

A World Economy

Encomienda

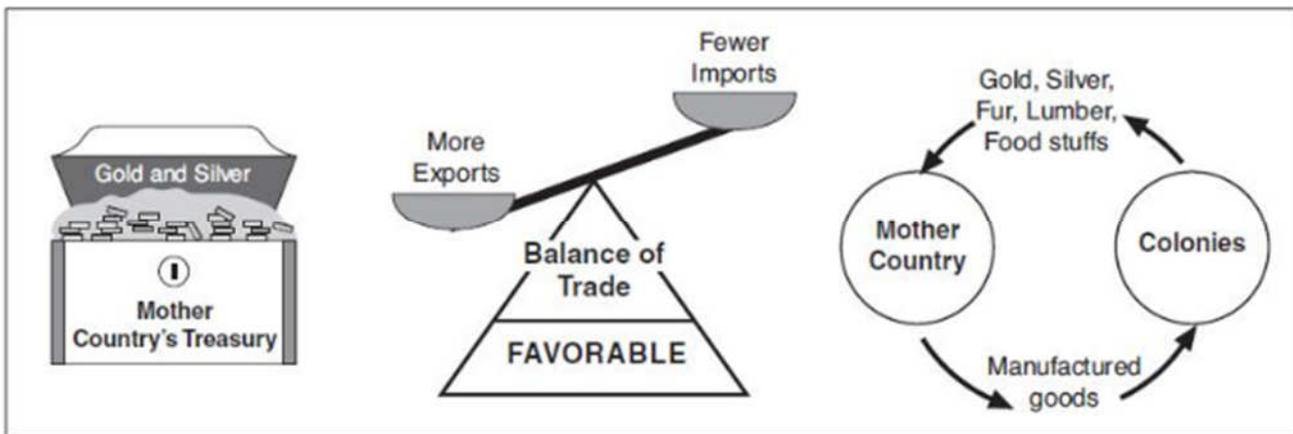
When they established colonies in the Americas, the Spanish created a new economic system, the encomienda system, in which Native Americans worked on Spanish-owned estates. The basis for that system was laid out in a letter from King Ferdinand and Queen Isabella to the governor of Hispaniola in 1503.

Our desire is that the Christians not lack people to work their holdings and to take out what gold there is. It also is our desire that the Indians live in community with the Christians, because they then will help each other cultivate and settle the island, take out the gold, and bring profit to Spain. Therefore, we command you, our governor, to compel the Indians to associate with the Christians. The Indians should work on the Christians' building, mind the gold, till the fields, and produce food for the Christians. This the Indians shall perform as free people, which they are, and not as slaves. Also, see to it that the Indians are well treated, with those who become Christians better treated than the others. Do not consent or allow any person to do them any harm or oppress them.

Source: Letter from King Ferdinand and Queen Isabella of Spain to Commander Nicolás de Ovando, Third Governor of Hispaniola, 1503

1. What was the exchange between Spaniards and Native Americans the encomienda system established?
2. What seems to be the main goal of the Spanish? Why?
3. Explain how the author(s) of the text felt the natives should be treated. Was everyone to be treated the same, why or why not?

Mercantilism



4. What do you think is meant by the term mother country?
5. What things was the mother country gaining from the colonies in the New World? What did the colonies gain?
6. In this diagram what is filling the treasury of the mother country? Why is this important?
7. Examine the picture in the middle of the diagram, what is it telling us? Why is this important to the mother country?
8. Draw a conclusion from this diagram. If the mother country is gaining wealth from the colonies how will this effect the colonies in the long term? Explain.

Silver

China

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.

Americas

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.

Global Convergence

The effects of the global trade in silver were worldwide and linked the world (West Africa, the Americas, China, and Europe) in new and unprecedented ways.

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 in the Atlantic.

9. How did silver connect the world into a global economy?
10. What caused the rise in European trade?

Columbian exchange

Cultivated plants of American origin established in Afroeurasia by about 1650 CE	Nourishment value: millions of calories per hectare that the crop may produce	Cultivated plants of Afroeurasian origin established in the Americas by about 1650	Nourishment value: millions of calories per hectare that the crop may produce
Maize (corn) *+ #	7.3	Wheat	4.2
Potatoes * +	7.5	Barley	5.1
Sweet potatoes +	7.1	Rice	7.3
Cassava (manioc) #	9.9	Oats	5.5
Vanilla		Sugarcane	
Peanuts		Olives	
Tobacco		Peaches	
Beans (several types)		Okra	
Squash		Cabbage	
Tomatoes		Spinach	
Chili peppers		Turnips	
Cocoa		Mustard	
Pineapple		Coffee	

* In Europe, maize and potatoes became significant only after 1650.

+ In China, sweet potatoes were grown by the 1560s. They grew on earlier unproductive land, and were unattractive to locusts. Along with maize and potatoes, they became staple food crops in China in the seventeenth century. The introduction of new crops resulted in large-scale Chinese migrations to previously thinly-populated and unproductive areas.

In Africa, cassava (which keeps well in the ground for long periods, is not eaten by locusts and, unlike surface-growing crops, is not trampled by animals or soldiers) inspired “a veritable agricultural revolution in the seventeenth century, enabling the population to grow to previously unattainable levels ... Maize had similar consequences a little later.”

American origin established in Afroeurasia by about 1650	Domestic animals of Afroeurasian origin established in the Americas by about 1650
Turkeys	Cattle Pigs Sheep Horses Goats Chickens Honeybees Dogs (bigger and fiercer than American ones)

The only other domestic animals in the Americas were high-altitude-adapted llamas and alpaca, guinea pigs, muscovy ducks, and small dogs. None of these became established in Afroeurasia.

11. What are some parts of the world that were impacted by the Columbian exchange?
12. What impact did the Columbian exchange have on population growth around the world?
13. What are some dishes that you eat that would be unimaginable without the Columbian exchange? What Afroeurasian food was combined with an American food to create that dish?