Center for East Asian Studies: Institute for Regional and International Studies



Author: Michael Freydin	**Unit:** Community and Cultural Diffusion	**Topic:** Understanding US-China Relations:
Skill: Compare and Contrast; Cause and Effect; Point of View	**Time Allotted**: 1-2 class periods	**Grade Level**: 6-9

Essential Question: To what extent does trade cultivate an understanding of shared elements across cultures? To what extent do cultural diffusion and appropriation play a part in trade and making trading goods available beyond their original borders?

Note to Teacher / Practical Directions:

In this unit, young historians will seek out common themes found in art and community, and how those themes drive them to investigate further. It is hoped that their investigation into trade, commerce, and cultural diffusion will synthesize a deeper understanding of the communities around them. Student historians may use their newly gained insight to create artistic or written work to synthesize their understanding of the themes they have encountered in the visual, textual, and interpersonal resources.

I think it's important for us as educators and students to pay attention to the resources and comparisons that come from non-traditional sources, and realize that, in the words of Maya Angelou, "*we are more alike, my friend, than we are unalike*." In order to do so, young historians will cultivate a sense of empathy for their subjects and interviewees.

Lesson will begin with a Warm Up activity of student journalists practicing Visual Thinking Strategies as applied to images supplied by the teacher. Teacher may wish to ask not only **what the students see**, but **what it is they do not see**, and how the scene before them in the image **is different** than what they would have expected to find. Those differences and similarities ought to lead students to common themes, which may then be explored in the readings that follow.

Lesson Goals: Materials will be used to reinforce the goals of bringing to light cultural and trading connections between China and the United States, as well as giving voice to those experiences which may not be ordinarily shared across cultures, which tend to focus on macro rather than micro experiences. Moreover, the goal of cultivating empathy and understanding by students of those who surround them in their communities, and making personal world-to-self connections through the lens of mutual or similar feelings others may have from shared experiences.

Formative Assessment: daily exit slips may include, but are not limited to a self-assessment as it relates to the daily lesson.

Goal 1: What can I learn from this story? What questions can I ask about these themes? Goal 2: Now that I know what questions I can ask, whom can I ask these questions? How would I go about finding a person or source to help me learn about this theme?

Summative Assessment: while no summative assessment is truly necessary for the lesson, collaborative work may be exhibited through a collaborative Padlet or poster, which will reveal student feelings about the themes discussed in the unit.

Alternatively, Teacher may make use of the Writing Scenario to have students produce a journalistic work where students conduct hypothetical or actual interviews.

Higher Order Thinking Question: What policy could nations enact to address issues brought up in this unit?

CCSS.ELA-Literacy Standards – History/Social Studies:

RH.6-8.1 – Cite evidence to support analysis of primary and secondary sources

RH.6-8.2 – Determine the central ideas or information of a primary or secondary source; provide an accurate summary of the source distinct from prior knowledge or opinions.

RH.6-8.6 – Identify aspects of a text that reveal an author's point of view or purpose

RH.6-8.7–Integrate visual information (e.g., in charts, graphs, photographs, videos, or maps) with other information in print and digital texts.

RH.6-8.8 – Distinguish among fact, opinion, and reasoned judgment in a text.

Depth of Knowledge Levels: 2 Skill/Concept; 3 Strategic Thinking; 4 Extended Thinking.

National Council of Teachers of English (NCTE) and **International Reading Association (IRA) standards:**

7. Students use spoken, written, and visual language to accomplish their own purposes (e.g., for learning, enjoyment, persuasion, and the exchange of information).

Social Studies Practices: A - Gathering, Using, and Interpreting Evidence:

1. Define and frame questions about events and the world in which we live, form hypotheses as potential answers to these questions, use evidence to answer these questions, and consider and analyze counterhypotheses.

2. Identify, describe, and evaluate evidence about events from diverse sources (including written documents, works of art, photographs, charts and graphs, artifacts, oral traditions, and other primary and secondary sources).

NYS Standards:

NYS SS1: History of the United States and New York: use a variety of intellectual skills to demonstrate their understanding of major ideas, eras, themes, developments, and turning points in the history of the United States and NY.

NYS SS2: World History: Students will use a variety of intellectual skills to demonstrate their understanding of major ideas, eras, themes, developments, and turning points in world history and examine the broad sweep of history from a variety of perspectives.

NYS SS3: Geography: Students will use a variety of intellectual skills to demonstrate their understanding of the geography of the interdependent world in which we live—local, national, and global—including the distribution of people, places, and environments over the Earth's surface.

NCTE / IRA Standards for the English Language Arts Standards:

1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.

2. Students read a wide range of literature from many periods in many genres to build an understanding of the many dimensions (e.g., philosophical, ethical, aesthetic) of human experience.

7. Students conduct research on issues and interests by generating ideas and questions, and by posing problems. They gather, evaluate, and synthesize data from a variety of sources (e.g., print and non-print texts, artifacts, people) to communicate their discoveries in ways that suit their purpose and audience.

11. Students participate as knowledgeable, reflective, creative, and critical members of a variety of literacy communities.

12. Students use spoken, written, and visual language to accomplish their own purposes (e.g., for learning, enjoyment, persuasion, and the exchange of information).

Minnesota State Standards:

7.4.2.4.1The differences and similarities of cultures around the world are attributable to their diverse origins and histories, and interactions with other cultures throughout time.

8.4.3.14.8 Describe how groups are reviving and maintaining their traditional cultures, identities and distinctiveness in the context of increasing globalization.

9.3.3.6.4 Describe the factors (transportation, government policies, economic development, and changing cultural values) that shape the modern world.

Engage NY Scope and Sequence:

10.8 TENSIONS BETWEEN TRADITIONAL CULTURES AND MODERNIZATION: Tensions exist between traditional cultures and agents of modernization. Reactions for and against modernization depend on perspective and context.

10.9 GLOBALIZATION AND A CHANGING GLOBAL ENVIRONMENT (1990–PRESENT): Technological changes have resulted in a more interconnected world, affecting economic and political relations and in some cases leading to conflict and in others to efforts to cooperate. Globalization and population pressures have led to strains on the environment.

National Core Arts Standards: The Arts as Community Engagement: Relate artistic ideas and works with societal, cultural, and historical context to deepen understanding.

NYS Learning Standards for the Arts - Connecting 10. Synthesize and relate knowledge and personal experiences to make art. 11. Relate artistic ideas and works with societal, cultural, and historical context to deepen understanding.

Academic Vocabulary in Context:

- Houqua: Chinese merchant, once considered the richest man in the world.
- Thirteen Factories:
  an area of Guangzhou, China where the first foreign trade was allowed in the 18th century.

Materials and Resources: students can use the following websites and materials to help cultivate a deeper understanding of the topic.

- Book talk by John Pomfret on The Beautiful Country and the Middle Kingdom**,** 2016, 56 min
- PBS NewsHour Presents China: Power and Prosperity, July 2020, 57 min, Source: https://youtu.be/gF_frOsTrgw
- Pride & Shame: The Roots Of US-China Tensions, When Titans Clash Ep 1, CNA Documentary, Jan 2021, 49 min, Source: https://www.youtube.com/watch?v=FL2gBUxblO8&ab_channel=CNAInsider
- Images of Houqua; also 2022 talk by John D. Wong discussing these images, https://eastasia.wisc.edu/eaum/usandchina/
- Timeline of US-China trade relations, https://history.state.gov/countries/issues/china-us-relations
- A glimmer of hope for improved US-China trade relations, Wendy Cutler,06/22/22, https://thehill.com/opinion/international/3532693-a-glimmer-of-hope-for-improved-us-china-trade-relations/
- Who was 19th-century merchant Howqua, the 'Chinese Bill Gates' of his day'?, Douglas Parkes, 5/29/2022, https://www.scmp.com/magazines/style/celebrity/article/3175760/who-was-19th-century-merchant-howqua-chinese-bill-gates

Language Objective:

- Students will repeat precise vocabulary related to the various aspects of trade, economy, and of the cultures of China and of the United States.
- Students will verbally describe the main ideas behind the effects of cultural diffusion on individuals and communities, and the relevant points of view.
- Students will be encouraged to use causal words (because of, due to, leading to) and descriptive language.

Content Goal:

- Students will learn about the importance of hearing multiple voices through the lens of trade between China and the United States.
- Students will be encouraged to delve into a different culture, and into their own, by eliciting information from textual sources, as well as from an informant about their home culture and their experiences.
- Students will be guided to look at global phenomenon from the viewpoint of someone from another culture and place, and to see some similarities and differences in their experiences to students' own experiences.

Skills Goal: Apply historical thinking (complexity, causality, change over time, contingency, context).

- Students will use sources and contemporary contexts to consider their own and others' perspectives.

- Students will work with background knowledge and selected historical or contemporary sources of evidence to frame a perspective.
- Students will evaluate multiple perspectives from background knowledge and sources of evidence as part of an argument.

Mini-Lesson: How can young historians consider aspects of interdependence in US-China trade and commerce, and evaluate their effects on cultural diffusion and appropriation?

Academic Rigor:
Goal 1: Connecting Pictures to Themes Goal 2: Connecting Themes to Community

Notes to Teacher/Background: Economics and cultural dimensions of trade can play multiple roles at different times: it can inform, educate, inspire, and motivate people. It can expose corruption, spark conversations, understanding, and reflection about our very different and shared experiences as humans. It can allow people to see something or someone from a different perspective, or a new light.

By this point, students will be familiar with the concepts of trading networks, cultural diffusion, interdependence, and of influence.

Historical Background/ Connections:

- In past lessons, we have learned of immigrant groups coming to the United States.
- We have learned that while they came at different times, and from different places, there was similarity in the reasons why many immigrant groups emigrated here.
- We also learned that as certain group reestablished their communities in the United States, they brought with them their ideas, tastes, religions, music, arts, cuisine, and architecture.
- We learned about the positive and negative aspects of cultural diffusion, and have seen its long-term effects.
- We have also learned about the Chinese Exclusion Act, and the devastating effects it had on communities
- The Chinese Exclusion Act marked the first time the US specifically denied an ethnic group the right of entry and citizenship. The law remained in effect for over 60 years, from 1882 until 1943.
- We discovered the interdependence between US and its need for labor, leading to immigration waves.
- One of those waves and labor sources was China, and America's checkered history with Chinese labor.
- Today, we will begin to learn how certain examples of trade relations can be compared, to be found similar and/or contrasting.
- To do so, we will look at the trade relations between China and the United States in the example of Houqua, a Chinese trader once considered the richest man in the world.

Warm Up: utilize Visual Thinking Strategies as applied to artifacts.

1. Take a few moments to examine the image below. What details do you notice? What details do you see that tell this subject's story?
2. What is the story we can visualize behind this image? What's going on in this picture?
   If the student needs to elaborate to make their statement clearer ask:
3. What makes you say that?
   If the conversation comes to a halt you may ask:
4. What else can we find?

Answers will vary.



Anticipated Answers:

- I see a man in a chair
- I see a man in front of a window
- There are no other people, so I can infer he is important
- He is dressed very well, so I can infer he is rich
- This is probably a commissioned portrait, because this man is shown as important, takes up the majority of the frame, and is shown in his finery, with a relevant background



5) Proceed with discussion by using micro analysis.
   a) Ask students what the understand the vertical items in the background to be.
   b) For struggling learners, explain that those are masts of large ships, probably used for trading.
   c) Ask students what additional information they are able to gather from the addition of these images.
   d) Why would this artist include the large trading ships? Why would the subject of the painting want those ships included in his portrait?
   e) What do you think the subject of the painting did for a living? What symbolic items do we see?

Model:

- What I see when I look at this image is its familiar style. I recognize that this is a portrait of a person, done in a way I regularly see with Western European and American persons. However, this is a different subject – a Chinese man in ornate clothing.
- My first thoughts go to the subject of the painting. Who is he? When is this painting taking place? Why is he depicted in this way? He appears very calm and thoughtful, so I am guessing he is not an athlete or a warrior, who would be depicted differently. There are also no objects of royalty or monarchy, so I do not believe he is a king or emperor.
- I am also interested in the function of this painting. What is it being used for? I can see the clothing of the man and his jewelry, which indicate his high status and wealth. So, what could it be used for? It is to educate the viewer about the man's relevance and stature.
- I also see that the background includes thee masts of ships. Since this is not a regular size for a regular ship in my experience, I am interested in finding out more about this size and purpose of these ships. They seem to be to me as large trading ships. Why did the artist include these large trading ships? Is it for functional, or is it purely decorative reasons? It definitely seems to be to me that the artist includes these as a reminder to us, the viewers, who this subject is, and how he made his fortune.
- What was the inspiration behind this spiral shape – was it organic or purposeful? It seems unlikely that this subject accidentally sat down with these ships in the background – so he must have wanted them included in the portrait, as a statement to all who would see it. The same can be said to be true about his wardrobe. Look at the finery of the textiles, the layers of cloth, the jewelry. This is clearly meant to impress the viewer, to identify the man as someone of importance and wealth, and someone who commands respect.
- I would want to find out not only the answer to these questions, but to better understand how and why the decision to portray this man in this way was made. Hee is not drawn in a traditional Chinese artistic style, but instead in a Western European and American artistic style. Why would he have made the choice to be represented in this way?

- You might be waiting to learn about the unusual man and his portrait. This is a depiction of the Chinese 19th century trader and financier Houqua, thought to be the world's richest man in 1834. Howqua was akin to Jeff Bezos of the early 19th century, worth $26 million, equivalent of tens of billions today. His investment in America kick-started US Industrial Revolution.
- Today, you will be asked to complete a number of readings for background information, and then to evaluate images in the same way we just did, in order to better understand Houqua, and the history of US-Chinese trading.

Note to Teacher: depending on class progress and ability, Day 1 may be devoted to the readings, and Day 2 may be devoted to the images and articles. In either case, inferences and discussion may be held at the end of the class.

Quick Check: It has been said of Houqua that he was "World's richest man in 1834. Howqua 伍秉鑑 was Jeff Bezos of the early 19th century, worth 26 million dollars, equivalent of tens of billions today, 5x his contemporary European financier Nathan Rothschild. His investment via John Forbes kick-started US Industrial Revolution"

What would YOU do if you found yourself in this position? How would YOU spend your money?

Anticipated answer: Student responsiveness will be gauged as they respond to questions posed throughout introduction to see what connections they are making to their prior knowledge.

Work Period: Individually and in groups, students will:

Task 1: Listen and Learn: teacher intro to topic;

Task 2: Engage: read secondary sources from which they will learn about Houqua and his trading with the West.

Task 3: Evaluate: relevant information from provided sources. See: Reading #1 and #2, Image Set #1 and #2.

Task 4: Reflect: on how US-China trade offered opportunities for prosperity, based on equal footing, drawing conclusions on similarities and differences.

Task 5: Conclude: to what degree was Houkqua's experience unique? Could a businessperson reach his level of success today? Given what you learn in the readings, in what ways can this exchange be considered cultural diffusion?

Differentiation, Scaffolding, and Workshop Model Seating: Group seating grouping and placement based upon Prosper pretest and post-test skills assessments, behavioral needs, linguistic needs, IEP goals, baseline assessment, and conferencing. An engaging and interactive introduction will be given. Introduction may include visual components to engage students who need visual stimuli. Visual components may include handouts or organizer.

ELL/IEP/FELL/SIFE students may receive a Vocabulary in Context or imbedded definitions. Students may receive differentiated reading. ICT/SETTS teacher may instruct selected group. Varying academic levels: individual writing time to allow students to progress at their own ability level. Auditory learners: encourage small-group discussion to create notes for information.

Extension Activity for Early Finishers may include **Extended Reading**.

Scaffolding	**Class 1**	**Class 2**	**Class 3**	**Class 4**	**Class 5**
Identified by pretest data, students not proficient in central idea may receive **main idea** scaffolded support.					

Identified by pretest data, students not proficient in determining the meaning of words /phrases may receive **vocabulary** in context.					
Unscaffolded	All other students	All other students	All other students	All other students	All other students

Share Out: What common themes have you seen across the materials? Was this surprising to you?

Directed Question: What else would you like to learn about this topic?

Discussion Question: What resources could you use to find out if other people across the United States shared this experience?

Closing:

1. Today, we learned about the history of trading between China and the United States.
2. What similar themes did you recognize when reading the experiences of individuals from today's texts or artifacts?
3. Do you think these themes will be found in other communities and regions of art, and by other individuals? Explain your reasoning.
4. Continue the work of comparing and contrasting by moving forward in time to extend comparisons between Chinese and American business views today.
5.

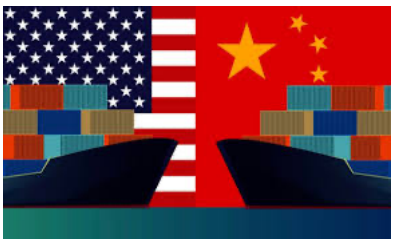
Small Group/Individual Conferencing:

Class:

Student:

Reason:

Teacher Notes and Reflections:



Reading 1: Wong, John D., *Global Trade in the Nineteenth Century: The House of Houqua and the Canton System,* Cambridge: Cambridge University Press, 2016.

Trade between the US and China started with tea, which Americans and Europeans bought from licensed traders based in the port of Canton (today known as Guangzhou, located on the Pearl River about 75 miles north of Hong Kong), the sole port of call for China traders until the conclusion of the Opium War, when the era of the Treaty Ports was introduced.

The first ship to sail from the US for China was the *Empress of China*, which left New York on Feb. 22, 1784. Americans initially traded fur and also ginseng (a product still exported from Wisconsin and other states to East Asia) for tea and silk, but the market was much stronger for Chinese tea, which meant trade with the US was an important early source of silver for China.

Dominating the trade in Canton was a merchant with the surname of Wu who traded under the name "**Houqua**," and became the linchpin for the global tea trade. John Wong's profile of Houqua explains how the Wu family business, the richest in the Canton region, was so successful despite constant fees and constraints from the Qing court in Beijing, the high level of risk in sending ships of tea across oceans, the pressure from the British to receive unsellable British wool in exchange for the much more marketable Chinese tea, and the language barrier to writing contracts for trade and insurance terms.

"…Houqua served as the sole director of the **Yihe Company** (怡和行), 'the nexus of all trade' between China and the West, with 'tens of millions in turnover.'" (p. 41) One key to Houqua's success was the partnership he formed with the American **John Perkins Cushing**, a young Boston businessman, who helped Houqua bypass the British stranglehold on the tea market and also protected Houqua's business license from the growing but illegal trade in opium.

"Although Houqua was fully aware of the source of their capital, records of his American associates indicate that Houqua stayed clear of the opium trade and his overseas partners structured their business to avoid implicating Houqua in the opium business. Smuggling opium into China was illegal both for Houqua as well as for his foreign trading partners; however, the ramifications were unequal for the two sides should Qing officials decide to prosecute the offenders." (p. 87)

Houqua cultivated close ties with his most trusted foreign business partners, and also understood the power in what we would today call "branding." He had his portrait painted and distributed (the image above is of a painting that can still be seen at the Peabody Essex Museum in Salem, Massachusetts), which helped create what Wong calls "an iconic status" for the merchant.

"His painted portrait hung on the walls of many American houses, highly prized as the symbol of all that is praiseworthy in public and private relations." (p. 123) – William C. Forbes (ambassador to Japan and grandson of the railroad magnate J.C. Forbes). These portraits and the exchange of gifts were key to the business ties that Houqua cultivated – Cushing even sent him a cow that calved during the trip to China. Houqua wrote his thanks for a gift that "furnishes us with a most liberal quantity of rich milk." p. 132

"The mutual trust between Houqua and his select American partners was all the more impressive because, unlike other tight-knit business partnerships that involved people of similar backgrounds, their partnership transcended ethnic, social, and cultural boundaries." (p. 209)

"The success of this Chinese entrepreneur on the global stage also refutes any notion of China's passivity in the merging of regional economies as the modern world took shape…Moreover, as the strategic positioning of Houqua and his partners anchored their web of exchange, the geographical movement of these people and the

cultivation of their trading network tell the story of how business partners transcended political, social, and cultural boundaries and improvised systems of exchange that sustained their economic activities against the backdrop of the tumultuous currents of geopolitical developments." (p. 217)

Reading 2: Houqua with his foreign friends and acquaintances, Negotiating Friendships: A Canton Merchant Between East and West in the Early 19th Century, Shuo Wang

Due to the specific position of foreign traders in Qing China and the intercultural communication in the early nineteenth century, it is significant to understand the foreigners' experiences of living in Canton at that time and how they lived as an ethnic minority with different cultural backgrounds

…Foreign traders in Canton were only allowed to live in the so-called factories or the "Thirteen Factories" in the southwestern sub-urbs of the city (see Figs. 3 and 4).1Each factory was a house, which belonged to a certain Hong Merchant and was normally rented by a group of foreign traders of the same nationality or the same commercial house. These factories or houses functioned not only as offices but also as private residences. The number of foreigners living in these factories increased constantly, which reached300 at the end of the 1830s.2Together with Chinese and foreign servants, the whole number of people dwelt in these houses might be easily over 1000 in the years before 1840.

However, despite the big number of people who lived there and their multiple nationalities, the lives of the foreigners was very monotonous and restricted. Firstly, according to the Chinese law, no women were permitted to enter the factories. Also, guns, muskets, powder or any other military weapons were not allowed in the factories. In the early years of the nineteenth century, the foreigners were only allowed to sightsee in the city twice a month. After1816, they could visit Hong Merchants' gardens three times a month.

Source: https://www.degruyter.com/document/doi/10.1515/9783110629644-004/pdf

Reading 3: Thirteen Factories

Thirteen Factories (Chinese: 十三行
; Pinyin: Shísānháng) is an area of Guangzhou, China where the first foreign trade was allowed in the 18th ce ntury since Hai jin. It is also referred to as the "Thirteen Hongs" or the "Canton Factories".

Factories were "foreigners quarters" outside the city walls in Guangzhou. These were business markets, not a ctual factories where goods were manufactured…Chinese citizens often referred to the factories as "Barbarian Houses".

In 1684, the Emperor Kangxi of the Qing allowed foreigners to trade with China in four cities, including Gua ngzhou/ In 1686, Westerners were allowed to also live in the area of the factories in Canton, at the head of the Pearl River. In 1757, the Emperor Qianlong limited Westerners to the port of Canton, and no other area.

In 1793, attempts were made by King George III who sent representative Lord George Macartney to request that ports in northern China be opened to trade. Emperor Qianlong denied the request.

The Thirteen Factories gradually lost importance after the First Opium War, a conflict after China banned the import of British opium. The Qing court was defeated by Great Britain and forced to open five ports to foreig ners and to cede Hong Kong to Great Britain. The Thirteen Factories was no longer the sole place for foreign ers to trade and live in China.

The Hongs in Hong Kong that became major economic powerhouses beginning in the 1890s are usually credi ted to the British and other overseas merchants. Despite the origin of the name "Hong", the factories did not p lay a role in Hong Kong's economy in the 20th century.

The Western "factors" were allowed to occupy two- or three-
story buildings, set back one hundred yards from the river. Each factory contained 3 or 4 houses. The wareho uses occupied the first floors and elegant apartments were on the second and third floors of the houses. The sq uare in front of the factories was fenced and reserved for foreigners. The streets immediately adjoining the fac tories were named "Thirteen Factory Street",“Old China Street", and "Hog Lane". These streets were filled wi th retail stores selling a wide variety of Chinese goods.

Source: https://en-academic.com/dic.nsf/enwiki/1465497



Image 1: Images of business giant Houqua







Houqua (1769-1843) became the most powerful - and wealthy - of the Chinese merchants who made up the Co-Hong in Canton. D.S. Howard writes (*New York and the China Trade*) that Houqua "developed a reputation of almost legendary proportions (by) his retirement in 1834, (when his) wealth was estimated at $26 million". Forbes, Kernan & Wilkins (*Chinese Export Silver*, p.29) note that "the style of life of the wealthiest Hong merchants, such as...Houqua, involved a degree of luxury...scarcely imagined except in the greatest houses of England and the Continent." Many journals of China traders record the lavish entertaining and generous gifts of Houqua, who was apparently as well-liked as he was respected for his business acumen.

Source: https://www.christies.com/en/lot/lot-6187684

Image 2: NYC, 1856 and 2013



Lower Manhattan, also known as Downtown Manhattan or Downtown New York, is the southernmost part of Manhattan, the central borough for business, culture, and government in New York City. Lower Manhattan is defined most commonly as the area delineated on the north by 14th Street, on the west by the Hudson River, on the east by the East River, and on the south by New York Harbor (also known as Upper New York Bay).

The Lower Manhattan business district, known as the Financial District, forms the main core of the area below Chambers Street.

The city had itself originated at the southern tip of Manhattan Island in 1624, at a point that now constitutes the present-day Financial District. The population of the Financial District alone has grown to an estimated 61,000 residents as of 2018, up from 43,000 as of 2014, which in turn was nearly double the 23,000 recorded at the 2000 Census.

Source: https://en.wikipedia.org/wiki/Lower_Manhattan
Source: https://www.worldmapsonline.com/aerial-view-of-lower-manhattan-new-york-city-wall-mural/

Image 3: View of the foreign factories at Canton, circa 1805. Reverse painting on glass. Courtesy of the Peabody Essex Museum, Salem, Massachusetts.



Known today as Guangzhou, this Chinese city witnessed the economic dynamism of global commerce until the demise of the Canton System in 1842… The story of Houqua is at once local, regional, and global. Houqua's business success certainly amplified the economic vitality in Canton… His success in global business illustrates the construction of networks of trust for the purpose of facilitating economic exchange in the advent of an enforceable, unified international system of arbitration… This is a story not only of an exceptional individual but also of the dynamic setting of transnational business when regional networks negotiated their connections in the emerging modern world.

Source: http://nrs.harvard.edu/urn-3:HUL.InstRepos:9282867
Source:https://www.semanticscholar.org/paper/Global-Positioning%3A-Houqua-and-his-China-Trade-in-Wong/9ec4e8a28784782554200ace994ee2247902c50e

Image 4: Trading ship The Houqua



Houqua was an early clipper ship with an innovative hull design, built for A.A. Low & Brother in 1844. She sailed in the China trade.

Houqua or named "in honor of the beloved Canton Hong merchant Houqua, who had died the year before, and with whom the Low brothers had traded within China for many years".

Houqua, (also spelled Howqua or Hoqua), was the most prominent Hong merchant of the day. He "was to take her delivery in China as a warship on behalf of the Chinese government. However, upon arrival, she was found to be too small, and so she spent her career in merchant service for A.A. Low.

Source: https://en.wikipedia.org/wiki/Houqua_(clipper)

EXTENDED READING:

WHO WAS 19TH-CENTURY MERCHANT HOWQUA, THE 'CHINESE BILL GATES' OF HIS DAY? THE LATE TYCOON ONCE DOMINATED CHINA'S TRADE MARKET AS THE RICHEST MAN ON EARTH.

- Today, China and Hong Kong boast over 600 billionaires including Jack Ma, Zhang Yiming and Li Ka-shing, but before them there was Howqua – so how did he make his fortune?
- Howqua's net worth was estimated at US$26 million, today's equivalent of several billion dollars, but John D. Rockefeller and other Americans eventually stole his 'richest man' title

By Douglas Parkes, Published: 12:00pm, 29 Apr, 2022
Source: https://www.scmp.com/magazines/style/celebrity/article/3175760/who-was-19th-century-merchant-howqua-chinese-bill-gates



China and Hong Kong are home to more than 600 billionaires, and Beijing, Shanghai and Shenzhen each have more resident billionaires than either New York or London. Individuals as varied as tech entrepreneurs Zhang Yiming and Jack Ma, property developer Yang Huiyan and business magnate Li Ka-shing have all amassed incredible fortunes.

Yet none have a position of financial primacy like Howqua, a Qing dynasty merchant who on the eve of the First Opium War (1839-42) was believed to be not just the foremost Chinese tycoon but the richest man on Earth.

Howqua and his family origins



The Pagoda, Whampoa, located to the south of Canton; Howqua's family moved from Fujian province to Canton to make their fortune. Photo: Getty Images

Although he would eventually be known to foreign traders as Howqua (or Houqua), the world's one time richest man was born Wu Bingjian in 1769, the third of four surviving sons. He would in fact become the second Howqua since his father, Wu Guoying (1731-1800), was the first to hold that title.

Howqua's family was originally from Fujian province, but the clan moved south to Guangdong during the reign of Emperor Kangxi (1661-1722). Without ancestors here, the Wus were viewed as outsiders in Guangdong and originally had to settle for living in Xiguan, a suburb outside Canton's (modern Guangzhou's) city walls.

Despite their position as outsiders, the Wus' move to Canton was a shrewd decision. Throughout the 18th century, the port grew in wealth and importance as it attracted the bulk of international trade with Europe and the US – a position that was cemented in 1757 once the Qing government barred Western trade from all other ports. Then, in the 1780s, Wu Guoying founded the Yihe Company, the trading house that would bring his son Howqua to pre-eminence.

Rise to fortune



Canton Bargemen, Fighting Quails (1843), from China Illustrated by Thomas Allom. Photo: The Print Collector/Getty Images

Howqua inherited the Yihe Company in 1801 and, under his leadership, it soon became highly profitable. In 1834, Howqua's wealth was estimated to be US$26 million, the equivalent of several billion modern US dollars. "In other words, he was the Chinese Bill Gates of his day," wrote historian Alain Le Pichon.

The source of Howqua's wealth lay in what became known as the Canton System, which governed all of China's foreign trade from 1759 to 1842. This system restricted foreign merchants to a small area outside Canton and dictated that they could only deal with 13 Hong merchants, known collectively as the Cohong, who were officially appointed by the Chinese authorities.

In theory, this granted Hong merchants a monopoly on foreign trade. It promised great wealth but bankruptcies were not uncommon. Not only did the Hong merchants have to pay handsomely for their position, they were expected to bankroll local officials on an ongoing basis. And none of this guaranteed these merchants wouldn't make mistakes that could ruin them.

Howqua, however, became renowned among the foreign traders for his acumen and honesty. And his name has been most remembered among foreign historians and writers. To Westerners, he embodied the best of the romantic "Old China Trade" that ended soon after the First Opium War with the opening of the Treaty Ports.

In his homeland, though, Howqua is a more problematic figure. His connections and close dealings with foreigners made him a suspect figure for some. Meanwhile, decades after his death, his family's contributions to the Qing state's efforts to crush the Taiping Rebellion – viewed as a proto-Communist revolution – cast him and his descendants as an enemy of the people.

The wealthiest man on Earth



Howqua was one of the most prominent Cantonese Hong merchants of the 19th century and he invested heavily in, among other ventures, the burgeoning American railroad system in the mid 19th century. Photo: Wikimedia

Howqua amassed his fortune – where other Hong merchants failed – through shrewd business dealings rather than any great innovation. The Yihe Company had risen to prosperity mainly through its dealings with the British East India Company, which was the largest foreign buyer of tea at the turn of the 19th century.

When he took over in 1801, Howqua made sure to maintain good relations with the East India Company's agents in Canton and expanded his wares beyond tea to the likes of Nankeen cloth. He maintained a firm attitude with East India Company representatives, though. Unlike his brother Puiqua, who had worked with him before his death in 1801, Howqua was less acquiescent towards British haggling over the quality of goods.

As well as ensuring the East India Company continued to rely heavily on him, Howqua also made expert use of the growing American presence in Chinese trade at this time. The United States had declared independence from Great Britain in 1776 and was thus still a young country at this point. Shorn of its links to the British trading network, it took time for American traders to establish themselves abroad.

Other Hong merchants were reluctant to deal with these new and unproven American traders, but Howqua saw an opportunity to use them as leverage against the dominant East India Company. Another benefit of dealing with Americans was their use of "the most daring business practices available at the time", according to Le Pichon, such as the use of credit, all of which lent Howqua an edge compared to his rivals.

How he spent it



Howqua entrusted funds to his American partners to invest in the United States – some of the most lucrative investments made were in the burgeoning US railroad network, profits from which Howqua's heirs enjoyed. Photo: Wikimedia

Despite acknowledgement of Howqua's great wealth, historical records mention little about how this great trading magnate actually spent his fortune. Contemporaries did note the impressive nature of Howqua's mansion with its imposing ancestral hall and beautiful gardens, but it seems there was little in the way of conspicuous consumption – no great jewels or excessive mansions like the Vanderbilt family's Biltmore Estate.

Rather, Howqua trusted his American partners to invest his money for him in their country. This was known as Howqua's "American Stock Investments", an early example of Chinese investment in America and a portion of Howqua's estate that remained invested in the US for decades under the direction of future railroad magnate John Murray Forbes.

Decline and fall

Howqua passed away in 1843 soon after the First Opium War concluded. Sadly, his great wealth would not last long for his descendants. The aforementioned war was just the first of several conflicts that would batter Qing China in the 19th century, all of which contributed to the collapse of the dynasty in 1911.

Conflicts like the Second Opium War and the Taiping Rebellion caused massive destruction and disruption to business and Howqua's family was not immune. Compounding these issues were the crippling "contributions" the Qing government demanded of wealthy merchants to finance its war and rebuilding efforts. In 1858, in the midst of the Taiping Rebellion, NM Beckwith reported on the strained circumstances of Howqua's descendants, remarking, "War is a calamity which changes the conditions of all, and the wealthiest most."

The result was Howqua's descendants gradually liquidating their holdings in the US to pay for their expenses in Canton. This process was complete in 1891 when Russell & Company, who had handled much of Howqua's investments, collapsed that year. By this time, Howqua and his heirs were no longer the richest on Earth. Ironically, that title had been usurped by a series of Americans – the likes of John D. Rockefeller – those same sorts of entrepreneurs that had brought Howqua so much wealth in the first place.

Select Timeline for US – China Relations in the Twentieth Century

Note: Quotes are from John Pomfret's *The Beautiful Country and the Middle Kingdom* overview of US-China relations (see Unit 6 for details).
The State Department's Office of the Historian also has a lengthy **"Chronology of US China Relations, 1784-2000"** from which a few of the following items were drawn.

1899-1901 – Boxer Rebellion, "a bloody antiforeign crusade born in Shandong province in response to Western land grabs and other depredations. The Boxers, so named because they held that kung fu could repel bullets, blamed China's poverty on Western goods and technology." (p. 109) An Eight National Alliance, which included the US, used military force to crush the rebellion and forced payment, known as the Boxer indemnity, from the Qing Dynasty. The US indemnity was mostly diverted to a scholarship program which brought hundreds of Chinese students to American universities, including 95 to the University of Wisconsin, the largest public university recipient of Boxer Indemnity scholars.

1911 – The Republican Revolution led the fall of the Manchu Qing Dynasty and the end of the imperial era to Chinese history. Sun Yatsen was sworn in as the provisional president of the Republic of China on Jan. 1, 1912.

1913 – President Woodrow Wilson named **Paul S. Reinsch (photo at left)** as the first American ambassador to a post-imperial Chinese government. Reinsch, a Milwaukee native, was a former professor of political science at the University of Wisconsin and recommended several Chinese students to his department for graduate study.

1931 – Pearl Buck publishes The Good Earth, which was made into a 1937 hit movie and follows a Chinese farming family through a series of crises. The novel "was both a vivid portrait of faraway China and a very American tale: an up-by-the-bootstraps parable about the values–modesty, thrift, and closeness to the land–that had made America great. *The Good Earth* married the Protestant work ethic with Confucius." (p. 175)

1937 – Edgar Snow publishes Red Star Over China, based on his lengthy interviews with Mao Zedong and other Communist leaders. These were the first encounters with an American for Mao, who went on to be the Chairman of the People's Republic of China. "Red Star was as American as Huckleberry Finn, one long prose poem to the previously unmown Chinese Communists." (p. 232) It proved influential to both Americans, and to students and intellectuals in China. Zhou Enlai (who became premier under Mao), called Snow "the greatest of foreign authors and our best friend abroad."

1941-42 – Flying Tigers, an American volunteer group of pilots formed to help oppose the Japanese invasion of China. Commanded by Claire Lee Chennault and based in Kunming (southwestern China), the group was credited with destroying 296 enemy aircraft along the "Burma Road" supply line. John Wayne starred in a film about them, and memorials to their legacy can be found in China and Taiwan.

1943 – Madame Soong Mayling became the first Chinese national to address both houses of Congress, to rally support for China's war effort. A graduate of Wesleyan College and the wife of Nationalist Generalissimo Chiang Kai-shek, Madame Soong and her husband were declared "Man and Wife of the Year" by Time Magazine in 1937. This year also marked the **end of the Chinese Exclusion Act**, allowing Chinese immigration for the first time in 60 years.

1949 – Chairman Mao Zedong's declaration from Beijing's Gate of Heavenly Peace that "the Chinese people have stood up" and formed **the People's Republic of China** led to a crisis in the US over "who lost China" and resulted in the "Two Chinas" geopolitical situation in which the PRC governs from Beijing, while the Republic of China governs from Taipei, Taiwan, and both claim to represent the true China.

1954 – First Taiwan Trait Crisis required intervention from the US after PRC forces amassed along the coast opposite Taiwan. Shelling of islands near Taiwan in 1958 constituted the second crisis, while military exercises in 1996 prompted the third.

1960 – President Dwight Eisenhower became the first US head of state to pay an official visit to a Chinese government when he met with Chiang Kai-shek (also spelled Jiang Jieshi) in Taiwan in June.

1966-76 – The Great Proletariat Cultural Revolution, a sociopolitical movement launched by Chairman Mao, closed universities, set off deadly power struggles, and ended essentially all relations between the US and China.

1971 – A US player at an international table tennis competition in Japan missed his team bus and hitched a ride with the team from the PRC, launching what became known as "**Ping-Pong Diplomacy**" and led to the first semi-official delegation of Americans in two decades – an American table tennis team visit to Beijing.

1972 – President Nixon arrived in China on February 21, the first American head of state ever to set foot on the Chinese Mainland. His weeklong visit resulted in the Shanghai Communiqué, which reduced US support of Taiwan and led to the normalization of relations between the US and the P.R.C.

1979 – Chairman Deng Xiaoping visited the US following the death of Chairman Mao in 1976 and the commencement of **normal diplomatic relations between the US and China** on New Year's Day of 1979. Deng's visit was part of his economic and reforms program which also encouraged **academic exchanges**. UW-Madison's first delegation to China coincided with Deng's return flight to Beijing – faculty snapped bleary photos of Deng on the tarmac. The first group of Chinese scholars arrived in Madison that fall, and students from the PRC have attended UW-Madison ever since, today constituting the largest international cohort on campus (totaling 3,286 students in fall 2021).

1980 – The US Congress conditionally granted China **"Most Favored Nation" trade status,** allowing essentially unfettered access to the US market, but requiring an annual review. This lasted until 2000, when Congress approved "Permanent Normal Trade Relations" status for China. (This trade status is given to members of the World Trade Organization, with MFN allowing equal and fair trade under most conditions and requiring negotiations between member countries.)

1989 – A spontaneous **democracy movement** in Beijing's Tiananmen Square gained international attention. The movement was crushed on the night of June 3-4 in a military crackdown known outside of China as the **Tiananmen Massacre.** This severely strained US-China diplomatic ties, though trade remained open.

1995 – China hosted the U.N's Fourth **World Conference on Women**, the largest and highest profile international event to be held in China up to that time, with First Lady Hilary Clinton in attendance.

1999 – US accidental bombing of the Chinese embassy in Belgrade killed four and injured 20, sparking a wave of anti-US protests across China and ending with an apology from President Bill Clinton.

A GLIMMER OF HOPE FOR IMPROVED US-CHINA TRADE RELATIONS

By Wendy Cutler, Opinion Contributor - 06/22/22
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In a world where U.S.-China bilateral trade challenges seem insurmountable, last week's World Trade Organization (WTO) Ministerial Conference provided a glimmer of hope that the two largest economies of the world still can work together constructively in a multilateral setting to narrow differences.

An agreed-upon vaccine waiver (link below) from WTO intellectual property protection (IPR) obligations is a case in point. For many months, differences centered on the scope and duration of the waiver, with India and South Africa leading the developing world in arguing for broad coverage beyond vaccines and a long implementation period. But, even after these difficult matters were solved, one critical issue remained — whether China, a major manufacturer and exporter of vaccines but also a self-designated developing country, would also have the ability to use the waiver, a complete non-starter for the United States.

In an important move in May, Chinese officials announced publicly that Beijing would not avail itself of this exception. However, for the United States, a public statement was insufficient — a written commitment was needed to make it binding. Beijing refused to go that far. This impasse was overcome during the long ministerial meeting week in Geneva with U.S. and Chinese officials quietly working together to find an accommodation. Their efforts were captured in a footnote to the waiver text, with language that makes China's public statement legally binding.

This accommodation removed the last hurdle for the IPR waiver, paving the way for its adoption by all WTO members. Importantly, its significance may not just be a one-off development. It can potentially serve as a model to address a continued source of friction between China, the U.S. and certain other WTO members — namely China's insistence on maintaining its developing country status under the WTO, even though it's the second-largest economy in the world. Additional Chinese commitments to opt out of the benefits and breaks extended to developing countries in specific WTO negotiations, both new and ongoing, could potentially go a long way in de-escalating tensions surrounding this contentious matter.

The final package of WTO Ministerial deliverables also demonstrates that the United States and China share common interests in many aspects of substantive WTO work, as well as in the continued functioning of the multilateral trading system. Too often, U.S.-China trade tensions have been blamed for the recent woes of the WTO. Certainly, this friction has contributed to the WTO's difficulties in conducting its core functions of negotiating, resolving disputes and monitoring implementation.

While growing acrimony between Washington and Beijing has spilled over to Geneva, with barbs between the two delegations becoming commonplace in meetings, their cooperation at the ministerial conference shows that the United States and China can still work together where interests overlap. In addition to reaching a mutually acceptable solution on the IPR waiver, both countries were strong supporters of other aspects of the ministerial package, including the continuation of the customs moratorium on digital products and services, measures to respond to the pandemic, and pledges to avoid export restrictions on food.

Still, deep divisions persist. The 20th anniversary of China's accession to the WTO, marked last December, was largely a somber occasion. Rather than converging more closely with the market-oriented economies of the WTO, as was expected by many, Beijing has doubled down on its state-led economic model in recent years. This has allowed China to benefit from existing WTO rules while simultaneously enjoying the unfair advantages of its undisciplined anti-competitive practices, prompting policymakers in the United States and elsewhere to question the decision to support China's WTO accession.

Cooperation at the recent ministerial conference by no means suggests that the U.S and China have turned a corner and will now see eye-to-eye on matters more broadly. As WTO members implement the conference outcomes and pursue a wide-ranging reform agenda, there will be major challenges that China and its more market-oriented trading partners must face. Members will, for example, need to grapple with trade-distorting industrial subsidies and the anti-competitive behavior of state-owned enterprises if the WTO is to remain credible and relevant.

The daunting work ahead demands collaboration and compromise of a sort that has been in short supply in recent years, particularly between Washington and Beijing. In the lead-up to the ministerial conference, prospects for success seemed slim. But with the announced package of outcomes, last week proved to be a relatively good one for the multilateral trading system, and for U.S.-China trade relations in particular. Hopefully, it will beget more progress, even if limited, in the weeks and months ahead.

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