

I. Summary of Innovation

Date(s)	Category	Innovation
1790-1840s	FIN/ ECON ERA	A lucrative trading route between Boston, the Pacific Northwest coast and Canton, China over which Boston merchants maintained a near monopoly.

Short description

Boston's Northwest China trade comprises both a trading route and a set of goods. Ships departed Boston harbor for the Pacific Northwest coast with metals, firearms, textiles, foodstuffs and trinkets. Upon arrival off the coast of what is now British Columbia, Washington and Oregon, they traded these items to Native American Indians for sea otter skins, and sometimes the skins of other land and sea animals. The skins were then taken to Canton, where they were traded for tea, silks and porcelains. The Northwest China trade began with the voyage of the *Columbia*, which departed Boston in 1787 and returned in 1790. It ended in the early 1840s, when sea otter skins were depleted, the Native American population was reduced by disease and war, and the Chinese fur market was depressed due to civil strife and changing fashions.

Proposed factors

Rank	Factor	Explanation
5	Cluster Collaboration and Inter-regional Collaboration	Although Boston merchants may have first learned about the availability of sea otter skins and their value at Canton through published sources, it seems that face-to-face contact with people who themselves had experienced it first-hand proved decisive. The successful Northwest traders appear to be a tight knit, although sometimes contentious group. They learned the route sailing on one another's ships and several were related.
4	Cluster Rivalry/Competition	There was intense competition among Boston merchants to monopolize the Northwest trade.
4	Leadership/Entrepreneurship and Local Funding	Specific individuals initiated, organized and financed the Northwest trade with Canton.
4	National Market Demand	Demand for the goods of China, tea and silk in particular, gave Bostonians an incentive to pursue the trade.
3	Local Demand	There was also a local demand for Chinese goods.
3	Transportation	Because Boston was already an active sea port, Boston merchants had at their disposal the appropriate ships, experienced captains/crew and an already developed facility for managing international trade, including trade at Canton.

2	Bountiful Natural Amenities	Boston's harbor was a necessary, but not sufficient factor in its becoming a hub of international trade.
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II. Pertinent Background Info

Trade with China allowed Americans to obtain goods like tea and silks, which before independence they had purchased from the British. It was also a significant generator of wealth for the merchants and seamen who pursued it. That Boston merchants first traveled to the Pacific Northwest coast to trade for sea otter skins solved "the riddle of the China Trade" as Samuel Eliot Morison put it, "to find something salable in Canton." (Morison, p. 46) While other nations arrived with silver, European coin, opium and other goods of the Indian subcontinent, Americans had virtually nothing to offer but ginseng, and that in only small quantities.

The *Empress of China*, sailing out of New York in February of 1784 and returning in May of 1785, was the first American ship to conduct trade with China at Canton. Owned by Boston merchants and carrying a Boston-bred supercargo, its voyage brought back goods and stories from an exotic land. Although trade with China would never amount to more than 10% of U.S. foreign commerce, its impact on tastes and fashion, and on Boston's economy, was significant. (Gibson, p. 292, citing Krooss and Gilbert, *American Business History*, p. 86)

Although many of the merchants who financed voyages to Canton, and the ships that made the trip, were based in Boston, trade with China was conducted throughout the Eastern seaboard, in New York, Philadelphia, Newport, Providence, Salem and Baltimore. The China trade was itself part of a larger web of U.S. trading ties with all of "East India," including India, Indonesia and the Philippines, Fiji, Alaska, the Falkland Islands, and Hawaii (then called the Sandwich Islands). (Demos, no page number)

The *Northwest* China trade, however, was virtually exclusive to Boston. "It was attempted, unsuccessfully, from Philadelphia and New York, and from Providence and Bristol, in Rhode Island. Even the intelligent and enterprising merchants of Salem, failed of success." (Sturgis, *Fur Trade*, p. 6). So dominant were Boston merchants and ships, that the Native Americans of the Northwest coast called all Americans "Boston men" or "Bostonians." (Gibson, p. 38)

Boston's Northwest China trade began in September of 1787, scarcely one and a half years after the return of the *Empress*, with the departure of the *Columbia* from Boston harbor. She returned in August of 1790 to thirteen gun salutes and "opened a channel to fortune that her rivals were quick to follow." (Morison, p. 49) That same year T.H. Perkins sent a small ship, *Hope*, and the *Columbia* herself turned quickly around and left for a second trip, followed a few months later by the *Hancock*. By 1792 the route was established and by 1794 Boston harbor was bustling, with 80 wharves and quays.

Between 1788 and 1826 there were at least 127 voyages, with a boom period between 1790 and 1810. This new trade provided Boston an economic boost it sorely needed after the near collapse of the town during the Revolutionary War.

Due to its exotic stopovers and high returns, the route was extremely popular and prestigious among New England seamen. (Gibson, p. 57) Morison called it "Boston's high-school of commerce for forty years," and noted that it drew "the best type of New Englander," by which he meant those that were native-born or adopted Yankees, those from Cape Cod, Boston and "down East." (Morison, p.77)

The Northwest trade could be extremely lucrative, although the *Columbia's* first voyage was not profitable for her shareholders.¹ William Sturgis, a prominent player in the trade who was both a ship's captain and a successful merchant, recalled one voyage outfitted at a cost of \$40,000 which returned in excess of \$150,000, and another funded with not more than \$50,000 which returned a gross of \$284,000.

This influx of wealth "...helped to rejuvenate Boston.... Before the launching of the coast trade the city was depressed, American shipping having lost its British and West Indian markets. A churchman wrote to a friend in 1780: 'The town of Boston is really poor. If some brighter prospects do not open, it is my opinion that we cannot subsist.'" (Gibson, p. 294)

Sturgis emphasized the magnitude of the undertaking,

He deemed it scarcely possible...when the departure or return of ships engaged in distant voyages is an every-day occurrence, to appreciate...the obstacles and difficulties that had to be surmounted in carrying it out....Many of the obstacles and dangers were clearly pointed out, showing that it was then viewed as an extraordinary undertaking... (Sturgis, Fur Trade, p. 4)

The Boston men met these challenges and established a period of lucrative trade that revitalized the economy of Boston and allowed the town to blossom into a bustling city of sails.

III. List of Variables

5: Cluster Collaboration

Although contemporary sources cite published accounts of the Northwest trade as the first source of information to motivate merchants, other sources support the argument that first-hand experience proved decisive in determining which merchants were the first to outfit ships bound for the Northwest coast.

Two oft-named sources on the early Northwest trade are the British Captain King and Connecticut-born John Ledyard. King published a journal in 1785 in which he discussed the "favorable prospects" for the Northwest trade which, according to Sturgis, had by

¹ *Columbia's* voyage was privately financed through sale of 14 shares at \$3500. Shareholders were merchants Joseph Barrell, Samuel Brown, Capt. Crowell Hatch; Charles Bulfinch; John Derby, son of E.H. Derby of Salem; J.M. Pintard, merchant from New York.

1787 inspired expeditions from Canton, Macao, Calcutta, Bombay, London, Ostend and what must have been the *Columbia* from Boston. (Sturgis, *Fur Trade*, pp. 3-4)

Like King, Ledyard became aware of the potential for profit from the trade while serving on Cook's *Resolution* in 1778-9. This "celebrated American traveler" tried unsuccessfully to organize a voyage from 1783 to 1785, including a failed attempt to interest Robert Morris of Philadelphia in 1784. "It was not until his account was corroborated by others and the British had entered the lists that his countrymen followed suit." (Gibson, p. 38)

Although Sturgis believes King's account to be influential in the origin of the *Columbia's* voyage, he also notes that New Englanders may have received only partial information, for "from some sources it appears that the Americans were somewhat surprised to discover the British already busily trading on the coast." (Sturgis, p. 12)

Even before the *Columbia* returned, Boston merchants were aware of the possibility of the Northwest trade, and at least one, Thomas Handasyd Perkins, was arranging to send his own crew and vessel. Perkins had sailed to Canton in 1789 as supercargo of the *Astraea* belonging to Derby of Salem. In September they anchored at Whampoa Reach, about two hours' row from Canton. Perkins immediately began trying to trade their 75,000 lbs of ginseng, but amidst of several other American ships towing similar cargo, he had great difficulty. When the British *Iphigenia* arrived, Perkins picked up an important piece of information. "The ship had been on the Northwest coast of America trading with the Indians, and had brought sea otter skins to sell to the Chinese. These skins, if smuggled in, could bring as much as seventy dollars each. They had been bought on the coast for trinkets. Here was an opportunity for a fantastic profit." (Seaburg, p. 55).

When the *Columbia* arrived "from the same place with the same story," just a short while later, Perkins and his brother-in-law, the *Astrea's* Captain James Magee, made an agreement to send Joseph Ingraham, first mate on the *Columbia*, out as captain of a ship to the Northwest Coast as soon as they all got back safely to Boston. (Seaburg, p. 55)

5: Inter-regional Collaboration

The successful merchants, supercargos and captains who plied the Northwest trade almost all began their careers in the service of other Massachusetts seamen. Perkins began his career on Canton-bound ships owned by Salem's Derby.² Sturgis, went to sea at 16 in 1798 on one of Perkins' ships and later sailed for Theodore Lyman.

In addition, family relations bound many of the Northwest traders together. Perkins' first partner, Magee, was also his brother-in-law. Perkins' brother was his partner in establishing a firm and their relative John Cushing was appointed as their first representative in Canton. Sturgis was also a Perkins relative.

² In addition, Morison says he inherited an "aptitude" for the fur trade from his grandfather, a "leading" fur exporter, and learned the mercantile business from his mother, who successfully ran her husband's business. (Morison, p. 49)

The supercargo on board Perkins' first Northwest-bound ship was Ebenezer Dorr, Jr, son of a well-known Boston merchant, whose family used his voyage to help them enter into the trade. (Seaburg, p. 58).

Theodore Lyman brought his son George into the Northwest trade.

4: Cluster Rivalry/Competition

In the early years of the Northwest trade, competition between Boston merchants was fierce. Once back in Boston in 1790, Perkins and Magee were making plans to outfit a voyage to the Northwest coast and to be the first to do so. The owners of the *Columbia* knew of their effort and they,

Waited impatiently for the arrival of their own vessel so they could rush it back to the coast. . .Bits of news began to leak out into the press. At the end of July there was a squib about the beauty of the sea otter skin, how it was an article of luxury to the Chinese mandarins, and that the natives on the coast wanted woolens. Five days later another article appeared telling the history of the early trade on the coast at Nootka Sound. . .Perhaps these were planted as subtle inducements to help raise the cash to finance the Perkins-Magee venture, or the forthcoming *Columbia* trip." (Seaburg, p. 57).

By 1800, Perkins sought to monopolize the Northwest trade. His principal challenger was Theodore Lyman, a native of York, Maine who had moved to Boston in 1788 just as the trade opened. In 1807, Perkins negotiated the purchase of his ship Vancouver for \$8,000, including the agreement that Lyman bow out of the Northwest trade for seven years. When, in 1807, Perkins believed Lyman to have violated their agreement by outfitting the *Hamilton*, Perkins sued. Although Lyman argued the *Hamilton* belonged to his son George, a significant player in the trade by his own right, Perkins prevailed.

By 1810 the Northwest trade was in hands of three Boston firms: J. & TH Perkins, J. & Thos Lamb, and Geo. W. Lyman. Others included: Edward Dorr & Sons, Boardman & Pope, and Wm. H. Boardman. Perkins, it can be noted, worked in close partnership with the Lambs, thus effectively giving the Perkins brothers "the field to themselves." (Seaburg, p. 182).

Competition served to reinforce the need for a depth of resources to pursue the trade, says Seaburg, "Ships had to stay longer to make a profitable voyage. Many remained on the coast for three years, which meant five years away from home port, and a longer period before the merchant made any money on his venture. Only firms with several ships, large assets, and adaptability could survive the changing conditions of the trade." (Seaburg, p. 181)

3: Transportation

Sturgis identified a few resources he thought necessary to succeed in the Northwest trade: knowledge and experience of the business at hand, adequate capital to carry it out, and the diligence to pursue it "systematically and perseveringly for a series of years." (Sturgis, Fur Trade).

Boston in 1787 had a well-developed shipping industry. Says Morison, "Maritime commerce was the breath of life for Massachusetts." (Morison, p. 41). The Boston merchants who achieved success in the Northwest trade had first-hand experience in mercantile endeavors, and in trade with China. Bostonians had outfitted the *Empress of the Sea* (1784) and towns in the greater Boston area had been carrying on shipbuilding and maritime trade since at least the mid-17th century.

IV. Timeline

- 1741 Russian ship captained by Aleksey Chirikov leaves Kamchatka for Alexander Archipelago, loses 15 crewmembers and a commander, but returns with hundreds of sea otter skins, which it sells in China
- 1743- 1800 Total of 100 Russian ventures
- 1774 Spanish Captain Juan Perez and Santiago get as far north as Alexander Archipelago and get sea otter skins from Haidas
- 1778 Captain Cook discovers Nootka Sound, explores PNW, meets with Russians on islands close to shore
- 1783 Spanish start shipping sea otter pelts from Acapulco
- 1785 Publication of Cook's voyage; Russian association of merchants formed in Siberia to collect furs; first of regular fur traders Captain James Hanna in British vessel
- 1787 First American expedition from Boston, *Columbia* (220 tons) and *Washington* (90 tons), commanded by John Kedrick and Robert Gray; "Northwest Company" formed in Canada to carry on fur trade outside the monopoly granted to the Hudson Bay Company
- 1791 Seven US ships in the Northwest "in pursuit of furs" (Sturgis, Fur Trade, p. 6)
- 1795 Expedition commanded by James Shields, British employee of Russian Golikov-Shelikhov Company gets as far south as Queen Charlotte Islands
- 1798 Sturgis's first voyage to Northwest; Seaburg says by this year Northwest coast trade was principally American (and no longer British)
- 1799 Russian association in Siberia (formed 1785) chartered as Russian American Company
- 1800 Seaburg says Northwest trade "almost a Boston monopoly" (Seaburg, p. 155)
- 1801 Most extensive (but not most profitable) Northwest trade: 15 ships and more than 15,000 sea otter skins collected and carried to Canton; probable that Russians collected 10,000 in addition (Sturgis, Fur Trade, p. 7)
- 1803 Capture of ship *Boston* by Northwest Indians, told in "Jewitt's Narrative" one of the most popular adventure books to 1850
- 1813 Perkins sues Lyman over *Vancouver* purchase agreement and outfitting of the *Hamilton*
- 1815 After peace and b/c of East India Company monopoly, British Northwest Company seeks aid of US merchants and vessels in carrying its skins. Perkins takes most of this business; Northwest Company has "cornered all

- the fur trade in the Northwest Territory." (Seaburg, p. 267); Perkins writes letter saying sea otter drastically reduced.
- 1816 Perkins sends first ship to Northwest Coast with supplies for the British Northwest Company
- 1821 Northwest Company not making money, ends business with Perkins. Perkins had already decided to end Northwest coast shipping business.
- 1829 Furs no longer plentiful, northern California trade abandoned;

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