What was Happening in East Asia Around 1600? By Derek Massarella,

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Editor's Abstract:

Students of early colonialism have no trouble seeing what the earliest European seafarers wanted to bring from the Far East but what is often less obvious is what the Far East wanted from pre industrial Europe that they did not already possess.

By examining the nature (and degree) of pre-industrial globalisation, Dr Massarella shows that a hidden player in the process was the current engine of the world economy - China.

Europe developed a triangle of trade between the south American colonies, Japan and China to trade South American silver for silk which then served as the basis (and financing) for Europe's growing trade with the East.

This article provides the context for this process.

In 1592 the Huguenot cartographer, Emery Molyneux, presented Elizabeth I with a globe. Contrary to the popular image of the Elizabethan age as one of confident, defiant, English overseas expansion -- the singeing the king of Spain's beard and so on -- the shrewd monarch gazed at the globe and

was pleased to descant, The whole earth, a present for a Prince; but with the Spanish King's leave, she said, alluding to his Emblem, a Spanish Genet, in speed upon the Globe of the Earth, his fore-feet over-reaching, with this Motto, Non sufficit orbis [the world is not enough].

Her country having been the target of a failed 'shock and awe' attack in 1588, Elizabeth knew well geo-political realities. So too did her successor, James VI and I, who concluded a peace treaty with Spain in 1604 and who to defend and advance the nation's interest, as opposed to the international protestant one, refused to come to the aid of his son-in-law, Frederick, Elector Palatine of the Rhine, in his struggle against the Austrian Hapsburgs. By accepting the crown of Bohemia, after the Bohemian revolt of 1618, Frederick had challenged Hapsburg power in central Europe. This set off a violent chain reaction, culminating in the Bohemians', and Frederick and Elizabeth's (the 'Winter Queen'), crushing defeat at the battle of the White Mountain in November 1620, the real start of the Thirty Years War. Espousing unsentimental raison d'état, James preferred not to alienate that other Hapsburg power, Spain, over whose empire the sun never set, with whom he still hoped to secure a marriage alliance between the prince of Wales and the infanta, an early modern illustration of the wise dictum that nations don't have friends - or even relatives - only interests.

In the autumn of 1602, Japan's new hegemon and soon-tobe shogun, Tokugawa Ieyasu, wrote to Pedro Bravo de Acuña, the governor of the Philippines, thanking him for his recent letter and gifts. He noted that although the letter and gifts had come from someone he had never seen, they reminded him that the peoples among the four seas were all one family (ikka). Ieyasu hoped that trade between Japan and Mexico would flourish and reminded the governor that the galleons sailing from Manila to Mexico would benefit from having access to a port in the Kanto area where they could seek refuge in tempestuous weather. He reaffirmed his determination to stamp out pirates in Japanese waters and authorised the governor to execute Japanese who broke the law in the Philippines.

In 1627 Martin Castaño, procurator-general of the Philippines advised Philip IV about the strategic importance of the Philippine Islands:

while you are master and lord of the Filipinas, your crown encircles and embraces all the world....[I]f the enemy [i.e. the Netherlands] succeeds in getting possession of the Filipinas, not only will this richest fragment of your Majesty's crown be lost, but the enemy will make himself master of Portuguese India immediately, and then by way of the South Sea, he will disturb Piru and NuevaespañaAll the kings and nations of the world are watching to see who comes out ahead in this undertaking - your Majesty or the rebels of Olanda.

These three illustrations show that around 1600, far from being divided, the distant parts of the world were interconnected. In trade, culture and geopolitical interests, unprecedented levels of global encounter were taking place. What happened in one part of the Eurasian or American landmasses had implications for the other parts. The nature of this encounter cannot be reduced to a simple model, certainly not one of nascent European global domination. Pace Professor Immanuel Wallerstein, no modern world 'system' in which a European core proceeded to subdue and dominate a dependent periphery was born from this interaction."

Nor is Adam Smith a wholly reliable guide to early modern global encounters. His famous and influential assertion, lifted from the Abbé Reynal, that "[t]he discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind" is a historical nonsense as far as the East Indies (Asia) are concerned. Even more so is his assertion that although, regrettably, these events had deprived "the natives...both of the East and West Indies" of "all the commercial benefits which...resulted" and sank and lost them in "dreadful misfortunes", the events of 1492 and 1497, had resulted in the triumph of "the mercantile system to a degree of splendour and glory which it could never otherwise have attained to". vi The East Indies did not sink into "dreadful misfortunes" after the arrival of the Portuguese and other European countries in the early modern period. Even if Smith's comments reflect an emerging European triumphalism, Smith himself, unlike many of his modern self-professed disciples, with whom he has little in common, was no crude Eurocentric, no crude free-marketeer. As a proponent of the notion of commercial sociability he relished the prospect that as a result of prolonged communication and commerce "[h]ereafter, perhaps, the natives of those countries may grow stronger, or those of Europe may grow weaker" and that "the inhabitants of all the different quarters of the world" would finally achieve "some sort of respect for the rights of one another". He believed such a state of affairs could only be attained once a balance of power had been established. Such "an equality of force" could be brought about by "that mutual communication of knowledge and of all sorts of improvements which an extensive commerce from all countries to all countries naturally, or rather necessarily, carries along with it". vii Alas, both in its pre-1914 incarnation and in its contemporary one globalisation has

not been the $% \left(1\right) =\left(1\right) =\left(1\right)$ midwife to the commercial sociability Smith envisaged. viii

In reality the Europeans did not much change the political and trading worlds of the East Indies in the 250 or so years from 1497 until the mid-eighteenth century. Rather, they had to adapt to them or, with a few exceptions where they could use force decisively, face irrelevancy or even expulsion. What Professor Kenneth Pomeranz has called 'the great divergence', the time when European growth rates parted company decisively from the rest of Eurasia did not occur until around 1750 when Europe, particularly England, broke free from the early modern restraints on growth, thanks to fortune, abundant coal, and what Pomeranz calls the "ecological windfall" that Europe received from the New World in terms of land and energy resources. ix Pomeranz's thesis has, of course, been challenged especially its overemphasis on supply and its neglect of the technological and institutional factors that distinguished Europe from China, but his assertion that 1492 and 1497 were not decisive historical moments marking the beginning of European privilege and advantage that both Smith (cautiously) and Wallerstein (unreservedly) suppose is surely correct.

Nevertheless, by 1600 one can talk about the existence of a global world economy, excluding Australasia which, in the immortal words of Mr Donald Rumsfeld, was a 'known unknown'. For the first time in human history trade in commodities was both transoceanic and intercontinental. Trade remained driven by supply and demand but what distinguished the early modern global economy from previous forms of transcontinental trade, indeed made it possible, was the flow of silver. The Spanish were driven to the New World by the expectation of discovering an El Dorado, or gilded lands. Instead in 1545 in the upper reaches of the Andes at Potosi, in present-day Bolivia, they discovered the largest silver mines the world has ever known, accounting

for over 80 per cent of world silver output between 1493 and 1800. ** Initially the silver from these mines, brought to the surface and processed in horrific conditions by native Americans, was taken down to the Pacific coast of Peru, shipped to Mexico, transhipped to Seville, from where it was reexported to other European destinations.

But such vast quantities of silver from the New World could not be absorbed solely by the Old World. Fortunately for Europe a huge demand for silver had arisen on the other side of Eurasia, in China. Despite government efforts to encourage the use of paper currency as a means of exchange and a store of value, paper currency did not gain traction in the Chinese economy. It became devalued and eventually worthless. By the early fifteenth century silver had become vital to the economy, a fact which the government itself realised. xii During the fifteenth and sixteenth centuries the Ming instituted the Single Whip reforms. Under these reforms all taxes had to be paid in silver. As it happened this requirement coincided with the near exhaustion of China's indiqenous silver resources. To satisfy the huge demand generated by the Single Whip reforms, silver had to be imported on a vast scale. Estimates vary, but from 1550 to 1645, corresponding approximately with the final century of the Ming dynasty, and aptly named China's 'silver century', China imported some 7,300 metric tons of silver. xiii

Where was this silver shipped from? The answer, in ascending order of importance, is Europe, the New World, and, Japan. By the middle of the sixteenth century, the Portuguese had established themselves in Asia, not so much as a maritime empire, no matter the pretensions of the Portuguese monarchs, but more as a maritime trading network, centred on key emporia such as Goa and Malacca, which they controlled; places where they were tolerated, such as Macao; and places where they were welcomed, such as Japan, first visited in 1543. In the early seventeenth century the Lusitanians' hollow claim to a monopoly of Euro-Asian trade

via the direct sea route, to say nothing of their complete failure to shut the Venetians out of the pepper trade via the middle east, was thoroughly demolished by the Dutch and English East India companies. During the silver century, around 1,230 metric tons of silver reached China by way of Europe, the Indian ocean, and overland, approximately 17 per cent of China's silver imports, most of it re-exported New World-silver.

In 1565, capitalising on Ferdinand Magellan's successful circumnavigation, Miguel López de Legazpi established the first permanent Spanish settlement on Luzon in the archipelago that became known as the Philippine Islands. In 1571 Manila became the administrative capital of the new Spanish colony. By the end of the sixteenth century silver from Potosí was reaching Manila directly across the Pacific from Acapulco on the first Manila galleons, which continued their trans-Pacific voyages until 1815. From Manila most of the silver went on to China which received about 2309 metric tons of New World-silver via the Philippines, 31.6 per cent of its imports during the silver century.*

But the main source of China's silver imports was Japan. By the end of the sixteenth century, thanks to new mining technology acquired from Korea, Japan was a major producer and exporter of silver. There was, however, a catch. Official relations between China and Japan were strained and finally cut in 1557. This situation was the result of a renewed outburst of wakô or pirate activity along China's coasts which peaked in the 1530s, although much of the leadership of the wakô, and a sizeable part of the rank and file, were Chinese, based in Japan, operating from bases in and around Kyushu, taking advantage of the turmoil and lawlessness of the sengoku wars.

The Portuguese, who had originally been wholly unimpressed by the first reports they heard about Japan in Malacca, **vii* reached Japan by chance in 1543 but at a highly

opportune moment. Given the diplomatic impasse between China and Japan the Portuguese became for a while the sole official carriers of Sino-Japanese trade. The most important commodity brought from China by the Portuguese was silk. In return they took back large amounts of silver to Macao. There was a huge demand for silk in Japan, fuelled by the domestic peace dividend resulting from the ending of the sengoku wars and the reunification of the country. Silk was not the only commodity imported from China. Luxury goods were also shipped. One Chinese observer, Yao Shilin, commented in the 1590s that "[n]early all the needs of Japan [he meant luxuries] are supplied with products from China", clearly an exaggeration. **viii Again estimates vary, but Japanese silver exports to China between 1550-1645 have been put at between 3,622 and 3,802 metric tons, over 50 per cent of total Chinese silver imports during the silver century. xix

Why was it so attractive to so many people around the world to want to satisfy China's demand for silver? In terms of economic theory, the phenomenon has been explained most persuasively by Professor K. N. Chaudhuri, with reference to David Ricardo's theory of comparative costs, and expanded upon by Professor Dennis O. Flynn, with reference to microeconomics. According to earlier accounts of Euro-Asian trade in the early modern period, the Europeans had to export silver to pay for Asian commodities, notably porcelain and tea, because they had no manufactures that Asians wanted to consume. This is illustrated by the English East India Company's experience of attempting to drive a direct trade with Japan from 1613-1623. The company tried to sell English wool and other assorted English commodities, such as galley pots, the kind of "trash" (his word) Sir Thomas Roe, England's first ambassador to the Mughal court, complained about having to sell in India. The factory only turned in a profit when it had rare access to abundant quantities of Chinese silk plundered from Chinese vessels during the two voyages of the so-called Anglo-Dutch Fleets

of Defence in 1620-22, and even then the profits were diluted by illicit private trading.** More famously, the Ch'ien Lung emperor dismissed the Macartney mission in 1793 with the words "[t]he productions of our empire are manifold, and in great abundance; nor do we stand in the least need of the Produce of other Countries."** These words became emblematic of China's supposed complacency and arrogance, of its rejection of involvement in early nineteenth-century global trade, in which the Europeans, notably the British, were no longer purveyors of trash nor (literally in Macartney's case) prepared to kowtow to Asian rulers. They were used as an excuse by Europeans, with the British in the vanguard, to try other methods to prise open the China market: opium and gunboats.

According to Ricardo's theory, as interpreted by Chaudhuri and Flynn, silver and gold (and the two should not be conflated under the misleading term 'precious metals') should be viewed not as money but as a commodity. The influx of silver from the New World to Europe increased the money supply pushed up prices, expanded demand and encouraged spending. Fortunately for the Europeans, they could use the New World-silver, and the silver from Japan, to stimulate and satisfy their demand for Asian goods by transferring silver from areas where it was a low cost commodity to China where it had become a high cost commodity, a country which paid for its imports by exporting the excess of commodities which it had in plenty, silk, porcelain, gold, and, later, tea.

One can understand this better by considering the bimetallic ratio of gold to silver that existed in China at this time. Gold could be exchanged for silver in China at a rate of between 1:6 and 1:8 from 1550 until about 1650. In Europe the rate was about 1:12, in Persia 1:10, and in India 1:8. The Chinese ratio converged with the European one in the middle of the seventeenth century but deviated from it in the eighteenth century as China's territory, economy and

population expanded and European demand for Chinese goods increased. Hence, it made sound business sense to shift commodities around the globe. This had nothing to do with modern industrial or financial capitalism, nor did it create self-sustaining economic growth anywhere in the world; that only began in the second half of the eighteenth century. It was simply a matter of arbitrage: profiting from different prices in different markets.**

Not all scholars are enthusiastic about the importance of Asia in the early modern world economy especially its relevance to Europe. Professor Jan de Vries has estimated that the value of Asian imports to Britain, France and the Netherlands in the 1770s was the equivalent of 11.5 per cent of all their imports, and that for "Europe as a whole, the figure would certainly have stood well under 10 per cent." The Atlantic trade, on the other hand, amounted to 31 per cent of those countries imports. *** As for Japan, Professor Conrad Totman has estimated that the value of Japan's foreign trade at the end of the seventeenth century as "equivalent to less than 1.5 percent of domestic agricultural production". ****

Even so, the influence of Europe's direct trade with Asia, and the importance of Japan's foreign trade in the early modern period, should not be downplayed. Professor Maxine Berg has argued that Eurasian trade was important for European industrialisation because "[i]mports of manufactured luxury and fashion goods prompted a process of product innovation leading to industrialization." What starts out as imitation, or as Professor Berg puts it "'making the East in the West'" (the stated goal and, incidentally, a reversal of the old putdown of Japan as a nation of imitators), leads to improvement over the original, at least from the consumers' perspective, and, ultimately, the triumph of the upstart. The 1757 in his Universal Dictionary of Trade and Commerce, Malachy Postlethwayt stressed that "in whatever mechanical or

manufactured arts other nations may excel Great Britain, our artists should be upon the watch, not only to imitate, but surpass, if possible....Those which are imported, and which they can see, handle and minutely examine, they are most like to imitate or excel." The point had already been made by Henry Martyn in 1701 in his Considerations upon the East-India Trade (republished in 1721 as The Advantages of the East India Trade to England Considered). The Postlethwayt's tract reflects how mainstream the argument had become.

A similar process of imitating and surpassing was at work in Japan by the early eighteenth century. Raw silk imports stimulated domestic silk production first in the Nishijin district of Kyoto and then elsewhere. By the end of the seventeenth century raw silk imports had declined but after a transition lasting about three decades, during which domestic sericulture technology improved markedly, silk weavers were able to rely on high quality domestic yarn to satisfy demand by the 1730s. The silk industry, of course, played a key part in Japan's industrialisation after Meiji.

But this early modern world economy was not an open economy. There was no free trade and no open markets in international commerce. Even today free trade and open markets exist as aspirations or nightmares, depending on

one's political and economic philosophy: much talked about, never truly attained. In the early modern period all countries attempted to protect what their rulers conceived of as the national interest. But what contemporaries assumed was the national interest, or indeed the national economic interest at a time when the constraints on supply and demand (low productivity as a result of labour-intensive production, limited technological innovation, low wages, the lack of any disposable income except for a minority of the population), was very different from today, when we presuppose, almost certainly foolishly, that growth has no limits. Economic thought in the sixteenth and seventeenth centuries was concerned not about limitless possibilities but with constraints and the need to control and regulate society to achieve harmony. Ruling elites in Europe as well as in China and Japan viewed commercial activity as vital to a polity but one that if left alone could prove harmful to the maintenance of the social and political order.

In both England and Japan the rulers judged foreign long-distance trade as a privilege in their gift, and, of course, something from which they benefited handsomely. The shoqun issued passes embossed with his seal (shuinjô); the English monarch issued a charter under the great seal granting a select body of merchants privileges enabling them to conduct, either in the form of a regulated or a jointstock company, a particular long distance trade. The shoqun's power to issue and rescind such rights was not challenged. The pretensions of the British monarch in matters of trade (and, by extension, those of the powerful, well-connected merchants, landowners and courtiers who benefited from royal largesse) were. The monarch's claims were stated forcefully in 1606 in a ruling by Chief Baron Fleming of the Exchequer against a Levant merchant, John Bate, who had refused to pay an imposition exacted by the crown on imported currants, and was sent to prison for his defiance. James had pursued the case to clarify his rights

to levy such impositions, and he was not disappointed by the ruling. Fleming, articulating an absolutism that was not to prove enduring declared that "all commerce and affairs with foreigners, all wars and peace, all acceptance and admitting for current, foreign coin, all parties and treaties whatsoever, are made by the absolute power of the King...No exportation or importation can be but at the King's ports, they are the gates of the King, and he hath absolute power by them to include or exclude whom he shall please". xxxiii It would take a civil war and a 'glorious' revolution to demolish the claims of absolute monarchical power asserted in this ruling. As Professor Ernest Gellner has remarked, "[t]he economic miracle of western civilization is a political event rather more than an economic one." xxxiv (This remains the case today as is vividly illustrated, for example, by Google's willingness to bend before the Chinese authorities and remove internet content from its Chinese website and by the widespread practice of lobbying of politicians, a massive and often corrupt business.) The bakufu, on the other hand, could restructure Japan's overseas trade by issuing decrees in the 1630s curtailing, and finally outlawing completely, Japanese voyages overseas, with the exception of those to Korea and Ryukyu, confident that the merchants, whose status was at the base of the neo-Confucian social hierarchy the early Tokugawa were asserting, dared not protest. There was, of course, no John Bate in Japan.

In the light of such controversy at home over the king's power to open or close the gates of the kingdom, Richard Cocks's protests against the bakufu's decision to curtail the trading privileges of the English in Japan in 1616 were a case of protesting too much. Cocks, the head of the English factory in Japan, lobbied hard and astutely, but in vain, to have the original trading privileges restored. He argued that the original privileges should remain lest "my Soveraigne Lord King James would think it to be our

misbehaviours that cauced our privelegese to be taken from us, & that it stood me upon as much as my life was worth to get it amended, otherwais I knew not how to show my face in England." **This words were wasted, although his contrived but calculated pleas (he was more concerned about what his employers would have to say about his stewardship of their affairs than about James I's reactions) about the duties of subjects to their sovereigns sounded uncannily like the sort of neo-Confucian ideals the early Tokugawa were fostering.

Other European powers trading in Asia were as uninterested in international free trade as the English. Tokugawa Ieyasu wanted to further Hideyoshi's expansion of Japan's foreign trade, but not the latter's plans for Japanese hegemony over the Asian mainland. The number of shuinsen voyages increased dramatically and for a while Ieyasu was interested in establishing trade with the Spanish both in Manila and in New Spain. His timing was bad. The Spanish monarch and his most influential advisors were already worried about the negative effects of the trade between New Spain and the Philippines. Philip II had issued a number of decrees imposing restrictions on the trade, culminating in a decree of 1591 which institutionalised the Manila galleons and set quotas on the trade. This was done to protect Spanish and New World colonial markets and because the Spanish felt that ultimately their trans-Pacific trade benefited the Chinese to the detriment of the Philippine, New World, and metropolitan economies. The decree stated that with the exception of silver the Chinese had "more than enough of everything else" and were decidedly uninterested in Spanish manufactures, quite the opposite take on Chinese self-sufficiency from that of the Macartney mission. **xxvi

The vice-roy in Mexico decided to ignore the order and made his reasons known to the king with plausible sounding arguments based on high-minded principles. The true reason for his dissent was in fact unashamedly mundane. Vested

interests in Manila, New Mexico and Peru did extremely well out of the trade. Even as they paid lip service, and in many cases more than just lip service, to advancing Spanish imperial goals, these individuals did not intend to allow government restrictions to get in the way of their licit and illicit profits from the trade. Officially the Spanish government permitted a profit of 83 per cent on the trade. In fact the profit was something in the order of 2-300 per cent. **XXVII Royal decrees regulating the Manila galleons remained a dead letter as were royal intentions to nurture and strengthen the Philippine economy. The Philippines were never colonised in the manner of the New World. Their agricultural and other natural resources were largely untapped. Over the centuries critics, domestic and foreign, of Spanish colonial policy in the Philippines, or rather the lack of it, concurred with the critique of some of Manila's more concerned citizens who complained to the governor in 1788 that "the fame of the commerce of this port was the loadstone which has drawn Spaniards from Europe and America to this city. The natural inclination of men to seek their fortune by the shortest road led them to migrate with the sole aim of freighting the Philippine galleon." xxxviii

Despite the warm, friendly tone of Ieyasu's letter to the governor of the Philippines in September 1602, mentioned at the beginning, the Spanish were suspicious of Ieyasu's overtures for reasons other than purely economic. Their experience of Hideyoshi's policy towards the Philippines, at times warm, at times bellicose, even demanding that the Spanish send a tributary mission to Japan, an affront to Spanish reputación or pride, had made them wary of the island empire to the north of their Asian colony. ****

Although Ieyasu was averse to his predecessor's aggressive, expansionist continental foreign policy, he was no isolationist.*

He permitted the Shimazu to make the Ryukyu kingdom a tributary state of their Satsuma domain in 1609 (it was also a tributary state of China, and remained so

until 1879), and encouraged the Christian daimyo, Arima Harunobu, to send a reconnaissance expedition to Taiwan in 1609, then populated largely by aboriginal people, although at this juncture the bakufu was not interested in taking over the island.*

The Spanish believed that the best cards they held to counter any possible Japanese expansionist ambitions were Japan's poor skills in shipbuilding and deep-sea navigation. They brushed aside Ieyasu's requests for developmental assistance to remedy these deficiencies and an additional request for mining experts to be sent from Mexico to help improve Japan's mining technology. Even so Japan was vital to Spain's geopolitical thinking, and not only about east Asia. **Iii

Since 1567 Spain had been attempting to crush the most serious challenge to Hapsburg power in Europe, the revolt of the Netherlands. By 1600 the Dutch struggle for independence had been transformed into a global struggle between the Dutch and the might of Spain, the European superpower of the age, a struggle in which commerce soon became an extension of warfare. Spain was both feared and hated in the United Provinces, and more widely in the Protestant world, so much so that during the siege of Leiden in 1574 a number of Zeelanders teased their Spanish enemies with a banner inscribed with the crescent moon and the words 'Ehe Türkisch denn Päpstisch' (Better Turkish than Papist). xliii In the Catholic world Spain was admired as the champion of the true church and defender of the faith. For both sides the stakes were high. For the Dutch the struggle was a matter of survival; for the Spanish it was one of reputación and power. By 1600 the Dutch and Spanish were already engaged in skirmishes in the Spice Islands (present-day Maluku in Indonesia), then considered to be a part of the Spanish colony. The Dutch challenge increased over the following years, the threat that Martin Castaño reiterated in 1627. xliv

Starting in 1600 Japan became a focus of that global struggle with the arrival of the first non-Lusitanian European vessel in Japan, the Dutch ship the *Liefde* among whose crew was the Englishman William Adams. The Dutch East India Company arrived in 1609 and the English company in 1613, The protestant and catholic Europeans denounced each other to the Japanese authorities, in identical language, as thieves and robbers – some might say terrorists. The Spanish in particular insisted that the Dutch should be expelled from Japan, a demand the shogunate refused to entertain. The Dutch, with whom the English were in alliance for a while during the Fleets of Defence, sought to throttle the Philippines economically by blockading Manila and by attacking Chinese and Iberian shipping venturing thither.

From the 1620s until the beginning of the 1640s Taiwan became another focus of Dutch and Spanish rivalry. The island was strategically important (it could be used to attack Manila), and commercially important (it was a major source of Chinese goods much in demand in Japan, especially silk). In 1624 the Dutch established an important colonial entrepot which they christened Zeelandia, in present-day Tainan. They remained until 1662 when they were expelled by the Ming-dynasty loyalist, Zheng Chenggong (Cheng Ch'engkung or Coxinga). In 1626 the Spanish, seeking to check Dutch pretensions in east Asia, where both sides had opened another front in the war over Dutch secession, set up a fort and settlement in north-eastern Taiwan, at Keelung and which they held until 1642 when they were evicted by the Dutch. Taiwan itself was only formally incorporated into the Chinese empire in 1684, a year after the Zheng clan were defeated by Qing imperial forces. xlv

The Spanish and the Dutch both recognised the value of Japan as a supply base to further their war aims. The Spanish were unable to capitalise on this. *Ivi The Dutch were. Until the 1620s when they got their toehold on Taiwan, the Dutch used Japan largely as a supply base to further their

war of attrition against the Iberians. Their endeavours to break into the Japanese market were little better than the English at the time. Indeed most of the silk that came their way, mainly through pillage was re-exported from Japan, the obvious market, to Europe. *lvii Ostensibly the Dutch won against Spain, and England, in East Asia. Their aggression against the Iberians, and the English, in the Spice Islands paid off. The Dutch East India Company was able to establish a near monopoly over the production and export of spices, although in the end they failed to dislodge the Spanish from the Philippines or to exclude the English from the spice trade. But, as always, success came at a price.

The cost of war swallowed up most of the money sent to the Indies from the Netherlands and much of the profit from the Dutch company's country trade in Asia, even during the so-called Twelve Year's Truce with Spain, 1609-1621. The dangers inherent in a policy of merging war aims with commercial goals were obvious to outsiders. That shrewd observer, Sir Thomas Roe warned the directors of the English company against adopting a similar policy. "A warr and trafique are incompatible" he stated, "It is the beggering of the Portugal...He never profited by the Indyes, since he defended them....It hath been also the error of the Dutch, who seeke the plantation heere by the sword....Let this bee received as a rule that, if yow will profitt, seeke it at sea, and in quiett trade; for without controversy it is an error to affect garrisons and land warrs in India", wise counsel that echoes across the centuries. The first Portuguese vice-roy in the Indies, Francisco de Almeida had already warned king Manuel against attempting to become a land power: "the more fortresses Your Highness possesses, the weaker your power will be There is no doubt that, so long you are powerful at sea, India will be yours and that, if you are not, fortresses on land will be of little use to vou."

In Japan, Dutch success owed more to fortune than to well-planned strategy, as it had earlier for the Lusitanians. The Dutch reaped the economic windfall of Japan's anti-Christian laws, first enacted in 1614, which resulted in the expulsion of the Spanish from Japan in 1624 and finally the Portuguese in 1639. (The English traded in Japan from 1613-1623 but withdrew because the trade was unprofitable.) Christianity was banned in Japan not because it was a cultural threat but because it was perceived by the early Tokuqawa shoqunate as a political threat to its reformation of the Japanese state. The Tokugawa became increasingly suspicious of the Christian creed and came to see it as subversive. If the new faith took strong root on the periphery, especially on Kyushu, which Hideyoshi had pacified only in 1587, and which was home to one of the most powerful clans that had opposed the Tokugawa at Sekigahara in 1600, the Shimazu of Satsuma, it might become a rallying cry for those wishing to challenge the Tokugawa, who themselves remained insecure and very much preoccupied with consolidating and legitimising their power during the early decades of the seventeenth century. Better to eradicate the creed before it caused any trouble. Besides the presence of the Dutch and English, and the continuing presence of the Portuguese even after the outlawing of Christianity in 1614, had made it clear to the shoqunate that trade and religion occupied completely separate compartments for the Europeans.

The Dutch benefited from the ending of Japanese overseas voyages in 1635, and from the fallout from China's dynastic wars of the mid-seventeenth century. They inherited Portugal's erstwhile role in carrying silk, which they acquired in Taiwan and later in Bengal, to Japan in return for silver. Until 1668, when the shogunate curtailed silver exports by the Dutch, Japan was the principle source of silver with which the VOC financed its trade in Asia and with Europe, a reminder that silver was not just important

for China. No wonder the Dutch held a service of thanksgiving in Batavia to celebrate the expulsion of the Lusitanians from Japan.

There, perhaps, we can conclude this tour d'horizon. Around 1600 the world was already, and permanently, interconnected. For the first time in world history commodities were crossing oceans as well as continents, moving around the globe in response to forces of supply, demand and exchange. Consumer tastes in fashion, diet and, to a lesser extent, the arts were altered irrevocably. Religious ideas were exported as well, but not political ones nor legal concepts. Alas too, the Europeans brought in their wake their own peculiar export: their inter-European wars. China and Japan were not on official speaking terms but remained economically and culturally close. China loomed large, and positively, in the Tokugawa world view. 111 Moreover, once the dynastic wars of the mid-seventeenth century had been settled, China once again became the dominant economic and political land-based power in East Asia. Meanwhile, in Europe and elsewhere in Asia the Dutch and the Spanish were slogging it out: the Dutch to secure their independence, and soon commercial supremacy; the Spanish (and by extension the Hapsburgs) to maintain and extend their dominion. In the process, Spain bankrupted itself and wrecked its domestic economy. As Professor J. H. Elliott has shrewdly observed "[i]mperial ambition consistently outran imperial resources". $^{\text{liii}}$ This was a point already familiar to contemporary observers. In 1603 Justus Lipsius, a strong influence on seventeenth century neo-stoicism, wrote to a friend in Spain "the New World , conquered by you, has conquered you in its turn". 111v

From the European perspective, the Ibero-Dutch struggle was also a battle about the future. While no serious scholar these days subscribes to the view that the north European East India companies were proto multinationals, let alone that they changed Asian ways of doing business, they do,

nevertheless, especially in the case of the Dutch, represent a new, but not better than the contemporary Asian, way of doing business, and certainly something better and more innovative than what the Iberians were offering. This point was grasped by the Count-Duke of Olivares who wanted to introduce policies that would turn "Spaniards into merchants". Olivares faced stiff opposition and his reforming efforts, including plans for the establishment of Spanish trading companies and a Portuguese India Company, failed. Description of the company.

In 1622 the Heeren XVII, the self-righteous directors of the Dutch company, reminded their servants in the Indies, particularly the man who was responsible for aggressive Dutch expansion in East Asia (and a forerunner of Clive in India) the governor general Jan Petersz. Coen, that "[n]o great attention should be paid to the question of reputation and honour...; in our opinion (for we are merchants) he has the honour who, without doing unright or violence, has the profit. This is unlike the considerations of princes and potentates, who often take the point of honour very seriously, yea all too seriously, but in our station it is a definite rule and dogma, which must be stated and obeyed." lvii The Spanish, and before them the Portuguese, were very much concerned with points of honour. And how could that not be? For the Hapsburg Spanish empire was an old-fashioned, medieval type of empire in which "religion and reputation", as the most important early modern Spanish statesman, Olivares, put it, counted for more than trade and credit. Put it.

In 1665, as the 'interests' were beginning to vanquish the 'passions', Sir Josiah Child, one of England's keenest students of Dutch practice, declared in A New Discourse on Trade that "wealth by means of commerce, navigation and industry is the sole source of public happiness." The future appeared to belong to le doux commerce. As Montesquieu put it, commerce "polishes and softens barbarous mores". Its "natural effect...is to lead to peace." No

country demonstrated this more clearly than England, Montesquieu believed, a country whose inhabitants were, in Sir William Blackstone's highly positive evaluation, "a polite and commercial people". 1xi It had not always been so. As David Hume remarked "[t] rade was never esteemed an affair of state till the last century" (the seventeenth) when the absolutist pretensions of the Stuarts had been successfully confronted and checked by the success of the Glorious Revolution. Like the Herren XVII, Hume realised the danger lurking in the shadows. Britain's pursuit of glory during the Seven Years' War was a source of great danger to the nation. The pursuit of glory created an explosion of the public debt threatening calamity. All nations that had attempted to achieve universal empire in the past had failed. "Enormous monarchies are", he concluded, "probably, destructive to human nature; in their progress, in their continuance, and even in their downfall, which never can be very distant from their establishment."

Hume, of course, a proponent of commercial sociability, championed the increase of peaceful international trade and denounced those who, jealous of trade, "look on the progress of their neighbours with a suspicious eye". This was a history lesson that had been learned as much from European experience in East Asia as from Europe's experience across the Atlantic and one that is all too often forgotten.

Unfortunately, great expectations notwithstanding, the triumph of the interests over the passions did not represent the victory of Enlightenment over Barbarism. Nor did it mark the onset of commercial sociability. Nor, alas, did it create a more peaceful or contented world. Dr Johnson's aphorism that "[t]here are few ways in which a man can be more innocently employed than in getting money" has proved to be completely wrong. 1xv

ⁱ A version of this article appeared in *The Transactions of the Asiatic Society of Japan*, fourth series, 21, 2007.

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iv E. H. Blair and J. A. Robertson (eds), The Philippine Islands, 55 vols, Cleveland, 1903-1909, vol. 22, pp. 127-28.

V Immanuel Wallerstein, *The Modern World-System*, 3 vols, New York, 1974-1989.

vi Adam Smith, The Wealth of Nations, The Cannan Edition, Tokyo 1979, pp. 590, 591. On the influence of Smith's assertion see J. H. Elliott, The Old World and the New 1492-1650, Cambridge, 1970, pp. 54-59.

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viii On commercial sociability see Istvan Hont, Jealousy of Trade: International Competition and the Nation State in Historical Perspective, Cambridge, 2005, chap. 1.

ix Kenneth Pomeranz, The Great Divergence: China, Europe and the Making of the Modern World Economy, Princeton, 2000, passim.

xii Richard von Glahn, Fountain of Fortune: Money and Monetary Policy in China, 1000-1700, Berkeley, 1996, pp. 70-82. xiii Ibid., p. 140; Robert B. Marks, Tigers, Rice, Silk, and Salt, Cambridge, 1998, p. 128. Figures for global silver output and silver flows are incomplete (especially so for overland routes into China which von Glahn does not include in his figures but which would not be considerable anyway) and are often a matter of estimate or guesstimate. They have long been, and remain, a matter of controversy especially, as far as China is concerned, trans-Pacific silver flows and the volume of China's silver imports at the end of the Ming dynasty and the impact thereof on the fall of the Ming. Regardless of scholars' divergent conclusions on these matters none takes issue with the importance of the silver surge for the world economy from the sixteenth century. For Asia, in addition to von Glahn, Fountain of Fortune, see also John J. TePaske, 'New World Silver, Castile and the Philippines 1590-1800' in J. F. Richards (ed.), Precious Metals in the Later Medieval and Early Modern Worlds, Durham NC, 1983, pp. 425-45; Brian Moloughney and Xia Weizhong, 'Silver and the Fall of the Ming: A Reassessment', Papers on Far Eastern History, 40, 1989, pp. 51-78; Dennis O. Flynn and Arturo Giráldez, 'Arbitrage, China, and World Trade in the Early Modern Period', Journal of the Economic and Social History of the Orient, 38:4, 1995, pp. 429-48; André Gudner

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