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 failing 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.
CHAPTER 16

TIMELINE

Insert the following events into the timeline. This should help you to compare important historical events chronologically.

Dutch establish colony in southern Africa
Portuguese exploration of west African coast
first Spanish colony on American mainland
Vasco da Gama reaches India
French settlement in Canada
French-British wars in India

____ 1434
____ 1498
____ 1509
____ 1608
____ 1652
____ 1744

TERMS, PEOPLE, EVENTS

The following terms, people, and events are important to your understanding of the chapter. Define each one on a separate sheet of paper.

British East India Company
Cape Colony
Ceylon
coevasive labor systems
Colombian Exchange
core nations
dependent economic zones
Henry the Navigator
John Locke
Vasco da Gama
Vasco de Balboa
world economy
Christopher Columbus

Treaty of Paris
Amerigo Vespucci
Ferdinand Magellan
Atlantic colonies
New France
Boers
mestizos
Cape of Good Hope
Bantu farmers
Calcutta
Francisco Pizarro
Battle of Lepanto

Nagasaki
Louis XIV
smallpox and measles
Safavid Empire
William Penn
“china”
Mughal Empire
Goa
Emperor Aurangzeb
Macao
Emperor Atahualpa
mercantilism
MAP EXERCISE

The following exercise is intended to clarify the geophysical environment and the spatial relationships among the important objects and places mentioned in the chapter. Locate the following places on the map.

Mark all Spanish ports and colonies with an S, Portuguese ports and colonies with a P, Dutch ports and colonies with a D, English ports and colonies with an E, and French ports and colonies with an F.

Which of the European nations established the most widespread colonial possessions? What is the difference between the European trading empires and earlier trade systems of the Muslims or the Chinese?
MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1. The Portuguese Prince Henry the Navigator
   A) invented the astrolabe.
   B) discovered Brazil.
   C) rounded the Cape of Good Hope and eventually sailed to India.
   D) directed a series of expeditions along the African coast and also outward to the Azores.
   E) explored with the purpose of spreading Protestantism to new lands.

2. Vasco da Gama
   A) invented the astrolabe.
   B) discovered Brazil.
   C) rounded the Cape of Good Hope and eventually sailed to India.
   D) directed a series of expeditions along the African coast and also outward to the Azores.
   E) explored with the purpose of spreading Protestantism to new lands.

3. Which of the following statements most accurately describes the impact of European conquest on the population of Native Americans?
   A) The arrival of the Europeans increased the total population of the Americas significantly without diminishing the expansion of the Native American population.
   B) After initial decreases associated with losses in battle, the population of Native Americans recovered to pre-conquest levels.
   C) The arrival of the Europeans caused a slight drop in population growth among Native Americans.
   D) Native American populations increased due to the introduction of European technology.
   E) Native American population was devastated by the introduction of previously unknown European diseases.

4. Who did the Spanish defeat at the battle of Lepanto?
   A) The British
   B) The Ottoman Empire
   C) The Dutch
   D) The Portuguese
   E) The Aztecs

5. What was the core region of the global trade network during the early modern period?
   A) Northwestern Europe
   B) The Iberian Peninsula
   C) Eastern Europe
   D) The Mediterranean
   E) The Middle East
6. Which of the following areas did NOT have a predominantly coercive labor system?

A) Latin America
B) The southern Atlantic colonies of North America
C) Northwestern Europe
D) Eastern Europe
E) Caribbean colonies

7. Which of the following statements concerning the Japanese participation in the global trade network is most accurate?

A) The Japanese did display some openness to Christian missions and they were also fascinated by Western advances in gunnery and shipping.
B) Japan, like China, showed no interest in any aspect of Western trade.
C) The Japanese warmly accepted Western commercial interests and became part of the dependent zones of the global trade network.
D) After 1600, all Europeans were banned from Japan, but Japanese traders continued to travel and trade abroad.
E) After initial resistance, Japan opened up and embraced trade and contact with the West.

8. What was the primary export product of eastern Europe to the West?

A) Domestic animals
B) Grain
C) Woolen cloth
D) Iron
E) Workers

9. Why was the Portuguese colony of Angola exceptional?

A) In Angola the Catholic church successfully banned the slave trade.
B) The Portuguese pressed inland in Angola instead of simply establishing coastal fortresses.
C) Angola was the only European colony established south of the Congo River.
D) Angola was actually governed by indigenous tribesmen with only loose supervision from the mother country.
E) Angola quickly threw off control by the Portuguese.

10. What impact did the Seven Years War have on French colonial possessions?

A) The French were able to seize British possessions in North America.
B) The French lost their colonies in India to the British.
C) The French seized Dutch possessions in Africa.
D) The French exchanged their sugar islands in the Caribbean for Spanish colonies in Latin America.
E) The French retreated from their role as colonial powers and tended to domestic issues.
SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

1. In the 15th century, Portuguese sailors ventured around the _________, planning to find India and reach the eastern African coast.

2. A Spanish expedition under _________ set sail westward in 1519 and eventually sailed around the world.

3. The Dutch and British _________ were semiprivate companies, formed by pooling merchant capital and amassing great fortunes in commerce in Asia.

4. Even in Japan, where a firm isolationist policy was launched after 1600, Dutch traders secured special access to the port of _________.

5. The rulers of India’s new _________ Empire in the 16th century were interested in some contact with Western traders.

6. The Dutch established a settlement called _________ in 1652 at the Cape of Good Hope to provide a coastal station for the Dutch sea-borne empire.

7. Only after 1770 did the expanding settlements of the Dutch _________ directly conflict with the Bantu farmers, opening a long battle for control of southern Africa.

8. British and French rivalry over control of India culminated in outright warfare in 1744 during the _________.

9. The _________ colonies of Britain in North America differed from other settlements in that they operated their own assemblies and developed internal trade.

10. Under the terms of the _________, which in 1763 settled the Seven Years War, France lost its colonies in North America, but regained its West Indian sugar islands.
TRUE/FALSE. Write ‘T’ if the statement is true and ‘F’ if the statement is false.

1. Vasco da Gama reached India in 1498 with the aid of a Hindu pilot picked up in east Africa.

2. A Spanish-directed fleet inflicted a decisive defeat on the navy of the kingdom of Portugal at the battle of Lepanto in 1571.

3. The British passed tariffs on imports of Indian cotton in favor of using India as a market for British-processed goods and a source of relatively cheap cash crops such as tea.

4. The Dutch colony at the Cape of Good Hope immediately came into conflict with the Bantu farmers who had settled in the region previously.

5. North American colonists developed a merchant class and some stake in manufacturing in a pattern rather similar to that taking shape in western Europe.

6. The first Spanish settlement on the American mainland was established in 1509 under the able adventurer, Dias.

7. A Portuguese prince, Henry the Navigator, directed a series of expeditions along the African coast and outward to islands such as the Azores.

8. The biological interaction that took place with often disastrous consequences following the discovery of the Americas by Europeans is called the “Columbian Exchange.”

9. The doctrine that urged that a nation-state export as widely as possible in its own ships and not import goods from outside is called capitalism.

10. The British gained the island of Cyprus off the mainland of Asia Minor from the Dutch.