CHAPTER FOUR

THE DUTCH-CHINESE-EUROPEAN TRIANGLE

Introduction

On 12 April 1760, the Chinese Imperial Court officially introduced what was to become known as the Canton System (1760-1842). By imperial decree, all the European companies were ordered to do their business at one port only, Canton. Simultaneously with this decree, several regulations relating to the European trade in Canton were also issued by the local authorities of Canton. One of the decisions was no longer to force the representatives of the European companies to leave China during the off-season, but to allow them to sojourn in Macao. Following the introduction of the Canton System, the conditions, under which representatives of these companies were obliged to be stationed together on a small strip of land outside the walls of Canton would last until the conclusion of the First Opium War in 1842.

Under the Canton System, the European trade in that city was meticulously organized and followed an invariable pattern. Each step was strictly controlled by Chinese officialdom. Each company had to engage one or more Hong merchants, who had been designated by the Chinese authorities to trade with the European companies as an appointed security. The Hong merchants acted as guarantor for the payment of customs duties by the Europeans, but their role and responsibilities were much wider. The Chinese authorities also held them responsible for the behaviour of the foreigners. The various functions of this system were put into practice on the orders of the mandarins in Canton: the Tsongtu (Zongdu, Governor-General), the Fooyuen (Fuyuan, Governor), and the Hoppo (Hubu or Yue Haiguan Jiandu, Superintendent of Maritime Customs). Obliged by the constraints of this strictly regulated trade system, the supercargoes of the European companies had no choice but to negotiate with their Chinese partners about the sale and purchase of goods, always locked in fierce competition with the delegates of the other companies.

Nor was this mediation restricted to business affairs. In daily life, all the relations of European traders with Chinese officialdom were mediated by the Hong merchants and the interpreters, since the Confucian administrative elite of China held the merchant class in great disdain. This condescension was even more marked when they had to deal with foreign
(barbarian) merchants. The *Hoppo* was the only relatively high official with whom foreign traders were able to get in touch on a regular basis, as he was directly in charge of the customs administration and of supervising the Canton trade.

The activities of all the European and Chinese participants and the various kinds of *guanxi*, or Chinese “networking”, in terms of economic interests among them in this bustling emporium generated an extremely lively atmosphere during the business season. The process of negotiation between the Dutch trade representatives and the tea-supplying agents has already been discussed. This is then the juncture at which to give a description of other aspects of life in Sino-European interrelations. It is quite difficult to ascertain how the Dutch interacted with the Chinese and other Europeans at that time, but it is possible to find some clues from a close scrutiny of the records of the various companies.

**Protests against the establishment of the Co-hong**

In 1759, the English supercargoes in Canton sent James Flint to the northern port of Tianjin 天津 to deliver the local authorities a memorial listing the grievances they held about the administration of the Canton trade. The memorial was subsequently forwarded to Peking. When the High Commissioner was dispatched to Canton to investigate the *Hoppo*’s alleged misconduct, his subsequent investigation confirmed that the complaints were largely justified. Even so, the Chinese authorities responded unfavourably to the demands voiced by the Europeans requesting a liberalization of their trade. The municipal authorities ordered the European merchants to limit their business dealings in China, and to instruct the Hong merchants to establish a united association of their members which would be privileged to decide the prices of import and export goods. The task of this so-called Co-hong corporation was to regulate the Canton trade of their respective members and to consolidate their monopoly on the European trade. The European trade representatives were vociferous in their fervent objections to this modification of the trade at Canton.

At the beginning of 1760, as matters were not yet properly sorted out, the atmosphere in Canton could be cut by a knife because the Hong merchants refused to engage in any business for more than six months ahead, as they were at that time deliberating the establishment of the Co-hong. Faced with this delay, compounded by the uncertainty of what the new arrangement would entail, the European trade representatives were like cats on hot bricks, anxious that they would not be able to conclude any contracts for the purchase of tea in time.

In July, the Hong merchants were still deep in discussions about how