

## FORTUNE AND FAILURE IN FURS

One of the things economists do is to study the relationship between the supply of products being sold on the market, the demand for products by consumers, and the price of products. They look at how price is determined by the availability of a product (the supply), and by the number of people hoping to buy the product (the demand). Changes in either the supply or the demand will almost certainly affect the price, which in turn will affect how many people are willing to sell the product (supply) or buy the product (demand).

As you study the table below, ask yourself how and why the fur trade to China changed over the course of a few decades. Within thirty years it became apparent that furs, a product that merchants had assumed would be successful, was not going to lead to a long-term lucrative trade with China.

**Fur Imports to China for Selected Years**

Year	Beaver		Sea Otter	
	No.of pelts	\$/pelt	No.of pelts	\$/pelt
1801-2		(\$6)		(\$20-21)
1805-6	34,460		17,445	(\$17-19)
1810-11	14,200	(\$6.5)	11,003	(\$21.50)
1824-25	4,886	(\$4.76)	1,921	(\$30)
1830-31	0	(\$4-4.50*)	329	(\$68)

\*The price of beaver skin in Boston in 1830 was \$8.00.

Source: John Denis Haeger, *John Jacob Astor: Business and Finance in the Early Republic*. Detroit: Wayne State UP, 1991.

### ● QUESTIONS

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1. According to the table, what year was the peak year in the Chinese fur market?
2. Why do you think the number of beaver furs sold in China had dropped to zero by 1830? What does the price tell us about the demand for beaver furs in China? How does it compare with the price in Boston at the same time? What factors might account for the difference in demand for Beaver furs between China and Boston?
3. The number of sea otter pelts sold in China during the early 1800's also decreased dramatically. What happened to the price of sea otter pelts as the number decreased? Do you think it was still profitable for merchants to sell sea otter pelts in China in the 1830's? What might account for the drop in sales?