
UNIT 11 : SHIFT OF ECONOMIC BALANCE FROM THE MEDITERRANEAN TO THE ATLANTIC

Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 The Turkish Conquest of Constantinople
- 11.3 Bypassing the Monopoly of Turkey: the Discovery of America
- 11.4 The Great Divisions of the Italian States
- 11.5 The Turkish Advance in the Mediterranean
- 11.6 Rise of the Atlantic and Pacific Trade and the New Isolation of the Peninsula
- 11.7 Let Us Sum Up
- 11.8 Key Words
- 11.9 Answers to Check Your Progress Exercises

11.0 OBJECTIVES

After reading this unit you will be able to know about,

- Problem created by Ottoman empire in the trade after the conquest of Constantinople,
- Discovery of new areas by the Western European countries,
- Division of the Italian states and fall of Mediterranean region, and
- Growth of trade in the Atlantic Ocean.

11.1 INTRODUCTION

Ottoman power based in Anatolia continued to grow, and in 1453 CE extinguished the Byzantine Empire with the Conquest of Constantinople. Ottomans gained control of much of the sea in the 16th century and maintained naval bases in southern France (1543–1544 CE), Algeria and Tunisia. Barbarossa, the famous Ottoman captain is a symbol of this domination with the victory of the Battle of Preveza (1538 CE). The Battle of Djerba (1560 CE) marked the apex of Ottoman naval domination in the Mediterranean. As the naval prowess of the European powers increased, they confronted Ottoman expansion in the region when the Battle of Lepanto (1571 CE) checked the power of the Ottoman Navy. This was the last naval battle to be fought primarily between galleys.

The Barbary pirates of Northwest Africa preyed on Christian shipping and coastlines in the Western Mediterranean Sea. The development of oceanic shipping began to affect the entire Mediterranean. Once, most trade between Western Europe and the East had passed through the region, but after the 1490s the development of a sea route to the Indian Ocean allowed the importation of Asian spices and other goods through the Atlantic ports of Western Europe. Portuguese and Spanish explorers found new trade routes – south of Africa to India, and across the Atlantic Ocean to American.

11.2 THE TURKISH CONQUEST OF CONSTANTINOPLE

As Italy was still in the final crucial phases of its war and the rest of Europe thought had bigger fish to fry, Mehmed started his two-year preparation for his attempt on the Byzantine capital. He built a navy to cut the city off from outside help by sea, he purchased an arsenal of large cannons from the Hungarian gunsmith Urban, he sealed the Bosphorus north of the city by erecting a powerful fortress on its European shore to prevent succour from arriving from the Black Sea, and he meticulously concentrated in Thrace every available military unit in his lands. A trade agreement with Venice prevented the Venetians from intervening on behalf of the Byzantines. Venice was crucial because it had proved to be the only power able stand up effectively against the Turks and coordinate the efforts of Christian lords in the Balkans. It is unclear why Venice agreed to estrange itself from a war in Constantinople, although they were more sucked in the Italian fights. Possibly a series of different considerations were at work. Constantinople had never fallen, so why would Mehmed-II succeed where many others for centuries had failed?

Moreover, the Venetians may have underestimated the ambitions of the Ottomans and the larger implications for the Christian and Muslim worlds with the fall of the Constantinople. After all, the time of the Crusades had faded, and Islamic and Christian countries had fought at cross-alliances many times, so the Ottomans could be just that. Besides Mehmed could end up crushed in the war, something that would bring the end of Ottoman Empire, already in difficulty as we saw, and a power vacuum in Balkans, where Venice rivalled Hungary and the Serb lords. In other words the extreme volatility of the general situation might have led Venice and the then-strong Italian states to stay on the fence in this momentous historical situation. In fact when Mehmed proposed to siege Constantinople in 1452 CE, most of his council, and especially the grand vizier, was against it and criticized the sultan for being too rash and overconfident in his abilities. But the sultan overruled them and ordered preparations be made for war. The siege started in April 1453 CE and the formerly impregnable land walls were breached after two months of constant pounding by heavy artillery.

Constantinople, for a millennium considered by many Europeans the divinely ordained capital of the Christian Roman Empire, fell to Mehmed and was transformed into what many Muslims considered the divinely ordained capital of the

Islamic Ottoman Empire. Mehmed gave himself the title "*Kaiser-i-Rum*", Roman Caesar, and modelled the state after the old Byzantine Empire, thinking of himself as the successor to the Roman throne. Later, when he invaded Otranto, his goal was to capture Rome and reunite the Roman Empire for the first time since 755 CE, when the Lombard had captured Ravenna, the Byzantine capital in Italy. That is, the Turkish emperor styled himself as an Islamic successor to Caesar. Moreover after taking the city, the sultan soon ordered all looting to stop, so the Islamic invaders treated the Christian city better than the Latin Christians did with the sack of 1204 CE. After that sack, the Black Plague between 1346 and 1349 CE killed almost half of Constantinople's inhabitants. Far from being its heyday, Constantinople in 1453 CE was severely depopulated as a result of the general economic and territorial decline of the empire. In fact, the city then was almost a series of walled villages separated by vast fields and encircled by the fifth-century Theodosian walls.

After the conquest of the old imperial Roman capital, Mehmed started a chain of military campaigns, lasting until 1463 CE that established a solid military line of defence along the Danube and the Adriatic against Hungary and Venice. He conquered the silver and gold mines in Serbia and besieged the Hungarians in Belgrade. He then quelled the Albanians who had remained a problem for a few years under the leadership of Skanderbeg, a military leader who styled his name after that of Alexander the Great, and with Venetian support, as the Italian city was growing wary of the Turkish expansion in the western Balkans. In 1459 CE, the Turks took Athens, and a year later all of Greece was conquered, with the exception of a few Venetian outposts. In 1461 CE Mehmed went to deal with a Wallachian incursion into Bulgaria led by Voievod Vlad-III Dracula, a renegade Ottoman vassal, whose life was to be the inspiration for the fiction on vampire Dracula.

In 1465 CE the Venetians patched together an anti-Ottoman alliance with Hungary and Skanderbeg. The war went on until 1479 CE, and Venice managed to stave off the Turkish approach in the Adriatic Sea and conquered a number of Aegean islands, just off Anatolia, but it experienced some terrifying Ottoman raids in its north-eastern Italian holdings. Hungarian King Matthias injected a new player into the struggles with the Ottomans by securing an alliance with Moldavian Voievod Stefan the Great (1457–1504 CE). After years of neglect, a broad coalition of Christian interests was taking form to stop the Turkish advance in the Balkans and eastern Mediterranean. To this Mehmed responded by taking the fight directly to Italy and styling himself as the successor to the Byzantine emperor, attempting, as Justinian did before him, to gain control of Italy. That has been a monumental turning point in Europe. In 1480 CE Mehmed dispatched an army to Italy that marched toward Rome to punish the pope for supporting Venice and assorted anti-Ottoman coalitions. The invasion force captured Otranto and was preparing to advance further inland when news of the sultan's death in 1481 CE halted their plans. By then the conquest of the Balkans essentially was complete and the Turkish invasion in Otranto was a dramatic warning for the Europeans. The fight with the Turks had become an existential

struggle, much like some seven hundred years before. However at the end of the 15th century, although Byzantium was no more, Europe overall and Italy in particular were much stronger.

On the other hand, the strength of Europe had grown to rely on the commerce with the Silk Road, and the fall of Constantinople and general encroachment of the Turks in the Balkans and Middle East severed the main overland trade link between Europe and Asia. As a result more Europeans began to seriously consider the possibility of reaching Asia by sea, as was the case with Columbus's travel to the Americas in 1492 CE and Vasco da Gama's circumnavigation of India and Africa in 1498 CE. Their discoveries in the long term strengthened the economy and power of European nations and contributed isolating Turkey, which was losing revenues from trade between the Far East and Europe. Europeans continued to trade through Constantinople into the 16th century but high prices increasingly propelled the search for alternative sources of supply that did not pass through the intermediaries of the Ottomans and, to a lesser extent, the Safavids and Mamelukes. Ultimately the newly acquired control and monopoly of this trade sapped Turkish strength and further stimulated dynamic European response.

11.3 BYPASSING THE MONOPOLY OF TURKEY: THE DISCOVERY OF AMERICA

Possibly without the fall of Constantinople and more so without the attack to Otranto and the conquest of the Balkans, nobody would have financed Columbus's attempt to reach the Indies from the west. This bold vision would have long term consequences but at the time didn't weaken the Turkish hold on the Mediterranean and their expensive tariffs on trade, which financed their aggressive military policies. The Turks, as we shall see, banked on the new conquest to bring the fight closer to Italy. The combination of these two elements—the discovery of alternatives to routes through the eastern Mediterranean and the growing power of the Turks in the 16th century—eventually marginalized the Mediterranean, which then fatally in time weakened the Turks, slowly depriving them of an important source of income, trade and the new riches from America, and what came to be their traditional enemies, the motley coalition of Italian powers clustered around the pope, Venice, and the Spanish-Genoese alliance.

It was the end of an era that had started four or five centuries before with the Mongol Empire's hegemony over Asia. Then Europeans had long enjoyed a safe land passage, the Silk Road to the Indies and China, which was the source of valuable goods such as spices, silk, and opiates. With the fall of Constantinople, the land route became much more difficult and dangerous. Portuguese navigators tried to find a sea route to Asia. In 1470 CE the Florentine astronomer Paolo dal Pozzo Toscanelli suggested to the Portuguese king that sailing west would be a quicker way to reach the China and the Spice Islands than the route around Africa. The

Portuguese at that time had developed a passage to Asia by sailing around Africa, a safer route that followed the coastline, possibly taken also by the Phoenicians. A major breakthrough was achieved in 1488 CE (eight years after the Turks arrived in Otranto), when Bartolomeu Dias reached the Cape of Good Hope in what is now South Africa. Meanwhile, in the 1480s, Columbus had picked up Toscanelli's suggestion and proposed the Portuguese a plan to reach the Indies by sailing west across the Atlantic. However, Dias's discovery had shifted the interest of Portuguese seafaring to the southeast passage, which complicated Columbus's proposals significantly.

What Toscanelli and Columbus proposed was extremely daring. Although most educated Westerners at least since the time of Aristotle understood that the Earth was spherical, many more popular views concurred with the notion that the Earth was flat. This compounded the difficulty of daring to cross a wide-open ocean without any land for an uncertain period of time. Some wrong assumptions and faulty calculations made Columbus estimate that the distance to Japan from the Canary Islands, whose existence was reported in previous centuries by the Latin travellers, at about 3,700 km. No ship in the 15th century could have carried enough food and fresh water for such a long voyage, and the dangers involved in navigating through the uncharted ocean would have been formidable. Most European navigators reasonably concluded that a westward voyage from Europe to Asia was unfeasible.

Columbus had travelled from Portugal to both Genoa and Venice, but received encouragement from neither. Christopher Columbus also dispatched his brother Bartholomew to the court of Henry-VII of England to inquire whether the English crown might sponsor his expedition, also without success. The Spanish Catholic monarchs, however, having completed an expensive war in the Iberian peninsula that had expelled the last Muslims from Western Europe, were eager to obtain a competitive edge over other European countries in the quest for trade with the Indies. Columbus's project, though farfetched, held the promise of such an advantage. The Spanish financed the first voyage and upon his return they financed three larger voyages, which brought an enormous amount of direct and indirect wealth and changed the whole dynamic of the world.

It is hard to put in a few words the gigantic revolution brought about by the discovery of America. There was the enormous amount of gold and silver that changed the economy of the time, and the new plants that created an unprecedented amount of food in Europe, potatoes and corn firstly. There was the development and conquest of immense expanses of land. But most importantly, over the next half millennium, it started an unprecedented drive for expansion, which since the beginning was motivated by wild crave of conquest and the pious desire of spread religious salvation (religious and political expansion as we saw went hand-in-hand for Christians and Muslims), which shaped the world so far.

This drive eventually marginalized the Mediterranean, which in turn brought on the decline of the Turkish Empire and Italy. Both in retrospect seem to have suffocated from their own greed and lack of vision. The Turks halted lucrative trade and by imposing high tariffs, which encouraged a search of alternatives. Although the new monopoly of trade brought significant short-term gains, in the long run it excluded Turkey from the far more profitable developments of trade and exploration in the Atlantic and Pacific oceans. Similarly, Italy declined. The Italian states managed for two more centuries to hang on to their influence in the Mediterranean trade with Europe, which didn't simply hinge on the Silk Road. But the marginalization of the Mediterranean altogether weakened Italy, especially in comparison with the growing strength of other European countries projecting into the Atlantic. Curiously although the plan for a sea voyage straight across the ocean was first envisioned by Italians, no Italian state had the foresight to back it. This might have been also for geographical reasons. Italy sits right in the middle of a crossroads between Europe, Asia, and Africa, but far from the Atlantic.

In any case, right at the time of the discovery of America, and when the Turkish threat was slightly subdued, Italy plunged into an internecine war that was to lead to foreign intervention in the peninsula. These foreigners eventually conquered Italy and put the Italian interests in closer alignment with those of Europe.

11.4 THE GREAT DIVISIONS OF THE ITALIAN STATES

In the last decade of the 15th century, the old rivalry between Milan and Venice flared up again. This time the conflict was no longer limited to Italy, the wily Ludovico Sforza of Milan sought an ally against Venice outside of the Italian balance of power and encouraged Charles-VIII of France to invade the peninsula, using a French claim to the throne of Naples as a pretext. When Ferdinand-I of Naples died in 1494 CE, Charles-VIII broke into Italy possibly hoping also to use Naples as a base for a crusade against the Turks. For several months, French troops moved through Italy virtually unopposed, since the condottieri armies were unable or unwilling to resist them. The French marched to Naples, which tried to fight back and thus was bombarded and sacked.

As a result of Charles-VIII's expedition, the small states of Italy were shown once and for all to be both rich and comparatively weak, which sowed the seeds of more wars to come. In fact the individual Italian states, although rich, could not field armies comparable to those of the great feudal monarchies of Europe in numbers and equipment, which although militarily strong were also cash poor. The new French ambitions however triggered a reaction among the city-states of northern Italy and they formed the League of Venice on March 31, 1495 CE. It comprised of all the main Italian and European powers who were concerned that the control of Italy would give the French an unbridled advantage in continental politics. In the league were the Holy Roman Empire, the Duchy of Milan, Spain, the Papal States, the Republic of Florence, the Duchy of Mantua, and the Republic of Venice. This

coalition effectively cut Charles's army off from returning to France. The French then had to fight their way back home from Italy, which they reached after the inconclusive battle of Fornovo. This first expedition did not achieve the French goals, but neither were the Italian states able to show enough force to deter future foreign interventions. In fact in many ways the first invasion had broken the balance of power in Italy, which was the hinge of a larger balance of power in Europe and proved that Italy was the new battlefield of European interests. Military strong, large European states could hope for a slice of the rich and weak Italian cake.

In this situation, the French descended again in 1499 CE, this time moving on some new dynastic pretense. They invaded Lombardy and seized its capital, Milan. They also renewed the old ambitions over Naples. The French intervention contrasted and interfered with the previous involvement of the German emperor in a conflict between Florence and Pisa. The Germans sided with Pisa, while the French favoured Florence, their old bankers. In the ensuing war the French failed to subdue Pisa but negotiated with Spain to divide Naples between themselves. The division did not work out, the Spanish and French clashed in southern Italy, and eventually the French were defeated in 1503 CE at the Battle of Cerignola. Naples was left under the control of a Spanish viceroy. So a rising foreign power, just recently blessed with the new riches of the discovery of America, was now master of about half of Italy, the part that was most immediately under Turkish threat.

Meanwhile, Pope Julius-II was neither too concerned about the devoutly religious Spanish in Italy nor about the Turks, who we shall see had turned their attention to the east. The pope was more worried about the territorial expansion of Venice in northern Italy. The maritime city was also fresh off a diplomatic and military success against the Ottomans and might come to a dominant position over the land and sea in Italy. The pope was not alone in his fear of Venetian territorial ambitions. Also German emperor Maximilian was upset with the Venetian seizure of Duchy of Friuli, in the northeast of Italy. Furthermore, King Louis-XII of France, who was firmly established in Milan since 1500 CE, saw Venice as a threat to his position. Lastly, Naples resented the fact that Venice held a number of towns in southern Italy along the Adriatic coast. The pope then masterminded the League of Cambrai on December 10, 1508 CE, in which France, the papacy, Spain, Ferrara, and the Holy Roman Empire agreed to restrain the Venetians. The league won against Venice, but did not route it, and as happened so many times in the past, allegiances changed. The French were now more worried about the pope and sided with Venice. Then the pope called all European powers, including England, in the war against the French and hired a massive force of Swiss mercenaries, then known to be the most formidable warriors in Europe. It was a veritable European power struggle fought in Italy, over Italy, the most prized possession of the Mediterranean. Battles went on with continuous changes of fortune and allegiances until the death of the pope in 1513 CE and the French king, in 1515 CE. The new French king, Francis I, then won against

the papal alliance in 1515 CE, and all of northern Italy was split between France and Venice.

On June 28, 1519 CE, Charles-V of Spain was elevated to Holy Roman emperor, despite the ambitions of Francis. Rivalry between the two kings was to become a main political factor in the following decades. Charles in theory was the greatest sovereign of the western world. He had the huge riches of America, Naples, Spain, and the German Empire. However, things were more difficult under the surface. Martin Luther's push for religious reformation was gaining momentum in Germany, and the German princes, resentful of Charles's power, were supporting Luther in attempting to break from Rome and thus from their Catholic emperor. On the other side, surrounded by enemies on all fronts, Francis had to fight for his life and sought even the help of the Turkish "infidels". In 1521 CE Spain took Milan from the French and in the ensuing war Francis was captured in battle in 1525 CE.

The Turks, now under Sultan Suleiman the Magnificent gave an ultimatum to Spain for the release of King Francis and then invaded Hungary, beating the Spanish-Germans in 1526 CE. Francis was released but surrendered his claims to Italy, Flanders, and Burgundy.

Yet the pope, now worried about the excessive power of Charles, organized a major alliance against Spain. The formidable new league of all powers in Europe failed miserably in 1529 CE, and Charles became the true master of Italy—and of Europe. In other words, now under threat on many fronts, with a more volatile situation in Italy and strengthening states in Europe, the Pope found more difficult to hold a balance of power in the continent that would favour his influence.

Francis then took action again in 1536 CE in alliance with some smaller Italian states and the Turks. The intervention of the Turks in the war was not significant, but enough to curb Charles's drive. Afterward, since Francis failed to secure a certain victory, he entered into a closer alliance with Suleiman in 1542 CE. For the first time, a pair of Christian and Islamic great powers acted in coordinated attacks. They assaulted the Genoese city of Nice and allowed the Turkish fleet to quarter in Toulon for winter. Yet even this "unholy" alliance failed to defeat Charles, although it was enough to maintain France's overall clout.

In 1547 CE Francis died, and in 1556 CE Charles abdicated, leaving Spain (with Portugal) to his son and Germany to his brother. The two entities of the empire would gradually drift apart. But then the main concern in Europe was the rise of Protestant states in the north, against Catholic ones in the south. Moreover, Spain and Italy had concentrated on the Turkish advance on the Mediterranean. So Catholic Europe, with Italy as its centre, was taken on two fronts- political and religious.

The extensive and violent Italian wars brought about a revolution in military affairs. Walled cities, which in the past could resist for months, now could be taken in days

or even hours thanks to the new iron-forged cannons and siege tactics. Culverins and bombards mounted on wheeled carriages were deployed against an enemy stronghold immediately after arrival.

The infantry fielded new pike and shot formations made of lighter pike-men (replacing heavy halberds) and arquebusiers. In Italy field artillery became an indispensable part of any first-rate army. Charles's army also used horses to pull cannons rather than the oxen used previously. French cannons, forged with the methods used in casting bronze church bells, achieved a lightness and mobility previously unheard of.

Perhaps the most important improvement the French made to cannons, however, was the creation of the iron cannonball. Before the Italian Wars, artillery red stone balls that often shattered on impact. The invention of the water mill allowed furnaces to generate enough heat to melt iron to be smelted into cannonballs. With this technology, Charles's army could level, in a matter of hours, castles that had formerly resisted sieges for months and years. Wars become thus faster and more effective.

11.5 THE TURKISH ADVANCE IN THE MEDITERRANEAN

The decline of Italy also sped up in the 16th century because of the massive effort to check the Turkish expansion, which after the fall of Constantinople had clearly become the largest threat to Europe. The sultan was claiming to re-establish a new "Roman Empire" around the Mediterranean and intervened in European affairs, de facto saving the French against a much stronger Spanish-German Empire. At that moment the peninsula, and Rome in particular, was keen to preserve its power and religion, and was thinking not of a Mediterranean Roman Empire, which would in theory be its own roots. It was then clearly Europe versus Asia and Africa. In fact in the middle of the 16th century Turkey was the mightiest empire in the Mediterranean since the Romans. After the difficulties the Turks encountered in the Balkans at the turn of the 16th century, Sultan Selim-I (1512–1520 CE) expanded dramatically the empire's eastern and southern frontiers by defeating Shah Ismail of Persia, established Ottoman rule in Egypt, and created a naval presence on the Red Sea. In a few years, the Turks were the almost absolute masters of the Muslim world, by toppling the power of their two great rivals, Persia and the Mameluks in Egypt. That meant also that European powers could not effectively play Muslim states against the Turks, like the Turks had been playing the French or Venice against the massive ambition of Spain.

After securing its eastern and southern front, the Turks under Suleiman the Magnificent (1520–1566 CE) turned again to the west. They captured Belgrade in 1521 CE, conquered the southern and central parts of the Kingdom of Hungary, and laid siege to Vienna in 1529 CE but failed to take the city. In the east, the Turks pushed the Persians further east by taking Baghdad from them in 1535 CE, gaining

control of Mesopotamia and naval access to the Persian Gulf. The Ottomans did not conquer the Persian Empire the way Arabs did. The Persians continued to be a nuisance on the eastern front, but for many years were no longer a major security concern. In many respects, the expansionist strategy of the Turks seemed modelled on that of the Byzantines of the resurgence, but it was blessed with much greater success.

One reason for the Turkish success was the powerful alliance with the French, who conquered Nice (1543 CE) and Corsica (1553 CE) with the active support of Turkish forces commanded by the Ottoman admirals Barbarossa Hayreddin Pasha and Turgut Reis, and the rise of the Protestants. It was a global competition. The Portuguese had been trying to go around Turkey and play some Asian powers against Turkey in the way the sultan was using France. The Portuguese had established bases and alliances in Aden, but the sultan defeated them in 1559 CE in a war that furthered the Ottoman rule along the southeast African coast to the horn of Africa. This also increased its influence in the Indian Ocean to join its close ally the Ajuran Empire in Somalia in competing against the Portuguese.

The empire established a navy in the Red Sea that succeeded, at least for a while, in countering Portuguese influence on the spice trade. During this period, the Turks also vied with the emerging European powers in the Indian Ocean. Fleets, with soldiers and arms, were sent to support Muslim rulers in Kenya and Aceh in North Sumatra and to defend the Ottoman spice and slave trades. In Aceh, the Ottomans built a fortress and supplied it with huge cannons. The Dutch Protestants were at first helped by the Ottomans in their struggle against Catholic Spain. But the main battle was waged in the Mediterranean, where the Turks advanced westward. In 1538 CE, the fleet of Charles V was defeated at the Battle of Preveza, securing the eastern Mediterranean for the Turks for 33 years. Francis I asked for help from Suleiman, who then sent a fleet that managed to retake Naples from them. In this battle, Venice, wary of the Genoese now firmly in the Spanish camp, was playing carefully with the Turks. But the general push of the Ottomans deprived Venice of its chain of islands in the Mediterranean. They fell into Turkish hands one after the other.

By 1566 CE, on the eve of the battle of Lepanto, the Turkish Empire's population was about 15 million people extending over three continents and it had become the dominant naval force of the Mediterranean Sea.

The Turkish hold on the Mediterranean, especially in the east and south part, had become unbreakable in the middle of the 16th century. Around 1565 CE the Spanish took Manila in the Philippines, previously dominated by Chinese traders. The city was to become the centre of the Spanish spice and silk commerce with Asia. But then the Spanish brought their Asian wares to Europe, sailing to Mexico and then through the Atlantic. A new Silk Road had been established through the American continent. It was a longer route, but safer and cheaper politically than bringing Asian goods through the Turkish controlled Middle East and the Mediterranean.

The new American route to Europe was totally out of Turkish control, and it would eventually contribute to sapping resources and power from the Ottomans. The growing complicated routes and games of the international commerce might have been a reason for the Turks to be prudent, but the Ottomans felt they were unstoppable and pushed against the Venetians, guilty of playing on too many sides.

The reaction was that the cool relations between papacy and Venice warmed, and the pope promoted a Christian coalition in Famagusta in Cyprus, which was being besieged by the Turks in early 1571 CE, subsequent to the fall of Nicosia and other Venetian possessions in Cyprus in 1570 CE. The coalition failed to save Famagusta but met the Turks at Lepanto on October 7, 1571 CE. The battle was massive. The Turks lost about 70 galleys and had some 15,000 casualties, against about 7,500 losses on the Christian front. The Turks were defeated but in no significant manner because soon after the Christian coalition dissolved, with the Venetians wary of being with the Genoese, a Spanish protectorate. Venice had to wrest itself from the alliance to remain independent and not fall under the Spanish.

For the Ottomans, Lepanto was a moment of great concern, since they had lost no major naval encounter since the 15th century. The defeat was mourned as an act of God, a punishment for arrogance. Yet the Ottomans rebuilt their navy with a massive effort, by largely imitating the successful Venetian galleasses, in a very short time. By 1572 CE, about six months after the defeat, more than 150 galleys and 8 galleasses, in total 250 ships, had been set to sail, including eight of the largest capital ships ever seen in the Mediterranean. With this new fleet, the Ottoman Empire was able to reassert its supremacy in the eastern Mediterranean. On March 7, 1573 CE the Venetians thus recognized by treaty the Ottoman possession of Cyprus, unwilling to risk being swallowed by Spain, and the Ottoman navy attacked the geographically vulnerable coasts of Sicily and southern Italy.

Then still many factors may have contributed to stymie further Mediterranean expansion of the Turks: The Persians restarted the push on the east, a generation of expert sailors and bowmen had been lost, and it would take years to retrain enough experienced soldiers. Moreover, Christians backed by the Venetians had proved able to check the Ottomans, and a second defeat soon after Lepanto could prove disastrous for the Turkish Emperor, which just between 1510 and 1520 CE had gone through a period of civil wars.

In any case, even though they had become more careful, the Ottomans, aided by the French, were able to extend their power over all of the coast of North Africa up to Gibraltar in the 1570s. Then basically all Mediterranean trade was in their hands. With this their offensive for Europe took a different strategy over the next century: the Turks tried to climb Europe from the Balkans. In this the Italians were boxed in, while only states with coasts directly on the Atlantic could freely trade with America and Asia. Europe and Italy had taken a different route.

11.6 RISE OF THE ATLANTIC AND PACIFIC TRADE AND THE NEW ISOLATION OF THE PENINSULA

At the turn of the 17th century, Spanish-Portuguese-German power had been sapped by endless wars on many fronts. The main one, as we saw, was against the Turks who were only partially stopped at Lepanto, but major setbacks were registered on many other fronts. The rich and active Low Countries were seeking independence and started their own trade routes in a growing alliance with the English, who had trounced an attempted invasion by a formidable Spanish fleet. English-Dutch trade and piracy was increasingly disrupting Spanish commerce, while the English and French were claiming the colder and less rich northern parts of America for themselves. The collapse of the Catholic Habsburg rule was basically prevented by the effective organization of the sprawling empire and the seemingly endless exploitation of goods coming from America. To intensify agricultural production, the Spanish and Portuguese first enslaved the local American population, who proved too weak for the strenuous labour conditions. In the 16th century the colonizers started to introduce African slaves to America, who proved to be better than the American natives. In this way Africa too was brought into the process of globalization led by the European powers. Many African kingdoms actively collaborated with the Europeans in the new slave trade, and the black slaves proved to be an invaluable source of revenues for the increasingly insatiable appetites of the Europeans. Needless to say, the Turks and the Italians were left out of these new developments, something that in time also contributed to weakening their power. At the time slavery was also extremely common in Europe. In the Mediterranean, enslaved oarsmen (Christians for the Muslims, and Muslims for the Christians) were the primary source of power for every fleet in the sea. The enslaved Africans were different. Unlike galley oarsmen who were expected to die after a few years of pain, or being freed, in case the ship was taken over, African slaves were not expected to die too soon, and also had no real hope to regain their freedom. At first the trade of enslaved Africans was primarily directed to South American colonies of the Portuguese and Spanish empires. It started on a significant scale in about 1502 CE and lasted until 1580 CE, when Portugal was temporarily united with Spain under Philip-II. While the Portuguese were directly involved in trading enslaved peoples, the Spanish Empire relied on awarding merchants, mostly from other countries, the license to bring enslaved peoples to their colonies. During this time the Portuguese had a near-monopoly, although some Dutch, English, and French traders also participated in the slave trade. After the union, Portugal came under Spanish legislation that prohibited it from directly engaging in the slave trade as a carrier, out of pressure from the Catholic Church, which tried to fight or at least limit slavery. The new slave routes became a target for the traditional enemies of Spain, which lost a large share of the trade to the Dutch, English, and French. This brought the emergence of what is known as the Second Atlantic System. Mostly English, Portuguese, French, and Dutch conducted this trade of enslaved Africans. The main

destinations were the Caribbean colonies and Brazil. Slightly more than 3% of the enslaved people exported from Africa were traded between 1450 and 1600 CE, and 16% in the 17th century. In 1565 CE Spanish navigators discovered a return route across the Pacific, from the Philippines to New Spain, which led to the opening of the first regular transpacific trade route in history, the Manila-Acapulco-Galleon route, which lasted two and half centuries, until 1815 CE. This Pacific line was connected overland through Mexico with an Atlantic line, the Spanish West Indies Fleet, which in turn linked the Americas with Spain, making the combined route the longest trade route in history until the 19th century and the first example of globalization. Following also the disaster of the Thirty Years' War (1618-1648 CE), which left continental Europe devastated and Spanish and German forces depleted, the Netherlands (formerly part of the Habsburg Empire) and England searched for alternative routes. In an early attempt, the Netherlands tried to find a northern maritime route to Asia in 1594 CE but was unsuccessful. Navigator Willem Barents left Amsterdam to search for the Northeast Passage, north of Siberia and on to eastern Asia. To investigate the situation on the ground, in 1603–1605 CE Bento de Góis, a Portuguese former soldier and explorer who had joined the Jesuits as a lay brother in Goa, India, travelled from India via Afghanistan on one of the routes of the traditional Silk Road to the border of Ming China in Suzhou, Gansu. The arrival of the Jesuits in China in the 17th century opened a new phase of trade with the east. Sophisticated culture for first time started to flow to Europe along with goods. Civilizations from America and Africa were being treated with contempt, but India and China were sources of admiration. Also following the weakening of the Spanish and Portuguese, the Dutch and the English started to set foot in India. The Dutch East India Company established trading posts on different parts along the Indian coast. For some while, they controlled the south-western Malabar coast and took Ceylon from the Portuguese. At the end of the 16th century, England and the United Netherlands were challenging Portugal's monopoly on trade with Asia, forming private joint-stock companies to finance the voyages- the English (later British) East India Company and the Dutch East India Company, were chartered in 1600 and 1602, respectively. These companies were intended to carry on the lucrative spice trade, and they focused their efforts on the areas of production—the Indonesian archipelago and especially the “Spice Islands”—and on India as an important market for the trade.

11.7 LET US SUM UP

In this unit, we have discussed the shift from the Mediterranean to the Atlantic that took place in the late middle Ages and the early modern period. First we point out that Atlantic–Mediterranean contacts have had a very long history, and the decline of the western Mediterranean world and the waning of the role of the Mediterranean in western European history was not entirely the result of the Portuguese and Castilian's voyages of exploration, settlement, and colonization in Africa, Asia, and the New World. Other factors—wars, religion, geopolitical considerations, and, of course, the

opening of the Atlantic world to trade and the rise to prominence of Atlantic polities: Spain, Portugal, France, England, and the Dutch Republic—had all-important consequences for the demise of the Mediterranean. The slow decline of the Mediterranean world, beginning in the late Middle Ages, also led to the severing or diminishing of the commercial links that had once joined the Muslim and Christian shores of the Mediterranean into one world.

Check Your Progress

1) Discuss in brief the Turkish conquest of Constantinople.

.....
.....
.....
.....
.....

2) Write a note on rise of trade in the Atlantic and Pacific region.

.....
.....
.....
.....
.....

11.8 KEY WORDS

Mamelukes : Members of one of the armies of slaves that won political control of several Muslim states during the Middle Ages.

Safavids : Members of a dynasty which ruled Persia from 1502 to 1736 and installed Shia rather than Sunni Islam as the state religion.

11.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress

- 1) See Section 11.2
- 2) See Section 11.6

UNIT 12 : COMMERCIAL REVOLUTION- CAUSES AND NATURE

Structure

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Origins of the Commercial Revolution
- 12.3 Causes
 - 12.3.1 Geopolitical Factors
 - 12.3.2 Monetary Factors
 - 12.3.3 Technological Factors
 - 12.3.4 Important People
 - 12.3.5 Key Features
 - 12.3.6 Inflation
 - 12.3.7 Development of the Modern Banking System
 - 12.3.8 Managing risk
 - 12.3.9 Trade Monopolies
- 12.4 Nature of the Commercial Revolution
- 12.5 Effects of the Commercial Revolution
- 12.6 Let us Sum Up
- 12.7 Key Words
- 12.8 Answers to Check Your Progress Exercises

12.0 OBJECTIVES

After reading this unit you will be able to know about

- origin and different causes for the growth of commercial revolution, and
- its impact on the global economy.

12.1 INTRODUCTION

The Commercial Revolution consisted of the creation of a European economy based on trade, which began in the 11th century and lasted until it was succeeded by the Industrial Revolution in the mid-18th century. Beginning with the Crusades, Europeans rediscovered spices, silks, and other commodities rare in Europe. This development created a new desire for trade, and trade expanded in the second half of the middle Ages (approximately 1000 to 1500 CE). Newly forming European states,

through voyages of discovery, were looking for alternative trade routes in the 15th and 16th centuries, which allowed the European powers to build vast, new international trade networks. Nations also sought new sources of wealth and practiced mercantilism and colonialism. The Commercial Revolution is marked by an increase in general commerce, and in the growth of financial services such as banking, insurance and investing.

12.2 ORIGINS OF THE COMMERCIAL REVOLUTION

The term itself was used by Karl Polanyi in his *The Great Transformation*: "Politically, the centralized state was a new creation called forth by the Commercial Revolution...". Later the economic historian Roberto Sabatino Lopez, used it to shift focus away from the English Industrial Revolution. In his best-known book, *The Commercial Revolution of the Middle Ages* (1971, with numerous reprints), Lopez argued that the key contribution of the medieval period to European history was the creation of a commercial economy between the 11th and the 14th century, centered at first in the Italo-Byzantine eastern Mediterranean, but eventually extending to the Italian city-states and over the rest of Europe. This kind of economy ran from approximately the 14th century through the 18th century. Walt Whitman Rostow placed the beginning "arbitrarily" in 1488, the year the first European sailed around the Cape of Good Hope. Most historians, including scholars such as Robert Sabatino Lopez, Angeliki Laiou, Irving W. Raymond, and Peter Spufford indicate that there was a commercial revolution of the 11th through 13th centuries, or that it began at this point, rather than later.

12.3 CAUSES

The deterioration of the climate that brought about the end of the medieval warm period caused an economic decline at the beginning of the 14th century. However, demographic expansion continued until the arrival of the Black Death epidemic in 1347 CE, when about 50% of the European population was killed by the plague. The economic effects of a labour shortage actually caused wages to rise, while agricultural yields were once again able to support a diminished population. By the beginning of the 15th century, the economic expansion associated with the Commercial Revolution in earlier centuries returned in full force, aided by improvements in navigation and cartography.

Geopolitical, monetary, and technological factors drove the Age of Discovery. During this period (1450-17th century), the European economic centre shifted from the Islamic Mediterranean to Western Europe (Portugal, Spain, France, the Netherlands, and to some extent England). This shift was caused by the successful circumnavigation of Africa, which opened up sea-trade with the east: after Portugal's Vasco da Gama rounded the Cape of Good Hope and landed in Calicut, India in May 1498 CE, a new path of eastern trade was possible, ending the monopoly of the

Ottoman Turks and the Italian city-states. The wealth of the Indies was now open for the Europeans to explore; the Portuguese Empire was one of the early European empires to grow from spice trade. Following this, Portugal became the controlling state for trade between east and west, followed later by the Dutch city of Antwerp. Direct maritime trade between Europe and China started in the 16th century, after the Portuguese established the settlement of Goa, India in December 1510 CE, and thereafter that of Macau in southern China in 1557 CE. Since the English came late to the transatlantic trade, their commercial revolution was later as well.

12.3.1 Geopolitical Factors

In 1453 CE, the Ottoman Turks took over Constantinople, which cut off (or significantly increased the cost of) overland trade routes between Europe and the Far East, so alternative routes had to be found. English laws were changed to benefit the navy, but had commercial implications in terms of farming. These laws also contributed to the demise of the Hanseatic League, which traded in northern Europe. Because of the *Reconquista*, the Spanish had a warrior culture ready to conquer still more people and places, so Spain was perfectly positioned to develop their vast overseas empire. Rivalry between the European powers produced intense competition for the creation of colonial empires, and fueled the rush to sail out of Europe.

12.3.2 Monetary Factors

The need for silver coinage also affected the desire for expanded exploration as silver and gold were spent for trade to the Middle and Far East. The Europeans had a constant deficit in that silver and gold coin only went one way: out of Europe, spent on the very type of trade that they were now cut off from by the Ottomans. Another issue was that European mines were exhausted of silver ore and gold. What ore remained was too deep to recover, as water would fill the mine, and technology was not sufficiently advanced enough to successfully remove the water to get to the ore or gold.

A second argument is that trade during the youth of the Commercial Revolution blossomed not due to explorations for bullion (gold and silver coining) but due to a new found faith in gold coinage. Italian city-states such as Genoa and Florence (where the first gold coins began to be minted in 1252 CE) and kingdoms such as the Kingdom of Sicily routinely received gold through such trading partners as Tunisia and Senegal. A new, stable and universally accepted coinage that was both compatible with traditional European coinage systems and serviced the increased demand for currency to facilitate trade made it even more lucrative to carry out trade with the rest of the world.

12.3.3 Technological Factors

From the 16th to 18th centuries, Europeans made remarkable maritime innovations. These innovations enabled them to expand overseas and set up colonies, most

notably during the 16th and 17th centuries. They developed new sail arrangements for ships, skeleton-based shipbuilding, the Western “galea” (at the end of the 11th century), sophisticated navigational instruments, and detailed charts and maps. After Isaac Newton published the Principia, navigation was transformed, because sailors could predict the motion of the moon and other celestial objects using Newton's theories of motion. Starting in 1670 CE, the entire world was measured using essentially modern latitude instruments. In 1676 CE, the British Parliament declared that navigation was the greatest scientific problem of the age and in 1714 CE offered a substantial financial prize for the solution to finding longitude. This spurred the development of the marine chronometer, the lunar distance method and the invention of the octant after 1730 CE. By the late 18th century, navigators replaced their prior instruments with octants and sextants.

12.3.4 Important People

Significant contributors to European exploration include Prince Henry the Navigator of Portugal, who was the first of the Europeans to venture out into the Atlantic Ocean, in 1420 CE. Others are Bartolomeu Dias, who first rounded the Cape of Good Hope, Vasco da Gama, who sailed directly to India from Portugal; Ferdinand Magellan, the first to circumnavigate the Earth, Christopher Columbus, who significantly encountered the Americas; Jacques Cartier, who sailed for France, looking for the Northwest Passage and others.

12.3.5 Key Features

The economy of the Roman Empire had been based on money, but after the Empire's fall, money became scarce, power and wealth became strictly land based, and local fiefs were self-sufficient. Because trade was dangerous and expensive, there were not many traders, and not much trade. The scarcity of money did not help, however, the European economic system had begun to change in the 14th century, partially as a result of the Black Death, and the Crusades.

Banks, stock exchanges, and insurance became ways to manage the risk involved in the renewed trade. New laws came into being. Travel became safer as nations developed. Economic theories began to develop in light of all of the new trading activity. The increase in the availability of money led to the emergence of a new economic system, and new problems to go with it. The Commercial Revolution is also marked by the formalization of pre-existing, informal methods of dealing with trade and commerce.

12.3.6 Inflation

Spain legally amassed approximately 180 tons of gold and 8200 tons of silver through its endeavours in the New World, and another unknown amount through smuggling, spending this money to finance wars and the arts. The spent silver, suddenly being spread throughout a previously cash starved Europe, caused

widespread inflation. The inflation was worsened by a growing population but a static production level, low employee salaries and a rising cost of living. This problem, combined with under-population (caused by the Black Death), affected the system of agriculture. The landholding aristocracy suffered under the inflation, since they depended on paying small, fixed wages to peasant tenants that were becoming able to demand higher wages. The aristocracy made failed attempts to counteract this situation by creating short-term leases of their lands to allow periodic revaluation of rent. The manorial system (manor system of lord and peasant tenant) eventually vanished, and the landholding aristocrats were forced to sell pieces of their land in order to maintain their style of living. Such sales attracted the rich bourgeois (from the French word referring to this dominant class, emerging with commerce), who wanted to buy land and thereby increase their social status. Former "common lands" were fenced by the landed bourgeois, a process known as "enclosure" which increased the efficiency of raising livestock (mainly sheep's wool for the textile industry). This "enclosure" forced the peasants out of rural areas and into the cities, resulting in urbanization and eventually the industrial revolution. On the other hand, the increase in the availability of silver coin allowed for commerce to expand in numerous ways. Inflation was not all bad.

12.3.7 Development of the Modern Banking System

Various legal and religious developments in the late middle Ages allowed for development of the modern banking system at the beginning of the 16th century. Interest was allowed to be charged, and profits generated from holding other people's money. Banks in the Italian Peninsula had great difficulty operating at the end of the 14th century, for lack of silver and gold coin. Nevertheless, by the later 16th century, enough bullion was available that many more people could keep a small amount hoarded and used as capital.

In response to this extra available money, northern European banking interests came along; among them was the Fugger family. The Fuggers were originally mine owners, but soon became involved in banking, charging interest, and other financial activities. They dealt with everyone, from small-time individuals, to the highest nobility. Their banks even loaned to the emperors and kings, eventually going bankrupt when their clients defaulted. This family, and other individuals, used Italian methods which outpaced the Hanseatic League's ability to keep up with the changes occurring in northern Europe.

Antwerp had one of the first money exchanges in Europe, a Bourse, where people could change currency. After the Siege of Antwerp (1584-1585 CE), the majority of business transactions were moved to Amsterdam. The Bank of Amsterdam, following the example of a private Stockholm corporation, began issuing paper money to lessen the difficulty of trade, replacing metal (coin and bullion) in exchanges. In 1609 CE the *Amsterdamsche Wisselbank* (Amsterdam Exchange Bank) was founded which made Amsterdam the financial centre of the world until

the Industrial Revolution. In a notable example of crossover between stock companies and banks, the Bank of England, which opened in 1694 CE, was a joint-stock company.

Banking offices were usually located near centers of trade, and in the late 17th century, the largest centres for commerce were the ports of Amsterdam, London, and Hamburg. Individuals could participate in the lucrative East India trade by purchasing bills of credit from these banks, but the price they received for commodities was dependent on the ships returning (which often did not happen on time) and on the cargo they carried (which often was not according to plan). The commodities market was very volatile for this reason, and also because of the many wars that led to cargo seizures and loss of ships.

12.3.8 Managing Risk

Trade in this period was a risky business: war, weather, and other uncertainties often kept merchants from making a profit, and frequently an entire cargo would disappear all together. To mitigate this risk, the wealthy got together to share the risk through stock: people would own shares of a venture, so that if there was a loss, it would not be an all consuming loss costing the individual investor everything in one transaction. Other ways of dealing with the risk and expense associated with all of the new trade activity include insurance and joint stock companies which were created as formal institutions. People had been informally sharing risk for hundreds of years, but the formal ways they were now sharing risk was new. Even though the ruling classes would not often directly assist in trade endeavours, and individuals were unequal to the task, rulers such as Henry-VIII of England established a permanent Royal Navy, with the intention of reducing piracy, and protecting English shipping.

Joint stock companies and stock exchanges

Stock exchanges were developed as the volume of stock transactions increased. The London Royal Exchange established in 1565 CE first developed as a securities market, though by 1801 CE it had become a stock exchange.

Historian Fernand Braudel suggests that in Cairo in the 11th century Muslim and Jewish merchants had already set up every form of trade association and had knowledge of every method of credit and payment, disproving the belief that these were invented later by Italians. In 12th century France the *courratiers de change* were concerned with managing and regulating the debts of agricultural communities on behalf of the banks. Because these men also traded with debts, they could be called the first brokers. In late 13th century Bruges commodity traders gathered inside the house of a man called *Van der Beurse*, and in 1309 CE they became the "Bruges Beurse", institutionalizing what had been, until then, an informal meeting. The idea quickly spread around Flanders and neighbouring counties and "Beurzen" soon opened in Ghent and Amsterdam.

"In the middle of the 13th century Venetian bankers began to trade in government securities. In 1351 CE the Venetian government outlawed spreading rumours intended to lower the price of government funds". Bankers in Pisa, Verona, Genoa and Florence also began trading in government securities during the 14th century. This practice was only possible, because these independent city states were not ruled by a duke but a council of influential citizens. The Dutch later started joint stock companies, which let shareholders invest in business ventures and get a share of their profits - or losses. In 1602 CE, the Dutch East India Company issued the first shares on the Amsterdam Stock Exchange. It was the first company to issue stocks and bonds.

The Amsterdam Stock Exchange (or Amsterdam Beurs) is also said to have been the first stock exchange to introduce continuous trade in the early 17th century. The Dutch "pioneered short selling, option trading, debt-equity swaps, merchant banking, unit trusts and other speculative instruments, much as we know them'.

Insurance Companies

Insurance companies were another way to mitigate risk. Insurance in one form or another has been around as far back as there are records. What differed about insurance going into the 16th and 17th centuries was that these informal mechanisms became formalized. Lloyd's of London came into being in 1688 CE in English coffee shops that catered to sailors, traders, and others involved in trade. Lloyd's coffeehouse published a newspaper, which gave news from various parts of the world, and helped the underwriters of the insurance at the coffeehouse to determine the risk. This innovation was one of many that allowed for the categorization of risk. Another innovation was the use of ship catalogues and classifications.

Other forms of insurance began to appear as well. After the Great Fire of London, Nicholas Barbon began to sell fire insurance in 1667 CE.

Laws were changed to deal with insurance issues, such as *l'Ordonnance de la Marine* (by Colbert in 1681 CE).

12.3.9 Trade Monopolies

Governments became involved in trade directly through the granting of royal trade monopolies. For example, Walter Raleigh had been granted a trade monopoly by Queen Elizabeth, for the export of broadcloth and wine. Ironically, competition between colonial powers led to their granting of trade monopolies to the East India Companies.

12.4 NATURE OF THE COMMERCIAL REVOLUTION

Commercial Revolution preceded major industrialization by two centuries and encompassed great upsurges in overseas trade with many consequences, not least the

expansion of Britain's fleet. Essentially English phenomenons, later the Scots were also heavily engaged. Trade experienced three long periods of growth, separated by virtual stagnation. Between 1475 and 1550 CE existing markets for English broadcloths and other woollens grew rapidly, because the importing regions became more prosperous and had greater purchasing power. In the second period, 1630–89 CE, two general circumstances aided expansion. South European markets, previously the domain of Spanish and Italian industry, were won by the English and the Dutch in competition with one another. The second general circumstance was the rise of virtually new trades because cheaper English re-exports of sugar, tobacco, and calicoes created fresh markets. The third period, 1730–60 CE, was linked to the growth of American and West Indian populations, production, and purchasing power, but also continued the advance of re-exports.

In the first period English woollen cloth exports were the bulwark of overseas trade, the wool trade declining sharply in the decade after 1510 CE. In a period of inflation the quantity of cloth exported more than doubled by 1550 CE, London gained at the expense of provincial ports, as trade with Antwerp grew and was controlled by the Company of Merchant Venturers. Interruptions to the Antwerp trade caused by wars gradually brought this phase of growth to a halt, although English merchants trading with Hamburg accessed central European markets via the Elbe. Another change after 1580 CE, the revival of some provincial ports, also resulted from the collapse of the Antwerp entrepôt trade.

The second expansion in the 17th century can be largely attributed to the growth of exports to southern Europe. Demand suddenly increased in Spain and was then supplemented from Portugal and Italy. The northern trade declined in relative importance, and by 1700 CE accounted for only half of English cloth exports compared with nine-tenths in the early 17th century. Light cloths or 'New Draperies' were attractive to these markets and increasingly beat Dutch competition, as English labour costs provided a cardinal advantage to these manufactures. Trade with Iberia also reached the Spanish and Portuguese colonies and thus the market was enlarged. The English cloth industry responded rapidly to changes in fashion and produced a greater variety of light cloths and textile mixtures. A substantial trade in salted and dried cod from the Grand Banks of Newfoundland was an additional source of exports to catholic Europe.

Several new imports in the period 1500–1750 CE provided exceptional profit margins and an incentive to exploration and mercantile enterprise. In the 16th century the chief imports were luxuries, especially French wine, but in the following century Spain and Portugal became important suppliers. Apart from wine, most imports were manufactures, bought in the Netherlands but produced in many parts of Europe. The gradual growth of British industry reduced the dependence on foreign manufactures in the 17th century. One exception was European linens until the Scots and the Irish, protected by the Navigation Laws and a rising tariff wall, learned to copy and outdo continental producers during the 18th cent. Trade with the Baltic, mainly conducted

in the 16th and early 17th century via the Netherlands, became more direct, first because of the activities of the Eastland Company (1579 CE) and secondly because its profitability encouraged interlopers. In years of bad harvests Baltic corn was a standby, but after 1650 CE new raw materials were much more important. Amounts of timber, potash, tar, pitch, flax, and hemp increased as the navy and merchant marine grew, and Swedish iron also became important after 1650 CE. From the Mediterranean came not only more wine but also wool, oil, raisins, figs and oranges, Italian silks, and Levant goods, including raw silk, mohair, cotton, and dyestuffs.

Trade with countries beyond Europe, insignificant before the Civil War, grew rapidly by 1700 CE when America and Asia accounted for a third of England's imports, and re-exports for nearly a third of all exports. The discoveries that Virginia could grow tobacco plants imported from Trinidad and that Brazilian sugar cane would flourish in the West Indies were fundamental to the later development of the Atlantic economy and of the triangular trade with Africa. The East India Company (1600 CE) began trading principally in pepper and then in cotton cloth; both tapped markets in Britain and Europe. Trade in slaves, sugar, coffee, tobacco, pepper, and oriental cottons underpinned the third great era of expansion in the 18th century before industrialization had proceeded far, America and the West Indies being much the most buoyant trading partners. Liverpool, Bristol, and Glasgow benefited most from these developments.

The Atlantic trade was controlled by merchant partnerships. If journeys were long or large capitals were required, the company form of organization was preferable. Once trade was established—even when companies claimed trading monopolies—the return to trading by partnerships was general. The Russia Company (1555 CE), the Levant Company (1581 CE), and the Royal Africa Company (1672 CE) all succumbed to this pattern; only the Hudson's Bay Company (1670 CE) retained control over its territory. The East India Company also survived and was much the most important in terms of trade and capital employed, but there were abortive attempts to displace it after 1698 CE. In the 18th century it was markedly on the defensive, a highly profitable anachronism.

12.5 EFFECTS OF THE COMMERCIAL REVOLUTION

The Commercial Revolution, coupled with other changes in the Early Modern Period, had dramatic effects on the globe. Christopher Columbus and the conquistadors, through their travels, were indirectly responsible for the massive depopulation of South America. They were directly responsible for destroying the civilizations of the Inca, Aztec, and Maya in their quest to build the Spanish Empire. Other Europeans similarly affected the peoples of North America as well.

An equally important consequence of the Commercial Revolution was the Columbian Exchange. Plants and animals moved throughout the world due to human movements. For example, Yellow fever, previously unknown in North and South

America, was imported through water that ships took on in Africa. Cocoa (chocolate), coffee, maize, cassava, and potatoes moved from one hemisphere to the other. For more than 2000 years, the Mediterranean Sea had been the focus of European trade with other parts of the world. After 1492 CE, this focus shifted to the Atlantic Ocean by routes south around the Cape of Good Hope, and by trans-Atlantic trade.

Another important change was the increase in population. Better food and more wealth allowed for larger families. The migration of peoples from Europe to the Americas allowed for European populations to increase as well. Population growth provided the expanding labour force needed for industrialization. Foundation of wealth needed for the industrial revolution was another important outcome of Europe's commercial revolution. Economic prosperity financed new forms of cultural expression during this period.

12.6 LET US SUM UP

The ‘commercial revolution’ was important for its effects upon the British economy and the British state. It was buttressed by protective mercantilism, especially by the navigation laws, its result was the accumulation of capital from foreign trade and ultimately lower rates of interest than might have prevailed without this expansion. Foreign produce brought profits to distributors involved in inland trade. Merchant investment in land was probably more important than capital flows to industry, but the growth of London was exceptional in Europe. Pressure for domestic improvement was a major consequence of Britain's growing affluence, as her industries became increasingly attached to the international economy.

Check Your Progress

1) Write a note on origins of the Commercial Revolution.

.....

.....

.....

.....

.....

2) Discuss technological factors of the Commercial Revolution.

.....

.....

.....

.....

.....

3) Define the nature of the Commercial Revolution.

.....
.....
.....
.....
.....

4) Give an account on various effects of the Commercial Revolution.

.....
.....
.....
.....
.....

12.7 KEY WORDS

Anachronism : A thing belonging or appropriate to a period other than that in which it exists.

12.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress

- 1) See Section 12.2
- 2) See Sub-section 12.3.3
- 3) See Section 12.4
- 4) See Section 12.5

UNIT 13 : GROWTH OF INDUSTRIES AND ITS IMPACT

Structure

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Geographical Exploration and Overseas Colonisation
- 13.3 Sixteenth Century England: Wheels of Change
- 13.4 Industrial Growth in Sixteenth Century
- 13.5 Impact on European Trade and Economy
- 13.6 Let Us Sum Up
- 13.7 Key Words
- 13.8 Answers to Check Your Progress Exercises

13.0 OBJECTIVES

In this unit we discuss the main trends in the economy and society of Europe sixteenth century. After reading this unit you will be able to explain:

- the geographical discoveries, overseas colonisation and their impact on the economy of Europe.
- the mercantile era: growth in markets, money economy, accumulation of capital and the influence of mercantilist ideas.
- the changes in the techniques of agriculture, industry and trade with the development of science and technology, and
- impact on European economy due to growth of industries.

13.1 INTRODUCTION

In this unit we have tried to find an answer to the question, why did the various European countries jump into fierce competition to establish a colonial empire? This unit introduces you to the emergence of new ideas which promoted the geographical discoveries, overseas trade and colonisation. It gives account of the commercial revolution in Europe and the mercantilist ideas that dominated Europe. After that it deals with growth of the Industries in England and the transformation of Europe from mercantile to industrial capitalism.

13.2 GEOGRAPHICAL EXPLORATION AND OVERSEAS COLONISATION

The other countries of Europe were very eager to break the Italian monopoly over trade. Since the 15th century CE the countries on the Atlantic Coast were in search of an alternative route to the East via Africa. Several developments enabled the discovery of new unknown lands and new sea routes:

- The rise of centralised states with strong kings in the later part of the 15th century CE promoted the-geographical exploration. Many of these centralised states like Portugal and Spain encouraged explorations and often supported and sponsored navigators.
- Many technological advantages and information were increasingly available at the service of the explorers e.g. the compass, the astrolabe, the gunpowder, Printing and the making of maps (Cartography) spread rapidly in the 15th and 16th centuries.
- Stories about the fabulous riches of the East, the zeal to spread Christianity into the new lands and above all the desire to achieve glory acted as inspiring factors for navigators and explorers.

In short, it was "God, Glory and Gold" which infused the European explorers with a spirit of adventure. By 1487 CE, the southernmost tip of Africa was reached by a Portuguese, Bartholomew Diaz and it was named the Cape of Good Hope. In 1498 CE Vasco Da Gama landed in India. Meanwhile Christopher Columbus, in search of route to the East, crossed the Atlantic and discovered a new continent, *i.e.*, America.

By the 1530s, Portuguese and Spanish explorers had not only reached present day South America but were beginning to conquer the prevailing Inca and Aztec empires.

The trade with the colonies of the New World (North and South America) was different from the European trade with Asia, American treasures were plundered and subsequently precious metals (gold and silver) were mined by Spanish and Portuguese settlers which was shipped back home. With the passage of time sugar, timber, tobacco, cotton and fish became important items of import into Europe while from Europe textiles, domestic furniture and instruments and other consumers' items were being exported. Another significant trade which prospered was that of slaves. To meet the labour requirements in the plantations of sugarcane, tobacco, cotton and the mines of gold and silver, African slaves were imported into the colonies. The early treatment of the colonised American 'Indians' was very brutal and harsh. For instance, the population of Mexico fell from 25 million in 1519 CE to 1 million in 1600 CE.

Access to the bullion of the new world benefited Spain the most. In the 16th century nearly 90% of the goods reaching Spain from the Americas consisted of precious

metals. Spain, under emperor Charles-V and his son Philip-II, became the most powerful country in Europe. The Portuguese on the other hand increasingly came to control the spice trade of the East.

The growing contact with the East and the Americas led to a tremendous growth in the volume of trade in the 16th century. Increasingly more and more trade was being done on the Atlantic Coast. This led to the rise of Antwerp which was in Southern Netherlands and is currently in Belgium. It was in Antwerp that the Portuguese merchants who took away the lucrative spice trade from Venice, brought in their goods the German merchants were increasingly diverting their metal trade and the English, their cloth to Antwerp. Gradually, Italy's, monopoly over trade weakened as the century progressed.

Meanwhile Northern Netherlands was also first emerging as a major trading and manufacturing area. The Dutch were known for their sea-faring abilities and shipping industry. From 1550 CE onwards they established control over the grain trade of Baltic Sea Area. The Dutch made several improvements in agriculture and industry in the 16th century. They employed techniques to recover marshy and sea lands to add to the available scarce land area. Dairy industry prospered and there was widespread use of the wind mill. They developed lighter commercial ships, kept smaller crews on their war ships and concentrated on exporting cheaper variety of wine and cloth. After the Spanish conquest of Antwerp in 1585 Amsterdam in Northern Netherlands emerged as a major trading point in the north-west Atlantic.

13.3 SIXTEENTH CENTURY ENGLAND: WHEELS OF CHANGE

However, the country which was eventually going to get ahead of Spain, Portugal Italy and Netherlands was England. England did not have direct access to bullion sources like Spain nor did she have an early lead in the highly profitable spice trade like the Portuguese. Yet by the end of the 16th century England had become so strong that it was able to defeat Spain in a naval battle in 1588 CE. The key to England's success lies in the internal changes which occurred as a result of the feudal crisis towards the end of the 15th century England experienced what is known as the enclosure movement. Thus English landlords who were encountering losses in agriculture and were troubled by a rebellious peasantry started enclosing their fields and converting them into pastures. This had several important consequences.

These pastures were utilised for rearing of sheep for commercial purposes. Meat and wool enabled many landowners to not only survive the economic crisis but also to reap tremendous profits. Sir Thomas More the author of a famous book *Utopia* remarked in early 16th century that sheep were eating human being.

With the revival of the population in the 16th century land was again brought back to agriculture profitably in combination with sheep and cattle rearing. The other crucial

consequence of the enclosure movement was the ejection of peasants living with traditional rights on landlord land. Deprived of their land they were forced to become agricultural labourers or migrate to ports and urban areas in search of a living. In the sixteenth century, English agriculture experienced tremendous dynamism due to the efforts of a whole class who were known as the “improving English landlords”. They were products of the enclosure movement who were increasingly investing in land to increase its commercial potential for a growing market of grain and wool. Their growth was facilitated by the rise of the Tudor monarchy from 1485. When Henry-VIII the second Tudor king seized Church property in the 1530s and put it up for sale, the land hungry commercial landlords were quick to buy it and expand production. In addition many of them were also leasing in land from older feudal nobility on rent.

From 1520 CE economic growth rate picked up. Henry-VIII devalued the currency in order to raise money for defence expenditure. This made English exports cheaper in European markets. In 1550 there was a depression in European cloth markets due to excess supplies which affected England's cloth exports adversely. In order to overcome the crisis English manufacturers brought about changes in their products and diversified into new areas. English cloth manufacturers started exporting more and more cheap coarse cloth which came to be known as the new draperies or worsteds.

After 1550 CE, coal and metal industry started developing at a rapid pace. Coal increasingly replaced wood as fuel in homes, brick kilns and in the manufacture of beer, sugar, glass and soap. Coal, timber and metal production grew in response to the growth requirements of shipping, utensils and production. A combination of favourable factors brought about a steady economic growth of England in the second half of the 16th century. The stability provided by Elizabeth's reign, growth in population, geographical discoveries and the arrival of migrant Protestants from France and Southern Netherlands who were mostly merchants, provided a favourable context for growth.

13.4 INDUSTRIAL GROWTH IN SIXTEENTH CENTURY

Europe of the sixteenth and seventeenth centuries underwent what is known as the commercial revolution. The term is used to denote a series of complex and inter-related factors which-brought about a tremendous expansion of the market and a money economy. The use of currency became widespread replacing the age old system of barter. Means of communication improved. By 1600 almost all important cities of Europe had got connected by postal services. Urbanisation picked up in response to commercial and administrative requirements. London, Paris, Antwerp and Amsterdam grew at a very fast pace.

This was an age of the merchant. The expanding horizons of the market had opened up vast opportunities for profit. The merchants wanted expansion in production with

preferably lower costs. In this they were encountering hindrances from guilds. Now, what were these guilds? Guilds were unions of artisans and workers which protected the interests of artisans by controlling the volume and quality and cost of production. They tried to secure better wages and selling prices for the produce of workers and looked after them in times of distress. In the medieval period different occupations had come to acquire numerous specific guilds. For instance weavers, metal workers, carpenters, leather workers etc. had their own guilds. Within a particular guild, say for example weaving, there were separate guilds of spinners or dyers. The knowledge of a particular craft or skill was usually monopolised by a particular guild. Skills were normally transmitted through a system of apprentices within a particular guild. An apprentice was a young learner of a particular grade or skill who was attached to a senior skilled craftsman, who was not supposed to impart training to just anybody not approved by the guild.

The sixteenth century merchant, eager to expand trade was confronted with higher wages. To break this barrier, merchants started putting out advances to peasant families willing to do artisanal work to supplement their income from agriculture or to breakaway craftsmen of guilds. The putting out system also known as the domestic system had the following important features:

- The merchant advanced capital and raw material to craftsmen with specifications regarding the type, quality and quantity of products.
- The craftsman utilising his skills usually worked at home, using their own tools - and often utilising the labour of his family as well.
- The finished product was delivered to the merchant who then sold it for profit.

The significant aspect of this system was the fact that the merchant still did not have full control over the labour process of the artisan since the latter worked at home. Secondly the artisan owned his tools and implements and of course his ability to work.

From the merchant's point of view, the disadvantage in this system was a limited potential for technical growth but on the other hand the advantage was to have access to cheap labour of the artisan's family free from the restrictions of guilds. The merchant at this stage was as yet not a direct manufacturer and his source of profit came from trade. Hence the capital which accumulated in this process during the 16th and 17th century is called merchant capital. However, it was not only the merchant who was accumulating capital but there were many craftsmen who broke away from their guilds, showed enterprise, profited from the expanding market and improved their social and economic status in society. In recent years the above mentioned stage of industrial growth has been described as proto-Industrialisation. Proto-Industrialisation gave rural residents supplementary income, which conferred certain immunity from harvest failures; it enabled them to marry younger and rear larger families; it prepared them, socially and psychologically, for eventual

Industrialisation. The efforts of urban guilds to limit rural work enjoyed only limited success; in England, for example, the restrictions seem rarely to have been enforced. Cottage industries certainly existed in the middle Ages, but the economic expansion of the 16th century diffused them over much larger areas of the European countryside, perhaps most visibly in England and western Germany.

More recently, historians have stressed the role of towns in this early form of industrial organization. Towns remained the centres from which the raw materials were distributed in the countryside. Moreover, urban entrepreneurs coordinated the efforts of the rural workers and marketed their finished products. Certain processes—usually the most highly skilled and the most remunerative—remained centred in cities. Not only the extension of industry into rural areas but also the greater integration of city and countryside in regional economies was the principal achievement of 16th-century industry.

This manner of organizing manufactures is known as the “putting-out system”, an awkward translation of the German *Verlags* system. The key to its operation was the entrepreneur, who purchased the raw materials, distributed them among the working families, passed the semi-finished products from one artisan to another, and marketed the finished products. He was typically a great merchant resident in the town. As trade routes grew longer, the small artisan was placed at ever-greater distances from sources of supply and from markets. Typically, the small artisan would not have the knowledge of distant markets or of the preferences of distant purchasers and rarely had the money to purchase needed raw materials. The size of the trading networks and the volume of merchandise moving within them made the services of the entrepreneur indispensable and subordinated the workers to his authority.

The production of fabric remained everywhere the chief European industry, but two developments, both of them continuations of medieval changes, are noteworthy. In southern Europe the making of silk cloth, stimulated by the luxurious tastes of the age, gained unprecedented prominence. Lucca, Bologna, and Venice in Italy, and Sevilla and Granada in Spain gained flourishing industries. Even more spectacular in its rise as a centre of silk manufacture was the city and region of Lyon in central France. Lyon was also a principal fair town, where goods of northern and southern Europe were exchanged. It was ideally placed to obtain silk cocoons or thread from the south and to market the finished cloth to northern purchasers. The silk industry is also notable in that most of the workers it employed were women.

Northern industry continued to concentrate on woollens but partially turned its efforts to producing a new type of cloth, worsteds. Unlike woollens, worsteds were woven from yarn spun from long-haired wool; moreover, the cloth is not fulled (that is, washed, mixed with fuller’s earth, and pounded in order to mat the weave). Worsteds were lighter and cheaper to make than woollens and did not require the services of a mill, which might have to be located near running water. Under the

name of “new draperies,” worsteds had come to dominate the Flemish wool industry in the late middle Ages. In the 16th century, several factors—the growth of population and of markets, the revolt of the Low Countries against Spain, and religious persecutions, which led many skilled Protestant workers to seek refuge among their coreligionists—stimulated the worsted industry in England. England had developed a vigorous woollens industry in the late middle Ages, and the spread of worsted manufacture made it a European leader in fabric production.

Another major innovation in 16th century industrial history was the growing use of coal as fuel. England, with rich coal mines located close to the sea, could take particular advantage of this cheap mineral fuel. The port of Newcastle in Northumbria emerged in the 16th century as a principal supplier of coal to London consumers. As yet, coal could not be used for the direct smelting of iron, but it found wide application in glassmaking, brick baking, brewing, and the heating of homes. The use of coal eased the demand on England’s rapidly diminishing forests and contributed to the growth of a coal technology that would make a crucial contribution to the later Industrial Revolution.

13.5 IMPACT ON EUROPEAN TRADE AND ECONOMY

The massive increase in the volume and complexity of trade which occurred from the sixteenth century demanded progress in the sphere of credit network and monetary exchange. The use of drafts and letters of credit became widespread to facilitate lending, transfer and business exchange. The use of paper currency came much later. Another development was the effort of states to develop a uniform standard currency. Fully standardised currencies emerged by the end of the eighteenth century in several European countries. The Seventeenth century saw the evolution of a more sophisticated business organisation - the joint stock company. Trading operations demanded a more compact organisation with a broader scope so as to lessen risks, ensure stability and incur access to capital. Unlike the regulated company, the joint stock company issued shares of capital to a large number of investors. In this, a shareholder was entitled to have a share in the profits of the company in accordance with the capital inverted by him without necessarily participating in the actual work of the company. Another significant development was the formation of Chartered Companies. These companies were authorised by the government *i.e.* they held charters from the government by which they acquired monopoly of trade with a particular area or country and even authority over the latter's inhabitants.

Besides the above, Spain suffered when its gold and silver led to a massive increase in the amount of money in circulation which brought about what is known as the price revolution in Europe. According to a rough estimate between 1500 and 1600 CE the amount of gold and silver in Europe trebled. All in all some 20,644 tons of silver and gold were imported between 1503 and 1650 CE. Although some of it was absorbed by the sharp increase of trade stimulated by population growth in the

sixteenth century, it brought about a general increase in the prices. For example, in the sixteenth century grain prices in England went up by four times and in France by six times. High prices, economic stagnation in countries like Spain, Portugal, Italy, religious warfare and declining population in most parts of Europe led to a general crisis in the first half of the seventeenth century. The thirty years war (1618-1648 CE), epidemics and the rebellions of the peasants in many countries added to the crisis. However, the crisis though widespread, did not have an equal impact on the whole of Europe. It proved detrimental for countries like Spain and Italy where the political, technological and socio-religious relations had not kept pace with the changing pattern of trade and markets in the sixteenth century. The Dutch on the other hand managed to not only survive the crisis but emerged with a buoyant economy and trade. England plagued by internal turmoil was plunged into civil war in the 1640s which resulted in the beheading of its Stuart King, Charles-I.

This was the beginning of a decisive shift of political power in favour of the gentry and mercantile classes in trade and industry. Soon, a series of mercantilist steps like the Navigation Acts, which have been mentioned before, were undertaken from 1651 CE onwards to protect English interests. In France also, a series of mercantilist steps under Colbert, enabled it to survive the crisis of the seventeenth century. Hence, when we survey the European scene around 1700, Holland, France and England appear to be the leading powers of Europe. All three emerged as major rival colonial powers in the eighteenth century but, it, was Britain which on the basis of an industrial revolution emerged as the most powerful country by the end of the eighteenth century.

13.6 LET US SUM UP

In industry, the 16th century was not so much an age of dramatic technological departures; rather, it witnessed the steady improvement of older technological traditions—in shipbuilding, mining and metallurgy, glassmaking, silk production, clock and instrument making, firearms, and others. Europe slowly widened its technological edge over non-European civilizations. Most economic historians further believe that proto-Industrialisation, and the commerce that supplied and sustained it, best explains the early accumulations of capital and the birth of a capitalist economy.

Check your Progress

1) Write note on important geographical discoveries by the European nations.

.....
.....
.....
.....
.....

2) Discuss the industrial growth in sixteenth century Europe.

.....
.....
.....
.....
.....

13.7 KEY WORDS

Craftsman : A worker skilled in a particular craft.

Industrialisation : The development of industries in a country or region on a wide scale.

Merchant : A person or company involved in wholesale trade.

13.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check your Progress

1) See Section 13.2

2) See Section 13.4

SUGGESTED READING

Durant, W. 1993. *The Story of Civilization* (vols. I & II). Fine Communications, US.

Phukan, M. 1998. *Rise of the Modern West: Social and Economic History of Early Modern Europe*. New Delhi: Macmillan India Ltd.

Swain, J.E. 1986. *A History of World Civilization*. New Delhi: Erasia Publishing House (P) Ltd.

Wallbank, T.W. and Bailey, N.M. 1985. *Civilization—Past and Present*. Scott Foresman /Addison-Wesley.