

The Evil Trade that Opened China to the West

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This paper examines the effects of the Opium Wars on the opening of trade with China during the mid 1800s. Also examined are the economic, social and political consequences of these wars. The lessons learned from the opium trade still shapes China's world view and dealings with the West.

INTRODUCTION

Until the opium Wars, most Chinese believed that heaven was round and produced a circular projection on a square Earth. This circular projection on earth was China. Outside the circle, other countries made up the corners of square earth. People living in these foreign countries at the periphery were called "barbarians." Hence China was the "Heavenly Middle Kingdom" (see Figure 1).

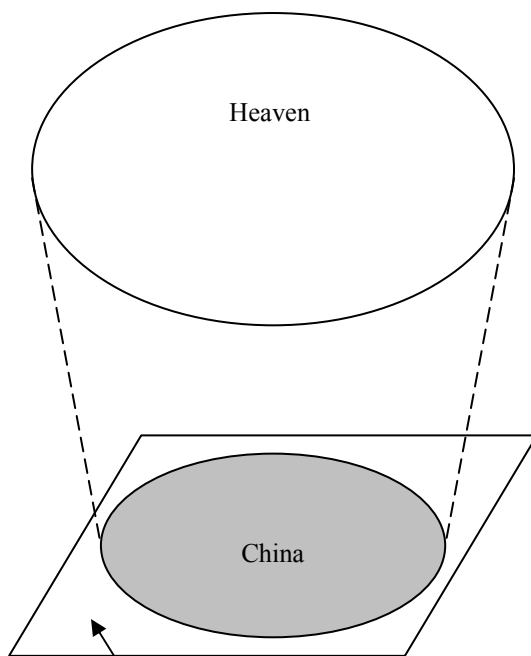


FIGURE 1
Foreign Countries

CHINA'S PLACE IN THE UNIVERSE

Having risen to the heights of a great civilization, believing her self the celestial center of the earth—the Middle Kingdom—with nothing to learn from foreigners, China went into a self imposed isolation. This false sense of superiority was shattered by the Opium Wars of the nineteenth century, started by foreigners under the guise of trade who were anxious to steal the fabled riches of the Orient. These wars exposed China's weak social, economic and political structures. The humiliation suffered in losing the Opium Wars forced China to learn from the West. Subsequently, China has moved from a peasant economy to a brief bout with capitalism in the early twentieth century, to political and economic communism at mid-century, to its current state—a mixed communist polity and capitalist economy. At the dawn of the twenty-first century China has become a political and economic giant.

The purpose of this research is to explore the developments of the Opium Wars on the opening of trade with China. Also explored is the impact of these wars on the economic, social and political growth of China, and how it continues to shape China's world view and dealings with the West.

CLOSING THE DOOR

During the Fifteenth Century the most advanced European maritime power was Portugal. Its heir presumptive, Prince Henry the Navigator dispatched frequent naval expeditions to East Africa. These culminated in Vasco De Gama rounding the Cape of Good Hope for plunder and trade on voyages of discovery to find the fabled riches of the Indies. Most of De Gama's expeditions involved a single ship, less than 60 feet in length, carrying just three masts, manned by a crew of about 30. Even the unusually large three ship flotilla of Columbus, in 1492, sailed with a total crew of only 87 sailors.

During this century, Chinese naval expeditions—dwarfing those of Europe—sailed to India, the Persian Gulf and East Africa from 1400 to 1433. In contrast to the Europeans, the Chinese fleet, captained by Chêng Ho, during the reign of the third Ming Emperor Yung Lo, consisted of more than 300 ships, some more than 440 feet long, carrying nine masts, manned by more than 37,000

sailors. With a fleet this large, conquest would have been easy, but rather than trade, plunder or discovery, the purpose of these naval expeditions was to show off China's grandeur by displaying the wealth and technological wonders of the new Ming Dynasty. To induce countries to become its tributaries, China's trade policy was to reverse the profit motive by giving far more than it received. Good public relations, bad trading practice. Countries flocked to become tributaries. Every additional tributary meant a greater net loss to China's treasury. The lesson the Chinese took from their international relations was that "the Middle Kingdom needed nothing from anybody and had nothing to learn from anybody" (Boorstin 1983, 193).

Needing nothing from the outside, China went into isolation. To completely insulate the country from foreign "barbarians," the fifth Ming emperor, Xuan Zong, completed the "Great Wall" and scuttled the "Grand Fleet." To avoid contamination from commoners, the emperor shut himself-up in the Imperial Palace. The palace is located at the heart of the "Forbidden City," which was surrounded by an eighteen foot deep moat and a thirty foot high wall; as its name implies the city is designed to shut everyone else-out. The "Great Withdrawal of 1433" began with an imperial decree that subjects were banned from travel abroad or from importing foreign goods under penalty of beheading. Thus China, literally and figuratively, closed its door to the world.

The closed door policy succeeded, China was almost completely cut off from commerce or contact with the outside world. Almost two hundred years later in 1600 Matteo Ricci (1552-1610), a Jesuit priest who traveled much of the world, and spent more than seven years as a missionary in China, observed: "Of all the great nations, the Chinese have had the least commerce, indeed, one might say they have had practically no contact whatever, with outside nations, and consequently are grossly ignorant of what the world in general is like" (cited in Boorstin 1983, 56-7).

China continued the closed door policy for economic and political reasons. Chinese leaders believed it needed nothing economically. China was already self-reliant with a self-contained domestic trade. During its very long history, the Chinese economy was dominated by household handicrafts. The family was the basic unit of production. Most of the peasants' clothing and other daily necessities were produced at home. The men farmed the land and the women worked at home cooking and weaving cloth. People had no need, nor did they have the money, to buy foreign manufactured goods. In order to pay land rents and government taxes, peasants had to periodically sell their farm produce or side-line products. Consequently, the Chinese leadership closed the door because they believed that China would not obtain anything of benefit from trading with foreign "barbarians."

The second reason for keeping the door closed was political—a long rooted fear of foreign intervention. China

has a dynastic history, and the overthrow of one dynasty for another often succeeded when external threats were coupled with internal rebellion. It was just such a time of civil unrest that encouraged the Manchu invasion through the Great Wall from the north in 1644 overthrowing the Ming and establishing the Sing Dynasty. Not surprisingly, as the later Sing Dynastic rule in China weakened, during the eighteenth century, the rulers tightened their control of foreign penetration that might have helped to overthrow them. On one hand, the Sing rulers were afraid that foreigners would learn China's weaknesses. On the other hand, they were even more afraid that Chinese people would collaborate with foreigners to overthrow them.

CRACKING OPEN THE DOOR

Over time cracks appeared in China's closed door. First the Portuguese, then the Spanish, Dutch and British began to pierce China's barriers to trade. By 1800 foreign trade was limited to a single city, Canton in southern China. The Canton Trade Laws were strictly regulated by the government and the volume of trade was small. Foreign merchants could only transact business with local merchants called "Gong Hang," which were a government controlled monopoly. The trade laws forbade foreign merchants from directly dealing with Chinese officials (bribery was rampant), except through the Gong Hang (which was often circumvented). The trade laws also required foreigners to live within a specific district of the city.

Despite strict government regulations, foreign trade in south China still expanded during the late eighteenth and early nineteenth centuries. Europeans bought silk, tea, spices, lacquered products, and porcelain (still called china). But the Europeans found it difficult to sell their products in return. The main commodities imported from Britain before the Opium Wars were woolen fabrics, metal products, and cotton. However, the value of all British goods imported into china from 1781 to 1793 amounted less than twenty percent of the value of just the teas China exported to Britain (The Compilation Group 1976). As trade grew, western merchants found themselves facing a rising trade deficit with China. Desperate, the British East India Trade Company finally found a profitable product that could be used to balance the huge trade deficit with China—opium.

THE OPIUM TRADE

The Chinese were familiar with opium long before Europeans started smuggling it into China for a soon thriving black-market trade. Dating back to the thirteenth century, Chinese medical books recommended opium for diarrhea, dysentery and some other diseases, but medical books also noted if not used safely, "opium kills like a knife" (Fessler 1963). Confucianism, the root of Chinese philosophy, strongly condemned the use of drugs like opium

as an offense against filial piety. In Confucianism, a man's body is given to him by his ancestors to link to his descendants. Every hair and nail was given by his parents; therefore, a man who destroys his own body by taking drugs was regarded as showing great disrespect for his parents. Not until the eighteenth century were there any accounts of opium smoking in China.

Knowing the harmful effects of opium on social and health problems, the first imperial decree against the use and sale of opium for non-medical purposes was issued in 1729. Nevertheless, the importation of opium increased from 2,000 chests (300,000 pounds) in 1800. to more than 40,000 chests (6 million pounds) in 1838, constituting 57% of all Chinese imports (Stockwell 2003). The opium trade redressed the Western trade deficit. But there was an obvious side effect.

Millions of Chinese, from ordinary labors to the upper classes, became addicts. Opium infected China so badly that addiction permeated government officials and the military. The problem was exacerbated when French, Dutch, and U.S. merchants followed to grab their share of the trade. In 1839, the Chinese opium smokers spent 100 million taels (1 tael = 1 ounce silver), while the government's entire annual revenue was only 40 million taels.

The drain of silver greatly weakened the Chinese government. Lin Ze-xu (1785-1850), an honest and heroic government official wrote the Emperor, "If we continue to allow this trade to flourish, in a few dozen years, we will find ourselves not only with no soldiers to resist the enemy, but also with no money to equip the army." Noted historian, John K. Fairbank (1953) described the Opium trade as "The most long continued and systematic international crime of modern times."

From 1821 to 1834, the Chinese Emperor continuously reaffirmed its ban on opium imports by issuing eight decrees, prohibiting the smoking, trading and trafficking of opium. In 1838, the death penalty was imposed for Chinese drug traffickers. In 1839, the Emperor sent a special imperial commissioner, Lin Ze-xu, to stop the opium trade at the port of Canton.

Lin Ze-xu immediately took drastic action. He demand that Western merchants turn over all opium to him. He threatened citizens and officials with severe penalties if they failed to surrender their opium. Further, Lin Ze-xu demanded that all merchants sign a bond pledging not to deal in opium. Lin Ze-xu made 1,600 arrests and confiscated 11,000 pounds of opium in the early summer of 1839 (Fay, 1975). Later, Lin Ze-xu destroyed the confiscated opium in a public demonstration and dumped the ashes into the sea. By the end of the summer 1839, his harsh penalties against both Chinese and Western merchants had successfully shut down the opium traffic in Southern China.

Lin Ze-xu twice wrote letters to Queen Victoria to seek her intercession. In his first letter, printed in the *London Times*, he requested the British to cease all opium trade

because of its harmful effects. In his second letter, he argued that since Britain had made the trade and consumption of opium illegal in England, it therefore should not export this addictive substance to harm others:

"The wealth of China is used to profit the barbarians.... By what right do they in return use the poisonous drug to injure the Chinese people? Let me ask where is their conscience? I have heard that your country very strictly forbids the smoking of opium.... Why do you let it be passed on to the harm of other countries? Suppose there were people from another country who carried opium for sale to England and seduced your people into buying and smoking it; certainly your honorable ruler would deeply hate it and be bitterly aroused..... Naturally you would not wish to give unto others what you yourself do not want.... (Hayward 1975, 143)

Despite Lin Ze-xu's eloquent letter, the British refused to back down from the opium trade. In response, Lin Ze-xu threatened to cut off all trade with Great Britain and expel all British nationals from China.

FORCING THE TRADE DOOR OPEN

China's door to trade was kicked open by force of arms during the "Opium Wars" and subsequent series of shameful and immoral treaties forced upon the defeated and humiliated country. There were two Opium Wars. The first lasting from 1839 to 1842, was China versus Great Britain. The war was short, treaty negotiations long. The second Opium War lasted from 1856 to 1860. Again the war was quick and the negotiations slow. This war pitted China against Great Britain and France. Unable to withstand modern arms, China, was defeated in both wars.

The First Opium War

The British Opium merchants in Canton were outraged by Lin Ze-xu's tough crack-down on the opium trade. British gun boats and battle ships were assembly in the port of Canton during the following summer. Hostilities began on June 28, 1840 with British gunboats shelled Amoy and Tinghai (an island near Shanghai). The treaty ending the war was signed August 1842.

Faced with a crushing defeat, self-seeking officials blamed the honest and brave Lin Ze-xu and his tough policy for the catastrophe, and he became the sacrificial scapegoat. Lin Ze-xu was dismissed and exiled to Xing Jiang, a barren area in Northwestern China. However, Lin Ze-xu did not appease the conqueror. The British took full advantage of China's weakness by forcing her to sign the sordid "Treaty of Nanjing" with Britain on August 29, 1842 and the supplementary Treaty of the Bogue in 1843.

The provisions of these treaties were harsh and humiliating. The island of Hong Kong was ceded to Britain in perpetuity. Five Chinese ports, Shanghai, Canton, Amoy Foochow, and Ningpo (see Figure 2) were opened for trade and for foreign residency. The British were granted extraterritoriality rights; Chinese courts in these treaty ports were denied any jurisdiction over British citizens. The Chinese were forced to pay the British an indemnity of \$21 million. Britain was granted most favored nation status, giving the British any trading rights granted to other countries.

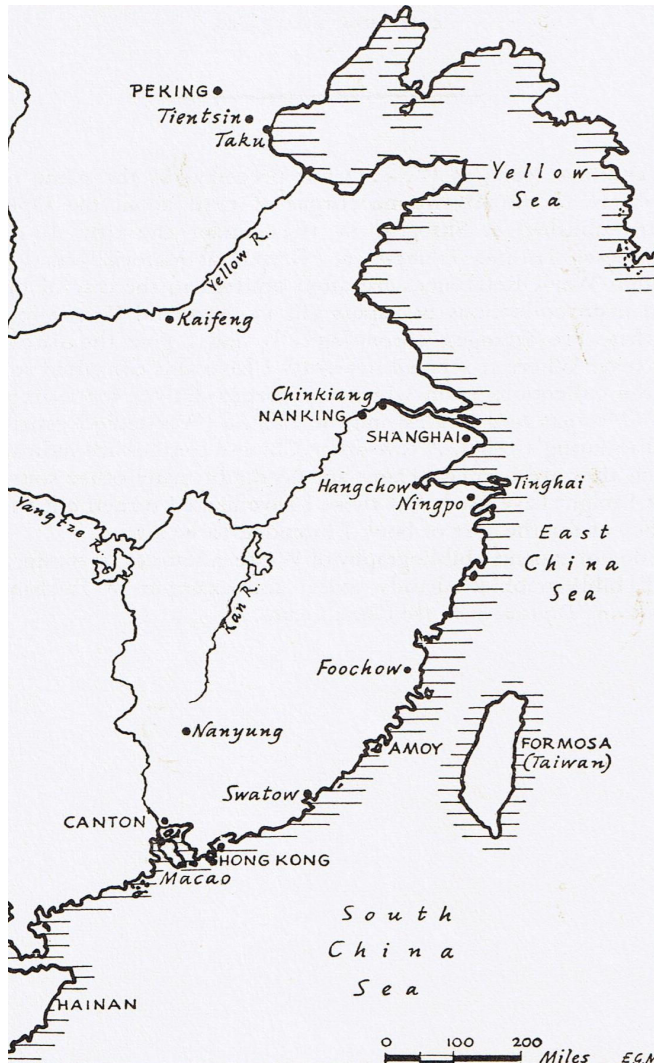


FIGURE 2
MAP OF EAST CHINA

The United States and France soon complained that the Treaty of Nanjing gave Britain too much control over the trade between China and the West; and these countries demanded similar privileges. Not willing to risk another war with the West, China signed the cruel and degrading "Treaty of Wanghsia" with the United States on July 3, 1844 and "Treaty of Whampoa" with France on October 24,

1844. Ironically, none of the treaties resulting from the Opium War even mentioned the opium trade.

The First Opium War (in British history the Anglo-Chinese War) ended with China in complete humiliation, descending into a semi-feudal and semi-colonial state that continued into the First World War. Although the importation of opium was not legalized in the treaties following the First Opium War, the opium trade increased at an accelerating rate, from 40,000 chests (6 million pounds) in 1838, to 50,000 chests (7.5 million pounds) in 1850, to 80,000 chests (12 million pounds) in 1853 (Stockwell, 2003). It was not until the Second Opium War that the opium trade was officially legalized.

The Second Opium War

In October 1856, Britain accused Chinese officials of violating the extraterritoriality provision of the Treaty of Bogue by searching the "Arrow," a British registered ship in Canton. With this *casus belli*, Britain launched the Second Opium War to expand their gains from the first war. Afraid to lose an opportunity for their share of the plunder, the French used the murder of a missionary as their pretext to join with the British in the Second Opium War (also known as "The Arrow War"). Defeated by the joint British-French forces, China was forced to accept the reprehensible and shameful "Treaty of Tientsin" on June 23, 1858. This treaty officially legalized the opium trade. It also required China to open ten more ports to trade; permitted foreign legations in Peking (Beijing); opened the Yangtze River to foreign merchants; allowed Christian missionary activity, and demanded that China pay six million taels of silver to indemnify the victors.

Because the provisions were so harsh, the Chinese refused to ratify the treaty. Hence, the British and French, with a force of 17,500 soldiers, resumed hostilities by invading the Chinese capital of Peking in 1859. The Imperial Summer Palace, 150 years in the making, was pillaged and burned in October 1860. Even Europeans were outraged. French author Victor Hugo (1861) expressed the revulsion at this act of barbarism:

There is a remarkable garden in the East, called the Summer Palace; even all the highly-priced items of the Cathedral of Notre Dame de Paris put together are not equal to the wealth of this magnificent oriental museum of art; one day, however, "two robbers" broke into this museum, devastating, looting and burning, and left laughing hand in hand with their bags full of treasures; one of the robbers is called France and the other Britain.

After the destruction of the capital, China was forced to sign the "Treaty of Peking" in 1860. Under this supplementary treaty to the earlier "Treaty of Tientsin," China had to ratify and abide by the earlier Treaty of Tientsin; cede Kowloon to the British; and permit missionaries to purchase land and build churches freely in

China; pay an increased indemnity of 4 million taels of silver to Britain, and 2 million taels to France. (Beeching 1975). Even Russia, who had not entered the war, demanded its share of the spoils. The Chinese were forced to cede a large portion of its land in northern Pacific China to Russia (now named Vladivostock).

CONSEQUENCES

China's defeat in the Opium Wars, forced its door open to trade on terms that can only be described as exceptionally sordid and extremely unfavorable. As a consequence, China sunk into a semi-feudal semi-colonial state. It was so weakened by the opium trade and indemnities it was forced to pay that by the end of nineteenth century China was a devastated country. There was social unrest exhibited by numerous peasant uprisings, including the "Taiping Rebellion" and "White Lotus" peasant revolt. There were natural disasters, such as floods and famines. There was also government mismanagement and corruption resulting in political decline, military impotence and economic insolvency.

For the Chinese people its long sense of superiority was shattered. The impact of the Opium Wars on the economy, society and polity were long-lasting and impacts China's world view to this day.

Economic Impact

The Opium Wars forced China to open its doors to world trade. More than fifteen ports were opened for foreign trade, and import duties were lowered dramatically from 65% to 5%. With the abolition of the "Gong Hang" (government controlled trading firms) system and the opening of treaty ports, foreign trade and freight traffic boomed. Domestic handicrafts could not compete with industrialized mass produced imports. Incipient local industries in the trading ports were the first to suffer. To survive they were forced to reform. During the transition unemployment soared as local businesses plummeted.

There was a positive unintended consequence however. Over time Chinese business firms adapted and evolved to survive and grow, stimulating the development of Chinese capitalism. Although he did not regard capitalism as something good, even Chairman Mao (1967) noted its importance in changing China:

Foreign capitalism played an important part in the disintegration of China's social economy; on one hand, it undermined the foundation of her self-sufficient natural economy and wrecked the handicraft industries both in the cities and in the peasants' home; and on the other hand, it hastened the growth of the commodity [market] economy in town and country (Mao Tse-tung 1967, 309).

Western capitalism greatly changed the Chinese economy as foreign trading flourished. To outsource work

they found unprofitable or could not handle, Western merchants encouraged domestic business firms. Starting at the trade ports, especially Shanghai and Canton, a new social class emerged, the comprador—merchants. These were Chinese who became involved with foreign trade. Some became middlemen and agents to facilitate importing and exporting. Other Chinese set up warehouses to sell imported commodities and purchase goods for export. They brought raw materials purchased from inland areas to coastal cities for mass production. Over time, the comprador—merchant became a social force.

More and more farmers abandoned the production of food stuffs to produce silk and tea when prices for these products soared in the 1880s (Stockwell, 2003). The domestic urban handicraft and rural homestead industries were on the verge of collapse. This was aggravated by a liquidity crisis. Transactions across different economic sections had increased significantly after the Opium War, thus silver could not satisfy the demand for currency in circulation. In 1853, the monetary system switched from silver to paper money. China gradually moved from a stable self-sufficient self-reliant economy to a market economy.

Social and Political Impact

Shocked and humiliated by defeat at the hand of "barbarians," some intellectuals realized that in order for China to catch up, they must learn from the West. The Opium War also caused Chinese officials and intellectuals to rethink China's social and political system. Before the Opium Wars, Lin Ze-xu risked his life by advising the emperor that China should modernize its defense by acquiring European guns and ships. However, the intellectuals believed that simply adapting Western technologies and industries was not enough, China must undergo political changes. They argued the government also should protect the growth of capitalism. A few short-term small-scale political reforms were enacted, such as "Hundred Days' Reform."

From June to September 1898, a group of advisors prepared numerous edicts for the Emperor Guang Xu, starting the "Hundred Days' Reform." Some 200 decrees were issued by the emperor to institute reform in government administration, education, the military, and the economy. Significant measures included publishing newspapers, establishing the Peking Imperial University and provincial schools with western subjects, reorganizing and modernizing the army, promoting infrastructure construction, sending high officials to visit foreign countries, and improving and simplifying law codes.

Unfortunately, the reform only lasted for 103 days and was overthrown by the Empress Dowager Ci Xi, the de facto ruler of the late Qing Dynasty. However, the Peking Imperial University and some of the provincial schools that had been established were allowed to remain. Some

unnecessary offices were abolished. But political and economic reforms only came with the revolution led by Sun Yat-sat, who overthrew the Sing Dynasty in 1919.

As noted previously, before the Opium Wars, the Chinese thought the Heaven was round and the Earth was a square. They had no idea that the earth was actually a globe, and they were unfamiliar with the continents and oceans. Commissioner Lin Ze-xu, who stopped the opium trade and was exiled for it, was one of the early intellectuals who realized how backwards the Chinese were in understanding the world. In 1840, he collected materials from translated foreign publications and wrote the book *The Introduction of the Four Continents*. Based on this book, his friend Wei Yuan (1794-1857) published a book with 50 chapters: *Illustrated Treatise on the Maritime Kingdoms (Hai Guo Tu Zhi)*, in 1842. In the prelude, the author wrote, "The book is intended to fight against the foreign invasion with advanced foreign technology, and to surpass the foreigners by learning from them". This book went through three editions and was finally expanded to 100 chapters in 1852. These books comprehensively introduced the geography, history, politics, economy, military, science, religion, and culture of different countries around the world, which represented a start at introducing the Chinese to the world around them.

LESSONS LEARNED

Sun Tzu (6th C.; Sun Zi), the famous Chinese military strategist said: "Know your opponents, know yourself." In a hundred battles, a hundred victories." The Chinese forgot this dictum in the Great Withdrawal of 1433 and suffered greatly. The Opium Wars forced the Chinese people to witness the destruction of their military, the collapse of their economy and the humiliation of a proud civilization, by outside forces they little understood. Despite their hatred of the West, the Chinese were led to a greater understanding and appreciation for it.

Deng Xiao-Ping (1904-1997), former president of China, and the architect of China's economic reform policy, recognized:

Isolation prevents any country's development. We suffered from this and so did our forefathers... Isolation lasted more than 300 years, from the middle of Ming Dynasty (1368 -1644) to the Opium War (1840)... As a result, China fell into poverty and ignorance (Stockwell, 2003, 145).

The Opium Wars marked a turning point and is regarded as the start of China's modern history. The opium Westerners forced on China ruined the body, but according to Zhang (2002, 229): "it did not numb the Chinese people." To the contrary, it aroused them. The people's struggle against imperialism and feudalism began from this day." The Opium Wars marked the first time in her long history that China needed to be concerned with modern western advances in science and technology, and the way to keep

abreast of these developments was through international trade.

China has gradually emerged on the world stage in the last few decades. In 2005, China's GDP was ranked fourth largest in the world (after the U.S., Japan and Germany). Its international trade is ranked third largest (after the U.S. and Japan). China's military budget is ranked second largest (after the U.S.). And with 1.3 billion citizens, China has the largest population on the planet. China is a country that can no longer be ignored.

Will China continue its economic reforms and the open-door trade policy that has contributed so greatly to its modern-day success? What role will China play in the international community?

From an historical point of view, these questions can be answered by the lessons learned from the Opium Wars. The European invasions of the nineteenth century were not only a sordid and shameful episode in Chinese history but it provided an unforgettable lesson that is not lost on its modern leaders. According to the founding father of the People's Republic of China, "being weak will lead to being bullied." (Mao Ze-Dong, Little Red Book, 1964). It was only a matter of time before the Chinese became strong enough to regain sovereignty of its remaining foreign controlled trade ports, Hong Kong in 1997 from the British and in Macao in 1999 from the Portuguese, so shamefully lost in the Opium Wars.

The century long humiliations and the lessons learned from the Opium Wars more than 150 years ago are still deeply ingrained in the Chinese. These lessons will continue to guide China and shape its thinking in modern international relations.

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