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Liz Covart:

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Hello, and welcome to episode 337 of *Ben Franklin's World*, the podcast dedicated to helping you learn more about how the people and events of our early American past have shaped the present-day world we live in. And I'm your host, Liz Covart. What made trade with China so important to the new United States? Not long after the United States secured its independence from Great Britain, a group of American merchants sent American flagships to trade with China, and other parts of Southeast Asia. With all of the work that Americans had to do to build a new nation, what made trade with China so important that it was one of the first things Americans set out to do after independence? Dael Norwood, an assistant professor of history at the University of Delaware, joins us to explore the lure of trade with China, with details from his book *Trading Freedom: How Trade With China* 

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Defined Early America.

Liz Covart:

Now, as we explore early America's trade with China, Dael reveals China's place in the world during the early modern era, why Europeans and later Americans wanted to trade with China, and details about why Americans set out to establish a trade with China right after they secured the United States' independence from

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Great Britain.

But first I wanted to let you know that we have some really great episodes for you coming this fall. In September, we'll honor Constitution Day with a month of programming about the United States Constitution and the work it does to establish the United States government, and how that government works. And starting in mid-November we'll begin to close out the year with five episodes that will provide us with information that you've been asking about. This series will be about music in early America. Plus, we have some really great episodes in between, so please stay tuned and please tell your friends and family about *Ben Franklin's World* so that they can enjoy these episodes too. All right, are you ready to venture the early American trade with China? Allow me to introduce you to our guest

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historian.



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Our guest is an Assistant Professor of History at the University of Delaware. He's a historian of the United States in the 19th century, and he specializes in the global dimensions of United States politics and economics. Today he joins us to discuss those global dimensions with details from his book, *Trading Freedom: How Trade With China Defined Early America*. Welcome to *Ben Franklin's World*, Dael Norwood.

[00:03:00]

Dael

Thanks Liz. Glad to be here.

Norwood:

Liz Covart:

So Dael's book, *Trading Freedom*, investigates the establishment and evolution of the United States' trade with China. Dael, since we're going to be talking a lot about China today, I wonder if you could tell us what China was like by the late-18th, early-19th centuries, this period that we're going to talk a lot about today. Did China during this period look anything like the China we see today on our maps?

Dael Norwood:

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Yeah, broadly speaking, China looks a lot like what we see today, at least on a map. The PRC, the People's Republic of China, is a little bit smaller than the Qing dynasty, which is the era in which Americans are first visiting China in the 18th and 19th centuries. The Qing had conquests that went a little further into Western Asia, into Southwestern Asia, but basically it's the same shape. What would be different in terms of what it was like is that at least for non-Chinese, non-Asian folks visiting China, they would've really only seen a very small piece of it at the port city of what they called Canton, what today we would call Guangzhou or what the Chinese would also call Guangzhou. So they would only have seen one small slice in the kind of southeast corner of the country, southern part of the country.

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Dael Norwood: And kind of more generally China is very different in terms of how it's structured governmentally, right? It's an empire where the ruling dynasty, that ruling dynasty comes from outside. It's the Manchus, they had invaded a couple centuries beforehand. So it's a traditional empire, it's not a communist state, that makes a big difference! And so the kind of government and economics of everything is, you know, quite different, but the things that are somewhat the same as today is that China is a big deal; China's a military and economic and cultural superpower, particularly in this period and even more so in the 18th century than it was for the

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19th, right? China goes into some decline. We're kind of closer back to China's weight in the world today. Not quite the same, but closer to that as Americans would've experienced it. So China looks the same on a map, but Americans would've only experienced a small part of it and the kind of society and government was a traditional society ruled by a foreign dynasty.

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What made China a superpower during the late-18th and early-19th centuries? You

Liz Covart:

know, today we think of superpowers as having economic and political and military clout. What did being a superpower mean in late-18th century?

Dael Norwood: Yeah, I mean, very similar, right? This is the kind of age of gunpowder empires. China has a very large population relative to the rest of the world. It is a unitary state that is much, much larger than anything else that exists in terms of territory, but it also in terms of population, so their armies are large. What's interesting about China in the 18th century and the 19th century is that it doesn't project much abroad in terms of maritime power, which puts it in a very different place than other empires, particularly European empires of the same period. You know, they're projecting power rather less competently abroad than they claim sometimes, but they have this naval power and this sea trade power that is kind of vast, you know, the British, French, to some extent the Americans in terms of their trade, so, that's different. So, it's a different kind of empire than the Atlantic empires or the empires based in Europe that have outposts in the Atlantic and Asia, which are really focused on kind of overseas trade through water born

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routes.

Dael Norwood: China is this very old, very stable society, very stable polity that has a lot of high technology in terms of manufacturing, a very high level of social organization, you know, it has this vast empire that's ruled by bureaucrats who get into the bureaucracy by taking exams that are given nationally or empire-wide. That's something that you don't see anywhere else in terms of complexity of organization. It's also a state that's organized with lots of infrastructure internally the canal system, the road system in China is much more advanced than anywhere

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else at this time, so it's got this outsized influence and it's very productive. It's producing all kinds of goods and all kinds of things that people want, and it's also been acting - since really the Spanish quote-unquote "discovered," or started conquering places in South America - it's been acting as the end point for all of that silver and gold, but particularly silver. China's on a bimetallic monetary system, and people want enough stuff in China, and China sucks in the silver because that's what people use to pay for it. Locally in Asia, the major trading power with the Japanese and folks in Korea, they're this big center of culture and economic power that is backed up by military power as well, that they're again, mainly using to conquer things in Western Asia at that point.

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Liz Covart:

That's really interesting to think about because when you think of the Age of Discovery, which is what historians call that early part of the early modern period, when you see Spain and England, the Netherlands and France, all trying to find the quickest sea routes possible to China, you think about that, but we don't really think about the gold and silver that they find in the Americas as ending up in China, that that's the end point of the trade. When most people talk about gold and silver, we know it goes from the Americas back to Europe. We don't tend to talk about how it was then reshipped to China and other Asian trading ports for trade goods. So, Dael, I think we have to wonder, why was everyone clamoring, even in parts of the 16th century, to get to China?

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Dael Norwood: Yeah, they have the stuff that everybody wants, right? And that stuff at first is things like silks - silk production is more widespread than China in the 17th century, 16th century - and porcelain, so advanced manufacturing goods, China has the nicest stuff. They have these very high-quality porcelain goods. They have high quality manufacturing in terms of cotton textiles as well. China's a major source of cotton textiles, not the only, but a major source. And then in the 17th century, people outside of Asia start to import and drink tea, and tea becomes really the big one. It's consumable, you know, it's not my favorite beverage, I prefer coffee, but people really like it. It's got a caffeine, you know, it's delicious. It becomes part of all these kind of elite, and then middle class, and then the whole society rituals of breakfast and lunch and dinner for some folks and becomes part of elite performances of gentility, and tea is this major trade good.

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Norwood:

Dael

It's easily portable. And you can only really get it in China. There is some tea production in Japan, Japan is not doing as much trade with the rest of the world at this point. So China is the place where you can go and you can get tea, you can get silks, you can get porcelains and other kinds of manufactured goods, and also just buy, you know, other kinds of commodities in Chinese markets that you can sell elsewhere, right? That are valuable elsewhere. So if you're going to build a global trading system, say, you want goods that you can sell lots of different places. And China has those goods.

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Liz Covart:

And speaking of those global trading spaces, Dael, the Americas of course were one of these trading spaces. Could you talk about when the North American trade, specifically the English and later British North American trade with China began? How early did this trade between British North America and China start?

Dael Norwood:

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Yeah, so I guess, what do we mean by trade, right? This is the academic move I just made, right – what do we mean by these terms? If we mean by trade, you know, can we see these goods in North American colonial spaces, right, or beyond North American colonial spaces in Indigenous spaces. And we can see these goods in North America, South America, Central America, the Caribbean from the beginning of colonization from the beginning of settlement, right? This is, as you pointed out, European states are funding exploration efforts, they're creating trading companies to go to Asia. The Americas are part of that; when they get to the Americas, they are exporting goods from the Americas, but they're also going through, so Mexico has an extremely long-lasting connection to East Asia directly through the Spanish Galleons, the Manila Galleons that the Spanish trade in China through using their base in what is now the Philippines.

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Dael Norwood: They ship that to Mexico, Mexico to Europe. So that's one of the trade routes that the Spanish used for them. So silks and porcelains and all that kind of stuff are there from the beginning. If we're talking about English settlement, we find Chinese trade goods in the earliest archeological record of Jamestown. There's Chinese porcelain from the early 17th century in Jamestown. I suspect there would also be tea a little bit later. We find silks as well. So those kind of trading



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connections are there. In terms of direct exchange between peoples in North America and in China, at least from the kind of English, the British Atlantic world, that is ostensibly forbidden because of the Navigation Acts that come in the middle of the 17th century in the formation of exclusive trading companies, the East India companies. So there's no direct trade. There is of course, smuggling and piracy.

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Dael Norwood: So there are complaints among governors, English governors in the 1690s about North Americans who are going and doing piracy and doing smuggling in Asian waters and bringing back Asian goods, particularly Indian, but also Chinese goods from their exploits in the Red Sea. So they're hanging out around the Horn of Africa, near Arabia, and they're doing pirate stuff and bringing back those goods and selling them in New York and Boston and so on, so forth - Jamaica upsetting, local governors who wanted a monopoly on that stuff. But that's a relatively small direct trade, right? And it's not direct to China, it's direct to kind of almost to China. That said there are folks who end up being colonists in North America, in British North America, who are servants of the East India Company who have prior careers as sailors or administrators or merchants working in India or working in China. And those people, you know, do settle in North America. So there's the direct sense in that sense, but most of this exchange is mediated through British or European trading companies and European merchants. So it's the Imperial center kind of serving as the in-between, at least in when we're talking about British North America. Spanish North America, that's different, but at least in British North America, there's that kind of mediation, but it's very early. It's very early.

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Liz Covart:

I'd really like to dig a bit further into how England was trading with China because that trade really influences how early North America's trade with China would be structured. So, Dael, could you tell us about the origins of the English trade with China, and about how England and China structured that trade - you know, structures like the English Navigation Acts that you mentioned, that were created



[00:13:00] to help support this trade. So overall, how does England conduct its early trade

with China?

Dael Norwood: The English, much like the Dutch and then later the French into some extent the Spanish, organize their trade, consolidate it from a pretty early moment into joint stock trading companies that are given exclusive rights to trade in Asia. The English divided basically at the Cape of Good Hope, anything past that is under the auspices of what later becomes known as the East India Company, it goes through several different kinds of organizations, but basically this is a corporation that is given exclusive rights to manage trade. And with those exclusive rights and like many corporations, they're given that monopoly power to enable the formation of capital, but also to make it profitable, right? So you see a similar kind of thing with the Royal African Company, which is given monopoly rights over slave trading and so on and so forth, and the South Sea Company. So this is an early capitalist mode of organizing things.

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Dael Norwood:

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You attract capital by giving it a monopoly, what the East Indian Company does, and the English is the most successful of these with that monopoly rights. They also take on a number of aspects of sovereignty, right? So their ships are armed, their ships are large, they field armies. This has the most kind of notable colonization effects in India; in China things work a little bit differently. The Qing are a great deal stronger and more unified than any of the polities in India, so the carve-outs are a lot smaller. So what ends up happening in China as a result of the presence of, you know, individual English merchants, but then as they get regularized under the auspices of this company that has regular officers - and this is true of other Europeans there as well, the Dutch, again, the French, the Austrians are there for a hot minute-

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Dael Norwood: the presence of these Europeans poses a problem for the Chinese in that their diplomatic system does not work the way that Europeans want it to do; where in the European system, at least after Westphalia, every individual state is at least in theory and in international law treated equally and separate and you do things like exchange ambassadors and all that kind of stuff. China does not recognize that, the Qing and prior dynasties see China is the kind of top of the hierarchy, and so if you're going have relations with the Emperor and the court, you come as tributary



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and enter into a kind of a hierarchical relationship rather than this kind of, you know, imaginary, flat world. Europeans object to that, the merchants don't really care so much, but it means that they're not going to get full access to China because they're not going to enter into these tributary relationships. So what ends up happening is that over the course of the 18th century, these traders show up, particularly at Canton/Guangzhou, the Chinese authorities there say, okay, we're going to allow some trade here.

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#### Dael Norwood:

We're going to structure it, but we're going to make it a below diplomatic authority kind of situation. So what they do at Guangzhou is they empower a guild of merchants to have a monopoly on dealing with the foreigners. And this Guild is known as the Cohong. "Hong" is, at least in English, the translation of a Chinese term for a factory, a factory is not a place where you make stuff. A factory is where you live as a merchant and you call it a factory, cause you are a factor. So the language gets a little archaic, but anyway, the Cohong are the major merchants in town, they pay for the privilege. They get the monopoly on dealing with foreign traders - and foreign here means non-Asian really, right, this is people from the Atlantic world. And what that means is that their responsibilities for that is they are also on the hook for all the taxes that these traders owe.

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#### Dael Norwood:

They're responsible for keeping them in line and not breaking Chinese law and keeping them separate from Chinese society. So what ends up happening in Canton is the Qing don't want traders just going willy-nilly, they want to keep control on it. They empower the Cohong. They restrict foreign traders to a specific suburban neighborhood, outside the walls of the city, known as the foreign quarter. They restrict them to doing business with the Cohong, and they have to live there only during the trading season, they have to live in rented warehouse/office/house living space, which are known as Hongs. So basically what ends up happening is every East India Company, which is organized by nationality, right? So there's the English, there's the French, so on and so forth-they each have their own Hong, they do their business there, they have their favorite Cohong traders that they work with, and they're there for the trading season,

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Dael Norwood: and then they decamp to go home or they decamp to go live in Macau, which is a small carve-out that the Portuguese grabbed before the Ming and then the Qing decided to do this exclusionary policy. So it's this little tiny European outpost where they can hang out during the non-trading season, which is kind of the high summer. So that's how trade is structured. So this is something that's gradual, it's through negotiation and effectively the East Indian Company officers and merchants, the factors become the go-between between the English government and the Qing, and the Cohong on their side does the same. So you have this low level interaction between merchants who are really interested in making money, who are both paying for the privilege of that monopoly through taxes to the state. So on both sides, this trade is structured as a state revenue service run through centralized companies that have monopoly that exclude others from it. And it's a technology of control, but it's also a technology of, for the state to outsource getting the rents from the trade. So it's profitable on all sides and both sides actually, even though they have ideological differences around how they would explain this to each other - and they wouldn't because they're not meeting in diplomatic meetings - they're basically doing the same kind of thing. They're breaking down their large empire and their complicated state to a private entity that is in turn managing all this stuff.

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Liz Covart:

I've always found it interesting how trade with China was really restricted to these factors who paid the Chinese state a tax to trade with Europeans, later Americans, and how European and American traders never really got to see China. I mean, they're not supposed to go beyond the trading port of Canton or Guangzhou.

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Dael Norwood: Yeah. I mean, it's a big country, there's a lot of permeability. So did no one go through? Of course not, but foreigners are restricted from learning Chinese. They're restricted from going to other areas. So, there are smugglers up and down the coast and that increases over the course of the 18th and the 19th century. But yeah, the Qing government is for a long time very successful in limiting these kind of incursions, which is kind of remarkable given how unsuccessful other governments are doing the same thing.



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Liz Covart:

From what you were saying, it sounds like conducting a trade with China must have been very expensive because in late-18th century, early-19th century, you're going to have to sail from Europe or North America to China. So you need sizable ships, you need goods or species the Chinese want to trade for. And then you need to use these ships to stop at different ports, to get goods they can trade with China, or to sell the goods you acquired in China for other goods, and then to sail everything back to your home port. So, given that it was so expensive to conduct this trade, would you tell us a bit more about how, say, the English went about protecting this trade with monopolies? Could you talk a bit more about the monopoly part of this trade?

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Dael Norwood:

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first gets organized and gets kind of calcified among Europeans is these monopolies are able to attract a great deal of capital and then amass an enormous amount of capital, because this trade is very popular. Also, if you have monopoly on something, you can charge very high prices, which they do. They're also managing kind of complex trading networks with this kind of stuff, right? So it's not just the East India Company has a China branch, they also have lots of outpost in India, they're doing trade in Indonesia, yada yada. So they're trying to balance a lot of these different things against each other. So it's a high capital business, and the China branch of it is really funding a lot of it. So, in the English case, the East India Company gets in the habit of building very large vessels, very durable, very large vessels, and sending them with armed escorts, and they're

armed themselves, on kind of once or twice a year voyages where they go and fill

up this thousand-ton ship with all these goods and then bring it back.

You make a great point, this is capital intensive business, particularly the way it

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Dael Norwood: And they kind of have this regularized process involving hundreds and thousands of people and lots of different contractors. And in a way, this is kind of the political economy of London as well, right? If you want Parliament to be on your side, you need to make a lot of payoffs. One way you do that is get the ship builders on your side. So, if you're building expensive ships and you're making lots of money, your monopoly is protected. So, part of this is not just how much does it take to do this trade and what is actually required to just do the simple business of exchanges? It's, what is the politics and the economy of this state at this time? So East India Company, the monopoly creates these conditions where it's capital



[00:21:00] intensive already, but they're making it more so, and they're organizing it as very

orderly and very well-controlled.

Liz Covart:

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That's helpful. And I think we can see how early modern monopolies like that of the English East India Company really helped to keep England's trade with China out of the hands of just any old English merchant who wanted to participate in it, because really what the English East India Company's doing with its monopoly is they're controlling the trade because they're controlling the ships that were built and the amount of capital one needed to fund a voyage to Asia. I also think we're curious about the Navigation Acts as well, and that, you know, my read on the Navigation Acts is that England used these acts as a tool to further protect its China trade from the intermeddling of poor merchants and those merchants who resided within the English empire, but outside of physical England, you know, the Isle of England. Could you tell us more about the Navigation Acts and their role in England's early trade with China?

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Dael Norwood: That's a really good point. So yeah, beginning of the 17th century and continuing to the 18th century, what the English and the British state does is pass these laws, Navigation Acts collectively, that are intended to kind of make trade, always run through England and trade, always run through England in English ships, crewed by English men. So the Navigation Acts are a mercantilist policy, right? It's intended to funnel things to the metropole, the center of the empire. And that's in the Atlantic as well as in Asia. And they do it in different ways, in different places. In the Atlantic, it's a lot of individual traders, not one big joint stock company, and in Asia it's run through the East India Company. But yeah, they are doing this restriction, and that's to make it easier for the state to control this stuff and also profit from the revenues of it.

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Dael Norwood: They want to amass capital at the center rather than growing the trade larger. Overall, this is, you know, the competing theory of later on this is Adam Smith, capitalism kind of thing, or free trade, where if you just open the doors, there's going be a lot more business for everyone, that'll raise all revenues all by itself and make everything, overall, economically healthy. The Navigation Acts are premised on a different kind of theory. And interestingly, Americans adopt that same logic when they are independent, they adopt that same kind of logic cause they want to give protections to the shipping industry and have the strong maritime sector. And in part that's a defense measure. If you have a strong commercial maritime sector, then you can quickly mount a very strong Navy, as well as profiting while that trade is happening by excluding rivals. So, the Navigation Acts is a geopolitical



strategy, but it's tied into these economic ideas, but it's also with one eye towards military engagements, which is really, you know, ongoing and constant in this

period.

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Liz Covart: Now, one way for us to see the China trade as playing a pretty direct role in the

development of what would become the early United States is through the Tea Act

of 1773. You know, the reaction to the Tea Act and its requirement that only

[00:24:00] certain dealers or Tea consignees could sell English East India Company tea was

pretty large and angry.

Dael

Providence burned some ships in the Harbor. Yeah.

Norwood:

Liz Covart: Yes, exactly. Especially in Boston, where the Revolutionaries held a protest that

turned Boston Harbor into a giant teapot, and that we call the Boston Tea Party today. I mean, that is something we look to as a quintessential act of revolutionary protest. And one of the arguments that scholars make about why the American

Revolution happened is that it was all about free trade, and Americans' desire to

trade freely with the world without England saying that all of that trade that they

do has to go through England and London.

Dael Norwood:

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The Tea Act is really interesting. I love using the Tea Act in my classes because it helps students really expand their vision of what 18th century people saw. So the

Tea Act is offensive to Bostonians or people who become Revolutionaries for a couple of reasons. One is that it is pretty transparently trying to balance the books of the East India Company on the backs of colonists, right? So it's Parliament making a decision about, "okay, so we've created these colonies that are individual

corporations with charters, and we've created this monopoly company with this

charter, and we think that monopoly company, which has gotten itself into trouble

by being bad at managing tea stocks and speculating too much is about to go bust. We're going to bail them out, and in order to pay for that bailout, we're going to give that company that already has a monopoly in Asia, we're going to give that

company a monopoly on selling tea in the Atlantic world."



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Dael Norwood: Whereas previously the East India Company had brought that tea back and then sold it at auctions, sold it from its warehouses and then individual wholesale merchants would've brought it to the colonies in the Atlantic world. So the Tea Act says, "well, no, we're going to allow that company to set up direct wholesale in the colonies." It's going to cut out a bunch of business for people. It's going to make smuggling tea in a big problem, and that's what a lot of North American British colonists had been doing. They'd been smuggling tea, not directly from China, but buying it in the Caribbean or buying it in Europe and getting it from the Dutch - other rival colonies, but particularly the Dutch cause they also have a big operation - smuggling it in cause it's cheaper and they can make more money of doing that. So the Tea Act really messes with that model, but it also triggers this fear of the East India Company among British North Americans, because what do they know about the British East India Company?

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Dael Norwood: Well, they know it's this monopoly that makes their tea expensive and they like tea, kay. They also know it's this major political power that has more representation through its lobbyists than Parliament than they do, cause they have none, and their lobbyists are not as good. Then the British East India Company in the 18th century manages to take control of large portions of India, particularly in Bengal and then immediately maladminister them so that they're collecting massive revenues from various Indian polities, but not providing any governance. And one of the effects of that in the latter half of the 18th century is that there's a massive famine that kills millions of people, and British North Americans are aware of that. So when they see the Tea Act, they say, "okay, you're giving the same company that killed millions of people in India control over us. That's crazy."

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Dael Norwood: Right? And so this is part of it. So yeah, it's about tea, yeah, it's about tea prices, and people do want to not pay taxes, that's a unifying constant, but it's also about control of their own society and struggle over where they are in the hierarchy of the British empire. And the Tea Act is a very clear signal: "you're low, you're low and you're supposed to be consumers and shut up," and that doesn't go well. And it's also at a very local level as with many other acts of Parliament in this period, it's trying to replace or supplement elite networks within the colonies with direct control from elites in the metropole, or their favorite actors. So if there were local



Transcription Episode 337: Dael Norwood "Early America's Trade with China" elites who, you know, had the governor's ear or something and had various sinecures, they were going to get replaced by these other contracts, right?

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Dael Norwood:

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So it's in elites losing status as well as this more general fear of what's going to happen when this bad evil company has control of us. So, the Tea Act, some of them experience it as threat to British North Americans. For two reasons: they're worried about this introduction of this new monopoly company that has committed atrocities in other parts of the world. They're worried about the presence of that company, what it will do to their local economies as well, and kind of remove a core business that many of their merchants had in terms of importing tea. But they're also worried about what it means in terms of their place in the British empire. And it's a pretty clear decision from folks in London that they're going to take the side of this wealthy, sometimes profitable joint stock company rather than subjects in British North America. And that is part of what causes the freak out with the Tea Act; it's about how the empire works as well as you know, quite honestly how much they're paying for tea and how much profit specific merchants are making - John Hancock, looking at you. But it's those two things at the same time.

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Liz Covart:

Well, we know Americans didn't like being told that they were unequal to other Britons. And we also know that in 1776, many Americans declared independence from Great Britain, and the 13 British North American colonies became the new nation of the United States. So, Dael, let's pause for a moment so we can talk about our episode's sponsor and then we need to investigate what it meant for the United States to be an independent nation that could pursue a free trade.

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Rob Parkinson Hi, I'm Rob Parkinson, Associate Professor of history at Binghamton University and my new book, 13 Clocks: How Race United The Colonies and Made the Declaration of Independence, published by the Omohundro Institute, is out now. This book covers the 15 months between Lexington and Concord and the Declaration of Independence, and we think we know that story cold. Especially in 1776, it is a straight march from Thomas Payne and Common Sense through Thomas Jefferson denouncing the King in the Declaration of Independence. What I have found is we have forgotten so much of what happens in those 15 months, and especially



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about the presence of African Americans and Native Americans in that story. And then worries and opportunities about how we can exploit these fears and use that as a basis for this extremely fragile thing of unity. Get your copy of 13 Clocks: How Race United the Colonies and Made the Declaration of Independence wherever you buy your books.

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Liz Covart:

To order your copy of Rob Parkinson's 13 Clocks for the low price of \$20, visit benfranklinsworld.com/clocks. That's benfranklinsworld.com/clocks.

So Dael, once the United States secured its independence in 1783, what did it mean for the new nation to be an independent country in terms of its ability to

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trade with other countries like China?

Dael Norwood: So, independence means a couple different things. There is this imaginary among American elites - politicians, ministers, thinkers - that independence is going to allow for an experiment of what they call "free trade." And what they mean by free trade is not what we mean by free trade. By free trade now we mean ability to trade with other places, but do so paying no taxes, right? In the 18th century free trade means free as in speech, not as free in fear. You can go to another place and trade, there are no barriers that prevent you from accessing Spanish islands or the China coast or whatever. So, they imagine that this independence is going to allow them to introduce the rest of the world to an idea that enlightenment thinkers had already been working on that, you know, "free trade is actually going to be good

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for everybody. If you know different places, specialize in different things.

Dael Norwood: If we can have that free exchange, it's going to increase knowledge. We're all going to have nicer stuff. We're all going become better people because we'll have nicer things. This will be great." So that's one idea. The reality of independence is... not that. The reality is if you are an independent country coming out of a very wealthy, very well-networked trading zone, and then you suddenly lose access to it because you decided to go off and form your own country, your trade takes a hit. So Americans no longer have access to the Caribbean, but during the war end early in the peace, they're still embracing this kind of idea of free trade, so they leave American ports open. And that means that there's a huge dumping of goods,

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particularly from British suppliers. That means that that out-competes local merchants, and out-competes local manufacturers. So that's a problem, and they're not getting the corresponding benefit of continuing their profitable trades at the Caribbean.

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Dael Norwood: So, they have to go find other places, right? And the war, you know, wars are destructive. Generally after war, you have a recession because everything's gotten blown up. That's very much the case in the American Revolution. So, American merchants do look abroad for new ventures and they look abroad and they look at places that they couldn't have gone before because of British regulations in particular. So they go to the Mediterranean, they go to Northern Europe, and they go to China, and that's one of the first places they go. And they're very excited about China in particular because it means beating the British at their own game, right? Part of the high status of the British empire has to do with their large East Indian trade. This is kind of like having a really thriving aeronautics industry in the 20th century or a really big tech industry in the 21st century.

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Dael Norwood:

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Being able to go to China and make money there shows you a real power. And so Americans are very excited to go to China. So, leaving the British empire is a couple different things. One, it's a test of these ideas. It's a failure of those ideas in practice, the 1780s are a mess economically, but it is legitimately an opening of new and different places that people are extremely excited about. So, I have a poem for this and not one I wrote. So, this is by Philip Freneau, who's a Jefferson guy. He's a poet and an editor, for a while he runs one of the Jeffersonian papers in the 1790s. He writes this poem, which he titles "On the First American Ship (Empress of China, Captain Green, That Explored the Route to China and the East-Indies, After the Revolution 1784)". So this is very much an 18th century way of naming your poem:

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Dael Norwood: "Here's an extremely specific thing I'm talking about," but it's an ode to this first voyage to China that Americans do in 1784, the Empress of China. And he says, this - it's short poem. "With clearance from Balana won, she spreads her wings to meet the sun. Those golden regions to explore, where George forbade to sail before. Thus grown to strength, the bird of Jove, impatient quits his native grove.



foreign tars are here allowed, to mingle with her chosen crowd, who when returned might boasting say, they showed our native oak the way; to that'll track no more confined, by Britain's jealous court assigned, she round the stormy Cap

no more confined, by Britain's jealous court assigned, she round the stormy Cape shall sail, and eastward catch the odorous gale, to countries placed in burning climes, and islands of remotest times. She now her eager course explores and soon shall greet Chinesian shores, from thense their fragrant teas to bring, without the leave of Britain's king, and porcelain wear enchased in gold, the products of that finer mold, thus commerce to our world conveys all that the varying taste can please, for us the Indian looms are free, and Java strips her spicy tree, great pile proceed and oer the brine, may every prosperous gale be thine, till freighted deep

With eyes of fire and lightning's force, through the blue aether holds his course, no

with Asia stores, you reach again your native shores."

as well as a way to make money.

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Dael Norwood: So, that's a poem I encountered pretty early in my research and it's maybe a little bit longer than I remembered, but there's a couple things going on there, right? One is that Freneau is hailing this first ship to China as not just a private merchant venture, which it was, it was not sponsored by any government authority, he's hailing it as proof of nation's independence. So being to China is a big middle finger to Britain. And it's also access to all kinds of goods, right? The "spicy trees," textiles from India, and tea and porcelains from China. But it's also proof of American merchants' independence and ability to get there on their own. And that's not exactly true - Americans were helped in their navigation by French merchants, who helped them through various passages of east Asia, and they came into a system in Canton that was already set up with well-known rules by Europeans - so that's not exactly true, but for Freneau it's important that he imagines it so, right? And that's a widely shared opinion in this period, that going to China is a way of expressing and conducting and winning at being independent

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Liz Covart:

Could you tell us a bit more about this first American flag voyage to China? My understanding is very basic. It's that a group of American merchants sent the ship, the Empress of China, on a trading voyage in 1784. So, could you flesh out some of the details for us, you know, what was involved to carry out this first American led trade mission to China?



Dael Norwood:

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So, the Empress of China is a relatively small ship that's renamed for the purpose, and it's, like many trading ventures in the 18th century into the 19th century, it is a collaboration of many different merchants, mainly from New York and Philadelphia, not a lot of Bostonians, which is kind of interesting given the prominence of Boston later in the China trade. Robert Morris, who is the superintendent of finance during the war, is a key investor, and he sees it also as an expression of nationalism. But basically these merchants invest in the ship, staff it with some veterans of the war, this ship is an investment of what ends up being a couple hundred thousand dollars in cargo and it sets off and it actually takes the route that people don't expect: it goes around the Cape of Good Hope, past India on the way to Guangzhou, it doesn't go across the Pacific. And the China trade broadly speaking goes both ways around the world, but for this voyage, they went towards India. And the expectations were that they would get to Guangzhou and be able to do some kind of trade.

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Dael Norwood: But all the folks involved had never done this before. They're helped out by some French traders who meet them along the way and greet them as allies in this recent war, and so they make friends and the French, when they get to Guangzhou, they help them negotiate the various kind of bureaucracy of the Canton system, how to work with Chinese authorities at the port, how to pay their taxes, what to expect, who to bribe. And they introduce them to Hong merchants to help them on their way. And the Empress is kind interesting because it shows a knowledge of what is valuable in China, they bring a cargo of Appalachian ginseng, there's a brief moment at the end of 18th century where North American ginseng is valuable in China. And they also bring cargo of Spanish silver dollars, and the Chinese are interested in Spanish silver dollars because those are widely traded currency in China and in East Asia as a result of kind of known purity of these dollars.

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Dael Norwood: So they get to China with this cargo, they're able to make purchases and then come back home with a cargo full of tea, of silks and cotton textiles known as nankeen cloth, and to a lesser extent porcelain, which is stowed in kind of the bilge



or the lower ends of the hold, cause porcelain can get wet when other things can't, and they make a lot of money selling this stuff. So, Americans are coming into an existing system, that's set up for them, and they're really looking for recognition. When Samuel Shaw, who's the supercargo or managing merchant on the ship, writes some reports about this voyage - and he writes them to John Jay, who is the foreign secretary foreign affairs official for the Congress at this point, so the head foreign relations official of the US government at this point - he notes that the Chinese welcomed them, regarded them as new people, but he elides the fact that he's getting greeted by Chinese merchants, not Chinese government officials in that regard.

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## Dael Norwood:

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So they just kind of slot into an existing system. He also notes, and this is where the bulk of his writings about what this experience was like, he notes how kindly the French treated him, he notes that the English treated him well... So, Americans are going to China to get recognition from the Chinese, which they expect and hope for, but really it's important that other Europeans notice them and think that they're doing good work. Kariann Yokota has a great book with a chapter about this that gets into a lot of interesting detail about how Americans kind of process this recognition or lack thereof as a way of understanding themselves as an independent and respectable people. That's the Empress of China's story. And it sparks a lot of other parallel or competing ventures. People are inspired by the profits that this voyage makes to start their own.

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Liz Covart:

The fact that the Chinese, French, and the British welcomed the Americans to the China trade is surprising to me. You know, because it sounds like Americans really pursued this trade with China because they were no longer part of the British Empire, and they wanted to prove to Great Britain that they could conduct this long-distance trade without any British assistance. You even called this first trade mission a giant middle finger to the British empire. So yeah, I'm just surprised that you see the Americans being welcomed by everyone in China, including the British.

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Dael Norwood: Yeah. You know, everybody wants to make money, right? So, if a bunch of people show up selling stuff you want and are willing to do trade, like that's the point of the whole business. You know, there is some tension with British authorities in Guangzhou, American merchants have kind of this love-hate relationship with British merchants. They collaborate with them on some things, they compete with them on others, but that's not unique to the trade with China, that happens in Latin America, that happens all over Europe and Africa and all those other places that shared language and that shared mercantile culture and shared, quite frankly, credit and banking relationships. A lot of the capital for American enterprise all over comes from connections to British mercantile and banking houses. You know, there's things that cause rivalry and there's things that cause tension, and the merchants understanding of what's going on and politicians understanding of what's going on is a little bit different. Merchants are in there to do business, politicians on all sides of this thing have different ideas about what this could mean for their state and their governance and all that kind of stuff, and that's true of American politicians as well.

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Liz Covart:

We should really talk about the political side of this trade, but before we do, would you tell us where this newly open China trade fit within the United States' new economy? How did the China trade fit within the large economic picture of the young United States?

Dael Norwood: It's quite important, although I don't want to overstate how important it is. American trade with China today is much more important than it was in the early period. But it's important in kind of an interesting way. So, the US economy insofar as we have good measures of it, which, that's a big caveat because the federal government's not collecting a lot of information in the 18th and 19th century, but insofar as we have measures for it, the direct with China engages anywhere between 2-10% of total maritime trade, which is quite a bit, right? You might think of it in today's terms of that's how much trade the us does with Saudi Arabia in cash value. Because that's a major part of maritime trade that China trade is a major contributor to federal revenues. That's the revenue of the federal

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Transcription Episode 337: Dael Norwood "Early America's Trade with China" government after the Constitution is ratified primarily through taxes on imports and that the China trade is pursuing a lot of that.

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Dael Norwood: It plays a different role in the American economy. It's a little bit hard to catch sight of it because that direct import piece is actually not a huge portion of the China trade itself. And that's for a couple of different reasons. American merchants engaged in the China trade don't have a lot that China wants, right? The early experiments of ginseng don't really last. There's not a lot that Americans produce within the United States or within North America more broadly, that is valuable on Chinese markets. So, Americans don't have any manufacturing goods or agricultural produce to trade in kind, so they have to find either those exotic goods that the Chinese want, or they have to pay in cash. And that means you have to do a lot of trading elsewhere. So, American merchants from really the beginning of the trade are not just engaged in direct trade with China, they're also doing all these subsidiary or parallel transactions to generate those goods in that cash, Spanishmilled dollars in particular.

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Dael Norwood:

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So, they're doing things like trading in Europe and they're trading in Latin America, they're trading in Africa and India and the Pacific, to gather things like beche-de-mer or sea slugs or sandalwood, which are luxury consumables in Chinese markets, or they're gathering those Spanish-milled dollars, or they're doing kind of complicated multi-side trades to get credit in England that they can then use in China. So that means the China trade is mainly off the books of what you can see in us statistical sources, and that's doubly true because a lot of what American merchants are doing in China is trading within Asia. So later on, there's a big trade between India and China - that is smuggling opium from India into China - Americans are big in that.

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Dael Norwood: That's an intra-Asian trade, but even aside from the opium smuggling, there's a lot of movement of American ships are carrying rice, they're carrying different kinds of matting, they're carrying sacking from what is now Indonesia to China, they're doing a lot of intra-Asian trade, which is generating profits and revenue that is allowing them to make primarily cheap purchases in China. And then when they export that some portion of it goes back to the United States, but a lot of it goes to Europe. That's a big market, that's where the money is, so a lot of American trade is actually buying things in China and shipping them to Europe and rinsing and repeating that. So, the China trade is this big portion of the American merchant marine, because it's an intensive capital trade, it requires a lot of capital, but it's also making all these connections all the way around the world.

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Dael Norwood: So it's big in a couple different senses. It's bringing Americans to a lot of different places they wouldn't have otherwise gone, and it's making them, or at least the successful among them, a lot of money, which they're reinvesting and growing these trading networks. But it's also supplying a significant source of revenue to the US government through those direct imports. So it's a big presence in the American economy in real terms and in material terms, but it's also a big presence in imaginative and theoretical terms, it occupies a lot of mental real estate among merchants as well as politicians and people who think about Americans' place in

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the world.

Liz Covart:

So, I think we're convinced that the China trade was definitely important to the early American economy, but what about early American politics? So, in his book *Trading Freedom*, Dael argues that state builders like John Jay saw the United States' trade with China as being more about politics than economics. So Dael, what were the political advantages that founders like John Jay saw in the United States' trade with China? Why was the Chinese trade more about politics than economics for men like John Jay?

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Dael Norwood: Yeah, well I'd say everything is kind of about economics, right? Cause economic realities were a form of politics. And then also the kind of mental real estate the China trade occupied in the politics of the early American state is pretty large for a couple different reasons. One is that this is a trade that is high value, it's got a lot of renown, so having Americans engaged in it is a point of national pride, but from a very early point, from really the middle of the Revolutionary War, you get

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policy makers like Jay or John Adams or James Madison, later Thomas Jefferson, thinking about the China trade as a means for geopolitics, right? If Americans have a secure China trade, they can take away some of Britain's revenues because they're replacing British shipping with their own, right? Britain is the biggest European trader with China in this period, Americans very quickly become the second biggest China trader for the West.

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### Dael Norwood:

So American politicians look at this and say, "okay, well, you know, the British empire is sustained in no small part by the revenues of the trade. If we can steal it and put pressure on them, that'll make them come to the negotiating table." And that's actually a strategy John Adams proposes to Congress is, "if we support the China trade and give it, you know, the right kind of policies to encourage its growth, that'll force Britain to make a better peace treaty with us and give us access to their colonial markets in the Caribbean." Doesn't pan out that way, he's kind of overplaying his hand there, but that's where the thinking is. But the China trade is also dangerous and that is something American policy makers figure out over the course of 1780s as this trade gets going. John Jay, in particular, when he's hanging out with Alexander Hamilton and James Madison writing the Federalist Papers, he points to the China trade as a potential threat to the United States.

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# Dael Norwood:

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Not because the trade itself is dangerous, but because it involves competition with European polities who care a great deal about the revenues coming from China. If Americans compete with them and win, then there's the potential for war. So, Jay argues in Federalist Number Four in particular, that's a reason to have a stronger federal government, that's a reason to ratify the constitution, so you can have a Navy that can protect American ships in China from depredations from British or other rival powers. In the event the US ratifies the constitution. American merchants do come under threat from British raids, the US government is absolutely useless in protecting them. Kind of beyond that, once the constitution is ratified, there's consensus that the China trade is important for encouraging the growth of the maritime industry. That's the source of revenue for the state. International commerce is the source of revenue for the state.



Dael Norwood:

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So you need a strong commercial sector. So the first real acts that the US Congress does - aside from kind of formalities, like "how do we start Congress?" "What are we going to call the president?" That kind of thing - the first real bills they pass are aimed at creating an American commercial system. So they pass a tariff, they pass the tonnage, and they pass collection acts in 1789-90, the first meeting of the Federal Congress. And that creates a system that privileges, uniquely, Asian trade among all sectors of the economy. Those acts privilege American merchants, right? If you an American ship with an American crew, you get lower tax rates and lower tariff rates and you get lower tonnage rates. So it's incentivizing those and has the effect of denying American ports to a lot of foreign ships and foreign shipping. But, uniquely, that first Congress gives special incentives for the importation directly by Americans of Chinese tea into the United States and the importation of the tea and its re-export to other places.

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Dael Norwood: So basically what Congress says is, "we'd like a tariff system that makes this revenue, but we'd like it more if we encourage this industry so that Americans go to China, buy tea, import it, and then re-export it to other places, we're going to give special rates, and we're going to do all kinds of bureaucratic things with the treasury department to give them lots of time to pay their taxes, effectively floating a bunch of loans to merchants. We're going to give them all these incentives so that we build up this trade and we have it for ourselves and we undermine other powers to engage in this trade." It's a geopolitical tool, really, at least in the imagination of American politicians, as it remains today; people talk about trade with China as a way to secure American standing in the world, that was true from

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the beginning in the United States.

Liz Covart:

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Wow. I don't think many of us have thought about the trade with China as being a reason why the United States needed the new Constitution of 1787 or 1789, but you mentioned it there in Federalist Four, so there we go. And I don't think many of us have thought about how trade with China really helped to structure the United States' new economy or tax system.



Dael

Yeah, it's surprisingly central. I was very surprised to find that out in research.

Norwood:

**Liz Covart**: Well speaking of surprises, Dael, was there one thing that really surprised you

while you were researching early America's trade with China, or did your research

into this early trade influence how you view the history of early America in any

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Dael Norwood: Yeah, I think the big, surprising thing for me, I went into this research for this project trying to figure out, I knew that there was this big trade with China, I had worked with the papers of a major opium trader for Middletown, Connecticut, which is not on the coast. So I knew this trade existed, and I looked at the historiography of early America and to a greater extent of 19th century- and you know, it was missing, it was not there. So I tried to follow this trade to see what space it took up and it takes up a lot of space. Once you start looking for it, you see it everywhere, both as just a pure material trade, but also in the way that it kind of shapes American politics. And what I was surprised to find, and what I think is most revealing about it, is that it shows that really from the word go, Americans are thinking about the United States and themselves, not just in the Atlantic world.

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Dael Norwood: They're thinking about things globally. You can't think about your trade with China and how it'll help you defend your independence against the British Empire without thinking of the world globally. You know, there's this tendency sometimes not on this podcast, but, there's sometimes in the public stories or the kind of older historiography to kind of tell this story about these coastal colonies, this relationship with Britain, but the world outside kind of melts away. And that world is round. Early Americans knew literally the world was round, but also thought of themselves in global terms. So, our global moment of the kind of world we live in now is not actually that different from 18th century Americans in terms of what they saw is important, where they saw is important, where they saw themselves in relation to these things. And I would also say that the other thing that surprised me is that multiple ways, these connections to the rest of the world, and specifically to China and its influence on the politics of America, kept transforming and changing and becoming integral to the United States in new and

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interesting ways. In the early Republic it's about tariffs and competition with



Britain and maritime trade and building these global networks of mercantile

exchange.

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Dael Norwood:

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In the antebellum period there are deep connections between slave grown cotton and opium smuggling. The financing for both of those things is mediated by the same people, there kind of both sides of the same coin. And that deeply affects the American economy. The fact that American merchants are in involved in opium smuggling deeply affects China, but those merchants couldn't do what they did without the growth of slavery in the United States and exports of cotton. And that pattern repeats across the 19th century. The book goes all the way to the end of the 19th century and that pattern repeats again and again and again. But China is there once you start looking for it in a real material, economic sense, but also it's something that politicians and policy makers are deeply concerned with and are using as they formulate their ideas about what should we do? How should we be in the world? What levers can we pull on? What policies can we adopt? China and specifically trade with China is always there. And that's the big surprise, that's my big takeaway, but specifically right at the founding, China is there and China is something that all the big names are thinking about and orienting their lives around.

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Liz Covart:

Dael, that's actually the perfect transition into our Time Warp. So, this is a fun segment of the show where we ask you a hypothetical history question about what might have happened if something had occurred differently, or if someone had acted differently.

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In your opinion, what might have happened if China had refused to trade with the newly independent United States, how might the economic and political trajectory of the United States have been different if it didn't involve trade with China?

Dael Norwood: That's an interesting question. I think that it would've put a real hitch in the mercantile expansion of the United States. The US merchant marine, US merchants quickly become major neutral carriers, really the second largest merchant marine after the British very quickly. And particularly during the Napoleonic wars, they become very important in mediating between those two things. Had they not been able to conduct trade with China, that would've been an early failure, but also it would've cut them out of a major market and a major node of exchange that helped fund and grow those networks. And without trade for

China, things like trading in the Pacific Northwest for sea otter furs, or in the

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Southern Pacific for seal furs, those trades would not have developed in the way they had, because those were all subsidiary to the China trade. Those were killing cute things to sell their furs on the China market.

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Dael Norwood: That's what Americans were up to. So I think that would've been a major hitch. I don't think the American commercial sector would've grown the way it had. And as a result, maybe the United States would not have had the revenues necessary to do the other things it was doing; fund armies that were fighting with Native polities and peoples to expand into the west, win the War of 1812. I don't know if those things would've gone the same way, but I think it would've been a big hit to those things and also a big hit to American pride. Being able to trade with China is a big boost and a big success in those early years when there's not a lot of other wins. So I think that would've really kind of bent the trajectory a little bit lower.

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Liz Covart:

So now that *Trading Freedom* is out in the world. What are you researching and writing about now?

Dael Norwood: So, I am writing a book about how business became important in America, which seems like a kind of a silly question, right? But really I'm trying to figure out how the businessman became the central political character in American politics, and I think it has something to do with the way that merchants and commerce operated across the 19th century. You know, we might think, you know, "businessmen have always been important," well in the early United States, they weren't, they were kind of suspicious characters, merchants, people who didn't have land, people who only engaged in trade were not regarded as good citizens. They don't fit well into Republican theory. But by the end of the 19th century or early 20th century, you get folks like Calvin Coolidge saying, you know, "the business of America is business." So how did that happen? How did that happen? And I'm starting with these commercial associations, chambers of commerce, boards of trade, which were merchant organizations that expanded to encompass lots of different industries and lots of different people. And I'm trying to trace how that happened

and what effect that had on American politics. So basically I'm trying to figure out how the businessman became the only person we care about in American politics and what the knock on effects of that are both for people who are in the dominant

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gender and ethnicities and people in kind of more minority positions, how did this

rhetoric and this cultural trope change?

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**Liz Covart**: Where can we go to find more information about you? What's the best way to

contact you if we have more questions about early American business or the China

[00:56:30] trade?

trace

**Dael** Yeah. I have a website, just daelnorwood.com. You can find me on the University **Norwood:** Of Delaware history department website. My email is on both of those things.

of Delaware history department website. My email is on both of those things, happy to correspond with people, happy to chat with people, happy to talk, but

my website's the best place to find me.

Liz Covart: Dael Norwood, thank you so much for joining us today and for helping us

investigate early America's trade with China, and for helping us see how central

this trade was to the economy in politics of the young United States.

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**Dael** Thank you. It's been a pleasure!

Norwood:

Liz Covart: Of all the work Americans had to accomplish after securing the United States'

independence from Great Britain, it may seem strange that they set out to establish a trade with China in Southeast Asia as one of their first acts. But after speaking with Dael, I think we can better understand why establishing this trade comprised one of early Americans' first acts: trade with China was important because so many people in Europe and the Americas clamored for Chinese goods, porcelain,

silks, nankeen cloth, and teas were in demand everywhere, which meant American merchants could trade for these goods and make a profit selling them, regardless

of whether they traded these goods for other goods in Europe or back home in the United States. Now, trade with China required large capital investment, but it also allowed merchants to realize large capital rewards. Rewards to help fuel the

new United States with tax revenues, and by increasing the credit and money

supply of the young nation.

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**Liz Covart**: In essence, trade with China helped build the United States' fledgling economy.

Additionally, the trade with China also helped the new United States secure its



place in the world; important and economically powerful nations, really empires, traded with China. As Dael explained, trade with China required large amounts of capital, large ships, and naval protection. By establishing a trade with China, Americans could make claim to being a powerful nation, and a nation that could stand toe to toe with the large empires of the world, including the large empire of China. Trade with China really allowed the United States to project itself as an upand-coming global power. Now, as we know, it would take the United States a long time to develop the economic, political, and military might it needed to stand as equals with the great powers of the world, but it would develop this stature, and early Americans trade with China help place the United States on a footing where it would reach its ultimate geopolitical goal.

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Liz Covart:

You'll find more information about Dael, his book, *Trading Freedom*, plus notes, links, and a transcript for everything we talked about today, all on the show notes page, benfranklinsworld.com/337.

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Finally, before our conversation with Dael, had you ever considered or realized how the "discovery" of the Americas was really about finding gold and silver to trade with China? Admittedly, this was not something I had thought about. Naturally, my mind and ideas really stopped at enriching Europe, I never really thought about how the gold silver mind in the Americas went to Europe, and then went to China. So I'm curious to know what you found fascinating about today's episode - email me, Liz@benfranklinsworld.com.



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