

How the Mongols Created Modern Trade

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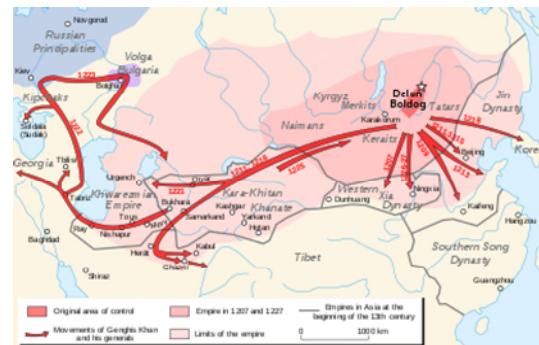
In 1271, the Venetian trader Niccolo Polo, his brother Maffeo and his fifteen-year-old son, Marco¹ visited the court of the great Kublai Khan, the Mongol ruler of China and the grandson of Genghis Khan. Marco Polo wrote a book about his many years traveling around China, which created a thirst for all things Chinese in Europe.

The Mongol empire consisted of the largest landmass ever controlled by one empire, let alone one family. Kublai Khan, the head of the Khan family, began the Yuan Dynasty, which would rule China between the Song and the Ming (Manchu) Dynasties. The Mongols consolidated, what had been four separate kingdoms, into the unified kingdom of China that exists to this day. To accomplish this, the Mongols killed over 50 million Chinese, about half of China's population². Throughout their sweep through Asia and Europe, the Mongols razed cities, destroyed armies, and wiped out entire civilizations.

Although the Mongols did not have a written language, others recorded this legacy. For example

"The first Russian city to fall was Ryazan about 130 miles south of Moscow. On a frigid December day in 1237, the Mongols appeared outside the town. In what seemed like minutes, the Mongols hauled their catapults up to the front lines and battered down the town's walls. As the Mongols

*swarmed through the breach, the people of Ryazan looked for someplace to hide. The Mongols pursued them through the streets and alleys of the town like hunters chasing down a herd of deer. The men they impaled, the women they gang-raped, the priests and monks they slaughtered like sheep, slitting their throats and piling up the corpses. The massacre went on and on until not a soul was left alive. A Russian chronicler lamented that when the Mongols finally moved on, "no eyes remained open to weep for the dead".*³



And then there is:

"[An envoy from the Khwarazmshah] saw a white hill and in answer to his query was told by the guide that it consisted of bones of the massacred inhabitants. At another place, the earth was, for a long stretch of the road, greasy from human fat and the air was so polluted that several members of the mission became ill and some died. This was the place, they were told, where on the day that the city was stormed 60,000 virgins threw

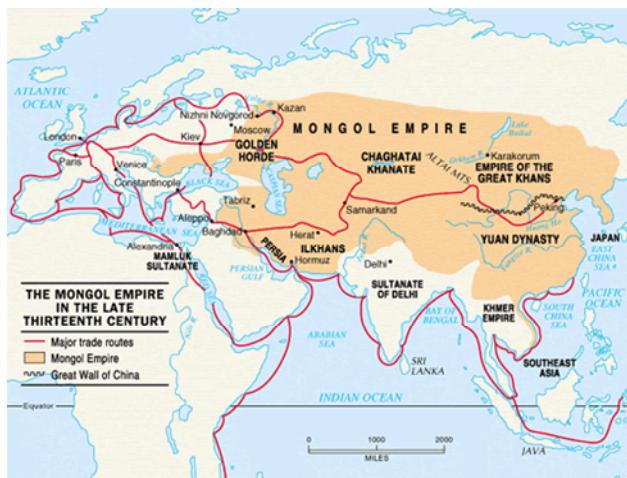
¹ Eponymous creator of the children's game played to this day.

² (Craughwell 260)

³ (Craughwell 277-278)

*themselves to death from the fortifications to escape capture by the Mongols*⁴.

The Mongols conquered and then destroyed the Arab Empire, which had earlier moved from Arabia to Babylon. They did not merely conquer Baghdad, they ground it to dust, publicly humiliating the last Caliph of Islam, then rolling him in a carpet and trampling him to death with their horses⁵. Throughout the once-mighty Arab realm, they razed cities, leaving no stone resting upon another. They destroyed the *qanat* system of underground irrigation⁶ and, perhaps more seriously, allowed it to fall



into disrepair through neglect, thus permanently destroying the region's capability to support a sizable population.

⁴ (Raverty 965)

⁵ They believed it bad luck to shed a ruler's blood on the ground, hence the carpet.

⁶ The *qanat* system of irrigation developed in Persia over 3000 years ago then spread throughout the arid Middle East and North Africa. To maintain a population that could support cities, armies, and market agriculture, these countries depended on the quality, volume, and regularity of the water that flowed through this system. Areas of population corresponded to where qanats were possible. They were expensive to construct and difficult to maintain, and when they collapsed, so did the population.

The Mongols were not isolated throughout history. Tribes from deep inside the Eurasian landmass, from places now called Turkistan, Uzbekistan, and Siberia, swept across the continent in all directions, unleashing a frenzy of devastation. It was in fear of these relentless nomads that the Chinese built their great wall in the third century BCE. Later, Atilla the Hun would indirectly cause the collapse of the Roman Empire and the sacking of Rome.

So what did this destructive group of barbarians, who made nothing, created no great cities, no literature – how did they create the modern system of International Trade? Without downplaying the enormous harm the Mongols caused the world, it must also be said that as emperor, Genghis was as far-sighted as he was cruel.

He laid the groundwork for our global economy, encouraging merchants and traders in China, Persia and other lands to market their goods in the Middle East, Africa, and far-off Europe. He rid the world of the many petty city-states, each with their own rules and arbitrary tariffs, (and who were unwilling to unite to fight the common threat of the Mongols) replacing them with a centralized judicial system of laws, a common currency (and it was paper,) and a common system of taxes. He welcomed merchants to his empire. The free trade agreements that exist today between many Western nations and China have their origin in the international commercial contacts fostered by Genghis Khan, 800 years ago⁷.

⁷ (Craughwell 262).

In 1260, Kublai Khan, Ghengis' grandson, became the leader of almost all of Asia. By his reign, the boundaries of the empire had been established; Ghengis Khan had conquered China on horseback; his grandson came off his horse to rule. Kublai Khan stabilized the government and ordered a great palace, Xanadu, built, which Marco Polo later described as "the greatest palace that ever was."⁸ Asia enjoyed many years of relative peace until his death in 1294.

The Mongols left a legacy felt even today. Asia was a much safer region during Mongol rule than before or after. But they were a slim veneer on a massive beast. After a few generations, the Mongols disappeared, this, becoming one with the peoples they conquered. The usual political bickering and disagreements slowly broke Asia back into smaller states that contended poorly with one another.⁹ Their squabbles, pocked with religious intolerance, promoted lawlessness that raised the cost of the overland trade routes, thus leading to the search for a sea route between Europe and China, which provided the excuse Christopher Columbus used to raise money for his "discovery" of the new world.

The Mongols represented the nomadic life clashing against sedentary societies of walls, farms, and cities. Yet, the one constant in human existence is, and always has been, trade. The Mongols were not only dependent upon trade, but they also promoted it. The British economist David Ricardo (a descendant of Spanish Jews expelled by the Visigoth rulers of Spain) described the mutual benefit behind each country doing what it does best and then trading for what it needs. He did not originate the concept of Comparative Advantage; long before there were pale men in thick glasses, i.e., economists, even despots realized this truth.

The more we can raise tariffs on one another, the more difficult it will be to conduct trade. People want to improve the quality of their lives; they need trade to get there. Trade enables people to concentrate on activities they do better, not necessarily better than others, just better than other possible activities. Without trade, they must spend their energy on activities they don't do well. With trade, they earn the highest reward for their time and effort. If the cost of trade, transportation, spoilage -- and tariffs -- are low enough, they people will earn more money and acquire more goods than they would if they provided more of their goods themselves. This is why trade boycotts hurt the boycotters. It forces a country to provide its needs internally, which will lead to a marked decline in the people's standard of living.

Today, despite geopolitical conflict and distrust, the one hope for the world is free trade. China is no longer the closed society it was fifty and five hundred years ago. Russia,¹⁰ once the home to the Golden Horde, wants badly to explode with creative energy from finally sensing economic freedom and self-determination. Let's boycott it so it never can realize that freedom. India, Brazil, Poland, and Viet Nam are each developing economically, forming complex industrialized societies, which promote the integration of many types of goods and services (opposed to the

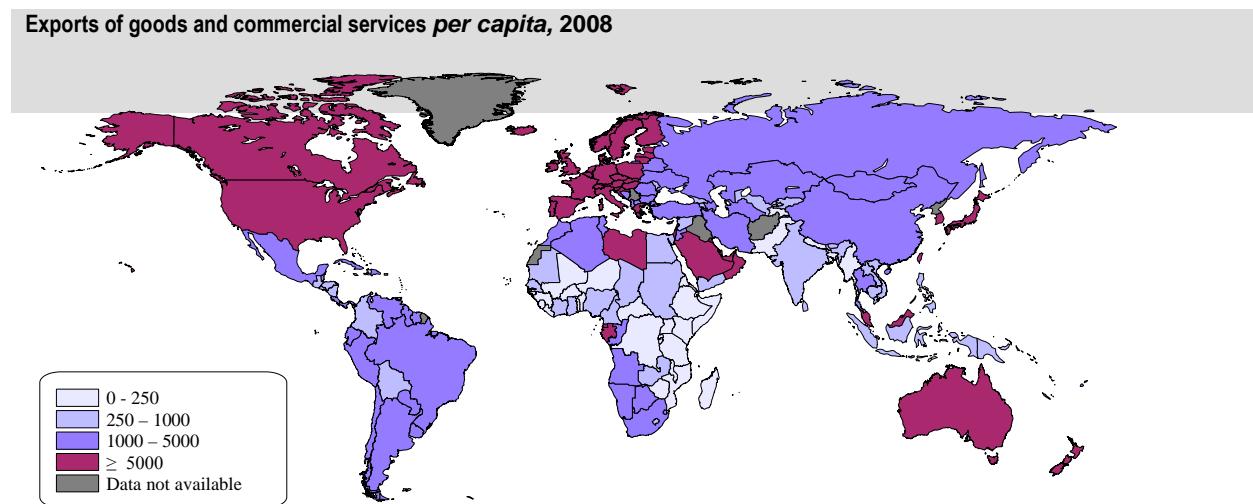
⁸ Polo 32

⁹ Although China did not break into pieces despite decades of civil war following the collapse of the Qing Dynasty in 1911.

¹⁰ Although the Tsars claimed ancestry from the Vikings, they ruled in the autocratic manner of the Mongols, dispossessing their own people of direct engagement in their own society. This created the proletarians, people dispossessed of their land, which became one of the catalysts for the Bolshevik revolution.

single resource-based economy which, with the single exception of Alaska, leads to corruption, poverty, and despotism). As these economies evolve, they learn to specialize, depending on free trade to improve their economic conditions while providing them with much-needed goods and services.

The addition of millions of consumers seeking the middle-class quality of life shakes up nearly every society. For those who are prepared, this new market offers considerable opportunity¹¹.



Except countries exporting a single natural resource, there exists a positive relationship between exports per capita and the quality of life.

The Mongols, despite their faults, understood the conditions necessary for the flow of trade. They enabled a single currency to serve as the medium of exchange between people, they created uniform laws that enabled the enforcement of contracts, they lowered or eliminated tariffs, and they safeguarded trade routes¹². If the promotion of trade is important to enough countries, then all involved will prosper.

That is what the Mongols taught us.

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¹¹ (Esty and Winston 16)

¹² (How long would pirates have lasted preying on Ghengis Khan's shipping lanes? I don't think so.)