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Narconomics: the economy of the Opium Wars in China

Introduction

The Opium wars were undeniably economic in origin, but the smoke from the opium pipeline from England to China diffused to further reaches of China's social and political order than mere markets. Unlike the purpose of the drug, they caused no shortage of tension, aggravation, and pain. This essay explores the complex dynamics of the opium trade in China, tracing its origins, consequences, and global implications. It delves into the intertwined narratives of foreign relations, pride, and capitalism, offering a case study of the consequences that arise when two radically different cultures attempt to negotiate. Ultimately, the Opium wars resulted in the opening of China to the West through a series of treaties, leaving a lasting imprint on the country's social, political, and economic fabric.

The 19th century witnessed a growing demand for Chinese tea in England, with imports reaching staggering amounts[1]. The British government pressured The East India Company (EIC), their middleman in trade with China, to meet these increasing demands. The EIC too had a stake–British capitalist investors were heavily reliant on the income from the tea trade. But the Chinese were self-sufficient, and showed little interest in buying British products–Emperor Qianlong specifically detested foreign products. Britain was running out of money to pay for tea imports, which had to be paid in silver and other precious metals. To address this trade imbalance, the EIC turned to the lucrative opium trade.

[1] Specific numbers vary among sources. "Imports into the Qing empire rose, from several thousand chests per year in the 1820s, up to more than 30,000 chests in 1830, and reaching nearly 40,000 chests per year by 1839 and the eruption of war. (Peter Thilly, "The Opium Business", pg. 10)

Opium was not new to China, but Western Capitalism was. The Chinese originally encountered opium through Arab traders for use in medicine. Ironically, the first imports of tea to Britain were also lauded for its healing properties, and later bloomed in popularity. In England, tea's popularity resulted in the beloved afternoon tea tradition, whereas the spread of opium in China provoked an imperial edict of prohibition in 1729.[2] The EIC established a monopoly on opium, and auctioned it off to third party traders to sell in the Canton System. China had been trying to protect against foreign influence by routing all international trade through the port city of Canton, but it would not protect them from the insistent push of the British or the opium creeping its way down from the offices of elites and corrupt officials to the general populace through older salt-smuggling networks. Consumption in China surged, causing widespread addiction and social instability. This economic shift would spark a chain of events that would redefine the course of Chinese history.

China: Caught in the Grip

The Opium wars aggravated instability within Qing China. Not only was opium highly addictive, and withdrawal incredibly painful, but combined with the forced migration of victims of black markets, it created a destructive cycle of addiction and human trafficking[3]. Opium consumption "opened the door for Anglo-American drug cartels, partnering with British and Spanish human traffickers, to press-gang over a million Chinese across what Christopher, Pybus, and Rediker (2007) call the newest Middle Passage of the Pacific. Eyewitness accounts reported that some Chinese captives were auctioned off exactly as African slaves had been decades before

[2] Schirokauer, Brown, Lurie, Gay, "A Brief History of Chinese and Japanese Civilizations", p. 382
[3] Driscoll, "The Whites are Enemies of Heaven: Climate Caucasianism and Asian Ecological Protection", p. 13

(Swinton and Swinton 1859, 15).[4] Commissioner Lin Zexu was charged with stamping out the drug trade.

Lin is most known for his address to Queen Victoria, in which he appeals to a universal moral code derived from Chinese philosophy, arguing "it is the responsibility of humans to steward a just, harmonious relationship between the spheres of Heaven and Earth. As deployed in the canonical texts *Analects* and *Mencius*, Heaven requires humans to be accountable to its "way [天道]" and its fateful "mandate [天命]."[5] Lin attemped to curb the opium trade by severely punishing corrupt officials, and demanding foreign merchants surrender their opium and sign a pledge to not import more. British superintendent of trade Charles Elliot conceded 21,306 chests of opium to Lin,[6] but refused to sign Chinese contracts on the basis of extraterritoriality. Armed conflict began when the Chinese attempted to defend a British ship that had gone against Elliot's wishes and signed the contract. Britain's subsequent decisive victory over China's fleet would have major consequences.

The First Opium War brought destruction and death to coastal southern China, undermining Commissioner Lin's efforts to protect the nation from the white narcos. Furthermore, the immense outflow of silver to pay for opium destabilized China's fiscal system, exacerbating the existing economic challenges faced by the Qing government.

However much officials attempted to crack down on opium traders, profitable allure was present for Chinese merchants too. Opium revenue played a crucial role in the late Qing state's fiscal foundation, becoming a cornerstone of its finances as the state militarized.[7] This reliance on opium revenue was not unique to China but was also seen in other Asian regions under

[4] Driscoll, p. 5
[5] Driscoll, p.2
[6] Schirokauer, Brown, Lurie, Gay, p. 384
[7] Thilly, p. 7

Chinese, British, Dutch, and French jurisdictions during the late 19th century. In the Qing Empire, officials taxed the circulation of opium through tax farming, where the rights to taxation and market regulation were subcontracted to individuals within the opium business. Similar policies existed in French Cochinchina, French Indochina, the Netherlands Indies, and the British Straits Settlements. In China, the individuals involved in buying and selling opium maintained their positions at the intersection of profit and power for a long time.

Diplomacy: Clash of Nationalisms

The Opium wars witnessed clashes not only on the battlefield but also at the negotiation table. Neither government was happy with the 1841 Treaty of Nanjing Qishan signed when defeated for the first time by the British:[8] Most notably the agreement stipulated the cession of Hong Kong, in addition to evening the turbulent slate of diplomatic relations and reopening Canton. Britain wanted more, and China thought the demands were extreme. The result of this displeasure was that both negotiators were fired–Qishan was exiled. The deep entitlement and nationalism of these countries is evidence for answering why the opium wars were so messy. How justified they were in their attitudes is a question of value judgment, China deeply traditional and seated in Qing isolationism, and Britain's imperialist, colonial machine.

The Chinese regarded trade as inherently fair, rooted in the belief that all people were beholden to heaven.[9] They struggled to anticipate the apparent moral nihilism of the British, whose usurious and predatory behavior had no precedent in Chinese thought. British demands were additionally so extreme as to be insulting: “it is apparent that the cumulative effect of the treaties was to reduce China to a status of inequality unacceptable to any modern nation”[10] .

[8] Schirokauer, Brown, Lurie, Gay, p. 384
[9] Driscoll, p. 15
[10] Schirokauer, Brown, Lurie, Gay, p. 384

Additionally, the British pressed for treaty revision throughout the years following the First Opium War because the opening of new ports did not lead to the anticipated increase in trade.

The Opium wars were marked by cultural and political misunderstanding. The Chinese, unaware of the extent of British naval power, challenged what they perceived as an overextension by the British. The British, on the other hand, faced humiliation when their white flag of truce went unrecognized during the first war. These incidents, rooted in miscommunication and cultural clashes, deepened the animosity between the two sides and fueled the flames of conflict.

Global Mechanics: Colonialism, Clipper Ships, and Culpability

The Opium wars were not confined to China alone; they reverberated across the globe, intersecting with the mechanisms of colonialism, capitalism, and power dynamics. European colonial powers, armed with high-tech, weaponized clipper ships, trafficked opium from British India to China, exploiting the contraband's close connection to captive Chinese labor called "coolies".[11] The trade also involved the trafficking of Indian and Chinese captives to British colonial territories, supplementing and replacing Afro-descendant slaves in the Americas. White arms dealers trafficked contraband weapons to East Asia, while investor capital fueled the entire operation. And the destruction of families and lives from drug abuse was a consequence felt across social classes internally. "To pay for tea, the Chinese were sold a poison. Because private country traders brought the opium to China, the East India Company disclaimed responsibility."[12] This intricate web of interests and exploitation reflected the broader context of European capitalism and its impacts on global climate.

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[11] Driscoll p. 4
[12] Schirokauer, Brown, Lurie, Gay, p. 382

Consequences

Although the wars with Britain came to an end, the presence of opium continued to pose social and political problems in China. The opium trade's status remained unsettled in the original treaties, and attempts to outlaw smuggling proved futile as the traffic continued to grow. In subsequent treaty settlements, opium was even legalized and functioned as a form of currency. Despite efforts by the Qing government to curb opium consumption, the problem persisted until the early 1950s. Moreover, the Second Opium War coincided with the Taiping Rebellion, a massive upheaval that shook China less than a decade after the Treaty of Nanjing. The rebellion, fueled in part by the spread of opium through the trade treaties, further highlighted the lasting consequences of the opium trade within China.

Nevertheless, during the mid-1850s, opium normalization took place through regulation and taxation. This process was ratified internationally in 1860 with the Treaty of Tianjin, which established a uniform and low import tax on opium. In 1857, Fujian's officials obtained permission from Beijing to collect import taxes on opium and implemented the empire's first formal opium transport taxes, known as the opium lijin.[13] The opium business during the period of legalization involved two levels of taxation: the import tax collected by the Maritime Customs Service upon unloading from ships, and various municipal, regional, or provincial-level tax farms that collected associated fees, including the widely known lijin. These taxation systems restructured the opium trade, creating a new landscape of control and evasion while linking drug profits to state projects. The opium lijin functioned as a tax farm, where authorities at different administrative levels contracted with merchants or corporations to collect taxes on opium transport and distribution within specific territories or at jurisdictional borders. This institution

[13] Thilly, p. 13

has historical roots in Qing Dynasty practices of taxation and market regulation in long-distance trade.

The opium trade was widespread and prevalent throughout Qing, warlord, and Republican China, but despite its widespread presence, the opium business was viewed as a shameful enterprise, making it challenging to acknowledge and assess its role within the local and national economy. The late Qing and Republican period regarded opium as a criminal and treasonous activity rather than a legitimate sector of the economy.[14] Opium merchants were not praised, and the industry did not stimulate intellectual interest or discussions about political economy. Unlike other industries, the opium business did not have prominent figures advocating for its revival or promoting it as a means to attain wealth and power. Opium remains a moral touchstone in Chinese and global history, often associated with imperial greed and orientalist stereotypes.

Conclusions: Opening China to the West

The Opium wars opened the door for increased Western presence in China. The treaties resulted in the opening of new ports, allowing Western sea vessels to establish a more significant foothold in East Asia.[15] The conflicts also served as a lesson for other nations, demonstrating Chinese weakness and Western strength, which reverberated throughout Asia. The Opium wars can be viewed as a turning point in China's history, marking the beginning of its interactions with the Western world and shaping the nation's trajectory in the decades to come.

In conclusion, the Opium wars were not simply an economic struggle but a multifaceted clash of cultures, ideologies, and power dynamics. The opium trade, initially driven by economic motivations, led to profound social, political, and economic consequences within China.

[14] Thilly, p. 20
[15] Driscoll, p. 39

Moreover, the wars had significant global implications, intersecting with colonialism, capitalism, and the mechanics of power on an international scale. The treaties that resulted from the conflicts set precedents and opened China to the West, forever changing the course of its history. The Opium wars serve as a poignant reminder of the far-reaching impact that the economy and its dynamics can have on societies and nations.

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