Documents menu

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Asian-based world economy 1400-1800: A horizontally integrative macrohistory

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Editor's note: This is part one of a twp-part posting. In it, Andre Gunder Frank provides H-WORLD sub- scribers with excerpts of his forth-coming study arguing for an Asian-based world economy, 1400-1800. The excerpting is informal, and does not include details of references. Gunder Frank is currently traveling, but will return to join the discussion in late November.

PM

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Asia's rightful and historically documented place has been denied by the dominance of excessively Eurocentric perspectives on early modern and recent world economic history - and social science! As the master [European/ist] historian Fernand Braudel (1979:134) astutely observed "Europe invented historians and then made good use of them." It is time to help right these Euro-[or Western-] centric mis-interpretations by historians, social scientists and the general public by offering an interpretation of modern and economic world history, which again allots Asia its due. That is the goal here, even if this essay may only be my hesitant first step. ....

PUTTING EUROPE IN ITS AFRO-ASIAN PLACE

.... Alas however, Adam Smith - writing still before the industrial revolution in Europe - was the last major [Western] social scientist to appreciate that Europe was a johnny come lately in the development of the wealth of nations. "China is a much richer country than any part of Europe," Smith (1937:189) remarked still in 1776. Moreover, he also did not regard the "greatest events in the history" to have been any European gift to mankind, of civilization, capitalism or anything else. On the contrary, ...

Then with the spread of European colonialism in the second half of the 19th century, world history was re-written wholesale - and social science was [new] born, not only as a

European, but as a Eurocentric invention. Other social "scientists" may have risen to dispute against Marx [and supposedly to agree with Smith], but they all agreed with each other and with Marx not only that 1492 and 1498 were the two greatest events in the history of mankind, but that ever since that history had been marked by the alleged uniqueness of [West] Europeans, which supposedly generated "The Rise of the West" and gave rise to "the development and spread of capitalism" in the world. ....

Now we are all - knowingly or not - disciples of this completely Eurocentric social science and history, all the moreso since Talcott Parsons enshrined Weberianism in sociology and political science when the United States became economically and culturally dominant in the world after World War II. All of The Structure of Social Action, "modernization theory," and also the economist Rostow's (1959) Stages of Economic Growth were cut with the same theoretical cookie cutter from the same Eurocentric cloth.....

A whole library full of books and articles has been devoted to explaining "The Rise of the West" in terms of its own supposed "exceptionalism." Interestingly, William McNeill (1963), the dean of world historians who used this title for his pathbreaking book, is among the few western historians to take exception to this exceptionalism. Not so E.L. Jones (1981), who revealingly entitles his book The European Miracle, and many others, like White Jr. (1962), Hall (1985) or Baechler, Hall and Mann (1988). They all find the rest of the world deficient or defective in some crucial historical, economic, social, political, ideological, or cultural respect in comparison to the West. Therefore, these authors also revert to an internal explanation of the presumed superiority of the West to explain its ascendance over the rest of the world. For all of them, the rise of Europe was a unique "miracle" and not a product of Eurasian history and of shifts within the world [system]. ....

In general, there is no basis for the latter day European put- downs of Asians as having allegedly had and been held back by some "Asian mode of production" [Marx], or "hydraulic/ bureaucratic society" [Wittfogel] or the lack of "rationality" or even ir-rationality [Weber, Sombart]; but rather a "redistributive" [Polanyi], or some other "traditional" [Lerner, Rostow and all "modernizationists"] society. ... .I shall argue elsewhere (Frank and Zeitlin, in preparation) that this Eurocentric bias vitiates almost all of received social science theory and that the historical evidence [even the little of it presented below] effectively negates the alleged European origin, let alone exceptionalism, of modern social development - - and thereby pulls the rug and the very basis out from under social science theory as we know it....

Even the European Braudel recognized

> Everywhere from Egypt to Japan, we shall find genuine capitalists, wholesalers, rentiers of trade, and their thousands of auxiliaries, commission agents, brokers, money-changers and bankers. As for the techniques, possibilities or guarantees of exchange, any of these groups of merchants would stand comparisons with its western equivalents (Braudel 1982:486).

THE ASIAN ECONOMIC TRAIN AND THE EUROPEAN CABOOSE

....The Portuguese have "bewitched" historians to devote attention to them all out of proportion to their importance in Asian trade. .....

The preponderance of Asia in the world economy has been masked not only by the attention devoted to "the rise of the West" in the world, but also by the undue focus on European economic and political penetration of Asia. The Europeans did not in any sense "create" either the world economic system itself nor "capitalism." Europe itself was not a first rank power nor an economic core region during these three centuries. The core regions, especially of industrial production, were in China and India; and West Asia and Southeast Asia also remained economically more important than Europe. Likewise, China and India were the primary centres of the accumulation of capital in the world system, and China was in overall balance of trade surplus throughout most of this period. Indeed, Europe was in deficit with all regions to the East. West Asia was in surplus with Europe, but in deficit with India. India was in surplus westward but in deficit eastward to Southeast Asia and China, whence India re-exported bullion received from the West. In political terms, the hegemonic influence of China, India, and the Ottomans was considerably greater than that of the Europeans. Asian hegemony was not seriously threatened before the second half of the 18th century. Islam's geographic expansion continued through the 16th century. Hodgson (1974, 1993) and Djait (1985) are emphatic that Islam was still decidedly dominant [hegemonic?] in the world at the end of that century or even later and that any contemporary observer had good grounds for anticipating more of the same....

Perhaps even more significantly, Asian production was much greater, and it was more productive and competitive than anything the Europeans were able to muster, even with the help of the gold and silver they brought from the Americas and Africa. Using GNP estimates by Bairoch, still in 1750 Asia had a GNP of $ 120 billion [in 1960 US dollars] while all the "West," meaning Europe and the Americas [but also including Russia and Japan because of how Bairoch grouped his estimates] had a GNP before the industrial revolution of only $ 35 billion. Still a century later in 1860, the respective amounts were $ 165 billion and $ 115 billion (re-calculated from Braudel 1982:534). According to Angus Maddison's (1991:10) estimates, per capita production or income were almost the same in China and Western Europe in 1400. For as late as 1700 to 1750 (Bairoch 1993) reviews estimates by various authors, and finds [that standards of living were about on a par world-wide].

Beyond the sheer larger amount of product - by after all a much larger population - in Asia, its production was also much more productive, and therefore more competitive on the world market. As Chaudhuri (1978:104-5) rightly observes

> the demand for industrial products, even in a pre-machine age, measures the extent of specialisation and the division of labour reached by a society. There is no question that from this point of view the Indian subcontinent and China possessed the most advanced and varied economies in Asia in the period from 1500 to 1750 (Chaudhuri 1978:204-5).

Not only in Asia, however, but in the world!

> It is clear that Asia's absorption of silver, and to a lesser extent gold for a limited period in the seventeenth century, was primarily the result of a relative difference in international production cost and prices. It was not until the large-sale application of machinery in the nineteenth century radically altered the structure of production costs that Europe was able to bridge the effect of the price differentials (Chaudhuri 1978:456). ....

"No one disputes the existence of a world market for silver. The issue is how to model it" (Flynn in Tracy 1991: 337). "The price of silver in Peru ... must have some influence on its price, not only at all the silver mines of Europe, but at those of China" observed Adam Smith (1776/1937:168). There had been an Afro- Eurasian-wide market for gold and silver since time immemorial. Caribbean gold was added to it by the Spaniards from the voyages of Columbus and his followers; and a major new infusion of American silver began with the discovery of the silver mines at Zacatecas in Mexico in 1548. This new silver made an impact in various parts of Asia certainly from 1600, if not before, to 1800.

That is, Japan alone contributed 8 thousand out of this 28 thousand ton total, or almost 30 percent, and therefore perhaps fully one quarter of total world production, including that of Persia, etc., during this critical period -- and more than that ended up in China, since it received an unknown part of the remaining silver as well. ....

Thus between 1600 and 1800, continental Asia absorbed at least 32 thousand tons of silver from the Americas via Europe, 3 thousand tons via Manila, and perhaps 10 thousand tons from Japan, or a total of at least 45 thousand tons or nearly 40 percent of the world production of 116 thousand tons that did not remain in the Americas, apart from its own production. A still unknown but large share of this silver ended up in China, which also received silver over the trans- and circum- Asian eastward bound routes. China received significant parts of the silver exported from Europe via the Levant, West-,South-, and Southeast Asia. .....

The historical/empirical sections of the present essay demonstrated that the real world during the period between about 1400 and 1800, not to mention also the past before that, was itself also very different from what is alleged by received theory. Eurocentric history and "classical" social science, but also still Wallerstein's "modern world-system" suppose and/or allege e European predominance, which simply did not exist. Still until about 1800 the world economy was by no stretch of the imagination European-centred nor in any significant way defined or marked by any European-born [nor European borne] "capitalism," let alone development. Still less was there any real "capitalist development" initiated, generated, diffused or otherwise propagated or perpetrated by Europeans or the West. THAT occurred ONLY by the stretch of European-centric imagination, and even that only belatedly since the nineteenth century, as Bernal has already emphasized. Instead, the data in the preceding sections have shown unequivocally that the world economy was preponderantly Asian-based.

[WHY/HOW DID THE EUROPEANS MANAGE?]

The answer, literally in a word, is that the Europeans bought themselves a seat, and then even a whole railway car, on the Asian train. How were any - literally - poor Europeans able to afford the price of even a third class ticket to board the Asian economic train? Well, the Europeans somehow found and/or stole, extorted, or earned the money to do so. Again how so? ....

Precisely that is also the explanation of Blaut (1977,1992,1993) who, in all these regards, seems to be the modern alter ego of Adam Smith. Both understand and explain the first two answers to the question of how the poor Europeans managed access to the thriving Asian market is 1) they used their American money, and 2) they used the profits of both their production/imports from and their exports to America and Africa, and their investment of the proceeds of all of these in Europe itself.

However the third answer alluded to above to how the Europeans managed, is that they also used both the American silver money and the European profits to buy into the wealth of Asia itself. As Smith noted, and all the evidence reviewed above shows, Europe used its commodities, or what comes to the same thing, the only commodities it could sell in Asia, that is its American gold and silver, to buy Asian products. Moreover, as also documented above, Europe used its silver purchasing power to muscle in on the intra-Asian "country" trade. Europeans derived more profits from their participation in the intra-Asian trade than they did from their Asian imports into Europe, even though many of the latter in turn generated further profits for them as re-exports to Africa and the Americas. So the Europeans were able to profit from the much more productive and wealthy Asian economies by participating in the intra-Asian trade; and that in turn they were able to do ultimately only thanks to their American silver.

Without that silver per se primarily, and secondarily the division of labor and profits it generated in Europe itself, the Europeans would not have had a leg, or even a single toe, to stand on with which to compete in the Asian market. Only their American money, and not any "exceptional" European "qualities," which, as Smith still realized even in 1776, had not been even remotely up to Asian standards, permitted the Europeans to buy their ticket on the Asian economic train and/or to take a third class seat on it.

So how is it that this otherwise apparently hopeless European gamble in Asia panned out - and finally hit the jackpot? Only because while the Europeans were gathering strength on the back of the Americas, Africa and Asia itself, the Asian economies and polities were also weakening themselves during parts of the 18th century -- so much so that their paths or graphs finally crossed ... in about 1815. However, in the half century before that, another - fourth - element entered into the European/Asian equation. ....

Ernest Mandel (1968: 119-120) estimated the European colonial booty between 1500 and 1800 at 1,000 million gold pounds sterling, of which 100 to 150 million reached Britain from India alone between 1750 and 1800, while it invested in the new industrial "revolution," especially in steam engines and textile technology. Yet by 1800 the capital invested in steam-operated industry in all of Europe was still less than what its colonial profits had been. The most scrupulous student of the British economy for that period, Phyllis Deane (1965) detailed "six main ways in which foreign trade can have helped to precipitate the first industrial revolution (quoted in detail in Frank 1978a:227). .....

In conclusion, attending to the alas only posthumously published plea of Joseph Fletcher to do integrative "horizontal" macrohistory is the most important and neglected task of history. This essay has been a modest effort to help remedy this neglect for the early modern period he referred to. Recall that the world renowned historian Ranke is most known for having called for a history "wie es eigentlich gewesen ist" [how it really was]. However, Ranke also said that "there is no history but world history." That world history is wie [how] all history eigentlich gewesen ist. There is NO way to understand it - or even any part of it! - without abandoning the blinkers of the Eurocentric tunnel vision, which still so confines us to darkness. For there is NO light at the end of that Eurocentric tunnel. As in the proverbial joke about looking for the watch under the wrong light post, in this case both the bright light and the real world watch are elsewhere. And that is NO joke!

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