Rethinking the Rise of the West: Global Commodities

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I. Introduction

Rationale

The period 1500-1800 is frequently represented as an era of increasing European global domination. Attention to the conquest of the Americas, the Enlightenment, the Atlantic slave trade, and expansion into Asia and Africa typically reinforce this interpretation. However, recent analyses of this period do not place Europeans at the center of world affairs: they emphasize the importance of large, centralized states in China, West Asia, sub-Saharan Africa, and India. Historians now claim that Europeans served not as dominators, but as intermediaries for commercial goods — including silver, slaves, and manufactured goods — between these various regions. Indeed, they argue that Europeans did not dominate global trade and politics until about 1800.

Focus Questions:

1. What economic, technological, demographic and ecological forces created the first truly global network of trade in the 16th century?
2. How can historians reconstruct the past by tracing the exchange of particular commodities (such as silver)?

Grade Level and Time Required

Grades: 10-12; Time: Three periods or, 150 minutes

Goals

- Students develop an in-depth understanding of the reasons for the establishment in the 16th century of the global network of trade which was based on silver.

- Students assess the consequences of this network of trade on the development of the regions that participated in this network during the period from 1500 – 1800.

- Students assess the ramifications of current research regarding the history of this network for interpretations of modernity and the rise of the west in world history.

Instructional Objectives

1. Identify the reasons for the development of a network of global commodities in the 16th century.

2. Identify, describe and critically assess the linkages of international trade that characterized the process of globalization that resulted from the development of a network of trade in silver in the Pacific Ocean basin.

3. Determine the effects of the establishment and the functioning of this trade on the regions which participated in it and, especially China.

4. Assess China's importance for the world economy.

5. Assess claims in current historiography of China's modernity and the rejection of a Eurocentric world history.

Resources

- Bridging World History (Annenberg/CPB Media), Unit #15
  http://www.learner.org/courses/worldhistory/

- China and the West, 1500-2000: What is Modern?
  (Asia for Educators)
  http://afe.easia.columbia.edu/chinawh/

II. Class Activities: Investigation, Mapping, and Role Play

A. Silver Connects the World: China

1. Have students watch the video "Early Global Commodities" on the following web site: http://www.learner.org/channel/courses/worldhistory/unit_video_15-1.html

2. Students should be asked then to review the first segment of the video entitled, "Silver Connects the World: China."

VIDEO SEGMENT # 1 : Silver Connects the World: China

"This segment explores China's contribution to the creation of a global silver market during the sixteenth century. By the fifteenth century, China had been producing prized commodities like silk, jade, tea, and porcelain for hundreds of years. The Chinese exchanged these items within a thriving system of domestic trade, long-distance land-based trade, and tributary trade with nearby states. Because of these well-established trade networks, there were few trade items the Chinese needed from other channels.

That changed in the mid-fifteenth century, when the Ming government's century-old system of using paper currency finally collapsed. At that point, the government adopted silver as its preferred medium of exchange, and promised from then on to pay all salaries — and to collect all taxes — in silver. The result was an explosion in demand for silver throughout China. Without adequate silver resources of its own to satisfy such demand, however, China had to look beyond its own borders.

Initially, the Chinese imported most of their silver from Japan, whose mines produced nearly a third of the world's silver output in the sixteenth and seventeenth centuries. However, by the 1540s it was already clear that the Chinese demand would outstrip the Japanese supply. It was at nearly that moment that silver from the Peruvian mine at Potosí was making its way onto the market — a historical convergence that would set the first global trading network in motion."

Summary from Bridging World History web site Unit 15-- see web site:

http://www.learner.org/channel/courses/worldhistory/unit_overview_15.html

3. Using an outline map of the world, ask students to map the flow of silver trade in the 17th century.
   Reference materials --
   In addition to the video program the following sources:
   - Asia for Educators web site "China and Europe: 1500 – 1800" The Silver Trade Part 1:*Flow of Silver Interactive* in http://afe.easia.columbia.edu/chinawh/web/s5/s5_4.html
   - Worlds Together Worlds Apart textbook by Robert Tignor et.al. Chapter 4, Map: Trade in Silver and Other Commodities 1650-1750

4. Direct students to peruse the the section "The Silver Trade Part I" in the Web module *China and Europe 1500-2000 and Beyond What Is Modern?* (Asia for Educators website)
   http://afe.easia.columbia.edu/chinawh/web/s5/s5_4.html

5. Class discussion: ask students to draw on what they have learned from the sources above to discuss the following propositions:
   a. "In the second half of the 15th and the first half of the 16th century it was China and the far East and not Europe that was the engine of international trade."

b. "The failure of the Ming emperors to manage China's money supply resulted in the complete "silverization" of the Chinese economy with enormous repercussions not only for the Chinese economy itself but also for the modern world economy at large."

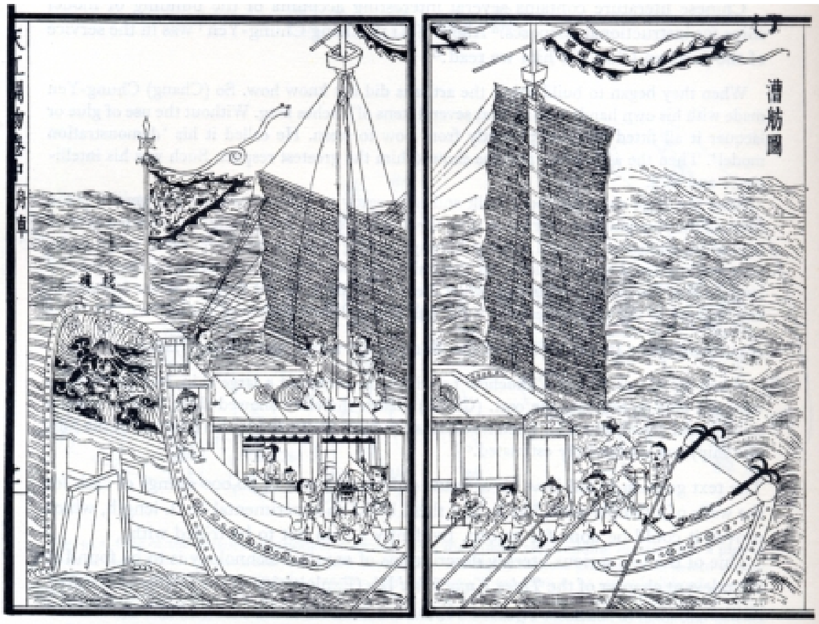
6. Ask students to examine the following primary sources and explain their significance for international trade in the sixteenth century.


Jade BI Disc with Qilong (ca 960-1279)


Chinese aristocrats weaving silk

Chinese paper money Ming dynasty

Silver coin from Mexico Carlos IV minted 1798



Chinese grain freighter 1639

B. Silver Connects the World: The Americas and the Manila Galleon

1. Have students watch the second segment of the video "Early Global Commodities" on the following web site: http://www.learner.org/channel/courses/worldhistory/unit_video_15-1.html

VIDEO SEGMENT # 2: Silver Connects the World: The Americas

"This segment explores the discovery of silver at Potosí, Peru, and the ways that silver made its way around the world by maritime trade. Unlike the Chinese — who felt little need for European trade items — Europeans in the sixteenth century desperately wanted to obtain Chinese silks, tea, and porcelain. With the discovery of the richest silver mine in history in Spanish-controlled Peru, Europeans discovered they finally had something the Chinese desperately needed.

The site of the mine, Potosí, became the most populated city in the Americas (150,000 people) and required the forced labor of thousands of Indians to produce its precious metal. Profits were enormous. At first, the flow of Peruvian silver to the huge Asian market was slowed because it had to move east across the Atlantic. But in 1565 the Spanish discovered winds that allowed them to travel directly between East Asia and their territorial empire in Mexico. Then, with the founding of Manila in 1571 in the recently conquered Philippines, the Spanish established a Pacific trading base between China and Mexico.

The voyages that began in the year 1571 — called the Manila Galleon — mark the beginning of the first truly global trade between the Americas, Europe, Asia, and Africa. By that time, Spanish America was the world's most important silver-producing region, and China by far its biggest consumer."

Summary from Bridging World History web site Unit 15-- see web site

http://www.learner.org/channel/courses/worldhistory/unit_overview_15.html

2. Have students read the following documents (secondary sources) expanding on the trade in silver across the Pacific:

Secondary source #1: The Manila Galleon

"Historians have been slow to realize the importance historically of the annual Manila Galleon, which connected American mines to Asian markets for European profits. Chinese demand for American silver was so great that in some years the amount shipped across the Pacific to Manila was greater than the amount sent back across the Atlantic to Spain itself. The Manila Galleon enabled Peru to hold off for some decades the depression weighing down 17th century Europe."

Secondary Source #2: The Chinese Demand For Silver

"Traditionally in the West, we've always told the story the other way around, in which the key to the story is that the Europeans find this supply of silver, and the Europeans are the ones who want spices, silk, porcelain, et cetera. They go out to China. They don't have very much to sell that the Chinese want. And so they sell silver. When you tell the story that way, then it always sounds as if it's European demand, European desire, European initiative that drives the whole story. And the Chinese are treated essentially as passive. They had goods the Europeans wanted, but the Europeans had no goods they wanted. Why would that be? Why would these people have no consumer desires? That's a little odd from a modern perspective. And so the story then always becomes that silver is money that is given to the Chinese to cover what we would today call a balance-of-payments deficit.

Well, there are two big problems with that story. One is the one that I already mentioned, that the Chinese were sucking silver out of Japan, well before they started sucking it out of Latin America. But the second is that, interestingly enough, during the same period in which these huge amounts of silver are flowing into China, small but not trivial amounts gold are actually going in the other direction, out of China towards Europe, because the exchange rate between silver and gold is more favorable for gold in Europe, so the gold flows that way, the silver flows the other way.

The reason why this really matters (is) because it makes us see that it's not "money" in the modern sense that the Chinese were demanding; it's a particular commodity—silver—that they want to use in certain ways, partly for money but also for candlesticks and hair pins and jewelry and all sorts of other things. And once you see it that way, once you see this not as a balance-of-payments deficit caused by a lack of Chinese demand for anything, but simply a commodity trade in which the Chinese have a very strong demand for this commodity that they can't produce, mainly silver, while the Europeans have a demand for certain commodities they can't produce at that point, such as silk and porcelain, and later, tea, then you see a world in which the Chinese are every bit as much active, desiring, consuming, and so on and so forth as the Europeans are.

And previously, we had tended to have a story in which either we treated the Chinese as being somehow so virtuous that they had no consumer needs or no consumer desires, and so the Europeans had to give them this "money." And, in fact, there's one famous scholar who writes about how all the silver of Latin America was dug up from the ground in Latin America only to be shipped across the Pacific and eventually to be buried again in China. There's this sort of image of passivity, inertness ... the silver comes to China and "does nothing." Well, no, it doesn't "do nothing"; it fuels this enormous demand for a medium of exchange. It's tremendously important.

So we either saw the Chinese as, sort of, so virtuous that they were above commerce, or so undesiring and uncurious and so forth, that they had no consumer demand. That also makes them sound peculiarly "unready" for modernity. But in fact, they're right in there. They're demanding a particular commodity for which they have a tremendously important use."

Ken Pomeranz

From the web module **China and Europe 1500-1800** at Asia for Educators,

http://afe.easia.columbia.edu/chinawh/web/s5/s5_4b.html

C. Imagining Pacific Maritime Encounters: A Teahouse in Manila

Ask students to create a script for an encounter in a Chinese teahouse in Manila involving a Chinese merchant, a Chinese storyteller, a Spanish sea captain, and a Japanese sailor.

Resources for writing the script:

a. Spanish Priest Rodrigo de Loaisa witnessed the exploitation of the native peoples forced by the Spanish to work the mines in a version of the traditional mit'a system of tribute labor.

> "The Indians enter these infernal pits by some leather ropes like staircases. They spend all day Monday on this journey, taking some bags of roasted maize for their sustenance. Once inside, they spend the whole week in there without emerging, working with tallow candles. They are in great danger inside there, for one very small stone that falls injures or kills anyone it strikes. If 20 healthy Indians enter on Monday, half may emerge crippled on Saturday."

b. The annual Manila Galleon, which connected American mines with Asian markets for European profits, was so great that in some years the amount shipped across the Pacific to Manila was greater than the amount sent back across the Atlantic to Spain itself. This trade allowed Peru to hold off for decades the depression weighing down seventeenth-century Europe. China was the primary end market for the world's silver for several centuries. In 1569, a **Dominican priest** wrote,

> "He who would make good market in the country of China carrieth silver rather than goods."

c. **Portuguese Merchant Pedro de Baeza**, 1609:

> "The most expensive that I have seen and bought gold in the city of Canton in China was seven pesos of silver for one of gold, and I never saw it go beyond this price, and here in Spain a peso of gold is commonly worth 12 of silver; therefore it is easy to see that bringing gold from China means a gain of more than seventy-five or eighty percent!" (Charles R. Boxer, 1970, "Plata Es Sangre: Sidelights on the Drain of Spanish-American Silver in the Far East, 1550–1700," Philippine Studies 18 , no. 3 [1970]: 457–475.)

d. By the seventeenth century, the Chinese demand for silver was disturbing many Ming officials. At first, they had thought silver had little practical worth, so they briefly enacted a ban on foreign trade in 1626. But **He Qiaoyuan, a native of the Fujian province**, argued that silver brought real economic benefits to those merchants who traveled to trade with Europeans.

> "When our Chinese subjects journey to trade in the (Indian Ocean), the (foreigners) trade the goods we produce for the goods of others. But when engaging in trade in Luzon we have designs solely on silver coins .... A hundred jin of Huzhou silk yarn worth 100 taels can be sold at a price of 200 to 300 taels there. Moreover, porcelain from Jiangxi as well as sugar and fruit from my native Fujian, all are avidly desired by the foreigners." (Richard Von Glahn, *Fountain of Fortune: Money and Monetary Policy in China, 1000–1700*, [Berkeley: University of California Press, 1996]: 201)

Selections above quoted in the video of unit # 15 Bridging World History ---- ***see web site http://www.learner.org/channel/courses/worldhistory/unit_overview_15.html***

D. Silver Connects the World: Europe, East Asia, and West Africa

1. Have students watch the third segment of the video "Early Global Commodities" on the following web site:
http://www.learner.org/channel/courses/worldhistory/unit_video_15-1.html

2. Have students read the following excerpts from secondary sources:

Silver Connects the World: Europe, East Asia, and West Africa

Selection A

"The effects of the global trade in silver were worldwide and linked the world in new and unprecedented ways. This segment explores some of those effects in Japan, West Africa, the Americas, China, and Europe.

In Japan, the Tokugawa shoguns grew rich off the trade in silver, which they used to strengthen the state against warlords. In addition, the global silver trade encouraged the Japanese to produce other commodities for export, which then made their way to the Americas, Europe, and West Africa.

In West Africa, Europeans involved in global trading networks brought a variety of commodities to coastal regions to trade for gold, local goods, and slaves. Eventually, this trade had profound effects on West African society: It reoriented trade routes toward the coast rather than across the Sahara, which led to the decline of interior states. It also led to an increasing traffic in humans to work, among other places, in the silver mines of the Americas.

In the Americas, silver mining at Potosí led to the deaths of eight million Indians. Meanwhile, Mexican silver production — which exceeded Peruvian production by the eighteenth century — resulted in the minting of half a billion Mexican pesos that were then used for currency in China, India, and West Africa.

In China, the demand for silver initially drove the global economy. Then, by 1750, silver glutted the Chinese market, bringing its price down and leading to inflation. The devaluation of silver in China had a devastating financial effect on Spain as well — a fact that allowed its European competitors to gain the upper hand in a new global trade focused on sugar, tobacco, gold, and slaves."

Selection B

"China's demand for silver remained at the center of the world economic system until about 1750. Finally, tens of thousands of tons of silver glutted China's market. The value of silver fell, and China's economy was rocked by inflation. Fluctuating values of silver caused the real salaries of Chinese officials to rise and fall, encouraging graft and corruption. For Spain, the declining value of silver meant disaster. So much so that the Spanish crown actually experienced bankruptcies during times of record silver production. But, just as the Pacific economy stumbled, the Atlantic economy picked up because of profits from the circular movements of slaves, sugar, tobacco, and gold. Europeans weaned themselves from deficit trading of silver, and eventually the balance of economic power shifted in their favor. One uniquely significant commodity was also traded between West Africans and Europeans, beginning in the sixteenth century: human beings. The presence of Europeans along African coasts ultimately led to the forced migrations of twelve million Africans. Trade in slaves to work the silver mines and plantations of the New World reached its peak during the seventeenth and eighteenth centuries. During the sixteenth through eighteenth centuries, European traders carried Japanese silks to West Africa on their return voyages from Asia. African merchants then sold them to local weavers, who unraveled the silks and rewove the threads into traditional patterns like the kente cloth of the Gold Coast of West Africa. The Portuguese found themselves needing to rely on local communities in order to establish trade. They established "El Mina" ("The Mine") in the fifteenth century, which became a permanent base for Portuguese trading expeditions into the African interior and across the Atlantic Ocean. Once El Mina was established, it became a magnet of opportunity; it attracted trade from the interior; it reoriented the trade routes; and it brought goods south to the coast instead of north. Many societies declined in the African interior because of the growth of opportunity on the coast."

Selection C

" It is important to also keep in mind that China's importation of hundreds of millions, indeed billions, of pesos in silver during the past five centuries implied Chinese exports of an equivalent value of silks, ceramics, tea, and other products. Such massive exports forced additional restructuring of the Chinese economy. Marks has recently documented how long distance trade (both domestic and international) caused specialization of production by region throughout China. That is to say, the full story is much more complex than simply exporting silks and other products in exchange for Japanese/ Spanish-American silver imports. These global circuits of exchange interacted with circuits normally considered local or regional in scope. Augmented silk exports from Jiangnan, for instance, implied the devotion of more land there to mulberries, which means increased rice coming down river from Hunan to feed mulberry growers. The point is, global trade transforms local ecologies, a central message in the work of Marks and others. China was transformed as a result of interaction with a global network.

It may be tempting to view a remote mining center like Potosí—at an altitude above 13,000 feet and a thousand miles (2.5 months by pack animal) distance from Lima on the Pacific—to have been relatively detached from other areas of South America. Helmer informs us, however, that around 1610 Tucuman in Argentina sent timber, 4,000 cattle, and 60,000 mules *per year* to Potosí (some 600 mountainous miles away) in support of that mining city of 160,000 people. The fact is that the economies of most of South America, Central America, and Mexico were deeply affected by the silver industry, an industry with economic tentacles penetrating into the social fabric of all populated continents.

The intercontinental trade in monies—silver, gold, copper, and cowrie shells—involved people of all classes, not just the rich. The Single Whip tax reform in China during the 1570s, for example, replaced numerous taxes with a single tax, while also specifying that most Chinese (including peasants) must pay taxes annually in silver. Conversion to a silver system was also strong in relatively sparsely populated Southeast Asia: One way or another silver had become irresistible as the effective international currency of Southeast Asia by about 1630, whether in rials, as in most of the island world, or in weight. In spite of the status the royal gold coins had, the rulers themselves came to expect taxes and fines to be paid in silver. The triumph of silver undoubtedly furthered the integration of Southeast Asia into a world economy. Southeast Asia also imported volumes of Chinese copper cash as well as lead *pici*s as local media of exchange; most of the silver gravitated to the giant Chinese marketplace.

Our analysis is mostly compatible with the vision proposed in Andre Gunder Frank's controversial *ReORIENT* (1998). Yet, we disagree with Frank's contention that China was *enriched* as a result of its importation of silver. We argue (Flynn and Giráldez 2000) that China's multicentury absorption of tens of thousands of tons of foreign silver involved an immense *drain of wealth* from Chinese society. 43 Our argument essentially states that the multicentury "silverization" of China involved substitution of a resource-using money (silver) in place of a money that had been nearly costless to produce (paper); China's immense exports (of mainly nonmonetary items in exchange for silver imports) can be viewed as a measure of the social cost of maintaining a silver-based economy. Ironically, acceptance of our position that China's silver imports involved immense social costs, rather than social benefits, actually supports Frank's main emphasis on the global economic significance of China prior to the nineteenth century. China's ability to absorb the immense cost of converting its monetary and fiscal systems from paper to silver—while nonetheless remaining the world's dominant economy for centuries underscores the scale of the Chinese economy as global juggernaut."

All above excerpts come from the following source:
Dennis O. Flynn and Arturo Giráldez, "Cycles of Silver: Global Economic Unity through the Mid-Eighteenth Century," *Journal of World History* 13, no. 2 (Fall 2002): 391–427.

E. Concluding class discussion
Ask students discuss the following proposition:

> "After 1571, much of what passed as local history could be understood only through the wider lens of world history. Once connected, the fortunes of the continents were bound together forever."

III. Bibliography

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