

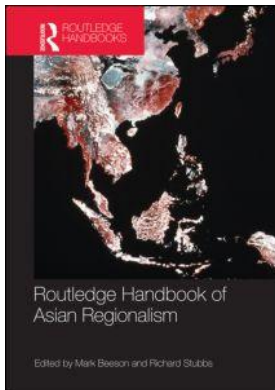
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A non-Eurocentric global history of Asia

John M. Hobson

Introduction

When observing the rapid rise in interest among Western academics concerning the equally rapid rise of East- and South- Asia in general and China in particular, I am struck by a strong sense of *déjà vu* in two key regards. First, of course, the story seems to replicate in an all too familiar fashion that which unfolded in the 1980s concerning the ‘Japanese scare’, a story that was constructed in the United States as but the *latest* ‘Yellow Peril’ (Hobson 2006), given that this discourse stems back to the late nineteenth century (Hobson 2012: chs. 5 and 11). Thus the Chinese story of the 1980s ‘Japanese Peril Redux’ comprises the ever-burgeoning US trade deficits, US dependency on Yellow capital, the buying up of parts of America and, worse still, the possibility of both a future challenge to American hegemony and a present challenge to American identity based around the sanctity of the *laissez-faire* state and the sovereign individual.

The second sense of *déjà vu* concerns the point that the present rise of China and India, following on the heels of Japan and the East Asian newly industrializing countries (NICs) in the 1960–2010 era, feels in certain key respects to propel us back to the future of the 960–c.1800 period. For in this period we witness the ‘first industrial miracle’ in world history as it unfolded within Sung China, as well as the rise and development of a polycentric infant global economy after 1492 that hinged primarily on China, India, the Middle East and North Africa, with Europe only coming to play a dominant role after 1800, having been a mere bit-player in the Indian Ocean trading system prior to this watershed. Moreover, while Eurocentric world history celebrates the emergence of Europe as a first-developer, with China, India and Japan cast in Europe’s long shadow as late-developers, in this chapter I shall invert this vision. Thus Europe was not merely a latecomer to the infant global economy but it was also a late-developing civilization, one that enjoyed the ‘advantages of backwardness’ insofar as it borrowed and assimilated many inventions that had been pioneered in the East – principally China but also the Middle East/North Africa and India (as I signal in the conclusion).

In this chapter I shall explore the era c.960–1800 as a means to recast the Eurocentric conception of world history in general, and the place of Asia and Europe in particular. Thus, in inverting the standard Eurocentric temporal-narrative, I shall argue that the mainstream of global history *up to the nineteenth century* appears primarily as Eastern and, after a short, albeit not

insignificant Western interlude lasting for about two centuries, appears to be returning back to Asia in general and South- and East- Asia in particular. Moreover, as I shall mention in the conclusion, without the considerable help provided by the East in general and China in particular, I would venture to suggest that there might never have been a Western interlude – at least not the one that has unfolded in the way that it has. A key claim is that China's rise today, for example, should not be thought of either as something new and 'exotic' or that the direction of the global economy is taking a 'China turn'. The assumption that global history began with the Europeans after 1492 obscures the point that the West emerged within a period of what I call 'Oriental globalization'; and that this in turn had developed off the back of 'Oriental regionalization', which had previously unfolded between c.500 and 1492 (for a full discussion see Hobson 2004: chs. 2–4, Pieterse 2006, 2011). Accordingly, I prefer to speak of the *return* of China and the *return* of Asia to the centre of the global economy, as well as the *return* of Oriental globalization, albeit this time alongside the relatively nubile phenomenon of Westernization/Occidentalization.

The key conceptual move that all this entails is that China in particular, as well as Japan and India, have been *subjects* or pro-active agents of the global economy long before the likes of Columbus and da Gama stepped out to proclaim, disingenuously as I reveal below, that they had discovered a backward and uncivilized East that had long been isolated from the rest of the world. But equally, in so doing, I reveal some of the symbiotic and shared linkages that have bound China, India and Japan on the one hand, and all of them with Europe on the other – a point that serves to call into question the Eurocentric construct of the 'yellow peril' and its concomitant association with the essentialist discourse of the clash of civilizations (see Hobson 2007).

Finally, the age of Oriental globalization came to an end in the early nineteenth century as it was superseded by an ascendant imperial West. Interestingly, one of the biggest questions that a non-Eurocentric global history throws up is why the Eastern-led global economy gave way to one that was led by the West. Eurocentric world history assumes that after c.1500 the West jumped into an endogenously derived per capita income-growth path that rapidly left the East behind. But against this it should be noted that China and India in particular were in a position to push through into modern economic growth *prior* to the imperial and neo-imperial intervention of the West. And this in turn throws up the fascinating question as to the role played by Western imperialism in stymieing Eastern growth. This I shall address briefly in the context of the three cases that I examine in this chapter.

More generally, then, in exploring this non-Eurocentric landscape I answer three key questions:

1. How have China, India and Japan exercised agency in shaping the infant global economy since 1492 through Oriental globalization?
2. Are Chinese, Japanese and Indian trading power, as well as Chinese capital power, radically new phenomena or do they have precedent in Asia's past?
3. To what extent did Western imperialism after 1800 play an important role in containing Eastern development?

While I allocate a single section to consider each of these three countries – China, India and Japan – I shall apportion more focus on China given its topicality at the moment.

The 'myth of China's withdrawal' after 1434: China at or near the centre of Oriental globalization

Today it is increasingly acknowledged that China's massive trade surplus and financial power is having a major impact on the global economy. One pair of scholars talks about 'Chimerica', a term

that connotes the symbiotic relationship between China and America, with the latter dependent upon the former's capital in order to support the activities of the US consumer and investor (Ferguson and Schularick 2007). The equally interesting issue concerns China's role in the credit crunch/financial crisis that has gripped the world economy since late 2007. Here the issue revolves around the extent to which US financial investors and bankers were able to take reckless decisions because of the capital glut that flooded in from China, as well as the degree to which US interest rates were pushed artificially low in the process. Certainly it is true to say that the jury is out on this issue, but equally, we might speculate that Chinese financial power has been an unwitting factor in the unfolding disaster. Either way, though, what I seek to reveal here are the many parallels that exist between China's current global creditor position and its surplus trading capacity with the situation in the post-1492 global economy.

In the first instance it is important to note that the conversion of China's domestic economy on to a predominantly silver standard in the mid-fifteenth century was an important move. For this domestic shift had major ramifications not just concerning China's central role in the nascent global financial system, but also for Europe's entry into it. In turn, the historical background to this requires noting the power of China's economy that emerged as a result of the Sung 'industrial miracle' of the eleventh century. A few points are necessary to illustrate this claim. Particularly notable here is that by 1078 China produced 125,000 tons of iron. But it was not until 1700 that Europe as a whole would surpass that level, and it was only after 1800 when Britain would finally catch up (Hartwell 1966). Moreover, unlike in Europe, the Chinese produced cast-iron, which was forged in blast furnaces using piston-bellows driven by water-power as early as 31 CE. China's lead in steel production (which goes back to the second century BCE) was no less impressive, particularly given that Britain would only catch up as late as the second half of the nineteenth century. Also important in this particular context is that Indian 'Wootz steel' and Middle Eastern 'Damascus steel' not only predated European production by many centuries but surpassed in quality that which the Europeans were capable of producing in the nineteenth century (Dharampal 1971: 220–63). Not surprisingly, it was to China, India and the Middle East that British steel producers looked when trying to unearth the secrets of effective steel production in the nineteenth century. Interesting, too, is that the substitution of coal for charcoal, which is usually thought to be a British innovation of the eighteenth/nineteenth century under conditions of de-forestation, occurred first in China during the Sung. And, striking though all these achievements in the iron and steel industry were, they were but the tip of a large industrial iceberg of inventions and innovations that are too numerous to detail here (see Hobson 2004: 50–61).

The key point is that the emergence of the Chinese economic powerhouse after c.1100, which, when combined with the conversion of its currency on to a predominant silver standard around 1450, set the stage for the interlinking of East and West through what might be termed the 'global silver recycling process'. This was added to in significant part by the fact that China was not just the world's major 'silver sink' alongside India (Frank 1998), but that it was also the world's manufacturing power *par excellence*. Because these two processes were linked, I shall discuss them simultaneously.

The earliest period that we have manufacturing production data for is 1750 onwards. In that year, according to the data produced by Paul Bairoch (1982), China led the world in GDP, manufacturing production and manufactured exports. Indeed, it enjoyed 33 per cent of the world's total share of manufacturing output – a figure that was 1,600 per cent that of Britain's and was still more than 200 per cent that of Britain's as late as 1830. These comparisons are notable given the common Eurocentric assumption that Britain was the leading manufacturing producer around 1750. Moreover, even as late as 1820, Chinese GDP was 29 per cent of world GDP and

equalled the whole of Europe's contribution. It is probable that were these relative figures available for the whole period of Oriental globalization (c.1492–1800) then they would most likely weigh even more in favour of India and China, given that Europe was still very much a peripheral regional economy prior to 1800 and that Chinese and Indian exports precede 1750 by about a millennium (see Abu-Lughod 1989; Wink 1990; Frank 1998). The key point here is that for many centuries prior to 1750 Europe endured a structural trade deficit with China, thereby revealing that the American and European trade deficits with China today are nothing new but merely constitute a 'return to historical normalcy'.

Much like today, this trading system overlapped with the financial system. Today, the formula is fairly simple. The Chinese economy is a large net exporter and is based on a very modest consumption culture. The result is the creation of a massive savings and trading surplus (generated by households and increasingly companies). Conversely, the American economy supports a rampant consumer culture alongside a very weak savings culture. It buys up large amounts of Chinese products thereby generating large Chinese trade surpluses and a US trade deficit. This Chinese surplus, along with domestic Chinese savings, is then lent back to finance *inter alia* America's trade deficit, thereby supporting the rampant US consumer culture. Or as Cheng Siwei put it pithily in September 2009: 'The US spends tomorrow's money today. We Chinese spend today's money tomorrow. That's why we have this financial crisis.' All in all, American consumption patterns coupled with Chinese trading and financial capacity have led not only to the entwining of these two economies but play a substantial part in driving the world economy. But as I now argue, a similar process occurred back in the era of Oriental globalization.

The parallel situation in the era of Oriental globalization derived, albeit in part, from the strategy that the Europeans came up with in order to pay for their trade deficit with China. Unable to produce goods that the Chinese wanted to buy, the Europeans were forced to pay for the deficit by sending large quantities of silver across to China. Various scholars point out that the majority of this silver was plundered from the Americas, especially from Central and South America (Flynn and Giráldez 1994; Frank 1998). Not that the Europeans discovered the New World for this reason, of course. But it could be hypothesized that without this huge demand for silver that China's vibrant economy could absorb, now that it was founded on a silver base, the American mines that produced this silver might have become unprofitable within a matter of decades (Pomeranz 2000: 273).

The key point is that an unintended result of this flooding of silver into the Chinese silver sink was the creation of a 'global silver-recycling loop' that linked Europe and China into ever tightening financial relations. This process occurred as a function of the relative differentials in the silver-gold price ratio. Given that silver had a high price ratio relative to gold in China but a low one in Europe, so silver was exchanged for Chinese gold, which was then exported to Europe and exchanged for more silver before being exported back to China, where the process began anew (Flynn and Giráldez 1994). Moreover, this process saw the creation of a new western trade route that extended from Acapulco to the Philippines via the Spanish Manila Galleon and then on to China via Chinese junks. Ultimately this process took the form of a continuous global silver-recycling loop, enhancing both Chinese and European development in the process. Above all, though, it was this process that effectively *sucked* the Europeans into playing a direct role in the global economy for the very first time in a millennium, given that between 800 and 1492 they had played only a passive and indirect role. For the silver plundered from the Americas also provided the liquid means to oil Europe's direct trading presence in the Indian Ocean after 1498. Notable here is that the major role played by the Dutch and English East India Companies was the carrying of this bullion back and forth between China and Europe, supplying these companies with the

majority of their profits. Noteworthy, too, is that they also derived a significant part of their overall profits by acting as intermediaries within the dominant Asian inter-country trade.

So important was China to the development of the global economy in the period 1492 through 1800 that various anti-Eurocentric authors have described it as ‘Sinocentric’ (Flynn and Giráldez 1994; Hamashita 1994; Frank 1998). But while China was indeed the leading power in the world, ultimately it was best characterized as *primus inter pares*. For the distribution of economic power in the world under Oriental globalization was ‘polycentric’, with China, India, the Middle East and North Africa, Southeast Asia and Japan all being significant players. This point will appear immediately as counter-intuitive to Eurocentric world historians. For they assume that it was precisely the ‘withdrawal’ of China from the world economy after 1434 that created a vacuum into which the Iberians poured. This is perhaps the most significant moment in world history since this allegedly opened up the Columbian epoch of the world, or the ‘Vasco da Gama epoch of Asia’, with the rest, as they say, being Western universal history (see esp. Roberts 1985; Landes 1998). Indeed, as David Landes put it: ‘Isolationism became China. Round, complete, apparently serene, ineffably harmonious, the Celestial Empire purred along for hundreds of years more, impervious and imperturbable. But the world was passing it by’ (Landes 1998: 98). Thus the ‘withdrawal’ is used to account for China’s great leap backwards while simultaneously signalling Europe’s great leap forwards after 1500, much as the ‘opening up’ of Asia at the hands of the Europeans is proclaimed as the factor that opened up the way for a nascent or proto-global economy that was to be led and governed by the West. But in contrast to the standard Eurocentric depiction, I offer a number of counter-propositions that I shall discuss in turn.

The conventional picture of a Chinese withdrawal errs because Western historians take too literal a view of both the official ban and the Chinese tribute system. For the official documents are largely distorted by the Chinese government’s attempt at *being seen* to maintain a Confucian (i.e., isolationist) ideal. Moreover, the withdrawal is wrongly confirmed by the existence of a ‘regressive-imperial’ international tributary system, which was supposedly based on coercion and state-administered forms of tribute rather than commercial trade. But conventional readings misunderstand both the tribute system and the nature of the ban.

The first rejoinder here is that the tribute system was also a trading system. As Rodzinski notes, the tribute system ‘was often, in effect, only an outward form for very considerable foreign trade. In many cases foreign merchants, especially those from Central Asia, presented themselves as the bearers of fictitious tribute from imaginary states solely for the purpose of conducting trade’ (Rodzinski 1979: 197; see also Kang 2007: ch. 2). Moreover, trade relations in East and Southeast Asia expanded as Chinese tribute relations expanded. And to this can be added a number of points. The fact is that the tribute system was more voluntary than forced. This was because gaining access to the Chinese market by paying nominal amounts of tribute was a means by which so-called vassals could enrich themselves. How else can we explain the fact that the Portuguese, Spanish and Dutch repeatedly *asked* to join the system as vassals? Moreover, vassal states often competed with each other in order to pay tribute – again so as to gain access to China’s lucrative economy. And a whole variety of rulers, including the Sultan of Melaka, the rulers of Brunei, the Chōla kings of Coromandel and the princes of Malabar, were anxious to send tribute so that they might gain Chinese protection against some of their neighbouring enemies.

Testimony to the voluntary aspect of the system lies in the point that when vassals were deprived of their tributary status it often led to a violent reaction by the so-called vassal. For example, at the end of the sixteenth century Japan invaded Korea (a Ming vassal state) in order to force China to resume the tributary relationship and even threatened an invasion of China if she refused! One further strategy frequently deployed by Asian merchants was to produce phoney credentials, posing as emissaries paying tribute ‘as a fig-leaf for humdrum commercial trade’ (Frank

1998: 114). The paradox of the Eurocentric view of the Chinese tribute system was that, in economic terms, the vassals gained more from it than did the Chinese.

This leads on to my second point concerning the myth of China's withdrawal: that for three key reasons the official ban on Chinese international trade was a myth. First, as already noted, the tribute system was in part a disguised trading system. Second, many private Chinese merchants traded by circumnavigating the official ban in a number of ways. Ironically, Eurocentrism's portrayal of the Portuguese *Cartaz* system as a sign of European dominance misses the point that for the Chinese in particular, holding a *Cartaz* meant that they could masquerade as Portuguese in order to circumvent the Ming ban. Moreover, much Chinese trade was mixed up with Japanese (but was really Chinese piracy) and was extremely prosperous. But perhaps the most common method for circumventing the ban lay with the Cantonese trade practice, where the ballast required on the return journey took the form of trading goods (Curtin 1984: 169). The ruler of the island kingdom of Ryūkyū was particularly creative, encouraging Chinese private merchants from Fujian to settle there from where they could engage in lucrative trade with China. In return, all he had to do was send the occasional deferential tribute mission to China. This was part of a more general strategy pursued by private Chinese merchants, who relocated into other parts of the region from where they could export products back to China. In the first half of the sixteenth century Chinese merchants spread to all parts of the commercially strategic South China Sea; from Indo-China, Malaysia, Siam, and over the arc of islands from Sumatra to Timor to the Philippines. They dominated this inter-regional trading network well into the nineteenth century, even after the British arrival. Moreover, they traded westwards and eastwards and were linked back to Fukien in China. Last but not least, there was also a thriving smuggling trade. Significantly, because government officials often collaborated with the smugglers, the ban obviously became unenforceable. Indeed, so large was the smuggling trade that during the 1560s the Ming government eventually gave in and legalized the smugglers' main port (Port Moon).

The third reason why the ban was a myth lay in the fact that not all private trade was banned. Much of it was officially sanctioned in three key ports: Macao, Chang-chou in Fukien province, and Su-chou in western Shensi province. Later, in Ch'ing times, trade was conducted through Amoy, Ningbo and Shanghai. Various writers have pointed to the significance of the Chinese-Southeast Asian trade link. In particular, Manila was an extremely important entrepôt for the whole global trading system because it was from there that China gained a good deal of its silver (via the Spanish Manila Galleon). Indeed between 1570 and 1642 alone, an average of 25 Chinese ships were sent to Manila per annum (Deng 1997: 108). This connection not only remained important for much of the period after the 'ban' but in fact *intensified* at the end of the eighteenth century. But overall, the clincher lies with the simple point that most of the world's silver was sucked into China, thereby confirming that the economy was not only fully integrated within the global economy but was robust enough to enjoy a strong trade surplus.

China's dominance within world trade came to an ignominious end in 1828, when the British finally broke their historic deficit with China. However, rather than reflecting a dynamic trading capacity on the part of the British, the reality was that the deficit was quashed by the perfidious politics of British imperialism. There were two principal means by which this was achieved. First, parts of India were 'refurbished' to grow tea. Thus while in 1850 the British had relied for all their tea supplies from China, within only 50 years they were importing 85 per cent of it from India. Second, the far more important weapon was the exporting of opium into China. Having relied on Turkish opium since the late-eighteenth century, the British then 'refurbished' parts of India as a source of opium supply, which was then exported into China. By 1828 Indian opium comprised 55 per cent of all British exports into China (even though the Chinese state had officially banned

its consumption). When Commissioner Lin tried, quite understandably, to curtail the drug trade in 1839 the British used this as a pretext for the Opium Wars. In these ways the British came to reverse their historic trade deficit with China while adding to their reputation as the 'Perfidious Albion'. For the fact is that only by drug-pushing in China (backed up by British military power) and drinking Indian tea in England could the draining of bullion into China be terminated.

The 'myth of the Japanese withdrawal' after 1639: Japanese developmental agency prior to the Meiji restoration in 1868

As with their analysis of China after 1434, Eurocentric scholars place much emphasis on the claim that after 1639 Japan supposedly withdrew into isolation through the state's policy of *Sakoku* ('closed country'). After that date, only the Dutch and Chinese were officially permitted to reside in Nagasaki, from where they imported foreign products. And such imports and exports were supposedly negligible. Accordingly, such isolation is thought to have accompanied, or simply led on to, the drying up of the Japanese economy under a reclusive Oriental despotism in the guise of the Tokugawa Bakufu state.

Once again the problem with this Eurocentric claim, much like its twin-claim vis-à-vis China after 1434, is that it misunderstands the policy of *Sakoku* and takes the phrase 'closed country' too literally. Like China after 1434, Japan after 1639 was neither closed off from international trade nor was closure the intent of the Japanese state. The state merely sought to regulate or control foreign trade in large part because it wished to keep out the Catholic Christian culture of the European traders (which is why the Protestant Dutch were allowed in). Most important here is that the Tokugawa was in fact fundamentally committed to *maintaining* trade. Nevertheless, to the Eurocentric mindset this regulationist or monopolist approach smacks of 'regressive mercantilism' (though many Eurocentric scholars view *European* mercantilism as a rational means of creating a national economy!) Either way, though, Eurocentric scholars insist that Japanese foreign trade fell off rapidly after 1639, and with it any prospect for progressive economic development withered on the isolationist vine.

The fact is, that through most of the seventeenth century – including the period after 1639 – the amounts of silver exported into Asia by the Japanese far surpassed those of the British, Dutch and Portuguese combined (Hobson 2004: 149–50). Interestingly, following Satoshi Ikeda, Frank (1998: 106) points out that the Japanese and European situations were analogous in one respect: that they both imported manufactures from Asia (especially China) and exported silver to pay for them. The key difference, though, was that Japan produced its own silver at home while Europe plundered it from its American colonies. Nevertheless, Eurocentric scholars point to the 'fact' that in 1668 the Japanese state banned all silver exports. But according to recent research silver continued to be exported right into the middle of the eighteenth century. Japan exported silver and precious metals through the Isle of Tsushima into Korea and China, and the amounts shipped exceeded those that had earlier been transported out of Nagasaki by the Dutch and Chinese. No less significant is that when silver exports dried up in the mid-eighteenth century they were replaced by large and sustained copper exports. As Satoshi Ikeda notes in his summary of the findings of this recent research: 'This cycle of Japanese export items was a result of the [Tokugawa] Bakufu's effort to *maintain the total value of trade*' (Ikeda 1996: 55, my emphasis).

There is further evidence to suggest that Japanese trade continued after the declaration of *Sakoku* in 1639. It is usually thought that Japan engaged in a classic mercantilist policy of import-substitution in order to build up various domestic industries such as sugar and silk behind its high protectionist walls. But, in fact, high volumes of silk imports from China were maintained right

into the latter part of the eighteenth century. Also substantial silk imports came by way of Korea (which often exceeded the volume that arrived in Nagasaki). While raw silk imports became restricted in the eighteenth century, nevertheless Chinese and Southeast Asian *silk cloth* was imported right down to the end of the Tokugawa period (i.e. 1868). Similarly, while Japanese domestic sugar production became strong in the first half of the nineteenth century, prior to that time large volumes were imported. But even after that, Chinese sugar imports were continued in order to maintain trading relations with China.

The familiar Eurocentric assumption that only the Dutch and Chinese were permitted to trade with Japan is rendered problematic by the fact that significant trade was continued with Siam, Korea and especially the Ryūkyūs (which was in fact authorized by the Japanese state). This was linked to the fact that Japan, having been ejected from the Chinese tribute system in 1557, set up its own rival tribute system. Korea was the only state that was treated as a virtual equal. The Ryūkyūs were considered to be subordinate, the Dutch even more so. There was also considerable unofficial private trade as well as smuggling undertaken by Japanese merchants – a scenario that echoes the Chinese situation after 1434. Moreover, like their Chinese counterparts after 1434, so after 1639 many Japanese merchants relocated into other parts of Southeast Asia in order to continue their trading activities (a process that finds its corollary in the relocation of Japanese multinational corporations (MNCs) in the late twentieth century). In particular, Japanese and Chinese private merchants enjoyed a vigorous trade with each other in the seaports of the South China Sea. Thus the Japanese policy of *Sakoku* was designed *not* to limit trade with the outside world *per se*, but to limit trade only with the Catholic powers of Europe. In respect of both these aims, the policy appears to have been very successful.

Overall, then, the standard Eurocentric claim that the American Commodore Perry opened up a ‘closed Japan’ to world trade after 1853 and thereby rescued it from its self-imposed (backward) isolation is problematic only because Japan had been open for global business well before then. And perhaps the clincher here lies in the point that Japanese national income in 1820 – very nearly a half-century prior to the Meiji Restoration – was sufficiently large to accord it a respectable position within the European GDP league table (see Maddison 1995: 182–190), thereby suggesting that economic development did not spring out of nowhere but was an important feature of the Tokugawa period (1603–1868). This in turn points to a claim I substantiate elsewhere: that Japan under *Sakoku* was an early- rather than a late-developer (Hobson 2004: 88–93). Moreover, while it is true that Japan was caught up in the Western informal imperial imposition of unequal treaties, nevertheless the Meiji state had the most autonomy of the three countries examined in this chapter, which would help account in part for its successful industrialization; a point I return to in the conclusion.

The ‘myth of Indian isolation’ before 1498: Indian agency in the ‘Vasco da Gama epoch’

The notion that India was isolated from the mainstream of world trade and was discovered with the arrival of Vasco da Gama is brought into question in the first instance by one small and relatively unknown fact – that da Gama only made it across to India with the help of an Islamic Gujarati pilot, known as Kanha, whom he fortuitously picked up at Malindi on the east coast of Africa. Interestingly, Gerald Tibbetts (1971: 9–11) provides strong circumstantial evidence to discount the famous Arab navigator Shihab al-Din Ahmad Ibn Mājid, who is usually thought of as the pilot in question. That the role of the Indian navigator had been significant was revealed by the fact that on the return journey his absence meant that da Gama – and what was left of his scurvy-ravaged crew – was extremely lucky to have made it back at all. But the relevance of this here is

that it raises the question as to how an Indian would have had the knowledge to deep-sea navigate across to India (that is, without following the coastline along the Arabian Sea). And it is the answer to this that opens up a story that has been obscured by Eurocentric history: that India had been connected to a proliferating Oriental regionalization for many centuries before da Gama was born. Arab, Persian and Indian pilots had been navigating the Indian Ocean for hundreds if not thousands of years, with the knowledge orally transmitted down the generations so that it could be jealously protected from other navigators (which is the real reason why there is generally an absence of Indian world maps, as opposed to the Eurocentric assumption that India was isolated from the world).

It is significant to note that trade extended between India and the Roman Empire – as was recorded in the famous *Periplus of the Erythraean Sea* of the first century CE (Hourani 1963; Wink 1990). It was at that time that a major European precedent was set that would last the best part of two millennia – the emergence of a sustained European trade deficit with India. It is also noteworthy that part of this deficit was incurred through the importation of Indian cotton textiles. Later on, after the eighth century CE, India became a major link between Southeast Asia and China on the one hand, and the Middle East, Africa and ultimately Europe on the other. Thus, while the Islamic Middle East constituted the pivot that linked ‘Oriental’ trade with Europe, India constituted the *global* trading pivot.

After c.500 CE what I call *Oriental regionalization* emerged, which linked up all the major regions of the world except for the Americas and Australia (Hobson 2011). Merchants from West Asia/Middle East were especially active in establishing colonies on the northwest coast of India. And it was in the few centuries following 650 that the Islamization of Gujarati merchants occurred. By the tenth century the first phase of this process was consolidating (with the second phase emerging after 1492 with the rise of Oriental globalization, as the Americas were brought into the nascent system). From the tenth century on, Indian merchants, especially from the Coromandel Coast, traded eastwards. Particularly important was North India, where the prosperity of Gujarat was based on its flourishing trade with West Asia as well as East Africa. Significantly, by the thirteenth century, northern India ‘internationally’ traded *inter alia* everyday manufactured textiles, metals, semi-processed raw materials and bulk foodstuffs (rather than solely luxury goods as the Eurocentric thesis maintains). And so to return to where I began this section: given the major role played by the Gujarati merchants in the Oriental-dominated trading system for many centuries it was hardly surprising, then, that it was a Gujarati pilot who guided da Gama across to India once the latter had managed to fumble his way down the west coast of Africa before finally circumventing the Cape.

Important, too, is that given the sheer weight of Indian mercantile power in the Indian Ocean it was hardly surprising that the European interlopers, beginning with the Portuguese, managed to gain only a small slice of the Indian Ocean trade. Despite disingenuous and vainglorious Eurocentric pronouncements of various European trading monopolies, the fact is that only 6 per cent of total shipping tonnage in the sixteenth century was Portuguese. Moreover, the Portuguese monopoly of the pepper trade was striking only for its absence, where in Malabar, for example, the Portuguese managed to ship a mere 10 per cent of the total amount produced, while they succeeded in handling only 5 per cent of the Gujarati pepper trade. When they tried to block trade from Calicut to gain a larger slice of this trade, new trade routes emerged spontaneously under the auspices of Indian mercantile agency to circumvent the Portuguese. In fact, the only spice in which the Portuguese managed to achieve a near monopoly was cinnamon (though this proved a pyrrhic victory given that the profits generated were reaped by corrupt governors and officials). Much the same story applied to the Dutch in their dealings with the Indians in particular and other Asians in general.

Of course, Eurocentrism cites the carrying of a *cartaz* (Portuguese passport) as the sign of a Portuguese monopoly in the Indian Ocean. This required that Asian merchants pay a 3.5 per cent tax to the Portuguese. What this misses, however, is that for many Asians the *cartaz* turned out to be a *resource* that could be utilized to their advantage (one example of which was mentioned earlier with respect to the Chinese merchants). Another advantage that it implicitly offered was that many Asian ship-owners *chose* to buy a *cartaz* because it was cheaper and more economically rational than arming their ships. For the fact is that before the belated arrival of the Portuguese, the Indian Ocean trading system had been conducted along relatively peaceful lines (Curtin 1984: 144–148, 159–167, ch. 8).

Significantly, up to about 1800, Indian (and Asian) merchants effectively utilized the European interlopers as a resource in order to enhance their own profits. Typically, Indian merchants intermingled with various European merchants. The Europeans had no choice but to cooperate if they wanted to make a profit from the Indian Ocean trade. Much the same story applied to the subsequent relationships between Indian and Dutch merchants as well as Indian and English merchants. This was no more clearly realized than by the point that a significant portion of European trading profits were derived from the intra-Asian country trade, as noted earlier. Significant, too, is that the British were only able to finance their trading activities by drawing on Indian capital that was supplied by the many rich Hindu *banians*.

One implication of this narrative is that it was only after 1800 that Europe finally eclipsed India's level of economic development. In terms of relative shares of world manufacturing, India was second only to China as late as 1830. As of 1750 India enjoyed around 25 per cent, which exceeded the whole of Europe's share (23 per cent). Moreover, even as late as 1830 India's share was still double that of Britain's (Bairoch 1982: 296). No less significant is that in 1820 Britain's GDP was about a sixth of that of China's and about a third of that of India's. Britain's GDP only matched that of India as late as 1890 (Maddison 1995: 180, 182, 190). Indian per capita income was probably about equal to that of Europe's in 1750, with the latter overtaking the former only around 1800. As with the case of China, so I concur with Pomeranz (2000) and Frank (1998): that the key watershed in global history that signalled the advent of Western hegemony occurred around 1800, rather than 1500 as Eurocentric world historians claim.

Finally, if Japan had the most autonomy vis-à-vis the West during the nineteenth century, India had the least. Thus while India exhibited the green shoots of industrial modernity prior to the advent of the British Empire, these were cut off by the British in what amounted to an imperialist economic *containment* strategy during the eighteenth and nineteenth centuries. A key British weapon of choice was the imposition of free trade as a means to de-industrialize India. Thus having been dependent upon Indian cotton manufactured imports in the seventeenth century, the British government responded by placing heavy tariffs on Indian imports in the early eighteenth century. Later on, in the nineteenth century, the British ensured that the Indian market went unprotected (i.e. by imposing Indian free trade). At Lancashire's behest, duties were abandoned on cotton imports into India between 1882 and 1894 (having been lowered to 5 per cent between 1859 and 1882). Thus, having held the Indian cotton manufacturing system down with one boot (through very high British tariffs), the other boot kicked British manufactures into India unimpeded, in what amounted to one of the most unfair 'free kicks' that Perfidious Albion ever awarded itself. Undoubtedly, this was also one of the most well-taken free kicks that the British accomplished. For while in the seventeenth century the British economy was a net importer of Indian textiles, by 1815 Britain exported approximately 250 million yards of cotton worth about £40m, while by 1874 it exported 3.5 billion yards worth about £190m. By 1873, 40–45 per cent of all British cotton textile exports went to India. Thus, having once exported cotton manufactures to Britain, by the mid-nineteenth century India had been transformed into a raw cotton

supplier for the Lancashire industry, which in turn exported the finished product back to India. In short, the social cost of the advancement of the British textiles industry was the de-industrialization of the Indian industry (see Dutt 1943). Much the same story applied to the iron industry during the nineteenth century, which was particularly damaging given that the Indian economy had been one of the world's foremost iron and steel producers.

Conclusion

There are four key points of note that emerge from this discussion. First, it reveals that the current situation in which the American trade deficit with China is paradoxically financed through Chinese capital is not a unique historical *revelation*; it is entirely in keeping with historical *precedent*, reaching back half a millennium. In parallel fashion, Western consumption patterns after 1450 coupled with Chinese surplus trading and financial capacity not only led to the entwining of these two regional economies, but they also played a substantial part in driving the global economy forward. However, the difference is that back then Europe also financed the trade deficit with the plundering of other peoples' resources – in this case the silver from the Americas. Equally, though, the derivation of profits from arbitraging Chinese gold for yet higher amounts of silver parallels the situation today, where the US derives substantial income from China's purchasing of US treasuries.

Second, it recasts Eurocentric world history in a different light. The Eurocentric narrative asserts that the shrinking of the globe had its initial roots back in the European Age of Discovery around 1500, when the expansionist Europeans first travelled to the 'Far East' and 'Far West' and broke down the alleged archaic walls that had hitherto cut off an uncivilized and isolationist East from the world at large, thereby opening up the 'Vasco da Gama epoch' of Asia. But my narrative suggests an inverse scenario: that it was the East that had expanded outwards (since about 500 CE during the 'Afro-Asian Age of Discovery'), initially through Oriental regionalization and later, after 1492 through Oriental globalization, at which point the Chinese in effect finally sucked the Europeans out of their 'barbarian' relative isolationism that they had endured between c.800 and 1492. And thus it was that Vasco da Gama's 'discovery' of India might have been a revelation to the Europeans, but it was old news to the Chinese, Muslims, Africans, Javanese and others, all of whom had been in regular trading contact for almost a millennium.

Third, the discussion throws up the role of Western imperialism in causing the transition from an Eastern-led global economy to a Western-led one. My claim is not that imperialism can fully explain the 'great divergence', but that its presence or absence played at the very least a catalytic role. The three cases examined in this chapter are particularly interesting because they reside along a continuum, with India enduring the least autonomy under formal British imperialism, the Japanese much more in relative terms, with China residing in the middle. This is interesting because, of course, in the nineteenth century Japan was able to industrialize under conditions of relative autonomy, while India was de-industrialized under formal British imperial control, whereas China struggled under the yoke of the 'century of humiliation' that only ended in 1843. However, because China's problems were not confined solely to British neo-imperial intervention, I conclude that Western imperialism played an important but not an exclusive role in the great divergence.

Finally, it is important to note that perhaps the greatest 'service' that China, India (and West Asia/North Africa) performed was their contribution to the rise of modernity and the rise of the West. For Oriental globalization and the nascent global economy constituted a conveyor belt along which the more advanced Eastern 'resource portfolios/inventions' were carried across to propel the rise of the West. These enabled all the key turning points, including the transmission of:

the financial institutions and techniques that enabled the Italian financial revolution after 1000 CE; the key nautical/navigational techniques that made oceanic seafaring possible (in the absence of which the Europeans would have been confined to local waters); the transmission of the gun, cannon and gunpowder that enabled the European Military Revolution (1550–1660); many of the key ideas that underpinned the rise of the Renaissance, Scientific Revolution and the Enlightenment; and, last but not least, many of the key ingredients that underpinned the British agricultural and industrial revolutions of the eighteenth and nineteenth centuries (Hobson 2004: chs. 5–9; Hobson and Malhotra, 2008). Accordingly, I close by noting that in contrast to the Eurocentric narrative of the ‘clash of civilizations and the supremacy of the West’, we would be better off talking about the ‘dialogue of civilizations’ as well as both ‘Western and Eastern agency’.