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El Galeon de Manila: American silver and The route that connected Europe, Asia and America

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1. Introduction

The history of America is inseparable from that of China and Europe. Had Portuguese traders not dominated the African routes to Asia, Spanish expeditions across the Atlantic might never have taken place. Without the Spanish arrival in America, the Hispanic world as it exists today would not have emerged. Likewise, key elements of Chinese cuisine—now taken for granted—would be unthinkable without crops such as the potato, tomato, corn, cacao, and avocado introduced through transoceanic exchange.

2. Backgronud

2.1. *The Silk Roads*

The history of *El Galeon de Manila* is rooted in the Silk Road (see Fig. 1). Spain and Portugal lay at Europe's western edge, while China and Southeast Asia occupied the eastern end of this vast commercial network. The Silk Road was not a single route but a system of interconnected trade corridors through which goods from China moved via Central Asia and Eastern Europe into the Mediterranean world.

Despite its importance, evidence of the Silk Road's internal dynamics is limited. As noted by Yang (2015), the Xuanquan manuscripts—Han dynasty postal records from present-day Gansu—offer rare insights into the movement of people and goods. These records indicate regular diplomatic and commercial exchanges, including foreign envoys paying tribute to the Han court. Roman sources referred to the Han people as the Seres, often portraying them as distant and insular traders. After Rome annexed Egypt and gained access to Red Sea routes, silk became increasingly popular, though it also attracted criticism for its perceived luxury and moral decadence (Liu, 2023).

Recent estimates place the pre-tax value of 150–180 tons of silk at approximately 2.3×10^6 denarii (Hildebrandt, 2022). Using the upper-bound estimate of 180 tons provides the basis for the following calculation.

$$\frac{2.3 \cdot 10^6 \text{d}}{150 \cdot 10^3 \text{kg silk}} \cdot \frac{3.9 \text{ g Ag}_{97.5}}{1 \text{ d}} \cdot \frac{0.975 \text{Ag}}{\text{Ag}_{97.5}} = \frac{58.305 \text{ g Ag}}{\text{kg silk}} \tag{1}$$

This allows us to estimate the price of silk in the Roman Empire around the second century CE at approximately 58.3 g of silver per kilogram of silk. To provide a contemporary comparison, we convert this value using modern silver prices. As of October 2025, silver trades at approximately \$1.56 per gram. Substituting this value into Eq. 1 yields:

$$\frac{58.305 \text{ g Ag}}{\text{kg silk}} \cdot \frac{1.56 \text{ USD}}{\text{g Ag}} \approx 90.95 \text{ USD / kg silk} \tag{2}$$

By contrast, silk today can be purchased for less than 100 RMB (approximately $15 USD) per kilogram on platforms such as Alibaba (Alibaba.com, 2021). However, silk prices in antiquity were highly volatile. During the reign of Emperor Diocletian, the *Edict of Maximum Prices* fixed the price of 330 g of silk at approximately 12,000 denarii (Benjamin, 2018), equivalent to well over $100,000 USD today.

Figure 1. *Map of the Silk Roads. Valencia, Spain, is at the leftmost end and Beijing, China is at the rightmost end. Image source: (Advantour, 2025).*

2.2. *Crown of Castilla*

Although we now refer to the empire that conquered America and traded with China across the Pacific as Spain, it was then known as the Crown of Castilla.

In Castilla, silver coins were not always minted by royal authority; locals and nobles could also issue coinage. With the introduction of the real, however, minting became increasingly centralized, with coins backed by the Crown and bearing royal symbols and seals (Museo Arqueologico Nacional, 2024b).

After the marriage of Queen Isabel I of Castilla and King Fernando II of Aragon in 1469, the monetary system was further consolidated. During their reign, the Crown issued what would become the first global currency: the real de a ocho (Universidad Nacional Autonoma de Mexico, 2012; Museo Arqueologico Nacional, 2024a).

2.3. The Discovery of America

Around this time, Cristóbal Colón, a Portuguese-born mariner, presented his proposal to the Catholic Kings. Seeking a new commercial route after the fall of the Byzantine Empire, he argued—albeit with severe miscalculations—that the Earth's sphericity made westward travel to Asia feasible. With royal backing, he reached the Caribbean in 1492 (Biblioteca Virtual Cervantes, n.d.). Subsequent expeditions followed, including that of Hernán Cortés.

Cortés arrived in present-day Mexico from Cuba and advanced toward Tenochtitlan (modern Mexico City). Along the way, he forged alliances and waged wars with Indigenous groups, most notably the Cempoaltecas and the Tlaxcaltecas. The latter, longstanding rivals of the Mexicas, proved decisive allies in the campaign against the dominant power of Mesoamerica (Cortés, 1866) and later would have a decisive role in the conquest of the Philippines.

2.4. Zacatecas and Potosi

The most important silver mining centers in America were Zacatecas, in Mexico's western Sierra Madre, and Cerro Rico de Potosí in present-day Bolivia. Potosí, formed from a dacitic volcanic dome, remains the largest known silver deposit in the world (Cunningham *et al.*, 1996). Zacatecas—particularly the Fresnillo district—also emerged as a major silver producer, likely shaped by volcanic processes (Lang *et al.*, 1988). Between 1500 and 1750, New Spain and Peru together accounted for over 80% of global silver output, with total production estimated between 40,000 and 70,000 tons (María, 2025).

2.5. The Conquest of the Philippines and the Acapulco-Manila route

After consolidating its American territories, the Spanish Crown sought westward routes to Southeast Asia. Reaching the Philippine islands was not an issue but the *Tornaviaje* (return trip) discovery in 1565 was what ultimately allowed the New Spain-Philippines exchange and trading route, see Fig. **??**. Following two failed expeditions, Miguel López de Legazpi departed from Navidad (Acapulco) and successfully reached the Philippine archipelago–following the same route that *El Galeon de Manila* would take. His expedition encountered both resistance and accommodation: initial hostility in Samar and Bohol gave way to alliances formalized through blood compacts, before Spanish forces moved on to Cebu and eventually established Manila as the colonial capital (Prescott, 2025).

Spanish rule in the Philippines relied less on military conquest than on alliance-building and evangelization. Franciscan, Dominican, and Augustinian orders spearheaded Christianization, reflecting broader ambitions to project influence toward China and Japan, ambitions that ultimately failed (Pardo-Tomás, 2019). With a Spanish population never exceeding roughly 14,000 individuals ruling over more than five million inhabitants by 1786, colonial control depended on local intermediaries and religious integration rather than large-scale settlement, most settlers originating outside Iberia (Sánchez-Jiménez, 2025).

Administratively, the Philippines were governed not from Madrid but from the Viceroyalty of New Spain. The establishment of the Acapulco-Manila trading route (*Galeon de Manila* route) enabled sustained exchanges of goods, people, and institutions across the Pacific (Solano, 1954; Bernal, 1964). This transpacific connection left enduring cultural and demographic ties, visible in shared communities, place names, and the fact that Spanish diplomatic relations with China and Japan were mediated through Mexico (Guevarra, 2011).

3. Song-Yuan Monetary system

The Song dynasty marked a pivotal shift in monetary policy, transitioning from the unregulated circulation of private currencies to a state-monopolized system. Following the 1024 prohibition of private

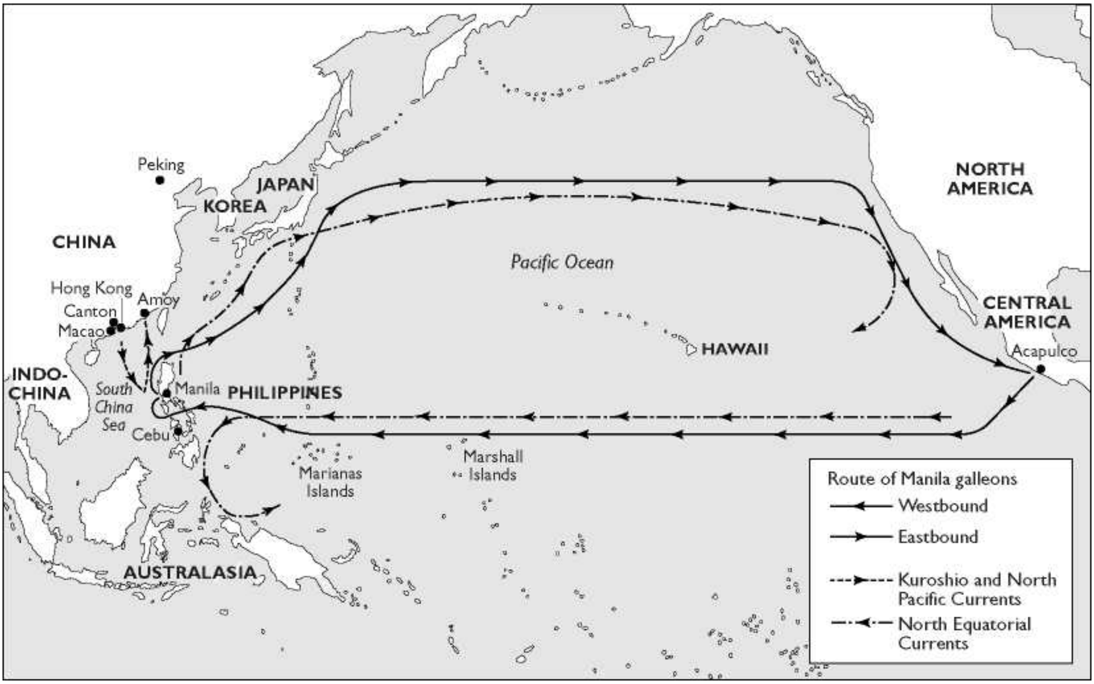

Figure 2. *The Acapulco-Manila route map. The Westbound route is the Tornaviaje. Image source: (Jeffery* et al.*, 2021).*

money, the government introduced the world's first official paper currency (Chen *et al.*, 1995). While initially stable, the fiscal pressures of the Jin invasions and the subsequent North-South division prompted increased issuance to fund military expenditures, leading to manageable inflation.

The Yuan dynasty further institutionalized paper currency by anchoring it to precious metal reserves. The "Zhongtong Yuanbao Jiaochao" became the hallmark of this system, issued in diverse denominations to facilitate complex commercial transactions (Steinhardt, 1980). By maintaining strict reserve-to-issue quotas, the Yuan initially avoided the inflationary pitfalls of their predecessors. However, the abandonment of these fiscal constraints in the 1350s triggered a period of rapid devaluation and hyperinflation, ultimately rendering the currency obsolete by the dynasty's collapse (Shouyi, 2020; Chen *et al.*, 1995).

4. The Ming Dynasty

The Ming Dynasty reached a level of economic prosperity comparable to contemporary Europe, yet struggled to sustain a viable fiat currency (Shouyi, 2020). After its 1375 introduction, state-issued paper money suffered a catastrophic collapse, devaluing to 0.1% of its face value by 1436 (Steinhardt, 1980). This instability was driven by fiscal strain from northern droughts, heavy tax imbalances, and demographic shifts as populations migrated southward (Han & Yang, 2021). Consequently, the economy reverted to a metallic standard; the adoption of unminted silver and copper by weight provided the stability that paper currency lacked (Shouyi, 2020).

While early Ming maritime expeditions mapped the Indian Ocean, the state ultimately favored isolationism over open trade. Foreign commerce was strictly funneled through the tributary system, and the early 16th-century rejection of Portuguese and Japanese trade led to a surge in piracy and contraband (Chan, 2008). This protectionist stance eventually clashed with the reality of a domestic metal shortage, as the transition to a silver-based economy necessitated increased reliance on foreign bullion (Chan, 2008).

5. The Real de a 8

The liberalization of the Ming tributary trade policy in 1567 enabled more direct commerce with Spanish and Portuguese merchants. Leveraging vast silver deposits in Potosí and Zacatecas, the Spanish Crown achieved an unprecedented scale of bullion production (María, 2025; Chan, 2008). While silver coinage existed previously, Queen Isabella I of Castilla standardized the weight and purity of these issues, resulting in the Real de a 8. Commonly referred to as the peso, this coin became the primary unit of account for measuring global trade volumes (Heptner Múgica, 2025).

Produced across a network of mints (Casas de Moneda)—including Seville, Mexico City, Lima, and Potosí—the Real de a 8 typically weighed between 27.0 and 27.5 grams, containing approximately 25.5 grams of fine silver (María, 2025). Its standardized consistency allowed it to function as the world's first truly global currency, bridging the economies of America, Europe, and Asia (See Fig. 3 and 4).

Figure 3. *Real de a 8 coined in Potosi. Image source: (Wikipedia, 2006).*

Figure 4. *Real de a 8 coined in Mexico. Image source: (Wikipedia, 2006).*

5.1. The First Globalization

Between 1596 and 1634, American silver exports to China were estimated at 700,000 pesos annually, alleviating the Ming Dynasty's acute metallic shortages. However, recent analysis by Qing (2018) suggests significantly higher volumes based on Philippine tax records. Following the 1580 imposition of a 3% import/export tax and a 12-peso tonnage fee on *Galeon de Manila* vessels bound for New Spain, trade valuations peaked at 1.58 million pesos in 1612. To contextualize this scale, the 1612 peak represents a contemporary value exceeding 25 million USD:

$$1.58 \text{ million pesos} \cdot \frac{25\text{g Ag}}{1 \text{ peso}} \cdot \frac{1.56 \text{ USD}}{1\text{g Ag}} = 25,320,512 \text{ USD}$$

The impact of this trade route extended beyond bullion, catalyzing the "first globalization." The influx of Chinese merchants to Manila led to the establishment of the world's first Chinatown (Akpedonu & Saloma, 2017). Simultaneously, the Real de a 8 permeated European and North American markets, serving as the structural precursor to the US dollar (María, 2025).

Cultural and biological exchanges were equally transformative. Spanish influence introduced European-style higher education to Asia through the establishment of the Colegio de Nuestra Señora del Santísimo Rosario (now the University of Santo Tomas) (University of Santo Tomas, n.d.). Furthermore, the introduction of New World crops—specifically corn and potatoes—revolutionized Chinese agriculture and supported subsequent population growth (Sichuan University, n.d.).

6. Conclusion

The modern global economy is a legacy of the trans-Pacific exchange between China and America. This silver flow was the logical outcome of Ming monetary mismanagement—specifically hyperinflation and restrictive trade—meeting the vast output of American mines. The resulting Acapulco-Manila trade route catalyzed the "first globalization," establishing the world's first Chinatown and making the Philippines the only predominantly Catholic nation in the region. Driven by Chinese demand for bullion and the reliability of Spanish coinage, the Real de a 8 emerged as the first global currency and the precursor to the US dollar. Ultimately, the 16th- to 18th-century intersection of these two empires fundamentally structured today's economic and social landscape.

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