

# 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 16<sup>th</sup> 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
      - 15<sup>th</sup> Century
    - Dry Compass
      - 14<sup>th</sup> 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 16<sup>th</sup> and 17<sup>th</sup> 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