

Reversals of Fortune in the Tea Industry

Part III: The Sea Route to China is Discovered



“Estado da Índia”, the Portuguese Empire in the East

By the end of the 16th century, Portuguese fortresses and unofficial settlements were established in key ports from Mombasa to Nagasaki. Extreme measures to gain a monopoly on the spice and gold trade included a blockade of the Red Sea, as well as the excessive use of deadly military power. Such efforts met with limited success, and complicated efforts to maintain their supremacy.

When Vasco da Gama set sail from Lisbon on May 20, 1498, he sailed “in search of Christians and spices”. The former was undoubtedly the chimerical Christian kingdom of Prestor John, and the latter was the obsession of all Europe. His first voyage ended at the Malabar Coast (Cochin and Calicut), the center of the India-China spice trade. It was a triumph that would assure Portugal’s role as a major maritime power for two centuries.

In addition to opening the sea route to the Orient, da Gama also set the tone of “hatred and vengeance” which would characterize Portuguese-Muslim relations for the future. By 1504, the Pope received a threat that Christian holy places would be destroyed “unless something was done to curb the Portuguese”.

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Reversals of Fortune in the Tea Industry, Part III

Parts I and II of our series covered one of the most turbulent periods of China's history. From our tea-centric perspective, this period began with the Song dynasty's *Tea for Horses* trading campaign with Tibet, necessitated by the lack of capable war horses within the Song's borders. This program was the first documented instance of large-scale tea trade with China. Principally a means of supplying China's army with war horses, the program was actively promoted until the fall of the Song dynasty, which succumbed to the fierce armies of Khubilai Khan in 1279.

Khubilai Khan's Yüan dynasty enjoyed only a brief period of stability. There was continuous underlying discord, fomented by southern Song scholars who never accepted dominance by Mongolian rulers. At its height, the Mongolian Empire extended from Persia (which then included all territories referred to as Central and Middle Eastern Asia) to Beijing and south to Indonesia. However, the vastness of the Empire and the lack of unified leadership at local levels presented insurmountable challenges to the Yüan.

Khubilai Khan's insatiable appetite for new conquests thwarted his attempts to solidify his empire and govern effectively. After failing to capture control of Japan in 1274, Khubilai launched a second attempt in 1281 in which his fleet of 1,600 ships was destroyed by a tsunami, requiring an expensive reallocation of funds to rebuild the Yüan navy. When plague and famine hit hard in the 1300s, the treasury was further strained by the concurrent costs of massive relief efforts and loss of tax revenues.

The Yüan's ill-fated solution to the financial crisis was simply to print more money. Without silver backing, the new currency was shunned and silver was hoarded, exacerbating the problem. As described by Jack Weatherford, in *Genghis Khan and the Making of the Modern World*,

Mongol authorities lost control of the monetary system they had so laboriously and meticulously created... At the least sign of weakness in the Mongol administration, confidence in the paper currency dropped and caused it to fall in value while pushing up the value of copper and silver. Inflation grew so fiercely that by 1356 the paper currency had effectively become worthless.

The collapse of the currency, followed by twenty years of civil war, culminated in the overthrow of the Yüan dynasty. In less than a century the Mongolian Empire crumbled under its own weight.

China's largest ethnic group, the *Han*, were in the forefront of the anti-Mongolian insurrection. One by one, the Han seized control of key Chinese territories. By 1368, they had claimed victory over the foreign Mongol rulers and established a new capitol in Nanjing, ushering in the Ming dynasty.

The new dynasty faced many challenges, each of which was overcome by unmitigated will and tenacity. To fend off repeated Mongol attacks from the north, the Great Wall was restored and expanded. This project began in 1378 and continued well into the 16th century. To address the fiscal problems facing a depleted treasury, Ming officials countered deficit spending with austerity and fiscal reform. Lax and corrupt local officials were severely punished, and a secret police/surveillance force was established to monitor adherence to strict Imperial edicts. The Ming's Imperial Palace created an authoritarian system that became a theme in China for years to come.

In contrast to Khubilai Khan's program of conquest, Ming officials took a defensive posture, focusing on trade and internal affairs. While constantly fearing attacks from the north, they simultaneously explored trading opportunities in the more friendly South China Sea, as well as those in the Indian Ocean.

In the early 1400s several large fleets (including the largest in history, up to that time) were dispatched to develop maritime trade. These flotillas went beyond the Persian Gulf, and on to east Africa, exchanging goods and bartering for silver. But obsession with the north would continue to distract Ming officials from fully developing this important area. This left opportunities for entrepreneurs who were willing to flaunt government sanctions against private trade with foreigners. The rewards were great, and the risks were limited by the difficulty of enforcing authority in the vast South China Sea.

The entire area became a wellhead of private enterprise. In fact, the stark contrast between the controlled economy of mainland China and the free commerce of her Southeast Asian neighbors that lasted well into the 21st century, originated

with the Ming dynasty. We read in Volume 7 of *The Cambridge History of China*, p 8:

Even without state sponsorship, Chinese merchant and craftsmen colonies, and eventually agricultural settlements as well, came into existence from the Philippines through Southeast Asia, and mostly date from Ming times. The boundless energies, ingenious entrepreneurship, aggressive risk-taking, and creative leadership with the society seen within this Ming maritime expansion is at curious variance with the retrenchment and managerial failures of the state in its northern defense posture.

As trade was flourishing in Southeast Asia, Europe was experiencing shortages and rapid price increases for all goods from the Orient. By this time, Ottoman traders controlled the land routes used to transport goods to the eastern Mediterranean ports. Hostilities between the Venetians and the Ottomans occasionally escalated to war, but profits from trade generally kept animosities in check. Overall, the supply/demand ratio supported ever-increasing prices. Western Europe's silver was flowing into Venice and Genoa at an escalating rate. The only solution was to find an all-sea route to the Orient.

As early as 1291, four years before Marco Polo returned to Venice, the Vivaldi brothers of Genoa attempted to sail south from Morocco, along the western coast of Africa, and reach the Far East. They never returned, and their fate was never learned. It would be more than two centuries before the feat would finally be accomplished. Although they came to the maritime trading scene much later than Genoa or Venice, it would be the Portuguese who first reached the Orient by sea. In fact Portugal was the first country to establish an empire upon which the sun never set.

The plague of the early 14th century that devastated Eurasia (and beyond) did not spare the poor farmers of Portugal. Most who survived migrated to the coast, turning to the sea for survival. With relatively few natural resources at her disposal, Portugal's future depended on her mastery of fishing and maritime trade.

Unlike the ships that sailed the Mediterranean Sea, Portuguese ships from the shipyards of Porto were built to withstand the extreme conditions of the Atlantic Ocean, where they fished in deep waters for cod and herring. As skills in the shipyards increased, and as navigation charts of

the Atlantic improved, fishermen, traders, and explorers extended their reach.

At this time in Europe's geopolitical evolution, countries and borders were poorly defined and subject to interpretation. Inherited sovereignty, royal marriages, and military might loosely defined borders and alliances. Kingdoms, fiefdoms and city-states garnered power from the wealth under their jurisdiction.

In the 9th century, Portugal was a fiefdom of the kingdom of *Asturias*. It achieved fleeting independence as early as the 11th century, but did not achieve lasting autonomy until 1385, when *João I* (John I) defeated the Castilians in the battle of Aljubarrota. Under John I and his immediate successors, Portugal would become the most influential maritime power in Europe. Much of the credit for this is ascribed to John's third son, *Infante Henrique* (Prince Henry).

Prince Henry "The Navigator" (1394 - 1460) is credited with launching Portugal on her voyage of discovery. There is ample evidence that without Henry's commanding influence, the role of Portugal in 16th century European hegemony would be significantly reduced. For more on the life of Prince Henry, and the formative years of the Portuguese empire, please refer to *Prince Henry 'the Navigator', A Life* by Peter Russell (Yale Nota Bene/Yale University Press). This thorough study was used as a major source for our story.

With two older brothers in line to inherit the throne, Henry realized that he would not likely be crowned King of Portugal in the near future. He therefore directed his ambitions toward the expansion of Portuguese territory by colonizing islands off the coast of the Iberian peninsula. His first attempt was to capture Grand Canary Island. This proved to be an embarrassing financial and military disaster. After several additional failed attempts, he redirected his efforts to the unoccupied and unclaimed islands of Madeira and Porto Santo, which he readily secured. This proved to be a rather valuable acquisition. Madeira was covered with hardwood trees, and thus was an excellent source of timber, a commodity sorely lacking in Portugal, and a commodity essential to the shipyards of Porto.

The colonization of Madeira and Porto Santo began in 1425. As forest areas were cleared for lumber, the rich open fields were found to be incredibly fertile. Wheat, which was difficult to



Adapted from *A History of Portuguese Overseas Expansion, 1400-1668*, by Malyn Newitt

grow in Portugal, flourished, and by 1454 extensive portions of the island were planted with sugar cane. This crop was so successful that by the time Henry died in 1460, Madeira was the major source of sugar for all of Europe!

After Madeira, Henry turned his attentions to the Azores, and later the Cape Verde Islands. On the African continent, his primary focus was Guinea, where he engaged actively in converting the natives to Christianity, and profiting from the slave trade (which he evidently considered analogous). Loathsome as it was, slavery was common at the time. It was not limited to a specific race, culture, or religion. It was also one of the most profitable enterprises of the time.

Henry did not personally participate in the expeditions that he financed and organized. In his later years he appears to have been motivated more by wealth acquisition and a perpetual legacy than by the heroics of exploration. He made much ado about capturing Muslim territory for Christian Portugal (even claiming this achieve-

ment for unoccupied Madeira), but his religious convictions were questionable.

By the time of Henry's death, it was clear that there was great wealth to be had in African trade. The elusive sea route to the Orient was nowhere in sight, but that goal was steadily being achieved as Portugal progressively expanded its empire.

Over time, settlements dotted the western coast of Africa, progressing farther southward toward the southern tip of Africa. This attracted more foreign investors, especially those from Genoa and Venice, who realized that their monopoly of trade through the Mediterranean was soon to end. Lisbon became an international financial center as foreign banks opened branches in that city.

In 1488, Bartolomeu Dias rounded the southern tip of Africa, and safely returned to Portugal. Within a decade Vasco da Gama completed the rest of the journey to the Orient. On a two-year voyage that cost him his brother, more than two-thirds of his crew, and two of his ships (half his fleet), Vasco da Gama finally reached India. The date was May 20, 1498, nearly a year after they departed from Portugal.

Da Gama was met with hostility all along his journey. It has been postulated that the hostilities were mostly due to his own poor behavior and his distrust of all Muslims. Malyn Newitt (*A History of Portuguese Overseas Expansion, 1400-1668*) goes so far as to state: "With da Gama's mission, direct European contact with the East got off to the worst possible start." For his second voyage, da Gama commanded a large fleet of heavily armed warships and reinforced his first impression.

Thus the sea link between western Europe and the Orient was finally completed. Only now would tea be likely to reach the dining tables of Europe. This would, however, still have to wait until the demand for spices was satiated.

Portugal established settlements at strategic locations along the coasts of east Africa and India, as well as within the Spice Islands. The island of Macao became to the Portuguese what Hong Kong became to the British.

Fortunes would be made by a few, but there would be endless struggles and setbacks.

Our series on *Reversals of Fortune in the Tea Industry* will continue in the next issue of the *Upton Tea Quarterly*.