



THE SPANISH EMPIRE

The Spanish Empire, Silver, & Runaway Inflation: Crash Course World History #25

The tiny country of Spain did some things that had global effects—many of which were not so positive. This video explores the Spanish conquest and silver extraction in the Americas, showing how aspects of Aztec and Incan society set the stage for what would come. It then takes us to other places, like China, where silver flowed. And as it turned out, where silver flowed, problems were sure to follow.



00:01

*John Green spins one of
the globes that sits next to
him;
Past John Green*

*Animated map shows
the spread of the Spanish
Empire*

*John Green dons a Santa
hat, a flower, and some
beads
CCWH theme music plays*

00:44

*Drawing of the Aztec
empire
Cities: Texcoco,
Tenochtitlan, Tlacopán
Drawing depicts the Aztec
hierarchy
Video footage of a
crumbling castle; artwork
depicts the Aztec
sacrificing of a person*

01:22

*Art montage of Aztec
drawings and a painting
of Cortès surrounded by
people*

*Drawing of Tenochtitlan,
an extremely elaborate
city*

*The gilded chair and
fireplace roll into the
scene, harp music plays*

02:15

Hi, I'm John Green, this is Crash Course World History, and today we're going to talk about the entire fracking globe over the course of several centuries, so let's get right to it.

Mr. Green! Fracking?

You don't know about "Battlestar Galactica" yet, Me from the Past? Oh, man, there are so many great things in your future. Today, I'm going to try to show you how tiny Spain's influence spread around the world and shaped the lives of almost every human on the planet, generally in negative ways. I know, everything is such a bummer on Crash Course recently. It's the 16th century—people are getting richer, they're living more-connected lives, and all I can do is whine about how much better the old days were. What am I, your grandpa? Let's get festive. Whoo.

So the Aztecs weren't the first impressive polity in Mesoamerica—that honor would go to the Olmecs or the Mayans—but they were probably the greatest. The Aztecs formed out of an alliance of three major cities in modern-day Mexico in about 1430, just 89 years before Cortès and his conquistadors showed up. The Aztec state was very hierarchical, with an emperor at the top and a group of unruly nobles beneath him, just like Europe. And in addition, there was a class of powerful priests whose job it was to keep order in the cosmos. So, Aztec religion held that history was cyclical and punctuated by terrible disasters and then would ultimately end with a massive apocalypse. And the job of the priests was to avoid these disasters by appeasing the gods, generally through human sacrifice.

The Aztecs extended their control over most of southern Mexico, parts of Guatemala, and the Yucatan, and they demanded tribute from conquered people in the form of goods, precious metals, and people to sacrifice. If you're familiar with "The Hunger Games," it won't surprise you to learn that this didn't sit very well with said conquered people. And the fact that the Aztecs were basically ruling over thousands of people who hated them made it a lot easier for Cortès to come in and find allies to overthrow them.

All that noted, in less than 100 years, the Aztecs accomplished some amazing things. Especially the building of their capital city Tenochtitlan on the site of modern-day Mexico City, which was like Venice in that it was divided and serviced by canals. They also had floating gardens, called chinampas, which provided food for the city. Oh, it's already time for the open letter? All right.

An open letter to human sacrifice. But first, let's see what's in the secret compartment today. Oh, nice! Come on, be a mushroom, be a mushroom, be a... oh, (groans)

Dear Human Sacrifice, Look, I'm not going to defend you. But if you really believe that the world is going to end if the gods are not appeased, then human sacrifice kind of makes sense. And as evidence for this, let me submit to you that we

*Aztec artwork depicts
human sacrifice*

engage in human sacrifice all the time. Remember the movie “The Dirty Dozen?” No? Because you’re too young? That makes me hate myself. Anyway, it was all about glorious sacrifice and how sometimes a few have to die in order for many to live. Did you at least see that, uh, that meteor movie that Ben Affleck was in? What was that called, Stan? - “Asteroid.” - “Asteroid!” - “Armageddon.” - “Armageddon!” “Armageddon.” Right, like that. Human sacrifice. Best wishes, John Green.

02:52

*Photo footage of roads
and elaborate temples
along and on top of steep
mountains*

All right, now let’s head south to the Inca civilization, which was older than the Aztecs and in some ways even more impressive. Founded in the 13th century, the Inca empire ruled between four and six million people by the time the Spanish showed up in 1532. Trade and a very effective administrative structure held the empire together, which was even more impressive when you consider all the roads and temples that were built atop mountains with nothing to haul things up those mountains, except for llamas and people. The Inca had no written language, but they were able to keep records with knotted strings called quipus. And they were really good at integrating conquered people into the empire, mandating that people learn the Incan language. And, vitally, they ordered every male peasant under the Inca control to do unpaid work for the Incan government for a specified period of time each year. This system, which the Inca called mita, allowed them to build all those roads and temples. The Spanish would later adopt this system, and the hierarchical system with the emperor at the top, except they would make it all, you know, much suckier. And, yes, that is a technical historian term.

*a drawing of a person
holding a quipu*

*Drawing of a brutal battle
in which the Spanish are
cutting the noses and
hands off of people*

03:44

*Artwork shows the arrival
of the Spanish in Mexico
and Peru*

So, the Spanish arrived in Mexico in 1519, and in Peru in 1532, benefiting in both cases from total chaos due to disease. And after conquering the Inca and the Aztecs, they created an empire with two administrative divisions. The Viceroyalty of New Spain, founded in 1521, and the Viceroyalty of Peru, founded in 1542.

*Compared images of
Aztec, Incan, and Spanish
leaders*

In some ways, the Aztec and Inca empires were perfect for Spanish conquest. Their administrative structures were similar, there was a similar link between secular and religious power, albeit different religions. All of which made it relatively easy for the Spanish crown to step into the void left by those two great empires and send their own administrators to run the place. While most of the Spanish aristocrats who came over ran large agricultural operations, you don’t see a lot of movies called, like, “Indiana Jones and the Search for a Nice Farm in the Countryside.” The real glory for conquistadors was gold. Initially they found some, both in the Caribbean and in Mexico, but never enough to get, like, super rich. Fortunately, or as I will argue, unfortunately, they did find a mountain made of silver.

*Drawing of a farm
surrounded by palm trees*

04:38

Drawing of a silver mine

So the Spanish adapted the mita, which the Incas had used to build roads and public buildings, to mine and process that silver. So one-seventh of the adult male Indian population from each district was required to work in the silver mines for a year, being paid only subsistence wages.

Now, you might wonder why the Spanish didn’t purchase African slaves to work in the mines. They did in Mexico, but in South America, it was cheaper to use indigenous labor. Purchasing slaves was inefficient because, one, they didn’t have

Photo of Huancavelica

experience working at high altitudes, and, two, mine work was super deadly. Mercury, which can be used to refine silver ore, was found at the mountain of Huancavelica. And mercury poisoning among miners was so common that parents would often maim their children to keep them from having to work in the mines. You can see why I'm struggling to be festive. Let's go to the Thought Bubble.

05:21

Animation of poor and unclothed indigenous workers in the silver mine; a wealthy Spanish family celebrates

So, Spanish mines in the Americas produced over 150,000 tons of silver between the 16th and the 18th centuries, over 80% of the world's supply. Spain became the richest nation in Europe and Spanish silver pesos became the de facto currency. But the Spanish royal family does not appear to have understood inflation, and the huge influx of silver caused skyrocketing inflation, and since they never set tax rates to account for it, they collected the same amount of money 60 years after the discovery of silver, but that money was worth a fraction of what it once had been. And in general, it's not clear that Spain benefited much from the discovery of silver. Rich countries have a way of finding their way into expensive and not totally necessary wars, and Spain was no exception. While empire wasn't the central cause of Spain's many 16th-century wars, it sure did fund them.

*Bags of silver floating into the sky
Spanish soldiers marching*

So in 1519, which was a heck of a year for Spain, Charles V united the kingdoms of Spain and Austria by being named head of the Holy Roman Empire, so-called because it was not holy, not Roman, and not an empire. Charles had this dream of a unified central Europe, which was constantly being thwarted by German nobles, who had a dream of a non-unified central Europe, and eventually Charles V's ambitions were shattered, and he gave the Austrian half of his kingdom to his son Ferdinand, and gave Spain—with the American stuff—to Philip in 1556.

06:37

Painting of a grand Dutch building

Thanks, Thought Bubble. So, Philip II didn't only inherit all of Spain's holdings in the Americas and in Europe and in the Phillip-not-a-coincidence-ines, he also inherited a rebellion in the Netherlands, because the Dutch were like, "We're going to be Protestant, also, you guys know nothing about economics," which, incidentally, the Dutch are still saying to the Spanish. And then the English sided with the Dutch and there was a war featuring a disastrous invasion of England, called the Spanish Armada, in 1588. England's success against the Spanish, even though it can largely be chalked up to weather, was credited to Queen Elizabeth I. That led to a period of wealth and national pride, which meant that people had both the money and the desire to see, I don't know, plays about old English kings named Richard. And that, my friends, is how the discovery of silver in Bolivia contributed to the genius of William Shakespeare.

Painting depicts many Spanish ships traveling to invade England; another painting shows the ships on fire and in ruins

07:18

Anyway, American silver didn't cause these wars any more than it wrote "Hamlet," but the new wealth made both more possible. Knowing that they had this enormous silver war chest at their disposal made them much more inclined to build all those ships that got sunk in 1588. And soon enough even a mountain of silver couldn't pay for all their warring, and the Spanish crown had to borrow money, which they couldn't pay back, so they defaulted on their debt several times in the 17th century. Yay, silver.

07:42

So, most of the silver mined in the Americas went to Europe, but at least a third of it went to China—either directly on Spanish galleons, or indirectly through the purchase of Chinese goods. China had encountered inflation of its own after

*Map of China;
Image of the first paper
money*

printing the world's first paper money in the 12th century, so they switched back to coins. Initially, Chinese coins were made out of copper or bronze, but their economy was so big—they were the leading producer of consumer goods until the 19th century—that they ran out. So they went to silver—now, China didn't have a lot of silver itself, but Japan did, so they traded manufactured goods for it, but soon even that wasn't enough. This was mostly because in the 16th century, China changed its tax structure. Taxes, man, they're at the center of human history.

08:19

*Drawing depicts a farmer
working on a terraced
farm by the water*

In the early part of the Ming Dynasty, Chinese farmers paid their taxes in goods—mainly grain—and labor. But as more silver entered the economy, the Ming government changed its policy and required taxes to be paid in silver. This meant that almost everyone in China had to produce something that could be sold for silver, which usually meant silk. In fact, the Ming government often required people to make silk. That glut of silk inevitably led to a price drop, which hurt the Chinese economy, but not nearly as much as it hurt the Spanish economy, where almost every silk producer was put out of business. So much for the idea that global outsourcing is a new problem.

*Photo of the Great Wall of
China*

You'd think all this silver would make the Chinese incredibly rich, just like the Spanish, right? Well, yes, just like the Spanish, in that they got rich, but they didn't stay rich. The Ming government also failed to peg taxes to inflation and spent too much on defense, notably the Great Wall. And by the 17th century, the Ming were overthrown by the Fu Manchus. Oh, it's just the Manchus? (groans): History, always disappointing me.

09:09

As the historian Dennis Flynn put it, "A significant hunk of the GDP of China—then the world's biggest economy—was surrendered in order to secure a white metal "that was produced mostly in Spanish America and Japan. "Think about what else those resources could have been used for." The Spanish empire's silver trade was the first truly global market—even India was involved, but we're really out of time—and its consequences were dire, even if it did make some people rich. Both Spain and China experienced inflation that weakened their governments; the environment suffered; the search for precious metals led the Spanish to find and eventually destroy two of the world's great empires, the Aztecs and the Inca; and many thousands were killed mining silver and the mercury used to refine it.

But before you say it wasn't worth it, remember that this process led to the life that you have today, one where I can teach you history through the magic of the internet. Worth the sacrifices, human and otherwise? I don't know, you tell me. Thanks for watching, see you next week.

10:03

Credits roll

Crash Course is produced and directed by Stan Muller. Our script supervisor is Danica Johnson. The show is written by my high school history teacher Raoul Meyer and myself, and our graphics team is Thought Bubble. Last week's Phrase of the Week was "Number four, letter U." If you want to suggest future Phrases of the Week or guess at this week's, you can do so in comments, where you can also ask questions that will be answered by our team of historians. Thanks for watching Crash Course, and as we say in my hometown, don't forget to be awesome.