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# The Root of the Opium War: Mismanagement in the Aftermath of the British East India Company's Loss of its Monopoly in 1834

Jason A. Karsh

*University of Pennsylvania*, [jkarsh@sas.upenn.edu](mailto:jkarsh@sas.upenn.edu)

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Faculty Advisors: Siyen Fei and Lynn Hollen Lees

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# The Root of the Opium War: Mismanagement in the Aftermath of the British East India Company's Loss of its Monopoly in 1834

## **Abstract**

The histories of the Opium War, of which there are many, have posited that the roots of the conflict are diverse and interconnected, ranging from cultural differences to conflicting perspectives on trade. Many historians even imply that the Opium War was somehow inevitable. They point to the famous Macartney Mission of 1793, in which the first British diplomat to meet the Chinese emperor refused to kowtow and was subsequently denied formal diplomatic relations with the Chinese. However, in investigating documents of the British East India Company at Canton some years later, the war in no way seemed predestined. On the contrary, there existed a collaborative and mutually beneficial relationship between the Chinese and British merchants at Canton. Through examining the archives of the East India Company Factory at Canton from March 1833 until July 1834 it becomes quite clear that the internal problems of regulating trade at Canton, the relationship with the Hong Merchants, the attitudes toward the Chinese, and the legal and political issues that arose all paint a lucid, new narrative of the root of the Opium War. The documents demonstrate that the Company's successful management of the tenuous relationship with the Chinese merchants at Canton actually helped avoid conflict and legal infractions with higher authorities. Although the Company lacked true authority over the British subjects at Canton—other than providing them with licenses—it carried out the difficult task of representing the entire British community to the Chinese. Thus, when significant problems arose, the company's long-standing relationship with the Chinese merchants ultimately led to decades of a stable, lucrative trade for the British. However, when the Company lost its monopoly over the China trade in April of 1834, the management of the relationship drastically changed. The first British superintendent of trade, Lord Napier, would exhibit stubbornness, belligerence and a misunderstanding of the Chinese. Refusing to draw upon the knowledge of colleagues who were experienced in the China trade, his cavalier actions set Sino-British relations on a path to war. It was the loss of the British East India Company's monopoly and the subsequent restructuring of the trade relationship on the ground at Canton that would ultimately set the stage for the precipitation of armed conflict in the Opium War of 1840.

## **Keywords**

Opium War, Opium, British East India Company, China, Nineteenth Century, Lord Napier, Howqua, John Daniels, Select Committee, Sylph, HC Cutter, James Innes, Cumsingmun, Palmerston, Jason Karsh

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**Jason Karsh**

May 2, 2008

Readers: Siyen Fei and Lynn Hollen Lees

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## Introduction

The histories of the Opium War, of which there are many, have posited that the roots of the conflict are diverse and interconnected, ranging from cultural differences to conflicting perspectives on trade. Many historians imply that the Opium War was somehow inevitable. They point to the famous Macartney Mission of 1793, in which the first British diplomat to meet the Chinese emperor refused to kowtow<sup>1</sup> and was subsequently denied formal diplomatic relations with the Chinese. However, in investigating documents of the British East India Company at Canton some years later, the war in no way seemed predestined. On the contrary, there existed a collaborative and mutually beneficial relationship between the Chinese and British merchants at Canton.

Undoubtedly, cultural differences played a role in the conflict. Nevertheless, there was a more concrete root of the Opium War. The loss of the British East India Company's monopoly on the China trade in late 1833 amplified the tensions and problems that had been cautiously managed by the East India Company for the half-century of the Canton System. Upon learning of the loss of monopoly in December 1833, a Company correspondent in London prophetically remarked:

Though I think the abolition of the China monopoly was inevitable and that it never would have done for us to have gone on trading in competition with the public as a system, I fear, and believe, the sudden and entire stop put to our commercial relations with China, will tend materially to injure our assets, to enhance our responsibilities and to produce mischief which might have been avoided by a more gradual change.<sup>2</sup>

Through examining the archives of the East India Company Factory at Canton from March 1833 until July 1834 it becomes quite clear that the internal problems of regulating trade at Canton, the relationship with the Hong Merchants, the attitudes toward the Chinese, and the

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<sup>1</sup> Ritual prostrations before the emperor.

<sup>2</sup> Bowen, H.V. *The Business of Empire*.

legal and political issues that arose all paint a lucid, new narrative of the root of the Opium War. The documents demonstrate that the Company's successful management of the tenuous relationship with the Chinese merchants at Canton actually helped avoid conflict and legal infractions with higher authorities. Although the Company lacked true authority over the British subjects at Canton—other than providing them with licenses—it carried out the difficult task of representing the entire British community to the Chinese. Thus, when significant problems arose, the company's long-standing relationship with the Chinese merchants ultimately led to decades of a stable, lucrative trade for the British.

However, when the Company lost its monopoly over the China trade in April of 1834, the management of the relationship drastically changed. The first British superintendent of trade, Lord Napier, would exhibit stubbornness, belligerence and a misunderstanding of the Chinese. Refusing to draw upon the knowledge of colleagues who were experienced in the China trade, his cavalier actions set Sino-British relations on a path to war. It was the loss of the British East India Company's monopoly and the subsequent restructuring of the trade relationship on the ground at Canton that would ultimately set the stage for the precipitation of armed conflict in the Opium War of 1840.

## **Chapter 1-Background**

### *British Trade with China*

Over the course of the 17<sup>th</sup> century, the fall of the Ming dynasty and the rise of the Qing dynasty threatened the stability of Chinese politics and trade. However, by 1662, the Qing had successfully eliminated all claimants to the Ming throne and began to consolidate their political authority over the Middle Kingdom.<sup>3</sup> It was during this tumultuous period in modern Chinese history that the first English ships were chartered by the British East India Company to trade with India and the Far East. Queen Elizabeth, in 1600, granted the Company a monopoly over the India and Far East trade that would last for centuries.

During the early Qing dynasty, policies towards foreign trade fluctuated significantly and were not universally applied to all countries and traders. Whereas the Dutch and Portuguese sought true diplomatic relations, the British traders in the early Qing relied on informal trade. Ironically, it was the informality that behooved their trade potential. More specifically, the Dutch and the Portuguese were given ‘tributary’ status by the Ministry of Rituals. This meant that, along with the other non-Chinese peoples interacting with China, they were expected to formally acknowledge China’s political and cultural superiority. They express their subservience to the Chinese emperor not only through the language of diplomatic documents, but also through their actions. For instance, when in the presence of the emperor they had to make ritual prostrations known as kowtow. In return, countries with ‘tributary’ status would be allowed to engage in a controlled amount of trade with China through ‘tribute missions,’ which would follow a fixed schedule of traveling to Beijing. There they would exchange gifts with the emperor and then be permitted to trade. The British merchants, on the other hand, did not seek

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<sup>3</sup> 中国, *zhongguo*—the Chinese word for China is literally translated as Middle Kingdom.

out formal relations with the Qing. Thus, they were permitted to trade freely at Zhoushan<sup>4</sup>, Xiamen<sup>5</sup>, and Canton<sup>6</sup>. Eventually the trade was normalized when, in 1680, the Qing scaled back all coastal trade restrictions and opened trade to foreign merchants at select port-cities.

It was during the reign of the Yongzheng<sup>7</sup> emperor that the policy towards foreign trade became increasingly restricted. His edict banning the smoking and trade of opium in 1729 was indicative of opium becoming a problem for the Chinese government—a problem that went hand-in-hand with foreign trade. Around the beginning of Yongzheng’s reign, the Chinese merchants at Canton took it upon themselves to both increase profitability and exert greater control over all commerce by forming a trade-guild called the *Cohong*.<sup>8</sup> Then in 1754, the Qing government ordered the Hong merchants to take full responsibility for the behavior of the foreign merchants and the payment of fees to the Chinese government—thus establishing a monopoly of the Hong merchants at Canton. The apparent ease of administration of the system at Canton, combined with escalating pressure from foreigners to open the doors of the China trade, only resulted in the augmentation of the regulation of the foreign trade. When the British endeavored to establish trade at Xiamen and Ningbo<sup>9</sup> in 1755 they were not only denied access but were completely restricted to Canton by 1757.<sup>10</sup> Thus began the ‘Canton System’ of trade that would last until the Treaty of Nanjing<sup>11</sup> in 1842.

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<sup>4</sup> 舟山, formerly transliterated as Chusan.

<sup>5</sup> 厦门, formerly transliterated as Amoy.

<sup>6</sup> 广州, called Guangzhou, but since Canton is the far more common English version of the famous city, I will continue to refer to Guangzhou as Canton.

<sup>7</sup> 雍正 (Yung-cheng)- Emperor of China from 1722-1735

<sup>8</sup> *Cohong* comes from how the British heard 公行, *gonghang*, meaning “combined merchant companies.” They are also commonly referred to as the Hong merchants.

<sup>9</sup> 宁波, formerly transliterated as Ningpo.

<sup>10</sup> Chang 3

<sup>11</sup> The Treaty of Nanjing marked the end of the Opium War and began the Treaty-Port system of trade in China.



The stipulations of the Canton System were outlined in the ‘Eight Regulations,’ which were issued in 1760 and reaffirmed consistently until the late 1830s.<sup>12</sup> The Westerners were obligated to deal exclusively with the Hong merchants for all matters. Initially there were 11 Hong merchants, of which the most famous were Howqua and Mowqua<sup>13</sup>. Thereafter, two additional Hong merchants entered the guild in 1832<sup>14</sup>. These Hong merchants not only regulated trade with the foreigners, they would also act as the intermediaries to the Qing government official known by the British as the Hoppo<sup>15</sup>. As the only link to the Chinese officials, it would be up to the Hoppo to forward on any correspondence to local or Imperial officials, *if* he decided to forward a given document at all. Additionally, the Imperial court used the Hong merchants to “keep an eye” on the foreign merchants to closely monitor their actions.<sup>16</sup> In an anomaly of diplomatic history, the Chinese government successfully skirted responsibility for foreign relations with Western nations by delegating all interaction to be with the Cohong. Indeed, until the late 1830s, all interaction with Chinese officials was implemented through this inherently indirect and sluggish line of communication.

Further, there were stipulations within the ‘Eight Regulations’ that impacted the everyday actions of the foreign merchants living in the factories. The westerners could not bring their wives to live with them, nor could they arm themselves with any sort of weapons. There was a limit of 8 Chinese laborers who could work in a given factory, and foreigners were not permitted

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<sup>12</sup> Kuo 4

<sup>13</sup> Howqua’s actual name was 伍浩官, or *Wu Haoguan*; Mowqua’s actual name was 盧茂官, or *Lu Maoguan*.

<sup>14</sup> Kuo 6

<sup>15</sup> 粵海關部, *yuehai guanbu*, the Chinese term for the Hoppo, meaning the Superintendent of Maritime Customs for 广东, Guangdong Province.

<sup>16</sup> Fay, Peter Ward. *The Opium War: 1840-1842*.

to row their own boats for leisure<sup>17</sup>. In short, the merchants lived in a restricted environment, isolated on the small settlement of factories along the Pearl River.

The cumbersome process of the Canton System was a far cry from the trade system the Westerners were accustomed to in Europe. The difficult trade procedure exacerbated the tensions that were already mounting due to the increasing demand for products like tea in the European markets, combined with the Chinese refusal to trade for anything other than silver bullion. In 1793, the British believed it to be a fine time to try to change their fortune by opening a formal diplomatic channel with the Qing government in Beijing<sup>18</sup>. Selected as an emissary of the British East India Company and King George III, Lord George Macartney traveled to the imperial court. Claiming to have arrived to salute the Qianlong Emperor on his 80<sup>th</sup> birthday, they were given direct passage to land at the port closest to Beijing. However, Macartney refused to kowtow to the emperor, compromising by merely kneeling on one knee and incorporating a series of bows. Surprisingly he was still received at the summer palace. When finally in the presence of the Qianlong emperor, Macartney requested diplomatic residence in Beijing, the opening of new ports (and thus the end of the Canton system), and the fixing of a fair system of tariffs on the foreign trade. In a decision that historian Jonathan Spence refers to as “unfailingly bland,” Qianlong and his minister refused to yield to any of Macartney’s requests.<sup>19</sup> Further straining relations between the two nations, in a now famous letter to King George III, Qianlong condescendingly asserted:

We have never valued ingenious articles nor do we have the slightest need of your country’s manufactures. Therefore, O king, as regards your request to send someone to remain at the capital, while it is not in harmony with the regulations of the Celestial Empire we also feel very much that it is of no advantage to your country.<sup>20</sup>

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<sup>17</sup> Kuo 5

<sup>18</sup> 北京, formerly transliterated as Peking.

<sup>19</sup> Spence, *The Search for Modern China* 122

<sup>20</sup> Spence 122-3

From the perspective of the British East India Company, being denied all requests to improve the trading relationship did little to improve their on-the-ground relationship with the Chinese. That is without even making mention of the arrogant and insulting language used by the Chinese when referencing the west—the merchants were often referred to as ‘barbarians’<sup>21</sup>. In examining the failures of the Macartney Mission, some historians believe that it planted the seed for conflict that somehow made war between the two nations inevitable. Yet, the Canton system continued as it had for decades, through all its cumbersome processes and unfair trading practices—fluctuating tariffs, collusion by the Cohong, and refusal to trade for anything but silver.

### *The British East India Company*

Although the British East India Company received a monopoly charter from Queen Elizabeth in 1600, it was not until 1614 that it experienced any successful British trade with China. However, the trade was not direct with China. Rather, it was transacted through Bantam<sup>22</sup> and Nagasaki<sup>23</sup>.<sup>24</sup> Eventually, the Company attempted to set up trading relations through the Portuguese-controlled Macao<sup>25</sup> in 1635. Almost refusing the Company access to Macao, the only reason why the Portuguese allowed the British East India Company ship to berth was because it carried a cargo from the Viceroy at Portuguese-controlled Goa (in India). No official relations were established and the British East India Company remained without a reliable port with which to trade with China.

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<sup>21</sup> 夷, *yi*

<sup>22</sup> A port city on the western end of Java, Indonesia.

<sup>23</sup> A port city on the west coast of Kyushu, Japan.

<sup>24</sup> Wilbur 319

<sup>25</sup> 澳门-*AuMen*, called Macao by Westerners.

Two years later, in 1637, a ship traveled directly from London to Canton to establish more direct trading relations with the Chinese. Once close to her destination, the ship was stopped by a Mandarin official who had heard unsavory rumors about the English via the Portuguese. The Chinese threatened the ship, and it promptly returned from whence it came.<sup>26</sup> The tense relationship with the Portuguese was ameliorated by a formal agreement in 1654 to allow British ships to land at Portuguese ports.<sup>27</sup> Still, the British East India Company was disadvantaged by its dislocation from a more established method of trade.

Seeking more creative ways to engage the Chinese in trade, the Company pursued trading opportunities in Cambodia, Taiwan<sup>28</sup> and Tonkin in 1670. Unfortunately, these “ineffectual commercial activities” did not yield the establishment of trade that the Company had hoped for.<sup>29</sup> In 1676, the Company finally established a factory at Xiamen, but the Company’s luck would again run dry. The residual fighting between the Chinese and forces from Taiwan resulted in the burning of the Company’s factory in 1682—another impediment to their China trade.<sup>30</sup>

In 1682, the Company again attempted to set up a factory at Canton and were again denied trade and ordered to depart. Fortunately, a new factory was established at Xiamen in 1685 and provided the Company with an important trading base in the Far East. It was in 1699, though, that the Company’s Board of Directors’ prayers were answered when the Hoppo finally agreed to allow the British to trade at Canton.<sup>31</sup>

Certainly, the opening of trade at Canton was a monumental development for the Company. The trade at Canton served as the origin of the increasingly lucrative tea trade.

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<sup>26</sup> Wilbur 21

<sup>27</sup> Wilbur 322

<sup>28</sup> 台湾- formerly known as Formosa

<sup>29</sup> Wilbur 323

<sup>30</sup> Wilbur 324

<sup>31</sup> Wilbur 325

Indeed, it exponentially enhanced the profitability and influence of the Company over the course of the 18<sup>th</sup> century. The East India Company imported tea for the first time in 1664, although not directly from China.<sup>32</sup> The first direct shipment of tea from China to England was not until 1689, when it was imported from Xiamen. Interestingly, while tea is called *cha*<sup>33</sup> in most dialects of Chinese, Amoy pronunciation of the word was “t’e, [or] tay.”<sup>34</sup> Hence, the West came to refer to the plant as tea.

Although the trade was manageable at the turn of the eighteenth century, the amount of trade administered through Canton would increase exponentially by the beginning of the Nineteenth Century. Between 1711 and 1717, about 200,000 pounds of tea was imported to Britain per year by the Company. By 1757, 3 million pounds per year were imported.<sup>35</sup> By 1800 the British imports of tea averaged an astonishing 24 million pounds annually.<sup>36</sup> Hence, as demand for tea increased in Europe by the Nineteenth Century, the seemingly simplified trade with China at Canton would become increasingly more complex.

At the time of the booming tea trade, the company was also quite occupied with its extensive business in Mogul India. They engaged in political games with local rulers to fortify their trade monopoly in India. In doing so, in all but name, had “usurped imperial authority and sovereignty” over large regions of India like Bengal by 1757.<sup>37</sup> The sheer power being amassed by this joint-stock company resulted in much debate in London. The British Empire in India and the East, of crucial economic importance, was held under the control of a joint-stock company in London. However, the intertwining of the Company and politics became so deep that the

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<sup>32</sup> Scott 17

<sup>33</sup> 茶- Chinese character for tea

<sup>34</sup> Scott 17

<sup>35</sup> Lawson 97

<sup>36</sup> Scott 23

<sup>37</sup> Lawson 90

Company was considered “an alternate structure of politics to be exploited for public or parliamentary purposes by MPs<sup>38</sup> and their respective followers.”<sup>39</sup> At the close of the eighteenth century, the company essentially administered parts of India on behalf of the British government. It also was a bastion of the rich and powerful in Britain. The wealth involved in the company made the company stocks the “most reliable long-term investment” that had also successfully “woven itself in the financial and social fabric” of Britain.<sup>40</sup>

However, even with all its power and influence, the tea trade threatened to bankrupt the Company. Much to the chagrin of Western traders, the only commodity the Europeans possessed that the Chinese demanded was silver.<sup>41</sup> Thus, the Company had to rely on another trade that had a large consumer base in China so it could hope recover silver to finance the tea trade. Indeed, it would be a substance that had frightful implications for China: Opium.

### *The Opium Trade*

Foreshadowing the future weakness and exploitation of the Chinese economy, the renowned economist, Adam Smith, wrote in 1776 that “a more extensive foreign trade...could scarce fail to increase very much the manufactures of China, and to improve very much the productive powers of its manufacturing industry.”<sup>42</sup> Still, the arrogant ignorance about the industrializing world would continue to color China’s perspective on foreign trade.

Eventually, the trade balance favored China so much that the East India Company’s store of silver paled in comparison to the heaps of tea in London warehouses waiting to be sold on the

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<sup>38</sup> Members of Parliament

<sup>39</sup> Lawson 96

<sup>40</sup> Lawson 102

<sup>41</sup> Evans 109

<sup>42</sup> Gardella 1

demanding, English market. The tea sales, however, would not make up for the shortage of silver and the Company was nearly bankrupt.<sup>43</sup> However, the East India Company found that its cultivation of opium in India provided a product which had the potential to create an illicit, yet substantial, market in China.<sup>44</sup> After all, opium already produced about one-seventh of the revenue from British India.<sup>45</sup> In fact, a significant portion of the silver needed to administer the British Raj in India could be traced directly back to the sale of opium. Concordantly, the opium market that was established in China provided an augmentation of financial support for the East India Company.

It was in the trading season of 1773 that the Company first experimented in a small venture in the opium trade. Proving to be a success, the trade grew and the Company even established its own trade depot near Macao. However, desiring to maintain good formal trade relations with the Chinese, the Company was obliged to remove its direct involvement with the trade after an imperial opium prohibition edict in 1796. The Chinese were clearly becoming increasingly angry about the illicit opium trade and—more importantly—its futile inability to stop or control the trade. Yet, under pressure from the Chinese the Company casually declared that it was in no way part of the illicit trade and asserted that it was up to the local government, and not the Company to stifle the trade. Ironically, though, the Company was simultaneously reassuring the opium producers and smugglers from India that the edicts from the Chinese government should cause no “undue alarm.”<sup>46</sup> The Company also urged the smugglers, or ‘country traders,’ to avoid calling the product “Company opium” so as to not alarm the officials at Canton. Yet, the Company also included language in the licenses it issued for ships which

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<sup>43</sup> Evans 110

<sup>44</sup> Etherington 24

<sup>45</sup> Evans 110

<sup>46</sup> Chang 18

was directly contradictory to their public stance against the opium trade. In fact, the licenses contained a clause stating that they would be void “if opium other than that procured at the company’s public sale in Bengal were taken aboard,” providing it with plausible deniability.<sup>47</sup>

To provide some scope for the exponential growth of the opium trade, at the time of the first edict prohibiting the trade of opium in 1729 there were about 200 chests imported per year. By the late 1760s, approximately 1000 chests were imported per year.<sup>48</sup> It was not until after the Company began to smuggle its opium into China around the turn of the 19<sup>th</sup> century, however, that the trade of the drug increased drastically. During the first decade of the 19<sup>th</sup> century, the British were importing an average of 4,500 chests of opium to China per year. Because of the efforts of the Chinese officials to weed out the trade at Canton, the opium trade mostly occurred at Macao. The following decade witnessed trade return to Canton and the island Whampoa<sup>49</sup>, but the trade still hovered just short of 5,000 chests imported per year.<sup>50</sup>

Between 1821 and 1830, the opium trade experienced another remarkable boom. The trade centered around depots quality at the island Lintin<sup>51</sup> and witnessed a per annum increase to 18,760 chests per year. The Company’s opium trade accounted for approximately 10,114 chests per year during this decade.<sup>52</sup> One of the main reasons for this increase was the introduction of Malwa opium into the trade, in addition to the traditional Patna opium.<sup>53</sup> This increased the supply of opium, to the benefit of opium users, resulted in a reduction in the average price of the

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<sup>47</sup> Chang 18

<sup>48</sup> Chang 19

<sup>49</sup> 黄埔, *huangpu*—because it is commonly referred to as Whampoa, even in recent history, I will continue to use the English iteration of the city.

<sup>50</sup> Chang 19

<sup>51</sup> 零丁, *lingding*— an island north of Hong Kong.

<sup>52</sup> Chang 21

<sup>53</sup> Patna opium was produced by the Company in Bengal, whereas Malwa was grown separately and challenged the Company’s monopoly over the production of opium in India. Users also believed there was a difference in value, Patna being considered of a higher quality. But Malwa was both cheaper and more abundant so it was beneficial to many opium users without great purchasing power.



drug. Thus, more Chinese were able to afford opium, and the enlarged consumer base of addicts ensured the continuation of its trade. In the final decade before the outbreak of the Opium War, the illicit trade gradually increased. In the trade season of 1832-33, the British imported 15,403 chests of opium into China, a substantial increase even from the previous year.<sup>54</sup> Interestingly, the loss of the Company's monopoly on the China trade, effective by April of 1834, while resulting in such an influx of a number of new traders, it did not affect opium imports as much as weaken Britain's control over the trade.

However, the true problem facing China now was not just the opium addicts in the south and in coastal cities. The British began the trade with the intention of recovering the silver lost to the trade of tea, silk and porcelain. Now, China faced a crippling outflow of silver—a drastic turn in their fortune considering they had for a long time profited from a net import of silver. According to British accounts, between 1828 and 1836 the British brought \$4,307,000 worth of silver into China. In that same time period, the British received \$42,392,103 worth of silver for their trade. That amounted to an astounding net export of \$37,985,103 from China.<sup>55</sup>

Thus, the intertwined financial problems and contempt for the opium trade certainly became the most noticeable undercurrents in the relations between China and Britain. In examining the Chinese response to opium from the time of its emergence as a social phenomenon in the 18<sup>th</sup> century it appears that at the center of the issue was not the drug as much as the nature of the interaction between Europeans and the Chinese.

### *China's Reaction to the Opium Problem*

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<sup>54</sup> Chang 22

<sup>55</sup> Chang 41

From the Chinese perspective, the tragedy induced by the opium trade was one that was founded on a misunderstanding of western diplomacy and an inability to regulate foreign trade. The eighteenth century saw opium enter China not only through tributary means but also through individual traders. They would come from Southeast Asia and Taiwan during a century in which prevalent tobacco smoking made the practice of opium smoking socially acceptable—especially among the elite who had access to the drug.<sup>56</sup> The first edict against opium was issued in 1729 by the Yongzheng emperor, prohibiting its use and enumerating punishments that ranged from wearing a cangue<sup>57</sup> to death by strangulation.<sup>58</sup> A similar edict prohibiting the smoking of opium was also issued by Qianlong in 1780 [and then again by the Jiaqing<sup>59</sup> emperor in 1810].<sup>60</sup> In 1796, an edict that “prohibited the domestic cultivation of poppy” was issued by the emperor, serving to provide further impetus for foreigners to import opium into China.<sup>61</sup> Following the Imperial court’s example, in 1799 the governor-general of Canton also officially decreed the prohibition of the opium trade.<sup>62</sup> The legal actions taken by the government during the eighteenth century surely suppressed some of the domestic cultivation of opium and punished a number of opium users and smugglers. However, as explained above, it was only at the turn of the nineteenth century that the opium trade began to grow exponentially.

During the reign of Emperor Jiaqing, opium began to permeate the literati and the upper class of China with “its popularity and availability increasing” steadily.<sup>63</sup> One of the first edicts relating to opium passed by Jiaqing’s court at the turn of the nineteenth century reiterated the

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<sup>56</sup> Zheng 6-7

<sup>57</sup> Similar to stocks used for punishment in the West, but cangues were not fixed to a base and were carried by user.

<sup>58</sup> Chang 219

<sup>59</sup> 嘉慶 (Chia-ch’ing)- Emperor of China from 1796-1820, although he was emperor from 1796-1799 in name only as his father Qianlong still ruled China for three years after naming Jiaqing as his successor.

<sup>60</sup> Chang 219

<sup>61</sup> Chang 97

<sup>62</sup> Chang 219

<sup>63</sup> Zheng 7

prohibition of growing poppy for the production of opium in China.<sup>64</sup> Following the Imperial lead, the Hoppo, or Superintendent of Maritime Customs for Canton,<sup>65</sup> also issued an edict banning the import of opium into China.<sup>66</sup> In a display of either thoroughness or redundancy, in 1807 the new Hoppo and the Emperor both issued edicts reiterating their previous prohibition of the import of opium, which was reiterated by the Governor-General of Canton in 1809.<sup>67</sup> Interestingly, these edicts did little to curb the opium trade as it was concurrently on the rise in Canton at the time of these edicts.<sup>68</sup>

The Imperial court urged local officials, in 1811, to enforce opium punishments against those who sold opium. However, in 1813, after discovering opium usage among his personal bodyguards, Jiaqing issued punishments specifically targeting officials who used opium.<sup>69</sup> The opium problem had officially spread beyond the upper echelons of the elite and into the scholar-officials and military in Chinese society.

It was during the Daoguang emperor's reign that officials and literati became model consumers of opium, tangentially encouraging the spreading of the opium usage and culture to the lower classes of Chinese society.<sup>70</sup> Shortly after the Daoguang emperor came to power, in November of 1821, he endorsed the Hoppo's and the governor-general's proposal to reduce the rank of prominent Chinese Hong merchant Howqua. Specifically, he was implicated in the crime of "not preventing the import of opium."<sup>71</sup> Following up on March 8<sup>th</sup>, 1822, the

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<sup>64</sup> Chang p.97

<sup>65</sup> Fairbank 49

<sup>66</sup> Chang p.219

<sup>67</sup> Chang p.219

<sup>68</sup> Chang p.223

<sup>69</sup> Chang p.219

<sup>70</sup> Zheng p.7

<sup>71</sup> Chang 219

Daoguang emperor furtively instructed the governor-general of Canton to monitor the actions of the Hoppo to determine whether or not he had also “connived in the opium trade.”<sup>72</sup>

Creating a scapegoat for the import of opium did little to actually reduce the amount of opium being trafficked into China. Regardless, in an attempt to target corrupt officials who were implicated in the opium trade, the emperor issued another imperial edict on January 19, 1823. It stipulated the emperor’s desire for the governor-general and the Hoppo to be “more vigorous in stopping the opium imports.”<sup>73</sup> One can only guess the effectiveness of yet another broad command issued from the commanding heights of the dragon throne. To increase the pressure on local officials, in 1823 the Daoguang emperor decreed that officials would be fined their salary if they “failed to confiscate or suppress imported or domestically produced opium” in the quantity of more than 100 catties<sup>74</sup>. If over 1000 catties, they would find themselves demoted one grade. If they accepted bribes or worked with smugglers they would be relieved of their office.<sup>75</sup> As the actions of officials were often more public, these punishments were typically enforced.

The aforementioned imperial edit of September 1823 provides a clear example of a policy that was aimed at not only punishing conniving officials, but also “negligent officials.”<sup>76</sup> For example, the punishments referred to situations in which an official failed to suppress opium trade or confiscate the contraband due to “ignorance,” with no clear definition of what would constitute ignorance.<sup>77</sup> This provided for an easy method by which the Emperor could create scapegoats out of local officials in areas with opium problems. Perhaps intentionally, it also

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<sup>72</sup> Chang 219

<sup>73</sup> Chang 220

<sup>74</sup> 1 cattie= 500 grams

<sup>75</sup> Chang 220

<sup>76</sup> Chang 220

<sup>77</sup> Chang 220

provided added pressure on officials to seek the eradication of the opium trade. Finally beginning to synthesize the economic implications of the opium trade into his imperial edicts, the Daoguang emperor approved an 1829 regulation banning not only the import of opium, but also the export of silver.<sup>78</sup> Although, noting the aforementioned net export of silver between 1828 and 1836, the edict seemed to have no effect whatsoever.

Seeking to keep in line with Imperial policy, many local edicts sought to prohibit the trade of opium within China. Similar to Imperial edicts, after the governor-general of Canton proclaimed the prohibition of the opium trade in 1799, it was reiterated by the governor-general in 1809, 1822, 1823, 1831, and again in 1832.<sup>79</sup> The Imperial court also echoed support of these edicts in 1817 and 1831.<sup>80</sup> Even the Hoppo issued an edict prohibiting the trade of opium on May 9<sup>th</sup>, 1831 and again on April 13<sup>th</sup> of 1832.<sup>81</sup> Undoubtedly created with the intention of reminding and compelling local officials to eradicate the opium trade in China, its repetition amidst a rise in imports illustrates the stark contrast between the policy statements of the government and its ability to implement policy that would actually curtail the illicit opium trade. Indeed, these edicts were by and large statements of opinion rather than policies that provided solutions.

By June of 1831, the Emperor felt as though he could not adequately address the opium issue personally. Hence, he sanguinely proclaimed that “the several governors-general, governors, prefects, and magistrates were required to file annual bonds to the effect that there was no one smoking opium” within their areas of jurisdiction.<sup>82</sup> Widespread corruption among officials who aided the lucrative opium trade fueled policies targeting malfeasance of officials.

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<sup>78</sup> Chang 220

<sup>79</sup> Chang. 219-220

<sup>80</sup> Chang 219-220

<sup>81</sup> Chang 219-220

<sup>82</sup> Chang 220

More importantly, the edicts symbolize the Imperial court's inability to truly address the opium issue: the court could not even count on the cooperation of many Confucian scholar-officials in standing against the illicit trade. Undoubtedly there was a stark increase in enforcement as evidenced by the approximately 2000 opium dealers, brokers and smokers who were incarcerated by December 1838.<sup>83</sup> As of May 1839, the enforced punishment for brokers of opium was beheading, opium den owners and bribed officials were strangled to death, and users were given 18 months to cease usage or face strangulation.<sup>84</sup> But their efforts to punish opium users and traders did little to impact the overall suppression of the opium trade nor did they improve their diplomatic or economic position with the foreign traders.

Ultimately, the Chinese reaction to trade with the west demonstrated not only closed-mindedness, but also inadaptability. The western merchants, like those from the British East India Company, were used to the concept of free trade and more open lines of diplomacy. In examining the causes of the outbreak of war in 1840, there are certainly many inter-related factors that weave a complex picture. However, in examining the operations of the Company at Canton in the year leading up to the end of its monopoly on trade, there are many indications that it was the loss of the monopoly that ultimately unleashed a series of changes of management, which coupled with a pervading mismanagement escalated the tensions to armed conflict.

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<sup>83</sup> Chang 111

<sup>84</sup> Chang 97

## **Chapter 2- The Final Year of the British East India Company at Canton, 1833-1834**

In South-East China, just up the Pearl river from the Gulf of Canton, existed the epicenter of foreign trade and relations for the Chinese Celestial Empire: Canton. The city itself was enclosed by a crumbling, yet generally imposing wall. Directly to the east of the city existed a tiny settlement at which China conducted its foreign trade. A more detailed description illustrated that:

It takes [] 270 steps to cross the land from east to west, and fewer still from north to south. Along the southern edge of their domain, where the Pearl River flows, there is a patch of open ground, and this the Westerners call their 'square' or 'esplanade.' But 50 paces from the shore rise the solid fronts of the building where they live, and this fill almost all the space remaining, save for three narrow streets that intersect them from north to south, closed at night by gates.<sup>85</sup>

There were thirteen factories, or 'hongs,' that were rented to the foreign merchants by the Cohong so they could conduct business. All of the buildings had been rebuilt after the conflagration of 1822. By the early 1830s, though, they were furnished with the finest amenities procured from the vast trading networks of the Western merchants who inhabited them. The largest of the factories was the one rented to the British East India Company, indicative of the disproportionately large volume of trade transacted with the British. Not being an arm of the British government, the Company was managed by the Court of Directors in London. However, at Canton the Company was managed by the Select Committee, which was lead by a President<sup>86</sup>—its records being managed by the Secretary.

The settlement was divided into four, unequal blocks by three streets, lined with countless shops. The widest of them, Old China Street, was only twelve feet wide, while New China Street and Hog Lane were slightly slimmer. They were so narrow that in walking through

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<sup>85</sup> Spence, Jonathan: *God's Chinese Son*. 4

<sup>86</sup> During the 1833-1834 trading season the President of the Select Committee was a man by the name of John Daniels.

them during the day one would find it very difficult to move through the crowd. The streets were replete with “Buddhist nuns with shaven heads, Taoist and Buddhist priests, ratcatchers...fortune-tellers, itinerant doctors [and] money changers” among others.<sup>87</sup> There certainly existed a bustling commerce outside of the voluminous trade of the Company. However, no matter what item a foreigner purchased, they were still required to obtain the official seal from a vendor on an invoice, or the goods would not be allowed to leave Canton. The Chinese were incredibly strict about the regulation of trade.

Communication was certainly an issue for the merchants as, around the 1830s, there were no Chinese at Canton who could read or write any European language—and only a handful of westerners who were literate in Chinese. The Chinese did, however, employ official linguists. They spoke Pidgin English, a hybrid of Portuguese, English, Indian dialects and various Chinese dialects. Together they would comprise a language which would largely be incomprehensible to those who were skilled in each individual language. Yet, the linguists became an integral part of the Canton trade and all foreigners knew them by name. Communication would eventually become an issue in 1834, when the Company’s language experts were relocated after the loss of the its monopoly on the China trade.

During the Company’s monopoly on the Chinese trade, its factory housed its business and daily affairs in the East. However, the westerners were only allowed to remain at the Canton factory during the trading season, from November to March. From April until October the company and its affairs would be relocated to the Portuguese settlement of Macao, 65 miles to the south.<sup>88</sup> Undoubtedly, the constant relocation of the foreigners who administered the China trade for years at a time was a cumbersome way of life. The situation was particularly trying for

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<sup>87</sup> Spence 12-3

<sup>88</sup> Fay 22-4



those who had wives and families who had to remain behind at Macao when trade resumed at Canton in November.

### *Western Views of China*

Before describing the state of affairs at Canton in the year leading up to the loss of the Company's monopoly on the China trade, it is important to get a sense of how the Chinese and westerners viewed each other around the 1830s. During the time of the 15<sup>th</sup> century explorers, Europeans tended "to elevate China above all the civilizations that they had 'discovered.'"<sup>89</sup> By the mid-seventeenth century there were works published in Europe lauding China as being largely responsible for "mankind's basic technology."<sup>90</sup> Travelers spoke of the breadth of the marvelous creations of the Chinese ranging from printing and paper to immense public works projects. However, as the enlightenment and industrial revolution fundamentally changed Europe, it also affected their view on Chinese civilization.<sup>91</sup>

The French philosophes began to exhibit an admonishing tone toward the Chinese that had not been previously witnessed. Montesquieu, Diderot, d'Holbach and Helvetius all criticized the "despotic authority on Chinese character and commerce."<sup>92</sup> Even Voltaire, who had once praised the moral superiority of the Confucian, Chinese society began to have his own doubts. There was a growing sense that Europe was surpassing the Chinese civilization both in terms of technology and enlightened thought. As more and more travelers, missionaries and members of embassies traveled to China, the subsequent assessments of Chinese civilization grew progressively negative.

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<sup>89</sup> Adas 22

<sup>90</sup> Adas 52

<sup>91</sup> Adas 52

<sup>92</sup> Adas 92

Especially after the diplomatic mission led by Lord Macartney in 1793, the attitudes toward the Chinese shifted.<sup>93</sup> Westerners began to see the Chinese as unyielding, arrogant, condescending, intolerable and on a cultural decline. Additionally, Europeans were very critical that they were not industrialized, did not seek to truly embrace the scientific and intellectual revolutions, and fundamentally rejected free trade. At the turn of the 19<sup>th</sup> century, it became clear that the pervading beliefs about China held by diplomats, travelers, missionaries and intelligentsia grew increasingly negative.

However, what most affected relations between Chinese and Westerners were the legal and political conflicts that surrounded the Canton trade. In reference to the Company traders, “what bothered the English was the very nature of Chinese justice.”<sup>94</sup> Essentially, Chinese law seemed to primarily center around criminal law. The Chinese courts seemed more concerned with issuing punishment and finding a scapegoat, rather than a forum to pursue truth and justice. Especially as these traders viewed themselves as agents of free trade seeking wealth, the seemingly unfair laws, processes and punishments became not only irritating: they were sometimes deadly.

The most famous case of conflict between western and Chinese law occurred in 1821. An American ship called the *Emily* was trading with local Chinese who would guide their trade-boats alongside the ship. A crewmember named Terranova accidentally knocked a pitcher off the deck, landing directly on a Chinese fruit seller. Unfortunately, she fell overboard and drowned. The Chinese demanded that the ‘murderer’ be turned over to the authorities, but the American captain remained firm and demanded that the trial be held aboard the *Emily*. The Chinese officials would not yield and instead threatened to end all American trade at Canton if

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<sup>93</sup> Adas 177-8

<sup>94</sup> Fay 38

they did not provide the authorities with the culprit. With little choice, the captain handed Terranova over to the Chinese. He was tried with no Westerners present, found guilty and executed the following day.<sup>95</sup> The westerners had good reason to be fearful, and even resentful, of Chinese law.

The Chinese, on the other hand, viewed their civilization as the center of the world. Beyond referring to their nation as the Middle Kingdom, they believed that they had all the technological and intellectual prowess they needed to administer their empire. In correspondences written by Chinese officials, they consistently referred to foreigners as ‘barbarians.’ Further, they did not see any benefits to be gained from interacting or trading with foreigners. Instead, they viewed the trade as some sort of act of pitiful benevolence by their virtuous, Confucian society. It was the westerners who needed the tea, porcelain and rhubarb—the Chinese were content with just receiving silver and controlling their trade. Typifying this pervading Chinese moral superiority and call for western submission, in a letter to Queen Victoria in 1839, Canton Commissioner Lin Zexu wrote:

The kings of your honorable country by tradition handed down from generation to generation have always been noted for their politeness and submissiveness...But after a long period of commercial intercourse, there appear among the crowd of barbarians both good persons and bad, unevenly...Our Celestial Dynasty rules over and supervises the myriad states and surely possess unfathomable spiritual dignity...May you, O King, check your wicked and sift out your vicious people before they come to China in order to guarantee the peace of your nation, to show further the sincerity of your politeness and submissiveness.<sup>96</sup>

It was amidst this conflict of world-view that the British East India Company cautiously managed the fragile trading relationship between Britain and China. In examining the final year of their operation as the sole traders with the Cohong, we can examine not only the difficulties of managing the China trade, but also the internal issues of managing the Company; the relationship

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<sup>95</sup> Spence, Jonathan. *The Search for Modern China*. 127

<sup>96</sup> De Bary 202-204

with the Hong merchants; and some substantial legal problems that jeopardized the political stability of Britain's tenuous relationship with the Chinese. It is important, though, to first examine Chinese attitudes towards the foreign trade.

### *Chinese Attitudes and views towards Trade*

Undoubtedly the Canton Trade system was established because the Chinese were generally suspicious towards western trade and intensely protectionist against foreigners. At the top of their list of primary concerns was the illicit trading of opium in China. It not only threatened to drain the coffers of their treasuries but more importantly threatened China's ability to control its citizens and economy. In that vein, they also were adamant that edicts from all Qing officials were strictly followed, demonstrating their supreme authority.

In a letter to the Select Committee at the end of the 1832/1833 trading season, the Senior Hong Merchant Howqua passed along warnings from Qing Officials regarding trade along the coast. An English ship had been spotted at ports in Fujian, Zhejiang, Shandong and Jiangsu. Leagues away from Canton, these ports were explicitly off-limits to the foreign trade. Since the stated rules were violated, the Committee witnessed the contempt felt by the Chinese merchants towards the westerners' "vulgar hope of trading" in the North in a letter delivered on March 8<sup>th</sup>, 1833.<sup>97</sup> The message ended with a call to the foreigners to obey Chinese laws and to not trespass in ports they are not permitted to trade in.

On March 20<sup>th</sup>, the Hong merchants again sent a concerned message to the Committee regarding a British ship called the *Sylph*. The ship was also found trading along the coast and the

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<sup>97</sup> *East India Company Factory Records*: March 8, 1833

Chinese authorities were calling for the Company to “implicitly obey and control the ships.”<sup>98</sup> As if the Company was unaware, the letter commands that Canton is the only port in which foreigners can engage in trade with the licensed Cohong merchants and compliance was “absolutely necessary.”<sup>99</sup> By May, the Hoppo warned the Company that the awareness of ships proceeding north had “opened the eyes of the Pekin<sup>100</sup> government” to the possibility that foreigners were disregarding Chinese trade law.<sup>101</sup> Ultimately, in redundant reiterations of previous laws, local authorities were instructed to increase their vigilance towards westerners in order to prevent them from traveling north.

The Chinese consistently sought obedience of their laws, but were particularly keen on upholding laws relating to foreign trade. For instance, in early March 1833 the authorities at *Kae cho* punished a soldier who failed to guard the entrance of the *Keenqantaou* River. Foreigners had landed and entered the city, a clear breach of Chinese law. When questioned by Changpan Kew, the district magistrate, the soldier explained a “fallacious” story about a foreigner who was sick and dying, thus needing to be granted entrance. Because of his “evasive and fictitious report” he was promptly dismissed from service.<sup>102</sup> Evidently, the Chinese officials were ready to punish Chinese for infractions of foreign trade laws—even minor ones.

Later in the summer of 1833, smuggling became an issue that was brought to the attention of the Select Committee. A British man named Markwick was caught smuggling 14 boxes of silk and 4 boxes of miscellaneous goods on the Northern Coast of China.<sup>103</sup> The Hoppo investigated into the matter further and found that Markwick and Edwards had “in violation of

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<sup>98</sup> *East India Company Factory Records: March 20, 1833*

<sup>99</sup> *East India Company Factory Records: March 20, 1833*

<sup>100</sup> Referring to Beijing

<sup>101</sup> *East India Company Factory Records: May 3, 1833*

<sup>102</sup> *East India Company Factory Records: March 20, 1833*

<sup>103</sup> *East India Company Factory Records: July 1, 1833*

the law each built a *sanpan* boat” to surreptitiously travel back and forth from Canton to various ships and trading outposts throughout the Gulf of Canton.<sup>104</sup> This was a problem because they could deceptively appear to be Chinese shop traders and not be examined by customs—thus, they could smuggle at Canton and other cities along the coast. The Hoppo chose to resolve the situation by politely ordering that the *sanpan* boat be destroyed, appealing the Committee to join them in their disbelief of Markwick’s mischievous cunning.

Ultimately, Chinese views towards the trade centered around their protectionist foreign policy. Still, Westerners were shocked that the Chinese would not open up their trade in a way that would allow both parties to mutually increase their wealth and power. Even when a British ship anchored on June 25<sup>th</sup> in the Gulf of Canton—deciding whether or not to proceed to Whampoa to unload cargo—the Chinese immediately required information on the cargo, sailors and weaponry. When the Captain, perhaps new to the China trade (or perhaps smuggling opium), “refused to tell the facts” to the authorities, they reacted quickly. The ship was to be forced to return to its origin as “pretexts for lingering about and occasioning disturbance” were not permitted by the Chinese.<sup>105</sup> Surely, the ship could have been carrying tons of opium or other illicit goods, but the Chinese were very quick to compel the ship to leave China.

Perhaps as a reaction, on July 8<sup>th</sup> the Hoppo informed the Company that it had decided to enforce a categorical policy:

All foreign merchants having disposed of their goods and obtained principal shall be ordered according to the time to go back to their respective nations in the original ship in which they came.<sup>106</sup>

The Hoppo clearly wanted to send a message, especially in light of the increased reports of smuggling and illicit trade along the Coast. However, the Hoppo may have also been

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<sup>104</sup> *East India Company Factory Records: July 1, 1833*

<sup>105</sup> *East India Company Factory Records: July 4, 1833*

<sup>106</sup> *East India Company Factory Records: July 8, 1833*

responding to the mounting pressure from the Emperor and his court to demonstrate control of the foreign trade, especially the mounting issue of opium. Since foreigners generally imported China's opium, most of the Imperial edicts relating to foreigners or opium were one and the same.

Beginning with Yongzheng's 1729 Edict banning the consumption and selling of opium, the Qing repeatedly issued edicts reiterating the ban on opium trade and eventually would issue edicts that touched upon foreign trade in general. Having already examined the principal edicts prohibiting the trade of opium, here we turn to the policies that affected foreign trade at Canton.

The first of these invasive measures to better regulate foreign trade came in 1815, when the Emperor proclaimed that Portuguese ships at Macao could be searched for opium.<sup>107</sup> This policy was expanded in 1820 when the imperial court placed further pressure on the regulation of the opium trade by giving the Hong merchants the ability to search all foreign ships. Coupled with the power to search all ships was the responsibility the Hong merchants assumed for any opium shipments that they failed to confiscate.<sup>108</sup> Specifically, if they did not catch an opium shipment the Hong merchants would be blamed for being complicit in its trade. If the regulation of the trade became particularly difficult, the Qing would exercise the short-term solution of expelling all foreign ships from the vicinity of Canton. An example of this was at the start of the 1821-1822 trading season when the Emperor ordered all foreign ships away from Canton and the Governor-General of Canton issued a reiterating order.<sup>109</sup>

Hearing of incidents in which foreigners traveled north to trade in unauthorized ports, the Emperor would primarily react with edicts. For example, in 1828 the Daoguang Emperor

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<sup>107</sup> Chang 219

<sup>108</sup> Chang 219

<sup>109</sup> Chang 220

decreed that all foreign ships at Fujian, Jiangsu and Zhejiang were to depart immediately.<sup>110</sup> It was already illegal for foreigners to trade at these ports, so it proved to be futile in eradicating the illicit trade. When the Emperor again issued an edict expelling all foreigners from the Shandong coast in 1832, the foreigners were still not given further disincentives to smuggle goods north.<sup>111</sup> Interestingly, amidst the failure of previous redundant reiterations of policy, the Qing continued to use these edicts as their primary strategy to deal with the issues relating to foreign trade. The edicts may have historically been proven to be effective in China's Confucian society, but the officials did not adapt their methods when addressing an issue that involved foreigners and an addictive narcotic.

Accordingly, the Chinese were growing increasingly frustrated as opium began to pour into China in a previously unfathomable volume in the 1830s. Their strategy of using moral arguments and strong statements to better control the foreign trade—and suppress the opium trade—was simply not effective. The main issue with the way the Chinese managed their trade and foreign relations was their inability to adapt. They mistakenly believed that the power and moral authority of the emperor and his officials would be enough to control foreigners at their ports. Worse than their misunderstanding was their complete disinterest in learning about the perspective of the westerners. It was their unyielding stubborn attitude towards the foreigners that would ultimately result in their reacting poorly to foreigners who might possess a similar arrogance or stubbornness after the Company lost its monopoly. While the Company exhibited understanding and humility in their relationship with the Chinese, they too had difficulties managing their trade at Canton.

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<sup>110</sup> Chang 220

<sup>111</sup> Chang 220



## *Difficulties of Managing the Company at Canton*

Those who were in Canton on behalf of the Company in the 1830s came from vastly different walks of life. There were wealthy administrators of the Company, captains of vessels that sailed the world, ex-convicts who fled England only to join crews that smuggled goods into China, and family members traveling with their husbands and fathers. Being far from the nearest source of British authority—Fort William in Singapore—the Company’s Select Committee at Canton was responsible for not just regulating trade and managing company affairs, but also was held responsible for the subjects of the British Crown living at Canton. Interestingly, though, they had no legal authority other than being the official regulators of trade.

Since the Chinese highly valued titles and clear lines of authority, the President of the Select Committee of the Company not only governed the affairs of the company but was also considered the *taipan*, or “headman for the entire English community.”<sup>112</sup> Private traders did not, however, consider him their leader. Still, it was the Company who provided ships with licenses to conduct trade on behalf of the English. Thus, merchants were forced to (at times) treat the Select Committee as their administrative leaders and sometimes even rely on the committee to protect them in cases of conflict with the Chinese.

This double standard could sometimes be quite difficult for the committee to manage. For instance, on July 20th of 1833, representatives of the recently-formed Jardine Matheson company wrote to the Select Committee inquiring into the reason why they had withdrawn the license from the ship called the *Hercules*.<sup>113</sup> The Committee immediately retorted that the *Hercules*’s Captain, a man named Grant, had not followed Company regulations and had distributed mail received from Calcutta before it could be processed by the steward. Thus, in

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<sup>112</sup> Fay 61

<sup>113</sup> *East India Company Factory Records: July 20, 1833*

their view, there should be no surprise that the license was withdrawn.<sup>114</sup> Demonstrating that Jardine Matheson & Company did not agree with the ruling or the leadership of the Committee, Jardine Matheson responded again. This time they challenged the Select Committee in two separate letters, resulting in the Committee to meet in full and discuss the matter on August 1<sup>st</sup>.<sup>115</sup> The Select Committee ultimately decided to uphold its withdrawal of the license for the *Hercules*.

Jardine Matheson & Company continued to argue that the Committee's belief that Captain Grant had violated company procedure was simply unfounded due to being "hearsay."<sup>116</sup> The Select committee again refused to yield believing they had sufficiently asserted their authority on the trifling matter by August 12<sup>th</sup>. Captain Grant, however, decided to appeal to the British authorities at Fort William. Without regard for the decision of the Select Committee, and in direct contradiction with their decision, the secretary at Singapore granted him the license to trade.<sup>117</sup> It was a demonstration of the frustrating reality that while the Company was the agent of foreign relations and trade with the Chinese, there were times when country traders attempted to circumvent the Company's authority. This was particularly salient to the concerns of the Committee because while the Company did endorse its own illicit trade of opium but was painstakingly careful to distance themselves from the trade 'officially.' Private traders clumsily being caught with opium jeopardized the Company's legitimate trade.

The overt challenge from Jardine Matheson was also indicative of a growing trend of private traders disrespecting the established rules of the company and attempting to use licensed ships to engage in illicit trade. In the fall of 1832, Jardine Matheson commissioned a ship called

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<sup>114</sup> *East India Company Factory Records: July 20, 1833*

<sup>115</sup> *East India Company Factory Records: July 29, July 31, August 1, 1833*

<sup>116</sup> *East India Company Factory Records: August 12, 1833*

<sup>117</sup> Fay 62

the *Sylph* to explore what sort of profits they could generate by trading along the Chinese coast. Arriving at Macao in September, the *Sylph* unloaded some of the opium it had transported from Calcutta and immediately departed for its venture north. After two months of travel, the ship reached the coast of Manchuria during the particularly cold month of November.<sup>118</sup> A German protestant missionary aboard the *Sylph* named Charles Gutzlaff recalled a story that may be indicative of how the smugglers viewed and treated the Chinese. Sailing past the delta of the Yangtze River, they came upon 12 Chinese whose ship had been dismantled and was thus immobile. The *Sylph*'s crew refused to help them “until they dropped overboard the image of their patron saint and promised to adore the true God.”<sup>119</sup>

In the early months of 1833, while the *Sylph* was returning to Canton, the Select Committee was again being pressured by the Chinese to stop the illicit trading along the coast. In a Company document recorded on March 20<sup>th</sup>, the Committee acknowledged receiving word from the Chinese that the *Sylph* had been witnessed leaving “the coast of Keangsoo<sup>120</sup> on the 5<sup>th</sup> January.”<sup>121</sup> While being pressured by the Chinese, the Committee was also well aware of another Jardine Matheson ship that was set to both search for the *Sylph* and further examine the opium trade along the coast. Although it was clear that allowing its voyage was fundamentally against company policy to comply with the Chinese, the Committee did not “consider it necessary” to alert the Chinese.<sup>122</sup> Perhaps their inaction signified the Committee's acknowledgement of its lack of true influence—or maybe their lack of interest in complying with the Chinese—with private merchants like those at Jardine Matheson.

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<sup>118</sup> Fay 60

<sup>119</sup> Fay 61

<sup>120</sup> Most likely referring to 江苏, *Jiangsu* Province.

<sup>121</sup> *East India Company Factory Records: March 20, 1833*

<sup>122</sup> *East India Company Factory Records: March 20, 1833*

These sorts of excursions resulted in the Chinese conveying additional pressure and a sense of urgency to the Company. The Governor of Canton wrote to the Hong Merchants declaring that “if the said foreign vessel arrive at Canton he do immediately enjoin these commands and enforce sufficient obedience to the regulations of the Celestial Empire.”<sup>123</sup> Presumably he meant an expulsion of the ship from China. Certainly, the inability of the committee to control British ships made it more difficult to serve as the representative authority of the British to the Chinese. But the *Sylph* was to continue to cause more problems for the Select Committee.

The Committee received word on May 2<sup>nd</sup> that some English seamen had caused disturbances in North Macao. It turned out that the men had recently been discharged from the *Sylph*. Consequently, the Committee hastily wrote to Captain Wallace of the *Sylph* and ordered him to “immediately receive these men again on board [his] vessel.”<sup>124</sup> Without responding to this request, a week later the *Sylph* applied to have its license renewed to continue trade. Naturally, the Committee instantly denied the renewal until their direct orders were obeyed.<sup>125</sup>

Captain Wallace took ten days to submit a formal reply, in which he denied that the seamen who caused a disturbance originated from the *Sylph*. He instead suggested that they were “discharged from an American ship.”<sup>126</sup> He feared taking responsibility for them because of the fine he would have to pay if any of them were left ashore in India on their voyage home. The response from the committee was quick and focused on the need of the committee to establish its authority. Undoubtedly sparked by the potential political ramifications that could occur from having a Company-licensed ship licensed caught smuggling opium—or British

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<sup>123</sup> *East India Company Factory Records: April 23, 1833*

<sup>124</sup> *East India Company Factory Records: May 2, 1833*

<sup>125</sup> *East India Company Factory Records: May 9, 1833*

<sup>126</sup> *East India Company Factory Records: May 13, 1833*

seamen implicated in public disturbances—the Committee again rejected the renewal of the license.<sup>127</sup>

Finally, Captain Wallace sent an apology to the Select Committee for having “been the cause of annoyance” and humbly suggested that it may have been due to a “misunderstanding.”<sup>128</sup> However, it was not until the committee was given assurance that the seamen from the *Sylph* were removed from China and would quit the China trade that they would consider the renewal of the license.<sup>129</sup> Apparently, for all the headache the incident had caused the members of the Committee, they merely needed a verbal assurance of the obedience of their order to be appeased, almost demonstrating an admission of not possessing much power. Clearly it was quite difficult to be in the position of power to determine licenses without having significant authority over individual traders who did not directly work for the Company. It was almost as though the Committee was treated as a formality by the private traders who were only tangentially affiliated with the Company’s trade. Yet, the Company was consistently pressured by the Chinese who believed them to be in full control of British subjects. When the Company was not able to deliver compliance to Chinese proclamations, the Company’s lack of authority threatened the entirety of the British relations with the Chinese.

In a related, but different, incident following the *Sylph* affair, the Company had to take on the role of arbiters of the law in the case of an alleged conspiracy to commandeer the ship called the *H.C. Cutter*. It was in a memo recorded on May 27<sup>th</sup> that the Select Committee was alerted of a plot to seize a British ship at Macao. Interestingly, the conspirators were purported to have been British and American sailors who were organized by a British sailor named Henry Steele.

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<sup>127</sup> *East India Company Factory Records: May 14, 1833*

<sup>128</sup> *East India Company Factory Records: May 25, 1833*

<sup>129</sup> *East India Company Factory Records: May 26, 1833*

Believing that issues relating to the *Sylph* were in the past, the Committee was no doubt shocked to learn that five members of the crew of the *Sylph* were implicated in this plot.<sup>130</sup>

Indicative of the uncertainty surrounding the rising issue, initially the only testimony came from a *Sylph* crewmember named David Brown—who sat idly in a Portuguese jail at Macao for drunken and disorderly behavior. Fortunately he had sobered up enough to possess the “utmost readiness to state all he know on the subject.”<sup>131</sup> The narrative he painted, though, was viewed with guarded suspicion:

According to Brown, Steele was the second officer aboard the *Sir George Murray*, which landed at Macao shortly before the time of his deposition. Upon arriving, he entered a lodge for westerners in the evening between the hours of 8 and 9 and immediately began to invite sailors to join him in his plot to seize the *H.C. Cutter*. In the growing heat and humidity of a Spring evening in Southern China, Steele approached Brown and “did all in his power to induce” Brown to join the scheme. First, he employed social pressure on Brown, claiming that “all the European Seamen then at Macao” were interested in this sort of endeavor. A colleague, Mr. McDougall, also joined their conversation and urged Brown to join them in their conspiracy.<sup>132</sup>

They appealed to Brown’s avarice by enticing him with the riches that could be achieved through the trade both along the China coast and at Japan. Reassuringly, Steele claimed “he was well acquainted with the coast and the trade, was an officer and could navigate and would navigate all charge of” their commandeered vessel.

Brown was certainly intrigued by the plan. Feeling the pressure of the two men, he agreed to join them in seizing the *Cutter*. However, waking up the next morning, infused with

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<sup>130</sup> *East India Company Factory Records: May 27, 1833*

<sup>131</sup> *East India Company Factory Records: May 27, 1833*

<sup>132</sup> *East India Company Factory Records: May 27, 1833*

the clarity that accompanied sobriety, Brown reconsidered the ramifications of the plan and ultimately “refused to have anything to do with the business.”<sup>133</sup> Not surprisingly, Steele was irritated by his withdrawal from their cabal. He attempted to convince Brown yet again, but to no avail—or so the deponent claimed.

Two days later, on May 29<sup>th</sup>, the Committee received the testimony from two other members of the *Sylph*, Edward Boyd and Richard Cooper, who were implicated in the plot. Giving his deposition aboard the ship *Hercules*, off the coast of Lintin, Boyd recounted the events of a fortnight previous. Apparently, David Brown had approached him saying that he and others had formed a plan “to seize and run away with the *H.C. cutter*.” Further, Brown invited Boyd to join their makeshift crew, because Boyd would “complete a crew” to be able to sail and trade along the coast of China. Boyd claimed to have immediately refused any association whatsoever with the conspirators, but had been sworn to secrecy by Brown to keep their plan private. Yet, it still seemed like a number of Europeans at Macao were well aware of the conspiracy—a sign of poor planning for such a risky endeavor.<sup>134</sup> Boyd’s fellow crewmember, Cooper, had little to add. He merely stated that Brown had been “the leader in the conspiracy,” and in his conversation with Brown he had heard that a man by the name McDougall was also involved. Beyond this, however, Cooper claimed to know nothing at all.<sup>135</sup>

Luckily for the Company, that very day they also received a deposition from John McDougall. He indicated that he was initially convinced to join the conspirators in their plot. Somehow, though, he began to doubt the probability of success as the plan moved closer and closer towards being implemented. In the eleventh hour, when five or six of his cohorts (among

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<sup>133</sup> *East India Company Factory Records: May 27, 1833*

<sup>134</sup> *East India Company Factory Records: May 29, 1833*

<sup>135</sup> *East India Company Factory Records: May 29, 1833*

them a man named Brown) and him were gathered together, he “found it was [his] best plan to keep them from executing their plan.”<sup>136</sup> So he clandestinely provided them with drinks so that they became too intoxicated to carry out their plan with any hope of success. By the next morning, the plot had been exposed, the men were arrested and their dreams of smuggling had been foiled. McDougall, proudly ending his deposition, asserted resolutely that Henry Steele was the “leader of the whole” group.<sup>137</sup>

Having heard the breadth of these depositions, the Committee determined that the best course of action would be to appeal to the Portuguese authorities to detain Steele at Macao. They hoped that he would then be able to be questioned and extradited to England for a more proper legal process. They indicated in a letter to the Governor of Macao<sup>138</sup> that he had engaged in “conspiracy” and plotted in “an act of piracy on the coast of China.”<sup>139</sup> The Portuguese complied and he was quickly extradited as a prisoner to Singapore on board a Company vessel called the *Forth*.<sup>140</sup>

This placed the committee in a terribly awkward position of having to coordinate legal depositions aboard their ships, using captains as their chief inspectors. At the same time, they were painfully aware of their lack of true authority. They had to rely on the Portuguese to extradite anyone from Macao. Sadly, their authority was arguably weaker at Chinese-controlled Canton. It was also interesting that there was no record of what occurred to the deponents who collectively seemed to implicate Steele and Brown as the masterminds behind the plot. Instead, the Committee clearly came to the conclusion that Steele was the culprit in this case, and

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<sup>136</sup> *East India Company Factory Records: May 29, 1833*

<sup>137</sup> *East India Company Factory Records: May 29, 1833*

<sup>138</sup> Lt. Col. Joao Cabral de Estifeque

<sup>139</sup> *East India Company Factory Records: May 29, 1833*

<sup>140</sup> *East India Company Factory Records: May 30, 1833*



appealed to local authorities to allow his extradition as a prisoner. It was also a burden on the Company's resources, which seemed to be stretched as captains served as inspectors and ships were utilized to provide convoys for prisoners like Steele.

Another example of the Company having to act as the legal authority occurred in April of 1834, around the time of the loss of the Company's monopoly in China. Late on the night of April 6<sup>th</sup>, a man arrived at the home of Select Committee President Daniels' home. He knocked on the door and introduced himself as Philip. Those who met him describe him as man short in stature, with dark eyes and a "sharp chin." It was his thinning hair and worn teeth, though, that betrayed his age of about 50.<sup>141</sup> He explained that he had been a member of the crew of the *Dolphin*, from Liverpool, and had served 74 tours with the ship. Not a few months earlier, the ship had found itself wrecked off the coast of an island called Moea. Being stranded there, he and his crew lived among the natives for months until they procured a boat. He used the boat to travel to Manila where he joined the crew of a Spanish vessel that had just delivered him to Macao.

With no reason to doubt Philip's story, President Daniels charitably gave him some clean clothes, a bit of money and directions to a tavern where Daniels would have him housed on the Company's purse. Four days later, seven of Philip's comrades also arrived from Manila, traveling in separate ships. Interestingly, though, when they were each questioned about the particulars of their stories a number of inconsistencies began to emerge. So many, in fact, that within the Company "suspicions began to arise as to the character" of the men.<sup>142</sup>

The Select Committee, having financially supported Philip, decided to dig a bit deeper to ascertain the truth about Philip and his colleagues. An investigation into the life of Philip

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<sup>141</sup> *East India Company Factory Records: April 23, 1834*

<sup>142</sup> *East India Company Factory Records: April 12, 1834*

yielded that he was born in Cornwall to a large family, but was currently unmarried. His occupation for the preceding 29 years was a seafarer. On his most recent departure from England he left Liverpool in April of 1829 conveying a salt cargo to Newfoundland. Thereafter he traveled to Rhio Janeiro<sup>143</sup> to sell Codfish.

In September of 1831, Philip left South America and traveled to the Far East, stopping at various islands through his travels in the Pacific. It was on February 15<sup>th</sup> of 1834 that the *Dolphin* wrecked off the coast of Moea. Philip described that the chief-mate and a young boy on the ship had perished in the waters. He also claimed that there were no surviving logs or written proof of the vessel, save for a “broken quadrant and a compass.”<sup>144</sup> Once shipwrecked on Moea, they were pleasantly surprised to find that the brown-skinned, straight haired natives, while nearly naked, were friendly. Yet, even in Philips recounting of his story he demonstrates his propensity to distort the truth for his own benefit. The Committee indicated that the figures denoting the tonnage of the *Dolphin* were altered from 74 to 274 at Manila to appear to have sailed with more cargo. Upon arriving at Macao, the same document denoting the tonnage had again been changed back to stating 74 tons.

One of Philip’s cronies, named William Goswell, also provided a slightly different version of the story. His account matched Philip’s through his recalling the wrecking of the *Dolphin*. However, the discrepancies in his story added to the mounting suspicions that the Committee had towards Philip, even though they were minimal. For instance, he believed that more documents had been saved from the ships wreckage and described the natives of Moea as having “thick wolly hair”—small details, to be sure, but significant enough to raise questions.<sup>145</sup>

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<sup>143</sup> Most likely Rio de Janeiro, the city in Brazil.

<sup>144</sup> *East India Company Factory Records: April 12, 1834*

<sup>145</sup> *East India Company Factory Records: April 12, 1834*

Amidst the mounting doubts the Committee had in the validity of the men's stories, they become increasingly convinced that they were fugitive convicts from New South Wales, Australia. However, in addition to not having the authority to try or punish British subjects, the committee concurred that as British subjects it was their duty to "keep faith with them" and not jump to any premature conclusions.<sup>146</sup> To respect their weak authority and to protect some semblance of due process, the company wrote to the nearby Macao Senate warning them of the potential danger posed by the sailors. They recommended that the Senate "place Portuguese...Authorities on their guard" until more light could be shed on the nebulous situation.<sup>147</sup>

Captain Robson, an acquaintance of Philip's father, provided more testimony regarding his character. Apparently, Philip ruined his father's business as a Mediterranean seafarer by poorly commanding a small ship called the *Camilla*. Even though the circumstances weren't clear, Robson believed that "under the facts," Philip was likely the man he knew.<sup>148</sup> Still not having certainty, the Committee continued to seek out more testimony.

Three days later, on April 19<sup>th</sup>, the Company heard word that a man named Captain Stevens knew Philip. He was the captain of the *Mermaid*, which had just arrived at Lintin from Calcutta, and claimed to remember "perfectly" a man named Philip matching the Committee's description. Stevens had captained a ship called the *Auggle*, where he met the "notorious" Philip. Stevens recounted that the crime Philip was convicted of at New South Wales was that of conspiring to commandeer the *Auggle* while it was out at sea.<sup>149</sup> The Company sent Stevens to

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<sup>146</sup> *East India Company Factory Records: April 12, 1834*

<sup>147</sup> *East India Company Factory Records: April 16, 1834*

<sup>148</sup> *East India Company Factory Records: April 16, 1834*

<sup>149</sup> *East India Company Factory Records: April 23, 1834*

Macao to make a positive identification of the man. Shortly thereafter, he confirmed that the man was, indeed, the fugitive convict he had known from New South Wales.<sup>150</sup>

President Daniels and the Secretary wasted no time in calling upon the Governor of Macao to allow Stevens' confirmation of his identity to translate to immediate imprisonment, due to the man's previous crimes. However, the Governor found it quite improper to imprison a man for crimes committed outside his nation, citing that sort of action as being "inconsistent with the law of nations."<sup>151</sup> Frustrated with their lack of true political clout, the Committee was forced to appeal to the agents of the British Crown at Singapore. It was only these agents of the crown who had a chance to strike a political deal with the Portuguese authorities at Macao.

The issue remained unresolved by the close of the 1833-1834 trading season, the last season of the Company's monopoly at Canton. Nevertheless, this incident further highlights how difficult it was for the company to manage internal issues due to the political constraints and limits to its actual authority over the British at Canton. While they were dealing with an immense and fragile trade relationship with the Chinese, it was these internal struggles that threatened to weaken not only the Company but also Britain's immense trade operation in China.

Another interesting case of the Company having to cede to other authorities involves freedom of speech in Macao. The Governor of Macao, in the summer of 1833, wrote a letter to the Select Committee on behalf of a Catholic Priest named Vigauo Capular. Father Capular was concerned that a British citizen at Macao operated "a press which he [used] for the publication of certain works contrary to the Doctrine of the Roman Catholic Church."<sup>152</sup> The publication was evangelist and protestant, while Portugal was a Catholic country. Further, in Portuguese

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<sup>150</sup> *East India Company Factory Records: April 19, 1834*

<sup>151</sup> *East India Company Factory Records: April 21, 1834*

<sup>152</sup> *East India Company Factory Records: June 22, 1833*

territories the use of the press is not allowed unless sanctioned by the Crown. Thus, because the King of Portugal was intensely Catholic, publishing any protestant work would not be permitted in Portuguese-controlled territory.

Not surprisingly, the company acknowledged that they understood the law and immediately ordered the man to “suspend the issue of any further publications” at Macao.<sup>153</sup> Clearly the Company was operating during the summer at Macao under the auspices of an agreement with the Portuguese authorities—an agreement stating that when they were not allowed to operate out of their factory at Canton they were permitted to operate at Macao. Even when operating under the territorial-command of the Portuguese, the Company still remained in a weak position of actual authority. In this case, a question not answered by the official records of the Select Committee was whether or not their authority actually resulted in the cessation of printing by the British evangelist publisher. Interestingly, it is not clear that the publisher would stop because of urging from the Company as a real incentive to desist would be because he feared legal retribution from the Portuguese.

When operating a company that interacted with suspicious and notorious characters, both on private smuggling vessels and Company ships, there were also internal crimes with which the Company was forced to deal. For instance, on March 9<sup>th</sup>, 1834 Captain Ricketts of the *Banque Austea* informed the president of the Select Committee that a member of his crew had suddenly become violent. He lunged at a fellow crewmember, slashing a knife at the man with “the intent to murder him.”<sup>154</sup> In the heat of the trading season, while at Canton, Captain Ricketts really had no authorities to appeal to for this assault other than the Select Committee. It was not clear what the Committee’s response to the situation was, but it appeared as though only within the

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<sup>153</sup> *East India Company Factory Records: June 22, 1833*

<sup>154</sup> *East India Company Factory Records: March 9, 1834*

Company did they have authority. Interestingly, it was not the only assault they dealt with that year. In fact, a few weeks prior to the attempted murder, a high-profile assault occurred. Prominent private merchant and opium smuggler James Innes (who will resurface later in this chapter) assaulted Select Committee President John Daniels. Surely enraged and intending to exact severe punishment for the assault, Daniels sought to have Innes extradited to Britain. However, there were no ships leaving for Britain during the height of the trading season. Thus, the company had to wait to dispense with justice.<sup>155</sup> Not having true legal or criminal powers, the Company was again reminded of its lack of authority. Luckily for Innes, the company would lose any semblance of authority it might have had when, in April 1834, it lost its monopoly over the China trade. Thus, Innes would emerge from this conflict unpunished.

When examining how the Company operated at Canton, it is important to realize that while the company controlled the largest trade at Canton, it had no real political authority over the foreigners. Only being able to issue and retract licenses for ships to be able to trade legitimately—knowing that British authorities at Singapore could overturn their decisions—left the Select Committee in a precarious position. They were forced to humbly accept their inability to control the foreigners who they were ironically responsible for. Frustratingly, the Chinese officials viewed the Company as the highest authority over the British trade at Canton and looked to them for supreme leadership over the foreigners. They continually referred to them as the ‘representatives of [their] Honble nation.’ Luckily, though, the Hong merchants seemed to not only be understanding of their difficult situation, but would also try to protect their trade relationship by dealing with issues directly—keeping Chinese officials out of problems when it was possible. Hence, the juxtaposition of the Company’s perceived power and their actual

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<sup>155</sup> *East India Company Factory Records: February 23, 1834*

authority meant that they had to manage their relationships with the Hong merchants and Chinese officials quite carefully. To better dissect these relations, an examination of the Company's interaction with the Hong merchants is necessary.

### *Relationship with the Hong Merchants*

The primary relationship between the British and the Chinese in China was between the Select Committee and the Hong merchants. While they both had a monopoly on their respective trade, they had no choice but to work together. This was especially true for the Hong merchants, who regarded their status as members of the Cohong as a burden, not a privilege. As the Cohong brought immense amounts of silver into China, the Chinese government coerced many merchants to unwillingly join the Cohong and made it quite difficult to retire. They were unwilling because bankruptcy was a common affliction for the merchants, so those who were able to trade for many years would quickly act on any opportunity to retire from the precarious trade. Even the most successful and prominent of the Hong merchants, Howqua, attempted to retire in 1810, again in 1826, unsuccessfully in 1832 and was ultimately forced to continue trading until his death in 1843.<sup>156</sup>

Additionally, while the Cohong had a monopoly on the foreign trade, it in no way was a monopoly in itself. The thirteen Hongs competed against each other and would trade on their own accounts—which is why some were richer and more successful than others. The only collaboration among the Hong was their joining together to repay foreign debt (if one of the merchants could not pay back the foreigners) using their collective Consoo<sup>157</sup> fund. The

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<sup>156</sup> Greenberg 51

<sup>157</sup> 公所, *gongsuo* in Mandarin. It was a fund financed by a 3% levy on foreign trade. It was also used to finance gifts from the merchants to government officials like the Emperor.

Company tended to treat the Hong merchants as one unit and made sure to trade with all of them, progressively, based on seniority. Once private traders began to trade on their own with smaller, illicit traders at Canton, it would become clear that the Company actually lost money due to tariffs and the inefficiency of the trade with the Hong merchants—unbeknownst to the Company at the time.<sup>158</sup>

As was the case in many businesses, personal relationships surely had much impact on which Hongs traded with which merchants and how regularly. For instance, Jardine Matheson & Company had a strong relationship with the Hong merchants Mowqua, Manhop and Hangtai. The clear advantage the Company had over private traders—in the minds of the Hong merchants—was that products from India “branded with the Company’s mark” were trusted far more than the goods provided by private traders.<sup>159</sup> Although the desire of western goods—besides opium—was lacking, the Company enjoyed a longstanding position as the main source of legitimate trade in the perspective of the Hong merchants.

The same was true about the way in which the British, both government and Company officials, viewed the Hong merchants. The testimony of a man who traded with the merchants for twenty years wrote of them:

As a body of merchants we found them able and reliable in their dealings, faithful to their contracts, and large-minded. The monopoly they enjoyed could not have been in the hands of a more able, liberal or genial class of men.<sup>160</sup>

At the heart of the relationship between the Company and the Hong merchants was the mutual desire for continued trade and profits. When potential legal crises emerge that may have provoked the Chinese government to intervene and exercise Chinese authority, the Hong merchants would largely attempt to deal with the situation with the Select Committee directly—

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<sup>158</sup> Greenberg 58

<sup>159</sup> Greenberg 60

<sup>160</sup> Greenberg 61



as will be examined later in this chapter. Conversely, when the Hong merchants encountered financial burdens, the Company would try to ensure continued competition between the Hongs by ensuring that they each survived financial crises.

For example, when four Hong merchants incurred millions of taels of debt between 1810 and 1815, the Company stepped in to provide aid. Ostensibly the Company did not aid the merchants for reasons of altruism: they depended on the Cohong for the tea trade and wanted to ensure many sources for the incredibly lucrative business. With that in mind, in early 1814 the Select Committee loaned the various weakened Hongs 250,000 taels to pay off all their short-term debts.<sup>161</sup> But there were other Hong merchants who, being incredibly affluent never needed external financial assistance. These Hongs continued to benefit from all foreign trade, making grand fortunes as large-scale providers of tea to the Western world. The most extreme example of this was Howqua, who was estimated to be worth \$26 million in 1834. Some would even go so far as to say that “his was probably the largest mercantile fortune in the world at the time.”<sup>162</sup>

Beyond trade, there were political pressures from England for the Company to be compliant with Chinese rules, especially to protect the immensely important tea trade. The Company Court of Directors in London wrote to the Select Committee in 1832, stressing that “the commerce between Great Britain and China is too valuable to be put to hazard without the most urgent and imperious necessity.”<sup>163</sup> It was apparent, though, that after 1829 the company had distanced itself enough from illicit trade that it could be generally said that “no foreign merchant except the East India Company had traded in conformity to Chinese proclamations.”<sup>164</sup> No doubt it was this sort of relationship that allowed the Select Committee and the Hong

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<sup>161</sup> Greenberg 62

<sup>162</sup> Chang 5

<sup>163</sup> Greenberg 72

<sup>164</sup> Greenberg 73

merchants to be collaborative and amiable. This would also be quite antithetical to the actions and attitudes of the first British superintendent of trade after the loss of the Company's monopoly.

Much of this collaborative relationship manifests itself in the records of the Company in the final year of its prominence in China. The Cohong acted as neutral intermediaries between the British and the Chinese government, sending along documents. This is exemplified in their note to the Select Committee on April 23<sup>rd</sup>, 1833:

We some time ago received the committee's answer and immediately reported the tenor thereof to government, we have now received the governor's reply and send a copy praying the committee to examine it and act accordingly.<sup>165</sup>

The Hong merchants also constantly notified and updated the Company on news from within the Cohong that affected the British merchants. When, in June of 1833, the Hoppo approved two new linguists to aid communication at Canton, the Hong merchants respectfully notified and requested consent from the Company.<sup>166</sup> Moreover, later that same month the Hong merchant Pungqua announced that that the "principal manager of Fock Tseuen Hong" was "officially excluded from the Hong" because he possessed "neither character, capital nor ability to conduct the business of the Hong."<sup>167</sup> This no doubt added to the trustworthiness of the Hong, as they would exclude merchants who fell below their standards. Further, they maintained a transparency in their business that clearly was looked upon favorably by the Select Committee.

Also amidst the Canton Factory records, there is some indication that the Hong merchants had a personal relationship with the leaders of the Select Committee and certain British merchants. For instance, on May 11<sup>th</sup>, 1833, Howqua wrote to the Committee merely to inform

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<sup>165</sup> *East India Company Factory Records: April 23, 1833*

<sup>166</sup> *East India Company Factory Records: June 7, 1833*

<sup>167</sup> *East India Company Factory Records: June 24, 1833*

them that his fourth son, Yuen-hwa, after serving in the military at the “Lewchow affair,” was conferred an award referred to as the “Hwa Ling.”<sup>168</sup> Reading the translated document, it clearly had the intonations of a proud father, and in an odd contrast to all the other documents, had nothing to do with business. Yet, when spending one’s time interacting, perhaps Howqua merely wanted to share his fatherly pride with his British colleagues.

The relationship between the Hong merchants and the British comprised more than just respectful language—like the avoidance of referring to the British as ‘barbarians.’ The relationship was founded upon a long trade relationship that was mutually beneficial and crucial to the economic survival of both the Hong merchants and Company alike. Indeed, their relationship yielded an immense tea trade for the Company and provided financial aid and business for the Hong merchants. As their relationship had developed over decades there were many employed by the Company who had lived at Canton for many years and had come to understand the optimal methods for trading and interacting with the Chinese. Conversely, the Chinese merchants who worked with foreigners for decades not only developed a productive working system but some personal relationships. It comes as no surprise, then, that the Hong merchants would try to settle disputes with the British directly, and that the Company would be so compliant and collaborative with enforcing Chinese rules and regulations even when they didn’t necessarily have the authority to take much action. This relationship challenged any notion that the precipitation of war between Britain and China was somehow inevitable. Instead, it was in the aftermath of the loss of the Company’s monopoly, when Sino-British relations were managed by a superintendent of trade, when a lack of a symbiotic relationship and developed understanding would ultimately threaten the stability their trade and diplomacy.

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<sup>168</sup> *East India Company Factory Records: May 11, 1833*

## *Legal Infractions with the Chinese*

The Company at Canton—having to deal with internal issues and a lack of authority over westerners, manage the relationship with the Hong merchants and appease the Chinese officials when trade rules were violated—also had to deal with a few incidents involving the Chinese in which the entire diplomatic relationship with the Chinese was on the line.

A notable, and thus more documented case occurred in late April of 1833. As the merchants were slowly but surely moving back to Macao for the off-season, the Select Committee received a letter from the Hong merchants detailing troubling news. In the easternmost factory, Creek Factory, lived a prominent merchant and smuggler named James Innes. One afternoon, he was particularly vexed by the sound of wood being chopped near the factory by a Chinese coolie<sup>169</sup> named Ho-a-shoo<sup>170</sup>. Innes informed one of the Hong merchants of his displeasure, and so the merchants directed the coolie’s supervisor to “end the business.”<sup>171</sup>

However, on April 26<sup>th</sup> the coolie again chopped wood at the Customs House, located just south of the Creek factory, along the Pearl River. Being within earshot of Innes living quarters, Innes’ annoyance escalated and he again approached the Hong merchants. He strongly urged them to reprehend the man and threaten that he either stop or be expelled from the factories. Unfortunately for the situation, though, the irate coolie “very unexpectedly” indulged his temper and again deliberately chopped wood again at the same location.<sup>172</sup>

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<sup>169</sup> The term used for Indian and Chinese laborers by the British merchants.

<sup>170</sup> All I have is this spelling of his name, thus I cannot be more precise in determining his actual Chinese name.

<sup>171</sup> *East India Company Factory Records: May 1, 1833*

<sup>172</sup> *East India Company Factory Records: May 1, 1833*

This time, Innes took it upon himself to resolve the situation. He stormed into the customs house, desiring to speak with the Fung<sup>173</sup>, the head person—who was nowhere to be found because he had left on public business. In a seemingly out-of-nowhere assault, confirmed by two witnesses, Ho-a-shoo attempted to strike Innes with two blows using his ominous wood-chopper. The Great Qing legal code punishment of “20 strokes of the light bamboo” for an unsuccessful assault clearly did not deter the coolie.<sup>174</sup>

While Innes may have managed to escape the skirmish unharmed, he was no longer merely vexed by Ho-a-shoo: he was enraged. He appealed to Howqua, whom Innes claimed to have “no high opinion of his veracity,”<sup>175</sup> and uttered an ultimatum: either they would arrange to have the man “seized and punished” by seven o’clock or he would set ablaze the customs house with full intention to burn it to the ground. Needless to say, Innes had captured the attention of the Hong merchants who immediately appealed to the Hoppo to apprehend the man. At four o’clock they went to find the coolie, but Ho-a-shoo had already left for the day. Fung suggested that the next morning they could apprehend him immediately—a reasonable enough solution, in the minds of the Chinese.

Innes, on the other hand, would not wait and could not be appeased. Promptly at seven o’clock, seeing no action against Ho-a-shoo yet taken, he climbed to the roof of the Creek Factory. There he “shot fire arrows and burnt the lanterns at the Canton [Customs] House.”<sup>176</sup> In Innes’ account of the situation he described his incendiary materials as “rockets and blue

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<sup>173</sup> I have no other record of his official Chinese name.

<sup>174</sup> Jones 285

<sup>175</sup> *East India Company Factory Records: May 8, 1833*

<sup>176</sup> *East India Company Factory Records: May 1, 1833*

lights.”<sup>177</sup> Luckily, there were bystanders who, upon witnessing the arson, were able to extinguish the fire before the Customs house was engulfed with flames.

The Hong merchants and the Hoppo were indignant. The Hoppo took steps to punish not only Ho-a-shoo for his assault, but also Fung for allowing the wood chopping to continue. They both had a cangue, or wooden block, placed around their neck in an uncomfortable and public form of punishment. After demonstrating that they were willing to take action against the minor infractions by the Chinese involved, they appealed for Innes to be severely punished. The potential ramifications of Innes’ actions were what most concerned the Chinese: “The consequences might have been very serious...It was ten thousand chances to one that the fire had not communicated and ended in a grand affair.”<sup>178</sup> There’s no doubt that the Chinese took crimes of arson quite seriously, as they can cause mass damage to an entire city. The Chinese punishments for arson in the Great Qing Code were notably severe: “One who intentionally sets fire to a government or private house...will be beheaded.”<sup>179</sup> As it were, the foreign factories had already all burned down in the great fire of 1822.<sup>180</sup> A decade later, the fear of a conflagration was still quite real.

The Hong merchants indicated their reaction to arson, when a year previously Chinese bandits attempted to set fire to a building. They were apprehended and put to “immediate death.”<sup>181</sup> The merchants strongly implicated the need to punish Innes by empowering the Company to do so:

We consider that the Committee have hencefore understood what is just and right and have come to Canton to be the general superintendants of the commerce and the Heads of

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<sup>177</sup> *East India Company Factory Records: May 8, 1833*

<sup>178</sup> *East India Company Factory Records: May 1, 1833*

<sup>179</sup> Jones 358

<sup>180</sup> Spence, Jonathan: *God’s Chinese Son*. 5

<sup>181</sup> *East India Company Factory Records: May 1, 1833*

your Honble nation's gentlemen. Therefore, we pray that you will [tend to] this business and settle it according to justice.<sup>182</sup>

The Hong merchants, in their letter to the Select Committee, made it very clear that the Chinese were taking it upon themselves to punish the coolie and his head person. They further urged the punishment of Innes, stating that the Customs house is property that belongs to the Chinese and while Innes may not have been particularly keen on the sound of splitting wood, it may yet occur again. Innes was demonstrably dangerous when enraged and needed to be punished.

Within a couple days the Committee responded to the merchants indicating that they would “lose no time” in investigating the situation further.<sup>183</sup> They procured a letter from Innes in which he demonstrated an arrogance that would betray his guilt. In his depiction of the events, he described essentially the same series of events. The only difference being that he asserted his innocence, even while acknowledging his deplorable actions, asking the committee whether he “could have acted otherwise.”<sup>184</sup> He explained that it would have been the “deepest satire” to ask the Company to intervene in his grievances. The company was already suffering the “grossest public insult and injustice ever offered in any country” due to the subservience demanded by the Chinese. He questioned what more could they have done for him in resolving his dilemma.

Further, he draws an analogy to the legal process he would have encountered in England. He would have “gone with witness and stated his case to the counsel” and after their deliberations he would have been “perfectly ready to accept any redress” that an English arbiter

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<sup>182</sup> *East India Company Factory Records: May 1, 1833*

<sup>183</sup> *East India Company Factory Records: May 1, 1833*

<sup>184</sup> *East India Company Factory Records: May 8, 1833*

would have deemed sufficient.<sup>185</sup> However, he claimed that there was no such due process in China, and implied that the Chinese would not deliver any semblance of justice.

He defended the violence of his actions, dismissing the arson as justifiable. Qualifying that his rash action was not due to the billeting of the wood, he simply stated that he yielded to the violent arson after the Chinese “refused to [provide] justice.” He even audaciously placed the blame of the arson on Howqua, claiming that he “had the power of preventing the commission of the threat by simply doing justice” when he was asked to do so by Innes.<sup>186</sup> Clearly, there really is no justification for the arson, as Innes even indicated himself that the resort to violence would not be an action taken in England. Perhaps it was due to his anger at the Chinese merchants’ condescension and arrogance that he began to dehumanize them and their society.

The Committee, in consultation, was upset by Innes’ calling into question their authority. They were even more angered by the fear of what sort of loss of life and property could have occurred due to the fire and the sort of political ramifications that would have been inflicted on the Company and its trade. Most surprising to them was that Innes was not in the least remorseful of his actions, and without contesting major facts defended his actions. Indeed, the letters from the Hong Merchants and Innes’ reply “speak fully for themselves.” Further, they found it impossible “to imagine opinions more dangerous than those maintained by Mr. Innes.”<sup>187</sup> Unfortunately, though, their lack of true authority over Innes subdued their actions and limited it to an appeal to the British authorities at Singapore.

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<sup>185</sup> *East India Company Factory Records: May 8, 1833*

<sup>186</sup> *East India Company Factory Records: May 8, 1833*

<sup>187</sup> *East India Company Factory Records: May 8, 1833*



To address the situation, the Company had to first and foremost ensure a good relationship with the Chinese. Thus, on May 10<sup>th</sup>, they sent a letter to the Hong merchants resolutely asserting that they considered Innes' act as "most unjustifiable."<sup>188</sup> The same day, they sent a scornful letter to James Innes refuting many of his claims individually and pronouncing that "no justification [could] be made out for setting fire to a Custom House."<sup>189</sup>

Even so, a week later Innes responded, again defending his actions and criticizing the committee. He asserted that the Committee did not have "the slightest power over the Chinese" and disagreed that the Committee was the "sole legal channel of communication between the Chinese government and British subjects."<sup>190</sup> He again took up a 'Hammurabian' view on the law, claiming that his retribution of arson paled in comparison to the attempt by the coolie to take his life. Also exaggerating on the conceptions of legality and due process in Europe during the 19<sup>th</sup> century, he claimed that in the West "seizure to prevent escape of a criminal is instant."<sup>191</sup> What he was perhaps failing to realize was that in this case, he had engaged in an undeniably-criminal act.

The Company again retorted, having few options to exercise under the circumstances. In a reply they stated that even if Innes had sustained a "serious personal injury" they could still not condone reprisal to the scale of setting a public building on fire.<sup>192</sup> In this case, the Company felt as though Innes was a loose cannon for the foreign community, especially in light of the Hong merchants' attitude towards the situation: they seemed willing to not exercise their right to

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<sup>188</sup> *East India Company Factory Records: May 10, 1833*

<sup>189</sup> *East India Company Factory Records: May 10, 1833*

<sup>190</sup> *East India Company Factory Records: May 18, 1833*

<sup>191</sup> *East India Company Factory Records: May 18, 1833*

<sup>192</sup> *East India Company Factory Records: May 18, 1833*

enforce Chinese law if the Company could restrain Innes from such actions in the future. The only problem being that the Company had little power to actually restrain Innes.

Luckily for the British East India Company, the Select Committee, and foreigners in the settlement, the Hong merchants seemed to understand the situation. They even sent a letter of to the Committee on May 20<sup>th</sup>, thanking them for the handling of the situation.<sup>193</sup> What is crucial to note was that the Hong and the Hoppo allowed the Company to try and address the situation themselves. Even though the Chinese punishment for this act was immediate death, their relationship seemed to indicate a clear departure from the days of legal cases like Terranova. The Chinese were also remarkably patient with the Committee as they slowly received letters from Innes and deliberated on the situation. The only explanation for why this did not erupt into a significant international affair was because of the working relationship that was developed between the Company and the Hong merchants. The Company's continuous careful management of their relationship with the Chinese surely influenced why their trade was stable even amidst the rising pressure from the Qing to curb the opium trade.

A similar conflict occurred at Canton about a year later, in late March of 1834. An Englishman living in the westernmost Danish Factory approached one of Howqua's pursers to have him pawn "a small watch and a pan of pearl mouthed small watches" and sell them on his behalf.<sup>194</sup> The purser claimed that the verbal agreement reached never indicated that there would absolutely be a sale of the watch, but that the purser would attempt to sell it. After being unsuccessful in selling the watches, the purser failed to notify the Englishman that the watches were not sold and were still in his possession.

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<sup>193</sup> *East India Company Factory Records: May 20, 1833*

<sup>194</sup> *East India Company Factory Records: May 5, 1834*

At noon on April 22<sup>nd</sup>, 1834, the Englishman sent a courier to procure money from the purser. Having not sold the watches, the Hong merchants dispatched the purser to get the watches to return to the Englishman. Unexpectedly, the Englishman coincidentally encountered the purser while in transit and immediately demanded his money—he did not want the watches back. Reaching a boiling point, the two began to argue in a mixture of Pidgin English and Chinese, with the Englishman calling him a “hac” and then clarifying his insult by uttering it again in Chinese.<sup>195</sup> If the Chinese were to invoke Chinese legal code, the punishment for merely cursing would have been “10 strokes of the light bamboo.”<sup>196</sup> However, the Hong merchants again would deal directly with the British so that Chinese law would not have to be enforced. Shortly thereafter, the Englishmen and his younger brother who was with him at the time “joined in thrashing the purser till they blacked his left eye.”<sup>197</sup> They continued to yell at the purser, threatening to injure him further if he did not provide them with the money that they requested. Ultimately, the purser returned the watches but was quite insulted in the process. The following day, the Hong merchants sought out the Englishman to try to provide some consequences for his actions. The traditional Chinese punishment for this type of assault was “40 strokes of the light bamboo.”<sup>198</sup> However, the Hong merchants would again try to settle the matter with the Company directly.

The Englishman was for two days unable to be tracked down. Thus, the Hong merchants appealed the Select Committee to expel the man from trade at Canton. In a statement that clearly indicated the ability of the Hong merchants’ relationship with the Company to avoid larger-scale interventions and political ramifications, Howqua stated:

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<sup>195</sup> *East India Company Factory Records: May 5, 1834*

<sup>196</sup> Jones 310

<sup>197</sup> *East India Company Factory Records: May 5, 1834*

<sup>198</sup> Jones 285

I felt a wish to petition all the great offices of the Province to inflict upon him the most vigorous expulsion, but I feared that doing so then would be an instantaneous deportation to official persons to inquire into the business...Therefore I merely state the facts to the merchants of our Honble Nation generally that henceafter it may be publicly decided that unreasonable persons who indulge their tempers in this manner may not be allowed to remain here to trade.<sup>199</sup>

Because the event occurred in the aftermath of the loss of the Company's monopoly, effective in April 1834, the company merely shrugged off the letter, refusing to "interfere on the occasion." Instead, they left it up to the arriving British authorities to deal with this incident. While the British may have underwent a restructuring of authority and agents of diplomacy, the Chinese demonstrated restraint, respect and understanding towards the British. This consistent tendency to be respectful and understanding of each other would fundamentally turn topsy-turvy when the belligerent and disrespectful British superintendent of trade arrived in late 1834.

When the typhoons and tides made it too dangerous to anchor, let alone sail in the midst of, there were two berths of refuge in the Gulf of Canton: the Two Moons. They are referred to as the Moons because of the last syllable in each of their names: Capsingmun, which is located in the Northeast of Lantao Island on a clear path to Hong Kong; and Cumsingmun<sup>200</sup>, ten miles west of Lintin island, just ashore on the western coast of Keiou island.<sup>201</sup> In August of 1833, the ship *Samarang* sustained heavy enough damage to not be able to stay afloat while docked at Cumsingmun. Many of the ships contents and cargo washed ashore, and being a ship under the command of Jardine Matheson & Co. the owners instructed Captain Grant of the *Hercules* to assemble men to go ashore and procure washed up materials, fresh water and food.

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<sup>199</sup> *East India Company Factory Records: May 5, 1834*

<sup>200</sup> 金星门, would now be pronounced *jinxingmen* in Mandarin, but it is only going to be referred to Cumsingmun in the text.

<sup>201</sup> Fay 62

The Chinese population of the Island, roughly 200,000 in number, had no direct leader or authority on the island with whom to negotiate. Captain Grant's men, on the other hand, acknowledged Jardine as their highest authority. It was not completely surprising then, that blood would be spilled when tensions elevated.<sup>202</sup> A Chinese farmer, upon seeing men from the *Hercules* attempting to tow one of his water buffalo, called for help. The Chinese who came to his aid captured a lascar<sup>203</sup> petty officer while the rest of the Englishmen fled to fetch reinforcements themselves. Upon their return, violence broke out: the villagers armed with their bamboo and the Englishmen with their more sophisticated weaponry. While they were able to rescue the captured lascar, a hapless East Indian sailor was stabbed in the abdomen as the British men again fled the scene.<sup>204</sup> Unbeknownst to the British at the time, the lascar bled to death on the spot. On the way back to the ships, however, Chief Mate Parry of the *Hercules* abducted a Chinese man, named Tsaeseih, working in the fields and took him hostage.

Frustrating for the Company, they were held accountable by the Chinese authorities for this incident at Cunsingmun. On August 29<sup>th</sup>, the Junminfu<sup>205</sup> issued an edict—directed at the Select Committee—opining that “the said chief...dispatch immediately a special communication that orders the two captains...to take the Chinese Tsaeseih” and deliver him back to the Chinese authorities.<sup>206</sup> Meanwhile, Parry was instructed by Captain Grant to gather all the men he could to search for and rescue the lascar who was held captive by the Chinese. In a show of force, “two hundred seamen and ships’ officers” gathered to stage an assault on a small town on the

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<sup>202</sup> Fay 63

<sup>203</sup> An East Indian sailor.

<sup>204</sup> Fay 62

<sup>205</sup> 军民府, traditionally referred to as Keun Min Foo, the sub-prefect of Macao.

<sup>206</sup> *East India Company Factory Records: August 29, 1833*

west side of Keiou Island.<sup>207</sup> However, as they approached and saw that the walled city was well guarded, their courage faltered and they decided it prudent to call off the invasion.<sup>208</sup> Yet, for a few minutes, the men fired some musket shots at the walled city. Some Chinese were wounded from the shooting, but there were no recorded deaths.

In the aftermath, the Chinese district magistrate heard of the event and he informed both the Junminfu and the governor-general in Canton of the affair. As the Chinese turned to the Select Committee to resolve the situation, the Company put pressure on Jardine Matheson to clean up the mess their crew had made at Cumsingmun. Hence Captain Grant, using the German missionary Charles Gutzlaff as his translator, negotiated with the Chinese and cooled the Chinese tempers surrounding the incident. He let Tsaeseih go free and accepted the promise made by the Chinese to seek out and punish the man who killed the lascar.<sup>209</sup>

While the situation may have been resolved for the Chinese and Jardine's men, the Select Committee left the situation feeling outraged and humiliated. As they asserted in a letter to the governor-general of Canton on October 27<sup>th</sup>, they were "in no way connected with the operation" of the ships at Cumsingmun.<sup>210</sup> Yet, the Company was still charged by the Chinese and the British to conduct the affairs of the British diplomacy and trade. As their monopoly was crumbling far away in the halls of Westminster, the growing wealth and influence of private traders under the auspices of Jardine Matheson fundamentally threatened the ability of the company to maintain stability in their relationship with the Chinese. This incident was quite large in its scale and potential to influence Sino-British relations. What was telling about the affair at Cumsingmun was that while the Company was in a declining position of power it still

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<sup>207</sup> Fay 63

<sup>208</sup> Fay 63-4

<sup>209</sup> Fay 64

<sup>210</sup> *East India Company Factory Records: October 27, 1833*

possessed the influence with the Chinese to be able to manage the relations with the Chinese such that the episode did not have political or economic ramifications on the China trade.

However, any sudden shift in the way the British would handle the regulation of trade when the British superintendent of trade arrived in late 1834 would make it quite difficult to deal with the Chinese.

Sometimes accidents, which seemed to be out of the hands of the foreigners, would again require the Company to take responsibility for the actions of British subjects. In early March of 1834, a man named Young and some other members of the British factory were taking an evening ride along the city wall of Canton. They rode their horses along the westernmost wall, which adjoined the foreign trade settlement along the Pearl River. Passing the Banice Wall gate, in the 11<sup>th</sup> district, Mr. Young's horse suddenly became frightened by some sort of mischievous action perpetrated by a Chinese. It caused the horse to rush "violently through the gates nearly half a mile" before he was stopped.<sup>211</sup> The soldiers guarding the station, after seeing the horse charge through the gate, immediately pursued to stop the horse from causing a public disturbance in the city. It was ultimately Mr. Young who successfully slowed the horse by using a "sharp edged weapon" to wound the horse.<sup>212</sup> After the horse ceased its unruly behavior, he brought it back through the gate to join his companions.

This seemingly innocuous occurrence caught the attention of the Chinese. Feeling pressure to take preemptive action, the President of the Select Committee urged the local authorities "to take notice of the affair and inflict punishment on the [Chinese] offenders" to

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<sup>211</sup> *East India Company Factory Records: March 13, 1834*

<sup>212</sup> *East India Company Factory Records: March 13, 1834*

prevent further such disturbances in Canton, where foreigners were not allowed to trespass.<sup>213</sup>

Interestingly, the Chinese officials wrote back harshly criticizing the ‘barbarians’ for not having *their own* soldiers protect the wall and keep all foreigners out. While they also mentioned that the Chinese who frightened the horse would be punished, they still remained upset that the disturbance had even occurred and indicated that the foreigners carried much of the blame.

In fact, the governor-general of Canton requested that Mr. Young, who had breached the Canton wall and entered the city, be “severely punished” for his actions.<sup>214</sup> Eleven days after calling for Mr. Young to be punished, the governor-general promulgated his opinions on the actions of said ‘barbarians.’ He believed that “the evening is not the time to ride out on horses” and that it is the duty of those riding at any time are to “keep a watch” to prevent any sort of disorder or disturbance.<sup>215</sup> However, in accordance with Chinese procedure he proceeded to launch an investigation into the Banice affair.

A little over a month later, on May 9<sup>th</sup>, the final opinion of the Chinese government at Canton was sent to the Select Committee. The Magistrate named Huang Shaw Heen and a military officer named Hu both questioned the ten Chinese soldiers who were at the Banice gate at the time of the incident. Their narrative positively denied that they had provoked the horse in any way. They believed that the foreigners had been responsible for the horse barging through the gate and ultimately convinced the Chinese authorities that this was the case: “the men did nothing improper.”<sup>216</sup>

This case depicts the Chinese tendency to blame the foreigners for any infraction of a Chinese rule. Not only was the law that forbade foreigners from entering the city of Canton

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<sup>213</sup> *East India Company Factory Records: March 13, 1834*

<sup>214</sup> *East India Company Factory Records: March 19, 1834*

<sup>215</sup> *East India Company Factory Records: March 28, 1834*

<sup>216</sup> *East India Company Factory Records: May 9, 1834*



suffocating and uncivil, in the minds of the foreigners, but when a foreigner accidentally rides through a city gate the mostly-innocuous incident explodes into a large ordeal. It took months of questioning and edicts from the governor-general, local magistrates, the Hoppo and the Hong merchants before the Chinese concluded that their soldiers did not act improperly. It was clear that when the Chinese authorities like the governor-general were involved, they were much more critical of foreigners and much more strict in their demand of punishment. Again, though we see that the Company's understanding the Chinese was of handling these sorts of situations allowed them to take the edicts with a grain of salt and to take the disrespectful commands from the Chinese officials as separate from their trade relationship with the Hong merchants. Clearly, managing this relationship with the Chinese required patience and an understanding of the way in which the Chinese operate, otherwise it was quite simple for westerners not accustomed to the belabored processes and seemingly-inequitable laws to be thoroughly offended. When Lord Napier, the first British superintendent of trade arrived at Canton in 1834, he took Chinese methods and language quite offensively and would fundamentally jeopardize the stability of the relationship with the Chinese that was established by the Company in their tenure at Canton.

### **Chapter 3- Mismanagement in the Aftermath of the Company's Loss of its Monopoly**

From the seventeenth to the nineteenth century, the British East India Company enjoyed the majority of the spoils from their lucrative trade in India and China. Much to the chagrin of the Company, however, politicians in London were fearful of the sheer power wielded by the multi-national, mammoth company. Hence, aggressive steps were taken by Parliament in 1813 when they passed an act restricting the Company from trading in India. The Company would then shift its focus from the South Asian trade to governing India on behalf of the British government. Thereafter, the Company's remaining monopoly on the China trade became the foundation of its financial health.

However, because of growing interest in Britain for free trade, the Company's monopoly over the China trade would also come under political fire in the early 1830s. As China yielded a profitable and important trade like tea, there were many other merchants and companies who argued that free trade should prevail. Further, they posited that the volume and scope of the trade would increase with the end of the Company's monopoly. The free traders got their wish when, under the stewardship of Prime Minister Charles Grey, on August 28<sup>th</sup>, 1833 Parliament passed an act that officially ended the monopoly the British East India Company had over the China trade.<sup>217</sup> The decision became effective on April 21<sup>st</sup>, 1834.

The act not only resulted in the Company losing its monopoly and position of authority in China, but in a policy designed to completely dilute the power of the Company was also compelled to pay fines to the British government and close down its trade operation in China. While it lingered in the East for a few years, it faded into insignificance within a matter of

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<sup>217</sup> Kuo 15

months. It was during the aftermath of this act of Parliament that the British approach to diplomacy and trade in China would fundamentally change.

### *A New Structure for British Management of Trade and Diplomacy*

In December of 1833, a Royal Commission came together to determine who would act as the new British official at Canton: the Superintendent of Trade. For this duty they selected William John Lord Napier, a peerage from Scotland. Upon his selection, they enumerated the guidelines for the Superintendent's power, responsibilities and aims of duty. Notably, the superintendent was instructed to:

Watch over and protect the interests of [British] subjects resident at, or resorting to, the Empire of China for the purposes of trade; and to afford to them all such advice, information, and assistance, as it may be in your power to give, with a view to the safe and successful conduct of their commercial transactions; and, to the utmost of your ability, to protect them in the peaceable prosecution of all lawful enterprises in which they may be engaged in China.<sup>218</sup>

Thus, the Superintendent would replace the East India Company as the entity charged with regulating trade and assuring that the trade would continue to be stable and profitable to the British. While the Superintendent was a representative of the Crown, the difference between his authority over the British and the Company's was marginal. Certainly, he had the added ability to command British naval forces at Canton, but he did not have the power to take action against criminals. A difference from the Company, though, was that the Superintendent viewed himself as the representative of the British nation. Thus, unlike the Company whose only goal was trade, the Superintendent would also be defending the honor of the British nation.

While perhaps there were not that many substantial differences in enumerated power between the Superintendent and the Select Committee, the Royal Commission demonstrated that

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<sup>218</sup> *Correspondence Relating to China* 3

it had learned from the experience of the Company at Canton. Understanding the sensitivity the Chinese had to language and diplomacy, they instructed Napier to:

Abstain from and avoid all such conduct, language, and demeanor as might needlessly excite jealousy or distrust amongst the inhabitants of China, or the officers of the Chinese Government; or as might unnecessarily irritate the feelings, or revolt the opinions or prejudices of the Chinese people or Government; and that you do study by all practicable methods to maintain a good and friendly understanding, both with the officers, civil and military, and with the inhabitants of China, with whom you may be brought into intercourse or communication.<sup>219</sup>

The instructions made the objective clear: maintain a peaceful and stable trade relationship with the Chinese—an accomplishment that the Company had managed quite cautiously for decades. Moreover, as the Chinese took the adherence to rules and laws more seriously than westerners, the Superintendents prudently were given the “duty of conforming to the laws and usages of the Chinese Empire.”<sup>220</sup> Surely, a task easier said than done.

In a letter sent from Foreign Secretary Palmerston to Lord Napier on January 25, 1834, he indicated that Napier should look into opening a direct line of communication with the Chinese government officials—a feat unachieved by the Company. He also encouraged an official survey of the Chinese coast to determine strategically advantageous areas for military ships to find refuge in the “event of hostilities in the China seas.”<sup>221</sup> The British Foreign Ministry clearly believed that because they were dispatching an actual diplomat to China, he should be given more respect from the Chinese. Moreover, he was provided with forces from the Royal Navy to assert his authority and defend the pride of Britain.

On February 7<sup>th</sup>, that Lord Napier’s ship departed from England. Upon arriving at Canton on July 15, 1834, Lord Napier wasted no time in attempting to set up direct relations with the Governor of Canton. In a short letter he composed, he simply informed the Governor of the

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<sup>219</sup> *Correspondence Relating to China* 3

<sup>220</sup> *Correspondence Relating to China* 3

<sup>221</sup> *Correspondence Relating to China* 4-5

change in the British diplomatic structure and inquired whether “[his] Excellency [would] grant [him], with [his] colleagues, the honour of a personal interview” to better elucidate the details of their relationship.<sup>222</sup> Unfortunately, though, the messenger charged with delivering the letter to the Chinese was denied access to transmit the message because it was a violation of the agreed upon method of communication through the Hong merchants. And it was not the only infraction against Chinese law that Napier committed. In fact, Napier had violated six laws set forth by the Chinese within two days of arriving at Canton: he had entered the foreign settlement without an appropriate pass, taken up residence without a permit, tried two separate times to deal directly with a Chinese official, translated his letters into Chinese and had more than one person attempt to transmit the letters to the Chinese.<sup>223</sup> Although Napier believed that his arrival as British Superintendent changed the dynamic between the Hong merchants and the British, the Canton System endured. The free traders still could only engage in legitimate trade through the Hong merchants. The only difference was that the Hong merchants would communicate with the superintendent instead of the Select Committee. Napier’s actions upon his arrival characterized the nascent stage of his mission as less than smooth.

In response to one of his letters to the Governor, the Hong merchants were instructed to reply to Lord Napier conveying that his letter should be marked as a “petition” by adding the superscript character: 稟.<sup>224</sup> This implied that in the letter Napier would admit to being an inferior authority to the Chinese, something that both he and Palmerston were not willing to do. What further irked Lord Napier was that this communication, beyond ordering him to conduct his correspondence in a particular manner, was channeled through the Hoppo and Hong

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<sup>222</sup> *Correspondence Relating to China* 11

<sup>223</sup> Chang 53

<sup>224</sup> Pronounced *bing*, this character would mark the letter as a petition to be heard, not as a direct correspondence—thus, it was viewed as an admission of inferiority and humility towards the Chinese officials.

merchants and not received directly through Chinese officials. Seeing the ordeal as “insulting and ridiculous,” Lord Napier became resolute in his determination to establish direct relations with the Chinese government.<sup>225</sup> Perhaps more alarming than his determination for direct communication was that he tended to perceive the roundabout communication style as a personal slight—whereas it was standard procedure for the Chinese. Completely misunderstanding the Chinese perspective on the situation, Napier decried that the actions of the Governor of Canton were “an outrage on the British Crown.”<sup>226</sup>

Lord Napier continued to apply pressure on the Chinese to achieve direct communications, but to no avail. In a letter to Foreign Secretary Palmerston, Napier asserted his plan to “publish among them, and disseminate, far and wide” propaganda that would clearly indicate the intentions of the British.<sup>227</sup> What he again demonstrated with the very suggestion of releasing propaganda containing criticism of the policies of the Chinese government was his ignorance of the way the Chinese think and operate. In their Confucian, paternalistic society, releasing pamphlets disapproving of the government would not only “constitute an intolerable outrage.”<sup>228</sup> It would serve to further irritate the Chinese without gaining any ground in attempting to open up a direct line of communication.

Napier’s constant challenging of an age-old procedure so insulted the Chinese that on August 16, 1834 the Canton officials placed an embargo on British trade.<sup>229</sup> At first the Governor agreed to lift the embargo if Napier obeyed his edict to follow the ordained method of communication. However, due to the disturbance of trade and relations that Napier was causing

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<sup>225</sup> *Correspondence Relating to China* 8

<sup>226</sup> *Correspondence Relating to China* 15

<sup>227</sup> *Correspondence Relating to China* 13

<sup>228</sup> Chang 55

<sup>229</sup> Kuo 22

at Canton, the governor also required that Napier return to Macao before the trade would recommence. Not surprisingly, Napier again took the edict as a sign of arrogant insolence and for a month stubbornly refused to obey or respect the governor's injunctions. Even when Howqua and Mowqua came to the chief superintendent on August 28<sup>th</sup> to inform him that some Chinese officials had agreed to meet with him "provided that the Chinese seating arrangement was adopted," Napier refused to meet on his terms.<sup>230</sup> Not surprisingly, on September 2<sup>nd</sup> the governor officially ordered the suspension of "all intercourse with British subjects."<sup>231</sup>

Tensions escalated when Napier decided that his best course of action was a display of armed force. Specifically, he determined to dispatch British warships to the factories at Canton. In an overt violation of an agreed upon law, on September 5<sup>th</sup> two British frigates sailed into the Bogue towards the foreign settlement at the city. By the 7<sup>th</sup> they were sailing into the Pearl River, where they provoked a small skirmish at a Chinese fort. Although shots were fired, no one was killed and they persisted in their journey up the river until they landed at Whampoa on the 11<sup>th</sup>.<sup>232</sup> By violating the law banning military ships from entering the Pearl River and by firing shots at the Chinese, Napier had blatantly ignored the instructions that were given to him by the Royal Commission when he was appointed superintendent.

The hostilities resulted in a flurry of correspondence with the Hong merchants, who were attempting to quell the outbreak of further violence. Approaching foreign policy in the best way they knew how, the Chinese began issuing edicts. In examining Chinese edicts from 1834 relating to foreigners, a large portion of them were issued in response to Napier's cavalier

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<sup>230</sup> Chang 55

<sup>231</sup> Kuo 23

<sup>232</sup> Kuo 23

excursion to Canton.<sup>233</sup> The eventual negotiations with the Hong merchants yielded little other than Lord Napier's reluctant agreement to return to Macao. Unfortunately for Napier, while at Canton he fell ill. Shortly after returning to Macao, on October 11<sup>th</sup>, he succumbed to his malady and died at the age of forty-eight. His attempt to use force to open up the lines of communication proved to be of little diplomatic or economic worth.

Lord Napier had also disregarded Palmerston's instructions to utilize the advice of Company men who had extensive experience dealing with the Chinese. The second superintendent of trade (second in command), John Davis, was actually the former President of the Select Committee. From early August he had continually urged Napier to approach the Chinese with a quieter and less aggressive attitude. Unfortunately, though, just as the conflict was turning hostile at Canton Davis was ordered back to Macao.

Instead of seeking support and advice from other former Company men at his disposal, Napier had reached out to private traders like William Jardine—a staunch supporter of free trade and a more aggressive policy towards the Chinese—when negotiating with the Hong merchants. In fact, Napier disdained the Company for being far too soft in its policy of dealing with the Chinese. He believed that it was as a direct result of the actions of the Company that the Chinese believed that England “depended upon [China] for food and raiment, and that the Emperor was the only Monarch of the universe.”<sup>234</sup> Although, to be fair, the Company had enjoyed decades of lucrative trade with the Chinese while effectively managing problems in dealing with the Chinese with a higher success rate than the pugnacious Lord Napier.

It is clear that in the aftermath of the loss of Company's monopoly of the China trade, the cautious management of the trade and diplomatic relationship with the Chinese drastically

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<sup>233</sup> There are a number of Chinese edicts that all admonish 律勞卑, *Lu Laobei*—the Chinese name for Lord Napier—for violating rules and sailing his ship to Canton.

<sup>234</sup> Chang 57



changed and was fundamentally mismanaged by Napier. His naïve view that an aggressive attitude could corrode the stubbornness of Mandarin officials backfired and resulted in a failed policy. Whether or not the Chinese method of communicating with foreigners was effective or appropriate, it was certainly unreasonable for Napier to expect the immediate and complete reversal of a century-old diplomatic policy. To be able to change the policy at all, the officials would have had to memorialize all the way up to the administrative level of the emperor before even reaching the possibility of changing Qing policy. Further, their instruction to mark Napier's letter as a 'petition' may have resulted in the advancement of British diplomatic privileges, but Napier's unwillingness to swallow his pride—by marking his letters as 'petitions' and having patience—provided him with no political or economic advantages.<sup>235</sup>

His resort to strong actions and aggression were clearly premature. While he could claim that the Chinese at the forts along the Pearl River fired on his ships first, it was the British who had violated law by allowing frigates to sail towards Canton. There is no doubt that Lord Napier was rash, belligerent and naïve. Ultimately, his mismanagement of the British trade and diplomacy in China would set the stage for the Chinese to become more frustrated with the British. It would also serve to embolden a faction of hardliners in the Imperial Court at Beijing in their quest for political power.

The next two successors to Napier were far more innocuous.<sup>236</sup> The first successor was John Davis, the former President of the Select Committee at Canton. He had been in China since 1813 where he learned Chinese and translated documents from Chinese into English. In 1815 he was hired by the Company to be an interpreter for the Amherst diplomatic mission to China.

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<sup>235</sup> Kuo 25-7

<sup>236</sup> In fact, Jonathan Spence does not even make reference to them as having been Superintendents of Trade in his *The Search for Modern China*. He merely skips them and moves on to Charles Elliot.

After working for the company for a decade, in 1825 he was named Chinese secretary and deputy superintendent of imports. Two years later he was appointed to serve on the Select Committee and in January of 1832 ascended to the Presidency. His extensive experience in China gave him a quite different approach to trade and diplomacy with the Chinese from that of Napier. He had “a conservative point of view that was quite out of sympathy with the new free-trade movement.”<sup>237</sup> He refused to act aggressively towards the Chinese and seemed content with the way the Canton System was implemented. However, his conservative nature caused many of the British traders at Canton to quite publicly criticize his policies and undermine his authority.

By January of 1835 the pressure from the free traders had reached a boiling point. Being a politically savvy man, after enduring much criticism Davis resigned as Superintendent of Trade. He was succeeded by his second-in-command, Sir George Robinson, who was both reasonable and temperate. His term as superintendent was best summed up as “a time of peace and tranquility.”<sup>238</sup> He defended his moderate view towards policy by noting that as superintendent of trade he was hardly better equipped to deal with the Chinese than the Supercargoes of the Company. While he was able to maintain his authority for nearly two years, he was ultimately undermined by his third superintendent of trade, Captain Charles Elliot. Elliot had been surreptitiously corresponding with Foreign Secretary Palmerston explaining that he would better administer a more middle-of-the-road policy toward the Chinese. All he asked was that he be named Superintendent and be sent additional frigates. Growing increasingly frustrated by China’s refusal to provide the British Superintendent with diplomatic privileges, Palmerston eventually began to change his mind concerning the need for the Superintendent to focus

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<sup>237</sup> Chang 62

<sup>238</sup> Chang 66

primarily on maintaining a peaceful relationship with the Chinese. He eagerly accepted Elliot's offer to move away from placidity and appointed him on June 15<sup>th</sup>, 1836—although it was not official until word reached Canton on December 14<sup>th</sup>.

Elliot began his tenure carefully, feigning subservience to the Chinese by seeking formal approval to live at Canton as the man in charge of the British at Canton. Unfortunately, though, inaccuracy in the translation of the notice he submitted to the Chinese made them wrongly understand that his “job was merely to control the merchants and sailors, and not to control trade.”<sup>239</sup> This set the stage for his first major issue in dealing with the Chinese: he had trouble setting up communication with the Chinese such that he was treated like a diplomatic equal. Not only were the Chinese still resistant to this petition by the British, but Elliot was under significant pressure from Palmerston to not tolerate insults and to do everything necessary to ensure that he received diplomatic equality. When the diplomatic situation intensified in 1838, Palmerston encouraged a show of force by dispatching additional men-of-war to the region.<sup>240</sup>

Another main issue was that he had trouble securing and expanding British trade, including the unofficially-supported opium trade. The Chinese continued to insist on containing the trade to the Canton system, as it had operated stably for decades. But as reports reached the Chinese that in the early month of 1838 “there was a vast increase in the number of English boats engaged in the illicit opium traffic inside and outside the Bogue,” they became increasingly stricter about enforcing their trade laws.<sup>241</sup>

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<sup>239</sup> Chang 71

<sup>240</sup> Chang 78

<sup>241</sup> Chang 77

It was clear that on the eve of the Opium War, Elliot had inherited both an intensifying tension with the Chinese and mounting pressure from London that would encourage a belligerent response to any drastic action taken by the Chinese to enforce their control of trade.

### *The Opium Trade*

From the time of the end of the Company's monopoly on April 21<sup>st</sup> until Lord Napier's arrival at Canton on July 15<sup>th</sup> there was a degeneration of the regulation of the China trade. The free traders at Canton refused to abide by the rules that the Company had enforced as well as the general rules set forth by the Hong merchants for foreigners to abide by at Canton. On the contrary, the free traders basked in the freedom from the regulation of the East India Company and its regulators called Supercargoes who no longer existed. For example, they established a post office, which was formerly not permitted. They also formed a new chamber of commerce to help them with the regulation of a fair trade.<sup>242</sup> Additionally, smuggling and evasion of authority and duties became rampant problems. A traveler to Canton during this time described the situation:

Before the expiration of the charter no English vessel was allowed to evade the native duties in this manner, as the Company had the control of all shipping under the British flag. Since the opening of the free trade, however, no restriction of any kind is imposed upon the commerce, and the consequence is, that this system of underhand traffic is carried to a great extent. It is expected that, shortly, receiving-vessels for other goods besides opium will be constantly stationed at Lintin, and it is even feared that the whole of the fair trade of China will eventually degenerate into a gigantic system of smuggling.<sup>243</sup>

Indeed, within a few years, the opium smuggling problem would precipitate to armed conflict in the first Opium War. In a given trading season, opium would constitute about half of

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<sup>242</sup> Kuo 19

<sup>243</sup> Kuo 18

the monetary value of the goods sold by the British. For example, in the 1835-1836 trading season the total value of the British exports to China was \$32,426,623. Opium traded during that season was valued at \$17,904,248, or fifty five percent of the British trade.<sup>244</sup> With the sheer scale of the illicit opium trade, it might have appeared that the loss of the Company's monopoly would likely have had an impact on the amount of opium smuggled into China. However, when perusing the number of chests of opium imported to Canton, there is not a significant or exponential increase in the opium trade.

**Opium Imports at Canton<sup>245</sup>**

Trading Season	Number of Chests Imported
1829-30	14,000
1830-31	18,760
1831-32	13,503
1832-33	23,570
1833-34	19,786
1834-35	16,516
1835-36	26,200
1836-37	21,508
1837-38	20,040

Further, there is no evidence that would indicate that the loss of the Company's monopoly resulted in a surge of opium smuggling that would specifically anger the Chinese officials. The trading season immediately following the loss of the Company's monopoly actually witnessed a decrease in the trade of opium at Canton from 19,786 chests to less than 17,000. The surge in the amount of opium traded in the 1835-36 season, while marked, hardly indicates any sort of trend as it sharply fell the following year to a level lower than that of a the 1832-33 season—a season under the Company's monopoly. From analyzing the changing power structure in the aftermath of April 1834, what becomes clear is that more significant than the

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<sup>244</sup> Chang 227

<sup>245</sup> Chang 223—"The import figures are based mainly on: (1) statistical statements submitted to the Committee of the House of Commons on the East India Company's Affairs by Charles Marjoribanks in 1830...; (2) statements of the British trade at Canton published by order of the Superintendent," and another analytical work.

amount of opium traded was that there was a sharp change in the administration of the trade at Canton that was terribly mismanaged.

### *From the Chinese Perspective*

It is important to understand the Chinese perspective on foreign trade and smuggling during the 1830s. While 1834 represented a change in the way in which Britain administered its trade and diplomacy in China, the Canton system continued as it had for decades. Made evident by the Napier Affair, as the channels of communication were changing for the British, the Hong merchants were caught between Chinese officials and British traders as Britain struggled to alter the time-tested and accepted procedure of the Canton system.

Before 1834, the language of the correspondence between the Hong merchants and the Company indicated that the Hong believed the Company to be ‘representatives of their Honble Nation.’ Even after the East India Company lost its monopoly, members of the Company were still administering the end of its affairs at Canton and were present as the free traders emerged on the scene to engage in their free trade. In fact, the former President of the Select Committee, John Davis, became the second in command at Canton. Thus, in the minds of Howqua, Mowqua and other Hong merchants the change in British authority was nebulous, if at all apparent.

In the aftermath of the Napier affair and increased concerns about smuggling along the China coast, political changes were occurring in Beijing which would prove to have a substantial affect on the handling of the relationship with foreigners at Canton. Only a naïve historian would view the Chinese perspective as an “ideological monolith.”<sup>246</sup> On the contrary, the Chinese system was set up to encourage consensus and a wide range of views. Yet, the system

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<sup>246</sup> Polacheck 10

was dangerously open to be interfered with by politicians who were driven to influence China from the heights of the Imperial court. During the 1830s, a political faction called the Spring Purification Movement began to take control of and set the tone for Chinese imperial politics.

In the aftermath of the fall of the Ming dynasty, there was a stark change in composition of the highest echelons of power to include fewer of the literati class. By the 1830s, though, a “heightened oppositional radicalism” emerged out of the literati class who sought to hedge their political power.<sup>247</sup> The Spring Purification Movement, replete with these disgruntled literati, became “very much a creature of high-level factional politics” as they avidly engaged in “campaigning for Confucian philosophical rectification.”<sup>248</sup> One of the discontents prevalent in the literati population of Beijing was that the dynasty prohibited direct expression and political participation by non-office holding literati.<sup>249</sup> This provided the Spring Purification Movement with a base of support that included the numerous scholar-elites of China who did not hold office.

They particularly lamented the drastic divergence from Ming policy to give special political privileges to the literati. These privileges, called *Ch'ing-i*<sup>250</sup>, were not afforded to them by the Qing dynasty. The Spring Purification Movement utilized the hope of the scholar-elite to lobby the Qing to become more favorable to *ch'ing-i*. Their desire for these privileges aside, these men adamantly believed that there needed to be an “inculcation of a new spirit of moral firmness and outspokenness in the elite.”<sup>251</sup> Much to their satisfaction, within a matter of years the movement was successful in providing a place for both *ch'ing-i* and the Spring Purification Movement in China's political system.

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<sup>247</sup> Polacheck 15

<sup>248</sup> Polacheck 64

<sup>249</sup> Polacheck 95

<sup>250</sup> *Ch'ing-i*, meaning ‘moral censure’, was a phrase that was derived from two Confucian Classics in which it was asserted that non-officials could speak out in censorial protest “when and only when the higher authorities ‘manifested injustice in their application of rewards and punishments to officials.’” Polacheck 95-6

<sup>251</sup> Polacheck 99

Immediately following Lord Napier's aggressive entrance into the factories and his violent race up the Bogue, the Qing had suddenly realized their military impotence, even in such an easily defensible region on the banks of the Pearl River.<sup>252</sup> The Imperial court also became worried that their military did not possess sufficient strength to enforce strict trade controls on the foreigners. Accordingly, the governor general of Canton was immediately given orders to avoid arousing conflict with the foreigners and was told that "all talk of a punitive embargo by the Qing was to be stopped the moment the barbarians agreed to the restitution of the diplomatic status quo ante."<sup>253</sup> It was during the aftermath of the brush with Napier's British military frigates that the Spring Purification Movement first moved to aggressively seize positions of political power. In 1835, Daoguang's Grand Councilor died. As his most trusted and favorite advisor, his death resulted in Daoguang's becoming less trusting of the remaining bureaucracy, leaving a perfect opportunity to begin to curry favor with the Emperor.<sup>254</sup>

By early 1836, at the start of the internal debates regarding foreign trade and the opium problem, there were no factional advocates for any policy addressing the control of trade. The pervading sense of military weakness was such that even the looming opium problem did not supply sufficient motive for the Qing to endorse an embargo or military response. However, by 1839 the literati had achieved a drastic policy shift towards warfare and strict upholding of policy with the foreigners, fortifying their influence in the Forbidden City. It was the crucial internal debate over the legalization of opium that had turned the political tides in the favor of the Spring Purification Movement.<sup>255</sup>

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<sup>252</sup> Polacheck 107

<sup>253</sup> Polacheck 108

<sup>254</sup> Polacheck 115

<sup>255</sup> Polacheck 112



The movement to legalize opium began with highly respected officials like Lu Kun<sup>256</sup>, governor of Liangguang<sup>257</sup> province, and his mentor Juan Yuan, a septuagenarian who had been an official for the Jiaqing Emperor at Canton. However, it was Xu Naiji<sup>258</sup> who officially memorialized to the Emperor about the legalization of opium in 1836. The essential argument for the legalization of opium was that the Chinese would have a better ability to control the trade and would benefit from levies and taxes. Interestingly enough, the plan that went before the throne in May of 1836 found much support at the Imperial court and was referred to the Cantonese authorities for approval.<sup>259</sup> This step would normally have guaranteed that the policy would be carried out because the governor-general of Canton was in favor of the legalization of the drug. It is important to note that the Cohong—who dealt quite closely with the foreigners and the opium problem—strongly endorsed the legalization of the opium trade. It would not only result in profit, but would remove the constant pressure on them to eliminate the opium trade. Somehow, though, the entire legalization was inexplicably dropped long before the governor-general’s “highly enthusiastic endorsement” arrived back at Beijing on October 12<sup>th</sup>.<sup>260</sup>

While the legalization was being deliberated at Canton, there was a last minute assault on the legalization by the Spring Purification Movement occurring at the Forbidden City in Beijing. Their manifest aim was to gain “supreme power within the emperor’s foreign-policy counsels.”<sup>261</sup> They instigated an orchestrated crackdown on the Hong merchants and other Chinese implicated in the opium trade just as the emperor was debating the legalization of the trade. The literati began to build a case that illustrated how opium was detrimental to military

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<sup>256</sup> 卢坤- Lu K’un

<sup>257</sup> 两广-*liang-kuang*, it literally means a ‘pair of guangs’ as it referred to the two provinces of Guangdong (Canton) and Guangxi.

<sup>258</sup> 许乃济—Hsu Nai-chi

<sup>259</sup> Polacheck 123

<sup>260</sup> Polacheck 123

<sup>261</sup> Polacheck 123

forces who used it, horrible for local economies due to the outflow of silver from China, and was morally reprehensible as a habit. The emperor's opinion of the opium trade so quickly soured that before the enthusiastic response from Canton reached Beijing, the emperor sent word to the governor-general of Canton that instructed him to immediately begin determining how to curtail the opium trade at its source in Canton.<sup>262</sup>

The political tides in Beijing were certainly turning in favor of the Spring Purification Movement. It was unfortunate, though, that their efforts were clearly political in aim—as illustrated by their only focusing on rooting out the 'evil' at Canton. A famous memorial by Spring Purificationist Huang Quezi<sup>263</sup> on June 2<sup>nd</sup>, 1838 described how there was a need to target punishments at users of opium and try to eradicate demand for the narcotic.<sup>264</sup> He specifically suggested that they utilize the talents of loyalist Lin Zexu who would be a perfect candidate to be a special commissioner of trade at Canton. Oddly enough, although there was a significant opium problem in Suzhou<sup>265</sup>, it was not addressed at all in the plan to dispatch Lin to Canton. Further, in examining memorials from both Huang and Lin, there is no special mention of the need for commissioners for the oversight of the enforcement at all. However, when one took this push for special attention to the opium problem at Canton in the larger context it becomes clear. The emperor's suspicion of the bureaucracy's ability to enforce trade controls mixed with the power struggle occurring in the Forbidden City indicated that "this resort to a strategy of high-profile localized enforcement of the anti-user laws seems to be remarkably well suited to the immediate political and ideological concerns of the Spring Purification faction."<sup>266</sup> Thereafter,

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<sup>262</sup> Polacheck 125

<sup>263</sup> 黄爵滋-*Huang Chueh-tzu*

<sup>264</sup> Polacheck 126

<sup>265</sup> 苏州- a city just inland from Shanghai.

<sup>266</sup> Polacheck 128

the Qing dispatched hard-liner Lin Zexu to address the opium problem at Canton, where he inherited a broken and stubborn relationship with the British—under the command of their Superintendent Charles Elliot.

### *The Precipitation of the First Anglo-Chinese War*

Lin arrived at Canton in March of 1839, ready to embark on his mission to stamp out the opium trade once and for all. His methods were described as having used a “combination of reason, moral suasion, and coercion” while indicating that he in no way wanted armed conflict.<sup>267</sup> He immediately mobilized other degree-holding civil servants to join together to expose any scholars who were opium smokers. He then incorporated a question into the civil service exams necessary to become a civil servant by asking students to both anonymously name distributors of opium and also provide their ideas for ending its trade.

Targeting those who likely dealt more closely with the opium trade, he personally interviewed each Hong merchant, reprimanding those who claimed that prominent opium traders like William Jardine were innocent. He then ordered the foreigners—through the Cohong—to give up the chests of opium that were widely known to be stored at Lintin. They were also instructed to state in writing how many weapons they owned. Equally out of touch with the British point of view as many of the British were with his, Lin believed that a moral appeal to the foreigners to stop the trade—even without providing compensation or other incentive to give up their opium—would be sufficient. He was greatly mistaken.

The incident that instigated tough action from Lin occurred when he ordered the arrest of a leading British opium trader named Lancelot Dent. On March 24<sup>th</sup> the foreign community

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<sup>267</sup> Spence, Jonathan. *The Search for Modern China*. 153

refused to yield him to Chinese authorities. Furious, Lin blockaded the foreigners at their factories and withdrew all 350 Chinese servants and workers at the foreign settlement. After six, nerve-wracking weeks Elliot agreed to yield over 20,000 chests of opium in return for an end to the blockade.<sup>268</sup> Famously, Lin had three large trenches dug and filled with water, salt and lime. He then had laborers destroy the 3 million pounds of opium now in his possession by tossing them into the trenches and dissolving the drug in the slurry.

This came as a shock to many of the opium traders who had specifically stockpiled more opium at Lintin because they heard rumors that the opium trade was on the verge of being legalized. Not being the case, the eventual discontent of the foreigners stemmed from three unresolved issues. Firstly, the dealers were not only oversupplied, but they had just witnessed a large amount of opium being destroyed. The opium stocks were their livelihood and seeing them destroyed meant they had little to trade with the Chinese. Secondly, the extreme measures employed by Lin were not merely taken as affronts to traders of a company, but through Elliot the blockade placed on the foreign settlement was taken as a direct insult to the British nation. This meant there was more of a propensity to use extreme measures in response. Thirdly, the traders had grievances with Elliot because it was he who had confiscated the opium and delivered it to Lin at the end of the blockade. Consequently, Elliot began to feel mounting pressure from the British merchants to take action.

Elliot explained the situation in a number of letters to Palmerston, who at first was not sympathetic to traders who failed to abide by Chinese law. However, after hearing of the blockade he became more in favor of action. The traders raised enough money to send William Jardine to London to argue in favor of retaliatory action against the Chinese. Parliament, not in

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<sup>268</sup> Spence 154

any way declaring or agreeing to war, provided Elliot with a force of “16 warships carrying 540 guns, 4 newly designed armed steamers, 28 transports, and 4,000 troops” commanded by Elliot’s cousin, Admiral George Elliot.<sup>269</sup>

In September and October, the clashes between the British and the Chinese resulted in armed battles off the coast of Hong Kong and Lintin. As Chinese ships were sunk by Britain’s technologically-superior ships, the probability of immediate negotiation seemed to slip away. The British force under Admiral Elliot arrived in June 1840, after periodic skirmishes. Leaving only a small number ships to blockade the Gulf of Canton, the fleet sailed north. The fleet blockaded Ningpo, seized the main settlement on the island of Zhoushan and began to accumulate their forces at the Dagu Forts near the city of Tianjin. By September of 1840, once the British controlled the traffic into the Pearl River, the Yangze River and the White River (dangerously close to Beijing), the Chinese began to seek negotiations. A man entrusted by the emperor to carry out the negotiations, Qishan, convinced the British to carry out the remainder of the negotiations at Canton. While he was praised for removing the military stress from a city so close to the capital, Lin Zexu would be banished for the outcome of the negotiations at the end of these small skirmishes that constituted the first Opium War.

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<sup>269</sup> Spence 156

## Conclusion

When examining the origins of the Opium War, a strong case can be made about how the cultural differences resulted in the precipitation of conflict. Indeed, many historians have adeptly made that case. However, in examining the archives of the British East India Company from its last year of operation in China, a more specific conclusion can be made. The mismanagement of the China trade by inexperienced British officials after the Company lost its monopoly in 1834 caused the tensions at Canton to rise to cataclysmic levels.

From the start of the Canton System in 1757, the Company carefully managed British trade relations with the Hong merchants. The mutually beneficial relationship was not only cordial and respectful, but one which developed over many years of sustained interaction. The Company understood how the Chinese dealt with foreigners and did not take it personally that local officials were condescending and dismissive of foreigners. Their objective was to maintain good trade relations with the Hong so that they could benefit from the riches of the China trade, ranging from goods like tea and silk to ginger and rhubarb. Conversely, the Hong relied on the Company to help them in times of financial crisis and to be the consistent patrons of their often-risky trade.

The Company was frustrated that while they were considered the representatives of the British nation to the Chinese, they had little power over the British subjects at Canton. They had no criminal or legal authority—other than issuing licenses—and had neither political nor military power in China. This was epitomized in the case of the stowaway convicts from New South Wales, in which the British had to appeal to the Portuguese authorities at Macao to extradite the convicted felons to Britain. In all cases of internal legal matters, the Company had to appeal to the British authorities at Fort William in Singapore to exert legal authority. Additionally, as was

the case in the renewal of the *Sylph*'s license, the authorities at Fort William could overrule the word of the Company.

The Company's lack of enumerated authority presented difficult situations, like when James Innes nearly started a conflagration in the foreign settlement or when men from Jardine Matheson had an armed encounter with Chinese at Cunsingmun. In those cases, the Company had no real authority to punish the British and instead had to quell Chinese anger and concern. Both situations demonstrated that the Hong merchants were truly vested in a stable relationship with the Company. Instead of bringing in higher Chinese authorities to handle the matters in Chinese legal terms, as in the famous *Terranova* case, they empowered the Company to handle the matters themselves. There was clearly a trust and comfort in the relationship that had developed between the Company and the Cohong over the course of the Canton System.

The symbiotic relationship between the Company and the Hong merchants was turned topsy-turvy when the Company lost its monopoly in 1834. Arriving after months without any semblance of authority at Canton, Lord Napier proved that not only was he inexperienced in dealing with the Chinese, but that he also had little desire to learn and work around their cultural differences. As he was the representative of the Crown, there was no longer a sense that British humility in dealing with the Chinese—a humility expressed through the actions of the Select Committee at Canton—was necessary. Upon arriving he violated six Chinese laws and was relentless in his quest to achieve an immediate change in Qing policy to meet with Chinese officials directly. If that was not damaging enough for the British relationship with the Chinese, he then dispatched military ships into the Pearl River and engaged in an armed conflict. His refusal to heed the advice of men like John Davis, former President of the Select Committee, resulted in a cavalier handling of an important and fragile relationship with the Chinese. The

Company had carefully managed their relationship with the Hong merchants and was willing to swallow its pride to achieve a lucrative trade. Napier, on the other hand, set Britain on a more truculent path.

Napier's actions, coupled with an opportunity to lunge for political power, greatly helped the case of the Spring Purification Movement in their quest for influence with the Emperor. Daoguang's realization of China's military fragility made him desirous of hearing solutions to avoid armed conflict with the British. While he was open to the concept of legalizing opium—often a source of tension between the British merchants and Chinese authorities in the south—the Spring Purification Movement colored Daoguang's view of foreign trade and the issue of opium. They convinced him that because there were Chinese who were complicit with the trade, because of the negative impact opium usage had on military forces, and because it was morally reprehensible, the clear solution to dealing with foreigners was to strictly uphold Confucian values and eradicate the opium trade. Interestingly, the numbers show that opium had not been growing significantly enough to merit special consideration in the late 1830s. Moreover, it was not just at Canton that opium was a significant issue. Thus, it became clear that the Spring Purification Movement used fear of military weakness in the wake of the Napier Affair to seize political power and urge the upholding of Confucian morals when dealing with the foreigners at Canton. Combined with the growing misunderstanding of the Chinese by the British officials, the two countries were set on a collision course towards war. Hence, it was not the Macartney Mission that had destined war, but rather the Company's loss of its monopoly that set the conditions for armed confrontation.

From October 1834 until December of 1836, the British would have two quiet and peaceful Superintendents in Davis and Robinson—who did not effectively patch up the



relationship with the Chinese. When Charles Elliot succeeded Robinson, he pledged that he would pursue a moderately more aggressive policy towards the Chinese. Indeed, he received significant pressure from both the free traders and Foreign Secretary Palmerston to be more forceful. Under his stewardship, the Chinese provoked his aggression by blockading the foreigners at Canton, destroying 3 million pounds of opium and causing British tempers to flare from Canton all the way to Westminster. At that point, the outbreak of war was no longer a matter of 'if' but a matter of 'when.'

There is no doubt that the loss of the Company's monopoly could not have directly caused the Opium War to occur in 1840. What was also clear was that the collaborative environment witnessed at Canton in the final year of the Company's monopoly directly contradicts any notion that the war was somehow destined for many decades. The sudden loss of the monopoly and the resultant empowerment of inexperienced British officials to manage Sino-British relations resulted in a series of actions that may have not led to the Opium War if it had been a more gradual change. The prophetic remarks of a Company correspondent in London after learning of the loss of the Company's monopoly in December of 1833, presented in the introduction, were eerily accurate:

Though I think the abolition of the China monopoly was inevitable and that it never would have done for us to have gone on trading in competition with the public as a system, I fear, and believe, the sudden and entire stop put to our commercial relations with China, will tend materially to injure our assets, to enhance our responsibilities and to produce mischief which might have been avoided by a more gradual change.<sup>270</sup>

The Company had developed a comfortable and stable method in their relationship with the Chinese over the course of nearly eight decades. Surely the Company maintained disproportionate influence of and profit from the China trade up until the 1830s. But when the free traders successfully convinced politicians in London to seek an absolute end to the

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<sup>270</sup> Bowen, H.V. *The Business of Empire*.

monopoly, they were only considering their own self-interest—they failed to consider the actual implications of such a sudden and drastic change. Of course, the Chinese bear some blame as they were unable to adapt to the foreigners for the entirety of their interaction with Europeans during the Qing dynasty. However, it is clear that the rise of the Spring Purification Movement was the fuse that paved the way for the British to spark a fully armed conflict by 1840.

The Opium War is considered by historians of China to be the beginning of modern Chinese history due to the ramifications of the Treaty of Nanjing, which ended the war in 1842. However, the war overshadows the symbiotic relationship exhibited between the Company and the Cohong in the last year of the Company's monopoly, which demonstrated that westerners and Chinese could not only work together for common interest, but also develop professional relationships filled with respect and mutual benefit. Yet, the mismanagement of that very relationship by the British in the aftermath of the loss of the Company's monopoly would ultimately set the stage for the Opium War: a war that continues to have implications for China and its international relations in the 21<sup>st</sup> Century.

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<sup>271</sup>While each individual page within the microfilm was numbered, I did not record the page number, but rather the date that the document was officially recorded by the Company.

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