

Introduction

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It is almost common knowledge by now, thanks to the penetrating research by several scholars on maritime history in the last few decades, that the opening of the direct sea route from Europe to Asia around the Cape of Good Hope brought about an integration of trade on a global scale in the early modern era (roughly between 1500 and 1800). The main focus of the present volume is to highlight the growth and development of the international trade between Europe and Asia, especially India, between the sixteenth and eighteenth centuries which is extremely significant in the economic history of the world. This is the period when India was gradually incorporated into the capitalistic world system through oceanic trade with Europe. Encouraged by the Portuguese activities in the sixteenth century, various North European nations founded joint-stock companies in the early seventeenth century for trade in Asia, prominent among them being the English East India Company (EIC) and the Dutch Verenigde Oostindische Compagnie (VOC). The flow of silver from the 'New World' of America rendered trade between Europe and Asia easier. A portion of the silver which entered Europe from America was used in commerce with Asia. This, along with the silver that came from Japan, enhanced the purchasing power of the Europeans who were now in an advantageous position to procure goods for European markets.¹

I

The pioneers in direct European maritime trade with Asia were the Portuguese whose *Estado da Índia* was for long regarded as the

¹ For the proportion of the American silver inflow to Europe and the outflow to Asia, see M. Morineau, *Incroyables gazettes et fabuleux métaux. Les retours des trésors américains dans les gazettes hollandaises* (Cambridge, Paris, 1985), pp. 582–3; for Japan, Dennis O. Flynn, 'Comparing Tokugawa Shogunate and Hapsburg Spain: Two Silver-based Empires in a Global Setting' in James D. Tracy (ed.), *The Political Economy of Merchant Empires* (Cambridge, 1991), pp. 332–59; see also chapter 13 below, M. Morineau, 'The

dominant influence in the Indian Ocean in the sixteenth century. To Moreland,² the leading historian of an earlier generation, the advent of the Portuguese in the Indian Ocean ushered in a new era in the region. Admitting that Asian ships were active in some areas of the Indian Ocean, he however maintained that the main channels of trade in the region were dominated by the Portuguese. The assumption was so much entrenched that Panikkar, writing forty years after Moreland, talks of the 'Western dominance' of the Indian Ocean beginning with the arrival of the Portuguese under Vasco da Gama.³

The first challenge to the characterization of the sixteenth-century Indian Ocean as one of Portuguese dominance came from J. C. van Leur (1955) who emphasized that, even in the sixteenth century, Asian maritime trade continued to be of vital importance. He argued that the Portuguese actually failed to gain control of the vital pepper and spice trade.⁴ This part of the van Leur thesis is now generally accepted by all concerned with the subject. Niels Steensgaard has shown that there was no dramatic increase in the volume of the vital pepper and spice trade reaching Europe before the export of these commodities by the VOC and EIC in the early seventeenth century.⁵ An estimate by L. F. Thomaz puts the Portuguese export of cloves to Europe over the whole century at only one-eighth of the total production of the Moluccas.⁶ Even in western India, which was their stronghold, the Portuguese were relatively unsuccessful. In the rest of India, their impact was very small. The extent of the Portuguese failure is well illustrated by the fate of their attempt to monopolize the pepper trade. What is of greater significance is that in terms of total Asian spice trade – not just the small amount which went to the Red Sea and Europe – the role of the Portuguese was even more limited. They were 'irrelevant', as Michael Pearson points out, for most of the time in most areas of Asia – from the Middle East to East Asia – over the huge amount of spice consumed in Asia.⁷

Indian Challenge: Seventeenth to Eighteenth Centuries' and K. N. Chaudhuri, *The Trading World of Asia and the English East India Company 1660–1760* (Cambridge, 1978), pp. 2–3, 6–7, 455.

² W. H. Moreland, *India at the Death of Akbar* (London, 1920), pp. 186–8, 192–210.

³ K. M. Panikkar, *Asia and Western Dominance* (New York, 1959).

⁴ J. C. van Leur, *Indonesian Trade and Society* (The Hague, 1955).

⁵ Niels Steensgaard, *The Asian Trade Revolution of the Seventeenth Century: the East India Companies and the Decline of the Caravan Trade* (Chicago, 1974), pp. 95–103, 157–69.

⁶ L. F. Thomaz, 'Portuguese Sources in Sixteenth Century Indian Economic History' in John Correia-Afonso (ed.), *Indo-Portuguese History: Sources and Problems* (Bombay, 1981), p. 101; see also V. Magalhães Godinho, *L'Economie de l'Empire Portugais aux XVIe et XVIIe siècles* (Paris, 1969); *Os Descobrimentos e a economia mundial* (Lisbon, 1980–4).

⁷ M. N. Pearson, 'India and the Indian Ocean in the Sixteenth Century' in Ashin Das Gupta and M. N. Pearson (eds.), *India and the Indian Ocean, 1500–1800* (Calcutta, 1987), p. 90.

In recent years, most historians have followed van Leur in emphasizing the marginality of European activities in the Indian Ocean at least up to the middle of the eighteenth century.⁸ It has been suggested that any picture of Asian trade in the sixteenth century must emphasize continuity rather than change.⁹ But Steensgaard regards this part of van Leur's thesis as 'too drastic a reaction to the European paradigm'. While arguing that the Portuguese had never really achieved mastery over the Indian Ocean, he stresses the fact that the Portuguese efforts to enhance their claims to sovereignty in the Indian Ocean brought about changes in the 'embryonic world system' of the Indian Ocean. He holds that the official *Estado* did interfere, however little, with the Indian Ocean network – the link between Aden and Calicut was snapped and the major part of the East African trade was redirected to Goa. On the private side of the Portuguese Empire, both small and large merchants along with the peddlars of Portuguese origin or descent merged into the trading world of Asia and traded on equal terms with their Asian counterparts. These Portuguese, as private entrepreneurs, were just another group added to the various ethnic groups trading in the Indian Ocean. Thus the tarnished image of Portuguese commerce is being rehabilitated now, with special reference to private trade, by Steensgaard followed by Sanjay Subrahmanyam and L. F. Thomaz.¹⁰

But van Leur's characterization of Asian trade as the sum total of peddling trade and as nothing but trade in luxury goods¹¹ is considered Eurocentric and has come in for much criticism from a host of scholars. Though Steensgaard reiterated the thesis of peddling trade,¹² it has been contended in recent years that, though there were numerous small traders with meagre capital in many parts of Asia, there were certainly many wealthy magnates too who traded with huge capital resources. The merchant princes in India, namely Virji Vohra in early seventeenth-century Surat, Mulla Abdul Goffur in late seventeenth-century Surat, Cassa Verona in late seventeenth-century Madras, and the Jagat Seths and Khwaja Wazid in early eighteenth-century Bengal, with their varied

⁸ Niels Steensgaard, 'The Indian Ocean Network and the Emerging Economy, c. 1500–1750' in Satish Chandra (ed.), *The Indian Ocean: Explorations in History, Commerce and Politics* (New Delhi, 1987), p. 132; M. N. Pearson, *The Portuguese in India* (Cambridge, 1987), pp. 2–3, 77–9.

⁹ Pearson, 'India and the Indian Ocean', p. 90.

¹⁰ Steensgaard, *Asian Trade Revolution*, pp. 95–103, 157–69; 'The Indian Ocean Network', pp. 132–6; Sanjay Subrahmanyam and L. F. Thomaz, 'Evolution of Empires: the Portuguese in the Indian Ocean during the Sixteenth Century' in Tracy, *Political Economy of Merchant Empires*, pp. 298–332; Sanjay Subrahmanyam, *The Portuguese Empire in Asia, 1500–1700* (London, New York, 1993).

¹¹ Van Leur, *Indonesian Trade and Society*.

¹² Steensgaard, *Asian Trade Revolution*, pp. 22–59.

and extensive operations, can be compared with the Medicis, Fuggers or Tripps of Europe.¹³ Ashin Das Gupta, however, dilutes the van Leur thesis to describe even such a wealthy merchant as Mulla Abdul Goffur as a peddler because he was an 'insecure man' made so 'by limitation of information and vagaries of commerce'. He visualizes the development of a sophisticated structure of credit and brokerage in India as an attempt to facilitate 'trade of atomized men'.¹⁴ If that be so, how is one to distinguish Asian and Indian trade from that in Western or Central Europe? One of the difficulties stems from the fact that we do not have comprehensive and detailed information on European commercial networks in their own space. A second issue relates to the specific links between the Indian Ocean and the Far East which were still significant. However, the fact that the Red Sea and not the Cape of Good Hope remained the main outlet of India's foreign trade in the seventeenth century shows that, as has been pointed out recently by Irfan Habib, given the possibility of free and open competition, the 'atomized commerce' was by no means less efficient than the trade of the Dutch or English Companies.¹⁵

Again, van Leur described the Asian trade as characterized by the exchange of luxury goods, small in bulk but high in value. But this has proved to be an unwarranted assumption, as has been indicated by M. A. P. Meilink-Roelofs and Das Gupta. Luxuries were of course exchanged and there is little doubt that India's prime import was bullion. But at the same time many more mundane goods were also carried by sea. The best example is cotton cloth from Gujarat, the Coromandel and Bengal. Some of these textiles were undoubtedly expensive and fine stuff but the overwhelming majority was cheap and coarse piece-goods used for everyday wear and exported all over seaborne Asia.¹⁶ In

¹³ For Virji Vohra and Cassa Verona, see K. N. Chaudhuri, *Trading World*, pp. 138, 258; Markand Mehta, *Indian Merchants and Entrepreneurs in Historical Perspective* (Delhi, 1991), pp. 53–64; for Mulla Abdul Goffur, see Ashin Das Gupta, *Indian Merchants and the Decline of Surat circa 1700–1750* (Wiesbaden, 1979); for Jagat Seths and Khwaja Wazid, see Sushil Chaudhury, 'Merchants, Companies and Rulers', *Journal of the Economic and Social History of the Orient* (henceforth *JESHO*), 31 no. 1 (1988), pp. 91–103; *From Prosperity to Decline: Eighteenth Century Bengal* (New Delhi, 1995), pp. 109–16, 120–3; Kumkum Chatterjee, *Merchants, Politics and Society in Early Modern India: Bihar, 1733–1820* (Leiden, 1996), pp. 71–8, 102–6, 117–20, 196–7. For a parallel, see chapter 6 below, M. Morineau, 'Eastern and Western Merchants from the Sixteenth to the Eighteenth Centuries'.

¹⁴ Das Gupta, *Indian Merchants*, pp. 11–13.

¹⁵ Irfan Habib, 'Merchant Communities in Precolonial India' in J. D. Tracy (ed.), *The Rise of Merchant Empires* (Cambridge, 1990), pp. 397–8.

¹⁶ M. A. P. Meilink-Roelofs, *Asian Trade and European Influence in the Indonesian Archipelago between 1500 and about 1630* (The Hague, 1962); Ashin Das Gupta, 'The Maritime Merchant: c. 1500–1800', Presidential Address, Medieval India Section, Indian History

fact, a detailed analysis made by S. Chaudhury of the textile export of the VOC (which was the most active in intra-Asian trade) in the early eighteenth century reveals that ordinary cheap calicoes formed 80 to 90 per cent of the export to Batavia, medium-quality silk and mixed piece-goods about 80 per cent of the export to Japan while the share of fine-quality expensive muslins varied between 5 and 12 per cent to Batavia and was almost negligible to Japan.¹⁷ Moreover, staple food items like rice, wheat, oil, *ghee* (clarified butter), etc. were regular items of trade within the Bay of Bengal, in Indonesia and up and down the west coast of Asia. There is also evidence that rice from India was sent even to Aden, Hormuz and Malacca.¹⁸ A similar picture will possibly emerge from an analysis of the Chinese, Japanese and Indonesian trade which flourished during this period.

One of the main difficulties in writing about the Asian trade is that one has to depend almost entirely on European sources. Unfortunately, most of the trade records of the Asians have been destroyed or are at least untraced. But even if the available sources are produced by Europeans for their own purposes, careful use of historical method makes it possible to reconstruct the Asian trade with such material, as has been amply demonstrated by, among others, Das Gupta and Steensgaard.¹⁹ However, research into the Asian archives might yield rewarding results, as has been shown in this volume in the contribution by Aghassian and Kévonian. A lot has yet to be done by historians in this regard – vigorous research may be undertaken for material on trade by Asian merchants in the Middle East, Central Asia, India, South East Asia and other centres of the Indian Ocean trade. As things stand at present, possibly because of the nature of our source material, two important theories have been almost universally accepted with few reservations.

First, it has been almost taken for granted that the long-distance commerce through overland routes between India and the Middle East and Central Asia, and through Central Asia to Europe, declined invariably and substantially with the domination of the English and the Dutch in the overseas export from India. It is possible that fascination for the sea

Congress, 1974; 'Indian Merchants and the Indian Ocean' in T. Raychaudhuri and I. Habib (eds.), *The Cambridge Economic History of India* (Cambridge, 1982), vol. I, pp. 413–16. For export of provisions from Bengal, see S. Chaudhury, *Trade and Commercial Organization in Bengal, 1650–1720* (Calcutta, 1975), pp. 87–90.

¹⁷ S. Chaudhury, *From Prosperity to Decline*, pp. 195–202. See also note 26 below.

¹⁸ Pearson, 'India and the Indian Ocean', p. 75; W. Bauer (ed.), *China und die Fremden* (Munich, 1980); Charlotte von Verschuer, *Le commerce extérieur de Japon: des origines au XVI^e siècle* (Paris, 1988); Anthony Reid, *Southeast Asia in the Age of Commerce* (New York, 1988), vol. I; Denys Lombard, *Le carrefour javanais: essai d'histoire globale* (Paris, 1990).

¹⁹ Das Gupta, *Indian Merchants*; Steensgaard, *Asian Trade Revolution*.

and preoccupation with the European market as well as the nature of the surviving evidence have obscured the significance of the traditional and continuing trade through the overland route from India. Moreland thought that India's overland trade in the seventeenth century was of little importance and that the important development took place at sea.²⁰ The recent findings of Joseph Brenning, Ashin Das Gupta, Shireen Moosvi and van Santen show the continuing and even growing importance of India's overland trade in the seventeenth century.²¹ The evidence furnished by them, documenting the continued importance of the inflow of precious metals through the Near and Middle East to India in the seventeenth century, should initiate, as Frank Perlin has observed, 'important revisions to the conventional position' held so far.²² In this context it is pertinent to point out that at the turn of the eighteenth century, the total trade value at Surat was around Rs 16 million while the total value of the European trade there was about one-eighth of this.²³ More revealing are the findings of Moosvi, whose analysis of the surviving treasure-troves from the Mughal period seems to indicate that the caravan route between India and Persia through Quandahar has so far been grossly underestimated.²⁴ Some of the essays in this volume (especially by Aghassian and Kévonian, Veinstein and Chaudhury) will also illustrate that the overland trade from India was of great importance in the seventeenth and even in the first half of the eighteenth century. However, the discussion of continental trade, in focusing on the Quandahar route, is too restrictive. Such trade also resorted to a traffic which was partly seaborne and/or partly overland by Bandar Abbas and Isfahan and then via Basra and Baghdad.

Secondly, it is again possibly because of the nature of the documents and the resultant Eurocentric approach that the impact of the European trade on the Indian economy has been unduly overestimated. It has been suggested even in recent studies that the activities of the European companies in the seventeenth and eighteenth centuries led to an unprecedented boom in the textile and silk trade and industries in

²⁰ Moreland, *India at the Death of Akbar*, p. 218; *From Akbar to Aurangzeb* (London, 1923), p. 58.

²¹ Joseph J. Brenning, 'Silver in Seventeenth-Century Surat' in J. F. Richards (ed.), *Precious Metals in the Later Medieval and Early Modern Worlds* (Durham, NC, 1983); Das Gupta, *Indian Merchants*; Shireen Moosvi, 'The Silver Influx, Money Supply, Prices and Revenue Extraction in Mughal India', in *JESHO*, 30 (1988), pp. 47–94; H. W. van Santen, *De Verenigde Oostindische Compagnie in Gujarat en Hindustan, 1620–1660* (Leiden, 1982).

²² Frank Perlin, 'Monetary Revolution and Societal Change in the Late Medieval and Early Modern Times – a Review Article', *Journal of Asian Studies*, 45 (1988), p. 1039.

²³ Das Gupta, 'India and the Indian Ocean in the Eighteenth Century' in Das Gupta and Pearson, *India and the Indian Ocean*, pp. 136, 140.

²⁴ Moosvi, 'The Silver Influx'.

particular.²⁵ Though the total production for internal consumption and for the traditional inter-regional and overland trade of India cannot be worked out, there can be little doubt that the European export could have been only a small portion of the total output. In Bengal, which was the main exporter of textiles and raw silk, the two most important export commodities to Europe in the second half of the seventeenth and first half of the eighteenth century, the total production of textiles for internal consumption only was estimated at around Rs 60 million (leaving aside the Asian export which was quite substantial) while the total European export of textiles from Bengal in the mid-eighteenth century hardly exceeded Rs 5 to 6 million.²⁶

Another facet of the European impact is to be found in the import of precious metals by the Companies. It has been suggested by several historians that the Europeans were the major importers of bullion and specie into India, particularly Bengal, in the first half of the eighteenth century.²⁷ As a corollary to this, scholars have maintained that the influx of bullion in the train of European trade was a major factor for 'marked and sustained' price increases in Bengal in the first half of the eighteenth century.²⁸ But it can be shown that the Europeans were not the largest importer of bullion even in the mid-eighteenth century – it was the Asians who brought in more silver than the Europeans.²⁹ Besides, it has been recently suggested that the prices of commodities, especially important export items like textiles and raw silk as well as

²⁵ K. N. Chaudhuri, *Trading World*, pp. 238–9, 247, 272–4; Om Prakash, *The Dutch East India Company and the Economy of Bengal 1630–1720* (Princeton, 1985), pp. 98–107, 160–2; S. Arasaratnam, 'Weavers, Merchants and Company', *Indian Economic and Social History Review*, 17 no. 3, p. 262 and 'India and the Indian Ocean in the Seventeenth Century' in Das Gupta and Pearson, *India and the Indian Ocean*, p. 126.

²⁶ For the estimate of textile production for local consumption in the late eighteenth century, which may well be the same for the first half of the eighteenth century, see H. T. Colebrooke, *Remarks on Husbandry and Internal Commerce of Bengal* (Calcutta, 1804), p. 170. For European exports, see S. Chaudhuri, *From Prosperity to Decline*, chapter 7; 'Trade, Bullion and Conquest – Bengal in the Eighteenth Century', Presidential Address, Medieval India Section, Indian History Congress, 1989; 'European Companies and the Bengal Textile Industry in the Eighteenth Century', *Modern Asian Studies* (May 1993), pp. 321–40. See also Om Prakash's reply in the same issue, 'On Estimating the Employment Implications of the European Trade for the Eighteenth Century Bengal Textile Industry', pp. 341–6 and Chaudhuri's essay in this volume (chapter 16).

²⁷ K. N. Chaudhuri, *Trading World*, p. 247; P. J. Marshall, *Bengal – the British Bridgehead* (Cambridge, 1987), pp. 65, 67; C. A. Bayly, *Indian Society and the Making of the British Empire* (Cambridge, 1987), pp. 49–50.

²⁸ K. N. Chaudhuri, *Trading World*, pp. 99–108; P. J. Marshall, *East Indian Fortunes* (Oxford, 1976), p. 35; *Bengal*, pp. 73, 142–3, 163–4, 170.

²⁹ S. Chaudhuri, *From Prosperity to Decline*, pp. 279, 320, 330, 332–3; 'Sirajuddaullah, English Company and the Plassey Conspiracy – a Reappraisal', *Indian Historical Review*, 13 nos. 1–2, pp. 126–7.

wage goods like staple food (rice in this case), do not really indicate any sharp or marked rise in Bengal during this period.³⁰

The fact is generally being recognized now that the Asian merchants were in no way inferior to the Europeans in terms of their commercial operations and business acumen. Whenever there was the possibility of free and open competition, the Asian merchants in fact triumphed over even the European Companies.³¹ One of the main reasons for this was the ability of the Asians to thrive on low profit margins while the Companies always sought a high margin to compensate for their heavy overhead costs. Moreover, the Asian merchants bought and sold goods with greater shrewdness than the servants of the Companies. Thus while the Asians were content with a profit of 10 to 15 per cent, the Companies wanted a profit of as much as 40 to 70 per cent.³² The Companies were successful against the Asians only when they were able to use naval or military power to good advantage. This is well illustrated by the VOC's application of naked force to gain control of the spice trade (as in Banda in 1621) and to monopolize the pepper trade after the capture of the Malabar coast (1663) and Bantam (1680).³³ But this policy of aggression had its limitations too. Thus the VOC's application of force led to the decline of Cochin and the consequent revival of Calicut, and the stagnation of the Dutch settlement on the Coromandel.³⁴ The cases of Europeans in Japan and Canton can also be cited here. But as F. S. Gaastra has emphasized in his contribution in this volume, the VOC did not always resort to military power: it also tried diplomatic and other means to resolve issues.

The relationship between the Europeans and Asians during the pre-colonial period (sixteenth to eighteenth centuries) is characterized by most historians as one of collaboration and as such the period is designated as the 'Age of Partnership'.³⁵ Though this is certainly an improvement

³⁰ S. Chaudhury, 'Continuity or Change in the Eighteenth Century? Price Trends in Bengal, circa 1720–57', *Calcutta Historical Journal*, 15 nos. 1–2, pp. 1–27. *From Prosperity to Decline*, pp. 278–305.

³¹ S. Arasaratnam, *Merchants, Companies and Commerce on the Coromandel Coast* (Delhi, 1986), pp. 142–5.

³² Steensgaard, 'The Indian Ocean Network', p. 142.

³³ Kristof Glamann, *Dutch-Asiatic Trade, 1620–1740* (Copenhagen, The Hague, 1958), chapter 4.

³⁴ Ashin Das Gupta, *Malabar in Asian Trade, 1740–1800* (Cambridge, 1967), pp. 11–32; Arasaratnam, *Merchants, Companies and Commerce*, pp. 161–3.

³⁵ The phrase was coined by Holden Furber. See also his article, 'Asia and the West as Partners before "Empire" and After', *Journal of Asian Studies*, 28 no. 4 (1969); Pearson's 'Introduction' in M. N. Pearson and Blair B. Kling, *The Age of Partnership* (Honolulu, 1979). See also chapter 9 below, Femme S. Gaastra, 'Competition or Collaboration? Relations between the Dutch East India Company and the Indian Merchants around 1680'; the position of the Europeans in the Asiatic world has been described by M. Morineau in P. Léon (ed.), *Histoire économique et sociale du monde* (Paris, 1978), vol. II.

on the traditional Eurocentric view, a more careful and detailed analysis of the commercial intercourse in the Indian and Pacific Ocean regions during this period would indicate that there was more competition than collaboration between the Companies and Asian merchants, though the relations at times were fluid depending on the circumstances at a particular place. Hence it was perhaps more an 'Age of Competition' than an 'Age of Partnership'. The Europeans did not dominate the Asian markets to the extent of driving Asian shipping out of trade nor did they take any great proportion of the trade from Asian merchants. That the Europeans had to face severe competition from Asian merchants is borne out by the activities of Virji Vohra and Mulla Abdul Goffur in Surat, and the Jagat Seths and Khwaja Wazid in Bengal.³⁶ It was only when the Asian markets were subjected to European military and political power such as in the Moluccas, Macassar or Bantam that the Asians were driven out of these places. But towards the close of the seventeenth century it was private trade enterprises more than the Companies that began eating into the traditional preserves of the Asian merchants. It is likely that the decline of the Indian maritime commercial traffic from around the close of the seventeenth century was in fact due more to political and administrative disorder in the hinterland (as in the case of Surat and the Coromandel) than to any disability of the merchants to subsist in the commercial world. And by the turn of the nineteenth century, not only was the European ship dominant in the Indian Ocean but 'the Indian ship sailed into oblivion'.³⁷

II

The main contours of the essays in this volume are briefly set out in the following pages. The essays are grouped together in four sections keeping in view as far as possible their thematic contents. The first contribution by Palat and Wallerstein under the theme 'Asia, especially India, around 1500' argues that the distinctive logic underlying the Indian Ocean world-economy is to situate it in the distinctive characteristics of wet-rice cultivation, which implies that the tendencies towards the creation of large, consolidated estates were virtually non-existent in regions where rice was the staple crop, and tenurial relations shifted in favour of tenants. The possibility of harnessing large agrarian surpluses through the careful irrigation of small plots and labour-intensive methods also meant that, in contrast to the historical experience of early modern Europe, state-builders in late medieval South Asia were less dependent on

³⁶ See n. 13 above.

³⁷ Das Gupta, 'India and the Indian Ocean in the Eighteenth Century', p. 134.