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(EDITED BY)

A GLOBAL TRADING NETWORK
The Spanish empire in the world economy
(1580-1820)

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INTRODUCTION

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The Hispanic Monarchy became, over the course of the sixteenth century, the first global empire in history. With territories that ranged — especially after the Iberian Union with Portugal in 1580 — from the Atlantic to the Pacific and from the north of Europe to South America, and the Philippines, the existence of an empire and, consequently, a government of global dimensions, contributed decisively to interconnecting the “four parts of the world” known at that time¹. A world in which, at least until then, existing political, cultural and economic relations had not been sufficient to create a permanent global trading network capable of influencing the economies that were eventually to become part of this network: Europe, Africa, America and Asia².

1. Serge Gruzinsky, *Les quatre parties du monde. Histoire d'une mondialisation*, Paris: La Martinière, 2004. The bibliographical references included in this introduction are not exhaustive. They are only intended to make readers aware of some of the books and articles that we consider most important with regard to the topics addressed in this book.

2. The researchers have paid great attention, in recent years, to the question of the integration of markets in the pre-industrial period, using to this end, as the main evidence of the existence or not of this integration, price dispersion/convergence. See, in this respect, the collection of essays in Jeffrey G. Williamson, *El desarrollo económico mundial en perspectiva histórica: cinco siglos de revoluciones industriales, globalización y desigualdad*, Zaragoza: Prensas Universitarias de Zaragoza, 2012, especially Chapter 4. O'Rourke and Williamson deny that this convergence took place, as do, among many others, Süleyman Özmucur and Sevket Pamuk: “Did European Commodity Prices Converge during 1500-1800”, in Timothy Hatton, Kevin H O'Rourke and Alan M Taylor (eds.), *The New Comparative Economic History: Essays in Honor of Jeffrey G. Williamson*, Cambridge, MA: MIT Press, 2007, pp. 59-85. This fact, however, in no way contradicts the thesis of the existence in the Modern Age, as we point out in the text, of “a permanent global trading network capable of influencing the economies concerned”, whose

The establishment of a “Spanish or Hispanic Atlantic system” represented the first step, chronologically speaking, in the process of globalisation of mercantile relations that took place in the Modern Age³. The *Casa de Contratación* (House of Trade) was founded in 1503, the *Consejo de Indias* (Council of the Indies) created in 1524 and the *Consulado de Cargadores a Indias* (Merchant Guild) established in 1543. Thus, the institutional framework that would manage the functioning of the American colonies from the metropolis for more than three centuries was set up. The regulation of traffic with the Indies was codified in 1561, modifying the procedures that had been followed previously. From then on, the ships that sailed for the American colonies or returned from there had to do so within a system of *flotas y galeones* (ships) that sailed in convoy in two annual expeditions to Cartagena de Indias-Veracruz and a single annual return voyage from Havana.

Although the number of ships that made up the *flotas y galeones* varied greatly over the years — with the largest in the early seventeenth century and the smallest in the late seventeenth and early eighteenth centuries — and the annual frequency of the voyages was not always the same, the *Carrera de Indias* functioned as one of the most important and busiest world trade routes in the Modern Age⁴. We say world trade route because, from the start of the conquest of America and the economic exploitation of the colonies, the capital and goods that fuelled Atlantic trading were of diverse origin, partly due to the lack of competitiveness of the Spanish economy in meeting American demand⁵. Indeed, even though the American colonies were the

modus operandi helps explain both the great and little divergencies observed in the wealth of peoples and territories from the sixteenth to the eighteenth century.

3. Carlos Martínez Shaw and José María Oliva Melgar (eds.), *El sistema atlántico español (siglos XVII-XVIII)*, Madrid: Marcial Pons, 2005. For an adequate contextualization, see Horst Pietschmann (ed.), *Atlantic history: history of the Atlantic system, 1580-1830*, Göttingen: Vandenhoeck and Ruprecht, 2002. See also the works compiled in Michel Bertrand and Jean Philippe Priotti (dirs.), *Circulations maritimes. L’Espagne et son empire (XVIe-XVIIIe siècle)*, Rennes: Presses Universitaires de Rennes, 2011.

4. Huguette et Pierre Chaunu, *Séville et l’Atlantique (1504-1650)*, Paris: SEVPEN, 12 vols., 1955-1960; Antonio García-Baquero González, *Cádiz y el Atlántico: el comercio colonial español bajo el monopolio gaditano (1717-1778)*, Sevilla: Escuela de Estudios Hispano-Americanos, 1976, 2 vols.; Lutgardo García Fuentes, *El comercio español con América, 1650-1700*, Sevilla: Diputación Provincial, 1980. See also the works compiled for the five hundredth anniversary of the *Casa de Contratación*: Antonio Acosta Rodríguez, Adolfo González Rodríguez and Enriqueta Vila Vilar (coordinators), *La Casa de la Contratación y la Navegación entre España y las Indias*, Sevilla: Universidad y CSIC, 2004.

5. Antonio-Miguel Bernal, *La financiación de la Carrera de Indias (1492-1824). Dinero y crédito en el comercio colonial español con América*, Sevilla: Fundación El Monte, 1992. Ángel García Sanz, “Competitivos en lanas pero no en paños. Lana para la exportación y lana para los telares nacionales en la España del Antiguo Régimen”, *Revista de Historia Económica*, 1994, 2, pp. 497-534. Unfortunately, no research has been conducted on other sectors of the Spanish

Indies of Castile from a legal point of view, what actually existed was a joint venture, although this is true to a varying degree and with significant changes over time. A joint venture between whom? Shared by the Crown of Castile, the other territories that were part of the “composite empire” of the Hispanic Monarchy and other European states, primarily France, England and the Netherlands.

As for the Pacific is concerned, between the arrival of Vasco Núñez de Balboa on the coasts of the “Southern Sea” in 1513 and the Magellan-Elcano expedition to the Philippines in 1521, on the one hand, and the discovery of the return route from Cebú to New Spain by Andrés de Urdaneta in 1565, on the other, there was half a century of unsuccessful attempts to connect the two shores of the Hispanic Pacific in a regular and safe manner⁶. As from 1571, however, and during two and a half centuries, the *Galeón de Manila* (Manila Galleon) or *Nao de China* (China Ship) enabled the exchange of Asian products for American silver and made a direct permanent connection possible between two continents whose economies had functioned, although not completely isolated from each other, with sufficient independence to avoid a lasting impact of one on the other and vice versa⁷.

Here also, as had happened previously on the *Carrera de Indias*, expeditions were subject to strict regulations, so that from 1593 onwards legal exchanges were restricted to the Manila-Acapulco-Manila route and ships were forbidden from sailing to, or returning from, any other American port except Acapulco. This regulation was related to both the Monarchy’s attempt to prevent American silver being diverted east instead of being sent to Spain and the intention of the merchants united in the Guild based in Seville to

economy that enable the hypotheses put forward by García Sanz for the production of wool products to be confirmed or rejected. The loss of competitiveness of the Canary Islands’ sugar production, due to the impact of Brazilian and Caribbean sugar, is another example of the Spanish economy’s difficulties to compete with colonial production in international markets, although in this case the economic policy on the cultivation and marketing of sugar cane would have to be taken into account.

6. See the collection of works in Carlos Martínez Shaw and Marina Alfonso Mola (eds.), *La ruta española a China*, Madrid: El Viso, 2007. Other aspects of the Spanish presence in the Philippines are analysed in Luis Alonso Álvarez, *El costo del imperio asiático: la formación colonial de las Filipinas bajo dominio español, 1565-1800*, La Coruña: Universidade da Coruña, 2009.

7. Along with the classic work of William Lytle Schurz, *The Manila Galleon*, New York: E. P. Dutton, 1939, see also: Carmen Yuste López, *El comercio de Nueva España con Filipinas, 1590-1785*, México, 1984; Mariano Ardash Bonialian, *El Pacífico hispanoamericano: política y comercio asiático en el imperio español, 1680-1784: la centralidad de lo marginal*, México D.F.: El Colegio de México, 2012; Salvador Bernabéu Albert and Carlos Martínez Shaw (eds.), *Un océano de seda y plata: el universo económico del Galeón de Manila*, Sevilla: CSIC, 2013; Carmen Yuste López and Guadalupe Pinzón Ríos, coords., *A 500 años del hallazgo del Pacífico: la presencia novohispana en el Mar del Sur*, México: Universidad Nacional Autónoma de México, Instituto de Investigaciones Históricas, 2016.