Chapter 14: Unification of World Trade
Expansion of Europe and Birth of Capitalism

- Capitalism developed in the three centuries after the uniting of the world through trade
- New conditions ended mercantile policies
- Overseas trade restructured European and world life
  - Rise of cities
  - Dominance of business interests
  - Experience varied by region
The Empires of Spain and Portugal

Spain’s New World Conquests

- Overthrow of Aztec and Incan empires by conquistadores

Defeat of Native Americans

- They were divided among themselves
- Lacked Spaniards’ technology and organization
- Were demoralized when their leaders were captured
- Succumbed to European diseases
Spain’s New World Conquests [cont.]

Making the Conquests Pay

- *Encomiendas* linked Indian taxes and labor to colonists in return for Christianization
  - High Native American death rates
  - Criticized by de las Casas
- Replaced by *repartimiento* system
- Most wealth came from gold and silver mining
The Empires of Spain and Portugal

Spain’s New World Conquests [cont.]

- Merchant Profits
  - Led to enslavement of Indians
  - Bulk of profit did not go to Spain, which lacked commercial infrastructure

- Welfare and Bankruptcy
  - Countries controlled by individual families
  - Charles V used Spanish profits for personal goals
  - Communero revolt of 1520-21 easily suppressed
The Empires of Spain and Portugal

Portugal’s Empire

Portugal in Africa

• Sought souls for Christianity, gold, grain, fish, and slaves
• Built forts along African coast for trade
• Pursued some inland contacts
• Direct intervention in Angola to acquire slaves
Portugal’s Empire [cont.]

Portugal in Brazil

- Initial contact accident of weather
- Brazil a consolation prize after rest of Europe acquired sugar plantations in Caribbean
- Profit came from gold mining with slaves
- Profits have no long term benefit for Portugal
The Empires of Spain and Portugal

Portugal’s Empire [cont.]

Portugal in the Indian Ocean

- Main interest was in Asia
- Fought their way into Asia ports and economy
  - Could not maintain government domination of area
  - Merchants pursued private interest despite membership in government-controlled monopoly
  - Other European nations were more powerful
The Empires of Spain and Portugal

Evaluating Spanish and Portuguese Empires

- Exploitation of people and resources not the key to wealth
- Must have infrastructure to use wealth
- Both countries were hierarchical
- Also used wealth for personal rather than investment goals
- Culturally Spain and Portugal were successful
Trade and Religion in Western Europe

The Reformation

- Success of Catholicism led to criticisms
- Martin Luther opposed church power over conscience and efficacy of sacraments
- John Calvin believed church had no authority over salvation; God saved people for His reasons
- Henry VIII (England) asserted authority over church in England (1534)
Trade and Religion in Western Europe

Catholic Reformation

Council of Trent (1545-1563) was Catholic Church response to Reformation

- Reaffirmed basic doctrines
- Reasserted necessity of celibate clergy
- Called for greater religious devotion from clergy
- Created religious orders to purify Church
- Church wanted single universal church while Protestants encouraged separate national states
Trade and Religion in Western Europe

Dutch Republic, France, and England

Spanish Defeats

• Netherlands revolted against Spanish authority
  – Resented Spanish governors and feared Inquisition
• Elizabeth I of England opposed Spanish power
  – Supported Protestants across Europe
  – Defeated Spanish Armada in 1588
• Spain entered long decline
  – Flow of gold from Americas ended in mid-1600s
Trade and Religion in Western Europe

Dutch Republic, France, and England [cont.]

The Dutch: Seaborne Merchant Enterprise

- Had most efficient economy in early 1600s
- Dominated northern European shipping
- Had developed commercial institutions
- Commercial ventures in Asia; displaced Portuguese
- Also reached Caribbean, Brazil, and North America
- Ultimately could not overcome English enterprise
Trade and Religion in Western Europe

France and Britain

France: Consolidating the Nation

• Turmoil of civil war ends with consolidation of royal power under Henry IV (r. 1589-1610) and Louis XIII (r. 1610-1643)
  – Henry IV issued Edict of Nantes (1598)
  – Louis XIII encouraged investment in shipping

• Domination of Europe by Louis XIV (1643-1715)
  – Strengthened state control of national economy
  – Material needs of army stimulated economy
Trade and Religion in Western Europe

Britain: Establishing Commercial Supremacy

- Won right to transport all Spanish slaves (asiento) in wars with Spain in early 1700s
- English control of North America won by wars with France to 1763
- Loss of United States after 1776
- Dominant because of business sophistication
The Nation-State

- Nation-State = political state + emotional attachment of citizens
- Developed as empires dissolved
- Efficient government and interest in welfare of the people
- Competition over trade and colonies spurred development of nation-state
Russia’s Empire under Peter the Great

- Russia isolated from western Europe
- Little commercial development
  - Serfdom predominated
- Peter (r. 1682-1725) fought Sweden and sought development models in the West
- Wanted cultural as well as economic development
Russia’s Empire under Peter the Great

- Russia [cont.]
  - Promoted western education and dress
  - Promoted economic activity
  - Put Orthodox Church under state control
  - Strengthened economic and political position of ruling classes, landowners, and bourgeoisie while exploiting serfs
  - Regarded as an *enlightened despot*
Diverse Cultures, Diverse Trade Systems

Ottomans and Mughals

- Rise and decline paralleled Spain and Portugal
- Ottomans did not control their own trade
- Akbar (Mughal) built great empire (1556-1605)
  - Fostered widespread economic activity
  - Merchant class was mobile
  - Could not protect coastal and oceanic trade
  - Trade relations were personal, not corporate
  - Merchants were not an armed class
Diverse Cultures, Diverse Trade Systems

Ming and Qing Dynasties in China

- Ming withdrew from ocean commerce
  - Western presence was limited
  - Chinese only interested in silver as payment
- Economic growth tied to internal growth
  - Grand Canal facilitated internal grain trade
- Qing (1644-1911) continued patterns
- Europe “pulled” into Chinese market
Diverse Cultures, Diverse Trade Systems

Tokugawa Japan

- Welcomed western missionary Francis Xavier as avenue to western culture and trade (1549)
- Growth and power of west prompted restriction and expulsion of most westerners (by 1624) and persecution of Japanese Christians (1637-38)
- Consolidation of government power proceeded
- Government under control of samurai and chonin
Diverse Cultures, Diverse Trade Systems

Southeast Asia

- Attractive to all traders
- Offset decline in spice trade with commercial production of coffee, sugar, and tobacco
- Wealth went to local leaders and European merchants, not the people of the region
- Region became participant--and victim--of the trade system