The Commercial Revolution

Background
- Western Europe
  o Towns Growing
    ▪ Serfdom coming to an end
    ▪ Standard of living on the rise
  o Rising Middle Class
    ▪ At expense on Aristocracy
  o New Monarchs
    ▪ Centralized power
- Eastern Europe
  o Small Towns
    ▪ Serfdom and feudalism prevalent
    ▪ Primarily agriculture based societies
    ▪ Stagnant standard of living
  o Feudalism
    ▪ Strong Aristocracy
- Definition of Commercial Revolution
  o Economic changes of the 16th century
    ▪ Gradual change from manorialism to capitalism

Causes
- Shifting to the Atlantic
  o Ottomans in control of trade in East
  o Powerful nations bordering Atlantic ocean
    ▪ Spain, Britain, France
  o Age of Exploration
    ▪ Christopher Columbus
      ▪ Discovery of West Indies
      ▪ Americas open to colonization
    ▪ Ferdinand Magellan
      ▪ Circumvention of the Globe
    ▪ Vasco de Gama
      ▪ Rounds the southern tip of Africa
  o Technological innovations
    ▪ Caravel
      ▪ 15th Century
    ▪ Dry Compass
      ▪ 14th Century
- Population Growth
  o Bubonic plague in decline
  o 1500 pop. = 70 million; 1600 pop. = 90 million
  o More people needing more productions
    ▪ Increase demand for food
  o Less jobs and less land
    ▪ Search for new markets
    ▪ Rising merchant class
- Economic
  o Inflation
- Influx of gold from Americas
  - Wages rose but not nearly fast enough to keep up with inflation
    - Kings debased currency
      - Printing out money not backed by gold

**Characteristics of Commercial Capitalism**
- Domestic System replaces guilds
  - Guilds
    - Similar to unions
    - Controlled production, prices and quality
  - Domestic System
    - Domestically produce goods
    - Merchants/trader would provide raw materials then pick up finished product
    - Personal relationship between merchant and manufacturer
    - Produced by order
- New class of entrepreneurs
  - Put money into risky business ventures
  - Start own businesses
- Banking
  - Make money by lending money
    - Ex. Medicis
  - Usury
    - The charging of interest
- **Mercantilism**
  - Economic system of 16th and 17th centuries
    - Economic belief
    - New Monarchs thought it was kings job to build up the economy
  - Main Aspects
    - Government control of economy
    - Self Sufficiency
      - Rely on colonies for raw materials
      - Produce manufactured goods in mother country
    - Desire to gather specie
      - Money in coin
        - Ex. Gold and Silver
  - **Joint Stock Companies**
    - Entrepreneurs who wanted to minimize risk and share profits/expenditures
    - Special Charter from king allowed for monopolies
      - Ex. Virginia Company
  - Effects
    - Build infrastructure
    - New Industries
    - Build Colonies
    - Build Trade Routes
    - Build Navies
    - Impose Tariffs
    - Give out subsidies
- New Social Classes
  - Peasantry
    - Largest Class
    - Better off in Middle Ages
- Less Workers
- Higher demand for labor during black death
- Fixed Rent

- Aristocracy
  - Losing Wealth
  - Hereditary wealth/titles
    - Nobles of the Robe
      - Bought a nobility title
    - Nobles of the Sword
      - Noble by birth
  - Primogeniture
    - First sons get everything
      - Following sons get nothing
        - Forced into becoming craftsmen, clergy, or soldiers
        - New World provides fresh opportunities
    - Daughters get marriage dowry

- Urban Poor
  - New class
  - Low Wages
  - Long Hours

- Bourgeoisie
  - New Class
  - Merchants
  - Middle Class