

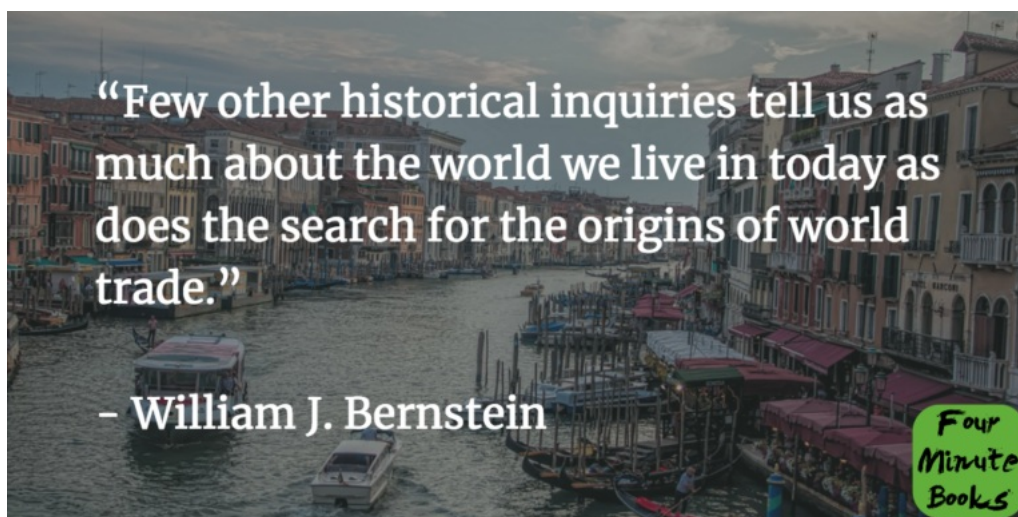
A Splendid Exchange Summary

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1-Sentence-Summary: *A Splendid Exchange outlines the history of global trade, revealing its older than we think, has enabled the progress of civilization, and continues to change the world on a daily basis.*

Read in: 4 minutes

Favorite quote from the author:



One of my favorite stories from Steven Johnson's *Wonderland* is that the Americas were discovered not because of the venture's historical merit, but because people wanted more purple clothes. The rare color was a desired fashion statement, but the ingredients to dye clothes purple could only be found in certain sea snails that happened to live in the Atlantic Ocean. Merchants went further and further into the sea to find them and that momentum led to bigger expeditions.

Hindsight is 20/20 and in retrospect, it may seem obvious that searching the big oceans was a good idea in the first place, but back then, the looming dangers were much more prevalent. In *A Splendid Exchange*, William J. Bernstein recounts similarly curious stories from the history of global trade, all while chronologically illustrating its progress.

Here are 3 favorite, surprising lessons:

1. One of the earliest trades in history dealt with stones.
2. You never just trade the items you exchange.
3. Not all innovations that helped foster global trade were about transporting goods.

Chances are over 50% of the items you use daily have not been manufactured in your country. It probably makes sense to learn why, don't you think? That's exactly what we'll do right now.

Lesson 1: The first item traded long-distance was...a stone.

There is a place in modern-day Iraq that is called the cradle of civilization. In the middle of nowhere, between two rivers that reconnect at the Persian Gulf, the Euphrates and the Tigris, lies our ancient history. Then called Mesopotamia, this was one of the first urban hubs in the world.

Lying between two rivers, hence the term 'cradle,' Mesopotamia was rich in barley, fish, wool and other farmable products. What it lacked, however, was building materials to create its infrastructure – houses, paths, shelter, and so on. **As early as 3,000 BC, they decided to try and exchange their surplus of farm goods for those materials, like lumber, marble, and precious metals.** They began trading with Persia, Oman and Lebanon and soon, the Persian Gulf was a center of commerce!

However, the very first long-distance trade happened a lot earlier still, around 12,000 BC. It also originated from Mesopotamia, but involved a different export: Obsidian stone. We don't know why and what it was traded for, but researchers found the rare, black material, that is today often used for decorative elements and in expensive floors, in a cave in Greece, over 2,000 miles away from its source.

Lesson 2: Trading always involves more goods than just the traded items and sometimes, they can be deadly.

In the Middle Ages, wealthy royals showed off their power in the form of huge castles and pompous decor. But there was another vice of the rich that could never be flaunted for long: spices. Salt, pepper, cinnamon, all of these were incredibly rare in Europe, so dangerous journeys had to be taken to get them. That's why merchants often sold them for a cool 100% in profit and doctors all added them to their medicines, even though they didn't do anything.

The rise in spice trade had its price, however. One, because European merchants often traded slaves to Arab countries for it, and two, because alongside their spices, they imported something else entirely: the plague. **The Black Death reduced the global population by as much as 20%, wiping out up to half of Europe.** We would not see those population levels again for 400 years.

This disease likely originated in the Himalayas in China and took years to spread, but imagine something like this happened today. True, our hygiene and medical care is exponentially better, but we're also much more connected, so viruses can spread a lot faster. If you're fascinated by this, the movie Contagion gives a good idea.

What's the lesson? You never just trade item A for item B. There are always other factors involved.

Lesson 3: One of the biggest enablers of transcontinental trade had nothing to do with transportation.

When we think of the history of trade, our minds quickly wander to new means of transportation. It's true that two major reasons why you could eat strawberries year round in New York as early as 1900 originate from this industry: the steamship and the railroad. The former surpassed the sailboat as the preferred type of ship in 1890, the latter helped transport goods cross-country, even in terrible weather conditions.

However, there was one invention that had nothing to do with transportation, but without which neither of the above two would have meant anything: **refrigeration**. Around 1830, we first figured out how to freeze perishable goods without breaking them, and that made all the difference.

You could now preserve meats, flowers, vegetables and fruits for as long as the journey to their final destination would take. With shipping prices dropping more and more, it eventually became economical to ship not just large bulks of goods, but also smaller amounts. This ultimately led to what we're so used to today: a supermarket that's stocked to the brim with items from all around the globe!

A Splendid Exchange Review

In school I thought history was boring. Now I know better. Understanding the past is the single best way to figure out what's going on today. Whether you want to improve your business, become a better investor, or just come up with better ideas for yourself, *A Splendid Exchange* lives up to its title indeed: your time is well spent in acquiring this book's knowledge.

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What else can you learn from the blinks?

- Which animal changed the way we trade – and no, it's not the horse
- What scientific insight had to happen before Spanish explorers could circumnavigate the world
- How the Netherlands became the world's financially most powerful country
- The economic mistake that stumped England's growth in the 19th century
- How the US president caused the Great Depression
- Which inequalities we face in global trade today

Who would I recommend the A Splendid Exchange summary to?

The 14 year old, who just got started with history classes in school, the 39 year old merchant representative of a global corporation, and anyone whose favorite item is an import.