READING 1

Candice Goucher, Charles LeGuin, and Linda Walton, *In the Balance: Themes in World History* (Boston: McGraw-Hill, 1998), selections from chapter 12, “Commerce and Change: The Creation of a Global Economy and the Expansion of Europe.”

Abstract: This essay looks at Europe’s growing role in the world economy in the context of shifting world systems. It points to Europe’s commercial revolution in the sixteenth century as a motivating factor behind European expansion in that and succeeding centuries. This expansion occurred first in the Americas, then in the Indian Ocean region, and finally in the Pacific. It was the Atlantic expansion, however, that allowed Europeans to gain ever-increasing dominance within the world economy—dominated previously by China—through trade in sugar, slaves, and by the export of bullion. In contrast, China experienced changes in this period that caused its economy to slowly decline relative to Europe.

Europe, China, and Shifting World Systems

The dramatic technological advances and economic growth that took place in China from the eighth through thirteenth centuries, including the “commercial revolution," may lead one to question why China did not experience an industrial revolution well in advance of Europe. Most of the factors that have been identified as crucial to the industrial revolution in Europe were present in China by the eleventh and twelfth centuries: technological innovation, the expansion of markets, specialization of production, widespread use of money and institutions of credit, and efficient transportation. All of this was interrupted by the Mongol conquest in the mid-thirteenth century, and China’s economic and technological development slowed, perhaps even halted, temporarily. Certainly this event had a major impact on the Chinese economy, disrupting not only domestic trade and production but foreign trade as well. The Mongol conquest may have also had more subtle long-term cultural and intellectual influences that were manifested in a xenophobic attitude toward the outside world that contrasted sharply with previous eras of intense engagement with the non-Chinese world, such as the Tang.

In the early fifteenth century, well before the steps were taken that led to the European circumnavigation of the globe, the Chinese government sponsored seven large maritime expeditions with hundreds of ships and tens of thousands of men that reached the distant coastlines of East Africa and the Arabian peninsula. After the last of these expeditions in 1433, no more were sent out, although clearly the Chinese had the navigational technology to undertake voyages of global exploration. Why the Chinese withdrew from such ventures at this point is related to their view of China's centrality and self-sufficiency. China's withdrawal from global exploration on the very eve of European voyages and China's "failure" to experience an industrial revolution before Europe, however, are arguably not the right focus of inquiry. What requires explanation is not why China "failed" to dominate the world through maritime power and an industrial revolution, despite its early commercial and technological advances, but *how* and *why* Europe "succeeded."

Commercial revolutions in both Europe and China need to be understood in the framework of shifting world systems. When the Chinese commercial revolution peaked in the thirteenth century, China was a core economy at the Asian end of the thirteenth-century Afro-Asian world system, one of several cores that stretched from Central to West Asia and North Africa, connected by both overland and maritime trade. Europe was on the periphery of that system, linked by trade through the Mediterranean. By 1500, as a new world system was being created by the expansion of Europe, China was increasingly on the periphery of a world system under the domination of Europe. The new world system that took shape in the sixteenth century was not the end product of a linear progression that culminated in the knitting together of the world through European global expansion but the product of complex historical changes; it should be understood as the most recent in a series of transformations that continually reshaped both the structures of regional economies around the globe and their mutual interactions.

Mercantilism and the Atlantic World, ca. 1500–1750

The commercial revolution of the thirteenth through the fifteenth centuries and its accompanying technological changes enabled Europe to exploit the resources of the Atlantic world. After 1250, the growth of global commerce enabled those who lived in Europe's cities to acquire wealth and power.

The Impact of a Money Economy

The progress of trade on an international scale, and the expanding use of money that was both necessary to it and a result of it, was a lengthy and inconsistent process which was greatly expedited by the opening up of Atlantic trade in the sixteenth century. The European economy began to be transformed when the self-sufficient feudal-manorial system of services and duties gave way to an urban economy based on money and trade and controlled by merchant-manufacturers. Because these merchant-manufacturers became very wealthy, rulers of city-states and monarchies—and even the pope—would turn to them and to their financiers for the cash wealth they needed to maintain and extend their power. In proportion to the princes' reliance on the wealthy merchant class, the political influence of this urban elite began to replace that of landholding feudal vassals. As their influence grew, the urban wealthy increasingly influenced state politics. What merchant-manufacturers needed and wanted most was freedom from the petty restrictions of a static medieval economy that was communal and largely self-sufficient, and in which production and trade for profit were hampered by such regulations and restraints as tariffs, road duties, and the concepts of a just price and the prohibition of interest (usury). The demands of merchant-manufacturers and bankers to expand their enterprises and increase profits brought them into conflict with the norms of the medieval agrarian and feudal society.

Rulers and Merchants

In order to tap the growing wealth of the commercial elite, ambitious rulers increasingly supported their demands for changes in the economy. Use of political power to promote and protect trade was necessary to increase commercial wealth, which would benefit both prince and merchant alike. In his partnership with the urban elite, the ruler could increase his power independent of the constraints of feudal contracts that limited his power and establish a basis for new and unlimited power. In return, merchant-manufacturers could expect the ruler to protect their interests and to allow them a greater voice in shaping government policy, especially in matters affecting production and trade. This relationship was the means by which the limited authority of feudal monarchy (based on contractual obligations and duties) was replaced over the course of several centuries by the potentially unlimited authority of dynastic monarchy, government in which power was based less on contractual relationships and more on the new aristocracy of commerce, manufacturing, and finance.

Kings sought to ally themselves with the highest levels of urban society, and after 1250 the urban world quickly developed its own hierarchy. The emerging elite were identified by everyday vocabulary that indicated distinctions between those who sold goods wholesale and on commission, shopkeepers, and artisans who worked with their hands. Top-ranked wholesale merchants were the aristocrats of trade, and those who understood the workings of finance became important allies of rulers in a period when the economy was increasingly based on money.

Mercantilism

The partnership that evolved between rulers and merchant-manufacturers enhanced the wealth and power of both. It also produced a set of doctrines and practices known as mercantilism, which aimed to enhance state power by increasing wealth. Mercantilism was based on the use of government intervention to promote the accumulation of profits, which, it was believed, would secure the prosperity and self-sufficiency of the state while benefiting those who contributed most to it, the urban commercial elite. Thomas Mun (1571–1641) described the essence of mercantilism in his *England's Treasure by Foreign Trade*:

> Although a kingdom may be enriched by gifts received [services], or by purchase taken from some other nations, yet these are things uncertain and of small consideration when they happen. The ordinary means therefore to increase our [private] wealth and [public] treasure is by foreign trade, wherein we must ever observe this rule; to sell more to strangers yearly than we consume of theirs in value.

The purposes of mercantilism were as much political as economic, and both princes and merchants gained from it during the sixteenth and seventeenth centuries, the emergent period of dynastic states and capitalism.

Mercantilism and European Exploration

Mercantilism accompanied the evolution of absolutist dynastic states, in which absolute and total power are concentrated in the ruler, and their exploitation of the Atlantic world between the mid-sixteenth and mid-eighteenth centuries. Mercantilism depended on princely authority and support for expanding commercial enterprise, though princes neither created it nor benefited from it alone. The voyages of Christopher Columbus illustrate the role of the prince in mercantilism and the mutual benefits to be derived by both prince and merchant. Although Columbus was a native of Genoa, he sought financial backing for his voyages first from the king of Portugal and then from Isabella of Castile and Ferdinand of Aragon in Spain. The Spanish monarchs retained Columbus in their service, but it took about five years to convince them to provide the 2,500 ducats for the voyage. The person who finally persuaded Ferdinand and Isabella of the financial potential of the venture was a banker and papal tax gatherer from Valencia, who had successfully raised a number of loans for them and who had himself amassed a fortune as a shrewd businessman. Merchants, whose power rested on their wealth, were as necessary to mercantilist enterprises as kings, and they derived great advantage from them, at least until the mid-eighteenth century, when their need for government support and protection was felt to be unnecessary.

One of the components of the theory and practice of European mercantilism was bullionism. For ambitious rulers, bullionism, the acquisition of surplus bullion (precious metals, specifically gold and silver ingots), meant that more ships could be built, larger fleets and armies equipped, and territorial expansion financed. One strong reason for the decision to back Columbus's voyage was the Spanish monarchy's acute lack of currency (especially gold); the possibility of enormous profits from an entirely new set of trading networks loomed large enough to overshadow the risks of Columbus's venture. Another component of mercantilism was the fervent hope that

European voyages of exploration would lead to the establishment of colonies, the extension of European activities overseas.

Mercantilism and Colonies

The extension of European control overseas in the form of colonies was supported by the state and merchants, both of whom expected to extend their wealth and power as a result. It took just about a century after the successful voyages of Portugal around Africa and Spain westward across the Atlantic for other European states to join in the Atlantic venture. They did so by establishing colonies that represented their interests.

Balance of Trade

One of the by-products expected of the establishment of colonies was yet another component of mercantilism: a favorable balance of trade. Colonies, it was believed, could provide raw materials for manufacture in the home country and markets for the finished products transported back to them. This exchange guaranteed that both unfinished and finished products would be under the control of the state, whose independence from other states would be matched by increased profits. Colonialism was an important component of mercantilist practice for two reasons: it would lead to a favorable balance of trade (by which a state sells more than it buys) and thus to autarky (establishment of a self-sufficient and independent economy).

These mercantilist ideals were believed to enable the accumulation of surplus capital (bullion). The mercantilist desire for a favorable balance of trade guided commercial relations between states as well as the quest for colonies. Foreign imports were subject to high tariffs, while bounties were paid for exports, and favors (including subsidization) were given to domestic manufactures. These devices to keep out foreign competition were expected to increase the production of exports while keeping wealth at home.

Mercantilism and Capitalism

Many other general, long-range effects on European societies became obvious as the aims of the urban merchant-manufacturing and financial elite to make, increase, and protect wealth became the aims of the state. Mercantilism was the implementation of some of these goals by the state, and an important result of the partnership of rulers and merchants was the increased use of money. If capitalism can be defined as the use of money to make money, then it had developed, at least in an early and prototypical form, by the mercantilist era.

Rapid changes in social relationships were a part of transformations taking place in this early capitalist period. As the ideals and practices of capitalism spread, social divisions became more pronounced and aggravated. Gaps between classes and genders, between the dominant and the subordinated, between the privileged and less fortunate, became increasingly difficult to bridge. The competition for profit that was inherent in capitalist practices proved harmful to a sense of community and led to social tension, hostility, and even, on occasion, revolution. These changes became obvious in the period after 1492, during what may be called the "Atlantic era," when a new economy in Europe lead to the creation of a European global hegemony. But the dramatic waves of change during the Atlantic era were not limited to European shores.

European Arms and Sails: Maritime Hegemony

The success of European princes and merchants as they turned their efforts to the Atlantic frontier rested in part on military and naval technologies. Technology enabled Europeans to expand around and eventually dominate the globe, first on sea and then, after the sixteenth century, on land. As we saw in the last chapter, much of the technology used in securing global dominance was not European in origin. Europeans borrowed, adapted, and put to new use technologies such as gunpowder and navigational aids such as the astrolabe that had been developed by non-European peoples.

Military Technology

Naval technology was essential to European success on the Atlantic frontiers. By the second half of the fourteenth century, the use of cannons was well established in Europe, where their effective use in field battles dates to the early 1500s. Despite early European use of cannon, the slow rate and unreliability of field artillery's firepower limited its effectiveness in battles involving large numbers of mobile troops. Because of this, cannon was more useful against fixed targets such as fortifications or anchored ships than against armies, and this made resistance to European encroachment possible. In Africa, for example, the European's cannon in fortified settlements were primarily directed toward the sea and other European competitors.

Beginning in the fifteenth century, Europeans built forts and castles along the West African coast, with permission from local rulers, on land rented from the local African community. Such fortresses as El Mina on the Gold Coast, built by the Portuguese but captured by the Dutch, had mounted cannons that pointed seaward, toward possible European competitors in the slave trade.

Maritime Technology

A peak of maritime technology was reached in the sixteenth century with the galleon, deadly as a warship and efficient as a merchantship. Galleons were probably of Spanish origin but were quickly adopted by the English and Dutch, who made efficient use of them to gain control of the Atlantic frontier and achieved a relative advantage on the oceans of the world. Navigational aids such as the sextant, a device that could determine a ship's location by measuring altitudes of celestial bodies and that superseded the earlier astrolabe, were as necessary to European expansion as improved ships were.

Sailing in West African waters helped train crews for ships that crossed the Atlantic and Pacific, including the navigator Christopher Columbus, who gained seafaring experience on West African voyages before he crossed the Atlantic. In addition, early Portuguese and Spanish voyagers relied on local navigators and guides, including West Africans and Amerindians in the circum-Caribbean region. In his Caribbean exploration, Columbus took Arawak guides on board. From the initial circumnavigation of the African continent by Vasco da Gama, which was achieved with the help of an Arab pilot from the East African port of Malindi in 1497, to the circumnavigation of the globe by Ferdinand Magellan, who sailed out into the Pacific in 1520, both technological advances and the navigational expertise of local inhabitants made possible the forging of new worlds.

The Creation of an Atlantic Economy: Sugar and Slaves

The European entry into the world of the Americas had catastrophic effects on the indigenous peoples, who succumbed to diseases and genocidal policies of the Europeans; and in the wake of Amerindian population decreases, other forms of coercive labor, including slavery, were exploited in the construction of the "new world." Central to the growth of Atlantic commerce were two commodities: sugar and slaves. The history of Atlantic commerce is inseparable from the history of slavery, and the transfer of both labor and capital across the Atlantic is closely connected with the production of sugar. Technology and culture were intertwined in the development of the sugar industry, one of the mainstays of the new Atlantic economy.

Expansion of Sugar Demand and Production

Before the sixteenth century, northern Europe's only local source of sugar was bees. By the fourteenth century, the growing demand for sugar led first to cane sugar plantations on the Mediterranean coast and the islands of Cyprus and Sicily and then, by the fifteenth century, to Spanish and Portuguese plantations on Atlantic islands such as the Madeiras and São Tomé and Principe off the west-central African coast, where African slave labor was exploited, and finally in the Americas. Sugar sold for high prices as a rare spice or medicine. Its production and trade soon became enormously profitable.

With the increase in prices, expansion of sugar cultivation dominated the list of profitable Portuguese investments in Brazil and the Caribbean. The demand for sugar grew, and as supplies also expanded, new uses for sugar were found. French and Dutch merchants vied for power. Europeans came to crave the taste of sugar, especially as a sweetener for two other products from the Afro-Asian world, coffee and tea. These became popular additions to the European diet, especially valued as stimulants and comforts by workers in European factories, the products of which in turn fed the markets of the Atlantic world with cheaply manufactured goods, such as hoes and cast iron pots.

The Dutch Sugar Industry

The Dutch were pioneers in the technology and trade of the Atlantic. The Dutch West India Company seized and controlled the richest sugar-producing area in Brazil (around Recife) from 1630 to 1654. Dutch sugar enterprises in Brazil served as models for other large-scale Caribbean ventures. Dutch merchants controlled the copper trade that supplied plantation boiling houses with pots. These entrepreneurs relied on the systems of credit, insurance, and finance that Dutch trading companies experimented with and that were necessary to risky overseas enterprise. Corporate financing and state support jointly promoted the development of sugar plantations and, along with them, slavery. Creditors in Amsterdam, London, and other cities, who accumulated capital from the sale of both goods and people, financed shipping concerns involved in the transfer of these goods and people and invested their profits in manufacturing.

Exploitation and the Problem of Labor

Sugar cultivation in the Americas required both large investments of capital and a steady supply of labor, and investors were needed who could guarantee both. In order for sugar production to return a profit, expensive plantations, large-scale plots of land at least 80 to 100 hectares (33 to 41 acres) in size, were essential. Many of the largest plantations were run as businesses by absentee landlords across the ocean. Their successful operation required both skilled and unskilled labor, as well as a supply of industrial equipment to support the processing of crops and products for export.

Indigenous Laborers

Providing labor for Caribbean plantations was a constant problem. Initially, Amerindians (mostly Arawaks and Caribs) had been enslaved and ordered placed in *encomiendas* (land grants) by the Spanish. Europeans demanded labor in exchange for their “protection” and “civilization,” almost completely destroying indigenous populations and cultures. Many indigenous peoples resisted and were killed, and others fled into the most inaccessible regions of the interior of large islands and the mainland. Those who were not as fortunate succumbed to European diseases. In Mesoamerica, the population declined from 25.2 million in 1519 to 16.8 million in 1532 and 0.75 million in 1622. As entire villages of Amerindians disappeared, Europeans turned to other available sources of labor, including Europeans.

European Migrant Laborers

Few European migrants were attracted to the Caribbean, and those who came were attracted only by the lure of gold and silver. Efforts were made by plantation owners to contract European bond servants, people who were offered meager land grants (that often did not materialize) in return for providing labor on plantations, and European convicts and prisoners of war also were shipped by the hundreds and even thousands. In this way Scots and Irish prisoners, for example, were brought to Jamaica.

African Slave Labor

Since neither Amerindians nor Europeans adequately answered the labor needs of the plantations of the Americas, Africans became the solution. African slaves were brought across the Atlantic within a decade of Columbus's voyages. First in small numbers and later in astounding ones, regular supplies of slaves were provided by traders who had bought them in Africa, where most originated as war captives from conflicts between Africans. Even under appalling conditions, though, African slaves fared better than Amerindian slaves had. The African slave populations had come from often tropical environments, similar in many ways to the Caribbean; they were accustomed to heat and humidity. If they survived infancy and childhood, they already had, unlike adult Amerindians, developed resistance to the most deadly Old World (Afro-European) epidemics, including smallpox, and many tropical diseases.

In the end, costs favored the use of African slaves. The lower death rate of the Africans and their agricultural and technological skills, weighed against the hostility of European free and indentured laborers who knew the master's language, culture, and weaknesses, made African labor preferable. The reliance on slavery was so complete that by the eighteenth century Africans significantly outnumbered those of European descent in the circum-Caribbean region (by ratios typically as high as eleven or thirteen to one). Their darker skin colors also made them more easily identifiable as slaves, not free men; as "black" came to be synonymous with "slave," racism was born. Out of the European justification of the enslavement and trade of Africans emerged an ideology of superiority based on skin color. This ideology came to assert the superiority of white Europeans and their cultural values over the rest of the world's peoples.

The Impact of Exploitation

The European conquest created patterns of exploitation that characterized the history of Atlantic capitalism over the next three centuries. From their base in Hispaniola, the Spanish (and later other Europeans on other islands and on the mainland) systematically explored and exploited. Amerindians were forced, despite their resistance, to provide food and labor for the Europeans. When the decimated Amerindian populations proved insufficient or unsuitable for the labor demands of European mining, ranching, and farming activities, they were replaced by other oppressed peoples—European convicts, prisoners of war, and bond servants, African slaves, and laborers brought from Asia under contract. In time, the struggle of the indigenous populations to maintain cultural and political autonomy was taken up by African slaves.

Social distinctions and racial prejudices were characteristic of colonial Spanish America and the other territories claimed by European invaders. Racial hierarchies determined access to power and wealth. The racial structure was somewhat mitigated by the interracial mixing of peoples, as Spanish soldiers cohabited with indigenous peoples and slaves. In the end, these early encounters resulted in richly multicultural societies in which no individual or group remained unaltered.

European Expansion in the Indian Ocean

Christopher Columbus had mistakenly thought himself to be in Asia when he reached the Americas, and other Europeans after him were soon to realize his error and his goal. While the creation of an Atlantic economy drew European attention westward from European and West Central African shores, other Europeans ventured further eastward beyond the Cape of Good Hope in Southern Africa into the Afro-Asian networks of the established Indian Ocean world. The earliest penetration of European seaborne powers into Asia came in the region that was most accessible to and dependent on maritime trade: Southeast Asia.

Several factors account for the attraction of Southeast Asia to early European traders. The Asian spice trade originated there: the Moluccas were known as the "Spice Islands." Spices were profitable to overland and maritime long-distance trade because of their desirability, light weight, and relatively high value. Island Southeast Asia (in contrast to the vast Asian mainland) was more accessible and the indigenous political regimes there were smaller and weaker than the early modern empires of mainland Asia. The insular fragmentation of the terrain made the islands easier prey to expanding European maritime powers.

European Expansion in the Pacific

Official voyages of exploration and discovery beginning in the sixteenth century also took Europeans into the Pacific Ocean, and private traders followed in their wake. Together they established ties among societies that bordered the Pacific or lay within it to the links forged among societies in Africa, Europe, Asia, and the Americas by the creation of the Atlantic world economic system. As Europeans created economic and political ties across the

Atlantic, incorporating Africans and native Americans into a system of economic dependencies, so the forging of links that extended into the Pacific created a maritime Pacific highway. This extension of the Atlantic economy was to a large extent the product of trade competition between European states that began in the late sixteenth century. While they profited from linking the economies of Pacific islands to those of the Asian and American mainland, European mercantile interests only gradually created new connections that eventually transformed the lives of peoples throughout the Pacific.

Tea and Bullion

Like the growing taste for sugar in Europe that fueled the plantation system of the Caribbean and contributed to the growth of the Atlantic economy, the introduction of products from Asia created new tastes among Europeans that drove trade in the Pacific and had global impact. Chinese tea was in great demand in European markets, to which it was introduced by Dutch merchants; by 1664 tea reached England and quickly became the national beverage. Tea importing became a major enterprise under the monopoly of the British East India Company and an important source of government tax revenue. China demanded payment in silver for its tea, and most of the silver flowing to China from European trade originated in the Americas.

Once the British acquired Jamaica in 1655, they were in a good position to carry on trade with Spanish possessions and effectively tap the flow of Spanish silver through the Caribbean. By the end of the seventeenth century, the amount of Spanish silver gained each year by the British through Jamaican trade is estimated to have been about half the amount of bullion that the British East India Company exported annually to East Asia to pay for products such as tea. Together with the Spanish bullion that reached China through Manila, the amount of Mexican silver that ended up in China between 1719 and 1833 is estimated to have been one-fifth of all the silver produced in Spanish America during this period, an amount that represented perhaps 20 percent of all European stocks of silver.

The East Asian Core and Periphery: China, Japan, and the World Economy

As Europeans sailed into East Asian waters in the sixteenth century, they encountered a world dominated by China, a civilization as ancient, complex, and sophisticated as any in Europe. European expansion in East Asia was limited during the sixteenth century to peripheral missionary and mercantile contacts; not until the nineteenth century would European power erode the dominance of China and shatter the stability of the East Asian world order. Nonetheless, the expansion of Europe and the creation of a global economy through the opening of the Atlantic frontier had an impact on China, the core economy of the East Asian world.

Chinese Prosperity During the Era of European Expansion

With the growth of the Chinese economy following the end of Mongol rule and the restoration of a native Chinese dynasty, the Ming (1368–1644), merchants once again became prosperous, and even powerful, members of society. The growth of domestic commerce, however, was not matched by that of foreign trade. Ming rulers generally followed policies designed to control foreign trade and bring it into the framework of the tributary system.

Tribute and Trade

Though the tributary system was conceived as a means of conducting diplomatic relations, trade was an important aspect of tribute relations. Tribute was paid in the form of gifts to the Chinese emperor from rulers of states surrounding China to express their homage to the Son of Heaven, the ruler of the center of the world. Return gifts from the Chinese court made tribute relations a kind of commodity exchange. Tribute missions in China from foreign countries were allowed to engage in trade as well. Merchants traveling with the tribute missions also conducted their own private trade. Despite the hostility of the Ming government to foreign trade, a substantial amount of such trade took place within the framework of the tributary system.

Because of increasing pressures to open the Chinese market to foreign merchants, in the early sixteenth century the Ming government opened the port of Canton to foreign traders not accompanying tribute missions. By the mid-sixteenth century, a port on the Fujian coast was opened for trade with Southeast Asia, and Chinese also began emigrating to Asian ports in a merchant diaspora that shaped trading relations with Europeans throughout Southeast Asia. At approximately the same time, the Portuguese gained permission to reside on the small peninsula south of Canton called Macao and conducted trade with China from their outpost there. The Spanish, Dutch, and British soon followed in the wake of the Portuguese. Because of China’s size and self-sufficiency, however, foreign trade was peripheral to the economy, and the balance of trade was overwhelmingly in China’s favor until the nineteenth century.

Agriculture and Population

Ming prosperity was fueled by an agricultural revolution beginning around 1500 that saw the introduction of new crops from the Americas—corn, peanuts, and sweet potatoes—indirectly transmitted to Asia by Europeans through their voyages of exploration. These crops contributed significantly to an increase in the food supply since they could be cultivated in marginal soils unsuitable for other crops and provided substantial nutrition. Partly as a result of increased food supply, population swelled from between 60 and 80 million (to which it had dropped as a result of the Mongol conquest) to at least 150 million by 1600.

China and the European World Economy

The importation of new food crops was only one dimension of China's growing participation in a world economic system that would eventually be dominated by Europe. Though by the mid-fifteenth century, in contrast to European states' mercantilist policies, the Ming government had withdrawn its support from voyages of exploration, China could no longer remain entirely isolated from the world system being constructed through the expansion of Europe. By 1500, China was becoming part of a global monetary system through indirect links established by its Asian trading partners. East Asia in the age of European exploration and empire formed its own sector of the world economy, with silver flowing into Chinese coffers from Japan, Europe, and the Americas, often through intermediaries who used silver to pay for Chinese products, such as silks, spices, and porcelains, that were extremely profitable on the world market. The monetization of the Chinese economy that accompanied commercial growth during the Ming made China susceptible to shifts in the global economy and made even the poorest peasants in the most remote villages victims of inflation that pushed prices of goods beyond their reach, costing them more copper cash in taxes to make up the equivalent value of silver, which had appreciated on the international market.

The monetization of the economy and the rising price of grain from the early fifteenth through the early seventeenth centuries also dramatically affected the imperial and officeholding elite, whose stipends had been converted from grain to a fixed amount of silver in the early fifteenth century. This meant that as grain prices periodically rose, the real value of their stipends decreased. One of the primary reasons for government graft and corruption—officials' low salaries—was consequently enhanced, and this contributed to an overall decline in morale and confidence in the government. Corruption and extravagance in the highest reaches of government, the imperial court, contributed to a fiscal and political breakdown in the sixteenth century.

The Manchu Conquest

Like their predecessors, the Mongols, the Manchus, a seminomadic people from beyond the northeastern borders of China, were able to conquer and rule the Chinese Empire through their superior military skill and their adoption and adaptation of Chinese government. The wars that accompanied the Manchu conquest and their consolidation of power further contributed to population decline. Ironically, the Manchu conquest, which took advantage of the weakened conditions of the Ming central government, helped to stabilize the political and economic order by providing a long period of peace.

The Chinese population began to grow again in the late seventeenth century, continuing through the eighteenth and into the early nineteenth centuries. During this period, China's population rose from 150 to 200 million in 1700 to more than 400 million in 1800, a doubling of the population in one century. The reasons for this dramatic population growth lay not only in economic conditions that allowed for the support of growing numbers of people and relatively peaceful social and political conditions, but also in cultural values that encouraged having as many children as possible, both for the continuity of the ancestral line and to ensure support in old age, given the relatively high mortality rate of a premodern society.

Commerce and Change in Japan

The military rulers of Tokugawa (1600–1850) Japan, who came to power in the late sixteenth century, closely regulated foreign trade in order to prevent regional lords from becoming wealthy on the profits of foreign trade and possibly challenging their authority to rule. Following contact with Portuguese and Spanish traders and priests in the sixteenth century, the Tokugawa government began to fear encroachment on its sovereignty by European monarchies and social disruption by Christian converts. By around 1640, the Tokugawa government restricted foreign trade to Dutch and Chinese merchants based at the southwestern port city of Nagasaki.

Merchants and Domestic Trade

Domestic trade was also profoundly altered by the reunification of Japan under the Tokugawa at the beginning of the seventeenth century. Previously, during the sixteenth century, merchants had prospered by providing goods needed by powerful territorial lords who waged war against one another for control of the country. Markets in castle towns and the countryside were centers of commercial exchange that were relatively free from regulation or control by a central authority. Merchant houses that dominated commerce during the wars of the sixteenth century were replaced in the seventeenth century by a new group of Osaka merchants who could handle the warehousing and sale of tax rice collected by regional lords (daimyo) in the Tokugawa political system. Despite the prosperity of these new merchant houses based in the commercial port of Osaka, the adoption and promotion of Confucian ideas by the Tokugawa government meant that merchants were relegated to a low social status relative not only to that of warriors (samurai) but also to that of peasants.

By the late seventeenth century a new group of wholesalers and shippers concentrated in Osaka and Kyoto invested in the production of textiles and other goods for the market, placing themselves in a favorable position to purchase the finished products and to distribute these goods to retail stores. Such groups of wholesalers were granted monopoly privileges in the mid-eighteenth century, and they retained this privileged position until the fall of the Tokugawa in the mid-nineteenth century.

The Social Impact of Commercial Growth

Though within the strict legal class system of the Tokugawa, merchants could not aspire to political power or to higher social status, they did acquire considerable economic wealth and power. But when loans outstanding to a merchant became politically sensitive, such as when an important daimyo was deeply in debt to a merchant lender, the government could—and sometimes did—intervene and confiscate the property of the merchant. Both samurai and peasants were exhorted by the Tokugawa authorities to live frugal lives, but this did not prevent samurai from indulging in the consumption of goods and services far beyond their means. This inevitably led to borrowing from merchants and to the growing indebtedness of the samurai class as a whole.

Agriculture and Commerce

Agricultural production in Japan increased during the seventeenth and eighteenth centuries, aided by the use of new fertilizers and technology. A new group of wealthy farmers emerged who increased their income through specializing in crops produced for the market and through the expansion of domestic interregional trade. Although population leveled off to about 30 million by 1725, the monetization of the economy, the commercialization of agriculture, and the expansion and regional specialization of the market generated economic growth and social change. Merchants benefited from the general growth of the economy as they became wealthy investors, lenders, consumers of goods and services, and patrons of the arts.

Economic and Demographic Change

Daimyo often needed credit for the demands of the "alternate attendance" mandated by the Tokugawa government. Daimyo were required to maintain residences in the capital, Edo, and to spend periods ranging from six months to a year there in attendance on the military ruler (shogun). The maintenance of residences and the periodic processions journeying to the capital in a manner appropriate to their status to meet the demands of "alternate attendance" required substantial outlays of funds, often provided by advances from Osaka bankers such as Konoikeya.

The "alternate attendance" system also had a significant economic impact in fostering interregional trade based on Edo as a central hub, with transportation routes converging there as spokes on a wheel. Goods brought from daimyo domains as gifts to the shogun encouraged regional specialization of production for an expanding market as the growing urban center of Edo created demands for these goods. The population of Edo attained a peak of about 1 million by the first quarter of the eighteenth century, at the same time that the population of Japan as a whole began to level off. Other urban centers, such as Osaka and Kyoto, reached at least a half million, and towns that grew up around the castles of major daimyo increased in size and population.

While it is difficult to provide a clear causal explanation for economic growth in Tokugawa Japan, we can isolate certain factors as having been important and identify unintended effects of policies adopted to achieve ends other than economic ones. For example, an indirect effect of the "alternate attendance" system, the purpose of which was to control daimyo and forcibly ensure their loyalty, was the knitting together of the country's many regional economies through the exchange of goods in Edo. Similarly, though Confucian ideology was adopted by the Tokugawa regime to provide a basis for social order and was reflected in the low social standing of merchants, that same ideology also influenced the Tokugawa government to pay little attention to regulating domestic commerce, with some exceptions. In the absence of direct controls over domestic commerce, merchants were able to build strong financial bases that served their economic interests.

Perhaps the most striking quality of the history of Japan during the seventeenth and eighteenth centuries was the high degree of economic change within the confines of the rigid Tokugawa social and political order and without significant external influences. This is not to say that Japan was "isolated" and unconnected with the outside world but to suggest that it was undergoing relatively rapid and substantial commercial development despite ideological and political conditions that were not conducive to commerce and were largely independent of externally generated stimuli.

Summary

Between about 1500 and 1800, following Columbus's voyages, the economic relationships and societies of the Americas, Europe, parts of Africa, Asia, and the Pacific were transformed through the creation of an Atlantic world economy that provided the means for subsequent European expansion into Asia and the Pacific. Establishment of Atlantic connections had a profound impact on the lives and cultures of African peoples, particularly those of West and Central Africa. The new global connections upset the balance of the long-established relations among Asia, Africa, and Europe, replacing and redirecting their world systems of land-based and maritime, inter- and intraregional commerce.

Triangular connections among societies in Africa, Europe, and the Americas revolved primarily around an expanding Atlantic trade, with its foundations mired in slavery and merchant capitalism. Soon after its forging, the interconnected world of Atlantic commercial development was no longer a set of balanced relationships. European expansion into the Pacific added new global connections and constituted a westward shift of power away from earlier Afro-Eurasian centers such as the Indian Ocean trading world and the East Asian core economy of China. Unlike the Americas, parts of Africa, and Southeast Asia, before 1800 East Asia remained a world economy on its own only indirectly affected by European expansion. Changes such as the commercialization of the economy in late Ming China and Tokugawa Japan were generated by internal, domestic developments.

In contrast, during the three centuries following the opening of the Atlantic frontier, Europeans tended to perceive its shores as the entry to areas they could dominate and commodities they could exploit. For example, they tended to view sub-Saharan Africa as a uniform, undifferentiated continent of peoples without a past. In part this was the consequence of ethnocentrism, a prevailing racism and ignorance that led Europeans to view African societies as homogeneous and interchangeable. For several centuries after 1500, Europeans saw Africans and other non-Europeans as they wished to see them and as their economic and political connections with them forced them to be. In parts of Africa and across the Americas and into Southeast Asia, the European worldview dominated and, although it was altered by its cultural encounters, endured as a fundamental component of understanding global relations in later centuries.