given bank as maintained through rumor and gossip networks. Yet there is evidence that at least Chinese student activists regarded the paper money issued by foreign banks as both a commodity and symbol of

foreign colonialism, for, along with boycotts of other foreign commodities, they organized boycotts of foreign currencies (McElderry 1976, 136–7; also Sheehan 1997, 53, 209, 214). The function of paper currency as advertising did not last indefinitely, however, for in 1935, the Nationalist government attempted to consolidate control over the currency system. Subsequently, the currency became a national product, and its imagery served the more explicit propaganda purpose of advertising the nation.

### Paper Money and National Ideology

In November 1935, the Nationalist government declared that only three state banks, the Central Bank (Zhongyang yinhang), the Bank of China (Zhongguo yinhang), and the Bank of Communications (Jiaotong yinhang), could issue currencies that were legal tender (*fa bi*). (The currency of the fourth state bank, the Farmer's Bank of China [Zhongguo nongmin yinhang] was only recognized as legal tender in 1937.) The government revoked the right of other banks to issue currencies and ordered that previously issued currencies should be withdrawn from circulation (Tamagna 1942, 142–3). Moreover, it recalled all private holdings of silver bullion and coins in exchange for the "legal tender" paper notes (McElderry 1976, 161). Although the government was not successful in eliminating competing currencies, its attempt to centralize control over currency issue marked a symbolic shift in the function of paper currencies. While in the context of competing currencies issued by private banks the imagery represented a form of advertising, in the context of an attempted government monopoly over currency, the imagery on the currency took on the role of promoting national ideology. The state presented an image of itself for public consumption, in effect, attempting to circulate trust in the nation.

The three official banks promoted different visions of the nation through their paper currencies. The Bank of Communications represented the new nation as a technologically modern place, a place on the move, a place connected. High voltage electric towers rise above the landscape (see illustration 4), steamships pull into dock, telephone wires crisscross buildings, while electric cable cars move through the city streets below.



Illustration 4: Bank of Communication 1935 ten yuan note illustrating a technologically modern nation. Printed by Thomas De La Rue. Courtesy of the American Numismatic Society, New York. Photo by B. Notar

From 1935 to 1948, the predominant image on the paper currencies of the Bank of China and the Central Bank was the face of an elderly, solemn Sun Yatsen. In this “founding father” image, the literal and figurative “head of the country” was a metonym for the nation itself. Sun Yatsen’s portrait stayed on the bank’s paper currency until the 1948 (dated 1945) and 1949 silver and gold yuan issues, when it was replaced by the face of Chiang Kaishek (see illustrations 5, 6).

Images of rulers on paper money were a new phenomenon for China, dating to only the late Qing. Prince Chun (1883–1951), de facto ruler of China between 1908 and 1911 and the father of the last emperor Puyi (Hummel 1943–44, 385–86) was the first ruler to appear on Qing paper currency. In 1908, Qing officials, on a suggestion from the U.S. Treasury, had invited William A. Grant of New York’s American Bank Note Company and Lorenzo Hatch of the Western Bank Note Company to come to Beijing to organize production and train workers for the Qing Bureau of Engraving and Printing (Caizheng bu yinshua ju). Grant and Hatch accepted the offer, and it was Grant who engraved the portrait of Prince Chun which first appeared on a Bureau of Engraving and Printing note in 1909 and then on Great Qing Bank exchange certificates (Da Qing yinhang duihuanjuan) in

1910.<sup>4</sup> The second male portrait to appear on a Great Qing Bank exchange certificate in 1909 was that of the former general and powerful official Li Hongzhang (1823–1901) (see Pick 1996, 195).

At first the new national Bank of China simply appropriated Qing paper currency by printing “Bank of China exchange certificates” either directly over or above the “Great Qing Bank exchange certificates” with Li Hongzhang’s portrait (Pick 1993, 203, 205), but soon the Bank of China commissioned several new notes. The 1912 and 1913 issues portrayed the legendary Yellow Emperor (Huangdi) (Pick 1996, 188–206), attributed with the invention of writing, music, accounting, medicine, and transportation. This linked the nascent nation to a symbol of cultural and political empire. The 1914 issue switched to the contemporary president (later self-declared monarch) Yuan Shikai. The 1917 issue, one year after Yuan’s death, portrayed Cao Kun (1862–1938), notorious for bribing his way to the presidency (Pick 1996, 204–6). Unlike the “dead presidents” of U.S. paper money, Prince Chun, Yuan Shikai, Cao Kun, and later Chiang Kaishek and Mao Zedong were commemorated on the currency before they died, in a form of *l’état, c’est moi*. These male portraits on the paper currency represented a new symbolic repertoire for illustrating political power.

Ironically, much of the national paper currency was not a national product, but was printed by foreign bank note companies such as American Bank Note Company and Thomas De La Rue of London.<sup>5</sup> The famous American engraver Robert Savage (1868–1943), head of the Picture Engraving Department at American Banknote Company, was commissioned to engrave the portraits of the Yellow Emperor, Yuan Shikai, and, later, Sun Yatsen for the Central Bank of China. (Hessler 1993, 258–60).<sup>6</sup>

<sup>4</sup> Grant is said to have owned one of the first motor cars in China. Hatch died in Beijing in 1914 (Hessler 1993, 142–43, 162–64; see also Pick 1996, 195–96).

<sup>5</sup> The transnational production of bank notes itself deserves an in-depth investigation.

<sup>6</sup> Savage had retired from the American Bank Note Company in 1925, although in 1943 he agreed to engrave a portrait of Chiang Kaishek. He died while engraving the portrait and the work was completed by William Ford (Hessler 1993, 258–60).



Illustration 5: Imagery of a founding father, cultural heritage, and ancient coins. Central Bank of China one yuan note, dated 1936. Courtesy of the American Numismatic Society, New York. Photo by B. Notar



Illustration 6: A Chongqing Central Bank of China "silver yuan" one fen note with Chiang Kai-shek as head of the nation. Courtesy of the American Numismatic Society, New York. Photo by B. Notar

While placing the portraits of rulers on currency was a new phenomenon in China, using images of metallic money on paper currency was not. The oldest preserved paper notes from the Yuan and Ming dynasties show strings of cash as icons to indicate that a piece of paper was in fact money (see Von Glahn 1996, 59). Images of metallic money frequently appeared on the paper money of early twentieth century private and provincial Chinese banks (see Pick 1996 188, 200, 254). In line with this practice, the Nationalist notes symbolically evoked metallic money to inspire trust. On a Central Bank of China one yuan note, ancient coins provide a frame and backdrop for Sun Yatsen's portrait and a culturally significant ritual bronze vessel (see illustration 5). Chiang Kaishek currency was symbolically labelled "silver yuan" and "gold yuan" issues (see illustration 6). However, in the "inflationary spiral" (Chang 1958) near the end of the Nationalist's rule, the "gold yuan" issue inspired little trust. One gold yuan exchanged for three million yuan of the old currency. Eventually, gold yuan themselves were issued in denominations of five million yuan (Pick 1996, 227–40).

### Paper Money Warfare and Resistance

Despite Nationalist efforts to hold a state currency monopoly, nongovernmental currencies continued to circulate. In many areas of the countryside, copper cash and privately issued copper notes predominated (Bloch 1935, 631). In cities and their surrounding villages, old bank notes remained in circulation. For example, in the southwestern city of Kunming and a nearby village the official "legal tender" competed with other currencies even three years after the supposed national unification of the currency. Although the official paper currency was "acceptable" and available, "old Yunnan paper bills were the recognized medium of exchange, at least among the common people of the province." While most city and village folk used the old paper bills, some city dwellers used "New Yunnan" notes issued by the Fu Dian Bank, and the "upper stratum of financial life of Kunming" favored the "French Indo-Chinese piastre."<sup>7</sup>

Not only did the Nationalists meet with reluctance from the general populace to exchange old paper currencies for official ones, they also faced active "currency warfare" from both the external force of Japanese

<sup>7</sup> Osgood 1963, 22, also 194–95. Since he does not describe them, it is unclear what Osgood means by the "old Yunnan paper bills."

occupation and the internal force of Communist resistance. Japanese colonial currencies—issued by banks such as the Bank of Mongolia, the Federal Reserve Bank of China, the Central Reserve Bank, and the Hua Hsing Bank—circulated in Japanese-occupied territories. In particular, the notes of the Central Reserve Bank (Zhongyang chubei yinhang) mimicked those of the Central Bank of China by placing a portrait of Sun Yatsen in the center. Undoubtedly this was an effort to confuse the public with the “real” Sun notes of the Central Bank of China.<sup>8</sup>

The currency issues of the Japanese colonial banks jumped from \$50 million in December 1937, the year the Marco Polo bridge incident sparked the Sino-Japanese war, to approximately \$550 million in December of 1939 (Chang 1958, 21). In addition to actual warfare waged by Japan against China, former banker Chang Kia-ngau (Zhang Jia’ao) described the circulation of these colonial currencies as “currency warfare,” by which Japan attempted to “intensify inflationary pressures by driving CNC [Chinese National Currency] back into the interior” (Chang 1958, 21). In Japanese-occupied areas, any Chinese caught using Nationalist currency was punished. The Japanese also tried dissuading other foreigners in China from using the Nationalist currency (Spence 1990, 453). Chang’s analogy between military maneuvers and currency thrusts highlights the territorial character of currency. Currency (at least in tangible, not ledger or electronic forms) circulates within specific places. To control the currency of a place is to take one step toward controlling the place itself.<sup>9</sup>

Not only was “currency warfare” waged from without, it was also waged from within by the Chinese Communists. In their revolutionary base areas of the interior, the Communists issued “resistance currencies” (*kang bi*). The presence of these currencies signified that political resistance was not feasible without economic resistance.

<sup>8</sup> Some of the Japanese occupation notes are suspected of containing subtle anti-Japanese messages that were snuck in by Chinese engravers, see Pick 1996, 277.

<sup>9</sup> Several cases of what Errington and Gewertz (1995) term “dueling currencies” exist in the anthropological literature. Akin (1999) provides a fascinating discussion of the ways in which a mountain community in the Solomon Islands keeps state-issued paper money at bay by prescribing that marriage and mortuary payments be made in the traditional shell currency *kofu*. Sheehan (1997, 219–21) also discusses how in 1921 Tianjin elites attempted to keep Beijing Bank of Communications notes out of the city, and how the Beijing branch, in order to infiltrate the Tianjin market, surreptitiously printed “Tianjin” on the notes as their place of issue. The only way the “real” Tianjin notes and the “fake” Tianjin notes from Beijing could be distinguished was by a small “H” on the Beijing notes.

In 1927, the bloody Nationalist suppression in Shanghai had forced the Chinese Communists to flee to the countryside. As they established rural “Soviet” base areas, the straggling Communist survivors started to issue *guerrilla currencies*. Altogether they produced over two hundred kinds of paper currency, ten kinds of cloth currency, and ten kinds of coinage (Yu 1983, 41–43). At first the Communists simply stamped an image on pre-existing Mexican silver coins, for example the character “gong” for “work” or “worker,” literally making their mark on and appropriating the existing economic power structure.<sup>10</sup> Later, they started to print their own: images of Marx, Lenin, and Stalin, hammers and sickles, workers and factories, occupied the money (see illustrations 7 and 8).<sup>11</sup> Despite the fact that the Communists had relocated to the rural areas, they still had not relocated their ideology: there is a distinctly Russian Soviet and industrial emphasis.<sup>12</sup>

After prolonged rural and borderland exposure during the Long March (1933–35), the Communists shifted from a proletarian to a peasant-based approach to building a Communist revolution. Consequently, some of the guerrilla currency took on more pastoral imagery. For example, a ten yuan note dated 1943 and issued by the Shanxi-Chahar-Hebei Border Area Bank portrays a lone shepherd with a flock of sheep (see illustration 9). This clearly was intended to resonate with local herders (and may have had the additional symbolic meaning of the party as vanguard of the masses).

<sup>10</sup> There is a photograph of two of these coins in *Zhongguo geming genzhudi huobi* (ZGGH), vol. 1, 1982, 20. Yu Tao also makes reference to these coins (1983, 41).

<sup>11</sup> For a comprehensive illustrated guide to Communist base area currencies see ZGGH 1982. See also HCC 1983, 150–69.

<sup>12</sup> Perhaps to make him more palatable to peasants, perhaps only by coincidence, some of the images of a white-bearded Karl Marx resembled those of Shen Nong, a legendary Chinese emperor attributed with the creation of agriculture. Compare the one yuan and one hundred copper notes issued by the Government Bank in Hunan in 1916 showing the head of bearded, horned Shen Nong on them (HCC 1983, 116, nos. 131–2), with the one yuan notes issued in the Hunan-Hubei-Jiangxi Revolutionary Base Area in 1931 showing the bearded face of Karl Marx (HCC 1983, 155, no. 1).



Illustrations 7 and 8: Communist guerrilla currencies. On a torn paper note, an impassioned Lenin appears below a faded hammer and sickle with the slogans "Workers of the World Unite!" and "Resolutely Defend Red Areas!" A fighting fist appears on a Sichuan-Shaanxi Soviet Government Worker and Peasants Bank three chuan cloth note from 1933. Courtesy of the American Numismatic Society, New York. Photos by B. Notar

The Communists not only used the rural imagery and public displays of silver to *entice* trust in their currencies, they also used regulatory and violent means to *enforce* trust in and use of their currencies. To finance their cause, the Communists would "purchase" gold, food, and supplies from "wealthy peasants" (variously defined depending on the area) in exchange for their guerrilla currencies. They actively withdrew other currencies from the area under their control, and established an "export" registry, where one applied for a permit to take currency out of an area. Counterfeiters of guerrilla currency were treated as counter-revolutionaries and summarily executed (Yu 1983, 42–43).



Illustration 9: Circulating ideas of rural revolution. Shanxi-Chahar-Hebei Border Area Bank note. Courtesy of the American Numismatic Society, New York. Photo by B. Notar

The head of Communist leader Mao Zedong appeared prominently on the Communist resistance currencies. This Mao money indicated both a break with the Russian Soviet leadership, and the promotion of Mao as a founding father of the nation before the actual founding of the People's Republic, thus challenging the Nationalist currency with portraits of Sun Yatsen and Chiang Kaishek (see illustration 10). Altogether eighteen different types of Mao money circulated in the base areas (Wu and Tu 1994, 38–39).

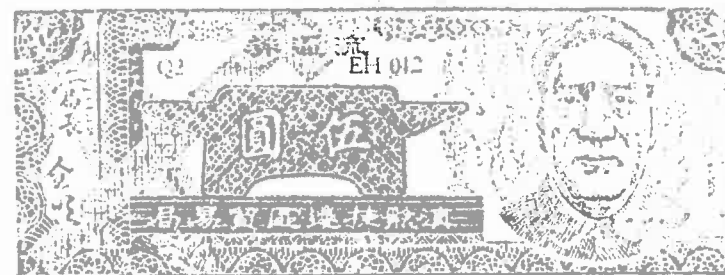


Illustration 10: A 1949 five yuan note from the Dian-Qian-Gui Border Area Commerce Bureau shows a battle-worn Mao emerging from the flames of revolution. Source: Photograph courtesy of the British Museum, London

Although the Communists and Nationalists were supposedly united against Japan from 1937 to 1945, they continued to fight one another and to issue separate currencies, the Nationalists issuing “legal tender” (*fa bi*), the Communists issuing “resistance money” (*kang bi*). The Communist resistance currencies represented the boundaries of symbolic “red” held territories within the larger Nationalist or warlord held “white” territories. For the Communists, paper money itself became a symbol of resistance, underscoring a belief that political resistance became possible only if accompanied by economic resistance.<sup>13</sup> However, when tenuous revolutionary base areas fell before Nationalist offensives, peasants were left holding “red” money that had become worthless overnight (Yu 1983, 42). This state of “duelling currencies” (Errington and Gewertz 1995) continued after the Japanese withdrawal in 1945, as the Nationalists and Communists moved into all-out civil war.

### Conclusion

In Republican China, where the over-issue of paper money served as a means of military and government financing, banks and officials used visual display with and on money as a means of promoting public trust. Display included public burnings of old currencies, stamping guarantees on paper money, and constructing pagodas of silver and gold. This effort to entice trust also extended to the imagery on the currency itself.

Contrary to Giddens’ claim that currencies circulate “without regard to the specific characteristics of individuals or groups that handle them at any particular juncture” (1990, 22), in the currency chaos of Republican China, paper money not only reflected the values of the groups and institutions that issued it, but also was *intended* to appeal to those who handled it, whether it actually did or not. Foreign banks in China used paper money as a convenient, although risky, means of advertising their banks’ services. Images

<sup>13</sup> In 1941, Mao Zedong met comrade Shang Boheng, master engraver of the Communist Shaanxi-Gansu-Ningxia Border Area Bank’s Guanghua Printing workshop at a play: ‘Hero! Hero!’ Mao called out to him. ‘Everything rests on you few [printing] comrades to grasp financial power in this border region.’ (Wei and Guo 1994, 37). Chen Feirang notes that since revolutionary base area currency was often insufficient, the Communist Party organized progressive merchants to distribute currency under party directives. He argues that this merchant currency was also a kind of “resistance currency” (Chen 1994, 24–25).

of colonial power and democracy, meant to appeal to elite foreign and Chinese merchants, graced these bank notes.

Benedict Anderson (1983) has emphasized the role of “print capitalism,” especially newspapers and novels, in creating the “imagined community” of the new nation. Yet in his discussion he focuses on the textual to the exclusion of the visual. Visual displays and imagery could reach a much larger, nonelite audience without the obstacles of literacy or language.

Paper money might be thought of literally as a form of print capitalism, a form that would pass rapidly from hand to hand.

In 1935 the Nationalist government tried desperately to create a state currency monopoly when it outlawed other currencies and recalled all private holdings of silver bullion and coins in exchange for “legal tender” paper notes. Currency issued by the official banks promoted ideas of modernity through images of technology and ideas of a nation led by founding fathers such as Sun Yatsen and Chiang Kaishek. Yet Nationalist efforts to create an imagined community through the medium of paper money could not succeed on their own in a politically and economically unstable environment. Competing currencies of old Chinese banks, foreign banks, Japanese occupation banks, and Chinese Communist banks continued to circulate.

For the Chinese Communists, guerrilla currencies allowed both symbolic and economic resistance to Nationalist control. Initially, imagery on these currencies reflected pan-Soviet ideals of Marxism and factory labor. However, as the Chinese Communists relocated to the countryside, the imagery on the currency shifted from the international and the industrial to the national and the rural, whereupon images of Mao Zedong and peasants covered the currency. Ironically, it was the Chinese Communists, in the form of their guerrilla currencies in the countryside, who later came to be the most successful at expanding the nation through print capitalism.

Blank pieces of paper cannot circulate as money. Paper money can act as money only because of its imagery, for it is this imagery that allows for public recognition of it as money per se. In a context of competing currencies, people can recognize the paper money of a particular group or institution by the symbolic imagery of its money. Recognition of the money can then translate into potential trust in an institution. The more people trust in a group or institution, the greater the circulation of the paper money. Conversely, though, recognition of unstable currency can also translate into distrust in groups and institutions.

It is difficult to know how the public looked at and reacted to the myriad currencies of Republican China. Did a foreign merchant care whether a foreign banknote contained an image of an eagle or the Statue of Liberty? Would a Chinese shopkeeper have paid more attention to a note with an image of Sun Yatsen or trusted more in a note because it was called a "gold" yuan? Did farmers find notes with images of farmers more appealing than notes with images of foreigners? Future oral history interviews might prove profitable in answering these questions. Despite the difficulty of investigating past public reception, the images themselves clearly indicate that the issuers of paper money sought to entice public trust and acceptance. The millions of pieces of paper that passed from hand to hand visually reflected the ongoing struggles for political and economic power.

## GLOSSARY

- Cao Kun 曹錕  
 Caizheng bu yinshua ju 財政部印刷局  
 chaopiao 鈔票  
 chouxiang caipiao 籌餉彩票  
 Chouxiang ju 籌餉局  
 Da Qing yinhang duihuanjuan 大清銀行兌換卷  
 Dian-Qian-Gui Border Area  
 Commerce Bureau 滇黔桂邊區貿易局  
 Dongbei yinhang 東北銀行  
 difang liutongjuan 地方流通卷  
 duihuanjuan 兌換卷  
 fa bi 法幣  
 Fu Dian yinhang 富滇銀行  
 gong 工  
 Huguo jun zong siling guan 護國軍總司令官  
 Huangdi 黃帝  
 jiangli piao 獎勵票  
 jiao 角  
 Jiaotong yinhang 交通銀行  
 jiaozi 交子  
 jinian zhibi 紀念紙幣  
 jinyuanjuan 金元卷  
 junyong piao 軍用票  
 kang bi 抗幣  
 minguo 民國  
 minquan 民權  
 minsheng 民生  
 minzu 民族  
 sanminzhuyi 三民主義  
 yuan 元  
 Yunnan jingguo jun gongzhai 雲南靖國軍公債  
 Yunnan jingguo jun junyong yinhang 雲南靖國軍軍用銀行  
 Yunnan jun dudu 雲南軍都督  
 Zhongguo nongmin yinhang 中國農民銀行  
 Zhongguo yinhang 中國銀行  
 Zhonghua maoye yinhang 中華懋業銀行  
 Zhonghua minguo huguo gongzhai 中華民國護國公債  
 Zhongyang chubei yinhang 中央儲備銀行  
 Zhongyang yinhang 中央銀行

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HCC: *History of Chinese Currency*

ZGGH: *Zhongguo geming genzhudi huobi* (Currency of China's revolutionary base areas)

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