

Industrialization around the South China Sea in world perspective, ca. 1810-2012

Abstract

For centuries the South China Sea has been the home of a large share of world shipping. These ships did not only carry silver from the Philippines to China, arguably the best known trade, but it was also the way to trade a large share of industrial products such as Chinese and Indonesian textiles. Yet, the importance of this region in terms of industrial production started to decline somewhere in the 18th and 19th century possibly because of rising competition from other regions.

Unfortunately, we hardly have any information of the scale and scope of these developments. The most commonly used estimates, by Bairoch (1982), covering 1750-1980 indeed show a decline in the 19th followed by a resurgence in the 20th century. Due to a lack of quantifiable information, however, this dataset is to a large extent based on some rather strong assumptions. Recent estimates for countries such as England, India, and, more specifically, China and Indonesia, deliver considerably different results. Hence, in this paper we combine newly available estimates of industrialization for a large number of countries in order to arrive at a revision of the role of the South China Sea in world industrialization and find that, due to increased international competition, industrialization around the South Chinese Sea moved in the 19th century into low value added activities. This changed in the 20th century due to deliberate industrial policies combined with a move from industries from Western countries to Southeast Asia.