



## The Global Economy (1450-1750)

## + Context

- Commerce and empire joined together to create a global network during the early modern era. They gave rise to new relationships, disrupted old patterns, brought distant people into contact with each other, enriched some people, and enslaved others. From the various old worlds a single new world slowly emerged with suffering and growing inequalities.

## + Causation: Europeans in Asia

- Desire for SPICES
  - Most importantly PEPPER
  - Cinnamon
  - Nutmeg
  - Mace
  - Cloves
- Other desired products:
  - Chinese silk
  - Indian cotton
  - Rhubarb
  - Gemstones: rubies, emeralds, sapphires



## +

- general recovery of European civilization after the Black Death
- growing taxation
- improved militaries
- growth of cities

## + Problems with Old Patterns of Eastern Goods Arriving in Europe

- Source of Eastern goods lay in Muslim hands
- Egypt was the primary transfer point of these goods from the east to the west
- Venice largely monopolized the European trade of Eastern goods
  - Venetian merchants resented the Muslim monopoly on Indian Ocean commerce
  - Other European nations disliked relying on Venice for Eastern goods, as well as relying on Muslims to bring those goods to Alexandria for Venetian merchants to access

## + Motivations to Enter Asian Commerce

- Getting around these monopolies, both for religious and political purposes, was a motivating factor for the Portuguese to find their own access to Eastern goods.




## + Other Impacts of European Desire for Eastern Goods

- There was weak demand for European goods in Eastern markets
- Because of this trade deficit, Europeans were forced to pay for textiles, spices, & gems in gold or silver
- This greatly contributed to European desire to find sources of precious metals in West Africa & the Americas

## + Silver and Global Commerce

- The silver trade gave birth to a genuinely global network of exchange
- Large deposits of silver discovered in Japan & Bolivia in the 16<sup>th</sup> century vastly increased the global supply of silver

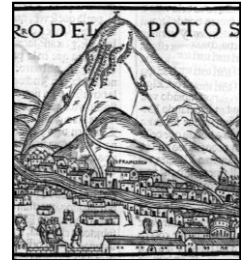
## + Spain's Role

- Spanish colonies in the Americas were responsible for 85% of the world's silver in the Early Modern Era (1450-1750)
- Their colony in the Philippines was a crucial link in the network of global commerce
  - Bolivia → Acapulco → Philippines → Asia
  - It is the 1<sup>st</sup> link between the Americas and Asia, and began a web of Pacific commerce



## + Potosi, Bolivia

- Largest silver mine in the world, located high in the Andes of Bolivia
- 160,000 residents, which put on par in terms of size with European cities like London, Amsterdam, and Seville
- Europeans there lived in luxury and had access to all of the world's goods
- Natives worked in unspeakably horrendous conditions
- Mining caused severe deforestation, soil erosion, and flooding



## + Potosi, Bolivia



- Economy of Potosi provided new opportunities, especially for women
  - Wealthy Spanish women rented out buildings & sent their slaves into the streets as traders
  - Other women ran stores, bakeries, taverns
  - Indian & Mestizo women also opened businesses that provided clothing, food, and drink

## + Pacific Commerce

- The heart of Pacific commerce was China
  - Huge economy
  - Need for silver
    - Taxes had to be paid in silver
  - High demand for silk and porcelain
    - Foreigners with silver were able to purchase more of these goods
  - Chinese people needed to sell goods in order to have the silver needed to pay their taxes

## + "Silver Drain"

- China and Asia acted as the world's "Silver Drain"
  - Chinese, Portuguese, & Dutch traders sold Chinese goods in Manila in exchange for silver
  - Silver shipped across the Atlantic to Spain was used to purchase Asian goods desired by the French & British
  - Silver was used to pay for some African slaves
  - Silver was used to pay for spices in SE Asia
  - "Piece of Eight" was used in North America, Europe, India, Russia, and West Africa



## + Spain & Silver

- Made the Spanish royalty rich & the envy of other European monarchs
- Enabled them to pursue military & political ambitions in Europe & the Americas
- Generated more inflation than economic growth
- This led to increased economic instability across Europe in the 17<sup>th</sup> century
  - Rising prices due to inflation impoverished many

## + Japan & Silver

- Tokugawa Shoguns used silver profits to defeat rival feudal lords & unify the country
- They invested heavily in agriculture & industry
- Protected & renewed Japan's forests
- Slowed population growth
- Developed a booming & commercialized economy that became the foundation of Japan's 19<sup>th</sup> century industrial revolution

## + China & Silver

- People had to sell something – labor or goods – in order to pay their taxes
- Led to the country's economy becoming more regionally specialized
- The transformation of Southern China's agriculture to cash crops led to the loss of half of the regions forests

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### The World Hunt: Fur & Global Commerce

Furs join spices, silver, & textiles as major desired items of global commerce

## + Importance of Furs

- Major implications for the societies that generated and consumed them
- Had long provided a way to demonstrate status in cold regions of the world
- Provide the means to integrate North America and Siberia into the network of global trade
- Major environmental impacts on their areas of origin

## + Increased Demand for Furs

- European population growth & agricultural expansion sharply decreased the amount of fur bearing animals in Europe
- "Little Ice Age" (1400ish-1900ish) led to unusually cold temperatures even late into the summers
  - Created greater demand & new markets
  - Greatly increased the cost of furs
- These situations created strong incentive for European traders to tap North America as a source of fur bearing animals

## + European Presence in N. America

- French
  - St. Lawrence valley & Great Lakes region
- British
  - Hudson Bay region & Atlantic coast
- Dutch
  - Hudson River (NYC)



## + European Fur Trading

- Waited for Native Americans to bring furs and skins to their coastal settlements, then later to their interior trading posts and forts
- What was exchanged for furs and skins?
  - Guns
  - Blankets
  - Metal tools & utensils
  - Guns
  - Alcohol: rum, brandy, whiskey
- Native Americans represented a source of cheap labor, but NOT a forced or directly coerced source of labor
  - Native Americans hunted, trapped, processed, and transported the product for European traders

## + Environmental Impacts in North America

- Demand for beaver led to their near extinction in North America by the early 1800s
- The populations of many other fur bearing animals were severely depleted as European trade & settlement advanced westward
- Deer population in the southern British colonies was severely depleted
  - 500,000 deer skins a year sent to Britain



## + Benefitting From the Fur Trade: The Hurons

- Lived on the shores of Lake Erie & Lake Ontario
- Exchanged 20,000 – 30,000 pelts annually with Europeans (mostly beaver)
- In return they received items of real value & benefit
  - Copper pots
  - Metal tools & utensils
  - Axes
  - Knives
  - Guns
  - Textiles
  - Alcohol

## + Benefitting From the Fur Trade: The Hurons

- Items they received from European traders enabled the Huron to gain an advantage on neighboring tribes, as well as strengthen their relationship with those tribes
- Strengthened chiefs' power by enabling them to provide gifts to their people
- Competition among European settlers allowed them to negotiate reasonable prices
- Their essential role in this highly lucrative trade protected them from extermination, enslavement, and/or displacement other native peoples suffered elsewhere

## + Negatives of the Fur Trade for Native Americans

- Disease
  - ½ of the Hurons died from smallpox, influenza, and other European diseases
- Competition for economic supremacy b/t tribes led to unprecedented tribal warfare
- Competition between the French & British forced tribes to take sides, fight, & die in European imperial struggles

## + Negatives of the Fur Trade for Native Americans

- Dependence on European Goods
  - Iron tools & utensils replaced traditional stone, wood, and bone tools of tribes
  - Gunpowder weapons replaced bows and arrows
  - European textiles were more attractive & more desired than traditional furs and pelts
- A wide range of traditional skills, crafts, & trades were being lost without native people learning how to manufacture the new items
- Demand for European goods led to the abandonment of traditional hunting methods, which resulted in severe depletion of fur bearing species

## + Negatives of the Fur Trade for Native Americans

- Alcohol
  - As destructive to Native Americans (if not more) than dependence on European goods
    - No prior experience with alcohol
    - Led to binge drinking, violence, promiscuity
    - In demand: rum, brandy, whiskey
- The fur trade itself did not decimate native societies in North America, but all that went along the relationship with Europeans did
  - Disease
  - Dependence on European goods
  - Loss of native ability to produce tools & utensils
  - Guns
  - Alcohol
  - Growing European settlement & expansion on the continent

## + Implications for Women

- Native women married European men
- They provided traders with guides, interpreters, & negotiators
- Prominence of the fur trade enhanced the position and power of men in the tribe
- Instead of gaining respect & economic power in the tribe by making utensils, clothing, food, and decorating women were being left out
  - They processed the goods for sale
  - Europeans were supplying what they used to produce

## + Russian Fur Trade

- Fur Trade was the economic fuel for the rapidly expanding Russian Empire
- Major source of furs for:
  - Western Europe
  - Ottoman Empire
  - China
- "soft gold" was a primary motivation for Russian expansion into Siberia
- Greatly enhanced the lives of Russia's elite, as well as private merchants, trappers, & hunters

## + Consequences for Siberia

- Disease
- Dependence on Russian goods
- Settlers, traders, & hunters encroaching on native lands
- Severe depletion of natural resources

## + Uniqueness of Russian Fur Trade

- North American trade involved commercial negotiations with Native peoples
- In Russia imperial authority imposed a tax on every able-bodied Siberian male 18-50 that was payable in furs
  - Failure to pay = taken as a prisoner or death
- This put Native Siberians in direct competition with private hunters and trappers