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BOOK REVIEWS

DE ZWART, PIM and JAN LUITEN VAN ZANDEN. The Origins of Globalization. World Trade in the Making of the Global Economy, 1500–1800. [New Approaches to Social and Economic History.] Cambridge University Press, Cambridge [etc.] 2018. xv, 338 pp. Ill. Maps. £64.99. (Paper: £21.99; E-book: $24.00).

This is a great little book of deceptive appearance. In barely 280 pages, the authors have taken on the task of explaining the origins of globalization – and its consequences – between 1500 and 1800, with very compelling results. Indeed, by looking at long-distance maritime trade, the book offers abundant persuasive empirical evidence and an interpretative synthesis of the "global connections" that transformed the world in the early modern period.

The substantial introduction situates the book's contribution to the literature. It engages well with, and supersedes, earlier debates about "soft" and "hard" globalization, making a strong case for the early modern episode. It develops the four "carriers" of the growth of global trade: the European states system; the technological and institutional innovations (in Europe); Europe's surplus income and demand; and the American silver and gold riches, being the single exogenous factor in the process. Each of these factors may well deserve an entire book in its own right. Chapter two identifies and measures the "key trends" of such global connections: shipping and transport costs; silver and other commodities flows; prices; and movements – voluntary and coerced – of people. The labels for "carriers" and "trends" could quite possibly have been swapped. The result was the creation and integration of a growing global market traceable to the convergence of silver-denominated prices (p. 46).

Chapters three to nine follow the effects in the relevant geographies based on an up-to-date discussion of each region's recent economic historiography. The authors highlight the interaction of globalization with "local conditions" and the agency of non-European peoples and polities as a way to de-centre the analysis from a European baseline. The Eurocentric undertones of some of the secondary literature, however, do not always assist them well. The narrative suggestively starts from the part of the world most transformed by the process, Latin America, followed by the "slave trade from Africa", the "decline of South Asia", the developmental reversal of South East Asia, and the "limited" globalization of East Asia. The geographic rationale for separating the "[e]xport-led development of North America" is unclear, but it foretells a distinct trajectory that is carefully discussed. Together with the chapter on Europe, the book sets apart winners from losers. Chapter ten redresses the regional focus thus far with a cross section of the issues presented in the introduction to outline a global analytical narrative. Thus, "currency", "production", "consumption", "populations", "cities", and, more processual, "divergence" and "empires" serve as a foreword for the long-term "global consequences", the actual conclusions of the book. Given the remarkable breadth of this book, I will comment only on some of those aspects that I can claim some familiarity with.

The Origins has an interesting take on the role of silver, discussed at unusual length in various chapters – it has more entries than Europe in the index! – and the discussion is more informed than similar syntheses. The authors oscillate between characterizing silver as a commodity and as money, with a particular ambiguity about its actual contribution to European economic growth. In the section "Global Currency", they rightly conclude that it is difficult to find a "more convincing case for the unity of the global networks" (p. 272). "Silver was indispensable" (p. 58), "fuelled the global trade", and because of globalization "relative values of silver (to gold) converged across the globe". However, its trade continued well beyond that point into the nineteenth century; this challenges the notion of a decline in the silver trade with Asia in the mid-eighteenth century (pp. 39, 45, 225–226) built solely on information from European sources.[1]

The section "Global Production" links extra-European commodities such as cotton with cotton textiles as "the best example" of a "global consumer commodity" produced by a distinct free and waged labour (p. 273). It suggests a relationship between the rise of world trade and of free labour in Europe "at the expense of subsistence work and unemployment or leisure" – and of unfree labour elsewhere – which probably would have deserved further development in this book. The section "Consumption" thus relates the industriousness of Europeans prompted by a greater availability of imported luxuries (pp. 275–276). The propensity to consume spread even to frontier economies, such as South and North America (p. 275). However, consumers in the Iberian New World are surprisingly absent, despite the purchasing power of their exports, and the fact that European "luxuries" were staple there. The section "Global Populations" recalls the demographic losses of the connections, which relativizes the prevalence of Malthusian models used in international comparisons of living standards. "Global Cities" repeats another well-known parameter of the European historiography – high urbanization rates – now explained by the agglomeration of activities in port cities, rural migrations, and foreign sojourners. However, the text is inconclusive about the observed high urbanization rates in Spanish America (pp. 51, 75). "Global Divergence" finds a "strongly negative" net effect in the balance of global connections and distribution of their gains, despite the Smithian growth described in preceding chapters. The depletion of the New World aboriginal population and the scale of labour extraction from Africa were the collateral effects. The benefits explain why Western Europe and North America stood apart from the rest, and the leverage of new "social groups" and political agents: traders and merchants.

These were the "necessary" endogenous factors explaining global cleavages. Thus, long-distance maritime trade became the vessel for the Great (and little) Divergences. But were they sufficient? The mechanism that shaped economic agents (and agencies) is less evident. The task is left to the current literature on institutions in "Global Empires" to feature the interaction of merchants and princes/parliaments, while taking categories forged in the European fiscal military state literature to a global scale without much precision or persuasion. Nothing is said about state capacities. More nuanced is the discussion about colonialism, as there were different offspring of Europeans overseas – settlers or predators. As connections unfolded, colonialism also varied with the timing and rationale of the economic incorporation of different parts of the world under European control (p. 268), adding a welcome historical dimension to the now canonical path-dependent models of growth-inducing institutions. *The Origins* effectively shows the conditions and alternatives that each region had to "have taken another turn" (p. 282).

1. Alejandra Irigoin, "The End of a Silver Era: Global Consequences of the Breakdown of the Spanish Silver Peso Standard", *The Journal of World History*, 20:2 (2009), pp. 207–244.

For extra-European regions, globalization is presented as exogenous. There was no direct exchange between silver-rich America and silver-scarce Asia; even the Pacific route was mired by intermediations. It was Europe where the process became endogenous, owing to the "growth of markets", the "adaption of institutions", and "greater commercialization and urbanization". Thus, the "development of human capital", the "growth of purchasing power", and the "technological and institutional change" – defined by the "strongest constraints on the executive" – were particular traits of Europe.

So was colonialism. By 1820, when intra-European competition was cutting returns from mercantilist trade, the direct exploitation of territories and populations sponsored by states and/or companies changed the nature of "global connections". Then, long-distance trade shifted to a more open but more bilateral business. The political economy of European colonialism is very tenuous in the conclusions of the book. It is replaced by a candid epilogue on the "long-term" consequences (p. 283). Unlike the demographic losses, and the uneven distribution of economic gains, the "institutional heritage" of globalization is "not entirely negative", but nor is it much developed. Although there is no linear development of the world economy, the transition to modern economic growth after 1820 appears to have been determined by the "revolution" that industrialized Britain; but this seems a leap to a subsequent new intercept.

Simultaneously qualifying American silver as "indispensable" and the role of the region "disproportionate" might appear contradictory. European "trade growth" and "greater purchasing power" were consequences of the windfall obtained from intermediating silver and consumer goods to Asia and America. It was the import of American precious metals that indirectly contributed to the increase in European income elasticity for Asian goods. Because silver was obtained as a return for exports – not from direct extraction, as is often wrongly assumed – European "industry […] received a great advantage" from such demand, as argued already by Adam Smith.[2] It was the "gradual enlargement of the market in America" that absorbed the extraordinary growth in silver production throughout the eighteenth century (shown in Graph 3.2 of this book) – without any observed inflation – and enabled the increase in European imports from Asia that peaked in the last quarter of the century.[3] This was not endogenous for Europe, but it fostered investment and the technological and organizational changes that improved the structure of its economy.

In regions where labour was scarce and that were self-sufficient in food, the purchasing power of silver, which Asian demand created, pushed up imports of tradeable goods from Europe at relatively lower prices than otherwise – the other side of the Dutch Disease. Yet, economic histories of globalization rarely consider Spanish-American demand. This is a different argument from that of Eric Williams's "super-profits". He assigned the "forced" consumption of British exports to the plantation economy, as he considered only triangular exchanges over the Atlantic ruled by Navigation Acts; but after the Free Trade Act, Jamaican re-exports to Spanish America boomed. Spanish fleets had traditionally

2. Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (London, [1774] 1904); Book I, ch. IV, pt. I, pp. 414–415; ch. XI, pt. III, p. 202; Book IV, pt. III, pp. 91–93. Available at: https://oll.libertyfund.org/titles/smith-an-inquiry-into-the-nature-and-causes-of-the-wealth-of-nations-cannan-ed-vol-2; last accessed 28 July 2019.

3. E.H. Pritchard, "The Struggle for Control of the China Trade during the Eighteenth Century", *Pacific Historical Review*, 3:3 (1934), pp. 280–295, and Table 1.

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carried merchandise produced elsewhere in Europe and Asia. This was a re-export trade all along. In terms of composition, early modern maritime global trade was much more multilateral than the focus on the chartered companies leads one to believe. So was European trade with Asia, as the silver exported was overwhelmingly Spanish American. The impression of the "peripheral role" of the periphery[4] – that did not distinguish between domestic and foreign goods at the point of departure – pays no justice to the significance of re-exports in the intra-European trade. This was composed partly of goods from and to Asia and America – and was a bone of contention for European mercantilism.

Little is said about how silver was introduced and circulated through Europe, and exported hence to the Baltic, the Levant, and Asia. The authors hesitate about the non-neutrality of money; given that silver was primarily a commodity money, they might have given more credit to the effects of easing liquidity constraints in Europe (pp. 244–247) – as argued for India (p. 160) and China (pp. 227–229), paradoxically. Silver had no substitute in the growing trade with Asia. Europe solved the problem by adapting monetary and financial institutions to this global trade to raise the initial outlay and working capital to continue re-exporting silver to the East (p. 247). To proxy Asian demand for silver with differences in precious metals ratios within Eurasia is equally misleading. Beyond equalization in the 1750s, Asia, and China particularly, imported even more (coined) silver from US merchants. There was no shortage of world supply at the rate China imported silver up to the 1830s, disruptions in producing regions notwithstanding.[5] The global silver trade as it was known in the seventeenth century also ceased in the 1820s once the standard of the silver coin ended.[6] I wonder to what extent European trade would have grown without silver, given that Asian importers did not take bills until well into the 1800s? How was European access to silver possible without supplying Spanish-American consumers? If silver was "indispensable", trade with Spanish America was a necessity.

Despite these omissions, *The Origins* is state of the art and provides the best available synthesis of the research on the international trade and global economic history of the early modern period. It is as informed, insightful, and inspiring in its findings as it is suggestive in its ambiguities. It will be a superb source for background on any topic of research in the early modern history of any part of the globe.

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4. Patrick O'Brien, "European Economic Development: The Contribution of the Periphery", *Economic History Review*, 35:1 (1982), pp 1–18.
5. Alejandra Irigoin, "The Rise and Decline of the Global Silver Standard", in S. Battilossi, Y. Cassis, and K. Yago (eds), *Handbook of the History of Money and Currency* (Singapore, forthcoming), ch. 13.
6. Alejandra Irigoin, "A Trojan Horse in Daoguang China? Explaining the Flows of Silver In and Out of China", LSE Economic History Working Papers, no. 173/13.