

# ***BOUND BY A SILVER CHAIN***

**Maggie Favretti**

For homework tonight, read all the fact sheets, and formulate responses to your questions according to your role. Write these out (note form is okay) to use as a guide in the discussion. Your teacher will divide you into empire groups, and you can assign roles before you leave today. The roles are found at the end of each fact sheet. Don't forget to find relevant places on your map.

## **Bound by a Silver Chain: 1571**

### **China Fact Sheet:**

Ming legitimacy is established when Yongle sends Zheng He on extensive voyages

- To impress others around Indian Ocean
- To prove Mongols no longer a threat
- To establish tributary relationships around the Indian Ocean
- To create an ethnography of peoples around the Indian Ocean

Ming legitimacy questioned:

- Zheng He dies 1433, navy declines in popularity...too expensive
- Mongols capture northern frontier and emperor in 1449
- Ming attention focused on North
- Private trade increases at the expense of gov. monopoly and oversight

Paper money crashes mid 15<sup>th</sup> century due to oversupply

- Fiduciary value (value based on faith) disappears; Ming have to pay in goods for horses, weapons, etc.
- Tax base disappears; imperial treasury bankrupt
- Natural disasters and bureaucratic corruption make it worse

Diplomatic relations with Japan in trouble by mid. 1550s;

- 1560 China officially banned trade with Japan
- “Private trade” continues, and indirect trade flourishes
- (Portuguese finance Macao by shipping silver from Japan to Macao, where it is bought by Cantonese merchants beginning 1550s)

Japan discovers its own rich silver deposits in mid-1500s

Chinese Muslims, traders from Fujian & Guangdong already a small presence in SE Asian ports

Chinese taxes are multiple, some paid every ten years (1570 would be a collection year); some more frequently. Some are paid in goods such as grain or cloth; some in copper, paper, or silver.

Commercially oriented centers such as Fujian and Guangdong are already requiring their provincial taxes be paid in silver only.

The quality of copper can't be tested without melting it down. Experienced silversmiths can assay the purity of the silver using simpler tests.

The gold:silver ratio in Guangzhou (Canton) is 1:5.5. In Spain it's 1:12.5. In Japan it's 1:10. In India it's 1:8.

Chinese silk and porcelain lead the world in quality and desirability.

Europe is a threat to China because it won't accept the Chinese tributary system, it wishes to convert the Chinese to Christianity, and it seems to base its view of the world on trade and profit.

China is the most advanced, largest civilization in the world. Whole nations in “barbarian” Europe cannot equal in population one large Chinese city. Confucius confirmed the basis of Chinese society before Europe was even an idea. Spain has only been Spain since 1492.

## China Questions, 1571

Roles (points of view) to represent: Gov't officials, private bankers, Fujian merchants in Philippines, Guangzhou (Canton) trader, Confucian scholar.

Should the central gov. allow the spread of silver monetization inland, or stop it?

If it allows it to spread, should it convert the taxation system to silver?

If it converts the taxation system to silver, should it also convert the tributary system to silver?

Should the central gov. maintain the quality of the silver, or leave this to the private sector?

Should the central gov. ally with merchants? Punish traders dealing in silver? Extend to them benign neglect?

What will be the impact of silverization on the silk production and artisanal industries? Will life be permanently changed as a result of silverization?

Should European traders and missionaries be allowed to set up permanent settlements in China?

**In class:** Develop an economic and/or business plan, having discussed with each other the advantages and disadvantages of the various solutions. Because you have different points of view, with perhaps unresolvable differences, you may end up with both public and secret plans.

**After your discussions:** READ: Flynn & Giraldez, "Born with a 'Silver Spoon.'" Also, "Social Change Under the Ming," Valerie Hansen pp 387-405 (role of women, Jesuit presence incl. Matteo Ricci, the Old China Hand (a guide for Korean merchants in China), concerns about silver quality, Zhou Chen's illustrations of economic crisis in 1516). WRITE TO HAND IN: Observe which decisions were different from your approaches. Why were they different? What was the same? What were the results of their decisions?

## Spain Fact Sheet:

Spain had gotten rid of most of its financial and artisanal experts when it expelled the Jews and the Muslims in 1492.

Spain saw itself at the head of potentially the greatest Catholic empire of all time.

The notorious Pope Alexander VI (Borgia) had divided the New World between the Spanish and the Portuguese.

Commercial capitalism typically coexisted with Christianity.

The Ottoman Empire was at its height during this time...Suleiman "the Magnificent" controlled shipping in the Mediterranean, North Africa and the Balkan Peninsula (including Hungary, by 1526).

Portugal had beaten Spain into the Indian Ocean, and already had something of a trade relationship with China at Macao, and with Japan at Nagasaki.

England under Elizabeth I was a threat; hostile to Spain for religious, political and personal reasons by 1570.

The Spanish Netherlands were in revolt.

After the Aztecs were forced to mine gold and silver, they had rebelled in 1520. Hernando Cortes used intertribal hostilities, fire-power, and disease to his advantage and subjugated the Aztecs in 1521.

In the 1530s, Portuguese began settling in Brazil and discovered sugar could be produced there; but not much gold or silver. They would settle for trading smuggled slaves for smuggled silver from the Spanish.

In 1533, Pizarro had toppled the large but unstable Inca Empire under Atahualpa (or his hostile brother, depending on whom you ask). By 1545, a giant *cerro rico* (rich mountain) of silver was discovered at Potosi, Peru.

In 1570, large deposits of mercury were discovered at Huancavelica, Peru.

The mercury amalgam process of purifying silver ore was discovered by Muslims in India some time before 1000 CE. Pulverized silver is mixed with water and mercury, and stirred. Then it is spread out and washed with more water. The water washed away the impurities (the mercury having mixed with the silver to make it more liquid), and then the silver-mercury amalgam is hung in cowhide bags. The mercury (liquid at room temperature) gradually drips out of the silver through the hide.

Magellan had claimed the Philippines for Spain, but there was not yet a significant Spanish presence there. 40 Chinese/Fujian traders lived there.

China had refused to allow the Spanish to establish a permanent trade relationship or settlement in China.

The gold:silver ratio in Guangzhou (Canton) is 1:5.5. In Seville, it is 1:12.5. In Japan, which had recently opened large veins of silver itself, it is 1:10.

## Spain Questions 1571:

Roles (points of view) to represent: Gov't officials, mine owners, merchant marine captains, a Seville merchant, an Incan living near Potosi

Should Spain invest in opening a port at Manila?

If Spain opens a trade center at Manila, what should be its purpose? Who should be allowed to trade there? What items should be purchased there? Should anyone be allowed to establish permanent residence there?

Should the royalty control all of the mining in the Americas? How can it make a profit with little risk?

Should the gov. insist that all New World silver pass through Spain before it goes anywhere else?

Should the gov. ally with merchants?

Should the gov. control the mercury supplies at Huancavelica?

What should the gov. or merchants do to cut down on the potential for smuggling and piracy (especially from competitors such as the British, eventually the Dutch, and the Portuguese?)

If Spain should make a lot of money, how should it be spent?

**In class:** Develop an economic and/or business plan, having discussed with each other the advantages and disadvantages of the various solutions. Because you have different points of view, with perhaps unresolvable differences, you may end up with both public and secret plans.

**After your discussions:** READ Flynn & Giraldez, "Born with a 'Silver Spoon.'" Also, "The Logic of an Immoral Trade," "Rich as Potosi" and "The Freebooting Founders of England's Free Seas" from Pomeranz and Topik, pp. 154-161 (the results of smuggling potential in the slave trade, Potosi and the Inca, and British pirate-heroes). Also, Paul Lunde, "American Silver, Ottoman Decline" (describes the mercury process, the global links of the silver trade, and especially the impact of the trade around the Mediterranean). WRITE TO HAND IN: Observe which decisions were different from your approaches. Why were they different? What was the same? What were the results of their decisions?

## Japan Fact Sheet:

In 1570, Japan was in a state of disorder, as Nobunaga sought to unify the daimyo by force under his shogunate.

His most powerful allies were Toyotomi Hideyoshi, and Tokugawa Ieyasu.

Newly identified sources of silver were being mined by private companies and shipped secretly to China in return for gold and luxury items.

Nagasaki had been founded in 1562 by a daimyo who wished to trade with the Portuguese.

The Portuguese and Jesuit missionaries had been a presence in Japan since the mid-1540s, and were sometimes encouraged by daimyo who wished to break the power of the Buddhist temples around the capital Kyoto. Japanese suspicious of Christianity as a religion, and more so when it seemed associated with gunboats.

Portuguese control Macao and Malacca.

Spaniards competed with the Portuguese, Dutch, and English for converts and trade in and around Japan.

Gold to silver ratio is 1:10 in Japan, 1:5.5 in China, and 1:12 in Spain.

## Japan Questions, 1571:

Roles (points of view) to represent: Tokugawa officials, daimyo, Japanese merchant in Nagasaki, Japanese merchant in Manila

Should Japan invest in opening a major port at Nagasaki? Should it be open to all shippers?

How can the gov. control the most profits for the least risk? How could silver be used to stabilize the gov?

Should Tokugawa ally with merchants over daimyo? Should Tokugawa end its tribute to China?

If Tokugawa becomes wealthy, how should the money be spent? Should Japan mine copper as well?

**In class:** Develop an economic and/or business plan, having discussed with each other the advantages and disadvantages of the various solutions. Because you have different points of view, with perhaps unresolvable differences, you may end up with both public and secret plans.

**After your discussions:** READ Flynn & Giraldez, "Born with a 'Silver Spoon.'" WRITE TO HAND IN: Observe which decisions were different from your approaches. Why were they different? What was the same? What were the results of their decisions?

## **Bound by a Silver Chain: 1635**

### **Here's the situation:**

The gold:silver ratios have evened out between China and Europe.  
In China, silver has lost 2/3 of its value.

### **In your groups, discuss:**

From the perspective of your character, what will be the result?  
What do you plan to do?

## **Bound by a Silver Chain: 1700**

### **Here's the situation:**

China's population is surging upward, fed by sweet and white potatoes, corn, and peanuts from the Americas. These crops can be grown in areas previously not under cultivation, can fill in when there might otherwise be a famine, and provide for more variety in the diet.

The gold:silver ratio in China is 1:10, and in Europe 1:15.

New sources of silver have been identified in Spanish Mexico, which is now producing the purest silver pesos the world has seen. Europe is still fascinated by chinoiserie and, now, tea.

**In your groups, discuss:** For large-group discussion this time, add a Dutch and a British merchant.

What goods would they trade? How would they earn their profit? What obstacles might they have to overcome in order to be active traders in China? What role can India play? How will Spanish enthusiasm for the silver trade be similar to or different from the way it was in 1571? Will they buy Chinese goods with silver? Why or why not?

By 1750, the gold:silver ratio had dropped to 1:15+, while in Europe it was at about 1:14.5.

China had been drained of gold.

In 1752, Great Britain took over Bengal, giving them a ready supply of opium, a forbidden but highly desired item in Chinese bureaucratic circles.

## **Topics for Further Discussion:**

- To what extent was silver a “dangerous commodity,” which not only connected the global economy, but also handcuffed the states involved?
- Compare and contrast the strategies of two supply-side powers in the silver trade, Spain and Tokugawa Japan. Was either more “successful?” Why?
- What was the impact of the Japan-Potosi silver cycle on the Islamic world? (Ottoman Empire, Mughal India)
- What was the economic impact of the silver cycles on other goods, such as other precious metals, or commodities like silk, sugar, or cowries?
- What was the impact of the silver cycle on the slave trade?
- What was the impact of the silver cycle on the working classes? Pick a role here...a janissary, an Argentinian cattle farmer, a Dutch sailor, a Chinese farmer, etc.