

## GETTING RICH IN THE CHINA TRADE

The early China trade was a small but important part of the developing economy of the United States. Trade with China provided opportunities for great profits although it also carried great risk. Merchants who engaged in trade with China invested significant amounts of their profits into less risky private investments at home such as real estate, manufacturing, and railroad building, and into charitable works like libraries, museums, and colleges. The money pumped into the United States economy through these investments helped the young nation grow.

According to a ranking of the 40 wealthiest American of all times by *American Heritage* magazine in 1998, three of the wealthiest men in United States history amassed their fortunes through early trade with the East Indies and China. These were John Jacob Astor (No. 4), Stephen Girard (No. 6), and Elias Hasket Derby (No. 39). Bill Gates is ranked at No. 5. After reading the short biographies below, use other sources to find out how their investments contributed to the development of the United States.

### ELIAS HASKET DERBY (1739 - 1799)

Elias Derby was born into a family of seamen and merchants in Salem, Massachusetts and became the first American millionaire in the years following the American Revolution. Derby never went to sea himself, but rather stayed home running the family business. He made astute business decisions and expanded the family business into new parts of the world. He carefully selected the crew members on his vessels and offered them a share in the profits of the voyage and gave other financial help to the families of his seamen insuring loyalty from his employees.

During the American Revolution, Derby outfitted his ships as privateers. Shortly after the war, Derby began planning voyages to China. His were the first American ships to be seen in Far Eastern ports, and he led the way in establishing the early trade with China which brought large revenues to the United States while making him a rich man. Derby was an extremely patriotic man, who had given money, guns, and ships to the Continental army during the American Revolution. Throughout his life he gave both time and money to civil and charitable works.

More information about Derby can be found in Hawes, Dorothy Schurman. *To the Farthest Gulf: The Story of the American China Trade*. Ipswich, Massachusetts: The Ipswich Press, 1990.

### STEPHEN GIRARD (1750-1831)

Born in 1750 in Bordeaux, France, Stephen Girard was the eldest of ten children in a sea-faring family. His father and grandfather were both ship captains, and at age fourteen he took a job as an apprentice on a merchant ship. When he was 24, he went to work for a New York shipping firm and three years later settled in Philadelphia to run his own company. For 30 years his ships traded in the West Indies, Europe, and Asia. The City of Philadelphia benefited greatly from his wealth when he was alive and after his death.

An extensive web site about Stephen Girard can be found at: <http://www.ushistory.org/girard/>

### JOHN JACOB ASTOR (1763 - 1848)

John Jacob Astor came to the United States in 1783 to see if there would be a market for musical instrument. Instead he saw the potential of the fur trade. He made his millions in the fur trade, trading American furs acquired from Native American hunters on the west coast to Europe and Asia. In China, furs were exchanged for huge quantities of tea that could be sold in European ports for colossal profits. By the 1820s, when the fur trade was extremely lucrative, he owned the largest fur trading business in the United States. The search for furs encouraged the exploration of the west coast of the United States, adding fuel to the American vision of controlling the western part of the continent and creating a nation that reached from the Atlantic to the Pacific. The fur trade also led to the exploration of the west coast of South America, and the islands of the Pacific. The fur trade resulted in the near extinction of several fur bearing animals and in tense and often violent interactions with Native Americans. Recognizing that the fur trade could not last, Astor invested his millions in more permanent enterprises at home. By the time he died, his fortune was worth \$78 billion in today's dollars.

Much has been written about John Jacob Astor. Check your library for books or search the web.



*Write a paragraph on one or more of the people mentioned below. Include the following information.*

- 1. Where did your person invest the money he made in China?*
- 2. How would these investments help develop the country?*

For information on where these three men invested or donated their money in the United States, look for them in an encyclopedia or on the web. Biographies of all the men can be found on the American National Biography website: <http://www.anb.org/articles/home.html>