

CHAPTER 16

The World Economy

CHAPTER SUMMARY

The rise of the West from the 15th and 18th centuries involved distant explorations and conquests resulting in a heightening and redefining of relationships among world societies. During the classical era, larger regional economies and culture zones had developed, as in the Chinese Middle Kingdom and the Mediterranean basin, but international exchanges were not of fundamental importance to the societies involved. During the postclassical period, contacts increased and were more significant. Missionary religions—Buddhism and Islam—and trade influenced important changes. The new world relationships after 1450 spelled a new period of world history. The Americas and other world areas were joined to the world network, while older regions had increased contacts. Trade became so significant that new relationships emerged among societies and prompted reconsideration of existing political and cultural traditions.

The West's First Outreach: Maritime Power. Europeans had become more aware of the outside world since the beginning of the 12th century. Knowledge gained during the Crusades and from contacts with the great Mongol Empire spurred interest. European upper classes became used to imports, especially spices, brought from India and southeast Asia to the Middle East by Arab vessels, and then carried to Europe by traders from Italian city-states. The fall of the Mongol dynasty in China, the strength of the Ottoman Empire, lack of gold to pay for imports, and poor naval technology hindered efforts for change. Europeans launched more consistent attempts for expansion from the late 13th century.

New Technology: A Key to Power. Technological improvements during the 15th century changed the equation. Deep-draft, round-hulled ships were able to sail in the Atlantic's waters. Improved metalwork techniques allowed the vessels to carry armaments far superior to the weapons aboard ships of other societies. The compass and better mapmaking improved navigational skills.

Portugal and Spain Lead the Pack. The initiative for Atlantic exploration came from Portugal. Prince Henry the Navigator directed explorations motivated by Christian missionary zeal, the excitement of discovery, and a thirst for wealth. From 1434, Portuguese vessels, searching for a route to India, traveled ever farther southward along the African coast. In 1488, they passed the Cape of Good Hope. Vasco da Gama reached India in 1497. Many voyages followed. One, blown off course, reached Brazil. By 1514, the Portuguese had reached Indonesia and China. In 1542, they arrived in Japan and began Catholic missionary activity. Fortresses were established in African and Asian ports. The Spanish quickly followed the Portuguese example. Columbus reached the Americas in 1492, mistakenly calling their inhabitants Indians. Spain gained papal approval for its claims over most of Latin America; a later decision gave Brazil to Portugal. Sixteenth-century expeditions brought the Spanish as far north as the southwestern United States. Ferdinand Magellan began a Spanish voyage in 1519 that circumnavigated the globe. As a result, Spain claimed the Philippines.

Northern European Expeditions. In the 16th century, the exploratory initiative moved from the Portuguese and Spanish to strong northern European states—Britain, Holland, and France.

They had improved oceanic vessel design, while Portugal and Spain were busy digesting their colonial gains. The British naval victory over Spain in 1588 left general ocean dominance to northern nations. The French first crossed the Atlantic in 1534 and soon established settlements in Canada. The British reached North America in 1497, beginning colonization of its east coast during the 17th century. The Dutch also had holdings in the Americas. They won control of Indonesia from the Portuguese by the early 17th century, and in the middle of the century established a relay settlement on the southern tip of Africa. French, Dutch, and British traders received government-awarded monopolies of trade in the newly reached regions, but the chartered companies acted without much official supervision. They gained great profits and acted like independent political entities.

In Depth: Causation and the West's Expansion. Historians desiring to understand social change have to study causation. The many factors involved in any one case make precise answers impossible, but when sufficient data are available, high probability can be attained. Scholars looking for single-factor determinants use cultural, technological, economic, or "great man" theories as explanations. All of the approaches raise as many questions as answers. The best understanding is reached through debate based on all efforts chosen as explanations.

Toward a World Economy. Europe's new maritime activity had three major consequences for world history: the creation of a new international pool for exchanges of food, diseases, and manufactured products; the forming of a more inclusive world economy; and the opening of some parts of the world to Western colonization.

The Columbian Exchange of Disease and Food. The extension of international interaction facilitated the spread of disease. Native Americans and Polynesians, lacking natural immunities to smallpox and measles, died in huge numbers. In the Americas, Europeans forged new populations from their own peoples and through importation of African slaves. New World crops spread rapidly. American corn and the potato became important in Europe; corn and the sweet potato similarly changed life in China and Africa. Major population increases resulted. The use of tobacco, sugar, and coffee slowly became widespread in Europe. European and Asian animals passed to the New World.

The West's Commercial Outreach. Westerners, because of their superior military might, dominated international trade, but they did not displace all rivals. Asian shipping continued in Chinese and Japanese coastal waters, Muslim traders predominated along the east African littoral, and the Turks were active in the eastern Mediterranean. Little inland territory was conquered in Africa or Asia; the Europeans sought secure harbors and built fortifications to protect their commerce and serve as contact places for inland traders. When effective indigenous states opposed such bases, Europeans gained protected trading enclaves within their cities.

Imbalances in World Trade. By the 17th century a new world economy, dominated by Europeans, had formed. Spain and Portugal briefly held leadership, but their economies and banking systems could not meet the new demands. England, France, and Holland, the core nations, established more durable economic dominance. They expanded manufacturing operations to meet new market conditions. The doctrines of mercantilism protected home markets and supported exports; tariff policies discouraged competition from colonies and foreign rivals. Beyond Europe, areas became dependent participants in the world economy as producers and suppliers of low-cost raw materials; in return they received European

manufactured items. Africa entered the world network mainly as a slave supplier. The Europeans controlled commercial and shipping services.

A System of International Inequality. The rise of core and dependent economic zones became an enduring factor in world economic relationships. Some participants in the dependent regions had an opportunity for profit. African slave traders and rulers taxing the trade could become rich. Indigenous merchants in Latin America satisfied regional food requirements. Many peasants in all regions remained untouched by international markets. Still, indigenous merchants and landlords did not control their terms of trade; the wealth gained was expended on European imports and did not stimulate local manufacturing or general economic advance. Dependence in the world economy helped form a coercive labor system. The necessity for cheap products produced in the Americas resulted in exploitation of indigenous populations or use of slaves. In the Dutch East Indies and British India, peasants were forced into labor systems.

How Much World in the World Economy? Huge world areas remained outside the world economy. They were not affected politically or economically by its structure, and until the 18th century did not greatly suffer from the missed opportunities for profit or technological advance. East Asian civilizations did not need European products; they concentrated on consumption or regional commerce. China was uninterested in international trading involvement and remained mainly outside the world economy until the end of the 18th century. China was powerful enough to keep Europeans in check. Some limited trade was permitted in Portuguese Macao, and European desire for Chinese manufactured items made China the leading recipient of American silver. In Japan, early openness to Europeans, in missionary activity and interest in military technology, quickly ended. Most contacts were prohibited from the 17th to the 19th century. Mughal India, the Ottoman Empire, and Safavid Persia all allowed minimal trade with Europeans but concentrated on their own internal development. Russia and African regions not participating in the slave trade were outside the international economic orbit.

The Expansionist Trend. European dominance spread to new areas during the 17th and 18th centuries. British and French merchants strengthened their positions as the Mughal Empire began falling apart. Britain passed legislation designed to turn its holdings into dependent regions. Tariffs blocked cottons from competing with British production. India's complex economy survived, but with a weakened international status. Eastern Europe joined world economic activity by exporting grain, mainly produced by serfs working on large estates, from Prussia, Poland, and Russia, to the West.

Colonial Expansion. Western colonial dominance over many peoples accompanied the new world economic network. Two types of American colonies emerged, in Latin America and the Caribbean, and in North America. Smaller colonies were present in Africa and Asia.

The Americas: Loosely Controlled Colonies. Spain quickly colonized West Indian islands; in 1509 settlement began on the mainland in Panama. Military expeditions conquered the Aztecs and Incas. The early colonies were formed by small bands of adventurers loosely controlled by European administrations. The settlers ruthlessly sought gold; when there were substantial Indian populations, they exacted tribute without imposing much administration. As agricultural settlements were established, Spanish and Portuguese officials created more formal administration. Missionary activity added another layer of administration. Northern Europeans began colonial activity during the early 17th century. The French settled in Canada and

explored the Mississippi River basin. The Dutch and English occupied coastal Atlantic territories. All three nations colonized West Indian islands and built slave-based economies.

British and French North America: Backwater Colonies. North American colonial patterns differed from those in Latin America and the Caribbean. Religious refugees came to British territories. Land grants to major proprietors stimulated the recruitment of settlers. The French in Canada planned the establishment of manorial estates under the control of great lords controlled by the state. French peasants emigrated in small numbers but increased settlement through a high birth rate. The Catholic church held a strong position. France in 1763 through the Treaty of Paris surrendered Canada and the Mississippi basin to the British. The French inhabitants remained unhappy with British rule, but many American loyalists arrived after the 1776 revolution. The North American colonies had less value to their rulers than did Asian or West Indian possessions. The value of the exports and imports of their small populations was insignificant. Continuing settler arrival occurred as Indian populations declined through disease and warfare. Indians and Europeans did not form new cultural groups as they did in Latin America; Indians instead moved westward, where they developed a culture based on the imported European horse. North American colonial societies developed following European patterns. British colonies formed assemblies based on broad male participation. The colonists also avidly consumed Enlightenment political ideas. Trade and manufacturing developed widely, and a strong merchant class appeared. The colonists retained vigorous cultural ties with Europe; an unusual percentage of the settlers were literate. The importation of African slaves and slavery separated the North American experience from European patterns.

North America and Western Civilization. Western habits had been transplanted into a new setting. Americans married earlier, had more children, and displayed an unusual concern for children, but they still reproduced the European-style family. When British colonists revolted against their rulers, they did so under Western-inspired political and economic ideology. Once successful, they were the first to implement some of the principal concepts of that ideology.

Africa and Asia: Coastal Trading Stations. In Africa, most Europeans were confined, because of climate, disease, geographical barriers, and African strength, to coastal trading forts. The exceptions were in Angola and South Africa. The Portuguese sent disruptive slaving expeditions into Angola from established coastal centers. In South Africa, the Dutch founded Cape Town in 1652 as a settlement for supplying ships on the way to southeastern Asia. The settlers expanded into nearby regions where they met and fought indigenous hunters and herding peoples. Later they began wars with the Bantu. European settlements in Asia also were minimal. Spain moved into the Philippines and began Christianizing activities; the Dutch East India Company administered parts of Indonesia and briefly had a presence in Taiwan. Asian colonization began a new phase when France and Britain, with forts along both coasts, began to compete for control in India as Mughal authority declined. Outright war began in 1744, with each side allying with Indian princes. French defeat destroyed their power in India. British victories over Indians in Bengal from the 1750s further increased British power. In India, as in most African and Asian territories, and unlike in the Americas, European administration remained limited. Officials were satisfied to conclude agreements with indigenous rulers. European cultural effect was slight and few settlers, apart from the Dutch in South Africa, took up residence. Only in the Philippines were many indigenous peoples drawn to Christianity.

Impact on Western Europe. Colonial development affected western Europe economically and diplomatically. Colonial rivalries added to the persisting hostilities between nations. The Seven Years War, fought in Europe, Asia, and America, was the first worldwide war. The colonies brought new wealth to Europe, profiting merchants and manufacturers. New products changed lifestyles: once-costly sugar became available to ordinary people.

The Impact of a New World Order. The development of a world economy and European colonialism had major effects. Economic pressures brought important changes. African populations were disrupted by the slave trade. Indian manufacturing levels declined. New labor systems formed in many regions. The interaction between civilizations was significant. New elements entered the world history framework. Indigenous responses, as with Christianity, combined their ideas with the arriving influences. Despite the many hardships imposed on many societies, some benefits resulted. New food crops and increased trade allowed population growth. Challenges had been created for all civilizations, and whatever the individual reaction, innovation was required.

Global Connections: The World Economy – and the World. The relationships between Europe's and the world's economy were complex, ranging from conscious isolation to controlled participation to dependency. The world was growing closer, but it was not necessarily becoming simpler.

KEY TERMS

Vasco da Gama: Portuguese mariner; first European to reach India by sea in 1498.

Christopher Columbus: Italian navigator in the service of Aragon and Castile; sailed west to find a route to India and instead discovered the Americas in 1492.

Ferdinand Magellan: Portuguese captain in Spanish service; began the first circumnavigation of the globe in 1519; died during voyage; allowed Spain to claim possession of the Philippines.

East India Companies: British, French, and Dutch trading companies that obtained government monopolies of trade to India and Asia; acted independently in their regions.

World economy: Created by Europeans during the late 16th century; based on control of the seas; established an international exchange of foods, diseases, and manufactured products.

Columbian Exchange: Interaction between Europe and the Americas; millions of Native Americans died of new diseases; new world crops spread to other world regions; European and Asian animals came to the Americas.

Lepanto: Naval battle between Spain and the Ottoman Empire resulting in Spanish victory in 1571; demonstrated European naval superiority over Muslims.

Core nations: Nations, usually European, that profited from the world economy; controlled international banking and commercial services; exported manufactured goods and imported raw materials.

Dependent economic zones: Regions within the world economy that produced raw materials; dependent on European markets and shipping; tendency to build systems based on forced and cheap labor.

Vasco de Balboa: Began first Spanish settlement on Mesoamerican mainland in 1509.

New France: French colonies in Canada and elsewhere; extended along the St. Lawrence River and Great Lakes and down into the Mississippi River valley system.

Atlantic colonies: British colonies in North America along Atlantic coast from New England to Georgia.

Treaty of Paris: Concluded in 1763 after the Seven Years War; Britain gained New France and ended France's importance in India.

Cape Colony: Dutch colony established at Cape of Good Hope in 1652 to provide a coastal station for Dutch ships traveling to and from the East Indies; settlers expanded and fought with Bantu and other Africans.

Boers: Dutch and other European settlers in Cape Colony before 19th-century British occupation; later called Afrikaners.

Calcutta: British East India Company headquarters in Bengal; captured in 1756 by Indians; later became administrative center for populous Bengal.

Seven Years War: Fought in Europe, Africa, and Asia between 1756 and 1763; the first worldwide war.

Cape of Good Hope: Southern tip of Africa; first circumnavigated in 1488 by Portuguese in search of direct route to India.

Mercantilism: Economic theory that stressed governments' promotion of limitation of imports from other nations and internal economies in order to improve tax revenues; popular during 17th and 18th centuries in Europe.

Mestizos: People of mixed European and Indian ancestry in Mesoamerica and South America; particularly prevalent in areas colonized by Spain; often part of forced labor system.

Francisco Pizarro: Led conquest of Inca Empire beginning in 1535; by 1540, most of Inca possessions fell to Spanish.

John Locke: (1632 – 1704) English philosopher who argued that people could learn everything through senses and reason and that power of government came from the people, not divine right of kings; offered possibility of revolution to overthrow tyrants.

William Shakespeare: (1564 – 1616) English poet and playwright considered one of the greatest writers of the English language; works include *Julius Caesar*, *Macbeth*, *Romeo and Juliet*, and *Hamlet*.