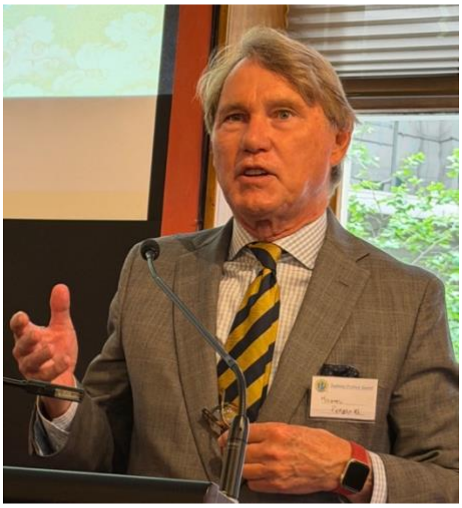
THE TRADE WITH CHINA THAT CHANGED HISTORY
The Honourable Michael Pembroke



Introduced by Geoff McWilliam, Michael explained that his new book Silk *Silver* Opium is historical and not about the contemporary world, though there are parallels. It is about 5 commodities - silk, porcelain and tea that came from China and nowhere else, silver that was used to pay for them and, in the last century, opium as a substitute for silver.

Silk was the first Oriental product coming to Europe from China in about 27 BC. Roman women (and some men) became besotted by silken luxuries with some of Rome's elder statesmen becoming concerned by the outflow of silver that was used to pay for the silk. The products were made more expensive by the many players in the circuitous supply chain, but Romans were wealthy at that time and didn’t mind paying.

The next product of significance, **Porcelain**, was special to Europeans accustomed to earthenware. They were attracted to the fineness and colourful beauty of porcelain, first seen in China by Marco Polo who wrote about it and brought back a piece to Italy. Two centuries later Vasco da Gama brought more back to Portugal's royal court, with the Portuguese elite becoming enthralled by it and purchasing large quantities. The demand for porcelain grew throughout Europe with wealthy people, including Queen Elizabeth1 and the Medici family, acquiring collections.

The Dutch became involved in the porcelain trade after realising that huge profits could be made and were importing around 600,000 porcelain pieces per annum and more than 43 million pieces during the seventeenth century. Britain’s East India Company was late to the party, but when it joined it in the early 1700s, they were very competitive.

At the beginning of the 17th century **Tea** was unknown in England but then some began to cross the channel. This grew with the influence of Portugal's Princess Catherine who was promised in marriage to King Charles 11, the “Merry Monarch”. Her dowry included, apart from two shipping ports and a huge sum of money, many chests of tea, as well as porcelain. It became fashionable in England to drink tea and it grew to become the British East India Company’s most important product. Drinking tea became a national past-time, and the associated duties and taxes paid were a major contributor to the UK government’s coffers.

The China trade became so huge that the associated drain of European **Silver** became such a serious problem that the Directors of the East India Company, along with Warren Hastings, the British Governor General of Bengal, developed a plan to build the largest **Opium** production facility in the world along the Ganges River. They knew there was a market for opium in China, though it was officially banned. It was sold through China’s drug lords who paid for it in silver. The trade became so large and worrying to the Emperor that he sent a Commissioner to stop the trade. He did so ruthlessly. The Commissioner then turned his attention to the Europeans and Americans involved in the opium trade. (Michael pointed out that many fine homes, railways and hospitals built in the early 1800's in America's northeast had their origin in profits from the opium trade! Following the Commissioner's six-week "imprisonment" of the European and American traders in their Canton factories in 1839, the First Opium War ensued, followed almost twenty years later by the Second Opium War. The Chinese had no capacity to challenge the British and French armies. Hong Kong and parts of China were then ceded to the UK and other countries, and the Summer Palace deliberately burned down by British soldiers under the command of the second Lord Elgin.

China was left weakened. Japan invaded it in 1895 and in 1898 Britain, Russia, Germany and France all demanded and received slices of China.

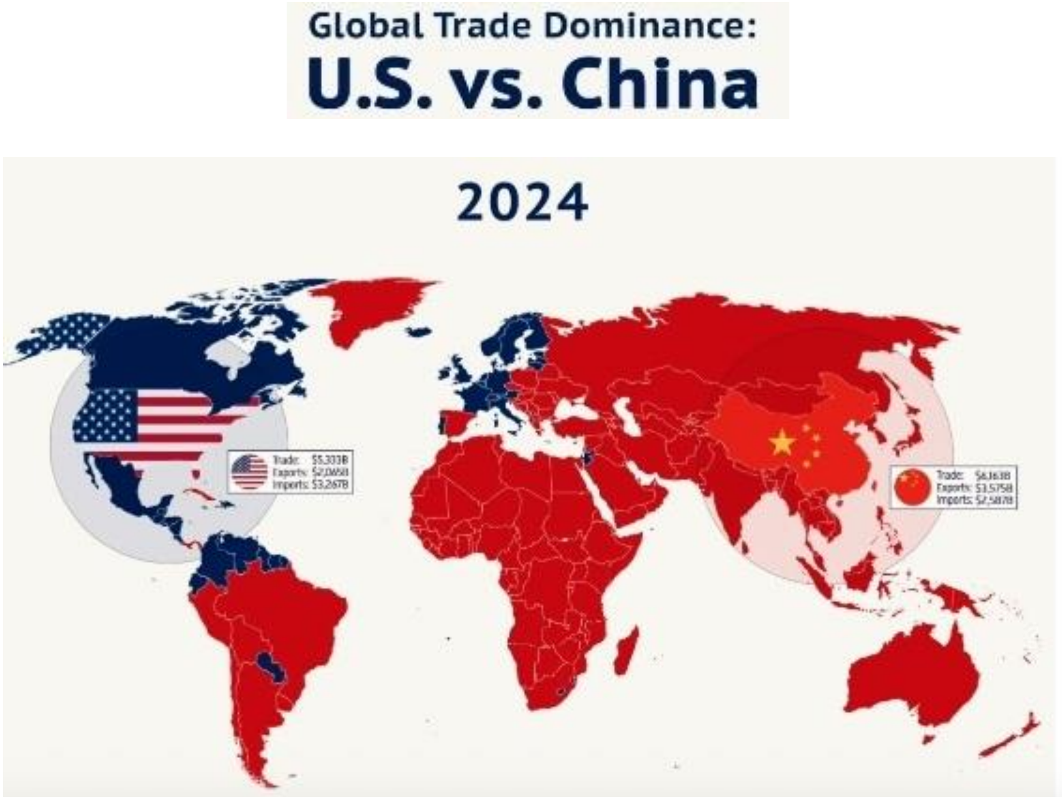
The key lessons learned by China from the above were:

- **they need to govern with strong central control, and**
- **have a strong military!**

Some points arising during question time included:

- China preferred to be paid in silver rather than gold, with silver becoming the reserve currency for a time.
- Of the missionaries working in China in the 19th century the Jesuits were the more successful because they respected Chinese values and sought to integrate with the society. Some Jesuits became close advisors to the Emperor.
- German Christian missionaries, on the other hand, were intolerant of Chinese values and sought to impose their own.
- Lord Macartney, sent by the UK government on a mission to China did not succeed partly because he refused to "kowtow" to the Emperor!

Michael included a slide showing the trade dominance of China versus the US – the countries in red have China as their major trading partner.



Countries where China is the Major Trading Partner - 2024

In his vote of thanks Sean Wareing pointed to the fact that while the Mediterranean has historically been seen in the West as the cradle of civilisation, that is not necessarily the view in China and other countries of the East. He also pointed to the influence of Chinese produced gunpowder and to the Mongols' providing support that proved critical to the success of the overland silk trade.

Alan Locke