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## **CHAPTER 6:** **YEARS OF REBOUND AND OPIUM, 1815-1828**

The collective guaranty liabilities that were imposed during the period 1815 to 1828 were substantial, but all involved firms which had been in difficult condition in 1815. These failures link the period covered by this chapter with the period covered by the preceding chapter (1800-1814). Four of the five junior hongts that had been put into receivership in 1813 failed in this later period. Conseequa failed in 1823 owing 372,000 taels (\$516,336) in foreign debt, which was ordered paid in three annual installments without interest. Pacqua failed in 1826 owing 618,904 taels (\$859,589) in government and foreign debt. His foreign debt of 477,216 taels (\$662,800) was ordered paid in five annual installments without interest. Poonequa failed in 1827 owing 196,000 taels (\$272,222) in government and foreign debt. His foreign debt of 86,000 taels (\$119,444) was ordered paid in three equal annual installments without interest. The Fulong hong of the Manhops failed in 1828 owing 1,054,600 taels (\$1,464,722) in government and foreign debt. Its foreign debt of 792,000 taels (\$1,099,300) was ordered paid in six annual installments without interest.

During this fourteen year period a growing amount of trade, including but not limited to the thriving illegal traffic in opium, was conducted outside of the hong merchant monopoly. Within the guild, winners were becoming more sharply delineated from losers. The hong failures of this period could have been predicted from the start, and no new merchants came in to replace the gaps that opened in the lower ranks of the guild. Excessive risk, including but not limited to collective liability for the imprudence or business losses of colleagues, discouraged entry.

### **6A. The Hong Merchants, 1815-1828.**

The fourteen year period 1815 to 1828 began with the outer seas guild in a troubled condition. Of its eleven members, seven -- almost two thirds of the group -- were experiencing financial difficulty. Five remained under the foreign receivership that began in 1813. Kinqua I and Fatqua I had dodged the receivership but were under stress.<sup>1</sup> Chunqua I's hong was stable, although it had experienced strain during the war years.<sup>2</sup> The firms of the three head merchants were also in good condition. It was said in the 1820s that there were only four hong merchants with whom it was safe to deal.<sup>3</sup>

The Canton officials were concerned about the capitalization of the guild. The retirement of Puankhequa II was revoked in 1815 and he was ordered to resume the business of the Tongwen hong. Puankhequa II, Howqua II and Mowqua II served jointly thereafter as the three head hong merchants, although Howqua II stood as the true head due to his seniority and "reputed wealth."<sup>4</sup> The guild had thus separated, by not later than 1815, into two distinct groups: an upper tier of better capitalized firms, which ran the guild, and a lower tier group of impoverished hongts, which struggled to survive.

Within the upper tier, Howqua II stood at the top. He is often quoted as having estimated his net worth at \$26 million as of 1834.<sup>5</sup> It is sometimes said



Figure 7. The senior hong merchant Howqua II (Wu Bingjian), 1769-1843. Oil portrait by Lamqua, ca. 1830-1840. (Private collection. Photograph by permission.)

that Howqua was the richest businessman or even the wealthiest man in the world at that time,<sup>6</sup> propositions which are open to question. Howqua II most certainly did not share this estimate of personal resources with the Canton officials. Such indiscretion would have attracted even more and still greater financial demands by the government on him. It is probable that his many assets, said to have included tea plantations in the Wuyi hills, were held in a variety of different names and forms, some with family members and some quite possibly with joint venturers or partners, and that some would have been subject to debt or obligations in the nature of debt. This is normal. It is also reasonable to assume that the wealth held by Howqua II had been gradually built from the original capital and earnings of the Yihe hong founded by his father and run by his brother from 1792 to 1799, and quite likely from capital others provided before and since. Therefore, while it appears that Howqua II personally enjoyed business triumphs and fat earnings in the tricky years of the early nineteenth century, the wealth that is often spoken of as "his" was likely tangled up with amicable claims or interests of immediate Wu kin. While there is no doubt that Howqua II was the wealthiest hong merchant of his time, the exact amount and components of his personal net worth remain uncertain.

At the bottom of the hong merchant body in 1815, in sharp contrast, the receivership of the four debtors Conseequa, Manhop II, Poonequa and Goqua I was grinding along. Of these firms, only the Dongyu hong of Goqua I would make it to 1828, and it continued in business thereafter under successor family members through 1843.<sup>7</sup> Loqua (Exchin II), the fifth receivership debtor, died on 10 May 1814. The license of his troubled Xicheng hong was renewed in August 1814 in the name of Pacqua (Li Guangyuan) (also known as Exchin III). This caused friction between Loqua's immediate family and the foreign trustees, as the family wanted the firm to be run by Cheequa, a more skilled businessman, but one who unfortunately did not speak English and had had little contact with foreigners. The trustees instead recognized Pacqua, a collateral relative of Loqua, who had been "a frontman in the hong." Pacqua proved a greater risk-taker than Loqua, and the condition of the Xicheng hong did not improve under his management.<sup>8</sup>

No new hong merchants were admitted to the outer seas guild during the period 1815 through 1828. During the same years, four merchants failed and their hongs were closed. This dearth of replacements stands in sharp contrast to the preceding fifteen year period, in which there were nine admissions (1800-1815), and the twenty years before that, in which there had been fifteen (1780-1799).<sup>9</sup> Entry was certainly discouraged by the practice, from at least 1813 to 1829, by which any new hong merchant was required to present a guarantee of financial responsibility for unpaid taxes signed by all of the incumbent hong merchants before he could join the guild. In the crisis year of 1829 the written full commitment rule was relaxed. The written guaranty of two operating firms was all that was thereafter required for admission.<sup>10</sup> The brother of a rich salt merchant is said to have tried in 1828 to form a hong dedicated exclusively to trading with Americans, but that venture was not realized. The hong merchants opposed the effort because they believed that the true purpose of the proposed venture was to act as an agent for outside shopmen who were trading with Americans, facilitating and profiting from that growing business.<sup>11</sup> This was an exceptional case, and it is notable precisely as that. Credible merchants had no interest in joining the outer seas guild. A hong merchant license was seen to involve more burden than potential benefit.

### **6B. The Demands of Government, 1815-1828.**

Government officials continued to place heavy demands both on the Consoo Fund and individual hong merchants in the period 1815 through 1828. Unlike the period 1805 through 1816, for which detailed records exist (discussed at pages 123-24, above), direct evidence for this later period is spotty. In 1815, Hoppo Xiangshao promulgated a regulation requiring the use of three expensive shroffs (money changers) as exclusive sources for the silver required for tax payments. This was understood as an indirect attempt to squeeze yet more fees from the trade, and 66,000 taels (\$91,667) was paid to the Hoppo to secure withdrawal of the burdensome regulation.<sup>12</sup>

Early in 1815, financial problems among the hong merchants were reported by a secret informant to an imperial censor. A memorial was sent to the Emperor stating that the junior hong merchants were insolvent. The Governor-General was ordered to investigate, and in response he directed the seven junior hong merchants to provide statements of their foreign debts and of the time required to discharge them. Although the British EIC declined an invitation to corroborate the disclosures made by the seven debtors, the matter was duly concluded. This positive outcome was facilitated by payment of about 100,000 taels (\$138,889) to the Hoppo, although an uproar arose when word of the bribe reached the Governor-General (Viceroy). As described in the EIC records,

“Puankhequa informed Mr. Plowden [then at Canton] that the Viceroy was very favorably disposed to settle the question in the desired manner, when some evil intentioned person communicated to the Viceroy that the Merchants had subscribed 100,000 Tales for the purpose of bribing the Officers of Government throwing much suspicion on the Namhai heen and the Quan Choo foo -- that this statement had irritated His Exc'y exceedingly and had put a stop to the arrangement taking place. . . . Altho' there is scarcely any affair that can be arranged in China without the good wishes of the Officer under whose authority the affair may be being previously purchased, still a certain form and shew of justice must be exhibited; and the bribe is neither received openly or avowedly, but is generally arranged thro' the medium of some third person. The Viceroy is stated to be extremely tenacious of these external marks of Purity, altho' it is currently said that he obtains considerable sums.”<sup>13</sup>

While little information survives concerning government exactions during this period, an 1839 memorial to the Emperor provides strong evidence that the supervising officials recognized that the hong merchants had reached a financial limit. The hong merchants had committed in 1819, voluntarily or involuntarily, to pay 600,000 taels (\$833,333) for Yellow River flood control work, and then in 1826 to pay another 600,000 taels (\$833,333) to support the war in Kashgar. Payment of these pledges, absolute on their face, was then repeatedly deferred on imperial approval through 1839. Twenty years later, 136,151 taels (\$189,098) of the 1819 pledge still had not been paid, and none of the 1826 pledge. Professor Chiang Ting-fu, who located and published this memorial in 1932, observed that “the mere fact that such enormous debts existed and tended to increase was a sure sign that some disease was eating away the vitals of the Co-Hong not long before the Treaty of Nanking officially pronounced its demise.”<sup>14</sup>



It is apparent that by this time the Qing government had, in effect, recognized certain leading hong as being "too big to fail." In better times, these preeminent firms would have been pressed to all pay taxes and guaranteed foreign debt on or before the payment deadlines that had been set. While these firms still could have been pressed to pay these obligations in full, the officials recognized that a high risk existed that they too would then fail and that, without these leaders, the entire Canton System would grind to a halt (with resulting unemployment, social disorder and disruptions of tax collection). Functional "too big to fail" status protected, notably, the preeminent Yihe hong of the senior hong merchant Wu Bingjian (Howqua II) from heavy government exactions. While this process of restraint worked in the opposite from modern "too big to fail" doctrine, under which state subsidies are extended directly or indirectly to favored firms, it had an identical effect. By not pressing leading firms to pay tax and other debts it otherwise would have demanded, the government protected those firms it recognized as essential to the functioning of the marketplace.

### **6C. Trading Conditions, 1815-1828.**

The fourteen year period 1815 through 1828 is characterized by relief and exuberance. The long period of war was over. The silver supply from the United States resumed, and some silver also began to come to Canton through Spanish trade with ports in Mexico and Peru. Credit was freely extended, and international markets soon tested the exuberantly issued paper. Pains felt in distant financial centers were promptly relayed to China, due to the ever increasing reliance of various private traders on financing, notably from London.<sup>15</sup>

The Panic of 1819 was the first disturbance of the period. United States trade with China in 1820 dropped to half what it had been the prior year, and the American portion of the opium trade which had grown significantly after 1815, was reduced to zero in 1820. The 1821 crackdown on opium smuggling by the Chinese government had the effect of moving this illegal commerce just outside the mouth of the Pearl River.<sup>16</sup> Conducted from storeships off Lintin Island, stationary bazaars that were visited by Chinese customers who then did their own smuggling, the opium trade continued in large volume, effectively unhindered. The hong merchants, with rare exceptions which occurred primarily before 1821, had no involvement in this trade. It was conducted far from Canton and they were exposed public figures. It was simply too dangerous.

Throughout the 1820s, the Canton market for Indian cotton was chronically depressed. The stronger hong merchants sought to avoid cotton losses by refusing to purchase on their own account, being willing to accept consignments as brokers only. Those who bought found their capital tied up, as they could not sell other than at a loss. Early in 1822, it was said that "[t]he unprecedented scarcity of money among the Hong merchants is partly caused by the large capitals locked up in cotton."<sup>17</sup> These woes were exacerbated by heavy losses the hong merchants suffered in the great fire of 1-2 November 1822, which destroyed large amounts of warehoused goods.<sup>18</sup>

An international crisis broke in 1825 as the result of an ill-timed decision by the Bank of England to tighten credit. Several important but heavily indebted American China trade houses were brought down by the crisis. The Philadelphia firm of

Edward Thomson failed in 1825 and the New York and Canton firm of Thomas H. Smith failed in 1827, leaving massive customs debts owing to the government, and warehouses of China goods to be sold off into a depressed market. This was also a period of changing consumer taste in the United States, with annual per capita tea consumption falling about fifteen percent in the second half of the 1820s, as the rate of consumption of coffee rose. The American trade with China declined in the 1820s and 1830s, due to over-investment and the attraction of capital into domestic investment opportunities. All the while, various private traders, including Americans, busily continued to bring opium into China. As earnings from drug sales increased, there was less need to bring silver. American imports of specie to Canton declined in the late 1820s and were sharply reduced in the 1830s.<sup>19</sup>

#### **6D. The Experience of Conseequa, 1796-1823.**

The case of Conseequa merits added attention. A prominent example of the new type of hong merchant that did business after 1800, the experiences of Conseequa and his Liquean hong connect the period 1800-1814 (the subject of Chapter Five) with the period 1815-1828 (the subject of this chapter). Conseequa's history illustrates the core problems that tie together these periods: the inadequate capital of the hong merchants; the dominant power of the British EIC as trading partner and as a lender; the extension of credit by hong merchants to foreign debtors, and the problems that could result from it; and the sometimes involved process through which indebted hongs and their foreign creditors sought to avoid resort to the Canton Guaranty System.

A member of the Pan family (Puankhequa), operators of the long-dominant Tongwen hong,<sup>20</sup> Conseequa long enjoyed good working relations with the British EIC. He also worked closely with the new independents, both Americans and country traders. He was bold and a risk-taker, extending massive trade loans to merchants from the distant United States, and becoming involved in one of the few clearly recorded transactions in which a hong merchant bought opium -- nine boxes purchased for \$11,972 from Willing & Francis' ship *Bingham* on 28 December 1805.<sup>21</sup>

Conseequa rose rapidly, initially trading without a license in the 1780s and 1790s. Arrested for this offense in December 1796, he was forced to buy a license. The thirty-six year old Conseequa was now proprietor of the Liquean hong, open for regular business.<sup>22</sup> The French thought highly of Conseequa. The American view was more guarded. An agent of Thomas Handasyd Perkins of Boston described him as "very lavish of promises, very shuffling but rich and doing much business. Very liberal credit."<sup>23</sup> The Salem merchant Thomas W. Ward, writing in 1809 as Conseequa's business crumbled, was more blunt. "Rich -- roguish -- insinuating -- polite -- sends some excellent cargoes -- some bad Cargoes -- not attentive enough to business and a man with whom you cannot talk with safely, as he will promise everything & perform what he pleases--not to be seen always."<sup>24</sup>

The new Liquean hong traded with the EIC on a large scale, and also with various other foreign merchants. It often extended credit to American traders, and these loans grew into massive amounts.<sup>25</sup> In 1815 Conseequa told investigating authorities that over \$2.5 million was owed to him by American debtors and by the private Armenian country trader Gregory Baboom.<sup>26</sup> American court records show that in April 1808 Conseequa was owed \$500,000 by his debtors in the city of

Philadelphia alone.<sup>27</sup> A [partial] tabulation of Conseequa's loans, prepared in 1987 from then known records, identifies \$420,596 in loans by Conseequa to Americans during the decade 1800-1809.<sup>28</sup>

The source of the funds Conseequa lent is uncertain. As of 1800, he had little free cash. He had been a hong merchant for four years, with seventeen years' prior history as an outside trader. A 50,000 tael (\$69,400) smuggling fine levied against the hong that summer forced Conseequa to borrow from the EIC to meet obligations, and left him unable to meet at least one commitment in 1801. That fine was paid, in installments, through the year 1801.<sup>29</sup> As of 1800, his accumulated trading profits do not seem to have been in the range required to support lending on the scale in which the Liqueur Hong was becoming engaged. Yet in November 1805, Conseequa told supercargo William Read that he was prepared to make loans of as much as \$100,000 to \$150,000.<sup>30</sup>

Conseequa obviously borrowed some of the funds he lent. This practice is common today, and can be useful if controlled. When credit is available to customers, they may buy more. Profit may increase as well; a financing seller may make money as a lender, in addition to the profit from the initial sale. It is doubtful that Conseequa originally intended to finance his foreign customers on a large scale. Nor would it seem that he was ever so scientific as to track net gain on the spread between his cost of funds and amounts repaid by his customer debtors. The evidence indicates that his purchase financing started modestly in the late 1700s, and grew in the early 1800s, presumably supported by good repayment experience with early loans.<sup>31</sup> The hong's loan exposure almost certainly then grew beyond Conseequa's intentions and the knowledge of his other creditors. We know that Conseequa was becoming concerned about his exposure in 1805, even as he bragged to William Read about his lending power. A dispute arose that year between Conseequa and the supercargo of the ship *Ganges* of Philadelphia, "as to the extent of the credit, which Conseequa said he did not expect would be so large."<sup>32</sup>

The credit purchase of tea carried risk for the buyer, just as the extension of credit to a merchant who lived nearly half a world away involved risk for the too-often financially insecure hong merchant. Great care in judging teas was warranted in any transaction, and it was extremely important when teas were bought on credit late in the Canton season. Much of the best of the annual tea crop had been contracted for by European buyers prior to delivery at Canton, and the rest of the best was sold quickly, usually for cash. In certain years good teas, or better teas of particular varieties, were very scarce;<sup>33</sup> generally, by late in the season, all superior teas were gone.<sup>34</sup> With the best quality not easily distinguished by the visiting supercargo, at least not without the assistance of an expert taster who would require a fee,<sup>35</sup> many of the Chinese merchant lawsuits arose naturally from late season purchases of tea on credit. Stephen Girard, the greatest nineteenth century Philadelphia China trade merchant,<sup>36</sup> doubted that any hong merchant of good reputation would sell teas on credit.<sup>37</sup> On another occasion, Girard stated that in teas

"lies the great deception and I do not believe that a China merchant of good repute & credit who is particular in dealing in the best teas can purchase them even cash in hand as low as any other Chinese whose principal object is to obtain a long credit [T]his last character may possibly



purchase teas at the lowest Cash price pay[ab]le. at 2 or 3 years consequently the difference in price will apparently be in his favor but in quality it will perhaps prove to be some fifty to 60 Per cent worse than the tea purchased by the Chinese merchant of good repute [T]his I have experience[d] at Antwerp in 1804 at the sales of the ship Rousseau's cargo [T]here was a small parcel of Souchong tea purchased at Canton of Eshing which sold upwards of fifty per cent more than what was furnished by Conseequa."<sup>38</sup>

The experience of William Read, supercargo of the ship *Bingham*, who chose to rely on his own expertise in buying teas from Conseequa on credit late in the season 1805-1806, provides a tragicomic example of the wisdom of Girard's advice. William Read wrote his principal at the time of purchase that he had rejected the 2 percent fee required for the services of Mr. Rabinel the tea examiner as "far beyond what I thought the services to be rendered merited." Read felt confident of his ability to make "such a selection of Teas as will render his assistance of little consequence." A month later he innocently wrote that Rabinel "informs me he has written a letter to his friends in Holland which may be of use in the Sales of the Cargo, and regrets he could not render you the services you wished, and on such terms as would answer your expectations, and consistent with his own and the Interest of the Gentr. his assistants in the Factory." When the *Bingham* reached Amsterdam and its tea cargo was auctioned, the teas William Read had confidently selected at Canton brought a very low price.<sup>39</sup>

Having extended massive amounts of unsecured credit to American debtors, Conseequa -- presumably already under pressure himself -- grew cross with their delays and excuses. Late in 1807 he handed a group of overdue promissory notes to his friend Benjamin C. Wilcocks at Canton, telling Wilcocks to bring them to America and to see that the debts were collected. The Rhode Island merchant Edward Carrington, later United States Consul at Canton, vividly described Conseequa's resolve in a letter to Samuel Snow, one of Conseequa's debtors. Carrington had explained Snow's situation to the hong merchant, and asked that Snow be allowed one more season to meet his obligations, but "Conseequa pretended to be much disappointed and out of temper in the business." Conseequa

"had given the note [to] Mr. Wilcocks with many others to be sent to Am[eric]a. for collection. I then told him if he would retain it, I would write to you I could secure the money would come next season, he said no it would not do, that the notes must go. I spoke to Wilcocks, who applied to Conseequa on the subject, but without success. Your note, with Bently, B. Dexter and others in Rhode Island are forwarded by this opp[ortunit]y. to Messrs. R.H. Wilcocks & B.C. Wilcocks at Phila[delphia] for Collections. Conseequa is very much out with the Am[eric]a[ns]. in consequence of heavy claims that have been urged against him for bad Goods furnished to them -- he has become the most obstinate, pernicious Merch[an]t. of the Hong, & it is almost impossible to move him when he takes a stand. I have been this particular lest you should think I had not attended to your requests."<sup>40</sup>

Wilcocks either traveled with or followed the notes to Philadelphia, where he "made application to" several debtors who provided him with \$9,000 for Conseequa. These funds, with other monies due to Conseequa, were sent to Canton, but Wilcocks later testified that he believed a "great part thereof was prevented by capture from

getting into Conseequa's hands." Wilcocks delivered the remaining unpaid notes to the lawyer Charles Jared Ingersoll for collection.<sup>41</sup> The retention of Ingersoll was at once the natural choice of a leading and well-connected local lawyer and also an inside pick, as Ingersoll was married to Wilcocks' younger sister.<sup>42</sup> Chinese merchant creditors were generally similarly well advised in their debt collection in the United States and commonly retained leading lawyers to represent them in court.<sup>43</sup>

Disaster ensued. Three of Conseequa's debtors, warned of imminent suit against them, filed a preemptive action in the Court of Common Pleas of Philadelphia County seeking to recover damages from Conseequa for poor quality teas allegedly sold to them in 1805. Edward Dunant and Joshua and Thomas Gilpin obtained a court attachment of all of Conseequa's assets in Philadelphia. On 2 and 4 April 1808, the Sheriff attached "all the goods and chattels rights and credits of the said Conseequa in the hands of" some twenty-one merchants, namely, notes payable to Conseequa in the total amount of \$500,000. This large sum is a dramatic statement of the amount of a single hong merchant's credit to Americans in just one American city early in the nineteenth century.<sup>44</sup> According to Conseequa's later federal court suit against Dunant and the Gilpins, this attachment, which remained in effect through 22 May 1809, prevented the debtors whose promissory notes were attached from paying him.<sup>45</sup> In the meantime, the Embargo which held American shipping idle through March 1809 ruined many of Conseequa's debtors.

Conseequa's collection agent Benjamin Chew Wilcocks is best remembered today as the anonymous, "Mr. W\_\_\_\_," the beneficiary of an act of generosity by Houqua II in 1827. His predicament that year, and Houqua's response to it, is described in a famous passage by William C. Hunter:<sup>46</sup>

"An American gentleman, who had resided many years at Canton, and had possessed a considerable fortune, met with serious losses. The hope of regaining it induced him to continue operations, in which he was materially assisted by Houqua. They had been, as was usually said, in the words of the place, 'olo flen.' Time passed, considerable sums were placed at the disposal of Mr. W\_\_\_\_, no reference being made to them by the Hong merchant until, at the end of a second or third year, Houqua's and his accounts were compared, and the balance in favor of Houqua was 72,000 dollars. For this amount he took a promissory note and it was locked up in his strong box...

One day, when on a visit to his Chinese friend, the latter said, 'You have been so long away from your own country, why do you not return?' To which Mr. W\_\_\_\_ replied that it was impossible -- he could not cancel his note, and this alone would prevent him. Houqua enquired if the bond [note], only, kept him in Canton, and if he had not some means wherewith to provide for a residence at home? The answer was that no other debts existed, and he was not without resources -- but the note!! Houqua summoned his purser, and ordered him to bring the envelope containing promissory notes from the treasury. Taking out that of Mr. W\_\_\_\_, he said, 'You and I are No. 1, "olo flen;" you belong honest man, only no got chance.' He then tore the note up, and throwing the fragments into the waste-paper basket, added, "Just now hav sette counter, all finishee; you go, you please."

That is to say, 'Our accounts are now all settled, you can leave when you like.'"

Benjamin Chew Wilcocks left Canton in December 1827.<sup>47</sup>

Wilcocks' \$72,000 debt, cancelled by Howqua II in 1827, dates to the failure of William Waln in the Panic of 1819.<sup>48</sup> Waln, Wilcocks' Philadelphia agent, sometime employer, and later father-in-law,<sup>49</sup> also a debtor to Conseequa,<sup>50</sup> failed that summer.<sup>51</sup> According to Hunter, the \$72,000 debt was the total sum "placed at the disposal" of Wilcocks by Howqua II over two to three years after Wilcocks suffered serious losses in about 1819. Howqua's original 1819 loan to Wilcocks, and the cancellation of that debt in 1827 were certainly generous acts, but it is an error to view them as acts of charity alone. They are the more understandable when the services are considered, that Wilcocks rendered over many years helping Chinese merchants collect debts in Philadelphia, Providence, New York, and other American cities. Howqua II had good reason to feel gratitude. Among other things, these services helped reduce his potential collective guaranty exposure in the event of failure of his hong merchant creditor colleagues.<sup>52</sup> It is also true that Howqua II and Wilcocks were friends. "You and I are No. 1, 'olo flen;' you belong honest man, only no got chance."

In the midst of his afflictions, several years earlier, Conseequa wrote his friend Peter Dobell in Philadelphia complaining about his financial and legal problems. The 3 April 1813 letter, in pidgin English with an addition by Alexander Pearson, survives in a vandalized condition.

"I have very trouble because all that money America gentlemen owe for me. . . . I have see hardly any money, now I have very much trouble, owe so much money, no can pay I fear broke. Mr. Ingersoll I know very good man, very good head, only I fear [words deliberately obliterated] talk story so have spoil me too. paper along with this can show how much money, who man owe, I chin chin you look -- take care."

Pearson added,

"For the foregoing I have served as an amanuensis to your friend Conseequa. I cannot help thinking that he had met with a great deal of more harsh & ungrateful treatment for such liberality of accommodation (to some whom I hope you will not meet with in America) than it is for the credit of foreigners to this country & of human natives generally, that he should have been subjected to, however I need not amplify on that subject to you."<sup>53</sup>

Ten months later, in February of 1814, the frustrated and perplexed hong merchant appealed directly to President James Madison. This letter survives in the National Archives of the United States in its Chinese original, with contemporary English and Portuguese translations. There is no record of action taken in response to the appeal, or that any reply was made to Conseequa's letter, which may be natural enough. The letter was sent in the middle of the War of 1812 between Britain and the United States, and the White House, the official residence of the addressee, was burned by British troops in August 1814, six months after the letter was sent. In "The Petition of Conseequa, a Hong Merchant of the City of Canton in China," Conseequa (Pan Kun) recites the fairness of his dealings, the willingness

with which he had granted credit to Americans, and complains that his debtors have evaded and failed to pay him. "Many who do not labour under inability to pay their debts, or who do not acknowledge that they are unable, object to pay them, as he thinks upon frivolous grounds, and involve the Claims upon them in tedious litigation."<sup>54</sup>

"When the American merchants (who owe me money) come to Guangdong and live in Canton, Kun cannot accuse them, because the law of our country prohibits Chinese subjects from accusing the barbarians. This is why Kun must beg Your Excellency, the President of the United States, since Kun hears that the law of your noble country is impartial, and that no matter whether a man is rich or poor, an American or an alien, everyone is equal before the law. Kun is an alien from a remote region and ignorant of the usages and forms proper to presenting his case to your honorable country. Again, because great distance lies between us, I cannot present all my evidence (that the American merchants owe me money) to you. Therefore, your decision on this case may reach me after an interval of several years. The reason for presenting this petition is to appeal to Your Excellency for an impartial judgment.

I hope Your Excellency will not listen to the one-sided story of your dishonest merchants, but judge this issue fairly. . . . If the American merchants do not return my money, then my whole family will suffer substantially. Not only will I lose my principal for continuing my business, but foreign merchants will not have any faith in me."

Conseequa said that he had asked an English friend to present his petition and evidence, which he hoped the President would act on both for his sake, and in the interest of the reputation of American citizens in China.

"Formerly, I trusted the Americans. I therefore sold goods to them on credit. If they do not return the price of my goods, they will cause the bankruptcy of Kun's family. In the future, who will trade with the subjects of Your Excellency, the President of the United States?"

#### **6E. The Collective Guaranty of Debt, 1815-1828.**

During the period 1815 to 1828 the total liability on account of foreign debt that was charged to the hong merchant body under the collective guaranty was 1,725,000 taels (\$2,395,833), an average of 123,214 taels (\$171,130) annually. The trend of significant increases in average annual liability, evident since the imposition of the collective guaranty in 1780, continued apace. The average annual charge in this fourteen year period was up eight percent (8%) from the prior fifteen years, in which charges averaged 113,733 taels (\$157,963) annually (1800-1814). The assessments of that period were up forty percent (40%) on average from the prior twenty years, in which charges averaged 81,050 taels (\$112,569) annually (1780-1799). The trend of increases of the average annual amount charged as collective liability for the defaulted foreign debts of members of the outer seas guild during the period 1780 through 1828 is summarized in the following table:

Time Period	Total Liability [Taels/(Dollars)]	Annual Average [Taels/(Dollars)]	Increase in Annual Average from Prior Period [Taels/(Dollars) (Percentage)]
1780-1799	1,621,000/(2,251,388)	81,050/(112,569)	(No prior period.)
1800-1814	1,706,000/(2,369,444)	113,733/(157,963)	32,683/(45,394) (40%)
1815-1828	1,725,000/(2,395,833)	123,214/(171,130)	9,481/(13,167) (8%)

The guaranty burden on the outer seas guild was growing steadily worse. When the New York legislature looked to the Canton Guaranty System as inspiration for proposed banking reform, at the end of this period, it was not made aware of this gradually worsening debt burden.

Collective guaranty liability during the period 1815 through 1828 was limited to the cases of Conseequa, the Manhops, Pacqua (successor to Loqua) and Poonequa. Foreign creditors submitted claims in Chinese debt proceedings, and, again, the Canton officials enforced the collection of foreign loans which were illegal under the Eight Regulations. These “junior” firms failed after their receiverships ended. As of 1818, the receivership trustees for these merchants decided that conditions among them had not improved sufficiently. As recorded by the British EIC,

“The considerate and judicious support, which the Hong[s] so unhappily circumstanced have received from the Hon’ble Company may be considered to have re-established them; but instead of having employed their restored credit wisely and correctly, we apprehend they have, in this season especially, perverted it to their own Detriment and that of their Creditors.”

The EIC resolved to restrict advances to the junior hong merchants to amounts needed for current business only.<sup>55</sup> It ended its practice of nearly a decade of advancing money needed to purchase tea for the coming season. The advances were believed to have driven prices up while discouraging attention to quality, and it had become difficult to track the cash. The EIC noted a “very strong case of necessity” for the change. “[I]t would be impolitic to hazard the Company’s Property in a Country where our footing is at all times precarious and where there is no mode of counteracting or of punishing the misconduct of the Merchants on whose behalf the advances may be made, but such as involves the subversion of the system we are desirous to uphold.”<sup>56</sup> Termination of the former practice of advancing cash for the use of the weak junior merchants, just as the receivership was nearing its end, did not help their position in the marketplace.

The trusteeship of Conseequa’s Liquan hong came to an end in 1819,<sup>57</sup> but the firm still owed money to the EIC and other foreign creditors. By the end of the 1821-2 season, all of the trust debts (pre-1813 obligations) of the other junior merchants had been paid, except for \$200,000 still due from the Xicheng hong (Pacqua [Exchin III] as successor proprietor) and \$630,000 owed by the Fulong hong (Manhop I and Manhop II proprietors). The EIC had proposed in each of the two prior years that this residual debt should be paid out of the Consoo Fund, but the hong merchant body repeatedly rejected its proposal.<sup>58</sup>

In the summer of 1822, Pacqua (Exchin III) was petitioned against by Parsi country trader creditors. He was jailed on 18 October 1822. The hong owed about 195,000 taels (\$270,833) in government duties and fees, \$167,000 to Americans and \$330,000 to its Parsi creditors. The government debt was paid with “loans from his friends and a generous donation of forty thousand taels from Howqua and

Mowqua."<sup>59</sup> As the duties arrearage had been paid, Governor-General Ruan Yuan and the Hoppo saw no need to close the Xicheng hong. They directed Howqua II as head merchant to work out a settlement with foreign creditors. The EIC supported the effort by agreeing that the debtor hong could retain its two shares of tea business to facilitate payment to foreign creditors, a usual EIC strategy. The Parsis negotiated hard and Howqua II ultimately agreed to pay sixty percent of their debt. With that deal struck, Pacqua was released from jail in December 1822 and allowed to return to business. Management of the two dedicated shares of EIC business, however, was vested by creditor agreement in hong merchant trustees. The trustees were charged to: first, generate profits to pay creditors under the original 1813 junior hong merchant trust; and, second, to pay new creditors as possible. Trustee operations generated \$100,000 for 1813 trust creditors, which was paid in the Spring of 1824. Domestic Chinese creditors received nothing. An 1822 petition to the Governor-General by green tea merchants, complaining of 130,000 taels (\$180,555) due the from the Xicheng hong, was answered with a directive to the hong merchants to take care of the matter, which accomplished nothing.<sup>60</sup>

For its part, Conseequa's Liqueur hong limped forward from trusteeship with unpaid old debt to the EIC, accumulating new liabilities as it did business. Its EIC debt had dropped to \$280,169 (201,851 taels) by the end of the trusteeship. In its final years, EIC debt ranged from a high of \$579,696 (417,649 taels) to a low of \$342,630 (246,852 taels).<sup>61</sup> Its asset situation remained difficult, with continuing but declining collections of proceeds of loans made in the early 1800s. Benjamin Chew Wilcocks, for example, had owed Conseequa approximately 300,000 taels (\$416,667) as of November 1813.<sup>62</sup> Pursuant to a written release delivered to Wilcocks on 1 April 1820, Conseequa agreed to discharge that debt for a mere \$40,000. The settlement seems to have been in the nature of a desperate final deal, and some subsurface grumbling is evident from its text. Much or all of the money paid by Wilcocks was almost certainly taken by the British EIC as Conseequa's dominant creditor. The EIC was represented at the settlement table by James Brabazon Urmston, who signed the release as President of the Select Committee of the EIC and Chief for all Affairs of the British Nation in China. The British EIC even supplied the paper on which the release was prepared.<sup>63</sup> It is no small irony that Urmston himself ended up heavily in debt to hong merchants, and was later removed from office for that very reason.<sup>64</sup>

Conseequa's debt to the EIC had reached the total sum of 400,000 taels (\$555,200) by September 1821 when his firm failed again. The other nine hong merchants privately agreed to pay his debt in five annual installments, on EIC insistence (baited by doling out corresponding shares of Conseequa's former EIC business to the others).<sup>65</sup> Stripped of its EIC contracts, the hong was mortally wounded.

The third failure of the Liqueur hong came two years later, with the 5 August 1823 death of Pan Changyao. Burdened with about 372,000 taels (\$516,336) in foreign debt, the hong closed its doors forever. Creditors petitioned Governor-General (and acting Hoppo) Ruan Yuan, seeking payment under the collective guaranty. After considerable proceedings, many creditor objections, and the liquidation of family property in Fujian, the Governor-General ordered the hong merchants to reach an agreement with creditors. The debt was thereafter discharged by the hong merchant body in five equal installments, without interest, with the first



two installments being paid to the EIC only. This commitment was eased by continuing recognition by the EIC of the transfer of Conseequa's three shares of EIC business to other hong merchants, with the profits to be used for debt payment, with "a moderate interest." The case was reported to the Emperor. The firm's debts had been contracted by Conseequa, who was dead, and not by his son Pan Ruiqing, who had worked for the firm in its final years. The son was ordered stripped of his purchased official titles, but was not otherwise punished.<sup>66</sup>

The affairs of Pacqua's Xicheng hong were still troubled. In April 1823 Pacqua, Manhop II (Fulong hong) and Poonequa had been jailed for failure to pay monies owed to the government. Early in 1824 Hoppo Dasan approved admission of a shopkeeper as partner of the Xicheng hong, seeking to improve its affairs, without beneficial effect. The hong was petitioned against yet again, found to be insolvent, and was reported to the Emperor in October 1826. The Xicheng hong was found to owe 149,769 taels (\$208,012) in duties and other debt to government, 477,216 taels (\$662,800) to foreign creditors, and an unknown but substantial debt to Chinese creditors. The sale of firm assets yielded little and the hong merchants were ordered to pay the total balance due, some 618,904 taels (\$859,589). The foreign debt was paid in five equal annual installments without interest. Pacqua was ordered banished to Ili, but his departure was delayed for over a year due to frontier wars. He finally left in August 1828, with the hong merchant body and the EIC each contributing 1,500 taels to "alleviate the hardships" of his journey and exile.<sup>67</sup>

Although the 1813 trust debts of Poonequa (Mai Jinting of the Tongtai hong) had been fully paid as of 1822, that firm remained on the edge. Poonequa died five years later in January 1827, leaving an insolvent hong. The hong merchants and tea merchant creditors offered to help Poonequa's son run the hong and pay its debts. The son instead chose to immediately flee Canton. Hoppo Wenlian declared the Tongtai hong insolvent, and ordered its assets sold to pay debts. The hong merchants were required to pay 110,000 taels (\$152,778) in duty and contribution debt of the failed hong, plus 86,000 taels (\$119,444) to its foreign creditors. The foreign debts were thereafter paid in three annual installments without interest, starting in February 1828.<sup>68</sup>

Partial payment in satisfaction of the remaining balance of the receivership debt of the Fulong hong of the Manhops was made in December 1823, under a negotiated compromise with creditors. On account of this over ten year old debt (\$630,000), creditors received a lump sum payment of \$310,000 (just under 50%). The money came from relatives and friends of the debtors (\$60,000), from a loan by the American John Perkins Cushing (\$160,000), and from current season EIC profits.<sup>69</sup> The Fulong hong of the Manhops struggled to remain in business but failed five years later in 1828. In a bizarre stroke, the son of its founding partner Inqua materialized in Canton in 1827 like a foreshadowing angel of death, demanding shares of the firm and its recent profits. Seventeen years earlier, in 1810, Inqua the father had run off, abandoning the hong and leaving his partner Manhop I to deal with roughly 700,000 taels (\$972,222) in debt to foreign creditors, plus unpaid customs duties as well as debts to Chinese creditors. Inqua's son had since grown up, had served as a minor official in Beijing and was able to wield influence. He severely harassed Manhop II through the Nanhai magistrate and the Hoppo but the

matter finally came before the Governor-General who considered and rejected the son's claim.<sup>70</sup>

The demise of the Fulong hong followed the no less remarkable disappearance of 30,000 bales of cotton - valued at about 900,000 taels (\$1,250,000) - from its warehouses. Safely stored as of November 1827, the massive cotton inventory had vanished as of February 1828. Foreign creditors believed it had gone either to shady secret partners of the firm or in payment to Chinese creditors (the Chinese New Year when debts were required to be settled fell on 15 February 1828). The hong was petitioned against by Magniac & Co. but the Governor-General did not want to act, as he was only the acting Hoppo. On 7 April 1828, Yanlong arrived at Canton as the new Hoppo, and on 10 May 1828 Manhop I was declared insolvent and the case was reported to the Emperor. After asset liquidation, the Fulong hong was found to owe 262,600 taels (\$364,722) in duties to the government, and 792,000 taels (\$1,099,300) to foreign creditors (Americans and Indian country traders). The Hoppo ordered the hong merchant body to pay the arrears of customs duties, and to pay the foreign debt without interest over eight years. The time payment term was reduced to seven years in response to creditor protest, and finally to six years.<sup>71</sup> Manhop II, the nominal head of the Fulong hong, was ordered banished to Ili. He was rumored to have left Canton with \$10,000 and several servants. The EIC sniffed in its records that he had set out on his journey "in a style better suited to the station of a wealthy mandarin than that of a degraded bankrupt merchant about to undergo his punishment."<sup>72</sup>

Burdened by this string of failures, the Consou Fund remained stressed during the years 1815-1828. The trend of increase of average annual liability continued. It is true that the percentage of annual increase was not as sharp as it had been between the two prior periods, and that all of the failures in this period were junior honges that had been placed in receivership in the period 1800-1814, but there were otherwise few other reasons for optimism. The guild stood sharply divided between the weak and a few strong honges. The government continued to draw heavily on the hong merchants for payments to support state needs, but it began to do so more carefully. A policy of deferral of the collection of assessed taxes, implemented on imperial approval in 1819 and continued through the outbreak of war in 1839, demonstrates that the Chinese government understood that the hong merchants had reached the limit of their financial ability. Restraint was in order at Canton, and the guild should not be unusually pressed.

In the winter of 1828-1829, legislators began to consider a proposal for a bank guaranty fund that took its inspiration from the success of the Canton Guaranty System. At Albany, in the State of New York, these legislators were not informed of the precarious financial condition of most of the hong merchant body and of the Consou Fund. At Canton, in China, the hong merchants were denied the pause and opportunity to rebuild that they so badly needed. In the years that followed, 1829-1842, their collective guaranty liability for the debts of failed colleagues once again soared.

1 Ch'en, Insolvency, p. 242; Morse, Chronicles, Vol. III, p. 247 (the EIC did not reply to the Hoppo's question whether these hong's owed it money).

2 Ch'en, Insolvency, p. 357.

3 Greenberg, British Trade, p. 86.

4 Ch'en, Insolvency, p. 23.

5 Hunter, 'Fan Kwae', p. 48 ("The amount of Houqua's fortune was frequently a subject of debate; but on one occasion, in referring to it in connection with his various investments in rice-fields, dwellings, shops, and the banking establishments known as shroffs, and including his American and English shipments, he estimated it, in 1834, at twenty-six millions of dollars."); Robert Gardella, Harvesting Mountains: Fujian and the China Tea Trade, 1757-1937 (Berkeley: Univ. of California Press, 1994), p. 35; Sung, "Study of the Thirteen Hong's," pp. 4 and 22-23; White, "Hong Merchants," pp. 83, 94-6 and 108.

6 <http://online.wsj.com/public/resources/documents/mill-1-timeline-howqua.htm>

<http://www.encyclo.co.uk/define/Howqua>

7 Ch'en, Insolvency, pp. 16-19.

8 Ch'en, Insolvency, pp. 341-2; Morse, Chronicles, Vol. III, p. 208.

9 Ch'en, Insolvency, pp. 39-40 (Tables 1.5 and 1.6).

10 Chang, Income of the Chinese Gentry, p. 161.

11 Greenberg, British Trade, p. 68; Morse, Chronicles, Vol. IV, p. 168; White, "Hong Merchants," pp. 114-5 and 160.

12 Ch'en, Insolvency, p. 99.

13 Ch'en, Insolvency, pp. 50, 335 and 354-5; Morse, Chronicles, Vol. III, pp. 233-4.

14 T. F. Tsiang (Chiang Ting-fu), "The Government and the Co-Hong of Canton, 1839," Chinese Social and Political Science Review, Vol. 15, pp. 602-607 (1932), pp. 606-7.

15 Cheong, "Beginnings of Credit Finance," p. 101; Cheong, "China Houses and the Bank of England Crisis of 1825," Business History (Liverpool), Vol. 15, pp. 56-73 (1973), pp. 56, 61-2, 65-7; Cheong, "Trade and Finance in China," p. 41.

16 Downs, "American Merchants and the China Opium Trade"; Greenberg, British Trade, p. 121; Stelle, "American Trade in Opium to China, Prior to 1820"; Stelle, "American Trade in Opium to China, 1821-39."

17 Greenberg, British Trade, pp. 88-92.

18 Greenberg, British Trade, p. 86 (as recorded by Charles Magniac, "Some of the Hong merchants have suffered a terrible loss of property. Howqua has lost about 200,000 taels, Mowqua 350,000 taels, Cheonqua a large sum. Poonqua had a large quantity of woollens, the loss of which will greatly distress him.' He added that he was afraid of the effect of 'the extensive ruin which must have fallen on a number of Chinese dealers and brokers of every description.'"); Patrick Conner, The Hong's of Canton: Western Merchants in South China, 1700-1900, as Seen in Chinese Export Paintings (London: English Art Books, 2009), pp. 89-99 (the Great Fire of 1822). The hong merchant losses were uninsured.

19 Cheong, "China Houses and the Bank of England Crisis," pp. 56, 61-2, 65-7; Downs, The Golden Ghetto, pp. 110, 165, 199-201, 358-63 and 425 n.51; Downs,

"American Merchants and the China Opium Trade," p. 436; Gibson, Otter Skins, p. 103; Latourette, "History of Early Relations," p. 69; Stelle, "American Trade in Opium to China, Prior to 1820," pp. 425 and 442-3; Stelle, "American Trade in Opium to China, 1821-39," pp. 63 and 66-8; *United States v. Three Hundred Fifty Chests of Tea*, 25 U.S. 486 (1827) (Edward Thomson failure).

20 Conseequa was a nephew of Puankhequa I (Pan Wenyen), a cousin of Puankhequa II (Pan Zhixiang) and an uncle of Puankhequa III (Pan Zhengwei). Ch'en, Insolvency, p. 330; Cheong, Hong Merchants, p. 91.

21 Account of sales of opium from the Ship Bingham dated Canton 28 December 1805, Willings & Francis Papers, 1805 folder, Historical Society of Pennsylvania, reproduced in Jonathan Goldstein, "Resources on Early Sino-American Relations in Philadelphia's Stephen Girard Collection and the Historical Society of Pennsylvania," Ch'ing-shih wen-t'i, Vol. 4 (1980), pp. 114 and 121. Conseequa's friend Gregory Baboom attended the sale on behalf of the hong merchant, and received an allowance on the sale for four boxes which he found "to be of a very inferior Quality." Statement of Gregory Baboom, dated 28 December 1805, Willings & Francis Papers, 1805 folder, Historical Society of Pennsylvania, Philadelphia.

22 Ch'en, Insolvency, pp. 330-1 and 338-9; Grant, "Failure of the Li-ch'uan Hong," pp. 244-5; Fu, Documentary Chronicle, p. 610 n. 166.

23 Carl Seaburg and Stanley Paterson, Merchant Prince of Boston: Colonel T.H. Perkins, 1764-1854 (Cambridge: Harvard Univ. Press, 1971), p. 101.

24 Thomas W. Ward, "Remarks on the Canton Trade and the Manner of Transacting Business," Essex Institute Historical Collections, Vol. 73 (1937), pp. 303 and 307.

25 Grant, "Failure of the Li-ch'uan Hong," p. 244.

26 Ch'en, Insolvency, pp. 334-5. For a brief history of Baboom's trade in China, see Carl T. Smith and Paul A. Van Dyke, "Four Armenian Families," Review of Culture, International Edition No. 8, pp. 40-50 (October 2003); Margaret Sarkissian, "Armenians in South-East Asia," Crossroads: An Interdisciplinary Journal of Southeast Asian Studies, Vol. 3, Nos. 2-3, p. 13 (1987).

27 Grant, "Failure of the Li-ch'uan Hong," p. 249.

28 Grant, "Failure of the Li-ch'uan Hong," pp. 259-60. The large dollar amount of promissory notes payable to Conseequa, attached by the Sheriff in Philadelphia on 2 and 4 April 1808 (\$500,000), shows that Conseequa's outstanding loans were far greater in amount than can be reconstructed from surviving litigation and archival records. *Id.*, p. 249.

29 Morse, Chronicles, Vol. II, pp. 354 and 365; Ch'en, Insolvency, pp. 332-3.

30 Grant, "Failure of the Li-ch'uan Hong," p. 248; Letter from William Read (Canton) to Willings & Francis, dated 27 November 1805, Willings & Francis papers, 1805 folder, Historical Society of Pennsylvania, Philadelphia.

31 Grant, "Failure of the Li-ch'uan Hong," pp. 259-60.

32 Grant, "Failure of the Li-ch'uan Hong," pp. 251-252; Deposition of Benjamin C. Wilcocks, Philadelphia, taken on 31 May 1811, in *Conseequa v. Willings & Francis*, October term 1809, No. 49, Records of the Circuit Court for the District of Pennsylvania.

33 Deposition of Benjamin C. Wilcocks, undated, in Stephen Girard's records of the lawsuit Girard v. Biddle (commenced in the Sept. 1806 term of the Court of

Common Pleas of Philadelphia County), Reel 439, Stephen Girard Papers, Estate of Stephen Girard, deceased, microfilm copies on deposit with the American Philosophical Society, Philadelphia; *Cheongwo v. Jones*, 5 F. Cas. 544, 545-546 (C.C.E.D. Pa. 1818) (No. 2,638); *Youqua v. Nixon*, 30 F. Cas. 887 (C.C.E.D. Pa. 1816) (No. 18,189).

34 *Gilpins v. Consequa*, 10 F. Cas. 420, 422 (C.C.E.D. Pa. 1813) (No. 5,452).

35 The failure to use an expert figures in two cases. In *Willings v. Consequa*, 30 F. Cas. 55, 59 (C.C.E.D. Pa. 1816) (No. 17,767), one of the points at issue was the alleged provision of teas "of very inferior quality" to the ship Bingham, which carried them to Amsterdam where they were sold at auction for a poor return. In *Cheongwo v. Jones*, 5 F. Cas. 544, 546 (C.C.E.D. Pa. 1818) (No. 2,638), assertions that the "excellent" teas which the defendant's supercargo believed he had selected at Canton had been switched for the "most infamous" teas that arrived at the warehouses of the Asiatic Company in Amsterdam for auction sale were answered with the testimony of a witness "that he had lived at Canton for ten years, and that it was very difficult for a person who had not, for a period of time, resided in China, to judge of the qualities of teas. That instances had sometimes occurred, of a few chests of teas being changed on board the Hong boats, by the mariners; but that he had never heard of an instance of a cargo being changed by the merchant who had sold it."

36 Jonathan Goldstein, *Stephen Girard's Trade with China 1787-1824: The Norms Versus the Profits of Trade* (Portland, Maine: Merwin Asia, 2011).

37 Stephen Girard, "Observations on Mr. Benjamin C. Wilcocks's Deposition," included in Stephen Girard's records of the lawsuit *Girard v. Biddle* (commenced in the Sept. 1806 term of the Court of Common Pleas of Philadelphia County), Reel 439, Stephen Girard Papers, Estate of Stephen Girard, deceased, microfilm copies on deposit with the American Philosophical Society, Philadelphia.

38 Letter, Stephen Girard (Philadelphia) to Edward George and Samuel Nichols, 3 January 1810, Letterbook 11, Stephen Girard Papers, Estate of Stephen Girard, deceased, microfilm copies on deposit with the American Philosophical Society, Philadelphia.

39 *Willings v. Consequa*, 30 F. Cas. 55, 59 (C.C.E.D. Pa. 1816) (No. 17,767); letters, William Read (Canton) to Willings & Francis, 9 Nov. 1805 and 10 Dec. 1805, Willings & Francis Papers, Folder 1805, Historical Society of Pennsylvania, Philadelphia.

40 Letter, Edward Carrington (Canton) to Samuel Snow, 19 January 1808, China Letterbook F, Edward Carrington Papers, Rhode Island Historical Society, Providence. In contrast, the hong merchant Mowqua agreed to hold Snow's notes until the next season. Jacques M. Downs, "A Study in Failure -- Hon. Samuel Snow," *Rhode Island History*, Vol. 25 (1966), pp. 1 and 5. As Snow's firm, Munro, Snow & Munro, had failed over a month before Carrington wrote Snow, it is unlikely that either Conseequa or Mowqua ever fully recovered the amounts Snow owed them.

41 Deposition of Benjamin C. Wilcocks, taken on 5 December 1810, in *Consequa v. Joshua and Thomas Gilpin*, October term 1809, No. 9, Records of the Circuit Court for the District of Pennsylvania.

42 Jean Gordon Lee, Philadelphians and the China Trade 1784-1844 (Philadelphia: Philadelphia Museum of Art, 1984), p. 45; William M. Meigs, The Life of Charles Jared Ingersoll (Philadelphia: J.B. Lippincott Co., 1897), p. 38.

43 Conseequa managed debt collections through George Emlen, Peter Dobell and Benjamin Chew Wilcocks in Philadelphia, through John Jacob Astor in New York City, and in Boston through the lawyer William Sullivan. Where suasion failed and counsel was needed to bring suit, leading local lawyers were hired. Deposition of Benjamin C. Wilcocks, taken on 5 December 1810, in Conseequa v. Joshua and Thomas Gilpin, October term 1809, No. 9, Records of the Circuit Court for the District of Pennsylvania; Conseequa's Account Current with George Emlen, Gratz Collection, Box 44, Case 14, Historical Society of Pennsylvania, Philadelphia. Similar collection assistance was often extended to other Chinese merchant creditors by the leading American China trade firms. For example, the Samuel Cabot Papers at the Massachusetts Historical Society include several letters from Howqua II to debtors in Philadelphia, Providence, Salem, New York, and Boston, dated at Canton on 28 and 30 January, and 5 February 1814, reciting the "stoppage of the accustomed intercourse between this country and the United States" and Howqua's decision to forward promissory notes to his general agents James & Thomas H. Perkins of Boston for collection free of the uncertainties of shipment by sea in wartime. Grant, "Hong Merchant Litigation," p. 61 n.60.

44 The magnitude of the attachment underscores the great importance of Philadelphia as a center of American trade with China, which has been underappreciated. Downs, The Golden Ghetto, pp. 235 and 377; Lawrence H. Leder, "American Trade to China, 1800-1802: Some Statistical Notes," American Neptune, Vol. 23 (1963), pp. 215 and 218; Lee, Philadelphians and the China Trade.

45 The basic facts concerning the lawsuit against Conseequa in the Court of Common Pleas in Philadelphia, the records of which court for this period have not survived, are known through the records of the wrongful attachment actions Conseequa filed against the Gilpins and Dunant in the federal court in Philadelphia (the records of which court have survived). Declarations (complaints) in Conseequa v. Joshua and Thomas Gilpin (filed 3 March 1810), October term 1809, No. 9, and in Conseequa v. Edward Dunant (filed 3 March 1810), October term 1809, No. 33, Records of the Circuit Court for the District of Pennsylvania. No newspaper coverage of the Dunant and Gilpins lawsuit against Conseequa has been found in a review of the principal Philadelphia newspapers for this period. It is not known whether Conseequa's federal court actions ever yielded any money from the defendants, or indeed whether these debtors ever made good on their promissory notes.

46 Hunter, 'Fan Kwae', pp. 43-44. The story of the cancellation of Wilcocks' debt, which has doubted by some scholars, should be considered as true. See Philip de Vargas, "William C. Hunter's Books on the Old Canton Factories," Yenching Journal of Social Studies, Vol. 2 (July 1939), pp. 91-117, p. 104 ("The story may or may not be apocryphal, but it has long been taken as symbolic . . .").

47 Downs, The Golden Ghetto, p. 124; Joan Kerr Facey Thill, "A Delawarean in the Celestial Empire: John Richardson Latimer and the China Trade" (Master's Thesis, University of Delaware, 1973), p. 163.

48 Downs, "American Merchants and the China Opium Trade," p. 434-5 n.59.



49 Downs, "American Merchants and the China Opium Trade," p. 434-5 n.59; Lee, *Philadelphians and the China Trade*, p. 122 (Waln's daughter Sarah married Wilcocks in 1842).

50 Declarations (complaints) in *Consequa v. Joshua and Thomas Gilpin* (filed 3 March 1810), October term 1809, No. 9, and in *Consequa v. Edward Dunant* (filed 3 March 1810), October term 1809, No. 33, Records of the Circuit Court for the District of Pennsylvania.

51 *Lanfear v. Sumner*, 17 Mass. 110 (1819) (priority dispute among creditors asserting rights in teas shipped from Canton by Benjamin C. Wilcocks to William Waln as consignee and owner, one creditor under a written assignment by Waln at Philadelphia on 2 July 1819 and the other by physical attachment of the teas by the Sheriff in Boston on the same day, 2 July 1819); *Bainbridge v. Wilcocks*, 2 F. Cas. 407, 408 (C.C.E.D. Pa. 1832) (No. 755) (suit by London bankers against Benjamin C. Wilcocks to recover debts for which William Waln had acted as Wilcocks' agent through 1819; among other things, Wilcocks asserted that he had paid Waln the amounts which were due to the plaintiff bankers).

52 Each dollar collected by Wilcocks for another hong merchant from that merchant's United States debtor, lessened the potential pro rata collective guaranty repayment burden that would be placed on Howqua II, if that hong merchant colleague were to fail.

53 Letter, Conseequa (Canton) to Peter Dobell, 3 April 1813, Breck Family Papers, Library Company of Philadelphia, on deposit with the Historical Society of Pennsylvania, Philadelphia.

54 Petition of Conseequa, a Hong Merchant of the City of Canton in China, 10 February 1814 (contemporary English language translation). Despatches of United States Consuls at Canton, Volume I, National Archives, Washington, D.C.; published in File Microcopies of Records in the National Archives, No. 101, Roll 1; Dennett, *Americans in Eastern Asia*, p. 86; Fu, *Documentary Chronicle*, pp. 391-3 (modern translation). No record has been found of any response to Conseequa's petition to President Madison.

55 Morse, *Chronicles*, Vol. III, pp. 311-2.

56 Morse, *Chronicles*, Vol. III, pp. 330 and 332-3; Van Dyke, *Merchants of Canton and Macao*, p. 13.

57 Ch'en, *Insolvency*, p. 336.

58 Ch'en, *Insolvency*, p. 247.

59 Ch'en, *Insolvency*, pp. 247-8 and 342-5; Morse, *Chronicles*, Vol. IV, pp. 57-8.

60 Ch'en, *Insolvency*, pp. 247-8 and 343-5.

61 Grant, "Failure of the Li-ch'uan Hong," pp. 259-60.

62 Fu, *Documentary Chronicle*, p. 610 n. 166 ("According to a letter dated CC 18:11:4 (26 November 1813) he [Conseequa] lost his fortune because he had lent 300,000 liang of silver to the Wilcocks brothers (this letter is in the Archive of Jardine, Matheson and Company, located in the Anderson Room of the University Library, Cambridge, England.").

63 This release, on laid paper watermarked with the ancient trademark of the EIC, is a remarkable document. Signed by Conseequa in English script, in Chinese characters and marked with a seal of the Liquan hong, before Americans Redwood Fisher and Richard R. Thomson as witnesses, it was witnessed in turn by James

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Brabazon Urmston, President of the Select Committee of the EIC and Chief for all Affairs of the British Nation in China by his signature and by the application of the EIC's red wax seal. See Frederic D. Grant, Jr., "The April 1820 Debt Settlement between Conseequa and Benjamin Chew Wilcocks," pp. 73-94 in Paul A. Van Dyke, ed., Americans and Macao: Trade, Smuggling and Diplomacy on the South China Coast (Hong Kong Univ. Press, 2012).

64 Greenberg, British Trade, p. 70 ("Sir James Urmston . . . was for many years in debt to several hong merchants on private account. When the latter, headed by Howqua, applied to the Court of Directors to pay off the debts of its Canton President in the same way as the Cohong repaid the debts of 'broke' Hong merchants in all cases, the Court refused and contented itself with removing Urmston from office.").

65 Ch'en, Insolvency, pp. 337-8; Morse, Chronicles, Vol. IV, pp. 1 and 8; letter, Samuel Russell (Canton) to Edward Carrington, 13 November 1821, Letterbook I, Container 15, Russell & Co. Papers (Samuel Russell Papers), Library of Congress, Washington, D.C.

66 Ch'en, Insolvency, pp. 96 (Table 2.7) and 337-9; Morse, Chronicles, Vol. IV, pp. 1, 8 and 73; White, "Hong Merchants," p. 112.

67 Ch'en, Insolvency, pp. 65, 96 (Table 2.7), 248 and 343-5; Morse, Chronicles, Vol. IV, pp. 108 and 173. The first installment of Xicheng hong debt paid under the collective guaranty in 1826 included \$52,878.28 which was booked by creditors as a final payment of the hong's debt to 1813 trust creditors. Ch'en, pp. 248 and 418 n.73.

68 Ch'en, Insolvency, pp. 347-8 and 96 (Table 2.7).

69 Ch'en, Insolvency, pp. 248 and 48 (one source of funds was \$90,000 in profit earned from EIC transactions that season (two shares)).

70 Ch'en, Insolvency, pp. 239-30. William C. Hunter records having seen, after Manhop's failure, a \$60,000 promissory note from the hong merchant bearing interest at the extreme distress rate of five percent (5%) per month -- 60% per annum. Greenberg, British Trade, p. 65; Hunter, 'Fan Kwae', p. 39.

71 Ch'en, Insolvency, pp. 350-1 and 96 (Table 2.7); Forbes, Remarks on China, p. 38 (Manhop I owed \$1,125,538 on his failure); Morse, Chronicles, Vol. IV, p. 173.

72 Ch'en, Insolvency, pp. 350-1; Morse, Chronicles, Vol. IV, pp. 150 and 173.