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# ONE LUMP OR TWO?

The Development  
of a Global Economy

950L



A HISTORIAN'S JOURNAL ENTRY / BY ANITA RAVI

By the time Columbus sailed in 1492, vast trade networks had already been operating for centuries across sea and land from East Asia to the Mediterranean.



BIG HISTORY PROJECT



Through these networks, ideas, goods, and technologies spread increasingly quickly through Afro-Eurasia.

Then in the fifteenth century, European explorers connected the four world zones. This brought about the Columbian Exchange and opened new exchange networks. By the seventeenth century, the English, Spanish, Dutch, and Portuguese had settled colonies throughout the Americas.

The trans-Atlantic slave trade was fully and terribly operational. Slave labor was used to produce crops and goods that were sold in Europe and Asia.

How did we get from Columbus first setting foot on Hispaniola (now Haiti and the Dominican Republic) to the 13 American colonies? What systems had to be developed to support these settlements? I think the answer is capitalism. People wanted certain goods. The Europeans stepped up to provide those goods. For centuries before, it had been Asians who provided these luxury goods.

At the beginning of the sixteenth century, the Europeans had very limited trade with Asia. The Europeans weren't producing items that the Asians wanted to buy. In fact, European desire for Asian goods drove much of this global trade.

The Europeans wanted to become major global economic players. To do this, they needed to produce goods, move them, and buy and sell them. First, they needed cash.

### SILVER AND GOLD

They say the Spanish and Portuguese explorers came to the New World for “God, gold, and glory.” Did they find their gold? The table below shows what was exchanged between Spain and South America from 1493 to 1550.

This small chart tells me a great deal. I can see that the Spanish started by sending weapons, horses, and other basic goods to the New World. I imagine these items helped the Spanish gain power and control for themselves in the Americas.

The Spanish landed first in the West Indies, searching for gold. Once they found it, they began to send it back to Spain. The royal Spanish government wanted to control this new trade connection. It ruled in 1504 that all trade with the New World must go through the Spanish port of Seville. This way, the government could supervise and regulate the process. Centralizing the trade in one city made this easier to do. (This isn't in the chart — it's additional information I gathered from the sources listed at the bottom of this page.)

## Trans-Atlantic Trade

Dates	Goods that traveled from Spain to the New World	Goods that traveled to Spain from the New World
1493 to 1520	Guns, gunpowder, horses and other livestock, flour, oil, and wine	Gold from the West Indies
1521 to 1530	Consumer goods (things that people needed to live, such as cloth, pots, tools)	Gold, dyes, pearls
1530 to 1550	Mercury (used in processing silver), fine foods and wines, damascene swords, quality textiles, spices, books, and paper	Silver (largest export), gold, hides, tobacco, medicinal plants, indigo, and sugar

*Chart taken from Chapman, Anne. "Landscape Teaching Unit 6.2 The Columbian Exchange and Its Consequences 1400 – 1650." World History for Us All. PDF file, 55. See also McAlister, Lyle N. Spain and Portugal in the New World: 1492 – 1700. Minneapolis: University of Minnesota Press, 1984. Print. Davis, Ralph. The Rise of the Atlantic Economies. London: Weidenfeld and Nicolson, 1973. Print. Flynn, Dennis O. and Arturo Giráldez, "Cycles of Silver: Global Economic Unity through the Mid-Eighteenth Century." Journal of World History 13, 2 (2002): 398. Print. Elliott, John H. The Old World and the New: 1492 to 1650. Cambridge: Cambridge UP, 1970. Print. Bozorgnia, S. M. H. The Role of Precious Metals in European Economic Development. Westport, CT: Greenwood Press, 1998. Print.*

## Trans-Pacific Trade

Dates	Trade activity
1570s	<ul style="list-style-type: none"> <li>• Trans-Pacific trade opened between Acapulco Mexico and Manila, Philippines.</li> <li>• Exports: Overwhelmingly silver</li> <li>• Imports: Chinese silk, porcelains, spices, wax. The Spanish crown limited this trade to what could be carried in two galleons (ships) yearly.</li> </ul>
1597	<ul style="list-style-type: none"> <li>• According to one estimate, the value of silver sent illegally to Manila from Mexico was greater than the total value of all goods, including silver, carried by Spain's official trans-Atlantic fleet.</li> </ul>
1600 to 1610	<ul style="list-style-type: none"> <li>• Imports continued as before.</li> <li>• Almost 95 percent of trans-Pacific exports consisted of silver.</li> </ul>
1600s	<ul style="list-style-type: none"> <li>• Throughout the seventeenth century, over 50 tons of silver a year went from Acapulco to Manila.</li> </ul>

*Chart taken from Chapman, Anne. "Landscape Teaching Unit 6.2 The Columbian Exchange and Its Consequences 1400 – 1650." World History for Us All. PDF file, 56. See also McAlister, Lyle N. Spain and Portugal in the New World: 1492 – 1700. Minneapolis: University of Minnesota Press, 1984. Print. Davis, Ralph. The Rise of the Atlantic Economies. London: Weidenfeld and Nicolson, 1973. Print. Flynn, Dennis O. and Arturo Giráldez, "Cycles of Silver: Global Economic Unity through the Mid-Eighteenth Century." Journal of World History 13, 2 (2002): 398. Print. Elliott, John H. The Old World and the New: 1492 to 1650. Cambridge: Cambridge UP, 1970. Print. Bozorgnia, S. M. H. The Role of Precious Metals in European Economic Development. Westport, CT: Greenwood Press, 1998. Print.*

Historians have benefited from Spain's policy because it created written records of everything that passed through the port. It also set a precedent for tracking trade that spread around the world.

Let's look at the chart again. It seems that by 1521, the Spanish had built settlements in the New World. How do we know? We can see that they began to import consumer goods (basic products like food or clothes) and fewer guns and horses. They must have had all the guns and horses they needed by then. I also see that the Spanish were sending dyes and pearls back to Spain. Both of these were expensive luxury items that were in demand in Europe.

By 1550, the things the Spanish were importing had changed again. Now they were bringing in the comforts of home: wine, cloth, books. I'd guess they were settled and missing their homeland. They couldn't produce these items yet in the New World.

We also see that mercury was sent to the New World. It was used to refine silver, meaning that the Spanish were starting to refine their own silver in the Americas rather than sending it back to Spain as a raw material. By 1550, the exports back to Spain expanded again to include animal hides (used to make clothing), tobacco, and sugar.

The Spanish were sending large amounts of tobacco and sugar back across the Atlantic. From this, we can assume that they had established plantations, and that these large farms were successfully producing tobacco and sugar.

From the chart, we can see that within 60 years, the Spanish: found silver and gold, set up colonies in the New World, and produced crops that were in high demand back in Europe.

At about the same time trans-Atlantic trade was developing, there was also a booming trans-Pacific trade, also conducted by the Spanish. Trans-Atlantic trade was tightly controlled by the Spanish crown. The trans-Pacific trade was harder to regulate, though. In the Trans-Pacific Trade chart shown above, there is information on what was being exchanged between the ports of Acapulco (Mexico) and Manila (Philippines).

Based on the information above, I can conclude that silver flowed into Asia as consistently as it flowed into Europe. It's interesting that much of the silver trade in the Pacific appears to be "illegal." It was not regulated or controlled by the Spanish crown. This is important because it shows that the Spanish could not keep its monopoly (total control) of the silver trade. The illegal trade also means that mining and selling silver was not regulated. Eventually, this caused silver to lose value around the world.

Too much of it was produced. (If there's too much of something, it often becomes less valuable.)

People illegally trading silver were able to get Asian goods behind the back of Spain's government. In the end, Spain's strategy backfired. The Spanish lost control of the silver trade. Other players — like the English and Portuguese — entered the silver market.

## TEA

Now we know a bit more about Spanish trade: legal and illegal, trans-Atlantic and trans-Pacific. I'm wondering what the French and British were up to. What kinds of trade networks were they setting up in the New World?

The Europeans were generally looking for luxury items — goods that rich people wanted, and were willing to pay for. One example of this is in the growth of production and trade in tea.

Today, tea is famous as an English drink. But at the beginning of the eighteenth century, only the very wealthy could afford to drink tea. How does a product get adopted by an entire nation of people? What are the effects on the global economy when a new market for a product is created from scratch?

Tea is made from the leaves and flowers of the plant *Camellia sinensis*, which is native to Asia. The Chinese were the first to drink tea. In China, it was cultivated and consumed for its medicinal properties. The popularity of the drink increased until it became the national beverage of China during the Tang Dynasty (618 — 907 BCE).

How did a product so central to Chinese life and culture become a common staple in England?

## British Tea Purchases from China

Date	Pounds of tea purchased from China
1700 to 1725	400,000 pounds
1760	600,000 pounds
1800	23,300,000 pounds
1808	26,000,000 pounds

One source tells us that tea became fashionable in England thanks to Queen Catherine of Braganza. She was a Portuguese princess — and huge tea fan. The Portuguese had been buying tea from China as early as the fifteenth century. When she married King Charles II of England in 1662, their marriage essentially introduced tea to England.

When Queen Catherine began drinking tea, it naturally became fashionable at the royal court. Eventually this culture of tea spread to everyone. As a result, tea had become the most popular beverage in Great Britain by the eighteenth century. However, there was one major problem: During the seventeenth century, tea was mainly produced in China. The Chinese tightly controlled the amount of tea that was exported. How did the British convince the Chinese to loosen their control over the tea trade? We can learn a lot from the tables below.

Over about 100 years, imports of Chinese tea increased massively — from 400,000 pounds in 1700 to 26 million pounds in 1808. That's a lot of tea! It seems that the British paid a high price for their tea. Based on the figures in the "Value of Tea Exported from China to England" table, I can conclude that it cost England one ounce of silver for every pound of tea. That cost included not just the tea itself, but also the cost of transporting it via sea routes to England from China.

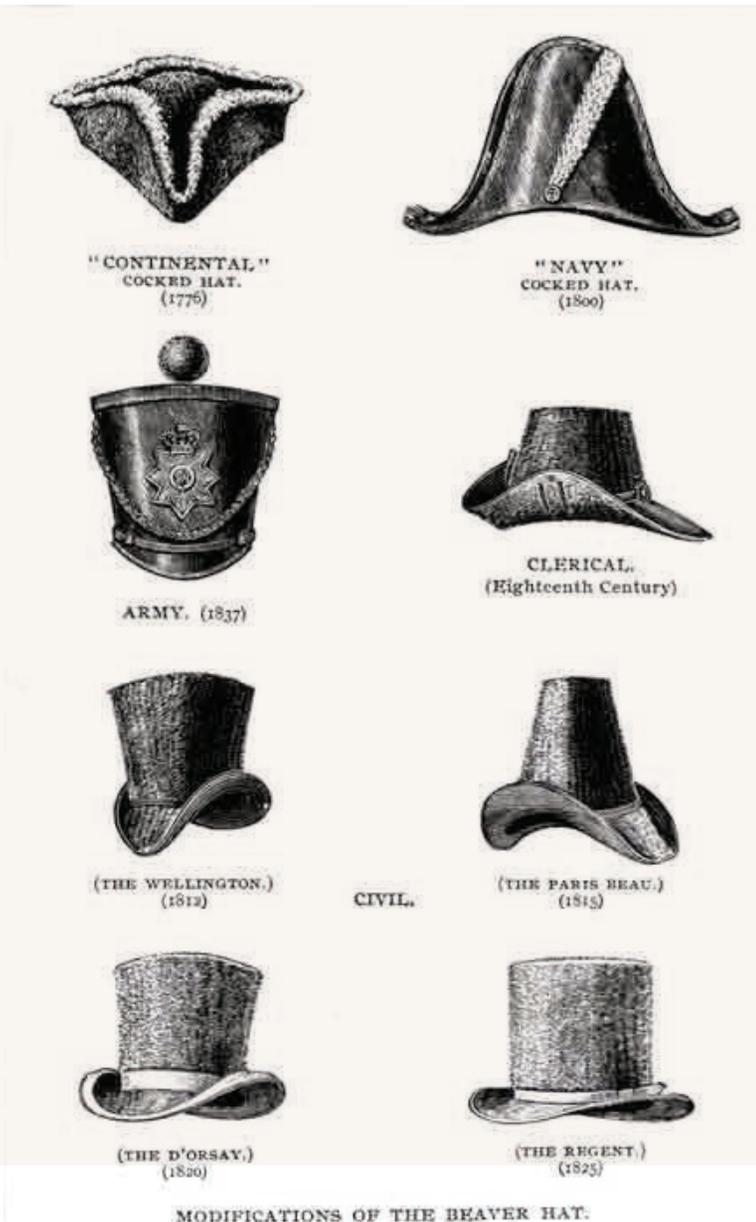
By 1700, transporters of tea such as the British East India Company (BEIC) had a monopoly on the tea trade from the East Indies. At the beginning of the eighteenth century, this company set up its East Asian office in the port city of Canton, China.

This allowed much more tea to enter Great Britain. As a result, prices dropped. As the price of tea fell, more people began to drink it because it was cheaper. By the 1720s, tea became the most popular Chinese export, and the BEIC became extremely wealthy.

## Value of Tea Exported from China to England

Date	Value of tea exported from China to England
1781 to 1790	16.4 million ounces of silver
1800 to 1810	26 million ounces of silver

*Charts taken from Adams, Esther. "Landscape Teaching Unit 6.4 The Global Economy Takes Shape 1500 — 1800 CE." World History for Us All. PDF file, 27.*



Modifications of the Beaver Hat

In fact, more than half of the BEIC's Asian export value was in tea! So while the British were not yet producing tea, they had cornered the market on transporting and selling it, leaving the Portuguese — the original European importers of tea — in the dust.

#### FUR

Fur had been popular in Europe since the 1500s. Overhunting of certain animals had caused the price of European fur to rise, though. All this began to change once European nations set up colonies in the New World.

Even in the early 1500s, Dutch, English, and French colonists in North America were bartering with the Iroquois tribes — exchanging European goods for fur pelts. All types of furs were traded (including fox and mink), but beaver fur soon became the most valuable. Why? Beaver fur is durable, waterproof, and soft. It can be easily shaped into many different products including coats, boots, and hats.

In fact, beaver hats were the most fashionable type of hat in Europe for hundreds of years. Beaver pelts were shipped from North America to Europe and Russia. There, they were transformed into hats and other ready-to-wear goods. These fur items were then sold all over Europe. In Europe, both the upper and middle classes were willing to pay good money for them. Some of this money filtered back to the European colonists and the indigenous people of North America, who had trapped and traded the pelts.

Let's look at another example of exchange in North America. This time, it's from the French.

From 1722 to 1723, three French forts near the Great Lakes traded the goods listed below to the indigenous people in the region — mainly the Huron and Iroquois nations. Here is what the Native Americans received in exchange for about 8,000 beaver pelts:

- 1,605 sewing needles
- 632 catfish hooks
- 273 men's woolen shirts
- 336 women's woolen shirts
- 214 children's woolen shirts
- 217 butcher knives
- 2,109 other knives
- 243 pounds of red and yellow copper cauldrons
- 328 axes
- 59 guns
- 4,493 gun flints
- 3,640 pounds of shot and balls
- 6,463 pounds of flour

### French exports from North America to Europe:

- **1620 to 1630:** About 30,000 beaver skins a year
- **1680s:** About 140,000 beaver skins a year
- **1800:** About 200,000 beaver skins a year

*Information in lists taken from Adams, Esther. "Landscape Teaching Unit 6.4 The Global Economy Takes Shape 1500 — 1800 CE." World History for Us All. PDF file, 17.*

We can conclude that the Huron and Iroquois found the French-produced goods useful. Producing things like needles, fish hooks, axes, knives, and guns all required metal, blacksmiths, and machinery. The French had these means of production. The Huron and Iroquois did not.

We can also conclude that the French wanted beaver pelts very badly. How do we know this? Imagine how hard it must have been to haul huge amounts of goods across the Atlantic, then across land and river — just to trade with the Native Americans.

The English also wanted to trade with the Native Americans. In 1670, they established the Hudson Bay Company, which was similar to the British East India Company. Competition among the French, British, and Russians for beaver pelts continued throughout the eighteenth century.

Here's what I've learned so far from the silver, tea, and fur trades: Large amounts of silver entered into the global market in the sixteenth century. This allowed Europeans to position themselves at the center of a new and vast trading network.

The Europeans did not produce tea and fur themselves. Instead, they established systems to obtain, transport, and sell these items in European markets. The Europeans competed with each other to control each trade — in other words, to create a monopoly. The English were the most skilled at this, usually piggy-backing on what the French, Portuguese, and Spanish had started. This created wealth among the middlemen and an established system of trade and transport by sea that led to the next phase of global exchange: the use of forced labor (slavery) to cultivate raw materials and produce goods.

### Working Bibliography & Notes

Image of beaver hats courtesy of Adams, Esther. "Landscape Teaching Unit 6.4 The Global Economy Takes Shape 1500 — 1800 CE." *World History for Us All*. PDF file, 16.

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Cover image: Unloading Tea at the London Docks, 1877. Courtesy of Corbis.

*This short journal entry is an example of how historians go about exploring important questions and looking at new information. They use a mixture of historical documents and the writings of other historians to inform their thinking. All sources are listed in the working bibliography.*