

5 A World-Scale Economy

1 The price rise

The price of any product rises if it is much needed and in short supply; money, likewise, as something that can be sold and is involved in every trading contract, is also a product. As a result, its price will rise, owing to the great need for it and the small quantity available.

On the other hand, in a country where there is a shortage of money, every offer of goods and even of labour will be made at a lower price than in a country where money abounds. Experience shows that in France, where there is less money than in Spain, bread, cloth and labour are much cheaper; and that in Spain itself, when there was less money, both goods and human labour were offered at a lower price than after the discovery of the Indies had showered the country in gold and silver.

Martin de Azpilcueta (1556), in Pierre Vilar, *Or et monnaie dans l'histoire*



2 SEVILLE

Painting by Francisco Pacheco, 16th century. Madrid

At the crossroads of the Mediterranean and Atlantic trade routes, Seville became the most important commercial centre in Spain. The Casa de Contratación or House of Trade ensured its prosperity.

New economic horizons

Economic change on a world scale breathed new life into capitalism. The main economic focus shifted from the Mediterranean to the Atlantic and in the first half of the 16th century transatlantic trade grew apace, concentrating on the ports of Lisbon and Seville. These two towns supplied the market of Antwerp, which in turn supplied the great international trading companies. The main products, especially spices, African gold and American silver, were traded at Antwerp for manufactured goods which went to the markets of Spain and Portugal, and above all into overseas trade.

Between 1500 and 1620 the average level of prices in Europe rose by 300 to 400 per cent. This revolutionary price-rise was caused by the expansion of trade, the increase in the money supply owing to the influx of precious metals from overseas, the increase in demand for agricultural products which suppliers could not satisfy, the rise in the standard of living and the development of industry in northern Europe. Profits from trade and increased income led to greater investment, which in turn stimulated economic growth. Gold and silver, while contributing to international trade, encouraged Europe to live beyond its means and to spend more than it saved. This was why, given the growing demand for money, all the Antwerp banking institutions, leaders in their field in Europe, lent only at high rates of interest.

The 16th century seemed to be a golden age, especially for Spain, which received fabulous quantities of gold and silver from the Americas. More than Portugal, which had been unable to organize trading companies, Spain had the opportunity of becoming, in the 17th century, a great economic centre. It let slip the chance by failing to modernize its industry. The bourgeoisie preferred to buy land, while the aristocracy squandered its capital on luxury. As a result Spanish gold and silver were invested elsewhere in Europe, to the benefit of French, English and Dutch industries. North-west Europe became the nerve centre of the economy, with Amsterdam as its capital. The Netherlands, England and northern France, which had real economic, cultural and technological dynamism, suffered less from the depression that struck Spain and Portugal in the 17th century.

The staple products in international trade were

textiles and sugar, whose consumption continually grew. It was now that a triangular trade pattern began to emerge more clearly: European products were exchanged in Africa for slaves intended for the American plantations, and the ships that transported them brought back to Europe cargoes of sugar, tobacco and cotton.

The 18th century, during which London became the hub of world trade, saw a commercial revolution, dominated by trade with the colonies. Owing to this, French and English trade tripled between 1700 and 1770.

There was an increase, too, in shipments of precious metals – silver from Spanish America and gold from Brazil – and in the triangular trade in general. This tended to increase the numbers of slaves on the American plantations and the social and humanitarian problems involved. The world economy reflected the supremacy of Europe: it helped to increase the power of the United States and the bourgeoisie, and it revealed the decadence of the landed aristocracy and the weakness of the peasantry.

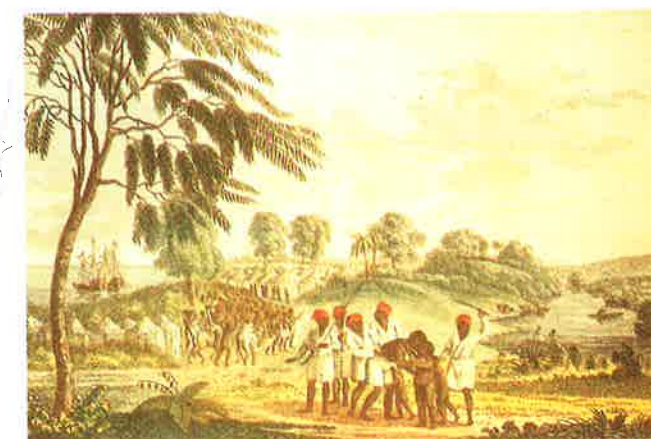
Innovation and trade in agriculture

The expansion of Europe also brought about great changes in the agricultural field. European techniques were introduced into the New World and plants and animals were exchanged between continents. This made a decisive contribution to surmounting or attenuating food crises.

Plants introduced and grown in Europe improved people's diet, curbed famine and helped increase the population. Particularly important in this respect were maize and potatoes, both from America. Beans, tomatoes and pumpkins also made for a more varied diet, as did imported products such as coffee, cocoa, vanilla, tea and spices.

At the same time the Europeans profoundly changed the American economy by introducing horses, sheep, cattle, cereals, vines, olives, sugar canes, coffee and rice.

In Africa the Europeans acclimatized wheat, cassava, beans, cashews, passion fruit, yams, rice and tea. In China they introduced American species such as groundnuts and maize. Large-scale production of maize, indeed, partly explains the growth of population there from the 16th century onwards.



3 THE SLAVE TRADE

18th century, anonymous

Traffic in slaves made the fortune of African kings, who skilfully used the competition among Europeans to push up prices. In ten years Guinea supplied some 50,000 slaves to the Spanish colonies in America.



4 SLAVES AND SUGAR CANE

18th-century engraving

Sugar cane developed rapidly owing to the enormous consumption of sweet things. It was one of the main products of Brazil, which to maximize profits employed slave labour. Some 70 per cent of the slaves brought from Africa ended up on Brazilian plantations.



5 MAYAS SORTING COCOA

The cocoa tree is delicate: growing between four and ten metres tall, it requires a lot of heat, humidity and shade, and a soil rich in potash sheltered from the wind. Only the Mayas knew the quality of the 25 to 40 seeds contained in the large berries, known as pods. They agreed to initiate the Spaniards and Portuguese into the properties of cocoa, and the initiates kept the secret for a long time.