



WIDER Working Paper 2018/85

Asia and the world economy in historical perspective

Ronald Findlay*

August 2018

Abstract: This paper studies the political and economic evolution of trade and international relations of the nations and regions of Asia between themselves and the rest of the world over the past millennium, paying particular attention to: the *Pax Mongolica* and overland trade during the Middle Ages; the European intrusion at the turn of the fifteenth century and the impact of the New World; the spread of European imperialism and the rise of nationalism and the achievement of independence. A final section discusses the comparative evolution of Europe and Asia and the question of why the Industrial Revolution did not first occur in Asia.

Keywords: Malthus–Ricardo model, dynastic cycle, globalization, catchup

JEL classification: F54, F63, N10, N15

Acknowledgements: Thanks to Deepak Nayyar for encouragement and excellent suggestions, with the usual disclaimer.

* Columbia University, New York, NY, USA, email: findlayrj@aol.com.

This study has been prepared within the UNU-WIDER project on ‘Asian Transformations: An Inquiry into the Development of Nations’.

Copyright © UNU-WIDER 2018

Information and requests: publications@wider.unu.edu

ISSN 1798-7237 ISBN 978-92-9256-527-5 <https://doi.org/10.35188/UNU-WIDER/2018/527-5>

Typescript prepared by Lesley Ellen.

The United Nations University World Institute for Development Economics Research provides economic analysis and policy advice with the aim of promoting sustainable and equitable development. The Institute began operations in 1985 in Helsinki, Finland, as the first research and training centre of the United Nations University. Today it is a unique blend of think tank, research institute, and UN agency—providing a range of services from policy advice to governments as well as freely available original research.

The Institute is funded through income from an endowment fund with additional contributions to its work programme from Finland, Sweden, and the United Kingdom as well as earmarked contributions for specific projects from a variety of donors.

Katajanokanlaituri 6 B, 00160 Helsinki, Finland

The views expressed in this paper are those of the author(s), and do not necessarily reflect the views of the Institute or the United Nations University, nor the programme/project donors.

1 Introduction

History, then, is not taken to be predetermined, but within the power of man to shape. And the drama thus conceived is not necessarily tragedy.

Gunnar Myrdal *Asian Drama*, Pantheon, 1968, Volume 1: 35.

The Asian world in Myrdal's study essentially begins in the aftermath of the Second World War with the British withdrawal from their empire in Asia and Indian independence. These 'initial conditions' are taken as given without enquiry as to how they came to be what they were. This paper can be considered as providing the missing 'historical background' to *Asian Drama*, with the advantage of fifty years of hindsight. For convenience Asia will be divided into four regions: South Asia (what is now India, Pakistan, Bangladesh, and Sri Lanka); East Asia (China, Korea, and Japan); Southeast Asia (the members of ASEAN from Myanmar to the Philippines), and Central Asia (the area east of China, west of Russia and Iran, and north of India and Pakistan).

The paper is divided into seven sections. Following the Introduction, Section 2 provides the geographic, demographic, cultural, and political background to Asia over the period from 1000 to 1500. Section 3 describes the patterns of trade between the Asian nations and their oversea and overland contacts with the Middle East and Europe over the same period. Section 4 covers the European intrusion into Asia by the Portuguese *Estado da India* and the Dutch, English, and French East India Companies from 1500 to 1650, and the impact of the 'discovery' of the New World on Asian trade and economic systems. Section 5 analyses the pressure exerted on the land-based Asian powers by the sea power of the European intruders from 1650 to 1860. Section 6 surveys the imposition of European imperialism on the Asian nations and their resistance to it, resulting in the achievement of political and economic independence by 1968, the year in which *Asian Drama* was published. The final Section 7 discusses the differences between the evolutionary paths of European and Asian societies and considers whether the twenty-first will indeed be the 'Asian Century'.

2 Malthus, Muslims and Mongols (1000–1500)

According to McEvedy and Jones (1978) the population of the world in 1000 was 270 million and of Asia 185 million, with the Indian subcontinent accounting for almost 80 million and China 'proper' for 60 million, substantially higher proportions of both Asia and the world even than they are today. The explanation for the continued dominance of the two Asian giants is of course the fertility of the great river valleys of the Ganges and the Indus in India and the Yellow and Yangzi Rivers in China. The underlying economic basis is still best provided by the classical Malthus–Ricardo model, in which long-run equilibrium per capita incomes are determined at the levels which balance the endogenous fertility and mortality rates, while total populations and gross domestic products (GDPs) are determined by the extent of the land areas and levels of technology in each case (see Findlay and Lundahl (2017) for the technical details and applications to historical episodes such as the Black Death). Already accumulated over millennia by 1000, India and China enjoyed not only the advantages of geography but of culture and institutions as well, enabling them to have the two largest and most productive economies in the world at that time.

The sedentary populations of both these civilizations bordered on the steppes of Central Asia. Both were thus natural targets for the predatory inroads of the pastoral nomads, with their mastery

of the horse and the bow. The Turko-Afghan warlord Sultan Mahmud of Ghazni (r.998–1030) conducted no less than seventeen deep plundering raids into northern and western India, sacking cities and temples and collecting vast amounts of treasure that he took back to his capital in Afghanistan (see Thapar 1990). What John F. Richards (1974) calls the ‘Islamic Frontier’ had been extending westwards into India since the eighth century when an Arab army crossed the Makran desert and invaded western India before running out of momentum. It was the conversion to Islam of the Turkish and Afghan warrior tribes that provided the sustained basis for the thrust of that frontier deep into the subcontinent. The systematic conquest and occupation of large parts of India by Muslim rulers began in the last quarter of the twelfth century when they established a sequence of dynasties collectively known as the Delhi Sultanate that ruled northern and central India from the early thirteenth to the end of the fourteenth centuries. The Sultanate’s rule at its maximum extent ran from Sind and Gujerat in the west to Bengal in the east, and deep into the Deccan plateau and parts of the Malabar and Coromandel coasts in the south.

The Muslim conquests obviously led to the establishment of a new Muslim military and administrative ruling class. By and large the military leaders were Turks and Afghans while the civil administrators tended to be Persian-speaking Tajiks. Both were supported by the rights to rents and taxes on land in return for service held under the familiar Islamic *iqta* system. Despite receiving their incomes from the rural areas, the Muslim ruling class, as well as the *ulema* or clergy, had a distinct preference for living in cities, leading some historians to speak of a virtual ‘urban revolution’ as a result of the Muslim conquest. The Hindu caste system had kept most skilled and unskilled workers outside city walls to preserve the ritual purity of the Brahmins within. With this obstacle removed, the urban population swelled with a significant boost to economic activity (M. Habib 1974). Many notable technological advances were introduced such as the production and use of paper, acquired by the Arabs from the Chinese in the eighth century and diffused throughout the Islamic world from Samarkand. Also very important was the introduction of the ‘Persian wheel’ for lifting water in place of the primitive ‘bucket and chain’ system which no doubt was a great advantage for irrigation and agriculture. The spinning wheel and carding devices for the cotton textile industry were also major innovations introduced from the Islamic world into India (Digby and Habib 1982).

It would be quite wrong, however, to think of Hindu India as being merely the passive recipient of military, economic, and cultural influences from its Muslim rulers. As we know, the famous ‘Arabic numerals’ and the crucial concept of zero were actually Indian and had already been transmitted to the Islamic world by the eighth century. While urban life, as we have noted, was strongly influenced by the new ruling class, the countryside where the vast majority of the population lived remained familiarly Hindu, with the caste system still enduring with some adaptations, and even continuing to influence many of those who converted to Islam.

The Muslim population that came in with the invading armies was a miniscule proportion of that of India as a whole. Service in the conquest states was an attractive prospect for the many warriors, clerics, scribes, poets, artists, and scholars from the Middle East and Central Asia, but this immigration still made little difference in the aggregate. There were no forcible conversions and little incentive to do so on a voluntary basis. According to Richards (1974), the Muslim population was estimated at a mere 3–4 million out of a total of 170 million in 1400.

What emerged from the long encounter was in many respects not just a Muslim political superstructure dominating a largely Hindu economic base but a distinctive Indo-Muslim civilization, as can readily be seen in the architectural styles, construction, and workmanship of the many mosques, minarets, palaces, tombs, and fortresses built by the new rulers. Like the British after them, the Muslim conquerors had to rely on the natives to staff their armies and

administration, and not always in completely 'subaltern' positions. They also had to rely extensively on the supply of credit from Hindu merchants and brokers, organized collectively into powerful guilds with far-reaching contacts within India and abroad. The 'Hindustani' *lingua franca* that emerged in northern India led to the parallel development of Hindi and Urdu as vernacular languages, while Sanskrit and Persian were the languages of religion and statecraft. India thus proved much more resistant to complete cultural 'Islamicization' than the other ancient civilization of Iran, for example (Stein 1998).

During the time that northern India was enduring the depredations of Mahmud of Ghazni, the southern end of the peninsula was blossoming under the rule of the Chola Dynasty. They administered a contiguous, well-organized empire that comprised both the eastern Coromandel and western Malabar coasts and much of the uplands between them. Particularly notable was their command of strong naval forces that enabled them to conquer the Maldiv Islands and much of Ceylon as well as to launch successful raiding expeditions into Southeast Asia. This naval power was deployed to support the wide-ranging commercial activities of Tamil merchant guilds that operated not only all over Southeast Asia but as far as China. When the Sumatran kingdom of Srivijaya attempted to divert the lucrative trade from China to the Middle East to its own advantage, the Cholas sent an expedition in 1025 that forced the local ruler to restore the trading rights of the Tamil merchants. The Cholas ruled until the early fourteenth century, after which power in the south passed to the rising militarized state of Vijayanagar (Thapar 1990).

While India, as we have seen, had one previously nomadic predatory state on its northern border in the eleventh century, China had two, that of the Khitan Liao Kingdom in the northeast and that of the Tangut Xi Xia Kingdom in the northwest. The ethnic Chinese Song Dynasty came to power in 960, succeeding the Tang Dynasty after the interregnum known as the 'Five Dynasties' period from 907 to 960, with its capital at Kaifeng. From the beginning it had to confront the problem of how best to deal with its powerful northern neighbours. The option it chose was what Dieter Kuhn (2009: 28) has called 'peaceful coexistence'. In effect it 'bought' peace by sending 300,000 bolts of silk and 200,000 ounces of silver annually to the Liao and 150,000 bolts of silk, 70,000 ounces of silver, and 10,000 catties of tea annually to the Xi Xia. With peace thus secured, however humiliatingly, China could proceed with what has rightly been called the 'Song Economic Miracle' with agriculture, manufacturing, and commerce all flourishing as never before under a civil administration of scholar-officials chosen on merit by a rigorous examination system based on the Confucian classics (Shiba 1970).

While millet and wheat were the main crops in the north, rice was the mainstay in the Yangzi valley and the south. Production got a huge boost from the introduction of 'early-ripening rice' from Champa, which led to double and sometimes even triple cropping. This stimulated the growth of the population from 60 million in 1000 to 115 million in 1200. By comparison, the population on the Indian subcontinent rose only from 80 to 86 million over the same two centuries. The population of Kaifeng in 1078 was about 750,000, making it probably the largest city in the world. Iron production at this time was of the order of 150,000 tons annually, a level not reached in all of Europe until after 1700 (Hartwell 1966).

The 'peaceful coexistence' that the Song had enjoyed on their northeastern border came to an end in 1127 when the Khitan state was overthrown by another tribe of warrior nomads, the Jurchen. Not content with simply enjoying the Song tribute, the Jurchen invaded North China and drove the Song out of their capital Kaifeng, forcing them to take refuge south of the Yangzi. There they established the Southern Song Dynasty, with its capital at Hangzhou, which soon became even more prosperous than it had been while based in the north. The cultivation of tea and the production of 'true' porcelain were two of the main activities and commerce with Southeast Asia

and beyond flourished. The population of Hangzhou was estimated at a staggering 1.5 million and the urban population ratio of the Southern Song was 12 per cent, not exceeded in Europe until 1800, according to Richard von Glahn (2016).

The Southern Song and the Jurchen in the north both fell prey to the rising superpower of the Mongol Empire of Chinggis Khan (r.1206–27) and his successors. His grandson Khubilai Khan (r.1260–94) proclaimed himself the first emperor of the Yuan Dynasty in 1271, ruling over a reunified China after the final defeat of the Southern Song in 1279. The regime that he established was on the whole a remarkably enlightened one. The Mongols were clearly the ruling elite but the Chinese people were not subjected to oppression. The Confucian scholar-officials continued to be employed but did not enjoy a monopoly of the higher posts, sharing them with talented individuals from all over the empire and beyond. Agriculture, industry, and commerce were all encouraged and extensive public works undertaken. The famous postal service with riders covering up to 250 miles a day connected all points of the empire. Paper currency was issued, at first excessively but later with more restraint. Foreign trade was actively promoted, both overseas and overland. The borders of China were extended permanently to include the provinces of Yunnan in the southwest and Gansu in the northwest. Inevitably, however, the familiar ‘dynastic cycle’ of Chinese history took its course. Subsequent rulers had short and troubled reigns, the administration became increasingly corrupt and the hydraulic infrastructure was neglected, leading to disastrous floods and outbreaks of plague that caused severe disruption. Native Chinese dissent multiplied and erupted into fierce rebellion. In 1368 the leader of the rebellion finally drove out the Mongols, proclaiming himself the first emperor of the new Ming Dynasty (Rossabi 1988, 2014).

Korea and Japan had developed autonomously but were recipients of strong cultural influences from China, particularly during the Tang Dynasty. Japan was, in principle, a unified state under an emperor of supposedly divine descent, but real power was in the hands of regional feudal lords. One of these lords, Minamoto Yoritomo (1147–99) acquired the title of *Shogun* (‘generalissimo’) and established what was known as the Kamakura Shogunate, which effectively ruled the country from 1192 to 1333. It was this regime that organized the successful defence against Mongol invasions in 1274 and 1281. The stress caused by these invasions and their aftermath led eventually to the fall of the Kamakura and its replacement by the Ashikaga Shogunate (1338–1573), also known as the Muromachi *Bakufu* (‘government’) from the location of its headquarters near Kyoto (Hall 1970).

Chinese civilization in the form of Confucianism and Buddhism, as well as the writing system, was diffused to the Korean peninsula where three kingdoms arose: first Koguryo in the north, followed by Paekche in the southwest and Silla in the southeast by the fourth century. All three kingdoms contended for power in the peninsula while also engaging in conflict and cooperation with China, with unification finally being achieved in 1392 by a new state Koryo, renamed Choson by the first ruler of the Yi Dynasty which lasted until 1910 (Lee 1984).

Despite millennia of strong influences from India and China, the mainland states and island polities of Southeast Asia have their own distinct ethnic, linguistic, and cultural identities. Theravada Buddhism in Myanmar and Thailand now exist nowhere else in Asia other than Sri Lanka, and the Islam of Indonesia and Malaysia has a distinctively different social character from that of the Middle East or South Asia. Overland migration routes from China into the great river valleys of the mainland are relatively easy to traverse and there has been traffic on the sea lanes linking the South China Sea, the Indian Ocean, the Red Sea, and the Persian Gulf since time immemorial, with Srivijaya in Sumatra and Melaka on the Malay Peninsula as major *entrepots*. Strong centralized kingdoms on the mainland and the interior of Java like Pagan, Ayuthia, Angkor, Annam, Champa,

and Majapahit interacted closely with their coastal regions and with China and India in trade, warfare, and cultural exchange during this period from 1000 to 1500 (D.G.E. Hall 1968).

3 Silk Roads and sea lanes: international trade (1000–1500)

In the Chinese view of the world order, China was the ‘Central Kingdom’ from which the emperor ruled ‘all under heaven’. All foreign states were thus regarded as vassals and foreign trade was viewed as the payment of ‘tribute’ to which the ‘Son of Heaven’ graciously responded with gifts of equal or greater value. Relations with Korea and Japan, in particular, were regulated in this way (see Fairbank 1968). Korean exports were ginseng, furs, and other natural products, while Japan mainly provided raw silk. Paper was imported from China, but Japan eventually learnt paper-making from the Koreans, attaining quality levels that surpassed those of the Chinese. The Japanese ability to ‘reverse engineer’ imported products and to improve upon and eventually to export them, so familiar in the twentieth century, was thus evident even from these very early days. Another important example from this early period is the manufacture of the famous *samurai* sword blades that were in great demand all over East and Southeast Asia. Tens of thousands of these swords were exported annually to Japan, in addition to raw materials like sulphur and copper and other manufactured goods such as paper, screens, and decorative folding fans (see Kang 2010; von Verschuer 2006). The Chinese imports most in demand were silk fabrics and books, not only the Chinese classics but also technical works on science and technology. Huge amounts of Chinese copper coins balanced the trade and were increasingly used as a medium of exchange in Japan, an interesting early example of ‘dollarization’ arising out of spontaneous market forces, even within the archaic framework of the tribute system (Yamamura and Kamiki 1983).

According to von Verschuer (2006), one-third of all the Chinese books in existence at that time were available in Japan as early as 831, showing how successfully Japan was absorbing Chinese culture. China’s trade with Korea obviously had lower transport costs and was larger than with Japan. The city of Sakai, near Osaka, became the main centre for trade with Korea and Southeast Asia, particularly Siam. One interesting export item was printed volumes of the Buddhist canon, indicating that Korea was a pioneer in printing even before China and centuries before Gutenberg (von Verschuer 2006).

Chinese international trade was particularly active during the period of the Southern Song (1127–1279). With the overland routes to the west cut off, they were obliged to rely on overseas trade, which they did with a vengeance. ‘The ocean in Sung times was the front door of China and it was open to all who were interested in commercial relations with China’ (Ma 1971: 30). While Canton was the only official port for foreign trade under the Tang, there were nine such port cities under the Song, each under an Office of Maritime Trade. Canton was displaced by Quanzhou in Fujian Province opposite Taiwan as the leading port city. In 1225 the Superintendent of Foreign Trade in this city, Chau Ju-kua, published a remarkable work on the ‘Records of Foreign Nations’ in which he lists all the nations trading with Quanzhou and the hundreds of commodities they exported and imported, extending from Southeast Asia to India, East Africa, and the Middle East all the way to the Mediterranean (Wheatley 1959; Hirth and Rockhill 1964).

The trade across the Indian Ocean and the South China Sea used to be carried in Arab and Persian vessels, but under the Song the large, highly seaworthy Chinese junks replaced them. With the Middle East enjoying the ‘Golden Age of Islam’, South India growing vigorously on both the Coromandel and Malabar Coasts under the Chola Dynasty, and strong kingdoms emerging in Southeast Asia, the arc of trade extending from the South China Sea to the Persian Gulf and the

Red Sea saw unprecedented prosperity. Silk and porcelain from China, black pepper from the Malabar Coast, cinnamon, nutmeg, and cloves from the East Indies, cotton textiles from Bengal and Gujerat, pearls from Ceylon, ivory from East Africa, and the proverbial frankincense and myrrh from Arabia were the main but far from the only goods that entered this commerce. Just to remind us that all commerce is not necessarily peaceful, Simon Digby (1982) notes the continuing significance of the trade in war-animals, cavalry horses from Iran and Arabia, and fighting elephants from the jungles of Ceylon and Southeast Asia.

The prospects for overland trade to the Mongol Yuan Dynasty, in contrast to the Southern Song, were virtually unlimited. The Mongol Empire as a whole controlled not only all of China under the Yuan but also the ancestral Mongol lands of Central Asia under the Chagatai Khanate, Iran under the Islamicized Mongol regime known as the Il-Khanate, and most of Russia, which owed allegiance to the Golden Horde under the so-called 'Mongol Yoke'. This led to the establishment of what came to be known as the *Pax Mongolica* across the entire extent of Central Asia. The fabled Silk Roads, which had reached their heyday from the seventh to the tenth centuries under the Tang, now enjoyed a great revival under the protection and support of the Great Khans.

It was not only goods that were conveyed in both directions along the Silk Roads and associated sea lanes but, even more importantly, ideas and technical knowledge, as stressed in the seminal work of Joseph Needham (1954). Crucial inventions such as gunpowder, printing, the compass, and other navigation aids such as the sternpost rudder and lateen sails, all moved from east to west during this period, stimulating their adoption and improvement in Europe during the Renaissance. Religious ideas propagated by monks and missionaries were written down and influenced scripts adopted by previously unlettered peoples such as the Uighurs and the Mongols (Liu 1988; Millward 2013). Unfortunately, the plague germ that brought the Black Death to Europe and the Middle East in the 1340s also travelled along the Silk Road, wiping out over a third of the population initially but with the associated rise in per capita incomes and wages leading to growth of population and GDP that went well beyond the initial levels in the long run (Findlay and Lundahl 2017).

At the western end, the main beneficiaries from the *Pax Mongolica* were the Byzantine Empire, the Mamluk Sultans of Egypt and Syria, and the rising Italian city-states of Venice and Genoa, with their trading stations on the shores of the Black Sea. The fact that all of these states were themselves connected to Europe all the way west to England, Flanders, and France enabled Janet Abu-Lughod (1989) to speak of a 'thirteenth century world system' from 1250 to 1350, preceding the fully global one established by the European 'voyages of discovery' at the end of the fifteenth century. The Venetian Marco Polo (1254–1324) and the Moroccan Ibn Battuta (1304–77) were both able to travel from one end of this world to the other and back, one largely by land and the other mainly by sea, without the slightest danger, to bring to the rapt attention of the readers of the accounts of their travels, then and since, the myriad wonders they had witnessed along the way.

After the fall of the Yuan the first five emperors of the new Ming Dynasty, from 1368 to 1435, maintained a vigorous expansionist policy on both the northern and southern land frontiers and in the South China Sea and the Indian Ocean, switching to a more defensive posture after that date. The celebrated seven voyages from 1405 to 1433 in the Indian Ocean led by the Muslim admiral Zheng He (1371–1433) reflect both the great ambition of the expansionary phase and its abrupt and permanent conclusion (see Dreyer (2007) for a detailed account). The great armadas of Zheng He displayed the Ming imperial banners to all the mainland and island states of Southeast Asia, Bengal and both coasts of the Indian peninsula, Ceylon, the Horn of Africa, the Red Sea, and the Persian Gulf. After his death and that of the fifth emperor in 1435, the expeditions were

discontinued and the resources diverted to frontier defence against a possible return of the Mongols.

A good measure of the rise and fall of Ming China's influence on Southeast Asia is provided by Anthony Reid (1993, Table 1: 16), who shows 42 tribute missions from Java, 37 from the two Malay states of Melaka and Pasai, 33 from Champa, and 31 from Siam, a total of 143 in all over the 1400–39 period of the Zheng He voyages, compared to a total of 73 or barely half from these states over the next seventy years from 1440 to 1510. The command of the 'southern ocean' was thus ceded to a small nation on the western edge of Europe that dispatched a flotilla of caravels around Cape Horn, landing at Calicut in 1498 and initiating a new era in Asian and world history, the 'Vasco da Gama Epoch' (Panikkar 1969).

4 The European intrusion and the creation of global trade (1500-1650)

Lord Acton gave the Portuguese the accolade of being 'the first Europeans to understand that the ocean is not a limit, but the universal waterway that unites mankind' (Acton 1969: 61). In less than two decades after da Gama's historic voyage, they captured Goa, Hormuz, and Melaka but failed to take Aden, the entrance to the Red Sea. They thus failed to cut off completely the supply of eastern spices to Venice through Alexandria, which was the main motivation of their enterprise. Melaka, captured in 1511, commanding the Straits of Malacca, was a fabulously rich port-city-state ruled by a family of Malay sultans since about 1400. It was visited by about a hundred ships a year from the Middle East, both coasts of India, the Bay of Bengal, the Indonesian islands, and China, according to the Portuguese traveller Tome Pires. These ships brought an enormous variety of goods that went both east and west: cotton textiles from India, rice from Burma and Siam, Chinese silk, and Indonesian spices. It was Pires who made the famous observation that 'the lord of Melaka has his hand on the throat of Venice', failing to note that Venice could indeed be choked but not strangled if Aden was not also secured (Reid 1993).

The Portuguese king Dom Manuel I (r.1495–1521) declared himself 'Lord of the Conquest, Navigation and Commerce of Ethiopia, Arabia, Persia and India' and as such claimed the right to control entry and exit into all ports in the Arabian Sea and the Indian Ocean, in other words issuing a 'licence to plunder' by charging 'protection money' from all merchant vessels of any nationality plying these shores (Newitt 1980: 19). The *Estado da India*, as the Portuguese enterprise came to be called, expanded rapidly, settling and fortifying Colombo in 1518, Macao in 1557, and finally Nagasaki in 1571 (Subrahmanyam 1993).

While the Portuguese entered the Pacific from the west, the Spanish crossed it from the east, colonizing the Philippines in the 1540s with Manila as the capital. The arrival there of a galleon from Acapulco, laden with silver from Potosi in Bolivia, returning with an even more precious cargo of Chinese silk, marked the global circuit of trade for the first time in history. The flood of New World silver, brought across the Pacific by the Spaniards and across the Atlantic, Mediterranean, and Indian Oceans by the Portuguese and later the Dutch and the English, transformed the monetary and general economic history of Asia. Silver was basically the only commodity that European traders could offer in exchange for Chinese silk and porcelain, Indonesian cloves and nutmeg, Malabar pepper, and the cotton textiles of Bengal and Gujerat, to export back to the markets of Europe, Africa, and the New World. While the silver 'windfall' accrued initially to the Habsburg rulers of Spain and Austria, it increasingly ended up in the hands of the newly established Dutch and English East India Companies who used it for the purchase of the eastern commodities that they shipped around the world (Findlay and O'Rourke 2007).

The period from 1500 to 1650 saw a remarkable expansion of the Ming economy, to a considerable extent in response to currents unleashed by the Iberian voyages at the turn of the fifteenth century. Particularly important were the food and other crops from the New World that found their way into China such as maize, sweet potatoes, and peanuts. These were all grown as second or even third crops, boosting rural per capita incomes and stimulating population growth. The population rose from 110 million in 1500 to 160 million in 1600, before falling to 140 million as a consequence of the disturbances associated with the dynastic transition from the Ming to a new Manchu Qing dynasty in 1644. The influx of silver from the New World and new mines discovered in Japan provided the monetization necessary to lubricate the expansion. Silk and porcelain were exported all over the world and several technical innovations made in transport, manufacturing, and agriculture (Bray 2000; von Glahn 2016).

The fall of the Ming was due not to any erosion of the economic base but to problems with the political and administrative superstructure. Corruption and factional disputes within the bureaucracy caused public dissatisfaction, leading to internal disorders and rebellion. This gave an opportunity to the Manchus, a Sinicized nomadic tribe related to the Jurchen, to intervene and oust the Ming, establishing a new Qing Dynasty in 1644 that lasted until 1911 (Rowe 2009).

In Japan the Ashikaga shoguns based in the capital Kyoto were gradually losing power to a new class of locally based feudal lords, known as the *daimyo*, in the east and the north. Warfare between contending clans and factions, making extensive use of firearms that had been introduced by the Portuguese, became ever more intense, leading to the outbreak of a prolonged period of instability known as the *Sengoku Jidai* or 'Warring States Period'. Order was finally restored only after the Battle of Sekigahara in 1600, when Tokugawa Ieyasu defeated a coalition of opposing feudal lords and established the Tokugawa Shogunate that lasted until 1868. To consolidate power the Tokugawa imposed a rigorous policy of *sakoku* or 'seclusion', cutting Japan off from all contact with foreigners, including Christian missionaries, except for official relations with China and a small Dutch trading post in Nagasaki (Hall 1970).

India after the fall of the Delhi Sultanate was ruled by a succession of weak regimes until the founding of the Mughal Empire in 1526 by Babur (1483–1530), a Timurid prince from Central Asia. The empire was consolidated and extended over the whole of northern India by his grandson, the great Emperor Akbar (r.1556–1605). The Mughals, like the Ottomans and Safavids, were what Marshall Hodgson (1974) called a 'gunpowder empire', one that relied on heavy siege artillery to batter down all opposition into submission. While Akbar began his rule with a succession of hard-fought victories over Hindu Rajput and rival Muslim rulers, his charismatic personality, moral character, and far-sighted vision made the Mughals into what could be called a truly Indian, as opposed to an Indo-Muslim, dynasty (Mukhia 2004).

The population of Mughal India is put at around 115 million in 1600, out of 150 million for the subcontinent as a whole (Streusand 2011), rising to 200 million in 1800. For China the figures are also 150 million in 1600 but rising to 320 million in 1800. We can thus infer from the Malthus–Ricardo model that technical progress and capital accumulation was much greater in China than in India. The introduction of New World plants, for example, seems to have been much less extensive than in China. There is no reason to doubt, however, the contention by Richards (1993: 204) that 'the secular trend for Mughal India was that of economic growth and vitality'. Population growth was slow but steady, indicating no severe squeeze on peasant incomes. The surplus extracted must have been enormous to create such surviving monuments as Fatehpur Sikri, the Taj Mahal, and the great fortresses. The emperor's personal income alone is estimated at one million silver rupees per month, compared to a monthly wage for unskilled workers at 1.5 rupees per month (Moosvi 1987). Cotton cloth, in a very wide range of qualities and styles in the form of

calicos, chintzes, taffeta, and the superfine muslins, continued to be the mainstay of manufacturing and international trade, in which the Dutch and English East India Companies were coming to play an increasing role but without displacing the very active participation of Hindu and Muslim merchants. Indian cotton textiles, together with Chinese silks and porcelain, were the main manufactured exports of the world until the rise of Lancashire cotton textiles during the Industrial Revolution (Chaudhuri 1982; Roy 2012).

India's main import was silver, in massive amounts largely to be coined into the silver rupees issued since the time of Akbar at never less than 96 per cent purity. The imports averaged about 100 tonnes annually from about 1590 to 1645, mostly from the Ottoman and Safavid territories and Europe. The silver influx, as in China, did not cause inflation of the price level since it facilitated internal trade and exchange, boosting productivity and output. The two great 'sinks' for the surge of world silver flows from 1500 to 1650 were Ming China and Mughal India, the giant planets of the Asian galaxy, drawing the world's silver into their orbits by the sheer force of gravitational attraction (Findlay and O'Rourke 2007).

5 Land power *versus* sea power (1650–1860)

In 1650, as we have seen in the previous section, Mughal India, Qing China, and Tokugawa Japan were all strong, centralized states in full control of their borders. By 1860, however, the European merchant companies previously confined to the coastal peripheries had succeeded in destabilizing both of the great Asian empires and seriously threatening their sovereignty, while an American commodore was forcing the Tokugawa to breach their seclusion policy and open Japan to free trade. How did all this come about?

The reign of the Emperor Aurangzeb (r. 1658–1707), the last of the great Mughal rulers, was most notable for its rejection of Akbar's efforts to rule as an Indian rather than strictly Muslim monarch. He adopted a narrow and dogmatic Sunni *Sharia* version of Islam and introduced a number of discriminatory measures against his Hindu and Sikh subjects, including the destruction of some temples and shrines. Not surprisingly this led to strong resistance, not only from the previously loyal Rajputs but particularly from the fierce Maratha warriors of the western Deccan under their great leader Shivaji Bhonsle. After his death in 1707 he was succeeded by a number of mediocre rulers and the empire went into a pronounced decline (Streusand 2011).

Meanwhile, the English East India Company was steadily extending the range and profitability of its operations, acquiring the well-located trading stations of Surat (1607) and Bombay (1661) on the west coast, and Madras (1640) and Calcutta (1690) on the east. Surat was displaced over time by the other three which became the bases for regional Company 'Presidencies'. All three were not only trading stations but fortified 'city-states' (see Richards 1993) with their own armies of native troops led by European officers, as with the French centre at Pondicherry and the Dutch at Pulicat. With their thriving foreign trade and other commercial opportunities, these places attracted many local merchants and others with various skills to offer. With a sort of 'extraterritoriality' in place they had independent legal systems that many locals must have found more conducive than what the Mughals and other Indian rulers had to offer (on which see Roy 2012).

From a military standpoint the Company forces of small but well-trained detachments of Indian soldiers with European officers were able to prevail over the much larger but less disciplined armies of the Indian rulers whenever clashes occurred. Thus the sea power that secured the Europeans in their coastal stations was supplemented by increasingly formidable power on land.

This was convincingly demonstrated by the victory of Company forces under Robert Clive at the battle of Plassey in 1757, when they defeated the Nawab of Bengal, and over an even larger Mughal army at the Battle of Buxar in 1764. The prize for these victories was the award to the Company by the Mughal Empire of the *divani*, the rights to collect the entire revenue of Bihar, Orissa, and the enormously wealthy province of Bengal, rightly called the 'British Bridgehead' to the ultimate conquest of all of India by Marshall (1987). Subsequent decades saw the consolidation of the Company's hold on India with wars against the Marathas, Sikhs, Afghans, and the Gurkhas of Nepal. The shock of the outbreak of the Sepoy Mutiny in 1857 and its violent suppression finally led to the Crown taking over the administration of India from the Company (Stein 1998).

The Manchu Qing dynasty that replaced the Ming in 1644 was remarkable in many ways. A branch of the Jurchen tribes of Manchuria, they were not pastoral nomads from the steppes, though their military striking power was also based on mounted archers. They were organized into a very effective military force by two great leaders, Nurhaci (1559–1626) and his son Hong Taiji (1592–1643), divided into what were called the 'Eight Banners', each Banner constituting not just an army unit but the entire households of all the troops within it. The ethnic composition of each Banner was not fixed, consisting not only of Jurchens but also allied Central Asians and ethnic Chinese that had been absorbed into the Manchu orbit (Crossley 1997). Hong Taiji subdued Korea in 1638 but died in 1643, with his infant son becoming the first Qing Emperor Shunzhi (r. 1644–61).

The most urgent problem for the new regime was suppressing multiple rebellions by Ming loyalists. The most important of these was that of the Zheng family, which had been involved in coastal trade and piracy, sometimes in association with, and at others in opposition to, Japanese, Portuguese, Dutch, and other foreign interests. The half-Japanese Zheng Chenggong (1623–62), known in the west as Coxinga, built up a formidable naval force and mercantile empire, establishing his base in Taiwan after driving out the Dutch, from where the Zhengs conducted lucrative trade with Japan and Southeast Asia, while harassing the Manchu regime until it captured the island in 1683 (see Clements 2005).

The next three Qing emperors Kangxi (r.1662–1722), Yongzheng (r.1723–35), and Qianlong (r.1736–95) saw the dynasty reach its zenith during their long and illustrious reigns, with its territorial extent unmatched in Chinese history. They added not only Xinjiang and Tibet but also Manchuria, Inner and Outer Mongolia, and areas of Eastern Turkestan as well. Their forces marched west, armed with cannon and muskets, destroying the threat of the Mongol steppe nomads to China and sedentary civilizations forever. While Qing China was driving through Central Asia from the east, Russia under the Romanovs was already moving vigorously in the opposite direction but further north in Siberia, reaching the Pacific at Okhotsk in the 1640s. The interests of the two empires collided in the fertile valley of the Amur River, but were peacefully resolved by the treaties of Nerchinsk (1689) and Kiatkha (1727), leading to considerable trade of Russian furs for Chinese tea and silk (Perdue 2005).

The Manchus accepted Chinese culture and institutions almost entirely, relying on the scholar-gentry officials to administer the country and maintaining the civil service examination system. They also, however, undertook shrewd measures to ensure that their elite position in the society was not threatened. They did this by establishing a sort of parallel administration, pairing Manchu and ethnic Chinese officials at each level below the top, which was solely occupied by Manchus. The Manchu language and script were also used to maintain all confidential records to preserve security. Internally, the country continued to thrive economically in the seventeenth and eighteenth centuries, but by the turn of the nineteenth signs of stagnation and decline were becoming evident, as noted by the British ambassador Lord Macartney who observed that Qing China resembled 'an

old, crazy man-of-war' that would soon be 'dashed to pieces on the shore' (Spence 1990: 123, Rowe 2009).

From about 1800 onwards, the Qing regime came under increasing pressure from both internal dissension and external threats. The spread of opium addiction due to the sale of the drug by the East India Company led to a crackdown by Qing officials, in response to which the British launched what came to be known as the First Opium War of 1839–42, with a small naval force of steam-powered gunboats sailing up the Yangzi, easily defeating the Manchu resistance. The resulting 'unequal' Treaty of Nanjing (1842) saw the ceding of Hong Kong and the opening of five ports, including Shanghai, to free trade. A further dispute led to the Second Opium War of 1856–60, with the Treaty of Tianjin (1860) opening the Yangzi River to international commerce and adding more ports open to free trade. The crisis created by the Opium Wars was compounded by the outbreak of the devastatingly lethal Taiping Rebellion, in which an estimated 60 million people lost their lives between 1850 and 1864 (Rowe 2009; Rossabi 2014).

Despite the severe political setbacks at the hands of the British and other European interests, the economies of both India and China performed quite well over the 1650–1860 period. The population of the Indian subcontinent rose from 145 million in 1650 to 225 million in 1850, while that of China more than trebled from 130 million to 420 million over the same period. While this surge in population undoubtedly contributed to the outbreak of the Taiping Rebellion, it must have been improved economic circumstances that led to the massive rise in the first place. The cultivated area doubled and yields per acre rose as a result of both the continued spread of the New World crops and the boom in tea that was a major driving force of the Qing economy in these decades. Most of the tea was exported from Canton, the sole port officially open to foreign trade before the 'unequal' treaties, and was also the entrance for imports. Naquin and Rawski (1987: 103) construct an index of the volume of trade passing through Canton that rises from the base of 100 in 1719 to 1338 in 1833, levelling off thereafter up to the 1850s.

The East India Company was the main actor in shaping both intra-Asian trade and the trade of Asia with Europe and the rest of the world. Chaudhuri (1978) calculates that the compound rate of growth of the Company's exports and imports between Asia and England of goods and treasure was 2.2 per cent per annum from when it was founded in 1600 to 1760, a faster rate than that of either population or aggregate output in Asia and Europe between those dates. Initially the Company had to export considerable amounts of treasure, mostly silver, to pay for the purchase of Indian cotton textiles and other goods to be sold in exchange for the spices it acquired in the East Indies for resale in Europe. The proportion of treasure to total exports fell from above 75 per cent for most of the period from 1600 to 1760 to only 30 per cent at the end, reflecting the crucial significance of the acquisition of Bengal. The Company sold Indian raw cotton to China for the manufacture of cheap cotton cloth sold in its home market as well as for export, but its exports to China came increasingly to rely on opium, rising from about 2,000 chests a year in the 1790s to 24,000 annually by the 1830s, with which it purchased tea to export to Europe and the rest of the world (Roy 2012). As Tan Chung (1974: 431) wryly observed about the Britain–China–India trade triangle, it worked out as 'Indian opium for the Chinese, Chinese tea for the Britons and the British Raj for the Indians'.

The period from 1600 to 1867 that Japan spent under the Tokugawa Shogunate has been widely misunderstood as one of total seclusion from the rest of the world. While most contact with Europeans was cut off, relations with China through Nagasaki and with Korea through the island of Tsushima and with Southeast Asia through the Ryukyu Islands continued uninterrupted. The tiny Dutch trading post at Deshima was a very narrow 'window to the West' but one through which Japan achieved much greater knowledge of modern science and technology than India or

China despite those countries not having anything resembling the *sakoku* policy (see Keene (1969)). In the light of all this, it can be argued that the ‘seclusion’ of Japan under the Tokugawa, giving Japan a century and a half of peace and prosperity, made her better able, not less, than the rest of Asia to deal with the forced intrusion of the West when it finally came in the form of Commodore Perry’s ‘black ships’.

6 Imperialism to independence (1860–1968)

This period begins with Europe at the pinnacle of its global dominance. The Industrial Revolution had spread from Britain to the rest of Western Europe, providing it not only with strong industrial economies but the military power associated with it. India had fallen almost completely under British rule and Qing China was reeling from the shocks of the Opium Wars and the Taiping Rebellion and was in no position to resist further European intrusions. Southeast Asia had been opened to European trade and influence for centuries but its traditional kingdoms had started to lose their territorial sovereignty, to Britain in Burma and Malaya, France in Indo-China, and to the Netherlands in Indonesia. The opening of the Suez Canal and the substitution of steam for sail saw a drastic reduction in transport costs and the era of the ‘Great Specialization’ from 1870 to 1914, with Europe providing the manufactured exports and India, China, and Southeast Asia the primary products rice, tea, and industrial raw materials such as rubber, tin, and jute.

Colombo, Calcutta, Rangoon, Saigon, Singapore, and Batavia emerged as the strategic centres of this new pattern of colonial development in Southeast Asia, while Hong Kong and Shanghai played the same role on the coast of China. Chinese settlers from the southern provinces of Fujian and Guangdong moved in large numbers into Southeast Asia, expanding the vibrant ‘Overseas Chinese’ communities in the Dutch East Indies and Malaya, while Indian workers, merchants, and moneylenders went to Burma and Malaya. No less than 2.5 million Chinese went to the Dutch East Indies between 1880 and 1922, while 263,000 went to Malaya, bringing the Chinese population residing there to 2.8 million and 433,000 respectively, while the Indian population in Burma in 1930 was 1.3 million and in Malaya 628,000 (Lewis 1978). Capital, and the top layers of the colonial administration, was generally provided by the metropolitan centres in each case. The result was what Furnivall (1948) called the ‘plural economy’.

The one Asian country that was not under some sort of colonial or semi-colonial status was of course Japan. The Tokugawa Shogunate, discredited by its humiliations at the hands of Commodore Perry, was swept away by the Meiji Restoration of 1868 that launched the country on its then unprecedented course of rapid modernization (see Hall 1970). The transformation is very evident in terms of foreign trade, brilliantly analysed by Lockwood (1968) on ‘Trade as a Highway of Learning’. Japan’s exports grew at 7.4 per cent per annum between 1883 and 1913, more than twice as fast as world trade which grew at 3.4 per cent, with China and India at 3.35 and 3.05 per cent respectively (Lewis 1978). The changing structure of the exports was even more impressive, with the share of manufactures rising from below 60 per cent at the beginning and over 90 per cent at the end (Macpherson 1987). From 1913 to 1938 Japan’s GDP growth rate was 3.9 per cent per annum, compared to 0 per cent for Great Britain, 1.1 per cent for the USA, and 1.85 per cent for Germany (Nakamura 1997).

It was this very rapid industrialization that enabled Japan to pursue an expansionist foreign policy, defeating China in the Sino-Japanese War of 1894–95 and annexing Taiwan in 1895 and Korea in 1910. What brought her the most prestige of all, however, was her defeat of Tsarist Russia and the sinking of the Russian fleet at the Battle of Tsushima in the Russo-Japanese War of 1904–05. While

all other Asian nations in one way or another were victims of imperialism, Japan was able not only to avoid that fate but to actively join the imperialist club herself and victimize China and Korea (see Beasley 1987). Further gains at the expense of China were obtained when the German-held ‘concessions’ in China were given to Japan as reward for her belated entry into the First World War on the Allied side. Finally, it was the Japanese occupation of Manchuria in 1931 followed by the brutal invasion of China in 1937 that led to the outbreak of the Second World War in Asia and the Pacific (Hall 1970; Beasley 1987).

Qing China attempted to recover from the disasters of the Opium Wars and the Taiping Rebellion with some belated reforms, such as the so-called ‘self-strengthening’ movement, to build up her defence capabilities, but after the defeat in the Sino-Japanese War and the Boxer Rebellion of 1900 the position of the regime became increasingly untenable, the six-year old last emperor abdicated, and the Republic of China declared in 1912. The first general election was won by the *Kuomintang* Nationalist Party led by Dr Sun Yatsen, but he was soon ousted by a military ‘strong man’ and the country dominated by a succession of regional warlords. The Nationalists under Chiang Kaishek and the newly formed Communist Party under Mao Zedong vied for power until they were forced into collaboration by the Japanese invasion of 1937 (Rowe 2009; Rossabi 2014).

Economic growth in both India and China was dismally poor, both in this period and over the very long run. According to Heston (2005), per capita income growth in India from 1860 to 1920 was under 0.5 per cent per annum and zero from 1920 to 1947. The performance of China was even worse. According to Maddison (2007), real per capita income in 1990 US dollars was constant at US\$600 between 1300 and 1820 and then **fell** to US\$538 in 1952. In other words, both India and China remained caught in the Malthus–Ricardo ‘trap’ for the entire millennium (Elvin 1973). Real per capita income in China, in terms of 1990 US dollars, **fell by more than half** from over US\$1,200 in 1090 under the Northern Song, to under US\$600 in 1850, and could not have risen much, if at all, for the rest of the millennium (von Glahn 2016).

It is therefore not surprising that the challenge of economic development confronting the Asian economies, and especially in India and China, should have appeared so daunting to Gunnar Myrdal in *Asian Drama*. With per capita incomes so low, how could a sufficiently high savings rate be attained for GDP to keep pace with population growth, let alone exceed it? How could sufficient ‘surplus’ resources be squeezed from a desperately poor rural sector to build up infrastructure and manufacturing in the urban areas?

The Southeast Asian export economies all grew fairly rapidly until the onset of the Great Depression, which generally had a devastating effect on all of them when the world prices of rice, rubber, coffee, sugar, and other primary products all collapsed by from 50 to 80 per cent, causing great distress to peasant cultivators, smallholders, and agricultural labourers (Elson 1992). In Burma this led to the alienation of lands used as collateral for loans taken from the Chettiar moneylenders, leading to riots against urban Indian communities and the Saya San peasant rebellion. The decade of the thirties consequently saw the upsurge of nationalism and demands for independence all over Southeast Asia. Thailand was also hit hard but its political independence enabled it to take more active measures to protect the rural sector than the mostly laissez-faire policies of the colonial regimes (Boomgard and Brown 2000).

The outbreak of the Second World War in the Asia-Pacific region saw Japan in full control of all the colonial parts of Southeast Asia from 1942 until her surrender to the Allied forces in 1945. By a strange irony, it was the Asian country which had turned imperialist itself that ‘liberated’ the other Asian countries from their colonial oppressors. After their humiliating defeats at the hands of the Japanese there was no way that colonial rule could successfully be restored, despite the futile

efforts of the French in Vietnam. The British withdrawal from the Indian subcontinent was tragically accompanied by the calamity of the partition between India and Pakistan. The Southeast Asian former colonies saw hostilities between domestic factions divided along ideological and ethnic lines enduring in Burma to the present day. The fall of Japan brought independence to the Korean people for the first time since 1910 but saw them bitterly divided at the 38th Parallel into a North supported by the USSR and a South by the USA. In China, 1945 saw the end of hostilities with Japan but also the end of the anti-Japanese alliance between the Nationalists and Communists, with the former having to withdraw to Taiwan leaving Mao Zedong and the Communists in charge of the mainland by 1949. The outbreak of the Korean War in 1950 ended only in 1953 after the entry of China (Spector 2008).

Reshaped by the 'MacArthur Shogunate', Japan launched a sustained drive for development and technological change, powered by manufactured exports of electronics and automobiles. The Japanese model was followed with dazzling success by the 'gang of four' of Korea, Taiwan, Hong Kong, and Singapore (Vogel 1991). Meanwhile China under Mao Zedong was undergoing the pangs of the Cultural Revolution until the situation was transformed by the pragmatic reforms of Deng Xiaoping.

Since then, India, China, Korea, and Southeast Asia have all enjoyed sustained and even rapid economic growth, with China and India making vast strides in the eradication of poverty and going a long way to restore their ancient role of being the world's leading manufactured exporters. In terms of the epigraph to this paper, the Asian 'drama thus conceived' has seen many tragic episodes but on the whole, as viewed in 2018, it certainly has been far from being a tragedy since 'history then is not taken to be predetermined but within the power of man to shape' (Myrdal 1968), as this paper amply demonstrates.

7 Will this be the 'Asian Century'?

In 1968 the answer to whether the twenty-first century would be the 'Asian Century' almost certainly would have been clearly negative. When Myrdal (1968) said that the drama need not be 'necessarily tragedy' he was still clearly worried that it was a very real possibility. Today most people would consider the answer to be obviously 'yes'. At this point it would be useful to look back from our millennial perspective into the old question of the differences between Asia and Europe that occupied the greatest minds of Europe from Herodotus and Aristotle to Hegel, Marx, and Weber. Marx envisaged Europe as evolving from primitive communal life through the successive 'modes of production of slavery, feudalism and capitalism'. He specifically excluded Asia from this process, with the important exception of Japan that he unhesitatingly described as 'feudal' (see Marx 1967: 718), an opinion confirmed by the complementary authority of Marc Bloch (1961) and John Whitney Hall (1968).

India and China he designated as instances of an 'Asiatic Mode of Production', characterized by the total dominance of the ruler over the entire society due to the indispensable provision by the state of large-scale irrigation works. Society itself was merely a collection of self-sufficient villages paying tribute to the ruler, with a few cities serving as administrative centres or 'princely camps' rather than independently generating economic activity like the towns of medieval Europe. Here is a complete 'absence of private property in land' and hence no landed aristocracy or self-governing cities and thus no possibility of genuine feudalism. History is merely a succession of different empires changing as a result of internal decay or foreign conquest without any structural evolution. It is apparent, even from the very brief outline presented here, that this is a caricature

of Asian history and its applicability to Asia, or anywhere else for that matter, has been roundly rejected by Marxists and non-Marxists alike, but this brings up the question, plaintively asked by Byres (1985: 13): ‘If not feudalism, or the Asiatic Mode, then what?’. Before attempting to provide an answer it will be useful to note that Max Weber also made an unsuccessful attempt to differentiate Europe and Asia on the basis that ‘instrumental rationality’ was present only in the former, while its absence in the latter made it impossible for the transformation of economy and society to be achieved autonomously (see Nayyar 2016: 36–38).

A very effective answer to the question posed by Byres, provided by John Haldon (1993), and a number of other Marxist writers, is the concept of a ‘Tributary Mode of Production’ that applies to the Indian and Chinese cases considered here, as well as to the contemporaneous Ottoman, Safavid, and Muscovite empires. The ‘ideal type’ of this construct is one in which the land is cultivated by peasants, who may be serfs as in the Russian case, but also free to move, as in the Indian and Chinese cases, but who are obliged to pay taxes assessed on the lands they cultivate, collected by local officials designated for that purpose, and then transmitted to a regional headquarters or the capital itself after deducting costs of collection and their own compensation. It is out of this ‘surplus’ that the ruler has to maintain himself, his court, army, and civil administration. While the bulk of the population will be rural, there will be towns where the officials assigned to the area would live together with merchants, artisans, and other providers of urban services. There will be markets not only for goods and services but for labour, land, and capital as well, with whatever degree of regulation the ruler deems appropriate. Trade and contact with foreigners would also exist to whatever extent the regime is prepared to permit.

The key tension in the tributary mode is the distribution of the tribute itself, the revenue collected from the peasant producers, between the local elites of landowners and officials on the one hand and the centre on the other. In the early stages of the familiar dynastic cycle the founder comes to power with a victorious army with all the glory of a conquering hero, and local authorities fear his power and transmit as much revenue to the centre as is expected of them. In the later stages the central authority starts to weaken, a smaller fraction of the revenue is transferred, weakening the centre still further until it is overthrown by an external invader or internal rebellions that lead to provinces or regions breaking away and forming independent states until a new unifier arises and starts the cycle all over again. The reader will clearly recognize this pattern repeating itself in the Indian and Chinese cases considered here.

As we have seen, there is no reason why societies operating under this mode of production cannot have thriving and prosperous economies. The frontiers of the empire could also be extended beyond existing borders through both conquest and settlement. The Song clearly had a higher level of development than any contemporary state in feudal Europe, and the Mughal Empire at its height was wealthier than any individual state in Europe of its time, though perhaps not of the composite Habsburg Empire with its vast possessions in the New World. All of this raises the questions of why did not capitalism, or more specifically the Industrial Revolution, emerge endogenously in either Mughal India or China under the Song or any later dynasty, and why was there a ‘Great Divergence’ (Pomeranz 2000) between the living standards of Europe and Asia at least by the nineteenth century, if not even earlier.

The answer seems to be that despite the level of prosperity in the aggregate, the tributary states remained parasitic on their rural peasant sectors, precluding any agricultural revolution prior to or accompanying an industrial revolution as occurred in Britain. The urban sectors remained self-contained, catering to their elite clientele without any reciprocal interactions with the rural sector beyond the exploitative extraction of land revenue. Irfan Habib (1995: 231) puts this succinctly: ‘it must be considered whether the entire commercial system of the Mughal Indian economy was not

largely parasitical, depending upon a system of direct agricultural exploitation by a small ruling class'. He goes on to say that capital had tied its fortunes to the Mughal ruling class and failed to develop an independent existence. On China, another distinguished historian Ray Huang (1990: 94) says: 'Given the constitutional differences between the Qing Empire and its contemporary nation states in Western Europe, it would have been impossible for the Chinese to follow the path of the latter'.

Joseph Needham (1969, 1981) posed the puzzle of why China failed to follow up on her brilliant early start in science and technology, falling behind the West by the seventeenth century when the Scientific Revolution occurred, failing to endogenously generate an Industrial Revolution. Justin Lin (1995) provides an interesting answer to this 'Needham Puzzle' in terms of the fact that the best intellectual talent in China was channelled into passing the civil service examinations based on mastery of the Chinese classics rather than acquiring the mathematical and scientific knowledge necessary for science-based innovation such as occurred in Britain and Europe. The inventors of the steam engine, Thomas Newcomen and James Watt, were not highly trained scientists themselves but they benefited greatly from contact with Fellows of the Royal Society with whom they were familiar (see Allen 2017). The civil service examination itself, however, has to be seen as an integral part of a deeply conservative Confucian 'tributary' society which could not have been easily replaced or even supplemented by an alternative 'ladder of success'.

We thus see that there was no pathway from the tributary mode to capitalism in either of our two Asian cases, just as there was none with the Ottomans, Safavids, and Romanovs. It was only 'feudal' Japan that was able to make the transition to capitalist modernity before the end of the nineteenth century. The Meiji Restoration accomplished this in the amazingly short period of a single generation. Successful merchants in China bought land and prepared their sons for the civil service examinations so that they could move into the sole prestigious class, that of the scholar-gentry. In Japan the corresponding *chonin* mercantile group was excluded from entering the ruling *samurai* class and so developed their own independent bourgeois culture in the stimulating environment of the great cities of Tokyo and Osaka, while also building up the great commercial empires of the Matsui, Mitsubishi, and Sumitomo, ready to take full advantage of the vastly greater opportunities that opened up after 1868 (Hall 1970).

The two outstanding cases of rapidly catching up to the British lead in the Industrial Revolution were Imperial Germany and Imperial Japan. In both cases Britain suffered from what Thorstein Veblen (1966) called the 'penalty of taking the lead' with the follower countries able to take advantage of the mistakes of the pioneer to quicken the pace of catching up. In the 'Opportunity of Japan', Veblen said 'It is this unique combination of feudal fealty and chivalric honor with the material efficiency given by the modern technology that the strength of the Japanese nation lies' (Veblen 1998: 251). The same idea was also advanced by Alexander Gerschenkron (1962) as the 'advantages of backwardness' and applied by his student Henry Rosovsky (1966) to Japan. Gerschenkron noted that as the locus of capitalism and industrialization moved eastward, from Britain to France, Germany, and Russia, the state played an increasingly active role in forcing the pace of the catching-up process. The case of Japan, with the Meiji state acting as a very aggressive 'venture capitalist', and also of Korea, Taiwan, and Singapore, only confirms this insight. It is now up to the rest of Asia to catch up with, and perhaps even 'overtake and surpass' the West.

References

- Abu-Lughod, J.L. (1989). *Before European Hegemony: The World System AD 1250-1350*. Oxford: Oxford University Press.
- Acton, Lord (1961). *Lectures on Modern History*. New York, NY: Meridian Press.
- Allen, R.C. (2017). *The Industrial Revolution: A Very Short Introduction*. Oxford: Oxford University Press.
- Beasley, W.G. (1987). *Japanese Imperialism 1894-1945*. Oxford: Clarendon Paperbacks, Oxford University Press.
- Bloch, M. (1961). *Feudal Society*. Volumes 1 and 2. Chicago, IL: University of Chicago Press.
- Boomgard, P., and I. Brown (eds) (2000). *Weathering the Storm: The Economies of Southeast Asia in the 1930s Depression*. Singapore: Institute of Southeast Asian Studies.
- Bray, F. (2000). *Technology and Society in Ming China, 1368-1644*. Washington, DC: American Historical Association.
- Byres, T.J. (1985). 'Modes of Production and Pre-Colonial Non-European Societies: the Nature and Significance of the Debate'. In T.J. Byres and H. Mukhia (eds), *Feudalism and Non-European Societies*. London: Frank Cass.
- Chaudhuri, K.N. (1978). *The Trading World of Asia and the English East India Company 1660-1760*. Cambridge: Cambridge University Press.
- Chaudhuri, K.N. (1982). 'European Trade with India'. In T. Raychaudhuri and I. Habib (eds), *Cambridge Economic History of India. Volume 1, c.1200-1750*. Cambridge: Cambridge University Press.
- Clements J. (2005). *Coxinga and the Fall of the Ming Dynasty*. Stroud: Sutton Publishing Limited.
- Crossley, K. (1997). *The Manchus*. Oxford: Blackwell.
- Digby, S. (1982). 'The Maritime Trade of India'. In T. Raychaudhuri and I. Habib (eds), *Cambridge Economic History of India. Volume I, c.1200-1750*. Cambridge: Cambridge University Press.
- Digby, S. and I. Habib (1982). 'Northern India under the Sultanate'. In T. Raychaudhuri and I. Habib (eds), *Cambridge Economic History of India. Volume I, c.1200-1750*. Cambridge: Cambridge University Press.
- Dreyer, E.L. (2007). *Zheng He: China and the Oceans in the Early Ming Dynasty, 1405-1433*. New York, NY: Pearson Longman.
- Elson, R.L. (1992). 'International Commerce, the State and Society: Economic and Social Change'. In N. Tarling (ed.), *Cambridge History of Southeast Asia. Volume 3*. Cambridge: Cambridge University Press.
- Elvin, M. (1973). *The Pattern of the Chinese Past*. Stanford, CA: Stanford University Press.
- Fairbank, J.K. (ed.) (1968). *The Chinese World Order*. Cambridge, MA: Harvard University Press.
- Findlay, R. and M. Lundahl (2017). *The Economics of the Frontier: Conquest and Settlement*. London: Palgrave Macmillan.
- Findlay, R., and K.H. O'Rourke (2007). *Power and Plenty: Trade, War and the World Economy in the Second Millennium*. Princeton, NJ: Princeton University Press.

- Furnivall, J.S. (1948). *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*. Cambridge: Cambridge University Press.
- Gerschenkron, A. (1962). *Economic Backwardness in Historical Perspective: A Book of Essays*. Cambridge, MA: Harvard University Press.
- Habib, I. (1995). 'Potentialities of Capitalistic Development in the Economy of Mughal India'. In I. Habib (ed.), *Essays in Indian History: Towards a Marxist Perspective*. New Delhi: Tulika.
- Habib, M. (1974). 'The Urban Revolution in Northern India'. In K.A. Nizami (ed.), *Politics and Society during the Early Medieval Period: Collected Works of Professor Muhammad Habib, Volume 1*. New Delhi: New Age.
- Haldon, J. (1993). *The State and the Tributary Mode of Production*. London: Verso.
- Hall, D.G.E. (1968). *A History of Southeast Asia*. London: Macmillan.
- Hall, J.W. (1968). 'Feudalism: A Reassessment'. In J.W. Hall and M.B. Jansen (eds), *Studies in the Institutional History of Early Modern Japan*. Princeton, NJ: Princeton University Press.
- Hall, J.W. (1970). *Japan: From Prehistory to Modern Times*. New York, NY: Dell.
- Hartwell, R. (1966). 'Markets, Technology and the Structure of Enterprise in the Development of the Eleventh-Century Chinese Iron and Steel Industry'. *Journal of Economic History*, 26: 29–58.
- Heston, A. (2005). 'National Income'. In D. Kumar (ed.), *Cambridge Economic History of India. Volume II, c. 1757-2003*. Cambridge: Cambridge University Press.
- Hirth, F., and W.W. Rockhill (1964). *Chau-Ju Kua: His Work on the Chinese and Arab Trades in the Twelfth and Thirteenth Centuries*. Taipei: Literature House.
- Hodgson, M.S. (1974). *The Gunpowder Empires and Modern Times. The Venture of Islam*. Volume Three. Chicago, IL: University of Chicago Press.
- Huang, R. (1990). *China: A Macro History*. New York, NY: M.E. Sharpe.
- Kang, D.C. (2010). *East Asia before the West: Five Centuries of Trade and Tribute*. New York, NY: Columbia University Press.
- Keene, D. (1969). *The Japanese Discovery of Europe 1780–1830*. Stanford, CA: Stanford University Press.
- Kuhn, D. (2009). *The Age of Confucian Rule: The Song Transformation of China*. Cambridge, MA: Harvard University Press.
- Lee, K.B. (1984). *A New History of Korea*. Cambridge, MA: Harvard University Press.
- Lewis, W.A. (1978). *Growth and Fluctuations, 1870-1913*. London: George Allen and Unwin.
- Lin, J.Y. (1995). 'The Needham Puzzle: Why the Industrial Revolution Did not Originate in China'. *Economic Development and Cultural Change*, 43(2): 269–91.
- Liu, X. (1988). *Ancient India and Ancient China: Trade and Religious Exchanges along the Silk Road, AD1-600*. New Delhi: Oxford University Press.
- Lockwood, W.W. (1968). *The Economic Development of Japan. Expanded Edition*. Princeton, NJ: Princeton University Press.
- Ma, L.J.C. (1971). *Commercial Development and Urban Change in Sung China, 960-1279*. Ann Arbor, MN: University of Michigan Press.
- Macpherson, W.J. (1987). *The Economic Development of Japan, 1868-1941*. London: Macmillan.

- Maddison, A. (2007). *Chinese Economic Performance in the Long Run, 960-2030 AD. Revised Edition*. Paris: OECD Publications.
- Marshall, P.J. (1987). *Bengal: The British Bridgehead, Eastern India 1740-1828, New Cambridge History of India, Volume 2, Part 2*. Cambridge: Cambridge University Press.
- Marx, K. (1967). *Capital, Volume 1*. New York, NY: International Publishers.
- McEvedy, C., and R. Jones (1978). *Atlas of World Population History*. London: Penguin Books.
- Millward, J.A. (2013). *The Silk Road: A Very Short Introduction*. Oxford: Oxford University Press.
- Moosvi, S. (1987). *The Economy of the Mughal Empire, c.1595: A Statistical Study*. Delhi: Oxford University Press.
- Mukhia, H. (2004). *The Mughals of India*. Oxford: Blackwell.
- Myrdal, G. (1968). *Asian Drama, Three Volumes*. New York, NY: Pantheon Press.
- Nakamura, K. (1997). 'Depression, Recovery and War, 1920-45'. In K. Yamamura (ed.), *The Economic Emergence of Modern Japan*. Cambridge: Cambridge University Press.
- Naquin, S., and E.S. Rawski (1987). *Chinese Society in the Eighteenth Century*. New Haven, CT: Yale University Press.
- Nayyar, D. (2016). *Catch Up: Developing Countries in the World Economy*. Paperback Edition. Oxford: Oxford University Press.
- Needham, J. (1954). *Science and Civilization in China, Volume 1*. Cambridge: Cambridge University Press.
- Needham, J. (1969). *The Grand Titration: Science and Society in East and West, London*. London: George Allen and Unwin.
- Needham, J. (1981). *Science and Traditional China: A Comparative Perspective*. Cambridge, MA: Harvard University Press.
- Newitt, M. (1980). 'Plunder and the Rewards of Office in the Portuguese Empire'. In M. Duffy (ed.), *The Military Revolution and the State 1500-1800*. Exeter: Exeter University Publications.
- Panikkar, K.M. (1969). *Asia and Western Dominance*. London: Collier Books.
- Perdue, P. (2005). *China Marches West: The Qing Conquest of Central Eurasia*. Cambridge, MA: Harvard University Press.
- Pomeranz, K. (2000). *The Great Divergence: China, Europe and the Making of the Modern World Economy*. Princeton, NJ: Princeton University Press.
- Reid, A. (1993). *Southeast Asia in the Age of Commerce 1450-1680, Volume 2, Expansion and Crisis*. New Haven, CT: Yale University Press.
- Richards, J.F. (1974). 'The Islamic Frontier in the East: Expansion into South Asia'. *South Asia*, 4(1): 91-109.
- Richards, J.F. (1993). *The Mughal Empire, New Cambridge History of India, Volume 1, Part 5*. Cambridge: Cambridge University Press.
- Rosovsky, H. (1966). 'Japan's Transition to Modern Economic Growth 1868-1885'. In H. Rosovsky (ed.), *Industrialization in Two Systems: Essays in Honor of Alexander Gerschenkron*. New York, NY: Wiley.

- Rossabi, M. (1988). *Khubilai Khan: His Life and Times*. Berkeley and Los Angeles, CA: University of California Press.
- Rossabi, M. (2014). *A History of China*. Oxford: Blackwell.
- Rowe, W.T. (2009). *China's Last Empire: The Great Qing*. Cambridge, MA: Harvard University Press.
- Roy, T. (2012). *India in the World Economy: From Antiquity to the Present*. Cambridge: Cambridge University Press.
- Shiba, Y. (1970). *Commerce and Society in Sung China*. Ann Arbor, MN: Center for Chinese Studies, University of Michigan.
- Spector, R.H. (2008). *In the Ruins of Empire: The Japanese Surrender and the Battle for Postwar Asia*. New York, NY: Random House.
- Spence, J.D. (1990). *The Search for Modern China*. New York, NY: W.W. Norton.
- Stein, B. (1998). *A History of India*. Oxford: Blackwell.
- Streusand, D. (2011). *Islamic Gunpowder Empires: Ottomans, Safavids and Mughals*. Boulder, CO: Westview Press.
- Subrahmanyam, S. (1993). *The Portuguese Empire in Asia 1500-1700: A Political and Economic History*. New York, NY: Longman.
- Tan, C. (1974). 'The Britain-India-China Trade Triangle (1771-1840)'. *Indian Economic and Social History Review*, 11: 411–31.
- Thapar, R. (1990). *A History of India, Volume 1*. London: Penguin Books.
- Veblen, T. (1966). *Imperial Germany and the Industrial Revolution*. Ann Arbor, MN: University of Michigan Press.
- Veblen, T. (1998). 'The Opportunity of Japan'. In T Veblen (ed.), *Essays in our Changing Order*. New Brunswick, NJ: Transaction Publishers.
- Vogel, E.F. (1991). *The Four Little Dragons: The Spread of Industrialization in East Asia*. Cambridge, MA: Harvard University Press.
- von Glahn, R. (2016). *The Economic History of China: from Antiquity to the Nineteenth Century*. Cambridge: Cambridge University Press.
- von Verschuer, C. (2006). *Across the Perilous Sea: Japanese Trade with China and Korea from the Seventeenth to the Nineteenth Centuries*. Ithaca, NY: East Asia Program, Cornell University.
- Wheatley, P. (1959). 'Geographical Notes on Some Commodities Involved in Sung Maritime Trade'. *Journal of the Malaysian Branch of the Royal Asiatic Society*, 32: 1–140.
- Yamamura, K., and T. Kamiki (1983). 'Silver Mines and Sung Coins: A Monetary History of Medieval and Modern Japan in International Perspective'. In J.F. Richards (ed.), *Precious Metals in the Later Medieval and Modern Worlds*. Durham, NC: Carolina Academic Press.