

World of Knowledge

Currency Design and Image of State: the Case of the Republic of China in Taiwan, 1945-2000¹

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In a sense money can be viewed as a name card of a nation. How does the Republic of China (hereafter ROC) in Taiwan introduce itself via its currency design? From the takeover of Taiwan by the ROC in 1945 till the New Taiwan Dollar attaining the ROC's national currency status in 2000, the introductory remarks point out, "I, the ROC, tend to be more and more integrated with Taiwan." During the period of 1945-1975, when Generalissimo and later President Chiang Kai-shek led Taiwan, as shown by the design of money, the ROC was noticeably integrated with Taiwan. In post-Chiang era, this integration was enhanced significantly. By taking two different perspectives the relevant changes within the period under discussion are described in following paragraphs.

Taiwan handles its own currency design

Between August and October 1945 although the Premier of the Republic of China's Executive Yuan Yu Hongjun held that the Central Bank of China should manage the money and finance of Taiwan and the legal tender (*fabi*) should be issued there, the Chief Executive Officer of Taiwan province Chen Yi, supported by American advisors, argued strongly for the former Japanese colonial practice, i.e., utilizing the Bank of Taiwan to manage Taiwan's finance and to issue Taiwanese currency. They tried to avoid the spread of mainland's galloping inflation to Taiwan. Generalissimo Chiang accepted Chen's proposal. Central Bank of China, with English name changed to Central Bank of the Republic of China (Taiwan) in 2007, pointed out that the commonly known "Old Taiwan Dollar" prevailing between 1946 and 1949 had the legal name of "Taiwan Dollar." The currency issued after 1949 till now had the legal name of "New Taiwan Dollar."

On the eve of 1895 when Japan started its colonial rule, more than 200 kinds of currencies were circulating in Taiwan. They consisted of Spanish and Mexican silver dollars coming from Mexico, silver dollars coming from Hongkong and Shanghai Banking Corporation in Hong Kong and from Japan, Vietnamese copper cash as well as various kinds of silver tael, copper cash, silver bills and notes coming from governmental and private banks in Qing China. Established in 1899,

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the Bank of Taiwan gradually unified the currency in circulation. In 1905 although Taiwan was short of gold for currency reserve purpose, the Japanese government, by means of law, stipulated: The 1-dollar Japanese *yen* circulating in Taiwan, which was issued by the Bank of Taiwan, was equivalent to the 1-dollar Japanese *yen* issued by the Bank of Japan in Japan. Taiwan and Japan proper adopted the gold standard together and, as such, the unification of currency was accomplished in Taiwan. During Japan's wartime period of 1931 to 1945, it abandoned the gold standard and thereafter entered the phase of managed currency. In 1945 the ROC continued this managed currency system monitored by Taiwan itself.

During the Japanese colonization period, the design of money consisted mainly of Taiwanese shrine, products and scenery while head image of national leaders was missing. In traditional China currency design was primarily based on Chinese characters, sometimes supplemented by plants, flowers, the moon and stars. Not until 1912 China's central government modelled after the West to mint the ROC establishment commemorative currency with national leader's head image – Dr. Sun Yat-sen's head portrait accompanied by the year of the ROC. Traditional Chinese currency had the reign title of the emperor but without mentioning the recorded year of the nation. Ever since 1946 the currency issued in Taiwan had both the head image of Dr. Sun Yat-sen and the year of the nation.

Between 1945 and 1949 Chinese mainland's *fabi* had the head images of Chiang Kai-shek or Dr. Sun Yat-sen. In comparison Taiwanese currency had Dr. Sun's head image only (Fig.1). During the Japanese colonization era, Taiwanese paper currency was mainly printed in Japan proper and was transported to Taiwan for use there. Because of the wartime blockade in 1944, Taiwan had to print its currency notes but lacked well-equipped printing plants. After the end of hostilities, the first batch of Taiwanese currency notes was printed by a Shanghai notes-printing plant of Wang Jing-wei regime (1940-1945) since this plant was received by the Central Engraving and Printing Plant established in 1941. As the manager of Dadong Book Company, Wang Zhao-nian took charge of the issuance of Taiwan notes for the Shanghai plant. He left for Taiwan in 1947 to set up the First Printing Plant, which was reorganized to be Bank of Taiwan Printing Office in 1952. In 1949, the Central Engraving and Printing Plant moved note-printing facilities and technicians to Taiwan, which remained the main basis for Taiwan's currency production until the 1970s. To emphasize the legitimate status of the ROC as inherited from Dr. Sun Yat-sen, Wang Jing-wei regime issued its own currency, for whatever denominations, with the head image of Sun only (Fig.1).



Fig.1 One of the first Bank of Taiwan notes carrying the small inscriptions of Shanghai shown as *Shang* 上 or *Hu* 沪 (with the courtesy of Mr. Sung-lin Fan).

In addition to the head images that were different between Taiwan and Chinese mainland, exchange rate came into existence because Taiwan dollar and *fabi* belonged to different currency areas. During the Kuomintang-communist civil war, the decline of *fabi*'s value was much faster than the speed of exchange rate adjustment and it led to a rush on exchanging *fabi* for Taiwan dollar. On the other hand, in the later years of war the Bank of Taiwan, before its reorganization, also faced the inflation problem. It had to bear the debt obligation claimed by holders of Taiwan dollar because of the one Taiwan dollar equivalent to one Japanese yen reform in 1946. After the reform the provincial government ordered the Bank of Taiwan to print more notes. The aim was to assist politico-economic and military development in Taiwan and the civil war effort by means of procuring necessary materials. Together with a large influx of mainlanders was underway, the velocity of Taiwan dollar demand became to rise more sharply than the velocity of growth of Taiwan's own products. As time went on the same unit of Taiwan dollar could only buy lesser amount of goods. Denomination of Taiwan dollar could reach as high as ten thousand dollars. While this cannot be comparable to the extraordinarily high denomination of 600,000 dollars in mainland's *fabi*, holders of Taiwan dollar still found it very difficult to buy goods for daily use. People lost confidence in the government and therefore the issued currency had to be changed to New Taiwan Dollar in June 1949.

The central government of the ROC moved to Taiwan in December 1949 while the currency reform implemented in June was directed by the Chairman of Taiwan province Chen Cheng. Although this reform left an unfavorable impression on Taiwanese that their wealth was forced to dwindle due to "40,000 old dollars converted into 1 new dollar," the value of New Taiwan Dollar

became stable subsequently. The annual American assistance between 1950 and 1965, amounting to US\$100 million an year on average, could also help to stabilize the new currency. Further, the US-ROC mutual defense treaty shielded Taiwan from war. When compared to the previous adverse situation in mainland, this also helped the ROC in Taiwan to maintain the creditworthiness of its currency. The denominations of New Taiwan Dollar were 10 dollars or less while the Old Taiwan Dollar's denomination could reach 10,000 dollars. After its inception, New Taiwan Dollar's denomination was raised due to rising transaction demand which was in line with the gradual development of Taiwanese economy. The raising of denomination is as follows: In 1961 adding 100 dollars notes; in 1980 adding 500 and 1,000 dollars notes; in 2002 adding 200 and 2,000 dollar notes. On the whole, the 10,000 dollar notes as seen before the 1949 currency reform do not appear again.

After the relocation of the central government of the ROC to Taiwan, the notes used in Dachen, Kinmen, Mazu had almost the same design as the notes circulating in Taiwan island but the Chinese characters with the meaning of “restricted for use in the Jinmen [or Mazu or Dachen] region” were added. The need to introduce such restricted use characters was substantiated by the fall of Dachen in 1955. Without this measure the currency there might be used to purchase materials in Taiwan island. Since 2002 those characters disappeared in the notes used in Kinmen and Machu. This symbolized that cross strait relations tended to be peaceful.

In the two thousand years history of China, government was mainly responsible for the issue of copper cash by regions and by institutions (such as board of revenue, board of work) and coinage was not unified. Of the more than 200 different currencies circulating in Taiwan on the eve of 1895, copper cash was only one of them. During the mainland period of the ROC, along with government-issued currency there were also currency issued by foreign banks and other provincial regimes and both new and old currencies could circulate concurrently. That the ROC in Taiwan, Penghu, Kinmen and Mazu achieved a unified currency demonstrates a big step forward in the long history of China.

The words “The Bank of Taiwan” replaced by “The Central Bank of China”

From 1945 onwards the Taiwanese currency issued by the ROC for Taiwan had the Chinese characters “台灣銀行 (The Bank of Taiwan)”. After 1954 these were changed to be “臺灣銀行.” In 2000 the characters were further changed to be “中央銀行 [The Central Bank of China or Central Bank of Republic of China (Taiwan)].”

After the reorganization of the Bank of Taiwan in 1945, in its management of Taiwanese currency its status remained to be a provincial bank, subject to the containment of provincial and central financial departments. The bank was unable to make use of interest and exchange rate tools to control money supply in Taiwan. Very often the latter could not catch up with economic development. The Bank of Taiwan carried out same banking functions as those commercial banks by doing deposit-taking and loan business. It could not play the role of central bank. When entering into the 1960s, the US government wished to replace government aid with the promotion of foreign investment by American enterprises. This requires Taiwan to build up a sounder financial system with a view to facilitating American investment. Assisted by US technology and know-how, the Central Bank of China, which was established in mainland in 1928, began to resume business in 1961. Although New Taiwan Dollar was still issued by the Bank of Taiwan, watermark for “central” (中央 *zhongyang*) started to appear in the 1961 and 1964 editions of dollar notes.

The 1961 edition of New Taiwan Dollar also displayed the image of the presidential office building in Taipei (Fig.2). This substituted for the image of the headquarters of the Bank of Taiwan and this practice has been continued up to the present. Along with the resumption of business by the Central Bank of China, the Bank of Taiwan Printing Office was merged into the Central Engraving and Printing Plant. Formerly the names of printing plants on New Taiwan Dollar notes were the Central Engraving and Printing Plant or the First Printing Plant or the Bank of Taiwan Printing Office. From 1961 onward, only the name of the Central Engraving and Printing Plant was used. In 1964 plum flower was approved by the Executive Yuan to be the national flower. Afterwards plum flower appeared uninterruptedly in New Taiwan Dollar design. During the period of the ROC in mainland, party emblem sometimes appeared in national currency but this is not seen in Taiwanese currency.



Fig. 2 The First Appearance of ROC's Presidential Office on ROC's note in Taiwan printed in 1961 [With the courtesy of the Central Bank of the Republic of China (Taiwan)].

In 1961 the Executive Yuan passed the “Proposal of the Resumption of Business of the Central Bank of China” in a meeting and this decision was approved by President Chiang Kai-shek. In 1979 President Chiang Ching-kuo promulgated the Act of the Central Bank of China, which was passed by the Legislative Yuan beforehand. This act specifies clearly that Taipei, as the location of the Central Bank of China, is the location of the central government; the New Taiwan Dollar is deemed as the national currency; the issuance of New Taiwan Dollar is entrusted by the Central Bank of China to the Bank of Taiwan. The Regulations Governing Issuance of the New Taiwan Dollar were primarily completed during the term of office of President Lee Teng-hui. These regulations facilitated the making of revised edition of New Taiwan Dollar in 2000, designated New Taiwan Dollar to be the national currency, and assigned the Central Bank of China with the role of notes issuer. Possibly due to the fact that the technology grasped by the Central Engraving and Printing Plant could not be upgraded considerably, before the death of President Chiang Kai-shek in 1975, only the head image of Dr. Sun Yat-sen was printed on New Taiwan Dollar notes. Since 1980 notes with Chiang Kai-shek’s head image started to be issued. Besides, the Chinese characters of the ROC, which has been printed on New Taiwan Dollar notes up to now, appeared in the 1969 edition dollar notes.

In 1969 the image of Chung Shan Hall also appeared on dollar notes and this design continued up to now too. Chung Shan Hall was completed on November 12, 1966. At that time Chinese mainland was carrying out the Great Cultural Revolution. The construction of the hall was to memorize the contribution made by Dr. Sun Yat-sen in the establishment of the ROC on one hand. It also emphasized Sun’s hard efforts taken in the promotion of Chinese culture on the other. The day of November 12 is the birthday of Dr. Sun Yat-sen and it was designated to be the Chinese Culture Renaissance Festival. New Taiwan Dollar always has the watermark of *bu* 布 (In Spring-Autumn and Warring States periods, it was a farming tool similar to shovel. This character derives its pronunciation from *bó* 鑄). In Taiwanese currency more and more Taiwan’s plants, animals, scenes, building structures, group of people such as baseball players or school pupils locating Taiwan in the model of globe are printed on it. But it also retains many silhouettes of China culture.

For the 10-dollar coin commemorating the 100th anniversary of the ROC that we often use, one side of the coin shows Dr. Sun Yat-sen’s head image and the year of the ROC. The other side shows the Arabic number “10”. Inside the “0” of this “10” the hidden design of map of Taiwan and plum flower is made. When one tilts to the left the map of Taiwan can be seen. If one tilts to the right, it is

the plum flower. On top of “10” is the reel banner in which hidden Chinese characters are inserted. When one tilts to the left and then tilts to the right, the Chinese characters *guotai* 國泰 and *minan* 民安 appear alternatively. If you have time to make a trial of seeing those hidden things, then all of us should have a blessing of *guotai minan*, which means “may the country be prosperous and the people at peace.” (Translated by Lawrence Ho)