

Silver, given its original value, is a highly valuable metal. However, the wonderful "American Silver", in Mann's words

threw the Spanish elite into delirium. Enraptured by the sudden wealth and power, the monarchy launched a series of costly foreign wars.

which, obviously, was not great for the Spanish. In addition, because there was really simply so much silver, the Spanish king had to borrow more and more money to be able to sustain the war as Silver prices kept dropping.

From this sudden decrease in price, other things kept happening:

1. "The cost of living doubled in Europe in the last half of the 16th century."
2. Wages did not keep pace with the boom, so people started mutinies

Oh, right, this decrease in the price of silver also coincided with China's increased demand for silver, leading to KBhHIST201ChinasDeclineWRTCurrency China's Decline w.r.t. Currency.