

War, Nationalism, and Money: The Monetary Policy of the CPC from 1937 to 1945

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Abstract: For classical economists, money is a colorless general equivalent. However, according to Zelizer, money is not colorless and has social meaning. According to this point of view, this paper mainly discusses the monetary policy of the Communist Party of China in the base areas of the Anti-Japanese War from 1937 to 1945. By using literature analysis, this article attempts to answer two questions: How did CPC give money social meaning, and how did this social meaning affect the use of money? The article points out that the money designed by the CPC has chosen specific patterns to display the spirit of nationalism and the political views of the CPC. After issuance, the CPC ensured the acceptance of the border money by promoting special alternative names for money and enacting relevant laws. Border money also gained a reputation for its social meaning.

Keywords: money, social meaning, the Communist Party of China, China's Anti-Japanese war, anti-Japanese base areas

1. Introduction

Classical economics generally hold that money work as a general equivalent. Money is considered equivalent to its marked face value. What matters is the amount of money. But Zelizer has provided us with new ideas for understanding money [1]. She pointed out an important viewpoint that past theorists regarded money as a colorless 'general equivalent'. But in reality, money is given meaning in the process of creation, issuance, and use. Both the creators and users of money recognize this meaning. At the same time, this significance also affects the market performance of money and user preferences. Zelizer's insightful insight comes from her analysis of local economic behavior. This article aims to apply Zelizer's ideas to fields more related to politics. This article will focus on the practice of the CPC in issuing money between 1937 and 1945. There is limited research on the social meaning of currency in China's anti Japanese base areas. This article will point out how the social factors ensure the reputation of the money of the CPC and deepen the understanding of how social factors affect the economy and politics. This article mainly uses literature analysis method. By collecting and analyzing historical data from 1937 to 1945. Attempt to use Zelizer's insights to study the cultural factors integrated into the shaping of money by entities such as states, wars, and political parties.

2. Literature Review

As for money, a popular interpretation of classical economics holds that money is a neutral medium of exchange and a universal means of payment. Its core feature is "substitutability". Due to this feature, for sociologists, there is a certain conflict between economy and culture. Money will destroy human's meaning.

Marx believed that the popularity of the capitalist economic system in modern society will inevitably "tarnish" the nobility and sanctity of family, love, and friendship which are cherished by humanity [2]. In Simmer's famous work, *Philosophy of Money*, he pointed out that, in modern society, individuals calculate their own gains and losses before taking action. As a result, money has become the new 'God' and the ultimate value [3]. Habermas called this situation as the "colonization" of the lifeworld by market and rational principles [4].

However, Zelizer points out that money and culture are not in conflict. Money can be a carrier of "qualities", in other words, money has social and moral meaning. In Zelizer's "The Social Meanings of Money," she proposed through rich empirical evidence that people divide different incomes based on social or moral factors when calculating household annual income rather than directly adding them to the total annual household income [1]. These income sources are designated for different purposes, often linked to the social factors of the source. This strongly refutes classical monetary theory's view on the "substitutability" of money. Helleiner explored the role of national consciousness and nationalism in the construction of the monetary order based on Zelizer's approach [5]. He analyzed the process of achieving money unification and establishing Bretton Woods in the United States, explaining the political, cultural, legal, and other structural factors behind the money that shaped and endowed it with certain significance. National consciousness and nationalism have played a role in the construction of the monetary order.

Compared to stable periods, countries in times of war have a more urgent need for nationalistic awareness, which in turn endows them with the connotation of monetary nationalism. It is worth trying to study the social meaning of money during wartime.

Previous studies on the currency of the CPC's anti-Japanese revolutionary base areas mainly focused on the Communist Party's monetary policy. For example, Wang, Shuangjin's study emphasizes the assistance of currency in economic activities [6]. Few studies have focused on the social significance of currency. Some studies have also recognized the significance of currency for political propaganda, but have not provided a relatively complete theoretical description and explanation. Therefore, this article plans to provide a description and explanation of the social meaning of CPC's currency during the Anti Japanese War.

3. Policy Background

This article focuses on the specific period from 1937 to 1945, namely the War of Resistance Against Japan or China's Anti-Japanese War. During this period, there were two governments in China, namely the Nationalist government that controlled most of China and the Communist government that mainly controlled northern China. During Japan's invasion of China, the Northeast of China was basically under Japanese control. This paper focuses on the monetary policy in the areas controlled by the CPC and the cultural implications behind it.

Between 1937 and 1945, Japan controlled a large amount of China's territory. In order to prevent Japanese aggression, the CPC troops entered areas under Japanese control and established bases in some places. Because most of the surrounding areas are still under Japanese control, the CPC's various base areas became relatively independent zones. Each base area has a certain degree of economic autonomy. In order to develop the economy and support prolonged wars, various regions issued their own currencies. This money is generally only used locally. At the same time, the

Japanese army distributed a large amount of Wei money in the base area. Within the base area, CPC's currency and Wei money are both used. This affected the CPC's rule within the base area. Therefore, some monetary-related measures were needed in the base area to stabilise prices.

In order to prevent Japan's aggression, the two parties cooperated. But the cooperation was not intimate. Because of different political views, the CPC also needs to face the challenges of the Kuomintang. Bo Yibo, then the Third Commissioner of Shangdang District, later recalled that "in the autumn of 1938, we used a small amount of funds allocated by Yan Xishan to establish Shangdang Bank. Although the funds were small at the beginning, it was an economic struggle method to develop the base area independently and prevent Chiang Kai shek and Yan Xishan from using economic cards" [6]. The currencies issued by two governments competed with each other.

The money issued in China at that time can be divided into four categories: Chiang money issued in the Kuomintang's ruling area (referred to by the surname of Chiang Kai Shek, the highest leader of the Kuomintang at that time, including Fiat money, silver dollar coupons, and Chinese gold yuan coupons); Wei money issued by puppet government in the areas occupied by the Japanese army, border money issued in the CPC's ruling area (that is, money used in marginal provinces of the country), and other currencies in use (including money issued by commercial banks, exchange coupons issued by stores, precious metal coins such as gold and silver, etc.) The CPC aims to strengthen its own rule in the local area and ensure the normal development of economic activities. Struggling with several other types of money. This article will provide a brief summary and analysis of these measures of struggle.

4. Design of Money

This article mainly discusses two aspects of border money: the design and issuance of border money. Firstly, in the design process, money is endowed with cultural significance. According to Helleiner, images on money, such as symbols of nationalism or key events related to a country, play a leading and cohesive role in cultivating national identity and cultural values for citizens [5].

After the war broke out, the first bank established by the CPC was the Shanxi Chahar Hebei Border Region Bank. The border area government requires that the pattern design highlight the theme of "doing well in production and supporting the resistance against Japan" [7]. Designers Zhao and Lee adopted the suggestions. The first edition of the Jin-Cha-Ji border coins adopted the pattern of a "small black horse pulling a plough" [8]. The patterns of the money design are mainly divided into three categories. Pattern I is related to agriculture, such as herding sheep, houses plowing the land, and farmers hoeing land; Pattern II is related to traditional Chinese architecture, such as "Seventeen Arch Bridge", Temple of Heaven, Great Wall, and Ancient Bridge; and Pattern III is related to industrialization and modernization, such as steam trains, wide roads, and great bridges [8].

Other base areas also issue currency. Most of them can be classified into the three patterns mentioned above. A portion of the remaining currency can be summarized as Pattern IV: politics. "Jiaodong Anti Japanese Martyrs Memorial Tower" issued by Beihai Bank, "Senate Auditorium", "Pagoda Mountain" and the "Monument to the New Fourth Army Soldiers and Soldiers Who Died in the Anti Japanese War" issued by Yanfu base area.

The "Song of Banks in the Jin-Cha-Ji Border Region" states that "using the brain and hands to create prosperity for people's livelihoods, and extending financial strength to strike enemies" basically reflects the values that the CPC attempts to convey in money: "production" and "fighting" [8].



Pattern I: Agriculture

Pattern II: Traditional Chinese architecture

Pattern III: Industry and Modernization

Pattern IV: Politics

Figure 1: Photos of border money [8].

5. The Issuance of Currency: How to Form Boundaries

After its issuance, the non monetary social values play an important role in shaping the monetary order. The CPC values ideological propaganda. In order to ensure the normal functioning of border money, CPC focused on establish the status of border money and forbade the use of other types of money in the control area. Wang summarized the CPC's approach as building up money fortresses in base areas [9]. On the one hand, promoting and educating the masses, exposing the deceptive and predatory nature of enemy's currencies, and using administrative means to declare them illegal and prohibit their circulation. On the other hand, controlling the supply of goods, establishing stores, combining publicity, administration, management and taking action together in order to occupy the market. These measures reflect the social meaning of border money in two aspects.

Firstly, it is reflected in the nationalism of money terms. During the Anti-Japanese War, the money of the CPC's anti-Japanese base areas was referred to as "anti Japanese money" or "anti Japanese ticket" or "red ticket". Correspondingly, the money used in areas under Japanese control was called Wei money, also known as "devil money" and "traitor money" [10]. In the propaganda documents of the CPC, Wei money is "essentially a combination of the blood and sweat of Chinese people, the despicability of traitors, combined and the bayonets of Japanese invaders, and its function is even worse than that of hell money" [11]. The Chinese people's aversion to Japanese Wei money may not came from the CPC's propaganda, but the CPC's recognition and use of the aversion had strengthened the nationalism of the money.

Secondly, the money issuance area showcases the spirit of nationalism and the political views of the CPC. Japan affected the normal use of border money by exporting Wei money into areas controlled by the CPC. In the base areas led by the CPC, the strategy of banning Wei money and protecting border money was adopted, while in guerrilla zones, the strategy of "resisting inward flow and encouraging outward flow" was adopted. Both Wei and border money were not allowed to flow into the base areas of the guerrilla zones. Those who use Wei money will be sentenced to the crime of "traitor". Encouraging outflows is because "there are many local products in the base areas that need

to be sold to the enemy occupied areas, and some military supplies and daily necessities also need to be purchased from the enemy occupied areas. We can sever relations with the enemy, but we cannot sever ties with our compatriots in the enemy occupied areas" [12]. Nationalism has influenced the range of money dissemination.

6. Conclusion

Based on Zelizer's view of money, this article points out that beyond the family, the monetary structure at the national level is still shaped by non monetary social value relationships, and has certain political purposes and cultural significance. During a specific historical period from 1937 to 1945, the CPC ensured normal economic activity in its ruling areas by issuing money, while also promoting some of its political propositions. The CPC distinguishes the border money from the Wei money issued by Japan by emphasizing its nationalism characteristics and political view. Meanwhile, this study has some limitations. The materials used in this paper are mainly from the Chinese Mainland. Additionally, this study lacks first-hand data. This makes it difficult for this article to overlook the actions of other money issuers and obtain some details. In the future, this study can add some interviews with other parties involved and compare with the historical materials of foreign countries, Taiwan and other places, so as to more comprehensively display the history of money issuance of the CPC and the cultural meaning of money.

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