

MANILA, EPICENTER OF THE FIRST GLOBALIZATION

The discovery of America allowed the subjects of the Spanish monarchy to explore several silver mines of unprecedented abundance. The middle of the 16th century thus saw the deposits in Mexico (particularly in Zacatecas and Guanajuato) and Peru (Potosi) eclipsing the old silver sources in Europe, the Schwaz (Tirol), Joachimsthal (Bohemia), and Schneeberg (Saxony). From that moment on, they assume a very secondary and marginal position in international markets.

The exploitation of American silver was the work of several Spanish businessmen who had settled in Mexican mining towns and in the Cerro de Potosi. They had to give to the monarchy the **quinto real**, while they sold the rest to specialist merchants who distributed the metal along the Empire's trade routes. A part of that metal was converted into coins in American mints (in Mexico and Lima, prominently), while another part was exported as bullion and ended up processed in Spanish mints, especially in Seville, the principal port of arrival, and in Segovia, the first Spanish minting center.

The Spanish coin (and especially the *peso de ocho reales*, also popularly known as the *real de a ocho* and *peso fuerte* in international trade) soon became the most valuable currency in Europe, and the preferred form of payment, which promoted productivity and trade. It reached a point of producing important phenomena like the so-called revolution of prices in Europe, and for some authors, the beginnings of capitalism. Our objective, however, is not to engage in the old debate started by Earl Jefferson Hamilton's book.

Ours is a more modest one: to trace the routes taken by silver around the world, analyze the values of the metals in circulation, and pinpoint the role played by Spanish American silver in the Far East, locating its epicenter in Manila, from the time its impact begins to be felt and it becomes an important agent of the first wave of globalization.

Before looking at the quantitative estimates on the silver in circulation, we will identify the routes taken by that important metal from its Mexican and Peruvian sources. At the very start of the mining explorations, silver's principal destination was Seville, center of the Carrera de Indias. Beginning with the definitive organization of the system of fleets and galleons (1561), Mexican silver flowed from the mining centers to the city of Veracruz. From here it journeyed to Havana, where the Spanish fleet met up with the galleons from Tierra Firme, which in turn transported Peruvian silver, which had made the long travel by land from Potosi to Callao, by sea from El Callao to Panama, and again by land through the isthmus, and finally from Nombre de Dios and later from Portobelo) up to the Cuban capital. From there, the two convoys brought it to Seville, its final destination.¹

We posit the first question at this point: how much silver reached Spain and how much remained in America to be used in the businesses of their owners or to attend to the needs of the vice-royalty. John TePaske and Herbert Klein, picking up on John Lynch's suggestion, have shown the progressive increase in the amounts of silver retained in America by authorities beginning in the 17th century. Undoubtedly, its amount would

¹ A succinct approximation of the routes taken by American silver is found in M. Cipolla, *Conquistadores, piratas y mercaderes. La saga de la plata española* [Italian original, *Conquistadores, pirati, mercatanti. La saga dell'argento spagnolo*; English trans., *Conquistadores, Pirates and Merchants: The Sage of Spanish Silver*], Buenos Aires, 1998.

always be less than the amount of metal exported to Spain. In any case, as it is an issue that does not essentially concern this work, we simply limit ourselves to mentioning it in order to account for all the variables.²

The simple scheme traced for the metal's initial routes gets complicated in the second half of the 16th century, when silver obtains a new destination, the recently-acquired Philippine islands. Beginning in 1570, a new route is effectively initiated, the so-called Manila Galleon (or *Nao de China*), which opened trade between the Mexican port of Acapulco and Manila, and which from that time on becomes the destination of some privately-owned silver (used in the purchase of Chinese silk and other Asian produce) and a part of the income of the royal coffers, sent as a subsidy to meet the expenses generated by the new colony (and later, also as subsidy sent to the Marianas islands, to Agaña, the principal city of the island of Guam).³

Mexican silver was sent, logically but not exclusively, as there were also Peruvian merchants who travelled from El Callao to Acapulco to participate in the lucrative Chinese silk trade, offering in exchange metal from the Potosi mines. In the 1580s, the

² J. J. TePaske and H. S. Klein, "The Seventeenth-Century Crisis in New Spain, Myth or Reality?: Past and Present," No. 90 (1981), pp. 116-135. A short time later, J. J. TePaske insisted on the same idea again: "New World silver, Castile and the Philippines, 1590-1800", in J. F. Richards, ed., *Precious Metals in the Later Medieval and Early Modern Worlds* (Durham, N. C., 1983), pp. 425-445.

³ A general survey of Mexican silver's Far East route is found in V. Valdés Lakowsky, *De las minas al mar. Historia de la plata mexicana en Asia: 1565-1834* [From the Mines to the Sea: History of Mexican Silver in Asia: 1565-1834] (México, 1987). Regarding the Manila galleon, one has to take into account the works of W. L. Schurz, *El Galeón de Manila* (Madrid, 1992) [English original, *The Manila Galleon*, 1939] and C. Yuste López, *El comercio de la Nueva España con Filipinas, 1590-1785* (México, 1984) [Nueva España's Trade with the Philippines, 1590-1785]; and recently, L. Alonso Álvarez, *El costo del imperio asiático. La formación colonial de las Islas Filipinas bajo dominio español, 1565-1800* (México D. F., 2009) [The Cost of the Asian Empire: The Colonial Formation of the Philippine Islands under Spanish Rule, 1565-1800].

governor general of the Philippines, Gonzalo Ronquillo, promoted direct trade between El Callao and Manila, sponsoring two expeditions, in 1581 and 1582. ⁴

But the Spanish Crown, sensitive to complaints from Spanish and Mexican shipowners/fleet owners, soon began to strike down the Peruvian trade with the Far East. In 1591, trade between Peru, Tierra Firme, Guatemala and other regions, as well as “China and the Philippines” was banned. The order was reiterated in 1593, 1595, and 1604, this last year seeing an order to stop all kinds of trade, not only between Callao and Acapulco, but also generally between the two Vice-royalties of Peru and Nueva España. But the prohibition had to be repeated in 1609, 1620, 1634, 1636, and 1706. ⁵

Despite such strong measures, there were several hints that Potosi silver continued to flow, illegally, that is, into the Far East. It used other ports, like Realejo, in Nicaragua, as a transit point enroute to Acapulco. This is the conclusion reached by both William Lytle Schurz and Woodrow Borah. The latter claims that the contraband must have reached more than 100 tons a year, if one estimates the annual average of 2-3 millions of pesos (between 53 and 79 tons of silver) for the permitted trade between Peru and Mexico for the years 1580-1610. ⁶

⁴ The expeditions are analyzed in detail in F. Iwasaki Cauti, *Extremo Oriente y Perú en el siglo XVI* [The Far East and Peru in the 16th Century] (Madrid, 1992), pp. 21-54. More recently, silver inflow between the Philippines and Peru, although occurring at a much later time, has been studied in depth in M. Ardash Bonialian, *El Pacífico hispanoamericano. Política y comercio asiático en el Imperio español (1680-1784)* [The Spanish American Pacific: Policies and Asiatic Trade in the Spanish Empire (1680-1784)] (Mexico, 2012).

⁵ W. L. Schurz, *El Galeón*, pp. 312-313.

⁶ W. Borah, *Early Colonial Trade and Navigation between Mexico and Peru* (Berkeley, 1954), especially, pp. 88 and 123. William Lytle Schurz's opinion, positing if not concrete figures, at least other testimonies, neither clears doubts: "The ships from Lima continued to make trips to Acapulco, despite the Royal Orders of 1604. The trade continued despite severe criticisms of Quiroga, who was determined to abolish it, and who succeeded in stopping it for some time. At the

Another contraband route led from Potosi to Brazilian ports, from where the silver was sent to Lisbon. The metal would go from Upper Peru to Tucuman, and from there get to Buenos Aires, where it would be loaded into Portuguese ships used for the illegal Rio de la Plata trade. Although estimates are problematic, the figure for this illegal Buenos Aires trade for the years 1580-1640 has been posited to be no lower than 1-2 millions of pesos annually (between 25,000 to 50,000 kilos of silver, at one million pesos fuertes for 25 tons of silver). In any case, for our purposes, it suffices to recognize the fact that Potosi silver which did not reach Manila had more than one way to reach Europe.⁷

It is well known that American silver did not remain in its original destinations (Seville or Manila, with Lisbon left out) but was used to liquidate accounts with several foreign suppliers. In Seville, part of the *reales de a ocho* landed in the hands of shippers to the Caribbean accredited at the *consulado* in Seville, many of paid for the textiles and other European products imported and sent to America aboard the ships, while the king's *quinto* (and the rights paid to government coffers for various fees) was usually used to

end of the 17th century, ships from Lima regularly passed by the Puerto del Marqués, some distance north of Acapulco. At the start of the next century, English corsairs tried to capture the ships from Lima near Acapulco: "The galleons come sometime before Christmas—Dampier says – and are loaded with mercury, cacao and coins of *real a ocho*. They carry spices, silk, cotton, muslin, and other articles from the Orient to be sold in Peru. The order of 1706, which reiterates earlier prohibitions, comments on [sic] "the lack of compliance with the laws and the very serious damage it brings to the trade and economy of the kingdoms." "The non-implementation of the laws have reached a point that the export of articles from the Orient to Peru has become a frequent and usual trade" (*El Galeón*, p. 314).

⁷ A. P. Canabrava, *O comércio português no Rio da Prata (1580-1640)* [The Portuguese Trade in the Rio de Plata (1580-1640)] (São Paulo, 1944), p. 26; C. R. Boxer, *Salvador de Sá and the Struggle for Brazil and Angola, 1602-1686* (London, 1952), pp. 77-78; M. Helmer, "Comércio e Contrabando entre Bahia e Potosí no século XVI" [Trade and Contraband between Bahia and Potosi in the 16th Century], *Revista de História* (São Paulo), IV: 1953, 195-212; and R. Molina, *Las primeras experiencias comerciales del Plata: El comercio marítimo, 1580-1700* [The Early Trade Experiences in the Rio del Plata: The Maritime Trade, 1580-1700] (Buenos Aires, 1966), pp. 82-122. The final estimate is in H. E. Cross, "South American bullion production and export, 1550-1700", in J. F. Richards, ed. *Precious Metals*, pp. 397-423 (p. 414).

pay financiers (most of whom were Genoese, beginning in the second half of the 16th century) who had advanced the money to pay for troops which fought in the battlefields in Europe. Spain was thus transformed into the “bridge of silver” denounced by all the 16th- and 17th- century planners, beginning with Tomas de Mercado and Martín de Azpilcueta. A good part of American wealth thus went into the pockets of European businessmen.⁸

The same thing happened in Manila. Mexican silver (and in this case, Peruvian silver), served above all to pay for Chinese silk and other Asiatic products: Chinese porcelain, Japanese lacquer, spices from different Asian territories, etc. This way, a part of the *reales de a ocho* went into the pockets of the Chinese merchants who operated in the Parián in Manila. They in turn acted as intermediaries of the numerous Chinese junks which came to the Philippines. Another route brought American silver to other players, the Portuguese merchants from Macao, who, when they could not get the metal directly from Portugal (through the trade in Seville or through the contraband route in Brazil), would acquire it through active trade with Spain-controlled Philippines, whether by legal or illegal means.⁹

⁸ The literature on the topic is sufficiently extensive and familiar to allow no further elaboration. It is enough to cite the classic works of E. J. Hamilton, *El tesoro americano y la revolución de los precios en España, 1501-1650* (Barcelona, 1975) [English original, *The American Treasure and the Price Revolution in Europe, 1501-1650* (1934)]; R. Carande, *Carlos V y sus banqueros* (Madrid, 1943-1967) [Charles V and His Bankers]; and P. Vilar, *Crecimiento y desarrollo* (Barcelona, 1964) [Growth and Development]; ; and *Oro y moneda en la historia, 1492-1920* (Barcelona, 1972) [Gold and Currency in History, 1492-1920].

⁹ On the role played by Portuguese-controlled Macao, see C. R. Boxer, *The Portuguese Seaborne Empire, 1415-1825* (London, 1969); S. Subrahmanyam, *The Portuguese Empire in Asia, 1500-1700: A Political and Economic History* (London, 1993); and A. J. R. Russell-Wood, *The Portuguese Empire, 1415-1808: A World on the move* (London 1998).

But after the trip from Mexico and Peru to Seville and Manila, and after passing through European intermediaries in the first destination, and Asian ones in the second, American silver had to make one more odyssey. Contrary to Francisco de Quevedo's belief, the precious metal did not end up in Genoa, but a lot of it would get to its final Far East destination through various routes. ¹⁰

From Europe, silver reached Asia by various routes, which may be reduced to three. The first rounded the Cape of Good Hope and reached India and then China. The second entered the Ottoman Empire (sometimes from North Africa) and from there, found its way to China. The third started from the Baltic, and after crossing Poland and Lithuania, entered Russia to reach Persia. From there, it perhaps reached China. ¹¹

The first route seems to be the most important because it was taken by the Portuguese ships of the *Carreira da Índia*, the English ships of the East India Company (EIC), the Dutch ships of the *Verenigde Oost Indische Compagnie* (VOC), or the biggest European mercantile interests in Asia from the beginning of the 17th century, before the gradual arrival of privileged companies from Denmark, Sweden, France, and Austria (Ostende). ¹² However, Arthur Attman maintains that their remittances did not exceed those from other routes until the beginning of the 18th century, when 4.5 million rixdalers (approximately equivalent to the *reales de a ocho*) were sent through the Cape,

¹⁰ See F. Ruiz Martín, *Los destinos de la plata americana (siglos XVI y XVII)*, Madrid, 1991. [The Destinations of American Silver (16th and 17th Centuries)],

¹¹ See A. Attman, *The Bullion Flow between Europe and the East, 1000-1750* (Göteborg, 1981). A summary is found in "The Bullion Flow from Europe to the East: 1500-1800", in E. H. G. van Cauwenberghe, ed., *Precious Metals, Coinage and the Changes of Monetary Structures in Latin America, Europe and Asia* (Lovaina, 1989), pp. 65-68.

¹² An authorized summary of the actions of the different companies is found in M. Morineau, *Les grandes compagnies des Indes orientales (XVIe-XIXe siècles)*, Paris, 1994 [The Big East Indies Companies (16th-19th Centuries)].

compared to the two million through the Levant, and another two million through the Baltic; compared to the 1.4 million through the Cape, a million through the Levant, and two million through the Baltic in 1600. ¹³

Another route involves direct movement from Manila to China, loaded in Chinese junks or through Macao aboard Portuguese *carracas*. Aside from distributing the metal in other Asiatic regions (especially in India), as Vera Valdes says that “in relation to Manila, the Portuguese became the distributing agent of Mexican silver in east Asia, while there were attempts to prevent it [the distribution].” ¹⁴

Before looking into estimates of the amounts that ended up in the Far East, one has to first ask about this constant Asian pull for the precious American silver. The first consideration is that silver travelled from Mexico and Peru first and later to Europe and the Philippines, taking the same direction which led to China, and in a smaller scale, to India and other Asian regions. The question is why China had such an irresistible attraction to Spanish American silver. ¹⁵

¹³ A. Attman, *The Bullion Flow*, pp. 65-68. The following are the exact figures (in millions of rixdalers):

	Asia (through the Cape)	Levant	Baltic	Total
1600	1.4	1	2	4.4
1650	1.3	2	2.5	5.8
1700	4.5	2	2	8.5
1750	7.7	2.5	2	12.2
1780	8.2	2.5	4	14.7

¹⁴ V. Valdés Lakowsky, *De las minas*, p. 130.

¹⁵ The most comprehensive history of China during this period is D. Twitchett and F. W. Mote, eds., *The Cambridge History of China, Vol. 8: The Ming Dynasty, 1368-1644* (Cambridge, 1998).

In the case of China, the attraction for silver was due to very concrete reasons, and which have been easily identified. In the first place, the second half of the 15th century witnessed a progressive tendency to use silver for trade purposes. This private sector thrust was soon transferred to the public sector, so the Ming Dynasty's decentralized financial system also required at that time the same metal for tax payments, transforming China into an immense area put under a mono-metallic silver standard in the following centuries. ¹⁶

China did not have silver deposits, and its metal requirements had to come from other countries. One of them was undoubtedly Japan, the leading producer in east Asia. We are not interested at the moment in discussing the stages of production and export of Japanese metal, but only to indicate that that country was a permanent source of supply for Ming Dynasty China before and after the arrival of American silver in the Far East. The Japanese empire provided China with silver through various routes throughout the 16th century until the last third of the 17th, when there was a large decline due to the export ban declared by the *bakufu* Tokugawa in 1668 and to the drying up of the deposits. This led to the strengthening of its principal competitor, Spanish American metal. ¹⁷

¹⁶ See R. Huang, "Fiscal administration during the Ming dynasty", in C. O. Hucker, ed., *Chinese government in Ming times: seven studies* (New York-London, 1970), pp. 415-449; and especially, *Taxation and Governmental Finance in Sixteenth-Century Ming China* (Cambridge, 1974). V. Magalhães-Godinho, *Os Descobrimentos e a Economia Mundial* [Discoveries and the World Economy] (Lisbon, 1963-1965) described China as a "silver-absorbing bomb" (Vol. I, p. 465), an expression that has come to be repeated since then by several specialists.

¹⁷ See D. O. Flynn, "Comparing the Tokugawa Shogunate with Hapsburg Spain: two silver-based empires in a global setting", in J. D. Tracey, ed., *The political Economy of Merchant Empires: State Power and World Trade, 1350-1750* (Cambridge, 1991), pp. 332-359; and K. Yamamura and T. Kamiki, "Silver mines and Sung coins: A monetary history of medieval and modern Japan in international perspective", in J. F. Richards, ed., *Precious Metals*, pp. 329-362.

American silver appears in China beginning in the second half of the 16th century, brought from Europe by the Portuguese (who also act as intermediaries for Japanese metal) and shortly afterwards by Manila-based Spaniards. The presence of Spanish silver was due to opportunities that came with the requirements of the Chinese monetary system. This explains the Chinese attraction for silver's high value in the Ming empire, much higher than contemporary rates in other regions in the world. In effect, the relation between gold and silver, respectively in China and in Spain offers a clear explanation for the direction of the movement of silver: "From 1592 up to the beginnings of the 17th century, gold was exchanged for silver in Canton at a rate which ran from 1:5.5 and 1:7, while in Spain, the exchange rate ranged from 1:12.5 and 1:14. This indicates that silver's value was two times higher in China than in Spain."¹⁸ This is the actual expression and quantitative terms of appreciation made by some contemporaries, like the Madrid-based merchant Pedro de Baeza, in a famous text written in 1609 at the prompting of the Conde de Lemos.¹⁹

¹⁸ H.S. Chuan, "The inflow of American silver into China from the late Ming to the mid-Ch'ing Period", *Journal of the Institute of Chinese Studies of the Chinese University of Hongkong*, Vol. 2 (1969), pp. 61-75.

¹⁹ "Regarding the kingdom of China, there is a very large amount of fine gold worth more than 22 carats, which, when brought to New España or Castile, would be valued more than 75 or 80 percent more. In China, it is a commodity whose price goes up or down, depending on abundance or lack of it. Here in Castile, it has no fixed price, because one gold peso is usually worth five and a half silver pesos in China. If there is a lack of it, and there is demand in other places, the price goes up to six pesos and six and a half silver pesos for a peso of gold; the most expensive that I bought and saw sold in the city of Canton in China was seven silver pesos for a peso of gold. I never saw its price rise here, nor has it risen up to this day. Here in Spain, a peso of gold is usually worth twelve and a half of silver, and it is obvious that profits from China reach more than 75 and 80 percent...because there is a lot of gold obtained in the mines there, the Chinese value silver more than gold, and thus give silver a higher price than gold. The Portuguese who bring silver aboard ships from Lisbon, and which go to East India, bring it to China to exchange it for Chinese products, earning profits of more than 70 percent, and here, one can see silver's great value there and gold's little importance ..." (Pedro de Baeza, *Este Memorial me mandó el Conde de Lemos que hiciese, que es la resolución destas materias, y de todos los más que le tengo dado a Su Excelencia para que se diese a Su Magestad* [The Conde de Lemos asked me to write this Memorial, which is the resolution of these matters, and all the things I have provided Your Excellency so that Your Majesty would be informed] Madrid, 1609). The text is found in C. R. Boxer, "Plata es Sangre: Sidelights on the Drain of

Without doubt, the hunger for silver in China, in offering possibilities to merchants with American metal to profit from the high exchange rate, is a reason for this flow which ends in the Ming, and later Qing dynasty. However, a second reason can be found in the trade deficit between Europe and China. European traders in the region demanded silk, as well as porcelain and other products, all of high quality and expensive, while they could hardly send from their countries of origin commodities which could interest the Court or individuals in the Middle Kingdom. In this situation, it was the European (and Spanish American) avarice for luxury Chinese goods which served as a lever for the transfer of *reales de a ocho* to the Far East's silver pool. Such was the need to import those goods that merchants did not always have sufficient cash available and would turn to several issuances, to secure more silver or find a substitute. Among them, the best option was the multiple issuance, or the offer of other Asiatic products (instead of silver) and the acquisition of profits from trade in other places, fees and other contracted services. This was one of the principal motors of what is known as the Indian trade in India, or the country trade by the British through the East India Company. ²⁰

This fact, sufficiently established by specialist research, that Spanish routes to the Far East during the 16th and 17th centuries, is undisputable. However, it becomes more difficult to determine this process in quantitative terms. We would like to know now the volume of traffic of silver between America and Asia, made through the mediation

Spanish-American Silver in the Far East, 1550-1700", *Philippine Studies*, 1970, No. 18, pp. 457-178 (Copied from the recent compilation of classic works about the Manila Galleon by D. O. Flynn, A. Giráldez, and J. Sobredo, *European Entry into the Pacific. Spain and the Acapulco-Manila Galleons* [Aldershot, 2001], Chapter VII, pp. 165-186). The text also appears in V. Valdés Lakowski, p. 111. We have modernized the spelling and punctuation, except in the title.

²⁰ For Indian trade in India or the country trade, see among many other examples A. Reid, *Southeast Asia in the Age of Commerce, 1450-1680. II. Expansion and Crisis* (New Haven, 1993), especially pp. 25-32.

of Seville (and therefore by Portuguese, British and Dutch) and Manila, and the relative weight of these two systems, which, coming through two opposite routes (America-Seville-Atlantic Europe-Asia and Mexico-Philippines) ended meeting in the Spanish Pacific. ²¹

The starting point in looking at the distribution of American silver is always the famous work done by Earl Jefferson Hamilton, which provides five-year totals of remittances of precious metals registered by the Casa de la Contratación in Seville between 1503 and 1600. We see a constant increase in the remittances of silver, which, beginning with the modest figure of 86 tons for the decade 1531-1540, exceeds 2,000 tons per decade between 1581 and 1630. A marked decline begins in the decade of the 1630s, ending with 443 tons for the last period, 1651-1660. ²²

These figures open up a series of questions which have produced several and well-known debates among specialists. What interests us most here is the questioning made of these official figures, discredited for their difference vis-a-vis the real quantities sent from America, as the contraband grew to such considerable amount that in 1660, the Casa de la Contratación refused to impose regulation of the remittances of precious metals arriving in Spain. This way, Michel Morineau, after consulting his no less famous Dutch gazettes, was able to present alternative figures to those of Earl Hamilton's, and

²¹ We borrow here the famous phrase coined in the pioneering work of P. Chaunu, *Les Philippines et le Pacifique des Ibériques (XVIe, XVIIe, XVIIIe siècles)* [The Philippines and the Spanish Pacific (16th, 17th, 18th Centuries)] Paris, 1960.

²² E. J. Hamilton, *The American Treasure...*, p. 47.

which enormously increased the possible real flow of silver between America and Europe. Our purpose here is not to revive this debate, only to bring it up as a reminder of the great difficulties in establishing the volume of the treasures which crossed the Atlantic in the period under study. ²³

On the other hand, our interest brings us to the other extreme, to find a plausible estimate of the volume of silver which crossed Europe and Asia during the years 1550-1700, doing without an estimate of the quantity which could have remained in the European economy during the same period. Like the different authors who have dealt with the issue, we also start from the figures of Arthur Attman, who has estimated that the total silver which left Europe bound for the Orient during the 17th century averaged 150 tons a year, and we consider that this is a conservative figure, as the author also takes into account the amount put in coins (and not in bullion) and only those remitted from principal European ports, not counting those which came by land. ²⁴

Beside these global figures, and without making an inventory of all the estimates made by different specialists, we have to necessarily take into account more limited but very reliable data. These are remittances made by ships belonging to the *Carreira da India*, the VOC and the EIC. In the first case, we rely on figures presented by Niels Steengaard for the final years of the 16th century: Portuguese ships would remit to their Asiatic possessions an average of 8.47 tons of silver annually. For the VOC, and for the second half of the 17th century, one has to go to the different estimates of F.S. Gaastra (1.6 million florins annually) and of M. Morineau (2.4 million florins annually), although we may probably retain this last figure, which would mean a total of 24.93 tons of silver a year. Finally, K.N. Chaudhuri calculates silver exports of the English company for the

²³ M. Morineau, *Incroyables gazettes et fabuleux métaux: le retour des trésors américains d'après les gazettes hollandaises, XVI-XVIIIe siècle* [Unbelievable Gazettes and Fabulous Metals: The Return of American Treasures According to Dutch Gazettes, 16th-18th Centuries] (Paris-Cambridge, 1984).

²⁴ A. Attman, : *American Bullion in the European World Trade, 1600-1800* (Uppsala, 1986), p. 78.

period 1660-1700 at an average of 17.57 tons annually. Abandoning the idea of an exact figure which is at best illusory, and putting together all the data, we could accept that for the 17th century, the export of some 50 tons annually by Portuguese, Dutch, and English ships passing through the Cape of Good Hope, and a minimum of 150 tons for all the maritime routes and all the Asian destinations.²⁵

Regarding the direct route which brought silver from Mexico to the Philippines, and finally to continental Asia, there is no lack of estimates, but neither is it easy to find an acceptable figure, until John TePaske concluded that it was impossible to even reach a minimum accuracy about it. He himself has presented some well-studied figures for the years 1591-1660, for the decades principally tackled here: 200,000 pesos annually as *situado* (5.1 tons of silver) and 317,000 pesos annually as individual remittances (8.1 tons of silver), or a total of 517,000 pesos a year (13.2 tons of silver).²⁶ These numbers seem extremely small, as the amount allowed to individuals was fixed in 1593 at 500,000 pesos annually. This amount, undoubtedly responding to the need to adjust rules to practice, would be changed up to three times in the course of the 18th century, until it would be fixed at 600,000 pesos (1702), 1 million (1734) and 1.5 million pesos (1776).²⁷ Aware of this, the same author reproduces data from Charles Boxer, who estimated remittances at the beginning of the 17th century at 5 million pesos (128 tons of silver), with some spikes, like that of contraband calculated for 1597 at 12 million pesos (307 tons of

²⁵ N. Steensgaard, *The Asian Trade Revolution of the Seventeenth Century: The East India Companies and the Decline of the Caravan Trade* (Chicago, 1974), p. 87; F. S. Gaastra: "The exports of precious metals from Europe to Asia by the Dutch East India Company, 1602-1795", in J. F. Richards, ed., *Precious Metals*, pp. 447-476 (p. 451); M. Morineau: "Quelques remarques sur l'abondance monétaire aux Provinces-Unies" [Some Notes on the Monetary Abundance in the United Provinces], *Annales E. S. C.*, Tom. XXIX, n^o 5 (1974), pp. 767-776 (p. 773); and K. N. Chaudhuri, *The Trading World of Asia and the English East India Company, 1660-1760* (Cambridge, 1978), p. 177.

²⁶ J. J. TePaske, "New World silver...", p. 437. The author says: "That the Philippines siphoned off large sums of silver from the New World cannot be denied, but measuring that flow is virtually impossible".

²⁷ See V. Valdés Lakowsky, *De las minas*, p. 91.

silver).²⁸ For the same reasons, Ward Barrett's more recent estimates continue to appear too low. Barrett, who has slightly revised upwards John TePaske's figures, while rejecting for lack of documentary evidence all the figures based on the affirmations of Woodrow Borah, accepts instead 17th century remittances as ranging only from 15 to 17 tons of silver a year.²⁹

Faced with these positions, Dennis Flynn and Arturo Giráldez, in a series of recent works, have considered all these figures as excessively conservative and have posited the possibility (non-demonstrable at the present) that remittances reached more than five million pesos, or 130 tons of silver (some ten times more than what John TePaske accepts, which would agree with Charles Boxer's estimates above), citing (like what Harry Cross did earlier) the works of Woodrow Borah on the inflows from El Callao during the period 1580-1610, the era of lax government control of trade between Peru and Mexico.³⁰

But they do not constitute sufficient evidence to agree to some very high figures, which in any case would have been reached only during a particularly short time. It seems more plausible to return to William Schurz's old figures, which put remittances at two million pesos or even more during the height of the Manila galleon, although below the million-peso annual average after the belligerent arrival of the Dutch in the Spanish Pacific. More recently, Han-Sheng Chuan again reviewed the figures presented by

²⁸ The figures are from C. R. Boxer, "Plata es Sangre," p. 464.

²⁹ W. Barrett, "World bullion flows, 1450-1800", in J. D. Tracy, *The Rise of Merchant Empires. Long-Distance Trade in the Early Modern World, 1350-1750* (Cambridge, 1990), pp. 224-255 (pp. 248-250).

³⁰ D. O. Flynn and A. Giráldez, "China and the Manila Galleons", in D. O. Flynn, *World Silver and Monetary History in the 16th and 17th Centuries* (Aldershot, 1996), Article XV. For the estimates of H. E. Cross, "South American", p. 412.

different sources and authors and has given what now seems the most reasonable estimate, not only for it being between the extremely low figures of John TePaske or Ward Barrett and the highly-exaggerated numbers of Dennis Flynn and Arturo Giraldez. According to the table appearing in the footnote, the average remittances to America from the Philippines from 1598 to 1699 would be some two million pesos annually. This means, according to his calculations, an average of 51.12 tons of silver per year.³¹

This way, if we follow the careful calculations of Arthur Attman on one hand, and of Han-Sheng Chuan on the other, we can accept the hypothesis that Spanish American silver entered Asiatic circuits at 200 tons annually during the years 1550-1700. Three-fourths of this amount came from Europe using different routes. One could attribute a third of European remittances to Portuguese fleets, and the English and Dutch companies, while the remaining fourth would come directly from America to the Philippines, the center of redistribution to different regions of continental Asia.³²

³¹ Volume of American-Philippine silver:

1598	1,000,000 pesos	25.56 tons
1601	2,000,000	51.12
1602	2,000,000	51.12
1604	2,500,000	63.90
1620	3,000,000	76.68
1633	2,000,000	51.12
1688	2,000,000	51.12
1698	2,000,000	51.12
1699	2,070,000	52.50

(H-S. Chuan, "The inflow...").

³² Ward Barrett ("World bullion...", p. 251) reduces the estimates of Arthur Attman, giving the following figures for silver remittances from Europe to Asia (in tons):

1601-1625.....	101
1626-1650.....	125
1651-1675.....	129
1676-1700.....	156.

We have all this time talked about the distribution of silver between 1550 and 1700. We know that American silver continued to flow into Asia in the 18th century, although it changed routes and circumstances of distribution. Dennis Flynn has affirmed that the era of silver ends before the close of the 17th century: "The century of silver: approximately a hundred years after the decade of the 1550s."³³ He supports himself with some isolated evidence from specialists in the history of the companies in East India, like K. N. Chaudhuri, who observes a certain decline in silver's purchasing power in India during the second half of the decade, or like Kristof Glamann, who makes the same observation in the trade of the VOC.³⁴ In both cases, company officials seem to favor using gold as an alternative mode of payment, which would be substantially facilitated by the entry of gold from Brazilian mines in the Minas Gerais region beginning in 1698.³⁵

However, this hasty Dennis Flynn hypothesis still awaits more in-depth research, which should at least account for the identification of the routes of Brazilian gold (which, on one hand, appears in international trade much after this presumed substitution of gold for silver in Asia), of the proven increase in Mexican silver production (which now would not find competition from the Japanese in the Far East) and of the demonstrated Chinese loyalty to a silver-based system of payment. When all the available data is

³³ D. O. Flynn, "The Microeconomics of silver and east-west trade in the early modern period", in W. Fischer and R. M. McInnis, eds., *The emergence of a World Economy, 1500-1914* (Stuttgart, 1986), pp. 37-60 (Reproduced in D. O. Flynn, *World Silver*).

³⁴ K. N. Chaudhuri, *The Trading World*, pp. 162-177; and K. Glamann, *Dutch-Asiatic Trade, 1620-1740* (The Hague, 1981), p. 60.

³⁵ For the importation of Brazilian gold, see V. Magalhães-Godinho, "Le Portugal, les flottes du sucre et les flottes de l'or (1670-1770)" [Portugal and the Sugar and Gold Fleets (1670-1770)], *Annales E. S. C.*, Vol. V (1950), pp. 184-197.

considered, this preference for gold over silver is temporary, linked in all probability to the suspension of the export of Japanese metal beginning in 1668 and its subsequent disappearance from the market.³⁶

On the other hand, K. N. Chauduri warns about the ephemeral character of the postponement of silver in the transactions of the EIC when he links it to the particular period of the 70s.³⁷ Moreover, data given by F. S. Gaastra on remittances of precious metals by the VOC contradict this decline in the Dutch company's activities. In the 17th century, before the crisis of the 60s, it exported a maximum of 123 tons of silver (during the decade of 1620-1630), remitted higher amounts beginning in the 1680-1690 decade (almost 173 tons). It reached 579 tons in the 1720-1730 decade and always maintained this activity at high levels during the 18th century.³⁸ The same author refers to the sending of two ships directly from Batavia to Acapulco in search of silver, with the suspension of the Manila galleon during the years 1745 and 1746 due to the war between Spain and England.³⁹ Finally, Ward Barrett agrees with the idea that the presence of silver in the Orient during the 18th century and offers some estimates which highlight the continuing increase in European silver exports to Asia throughout the 18th century.⁴⁰

³⁶ The decline of Japanese silver exports is discussed in K. Yamamura and T. Kamiki, "Silver mines", p. 344. The yearly average of 39 tons for the period 1601-1694 goes down to 7.5 tons annually for the period 1695-1709, and 2.8 tons annually for the years 1710-1713.

³⁷ K. N. Chauduri, *The Trading World*, pp. 176-178.

³⁸ F. S. Gaastra, "The exports of precious metals from Europe to Asia by the Dutch East India Company, 1602-1795", in J. F. Richards, ed., *Precious Metals*, pp. 447-473 (p. 475).

³⁹ F. S. Gaastra, "The exports", p. 466.

⁴⁰ W. Barrett, "World bullion", p. 251: Estimates of the annual average of silver exports and equivalent of silver from Europe:

1601-1625.....101 tons

If the importance of the white metal had rapidly declined, one still had to explain the distribution in the Middle Kingdom of Spanish American minted coins not only in the 18th century but also after independence, up to well into the 20th century. Or the use of silver coins from the 18th century, resealed with Chinese or Muslim imprints, as a sign of luxury in other place like in the Arabic world, up to our present time. ⁴¹

Without entering into this topic and once the data for the period under study are established, with all the caution required in a controversial discussion of figures, one still has to tackle other important issues. The first question should refer to the routes taken by silver in the Far East, even if it seems that China was the precious metal's principal consumer. Secondly, one would have to interrogate the role American silver played in Asia and, finally, in the worldwide economy of the 16th and 17th centuries.

1626-1650.....	125
1651-1675.....	129
1676-1700.....	156
1701-1725.....	188
1726-1750.....	210
1751-1775.....	216
1776-1780.....	195

⁴¹ J. McMaster, "Aventuras asiáticas del peso mexicano" [Asian Adventures of the Mexican Peso], *Historia Mexicana*, Vol. VIII, No. 3 (1959), pp. 372-399 (Reproduced in D. O. Flynn, A. Giráldez and J. Sobredo, *European Entry*, Chapter XIII, pp. 309-336), notes that Mexican pesos in China began to be scarce around 1926 (p. 393). Although silver coins used are produced in Austrian mints during the time of the Empress Maria Theresa (the same author opines that the lone competition to the Spanish peso was the Austrian monarch's thaler, the "dollar of the Levant" circulating in the Middle East, Egypt, Ethiopia, the Sudan, the Dutch East Indies). See the luxury-related use of these currencies with Arab (and also Chinese) reseals in present-day Yemen, in P. Harrigan: "Tales of a Thaler", *Aramco World*, Vol 54, No. 1 (2003), pp. 14-23.

Carlo Cipolla has insisted with several examples on the bad quality of the Spanish pesos, saying they were not stable currencies. There is no end to his explanations of their success as a universally-accepted mode of payment.⁴² At the opposite side is Dennis Flynn, who has spoken about the excellent quality of Spanish *reales*, of their stability and of their guaranteed good-quality content: “one of the advantages of a stable currency, like the Spanish *real de a ocho*, was the guarantee of a specific intrinsic content.”⁴³ Harry Cross recognizes the bad minting and frequent content reduction of Spanish pesos, but considers them minor defects compared to legally-stipulated stability, fixed at 931 thousandths between 1497 and 1728. Whatever it may be, the global circulation of Spanish silver and the invaluable service provided to European merchants like the economies in the Far East are proven facts. What were those services?⁴⁴

China, as earlier mentioned, was the principal destination of American silver exports. Silver served as the essential metal fuel for the workings of its fiscal and commercial systems, and indirectly, for investments in the different production sectors. This need for silver in a country that did not have silver deposits prompted the emergence of a constant trade to attract the precious metal. In the 16th century, the first providers were Portuguese merchants (based in Macao since 1549) and the Japanese, who brought to China increasing amounts of silver. According to estimates by Tetsuo Kamiki and Kozo

⁴² C. M. Cipolla, *Conquistadores*, pp. 67-72.

⁴³ D. O. Flynn: "The Microeconomics...", p. 54.

⁴⁴ For a positive valuation of the peso, see H. E. Cross: "South American," pp. 398-399.

Yamamura,⁴⁵ between 33.75 and 48.75 tons on the average annually, possibly during the years 1560-1600.

Beginning with the decade of the 1570s, Portuguese silver coming from Europe and Japanese silver had to share the Chinese market with a new competitor, Spanish American silver. Arriving in Manila from Acapulco, it began to reach the continent directly through Chinese merchants operating in the capital of Spanish-controlled Philippines. In any case, Japanese silver exports, after reaching their zenith during the first years of the 1600s (up to a total of 187 tons loaded for some years into Japanese, Chinese, Portuguese and Dutch ships of the VOC), suffered their first contraction beginning in the decade of the 1630s, after a series of measures that led to the closing of Japan (*sakoku*) ordered by the *bakufu* Tokugawa, and which culminated in 1639 with the expulsion of the Portuguese from their bases in Nagasaki and the reduction of Japanese foreign trade in the ports of Dejima for the Dutch, Tsushima for Korea, and Satsuma for the Ryukyu islands. The coup de grace, however, as we have seen, would not come until the total ban on silver exports in 1668.⁴⁶

⁴⁵ T. Kamiki and K. Yamamura, "Silver Mines", p. 351.

⁴⁶ All the data for the first third of the 17th century are provided by Atsushi Kobata and accepted by Kozo Yamamura and Tetsuo Kamiki. The data for the 40s are from Seichi Iwao. All are discussed in W. Atwell, "Ming China and the emerging World Economy, ca. 1470-1650", in D. Twitchett and F. W. Mote, eds., *The Cambridge History of China*, Vol. 8, Part. 2, pp. 376-416 (pp. 398-399). Also see A. Kobata, "The Production and Uses of Gold and Silver in Sixteenth and Seventeenth Century Japan", *Economic History Review*, Vol. XVIII, No. 2 (1965), pp. 245-266; and *The circulation of silver in the Far East during the 16th and 17th centuries* (Moscow, 1970) [paper presented at the International Congress of Historical Sciences]. For Japanese trade with Korea and the Ryukyu islands, see S. Crawcour, "Notes on Shipping and Trade in Japan and the Ryukyus", *The Journal of Asian Studies*, Vol. XXIII, No. 3 (1964), pp. 377-381; and R. Sakai, "The Satsuma-Ryukyu Trade and the Tokugawa Seclusion Policy", *The Journal of Asian Studies*, Vol. XXIII, No. 3 (1964), pp. 391-403.

In any case, these years mark a transition in the routes of silver to the Far East. Portuguese merchants from Macao had been the principal intermediaries during the golden age of Japanese exports, through the so-called *nau da prata*, a ship (similar in size to China-bound Mexican ships coming from Acapulco) which visited Nagasaki every year from its Portuguese base to directly acquire metal from Japanese mines. In the same way, the unification of the kingdoms of Spain and Portugal allowed the Portuguese to play a similar role in Manila until the arrival in Asia of the news about the rebellion led by the House of Braganza, which ended this Spanish-Portuguese collaboration in the Far East.⁴⁷

In any case, what is important for China was the temporary reduction of the distribution of silver, produced on one hand by the collapse of Japanese exports and, on the other, by the severe contraction of the Manila market after the uprising of the Chinese in 1639-1640, and the retreat of the Portuguese from the Philippine capital. William Atwell argues that this break in Chinese silver imports could have had a decisive influence in the fall of the Ming dynasty and the rise of the Qing dynasty in the Middle Kingdom. He, however, limits the range of his conclusions, saying that the economy in southern China, the part most linked to the silver trade, recovered in less than a decade from this temporary crisis. He admits that "it is certainly an exaggeration to suggest that the maritime trade was China's 'source of prosperity' during the last years of the Ming and the first years of the Qing." Moreover, one would have to add the lack of solid quantitative evidence for Japanese exports (despite abovementioned measures enacted in 1635, banning Japanese ships and traders to conduct maritime trade outside of Japan's borders and in 1639, denying the Portuguese access to Japan), and Spanish imports in Manila, which, according to figures from Han-Sheng Chuan, maintained the same

⁴⁷ C. R. Boxer, *The Great Ship from Amacan: Annals of Macao and the Old Japan trade, 1555-1640* (Lisbon, 1959).

volume in the second half of the 17th century. It does not seem that once the period of crisis and reforms passed, China lacked the silver it needed to continue its economic growth throughout the 17th and 18th centuries. ⁴⁸

Spanish silver got pulled not only by the Chinese market, but also by other Asian markets. It also played an important role in the Indian states, where American silver arrived through Portuguese merchants and English and Dutch companies of the East Indies.

The difference with China lies above all in the minor incidence of silver in making payments in the different states. In effect, if the Ming empire could control a silver-hegemonic tri-metal system, the southern kingdoms continued to be faithful to the gold standard, though they received silver remittances through their commercial transactions. ⁴⁹

If India did not need silver as an indispensable fuel for its finances and economies, as was the case in China's case, Portuguese merchants and companies from northern Europe on the other hand, were later forced to make payments in silver, most of the metal coming from America, especially beginning with the crisis of Japanese silver since the mid-17th century. Om Prakash, citing abovementioned scholars researching on the

⁴⁸ The basic material for this matter is W. S. Atwell: "International bullion flows and the Chinese economy circa 1530-1650", *Past and Present*, No. 95 (1982), pp. 68-90. Also see B. Moloughney and X. Weizhong: "Silver and the Fall of the Ming: a Reassessment", *Papers on Far Eastern History*, No. 40 (September 1989), pp. 51-76.

⁴⁹ For information on the finances of the different Indian states, see the excellent synthesis made by J. M. Fradera, "Plata americana, monedas indias" [American Silver, Indian Currencies], *Gaceta Numismática*, No. 141 (2001), pp. 17-39. The more complete study on the Mongolian Empire is J. F. Richards, "Mughal State Finance and Pre-modern World Economy", *Comparative Studies in Society and History*, No. 23 (1981), pp. 285-308.

northern European companies, has calculated that between 1660 and 1720, the double operation (goods against goods) in India only involved 20.6% of the value of transactions, in the case of the EIC, and less than 12.5 % in the case of the VOC. The rest had to be done through metal currencies, whether gold or, as was more popular, silver, which was either Japanese or more commonly, Spanish. ⁵⁰

American silver made its influence gradually felt in transactions beginning in the mid-16th century in the Ottoman empire, the Safavid empire, India and China. ⁵¹ In India, metallic payments began initially and principally affected the Malabar coast, progressively spreading to other areas, to the Coromandel coast and the interior of the subcontinent. ⁵² The abundance of the metal increased as the different Indian states rapidly sold more merchandise, especially manufactured goods. This attracted not only European merchants, but also Egyptian, Arabic, Ottoman, Persian, and even Southeast Asian traders. One example from 1643-1644: Surat received almost 27 tons of precious metals, of which eight were imported by Asian traders (Indians, Arabs, and Asiatics in general), while the rest (more than two-thirds in total) came from European merchants, especially agents from the EIC and the VOC. This way, if Indian public finances were not as needful of silver as its Chinese counterpart was, and if the price of silver was not as high as that in China, the European (and also Asian) demand for manufactures

⁵⁰ O. Prakash, "Foreign Merchants and Indian Mints in the Seventeenth and the Early Eighteenth Century", in J. F. Richards, ed., *The Imperial Monetary System of Mughal India* (New Delhi, 1987), pp. 172-192.

⁵¹ As we are not going to follow the impact of the Ottoman and Safavid empires, we refer to S. Pamuk. *A Monetary History of the Ottoman Empire* (Cambridge, 2000) and R. Savory, *Iran under the Safavids* (Cambridge, 1980). For a combined perspective, see S. Subrahmanyam, "Precious Metal Flows and Prices in Western and Southern Asia, 1500-1700: Some Comparative Aspects," in S. Subrahmanyam, ed., *Money and Market in India, 1100-1700* (New Delhi, 1994), pp. 186-218.

⁵² Among the pioneering studies of this process, see A. Hazan, "En Inde aux XVIe et XVIIe siècles: Trésors américains, monnaie d'argent et prix dans l'Empire mogol" ["India in the 16th and 17th centuries : American treasures, gold coins and prices in the Mongol empire"], *Annales E. S. C.*, Tom. XXIV (1969), pp. 835-859.

equally attracted a large quantity of silver to India. The question remains if China's unstoppable greed did not lead to bringing a part of this silver to the Middle Kingdom through the India commerce in India or the country trade.⁵³

To conclude, one can affirm that Spanish American silver was a vital factor in guaranteeing trade transactions between Europe and Asia throughout the 16th and 17th centuries. The same way, it contributed in no small way to strengthening domestic trade, and commerce between the different Asian countries, as well as fomenting the Asian economy and securing its public finances, especially in China's case. One can definitely talk without a doubt about an era of Spanish silver in the Far East, with Manila at its center from 1570 to probably until 1820, although the 18th century has largely not been covered in this work.⁵⁴

In this context, American metal which crossed the Atlantic headed for Spain ended for the most part in other European countries (concretely, for import payments or political

⁵³ The example is from J. J. Brenning: "Silver in seventeenth-century Surat: Monetary circulation and the price revolution in Mughal India," in J. F. Richards, ed., *Precious Metals*, pp. 477-496.

⁵⁴ The 18th century has been studied in another series of works: C. Martínez Shaw, *El sistema comercial español del Pacífico (1765-1820)* [The Spanish Trading System in the Pacific (1765-1820)] (Madrid, 2007); M. Alfonso Mola and C. Martínez Shaw, "El comercio exterior de Manila bajo el decreto de neutrales (1798-1801)" ["Manila's Foreign Trade under the Neutrals (1798-1801)"], in M. Alfonso Mola and C. Martínez Shaw, *España en el comercio marítimo internacional (siglos XVII-XIX). Quince estudios* [Spain in International Maritime Trade (17th-19th centuries)] (Madrid, 2009), pp. 529-549; and M. Alfonso Mola and C. Martínez Shaw, "La Armada en el Cabo de Buena Esperanza. La primera expedición del navío *Buen Consejo*, 1765-1767," ["The Navy in the Cape of Good Hope: The First Expedition of the Ship *Buen Consejo*, 1765-1767"] *Anuario de Estudios Atlánticos*, nº 59 (2013), pp. 431-477.

money to sustain Spanish armies). From there, it travelled to Asia aboard Portuguese, English and Dutch ships. On the other hand, American silver which crossed the Pacific headed for Manila (as *situado* or payment for silk manufactures and other products) ended in the hands of various intermediaries in China. This way, the destination of American silver seems to validate the old theory of Spain being a mere bridge for silver, through which the metal passed without making a dent on its own economic system. Or one has to adhere to the more optimistic affirmations that say that Spanish American silver was an essential instrument for sustaining for 300 years the biggest empire in history and the indispensable means for the acquisition of a patrimony that now constitutes one of the biggest assets of Spain, of Spanish America and of the Spanish Pacific.⁵⁵

Finally, there can be no doubt that Spanish silver, during the years between 1570 and 1820, was the true catalyst of the first globalization, while Manila would be during those centuries the center of that same phenomenon of globalization, as it was the sole destination of American silver which travelled west from the New World (through the galleons) and one of the privileged destinations of silver which journeyed from the New World to the East. From Europe, it passed through the Far East to converge with what was known as the Spanish Pacific. That way, Manila was the epicenter of that world at the dawn of modern times, one of the leading protagonists of that first worldwide event.

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⁵⁵ D. O. Flynn y A. Giráldez: "China and the Spanish Empire", *Revista de Historia Económica*, Vol. XIV, nº 2 (1996), pp. 309-338.