CHAPTER 8

Hinterlands and Port Cities in Southeast Asia’s Economic Development in the Eighteenth Century

*The Case of Tin Production and its Export Trade*

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Introduction

Joseph A. Schumpeter, a well-known twentieth-century economist, pointed out five conditions that lead to economic development: that is, (1) the introduction of a new good; (2) the introduction of a new method of production; (3) the opening of a new market; (4) the conquest of a new source of supply of raw materials or half-manufactured goods; and (5) the carrying out of the new organization of any industry.1 Similarly to other parts of the world, some of these conditions emerged in Southeast Asia during the early modern period. Some of these conditions can be easily found historically by performing research using an analytical framework that investigates the connections between a port and its hinterland in an economy. It is argued that the use of this specific analytical framework on the economic functions of ports and hinterlands should contribute significantly toward making the theory and the history of economic development in Southeast Asia much more sophisticated.

This is because the region provided several sorts of primary products to other regions on a large scale, and such exports formed a significant economic basis not only for the people engaged in trading business at port towns but also for ordinary producers in the hinterlands. Reacting to large demand for primary products from the outside, each local economic system developed in Southeast Asia, where local societies exported specific primary products while importing necessary items such as foodstuffs and clothes through port towns. In this sense, each port city can be regarded as a centre for each local economy in Southeast Asia. Moreover, they were also important places for political decision-making, as shown by the fact that local kings and sultans usually resided in such port cities. Although Ayutthaya and Palembang are typical examples of such economically and politically important port cities in Southeast Asia, there were other types of port cities. Some ports were relatively large and

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visited by Europeans traders, such as the Dutch East India Company [Verenigde Oostindische Compagnie: VOC] (1602–1799), and some ports were smaller but used by many indigenous traders for trading business. In addition, ports were connected multilaterally with each other and formed a large trading network as a whole.

A general and comparative survey of the network between several ports, therefore, would be beneficial to a fuller understanding of the function of ports and hinterlands. It should be emphasized that over the eighteenth century dynamic changes occurred in all of the economies of Asia, and not only in the economy of Southeast Asia, regarding the intensification of their contacts and connections with the global economy, which were to grow even more intensely in the nineteenth century. One of the most important elements in Asian economic development in the eighteenth century was the emergence of the Chinese economic influence in Southeast Asia. Based on detailed studies on the economy of Java, especially that of Batavia, as well as the trading activities of Chinese merchants, Leonard Blussé has proposed calling this century of expansion of Chinese economic activities in the South China Sea region (c.1740–c.1840) ‘the Chinese century’.2 In addition to Blussé’s hypothesis, Carl A. Trocki has offered a general survey of Chinese expansion in the economy of Southeast Asia in terms of trading and migration by combining several cases studies.3 Taking into consideration the geographical condition of Southeast Asia, which is located between two historically great economic powers, India and China, an examination of Southeast Asia’s economic links with outside economies, from the point of view of investigating trading activities as well as economic changes in the hinterland, is clearly a significant topic.

By examining tin mining and production in Southeast Asia and its export trade in this paper (See Map 8.1), I propose not only to investigate the general functions of economic links between ports and hinterlands but also to examine the five conditions for economic development that were formulated by Schumpeter. For this purpose, this paper will focus on (1) the changes in the intra-Asian tin trade and the general global trade between Asia and Europe, especially based on the trading activities of the VOC, which was the most important trader in tin in Asian waters in terms of volume, and (2) a comparative analysis of tin

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