

# Theories for the beginning of globalization



## **Globalization Begun in 1571**

The trade consisting of all the countries throughout the world is known as globalization. A set of regulations and rules governed international trade with the conclusion of The Second World War. There are speculations that the globalization truly made a name for itself after 1571. There are also other speculations that globalization existed prior to World War II. The forthcoming discussion supports the notion that true globalization begun in 1571. This was the advent of globalization because of the result of the role played by the global silver markets in relation to being a significant economic driving force to the sustenance of the structural transformation in the whole world. The discussion will also entail an illustration of how the superpower of the world at the time, China, had an influence on the birth of the global trade through the silver markets.

Rather than analyzing globalization through nation-state and conventional units, a considerable number of researchers opt to focus on aspects of culture, demography, ecology, epidemiology, economics, geography and climate. This analysis is correct because of the emphasis on the existence of the interconnection within the afro Eurasian world that was deep (Flynn & Giráldez, 2006). Furthermore, this connection existed for up to thousands of years. Connecting waterways and overland routes were the main forms of these connections. It is essential to note that these connections were not globalization as many historians put it. As much as these long-distance connections played a crucial role in the birth of globalization, they were only happening in the Old World. Therefore, true globalization began in 1571

because this was the time when a direct connection between the Americas and the Old World was initiated (Flynn & Giráldez, 2006).

An essential geographic take away to the reasoning on globalization is that the Pacific Ocean is equivalent to a third of the earth's surface area and the other third is accounted for by the Atlantic Ocean and the Americas. The Old World would, therefore, take up the remaining third of the globe's surface area. With this reasoning, it is wrong to label the connections that only existed on one-third of the world as global. Labeling the Old-World trade as globalization is contradictory to the definition of globalization due to the exclusion of most of the Pacific, the Americas, and a majority of the Atlantic (Sverdrup, Koca, & Ragnarsdottir, 2014). The emergence of global trade was marked by the fact that there was a continual exchange of products between heavily populated continents, and this form of trade was not limited to the exchange between continents but was also inclusive of the trade that transpired within the nations.

Globalization also made a mark for itself when the values generated were sufficient enough to have lasting impacts on the partners that were engaged in this trade. Prior to the 16<sup>th</sup> century, the existing intercontinental trade is considerably recognized. Nonetheless, when a direct trade link between Asia and America was formed in 1571 after Manila was founded as a Spanish entrepôt, this was the true beginning of globalization. Furthermore, before 1571, the world market lacked completeness and coherence, which the connection between the Americas and the rest of the world gave rise to (Hamashita, 2013).

The old and new world had remained in isolation for more 10, 000 years. Therefore, these new contacts between the nations gave rise to an alteration of the course of the evolution of humans in both disturbing and reflective ways. For instance, the new diseases from the Old World had a detrimental effect on the native population of the new world (Andreev, Ilyin, & Zinkina, 2015). The diseases had this negative outcome on the New World population because they were not immune to the Afro Eurasian diseases. As a result of this, it was commercially necessary to have African slaves in the New World to allow for the exploitation of the resources. The Europeans also permanently altered the landscapes of the New world through the introduction of numerous plants such as oranges, sugar, and wheat as well as larger domestic animals like cattle and horses (Sverdrup, Koca, & Ragnarsdottir, 2014). In the absence of contact with the Europeans countries such as the United States, Mexico, and Argentina would have never had its building blocks of wheat, cattle, and horses, and yet it is almost impossible to imagine the nations without such components.

It is therefore adequate to state that the connections between the Americas and the new world signaled the beginning of globalization because it initiated a series of completely different paths for the New World. These powerful forces of change only existed after the arrival of the Europeans, and these forces remain visible in the 21<sup>st</sup> century (Andreev, Ilyin, & Zinkina, 2015). It is also essential to take note of the fact that the New World was not only an importer, but it also took part in exportation.

The landscapes of the Old World were also permanently and crucially altered by the American plants and seeds. As much as half of the foodstuff

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consumed today was introduced to the world by the Americans, some of these foods are inclusive of beans, peanuts, tomatoes, sweet potatoes, potatoes, and corn (Sverdrup, Koca, & Ragnarsdottir, 2014). Other plants such as tobacco were also introduced by Americans. There are numerous documentations of the global linkages that make it clear that the demographic and ecological consequences of the are evident in all the corners of the earth which were only possible as a result of the inclusion of the Americas into the exchange of goods.

There are other theories of the beginning of globalization. Nonetheless, there are reasons for their relative inaccuracy of the theories. There is a belief by the enlightenment period scholars, that in the eighteenth century the thinkers began to make sense of reality in global terms (Flynn & Giráldez, 2006). Though an analysis of the facts would shut this notion down. The facts of the matter are that the awareness of the global connections was there during the 16<sup>th</sup> and 17<sup>th</sup> centuries. The awareness of the global connections was widespread among intellectuals, religious leaders, government officials, and merchants. Furthermore, it is not clear the extent to which the consciousness of global trade had to have existed before it was suitable to acknowledge the existence of globalization (Sverdrup, Koca, & Ragnarsdottir, 2014). Therefore, the notion that globalization begun in the eighteenth century does not hold water.

Other theorists believe the beginning of globalization was in 1820 because of the fact that this was the point in financial history where the coverage of international commodity prices begun. Regardless of the fact that these are valid conclusions to the beginning of globalization, they are flawed because <https://assignbuster.com/theories-for-the-beginning-of-globalization/>

of the definition of globalization. Within the definition of globalization, it is not a necessity that globalization is inclusive of the requirement of international price coverage (Sverdrup, Koca, & Ragnarsdottir, 2014).

Nonetheless, is essential to keep in mind that the convergence of the prices on an international level is an important milestone. The flaw of this link to the beginning of globalization further stems from the fact that international price convergence truly began in the 19<sup>th</sup> century at the time of the industrial revolution. This was three centuries after the true beginning of globalization in the 16<sup>th</sup> century (Andreev, Ilyin, & Zinkina, 2015).

Prior to the industrial revolution, there were two silver cycles. The silver cycles are essential to the illustration of the extent to which the linking of the Americas and the rest of the Old World were essential to the advent and maintenance of globalization. The initial silver circle spanned between the 1540s and 1640s and it was naming the Potosi/Japan Silver Cycle. The reason for this naming was that a considerable amount of the production of silver would go on in the mines of Japan and Potosi. China was the significant receiver of silver as thousands of tons of silver were transshipped throughout the world in that direction (Flynn & Giráldez, 2006).

By 1640, the high price of silver in China descended to the price of the rest of the world. The global silver trade came to an end when the world silver price dropped to its production cost. A redemption for the silver trade came in the form of the Mexican Silver Cycle which lasted between 1700 and 1750 (Flynn & Giráldez, 2006). This silver trade was mainly between Mexico and China through Europe. It became common knowledge among scholars,

clerics, government officials as well as merchants that the end market for the Japanese and American produced silver was the Chinese markets. Silver was an essential component in the stimulation of global trade. Furthermore, China had a relatively central role in the silver trade.

The adoption of silver as a payment mode continued to expand in China with the regional and local government agencies also converting the payment of tax to include silver as well. As much as the Ming Dynasty was opposed to the movement of silverization, it became too irresistible (Hamashita, 2013). The dynasty made a move to institutionalize the use of silver as a tax reform that was a single whip in the 1570s. Taxes were therefore payable by the use of silver, even by the peasants. When China converted their mode of payment to the use of silver, it had a momentous outcome. This ripple effect was because of the fact that just two of China's huge cities held almost a quarter of the population of the world. The ripple effect that was also seen beyond the Chinese borders resulted from the fact that China had a tributary system that was extensive (Sverdrup, Koca, & Ragnarsdottir, 2014).

Given the gigantic size of the Chinese economy, when they officially converted to the utilization of silver, its market price in the region was considerably higher in China than any other nation in the world inclusive of Europe, Japan, and America. The silver flooded in China for centuries because they offered the best price for it (Andreev, Ilyin, & Zinkina, 2015). For instance, a comparison of the ratios of gold to silver in China, as well as the rest of the world, was an indicator of the reason for their dominance. In China, the ratio stood at 1: 6 while in India, Persia, and Europe the ratios were 1: 8, 1: 10, and 1: 12 respectively (Flynn & Giráldez, 2006). It is,

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therefore, valid to state that the inequality within the silver market resulted in global trade. The trade networks throughout the world were utilized for the transportation of thousands of tons of silver to China. The end of the Potosi-japan silver cycle resulted from the fact that the price of silver in China became equal to the world price in 1640 (Hamashita, 2013).

As much as the Mexican Silver Cycle would follow a similar formula in the silver trade, there were significant changes. The population of China had increased greatly. The increase in the population in China resulted from ecological changes such as the new crops that were introduced to them from the New World. The increase in the population of China would, therefore, imply the requirement for the demand for silver in China to increase. With this increased demand, the price of silver in China, therefore, spiked by 50% higher than the rest of the world (Sverdrup, Koca, & Ragnarsdottir, 2014).

In conclusion, the true globalization began in 1517 because of the linking of the New World and the Old World. The addition of the Americas to the global trade connections was essential because the resultant end product was the acquiring of entirely new products and lifestyle changes. Lastly, the silver has a crucial role to play in the maintenance of global trade. The demand for silver in China resulted in the continual interactions between the New World and the Old World.

## References

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