

# Assignment 1

**Explain these words/ phrases:**

## **Spheres of Influence**

A sphere of influence is the area in which another powers or countries wishes to exert its influence so that no hostile government or ideology can take root there. For example, the United States of America regards Central America as coming within its sphere of influence. During the 1980s the US tried to overthrow the communist Sandinista regime in Nicaragua. Another example is before the fall of the USSR. Before its fall in 1991, the it regarded Eastern Europe as its sphere of influence, which is why it felt justified in invading Czechoslovakia in 1968 when that country appeared to be adopting more liberal policies. Singapore could also be regarded within the English sphere of influence because we have adapted their form of government and law.

## **Monopoly**

Monopoly is the exclusive control of something. In economics, it refers to the exclusive control of a commodity or service in a given market-which leads to higher prices for the consumer. In some countries monopolies are not common because of their anti-trust laws. An example would be the United States of America. Monopoly also refers to an exclusive privilege, granted by the state or country, of engaging in a particular business or providing a service.

In the 17th century, the Dutch took control of Malaka and controlled the spice trade in Java. The Dutch made sure that other European powers could not trade in the Malay Archipelago and only allowed the Europeans trade at Batavia in Java. Thus, they enjoyed a trade monopoly in the Malay Archipelago.

## **Balance of Power**

Balance of power is the concept that world peace is best served when no one power in any region gains sufficient military strength to dominate other states in that region. It was first used to describe European statecraft in the 19th century. Keeping the balance of power in Europe was a cornerstone of British diplomacy-the concept being that if one power or coalition of powers got too strong, the weaker states would make an alliance to combat it. Alliances therefore is not about ideology but of simple common sense, they would continually shift to maintain the balance of power. Then a balance will be maintained to prevent wars. Balance of power politics was a factor why the U.S. decided to normalize relations with Vietnam. This was because a strong Vietnam, it is believed to act as a test on the power of China in the region.

## **Most Favoured Nation Treatment**

Most favoured nation treatment means that every time a member state improves the benefits that it gives to one trading partner, it has to give the same “best” treatment to all other WTO members, so that they will remain equal. Countries are to grant equal treatment, to goods and services from all WTO members. They cannot show favouritism or discrimination. However some exceptions are allowed. For example, countries within a region can set up a free trade agreement that does not apply to goods from outside the group. A free trade agreement is an agreement to trade goods stated in the agreement freely without paying tax to the state. A country can also raise barriers against products from specific countries that are considered to be traded unfairly. And in services, countries are allowed, in limited circumstances, to discriminate. But the agreements only permit these exceptions under very strict conditions.

## **Extraterritorial Rights**

Extraterritorial rights are the privilege of immunity from local law enforcement enjoyed by certain aliens. Although physically present upon the territory of a foreign nation, those aliens possessing extraterritorial rights are considered by customary international law or treaty to be under the legal jurisdiction of their home country. This immunity from law enforcement is reciprocal between countries and is generally provided for visiting heads of state, those in the diplomatic services of foreign nations and their families, and officials of the United Nations. Generally such persons are exempt from both civil and criminal action; they may not be sued or arrested. Their property and residences are inviolable, and they are usually exempt from both personal and property taxes. While extraterritorial rights insures that a diplomat will not be prosecuted for illegal behaviour, it is emphasized that he is expected to adhere to the laws of the land in which he is serving. Any major transgressions may result not only in a formal complaint to his government but possibly in a demand for his expulsion. Extraterritorial rights also extend to public vessels in foreign territorial waterways and ports. With the exception of the right of a state to regulate navigation within its own waters, a foreign public ship is entirely exempt from local jurisdiction. A private ship, on the other hand, is subject to local laws. Extraterritorial rights was in the past often granted to foreigners not occupying diplomatic positions. After the conquest of Constantinople by the Turks in 1453, extraterritorial rights were bestowed as a courtesy upon several European states, notably Venice and Genoa. In the 19th century. Western powers, often through coercion, secured unilateral extraterritorial rights for their citizens in China, Egypt, Japan, Morocco, Persia, Siam, and Turkey in the belief that these "uncivilized states were incapable of establishing justice. Consequently the Western consul was assigned to handle all civil and criminal cases involving his countrymen. Extraterritorial rights of this type was strongly resented as an infringement of sovereignty and was abolished in Japan in 1899, in Turkey in 1923, and in Egypt in 1949. In China opposition to extraterritorial rights was but one phase of resistance to foreign control, which included the treaty port system and territorial concessions in the major cities. In 1924 the USSR voluntarily abandoned its privileges in China, as did the United States and Great Britain in 1943. Italy and Japan lost their special status during World War II because they were enemies of China. In 1946, when France abandoned its privileges, nondiplomatic extraterritorial rights in China came to an end.

## **Treaty**

A treaty is an international law, formal agreement between two different independent states or organizations of state. It may cover issues including the regulations of trade, the making of peace, or the forming of military alliances.

Treaties can be classified into three categories. Political treaties deal with (among other things) alliances, war, cessions of territory, and rectification of boundaries. Commercial treaties may govern fisheries, navigation, tariffs, and monetary exchange. Legal treaties concern extradition of criminals, patent and copyright protection, and the like.

Treaties were designed to regularize the contact of nations and are the source of most international law. Treaties have existed ever since states came to existence. Records survive of Mesopotamian treaties dating before 3000 B.C., and in the Old Testament many treaties were mentioned.

## **Imperialism**

Imperialism is the policy that aims at building and maintaining an empire, in which many states and peoples, spread over a wide area, are controlled by one dominant state.

Imperialism is the opposite of the principle of self-determination, which is the more generally accepted creed today. Imperialism had existed from the times of Alexander the Great. Examples of great Empires are the Roman Empire, which existed two thousand years ago and the English Empire in the 19<sup>th</sup> to 21<sup>st</sup> Century.

## **Colonialism**

Colonialism is the system whereby a state acquires and rules colonies. It could also be system or policy by which a nation maintains or advocates such control or influence on a state. An example of a colony is Hong Kong, for example, which is a colony of Great Britain, until 1997, when China takes over responsibility for it. Many colonies have a limited amount of self-government. Territory. that is ruled by another state.

## EIC

The EIC or East India Company is a British trading company formed by British traders and merchants. It is one of the most unique and important organizations in the British colonial history. On October 16, 1599, Queen Elizabeth I of England granted a licence to the EIC, awarding it a monopoly of the trade with the East.

The company made huge profits from the sale of pepper acquired from Sumatra and Java and sold in London. In this way, the EIC began building more ships to travel to the East and the number of shareholders increased.

However at that time, the EIC faced stiff competition with the VOC or Dutch East India Company. The VOC's policy was a monopoly on trade in spices, pepper and other commodities in the region. The VOC tried to keep out the EIC as a rival.

Rivalry and tension between the two companies increased to such an extent that in 1620, the Dutch massacred the personnel in the EIC depot at Amboyna. After the massacre, the EIC decided to turn its attention to India where it already had a factory at Surat. At that time, Surat was the main port of trade between India and Europe. Although the EIC turned to India, it did not completely withdraw from the Malay archipelago. It kept its factory at Bencoolen on the west coast of Sumatra.

At this time, the Indian market became more attractive for English goods. From the mid 1600's onwards, the EIC slowly began to acquire territory in India. During this period also, the EIC was allowed to raise its own military force. In 1689, the EIC issued a formal declaration of its intention to be a territorial power in India, thus revising its earlier commercial aims.

The 18<sup>th</sup> century was a very important period in the EIC's history. The EIC expanded into Northern India and was increasingly involved in the China Trade. In London, the Company's office headquarters was improved to reflect its importance as a great company of the world.

Because of the expansion, the British had to seek for an alternative port in the Malay Archipelago, preferably along the Straits of Melaka, to protect the ships travelling in the Straits of Melaka between China and India. Though they already had two ports – Penang and Bencoolen, they could not sufficiently protect British ships, as they did not occupy a central position in the Straits of Malaka.

They aimed to get a port south of the Dutch Melaka so that the British could control the Straits of Melaka and protect British ships that sailed along the Straits of Melaka. The man who set out looking for a new port for the British was Raffles, the British Lieutenant-Governor of Bencoolen at that time. He was assisted by Major William Farquhar.

The annexation of native states, harsh revenue policies, and the plight of the Indian peasantry all contributed to the Rebellion of 1857-58, referred to previously as the Sepoy Mutiny. In 1858 the East India Company was dissolved, despite a valiant defense of its purported achievements by John Stuart Mill, and the administration of India became the responsibility of the Crown.

## VOC

The VOC, Verenigde Oostindische Compagnie or in English, the Dutch East India Company was formed in 1602. A number of small, independent trading companies, all operating out of the Netherlands, merged to form the company.

On March 20, 1602, the representatives of the provinces of the Dutch republic, granted the VOC a monopoly on the trade in the East Indies. Its purpose was not only trade; the company also had to fight the enemies of the Republic and prevent other European nations to enter the East India trade. During its history of 200 years, the VOC became the largest company of its kind, trading spices like nutmeg, cloves, cinnamon and pepper, and other consumer products like tea, silk and Chinese porcelain.

By the second half of the seventeenth century, the VOC had established Cape Town as an important place for re-provisioning its ships with essentials such as water, and fresh fruit and vegetables. Both on the outbound journey to the VOC outpost at Batavia and the rest of Asia, and on the long homebound voyage, Cape Town was to perform an important role in the lives of the ships and the men who sailed them. That the colony grew, as each successive ship brought new arrivals to the Cape, including functionaries of the VOC and their wives and families, was almost incidental to the Company's purpose.

At the same time, the VOC took control of Melaka from the Portuguese and controlled the spice trade in Java for the next two centuries. The Dutch made sure that the other European powers especially Britain could not trade in the Malay Archipelago by maintaining a large fleet of warships and a strong army in the area. They also stated that Europeans could only trade at Batavia in Java. Thus, they enjoyed a trade monopoly in the Malay Archipelago.

In the 17th and 18th centuries the VOC was the largest trading and shipping company in the world. The Company employed thousands of people, owned some thirty settlements in Asia and six chambers in the Dutch Republic as well as a fleet of more than one hundred ships. At the end of the 18th century, however, this multinational enterprise went bankrupt. The directors were simply not prepared for demands which the immense company, the tremendous distances and long-term planning placed on them. The difficult bookkeeping and the six departments in the Dutch Republic did not make running the Company efficiently and effectively any easier. The VOC had to protect its favourable trading position and vast possessions against European competitors and Asian monarchs. The shift of goods to Europe (tea, sugar, pepper and tin) was bad for the Company. The Company fell into serious debt and only with considerable government support could it hope to overcome these problems. Both the States General and the States of Holland were prepared to supply extensive credits because tremendous economic interests were involved. The collapse of the Company would be disastrous for the cities where the chambers were located. The Company, however, was trapped in a vicious circle and despite the considerable financial support there was too little money to send sufficient ships and personnel to Asia.

On 26th December 1794, almost two hundred years after the adventurous departure of the first four ships the final VOC ship left the roadstead at Texel. The next day it reached

Duins where it was confiscated by the English. The same thing happened to many returning ships in 1795. Batavia could only be reached under a neutral flag. The English took over the Dutch trading posts one by one and eventually the VOC could no longer bear the consequences of the Fourth English War. The Company was nationalized, personnel dismissed, ships sold and shipyards closed. In 1803 the Chambers of Delft, Hoorn and Enkhuizen were dissolved. The final patent expired on December 31, 1799 and the government took over all outstanding debts to the amount of 119 million guilders. In 1805 trade was de-controlled. The future showed a completely different relation between Holland and East India. It was a sad and quiet end of a glorious trading company.

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