CHAPTER 2

Early Modern Globalization

1 Introduction

Over the past few decades, the discussion on the importance of long-distance trade in the early modern period has grown into one of the major debates in economic history. Kevin O’Rourke, Jeffrey Williamson and their co-authors have addressed in various publications between 2000 and 2009 the issue of whether or not the ‘Voyages of Discovery’ ushered in the first age of globalization. They define globalization as the integration of markets across regions, with commodity markets reflecting one important dimension of this phenomenon. The best evidence of commodity market integration is ‘the extent to which prices of the same commodities converge over time worldwide.’ Since they did not find evidence of commodity price convergence before the nineteenth century, they concluded that no market integration took place during the early modern period. Instead, these authors argue that the 1820s should be seen as the starting point of globalization, as after that date technological innovations and declining barriers to trade led to a fall in transaction costs and the integration of global commodity markets. Their work has become very influential and the nineteenth century is now generally referred to as the ‘first era of globalization’.

Not everyone is convinced, however. Dennis O. Flynn and Arturo Giráldez have suggested that globalization started in 1571 with the foundation of Manila and direct trade between the Americas and Asia. While they raise serious...
doubts regarding the narrow definition employed by O’Rourke and Williamson, they also join the same game when they find several ‘cycles’ in which the price of silver converged globally. Klas Rönnbäck found signs of global price convergence from the late seventeenth century onwards. A study by Paul Sharp and Jacob Weisdorf finds some long-term market integration in the wheat trade between the US and the UK in the eighteenth century. They stress, however, that this is not evidence of globalization per se, as they only show market integration between the United States and the United Kingdom. Dobado-Gonzalez et al. recently studied grain prices in the Americas and Europe more generally and concluded that globalization also started in the eighteenth century. In his review of the debate, Jan de Vries takes up a nuanced view, suggesting that globalization in this period faced clear limits, but that it was an era of globalization nonetheless.

As explained in the introductory chapter to this book, I intend to contribute to the debate on the origins of globalization by studying price trends in the Dutch–Asiatic trade. This is not to claim that this is the only important trade of this period. While substantial work has already been done by Chaudhuri, further research is currently being undertaken regarding the Anglo–Asian trade. The collection of more evidence from the Portuguese Carreira da India or the French Compagnie des Indes and other companies could certainly lead to important insights. Yet there are good arguments for studying the Dutch East India Company’s trade, as the VOC was by far the most important trading company operating in the Euro-Asian trade between 1600 and 1800: 49 percent of all ships sailing to Asia in the seventeenth and eighteenth century were Dutch. In the second part of the eighteenth century the English and French were


Rönnbäck, ‘Integration of Global’.


Dobado-Gonzales et al., ‘The Integration’.

