Introduction: the ‘Mediterraneans’ of Europe and Asia

The emergence of large port cities as crucibles for the creation of wealth and as focal points of trade – London, New York and Tōkyō, but also Hong Kong, Shanghai and Singapore – has led economists to shift their focus from nation states to transnational regions and global cities. East Asia is witnessing the birth of a new economic zone which is not delineated by national borders or groups of nation states such as China, Japan, Korea or the countries of Southeast Asia. Rather, we find a maritime corridor, running from Vladivostok to Singapore, which takes in portions of nation states and subjects them to its own dynamic based on gradually converging legal systems and business practices.

Is this phenomenon as new as it seems? This particular configuration of economic and territorial spheres is in fact not without historical precedent. In the 14th century, Genoa, Venice and Barcelona were global marketplaces commanding the flow of goods in the known world by controlling that central maritime space which was the Mediterranean Sea. Later, around the Baltic Sea, the states of the Hanseatic League, Lübeck, Hamburg and Riga, also found themselves at the centre of an organised maritime space and likewise in control of a global flow of goods. And more recently, in the 18th century, Bordeaux might be viewed as not just French, but as belonging to a wider Atlantic network. Finally, thanks to the confluence of Arab, Indian, Portuguese and Chinese trading networks, the South China Sea can be viewed as a salient focal point for trade between Asia and Europe throughout the 18th century. The economic structures around the Mediterranean, the Baltic, and the South China Sea remained stable over several centuries, facilitating trade, fostering the emergence of original political forms and laying the basis for a cosmopolitan culture.

The parallel between the current Asian maritime corridor and the commercial order which once prevailed in the Mediterranean, the Baltic and the South China Sea is particularly striking. Then, as now, port cities

1 See for example Edward W. Fox (1973) L’autre France, Paris, Flammarion, p. 75.
are the powerhouses of the regional economy, leaving the hinterland to operate on less mercantile criteria. Then as now, these cities cooperate on their own terms rather than by following the rules of their respective nation states. And then as now, they control a large amount of the global flow of trade.

This has led us to examine in detail how the situation that once reigned in the Mediterranean and the other two basins can help us better understand the maritime corridor of East Asia today. This corridor, linking the basins of the Sea of Japan, the Yellow Sea, the South China Sea, the Sulu Sea and the Celebes Sea, will be referred to hereafter as the ‘Asian Mediterranean’. We will test the validity of this model by exploring two periods of economic globalisation, namely the late 16th and the late 20th centuries.

We will also study the continuities and discontinuities in Asia’s maritime history by analysing two ways in which coastal territories can be viewed: (1) as regions whose particularities and precise boundaries within the state remain to be determined and (2) as cities embedded within an archipelago of urban areas which seek to free themselves from national domination. In this latter interpretation, China is seen as being split into two macro-regions: the coastal areas, which are well integrated within an international subcontracting network, and the hinterland, which operates according to another economic logic, more continental and less market-oriented.

Finally, through the study of the abovementioned maritime basins beginning in the 15th century, we will attempt to identify the various forms that globalisation can take. Although the metaphor of an Asian Mediterranean has its limits, it can be very revealing, helping to uncover the hidden links between economics, geography, and international relations.

The book has five parts. Part I begins by presenting our approach to the study which is to draw upon the entire range of traditional disciplines – political economy, geography and international relations (Chapter 1). It then deals with the historical precedents of integrated maritime spaces: the Mediterranean and the maritime republics (Chapter 2), the Baltic Sea and the Hanseatic League (Chapter 3) and the South China Sea with its mercantile kingdoms and (relatively) independent city states (Chapter 4).

Part II looks at the importance of tributary trade in the Asian Mediterranean. We study the organisation of trade in the Asian Mediterranean with emphasis on monopolies (Chapter 5), the role of tributary and unofficial trading practices (Chapter 6) and the special case of Japan’s adoption of the Chinese system of international relations and simultaneous diversion to its own benefit (Chapter 7). In the final chapter
of Part II, the system of Asian maritime relations is shown to be a complex interweaving of Chinese, Japanese and Western business networks relying on a limited number of large emporia (Chapter 8).

In Part III, foreign traders arrive on the scene – the Portuguese, the Spaniards, the Dutch and lastly the British (Chapter 9), leading to the imposition of the treaty ports in the 19th century (Chapter 10) and to the development of trading cultures specific to Singapore, Hong Kong and Shanghai, the outcome of prolonged interactions between Chinese and foreign traders (Chapter 11). In the light of this new approach, we summarise our understanding of Asia, its geography, economy and international relations, in Map 17.1, where the cartographic representation is centred on the transnational regions (the economic zones of the Sea of Japan, the Yellow Sea and the South China Sea) rather than on the nation states; it emphasises the flows which define a maritime area, and the string of port cities which form its boundaries and provide its lasting structure. The representation of Asia in such a map raises two questions:

1. The formation of an Asian Mediterranean heightens the political impact of the port cities: does this mean that they match, or even surpass the multinationals in their influence on the shape of the economic network that currently dominate the global economy?
2. As it is forced into the dynamic operating in the East Asian maritime corridor, is China’s economic sphere, structured as it is by international subcontracting and polarised around a few large urban centres, undergoing reorganisation or fragmentation?

We answer these questions in Part IV. First we look at aspects of Chinese urban development during the period of isolation from the global economic system that began when the Communist Party seized power (Chapter 12); we then consider the swift insertion of China’s coastal areas into a worldwide manufacturing arc (Chapter 13), and the intensified rivalry between Hong Kong and Shanghai as it played out through trading intermediaries (Chapter 14), through logistics (Chapter 15), and through financial services (Chapter 16).

Part V deals with the challenges to state sovereignty by the Asian Mediterranean embodied in three issues:

1. The external dynamic forces which are causing China’s economic space to break up and re-form, are directed towards constraining the country to open up. They come mainly in the form of powerful attractive, or ‘suction’, forces emanating from the economic corridor running between Vladivostok and Singapore. The effect of
this attracting force on China’s economic organisation is assessed by analysing the results of direct foreign investment there (Chapter 17).

2. The ideological contortions which have produced the concept of the ‘socialist market economy’ (shehuizhuyi shichang jingji) clearly show that market forces drive the Chinese economy, with the imperative arising from below rather than being an expression of tolerance on the part of the leadership. This economic reorganisation is explored by following two guiding threads: the slow erosion of state ownership in industry on the one hand, and urban proliferation with its increasing diversity on the other (Chapter 18). The perverse side effects of this process can be seen in the virulence of local protectionism and the intensity of trade conflicts, both of which are contributing to the fragmentation of China’s economic space into a mosaic of mini-markets, each separated from the other by strong protectionist barriers (Chapter 19).

3. China is slowly turning away from its continental, collectivist, autarchic basis and towards the other Asia which is maritime, open, mercantile and cosmopolitan. In so doing, it is reconnecting with a tradition last seen in the great maritime expeditions under Admiral Zheng He, whose fleets sailed as far as East Africa in the early 15th century. This shift also opens up the possibility of China finally becoming one, true, federated nation and its reconstruction into a flexible empire, fully adapted to the demands of globalisation (Chapter 20).