
Characteristics of the European economy at the beginning of the Modern Age

European discoveries and Expansion 15-1700; by S.B. Clough and R.T. Rapp

A Summary

by **George N Njenga**

1. Introduction

Historians have estimated that the transition point between the Medieval Age and the Modern Age was at the end of the 15th to the beginning of the 16th centuries. During this time Europe underwent a series of important changes, key among them:

- 1) the development of the humanism;
- 2) the development of the empirical scientific method as a means to advance knowledge;
- 3) entry of the protestant movement;
- 4) establishment of national states and growing of sentiments of nationalism;
- 5) European geographic expansion and economic hegemony overseas; and
- 6) the spread of Christianity and western cultural values.

Humanism as an ideology refers to the focus towards humanity and the earthly material luxuries away from theology and scholastic philosophy. The modern age was more interested in social, political and material realities than God. It substituted religious subjects with paintings, classical Greek and Roman translations into modern

languages sprinkled with narrations of the real life, such as the *Decamerón*, of Boccaccio, and *Praise of Madness* by Erasmus. In architecture, greater emphasis was given to secular buildings, palaces of spiritual and temporary princes, and public monuments, such as the *Palazzo dei Medici* in Florence, the *Louvre* in Paris, and the *Rathaus* in Bremen. Acquisition of wealth and material luxuries dominated their minds.

They relied more on empirical evidence, i.e. “science”, as opposed to the advancement of theological or philosophical principles. Physical sciences promoted the construction of bridges, roads, boats and mining; and these in turn became a sign man’s civilization and dominion over material things. New religious sects such as that of Calvinism appeased their minds by preaching frugality within riches. Natural Ethics substituted theology and the doctrine of sacraments. The notion was that nations could dominate others with science not theology.

The concept of nationalism, exemplified by the transformation of dynastic nation-states such as Portugal, Spain, Italy and Germany among others, spread throughout Europe. The national state was characterized by a political union of people, ordinarily united by a similar language; bound by common historical traditions and sharing similar Literature, music and art. This nation-state tended to move away from cohesiveness based on loyalty to the principle of “*rule by divine right*”, towards solidarity along populist lines based on emotional loyalty towards national and social norms. The new nation in turn proffered better security to the citizens, unified mercantile law, abolished local barriers to commerce and the standardized weights, measures and currencies. This nation-state would later become the decisive force behind the spread of western culture and propagation of Christianity. On the other hand, during the process of the formation of nation-states, wars to amass or consolidate national dominions or to demonstrate economic dominion often broke out; and these wars were resolved through peace treaties, such as that of Tordesillas between Spain and Portugal, arbitrated by Pope Alexander VI, of Spanish birth.

This was the period when Europeans discovered the rest of the earth and spread western culture to vast empires across the seas. In a generation, Europe discovered routes to the rest of Africa, India, the Far East, North America and South America encountering economic centers that were several times greater than those of Europe; and while at it, confirmed that the earth was round. The new commercial discoveries would in consequence significantly transform Europe. Their discoveries would later shift political and economic domination to the new countries, such as the United States of America, shifting the economic, political and cultural status-quo Europe.

Growth in commerce gave vent to new cities and sea ports. Industrial growth brought about specialization of labor and management of institutions. The gap between the workers and the owners grew. The benefits of commerce allowed for capital accumulation and a spiraling growth of banking institutions, especially around harbors, where demand for goods was high. This, besides, encouraged growth of investments in textile industries, construction of roads and firearm production and stimulated technological advances. Adam Smith would later mention in, *the Wealth of the Nations*, that the most important science of division of work (specialization in the tasks) received new impetus in commercial centers where the advantages of location for production were particularly favorable. Extensive growth financial facilities allowed for economic expansion which in turn gave impetus to.

2. Preparation for the great discoveries

The great discoveries at the end of the 15th and 16th centuries were the culmination of a long process of retention of geographic knowledge acquisition and development of communication, especially nautical technology. They constructed boats, like the caravel and the galleon,¹ which were partly manned by rowers and partly driven by wind force that enabled them to weather the dangerous sea voyages. They had good maps of the

¹ The caravel was a boat of 50 tons, with three and later four masts, equipped with Latin sails and a castle of stern. The galleon was considerably greater, wider of beam and more sea loke than the caravel, and it generally had castles to prow and stern. See yourself I cause to decay M. Cipolla. *Guns. Sails. and Empires* (New York: Pantheon. 1966).

coasts most frequented by navigators as a result of the development of cartography. Curiosity to confirm whether the earth was round, as Pythagoras had affirmed in the 1st century, fostered voyages of exploration. Plato as Aristotle had also supported the idea that the earth was round in the 4th Century B.C. Eratosthenes of Alexandria had attempted a calculation of the Earth's circumference in an ingenious way with considerable precision.² Many geographers of the 15th century, such as Pierre d'Ailly, in his *imago Mundi* (1410), maintained with weighty arguments that the Earth was round. Christopher Columbus read it and was convinced once more by these works.

Christian Europe dreamed of colonizing new territory to spread the faith to the new people and take advantage of them for commercial exploitation. Legendary opinions of what lay across the seas, such as that of Presta John, trips by Marco Polo of Venice to China, from 1271 to 1295, and his records, stimulated the idea of voyages to spread the faith and conquer new economic resources. At the beginning, only Venice seemed able to finance these kind of trips due to their rich spice trade agreements with the Arabs. Therefore, "by God, gold and glory" (or curiosity), the European began to venture into the strange seas.

Among the first expeditions of discovery was that organized by Prince Henry the Navigator of Portugal in 1394-1460. A navigation school for sailors, navigators and geographers was founded. In 1457, Cape Verde and the Christian Kingdom of Abyssinia were discovered. In 1487, Bartholomew Diaz navigated the coast of Africa and King Juan II financed Christopher Columbus' voyage of discovery to the "West Indies".

With the Treaty of Tordesillas, in 1494, a new line demarcating the newly discovered lands between Portugal and Spain was drawn. This would later be annulled when the other powers. England, France and Holland, began their conquests. Thus, Francisco I of

² Having known during the day of the summer solstice the sun did not form an angle in Siena at noon, near the Tropic of Cancer. Eratosthenes at noon measured the solar angle of during the day in Alexandria. He obtained therefore the arc of a segment of the terrestrial circumference, whose length was the well-known distance between Alexandria and Siena. Its error was due to the fact that the measurement of the distance between Alexandria and Siena was inexact.

France could request with reason, to be shown as proof where “in the bible, Adam had divided the Earth between Spain and Portugal”. Christopher Columbus found the sea route to the west that lead to the Malaysian peninsula. Pedro Alvarez Cabral, navigator to the service of Portugal, went to the Brazilian coast; and verified that it fell within the sphere of Lusitanian (Portuguese) influence in agreement with the Treaty of Tordesillas. The Florentine, Amerigo Vespucci, took part in a subsequent Portuguese expedition, in 1501-1502, and conferred his name, America, to the new world.³ Fernando Magallanes, a Portuguese who happened to be at the service of Spain, found the Philippines for them. Spain later sold the Philippines to Portugal for 350,000 ducats of Gold.

3. Formation and Organization of the Overseas Empires

Immediate economic exploitation of the new found lands followed. Portugal began to take advantage of the spice trade in the east travelling round the Cape of Good Hope. Together with Francisco D’Almeida, they fought and got rid of the Venetians, Arabs and Egyptians domination of the spice trade on the sea route to India. Under Alphonse d’Albuquerque, the Portuguese anchored at Goa making it one of the most powerful Lusitanian centers. However, their trade monopoly did not last long since they were unable to administrate their oriental centers and take advantage of their vast commercial empire. They gave due advantage to the others, especially the Dutch and Italians who negotiated the distribution of spices in Europe. The Portuguese had earlier founded a colony in Brazil but it had posed a problem since it did not have spices. They state of affairs incentivized the Portuguese to start agricultural and mineral exploitation in Brazil. Gradually, they populated it with Caucasians, Blacks and Indians, cultivated sugar cane, cut Brazilian wood and extracted gold of the mines.

The Spaniards also found out that their new found territories were more like Brazil. Encouraged by dreams of finding gold, glory and desiring to spread Christianity, they

³ The letters that Vespucci wrote to some of its friends on this subject became famous. They convinced a German geographer Martin Waldseemuller to propose the name of America to the world just discovered, since he thought that Vespucci was its discoverer. In 1541, another geographer of greater reputation, Gerardus Mercator, prepared a map with the name of “America” for both continents and so it was.

travelled extensively round American continent. The conquistadores went from Chile to the Red river, in Oregon, from Florida to Argentina, and in the interior, from Arizona and the northern end of the Mississippi throughout all Central America. They were successful. Hernan Cortes conquered Mexico, albeit perfidiously, in 1521. He had found the Aztecs and vast amounts of gold which he sacked. Cortes' protagonist, Francisco Pizarro, who had been brought up in the tough school of the successful assassin Balboa conquered Peru, and won himself gold probably worth 5 million dollars (valued before 1934). Guatemala, the Mayas of Yucatan, Colombia and Potosi in Peru also became Spanish colonies. The colonizers introduced agriculture in the Americas introducing the horse for mobility, nurturing bovine cattle, the ewe, the goat, the hen and the pig. Black slavery and high consumption of sugar in the west contributed to their riches. By the end of the 17th century, the new found lands would have contributed approximately 90 % of the European economic trade, yet the total Spanish population in the New World was about 150,000 people.

France, England and Holland were late in the strategy, and when they started they found the Spanish and the Portuguese already dominating most of American and the sea routes to the East. They therefore made for the extreme east through the northeastern Scandinavian route around Russia or through the Northeast towards the North American continent. The latter route was successful for they found the richest "place on earth". Jacque Cartier of France, mounted expeditions to the Bay of Gasp, and Samuel de Champlain reached and founded a colony in Quebec in 1608.

In 1496 England sent John Cabot on his way in search of a route to India. He went straight to the North American coast and conquered much of it for England. Later, his son Sebastian together with Martin Frobisher, Henry Hudson and William Baffin discovered and took possession of Newfoundland, Hudson Bay and the bay of Baffin. This last one gave the English an opportunity to dispute the Canadian territory with France. The discoveries were disappointing though because they did not open a way to the Eastern trade routes.

As a result of their envy of the lucrative Spanish and Portuguese spice and luxury goods trade with the East, the British, Dutch and French decided to use, Piracy, military force, or pure competition with the Spanish and the Portuguese. The Englishman, John Hawkins, started trade in slaves between the coast of Guinea and the Spanish Caribbean colonies, his henchman, Sir Francis Drake, a pirate, successfully accosted Spanish fleets loaded with Spices to the joy of “good queen Bess” – Queen Isabel of England. Thomas Cavendish pursued the Spanish galleons all along their Caribbean possessions thereby giving him a fortune in the Pacific. Nevertheless, high sea piracy was a precarious business and in the best of cases only resulted in retaliation, the most famous of which was the Spanish Navy (the Spanish Armada) retaliation in 1588. As a consequence, they turned to the third possibility of entering the colonial boundaries by force, going directly to the source of the spice supply in the East.

Frustrated by the British blockade of their ships from the Eastern trade route, the Dutch fleet under the command of Cornelis van Houtman, went to Java in 1595 opening a way to the East for them. The Dutch East India Company was founded in 1602 and a most efficient colonial administrator of this company, Jan Pieterszoon Coen, prevailed in Batavia, Java and the Moluccas. Abel Janszoon Tasman, discovered Tasmania and New Zealand and demonstrated that Australia was an island. They expelled the Portuguese from Malay in 1641 and from Ceylon in 1638-1658. The Dutch encountered an enemy in Japan and the relationship remained that way until the arrival of commodore Perry in 1854. They also founded a flourishing colony in 1652 at the Cape of Good Hope (where Cape Town is situated today) as a supply base for their commercial boats to India. The trade made Holland one of the richest nations in Europe in the 17th Century.

The British decided to compete against the Dutch once again but suffered repulsion by the Dutch in India. They directed to their attention towards commerce with India and the Persian Gulf, settling in Surat in 1609, founding a station in Madras in 1639, Bombay in 1661 and Calcutta in 1690. In 1642, the French established small colonies in Madagascar and Reunion, created positions in Senegal and Guinea, where they could

deal with slaves, and using their East Indies Company, founded bases in Surat and Pondicherry, in India in 1664. The British continued their onslaught against the Dutch who in turn could sustain the war. So the Dutch chose to ignore the war and concentrate on their lucrative possessions in Ceylon, Sumatra, the Celebes, the Moluccas, part of Borneo, New Guinea, the peninsula of Malaya and Java, where the culture of the coffee acquired great importance; and in Africa, the Cape of Good Hope. Later on they seized of Curacao and Dutch Guyana (or Surinam).

The struggle was reduced to England and France. Hostilities increased after 1707, as a result of the collapse of the Mongol empire in India which left a vacuum to which both contenders saw an opportunity. Two brilliant generals, Joseph Francois Dupleix and Robert Clive, went to war and the English won at the end of the Seven Years' War. The Treaty of Paris was signed in 1763. The British occupied the Caribbean Islands, San Cristobal or St. Kitts, Bermuda, Barbados, Jamaica, the Bahamas, several of the Virgin Islands and others of minor reputation. The French remained with Martinica, Guadalupe, the western part of Santo Domingo (today Haiti) and several of minor importance. In most of these zones tobacco cultivation was fostered, but frequent market saturation caused prices to fall. Agriculture therefore shifted to the exploitation of rice, coffee, Indigo, cotton, cacao and sugar cultivations; the last of these becoming the most important as the years wore on.

European colonization of North American territories advanced slowly. In 1663, French Canada had just about three thousand French inhabitants who increased to about eighty thousand by 1763; New Orleans in 1722 was a miserable town of five hundred inhabitants. The English who had captured New York (1664) had only fourteen thousand inhabitants by 1760. Together, the first thirteen English colonies along the Atlantic coast added a population of only 275,000 inhabitants by 1700 and seemed destined to be drowned by the pressure of the French from the north and the west. The French threat disappeared when the French went to war with the Indians. France

yielded Canada to England and Louisiana to Spain in compensation for Florida from England.

In summary, therefore, by the middle of the 18th century, Western European culture had spread to North and South America, Africa and the Eastern world. Europe incorporated all this into their economic world bringing them vast riches. Their wars of domination had resulted in the re-adjustment of the dominions and changes to their political, cultural and national status bringing in a new power balance in the continent.