

FOREIGN TRADE

tribute—a payment in money or other valuables made by one ruler or nation to another in acknowledgment of submission or as the price of protection or security

sovereignty—supreme and independent power or authority in government as possessed or claimed by a state or community

emissary—a representative sent on a mission or errand

coffers—treasury

entrepôt—a place where goods are stored and from where they are distributed, often without import and export fees

pivotal—of vital importance

impermeable—not able to pass through or penetrate

Coxinga—(1624–62); born Zheng Chenggong; an anti-Qing contender who fought against the Qing empire from the island of Formosa (Taiwan) until his death

monopoly—exclusive control of a commodity or service in a particular market, or a control that makes possible the manipulation of prices

guild—any of various medieval associations, as of merchants or artisans, organized to maintain standards and to protect the interests of its members

regulate—to adjust to some standard

Cohong—the monopolistic merchants' guild created in Canton (Guangzhou) in 1720 to act as an intermediary between traders and the Qing government

Up until the 16th century, China's interactions with the outside world occurred mostly with neighboring countries and within the framework of the tribute system that affirmed and recognized China's sovereignty. For centuries, it sat at the top of a hierarchy in which other countries sent emissaries to pay tribute to the emperor, bearing gifts and acknowledging submission in exchange for protection and imperial gifts to bring home. The rest of the world outside the scope of the tribute system was of little interest to China, for China believed in its own superiority relative to the rest of the world; therefore, it needed and wanted nothing from other countries. Because of the tribute system, formal channels for trade with China did not exist. While traders from other parts of the world had traveled to and from China selling their wares for centuries, the exchange of goods at the state level occurred only through the tribute system in the form of gifts.

Europe's discovery of Chinese goods like silk and porcelain changed everything. During the 16th century, Europe's fascination with Chinese products grew rapidly, while China remained uninterested in European goods. China, thus having the upper hand in the trading relationship, continued to control every aspect of trade and enjoyed the benefits of a massive one-way inflow of silver into its coffers. Meanwhile, Europe grew increasingly alarmed at the one-sided nature of trade and its fast-disappearing silver supply. In 1577, as a measure to facilitate trade, Portugal secured the right to build a settlement in Macao, an area in south China that would serve as an entrepôt for European traders. It marked a pivotal moment in Chinese history that ended China's historical impermeability against Europeans.¹³¹ China began to engage in formal trade with more and more Western powers, and through the end of the Ming Dynasty (1368–1644), retained its advantageous position in controlling most aspects of trade.

During the Qing Dynasty, Europe's position in the trading relationship continued to worsen. In 1662, the government closed all trading ports along the coastline as a measure to curb rampant smuggling operations, some of which were funding the anti-Qing activities of Coxinga. Even though the port city of Canton (Guangzhou) was officially closed, it was not enforced, and trade was still allowed to occur. In 1683, when Coxinga's anti-Qing movement was finally suppressed, the government officially re-opened Canton and three other ports for trade. At the same time, it dropped tributary status for most Western nations.¹³² Canton remained the most active port and trade flourished there. Corruption also flourished.

The Cohong

In 1720, the Chinese merchants in Canton formed their own monopolistic guild to control foreign trade and increase their profits by regulating prices. Merchants could become members upon paying a fee, and those who did not were essentially excluded from any trade that took place in Canton. The guild became known as the Cohong, a Western mispronunciation of the term gonghang, which meant "combined merchant companies." Even though the Cohong was a private organization, it was endorsed by the Qing government because it served as a convenient intermediary and buffer between the Qing

government and foreign traders.¹³³ It collected customs duties for the government while paying fees to the foreigners.¹³⁴

Within the Cohong were individual merchants who operated as brokers between Chinese warehouses and foreign buyers, taking purchase orders from foreigners and working with warehouses to fill them.¹³⁵ Likewise, if foreign ships came with cargoes to sell, the assigned merchant would set the prices and arrange for the sale. All contracts for sales and purchases were made a year in advance.¹³⁶ Each year in February, more than a thousand foreign merchants would go to Canton to make arrangements with the hong merchants. The actual guild disbanded and regrouped a number of times over the next few decades, but the hong merchants continued to be active throughout.

British Trade

Britain's already weak position in its China trade was compounded by its discovery of Chinese tea and its ensuing obsession with it. The exploding tea trade pushed the trade imbalance to an extreme. British imports of Chinese tea in 1684 amounted to five chests, with each chest weighing 140 pounds (or 700 pounds total); by 1800, tea had become a national habit, and imports amounted to 23 million pounds annually.¹³⁷ From 1808 on, the annual amount averaged 26 million pounds.¹³⁸ Tea became the most important export item to England, comprising 90 to 95 percent of total exports.¹³⁹ Its purchase and import were handled by the British East India Company (EIC), which conducted a bustling triangular trade between Canton, India, and England.

In 1760, the Qing government once again closed coastal trading ports, this time leaving only Canton open for foreign trade. All foreigners had to conduct trade in Canton, with all transactions handled by the hong merchants. It was a frustratingly inefficient system for the foreigners, who were tired of dealing with the unfair trade practices, the never-ending restrictions, the corruption, and their overall lack of negotiating power. By the 1780s, the Portuguese, British, Dutch, Spanish, and Americans were all trading with China via Canton. British trade was by far the largest in volume, and they were growing increasingly upset with the trade imbalance and the requirement that all payments be made in gold or silver.

The Macartney Mission

In 1793, Britain sent Lord George Macartney to China on a mission to negotiate a trade treaty with China that would open it to British trade. Macartney and his embassy of scientists, artists, musicians, and Chinese language teachers arrived in China under the pretext of presenting the Qianlong Emperor with an array of gifts for his 83rd birthday.¹⁴⁰ Macartney brought with him an impressive array of gifts, including scientific and mathematical instruments, clocks, watches, carpets, copperware, globes, and various measuring instruments.¹⁴¹ After Qianlong's birthday celebration, Macartney was anxious to turn his attention to the true purpose of his mission. But Qianlong by this time had entrusted most matters to Heshen, his bodyguard, and Heshen was unresponsive.¹⁴² Finally, Macartney put his requests in writing and submitted them to Qianlong's court. The court considered diplomatic negotiations completely out of line; as far as it was concerned, Macartney had come to pay

compound—to increase or add to

British East India Company (EIC)—a British trading company established in India in the 17th century that grew so powerful that it not only monopolized trade but it also had a strong military force and political influence

Lord George Macartney—(1737–1806); British statesman and diplomat sent on a mission to China in 1793 bearing gifts for the Qianlong Emperor with the purpose of trying to establish formal trade relations with China; his embassy and gifts were rejected.

Qianlong Emperor—(r. 1735–96); also referred to as Qianlong; the fourth Qing emperor to rule over China; known for his patronage of the arts and consolidation of Chinese territory

Heshen—(1750–99); the Qianlong Emperor's imperial bodyguard who used his favored position to amass power and ultimately gain control of the Qing government

King George III—(1738–1820); king of Great Britain and Ireland from 1760 to 1801, and king of the United Kingdom from 1801 to 1820

Formosa—the island of Taiwan, dubbed *Ilha Formosa* (“beautiful island”) in 1544 by Portuguese sailors who saw the island from a distance

his respects and bring gifts for Qianlong’s birthday, and since he had done so, his mission to China was complete and he should return home immediately. Qianlong replied directly to **King George III**, rejecting all six of Macartney’s requests and emphasizing that China was not interested in British goods, saying “We possess all things. I set no value on objects strange or ingenious, and have no use for your country’s manufactures.”¹⁴³ Macartney returned to England, having failed in his mission.

The British Opium Trade

Unable to make any diplomatic progress with China, Britain began to consider alternative ways of settling the trade imbalance. They needed to find something that the Chinese wanted as badly as the British wanted tea, and they had to be willing to pay for it in silver.

Opium had been used medicinally in China since the Tang Dynasty (618–907 CE), but in 1620, the **Formosans** started mixing it with tobacco and smoking it for pleasure.¹⁴⁴ Its use as an addictive drug quickly spread from Formosa (present-day Taiwan) to China’s southeastern coast. Even though opium imports were prohibited by the Qing government, the drug was easily smuggled into China.

In 1773, the British East India Company (EIC), which already held a tea monopoly in China, created an opium monopoly in India. Initially, rather than sell opium directly to China and risk losing their tea trade, the EIC sold it to private English merchants who then smuggled the opium into China via Macao. From 1800 to 1818, the opium traffic never exceeded 4,000 chests per year.¹⁴⁵ As of 1819, however, the drug trade suddenly boomed because competition between British and Portuguese opium had lowered prices, increased consumption, and fueled demand.¹⁴⁶ By 1830, annual opium imports in China had reached 18,760 chests per year.¹⁴⁷ Soon the EIC was shipping massive quantities of opium directly to Canton, where the cargo was transferred to smaller boats that would transport the opium upriver and inland via a vast network of smugglers.¹⁴⁸ In 1833, Britain abolished the EIC’s tea monopoly in China, thereby allowing any British company access to Chinese markets. The amount of tea imported into Britain quadrupled, with a corresponding jump in opium trade to pay for the tea.¹⁴⁹ By 1839, the number of chests reached 40,000.¹⁵⁰

Your Task

1. Review the handout and identify three to five important dates and events.
2. Using one 3" x 5" card per date/event, write the date on one side of the card and the corresponding event on the other side.
3. Write the following information on the back of each card:
 - your name
 - handout number
 - the total number of cards you created