

Cortès lands in Mexico; Magellan's voyage around the world (to 1522); Charles V Holy Roman Emperor (to 1556) 1519 ●

Machiavelli, *The Prince* 1513 ●

Vasco da Gama sails to India 1497 ●

Treaty of Tordesillas; Italian wars begin (to 1559) 1494 ●

1492 ●

Columbus' first voyage; capture of Muslim Granada by Spanish; expulsion of Jews from Spain

Dias rounds the Cape of Good Hope 1488 ●

● 1469 Marriage of Ferdinand of Aragon and Isabella of Castile

EXPANSION AT HOME

During the last third of the fifteenth century, signs of change appeared in the demographic, economic, and political history of Europe. Some argue that the causes were political: that trade quickened and populations grew because of rising confidence as assertive regimes restored order and authority in a number of states. Others regard either economic or demographic advance as the source of change. In fact, though, all three were connected and all three reinforced one another. What is unmistakable is the increase in the number of Europeans after more than one hundred years of decline and the social and economic consequences of that increase.

Population Increase

Exact measurements are not possible, but it seems likely that the loss of population that began with the Black Death in the 1340s had run its course by the 1460s. Plagues, though recurrent, began to take less of a toll (perhaps because immunities developed); bad harvests became less frequent (perhaps because of a warming climate); and families were thus able to produce more surviving children. As a result, Europe's population rose by some 50 percent between 1470 and 1620. And cities expanded even faster: London had fewer than 50,000 inhabitants in the early sixteenth century but over 200,000 a hundred years later. There was also extensive reoccupation of marginal farmland, which had been abandoned in the fourteenth and fifteenth centuries because of a shrinking population. Now there were more mouths to feed, and the extra acres again became profitable.

Consequences of the Increase The rise in population was followed by a staggering jump in food prices. By the early 1600s wheat cost approximately five times

more than in the late 1400s, an increase that far outpaced the movement of prices in general. It is not surprising, therefore, that this period witnessed the first wave of enclosures in England: Major landowners put up fences around common tilling or grazing ground, traditionally open to all the animals of the locality, and reserved it for their own crops or their sheep, whose wool was also in increasing demand. By 1600 about one-eighth of England's arable land had been enclosed. The only answer, when changes like these made a village incapable of supporting its growing population, was for people to move to towns and cities.

Economic Growth

As markets began to grow in response to population pressures, the volume of trade also shot upward; commercial profits thus kept pace with those of agriculture. Customs receipts rose steadily, as did the yield of tolls from ships entering the Baltic Sea, one of the main routes of European trade. In many areas, too, shipbuilding boomed. This was the heyday of the English cloth trade and the great Spanish sheep farms, of the central German linen industry and the northern Italian silk industry. Printing became a widespread occupation, and gun making and glassmaking also expanded rapidly. Glassmaking had a major effect on European society because the increasing use of windows allowed builders to divide houses into small rooms, thus giving many people a little privacy for the first time.

The Growth of Banking Leading financiers who invested in the growing volume of trade accumulated large fortunes. For centuries the Italians had led economic advance, but in the sixteenth century firms of other nations were achieving international prominence. The most successful of the new enterprises was

1520–1566 Suleiman the Great expands the Ottoman Empire

1529 Reformation Parliament assembles

- 1545 Silver discovered in South America

run by a family descended from a fourteenth-century weaver, Johannes Fugger of Augsburg. The sixteenth-century Fuggers financed the Spanish King Charles I's quest for the throne of the Holy Roman Empire and his later wars after he became the Emperor Charles V. Great bankers were thus often closely allied with monarchs, and like all merchants, they gained from the growing power of central governments. Rulers encouraged commerce in the hope of larger revenues from customs duties and taxes, and they gave leading entrepreneurs valuable privileges. Such alliances were eventually the undoing of some firms, which were ruined when kings went bankrupt, but until the late sixteenth century, Italian and German bankers controlled Europe's finances.

New Kinds of Businesses Almost every level of commercial activity offered opportunities for advancement. The guild system expanded in the sixteenth century to incorporate many new trades, and the structure of merchant enterprises became more elaborate. The idea took hold that a business firm was an impersonal entity—larger than the person who owned it—with an identity, legal status, permanence, and even profits that were not the same as those of its members. Here was yet another indication of major economic change.

Inflation The surest sign of growth, however, was the slow inflation of prices, which began around 1500 after some one hundred fifty years of either stagnant or falling prices. By modern standards, the increase was tiny—1 or 2 percent a year, totaling 75 percent in Spain by 1600 and slightly less elsewhere in Europe—but it prompted bitter protests from those who thought a loaf of bread had a "just" price and that any increase was mere exploitation by the baker. In general, however, the modest inflation was an indication that demand

was rising, and it not only boosted profits but also reduced people's debts (because the amount that had been borrowed was worth less each year).

Silver Imports A major reason for the inflation was the growth of the population, but it was also propelled by the huge quantities of silver the Spaniards imported from the New World, which made money more readily available (see accompanying table). Most of the silver passed from Spain to the Italian and German merchants who financed Spanish wars and controlled the American trade, and thus it affected all of Europe. The flow of New World silver was the main reason for the end of the crippling shortage of precious metals and coins that had plagued Europe for centuries. By the middle of the seventeenth century, the continent's holdings in gold had increased by one-fifth and, more important, its stock of silver had tripled.

IMPORTS OF TREASURE TO SPAIN FROM THE NEW WORLD, 1511–1600

Decade	Total Value*
1511–1520	2,626,000
1521–1530	1,407,000
1531–1540	6,706,000
1541–1550	12,555,000
1551–1560	21,437,000
1561–1570	30,418,000
1571–1580	34,990,000
1581–1590	63,849,000
1591–1600	85,536,000

*In ducats.

Adapted from J. H. Elliott, *Imperial Spain, 1469–1716*, New York, 1964, p. 175.



Anonymous

MERCHANTS CLEARING ACCOUNTS, FRENCH MINIATURE

This sixteenth-century depiction of a group of people in a fine house calculating accounts gives a sense of the increasingly complicated exchanges that became necessary as commerce expanded. Books had to be checked and money counted. It is noteworthy that the transactions involve the monk on the left and the woman holding her purse on the right.
Bettmann/Corbis

With money circulating more freely and markets growing, the profits of traders and financiers improved dramatically. They could invest more widely (for example, in overseas ventures) and thus achieve new levels of wealth.

The Commercial Revolution As the volume of trade rose, new mechanisms for organizing large-scale economic activity were put in place—a process that has been called Europe's commercial revolution. Bookkeepers devised new, standardized principles for keeping track of a firm's accounts, bankers created elaborate systems of agents and letters of credit to transfer funds across large distances, merchants developed more effective means of forming broad partnerships that were capable of major investments and of ensuring against losses, and governments gave increased support to new

ventures and to the financial community in general. Essential to these activities was an attitude and a way of conducting business that is known as *capitalism*.

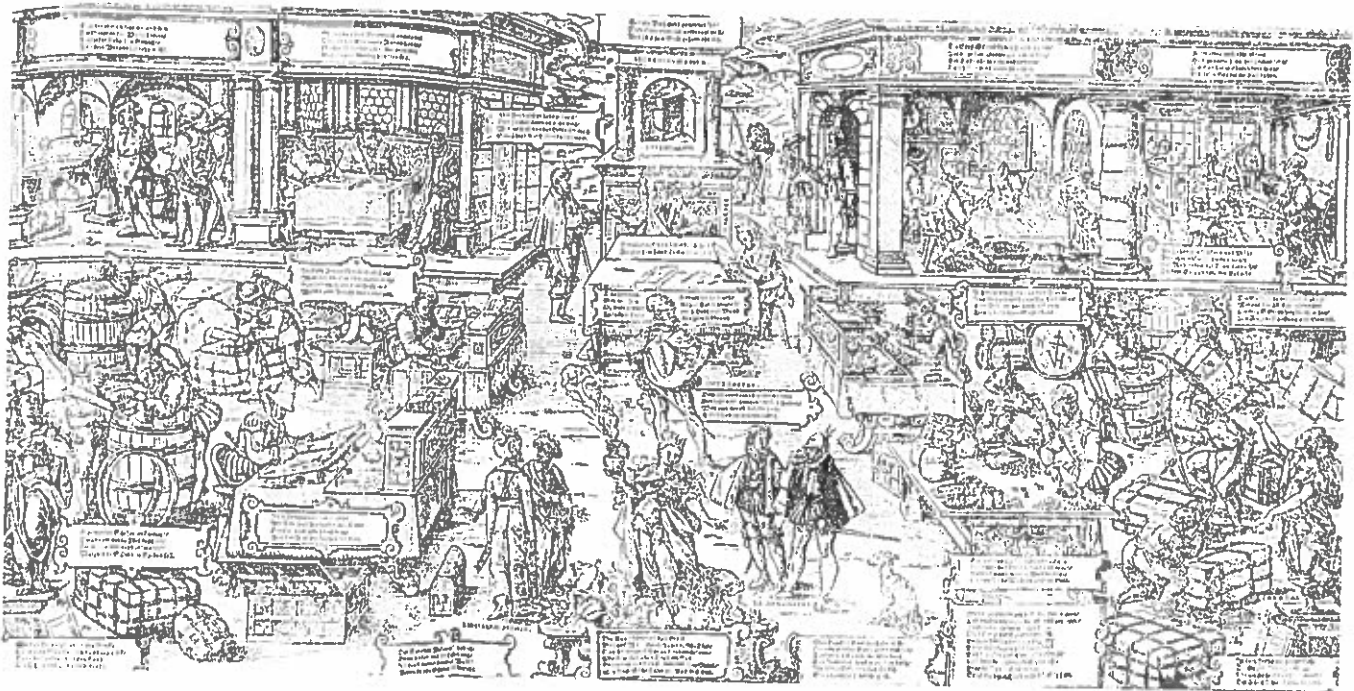
Capitalism Capitalism was both a product of economic change and a stimulus to further change. It is often thought of as a system, but it refers primarily to the distinct outlook and kinds of behavior displayed by certain people as they make, buy, and sell goods. At its root, capitalism means the accumulation of capital—that is, tangible wealth—for its own sake. In practice, this requires taking risks and also reinvesting whatever one earns so as to enlarge one's profits. Those who undertook long-distance trade had many capitalist traits: They took great risks, and they were prepared to wait months and even years in order to make as large a financial gain as possible. Similarly, bankers were prepared to lend their capital, despite the danger that the loan might not be repaid, in the hope of profit; and if they succeeded, they continually plowed their earnings back into their businesses to make them ever larger. The fortunes that these capitalists accumulated, and the desire for worldly riches that they displayed, became an essential stimulus to economic growth. Far from the rural world where food was grown primarily for survival, not for profit, they were forging a new way of thinking about money and wealth. Although their outlook had existed before, only in the sixteenth century did it come to dominate Europe's economy. As a result, traditional religious prohibitions on the charging of interest began to weaken, and materialist ambitions became more open and accepted.

Unease over this new outlook did not disappear. Shakespeare's play *The Merchant of Venice*, written in the 1590s, attacked the values that capitalism was coming to represent. He contrasted unfavorably the quest for profit with more traditional commitments, such as charity and mercy. But criticism had no effect on the relentless spread of capitalism.

Social Change

Unequal Impacts in the Countryside Not everyone shared in the new prosperity of the sixteenth century. Landowners, food producers, artisans, and merchants benefited most from the rising population and could amass fortunes. Tenants who were able to harvest a surplus beyond their own needs did well, because for a while rents did not keep pace with food prices. But the wages of ordinary laborers lagged miserably. By the early 1600s, a laborer's annual income had about half the purchasing power it had had at the end of the 1400s, a decline that had its most drastic impact in Eastern Europe, where serfdom reappeared.

In the West, the large numbers of peasants who were forced off the land as the population rose turned to beg-



Jost Amman

ALLEGORY OF TRADE, WOODCUT

This late-sixteenth-century celebration of the world of the merchant shows, around the sides, the shipping of goods, the keeping of accounts, and the exchange of money that were transforming economic life. In the center, the virtues of the merchant are symbolized: integrity (a man looking over his shoulder), taciturnity (two men on his right), and a knowledge of languages (two men in turbans) in front of judiciousness on a throne and a book representing invention.

ging and wandering across country, often ending up in towns, where crime became a serious problem. Peasant uprisings directed at tax collectors, nobles, or food suppliers were almost annual affairs in one region or another of France after the mid-sixteenth century, and in England the unending stream of vagrants gave rise to a belief that the country was overpopulated. The extreme poverty was universally deplored, particularly as it promoted crime and disorder.

Relief of Distress Nobody could understand, much less control, the forces that were transforming society. Some governments tried to relieve the economic distress, but their efforts were not always consistent. English legislation in the sixteenth century, for example, treated beggars sometimes as shirkers who should be punished and at other times as unfortunates who needed to be helped. Not until the enactment of the English Poor Law of 1601, which provided work for the poor, did the less severe view begin to prevail. In the years that followed, governments in a number of countries began to create institutions that offered basic welfare benefits.

The traditional source of food for the hungry and care for the ill, the monastery, had lost its importance because of the Reformation and because governments were now considered responsible for the needy. Among

the remedies governments offered were the workhouses established by the English Poor Law where, although conditions could be horrible, the destitute could at least find work, food, and shelter. Other governments founded hospitals, often staffed by nuns, which were especially important as places that looked after abandoned women or children. But these institutions were few and far between, and it was exceptional for a poor person to find such relief. The conditions were especially harsh for women forced off the land, because few trades were open to them even if they got to a town; their choice might be either continued vagrancy or prostitution.

The Hazards of Life in the Town Vagrancy was only one of the signs that Europeans were witnessing the beginnings of modern urbanization with all its dislocations. Major differences also developed between life in the country and life in the town. Rural workers may have led a strenuous existence, but they escaped the worst hazards of their urban counterparts. Whole sections of most large cities were controlled by the sixteenth-century equivalent of the underworld, which offered sanctuary to criminals and danger to most citizens. Plagues were much more serious in towns—the upper classes soon learned to flee to the country at

Petrus Christus

ST. ELIGIUS AS A GOLDSMITH, 1449

Goldsmiths played a vital financial role in the early days of capitalism. Because of the value of the merchandise they made and sold, their shops—like the one here, with customers looking in the window, reflected in the convex mirror on the right—were sources of capital as well as goods. In addition to providing such items as the ring he is handing to the young woman, the goldsmith might well have provided investments for the traders in his city.

The Metropolitan Museum of Art, Robert Lehman Collection, 1975. (1975.1.110) Photography © 1993 The Metropolitan Museum of Art, New York



Quentin Metsys

THE MONEY CHANGER AND HIS WIFE, 1514

That people engaged in this business could be the subject of a respectful portrait by a leading artist is an indication that money lending and currency dealing had come to be taken for granted in European cities. It was a family enterprise, with the wife helping her husband, and it is worth noting that in business circles a literate woman—she has here interrupted the reading of a book—was not that unusual. Erich Lessing/Art Resource, NY

the first sign of disease—and famines more devastating because of the far poorer sanitation in urban areas and their remoteness from food supplies.

New Opportunities Nevertheless, it was in towns and cities that the economic advances of the age were most visible. As cities grew, they stimulated construction, not only of houses but also of public buildings and city walls. Anyone skilled in bricklaying, in carpentry, or even in carrying heavy loads found ready employment. Townsfolk needed endless services, from sign painting to transportation, which created jobs at all levels. Given the demand for skills, guilds increasingly



allowed the widows of members to take over their husbands' trades, and women shopkeepers were not uncommon. Nobody would have been taken aback, for example, to see an artisan's daughter or wife (like



Pieter Brueghel the Elder
FIGHT BETWEEN CARNIVAL AND LENT, 1559

This detail from a huge scene shows one of the customary practices during the season of Lent: giving alms to the poor. Beggars were a common subject for Brueghel, who used them to convey a vivid sense of the appearance and behavior of the unfortunate as well as the more comfortable members of his society.

Erich Lessing/Art Resource, NY

Agnes Dürer, the wife of the famous German artist) take charge of a market stall or a shop. In some trades, such as oil making and baking, women were often essential to production as well as sales, and there is also evidence of their growing importance as the keepers of the paperwork and the accounts in family businesses. The expansion of opportunity in the cities, in other words, had social as well as economic consequences.

At the top levels of society—at princely courts and in royal administrations, in the law, among the leaders of the burgeoning cities, and in growing empires overseas—the economic expansion enabled ambitious families to win fortunes and titles and to found new aristocratic dynasties. The means of advancement varied. Once a family had become rich through commerce, it could buy the lands that, in Protestant countries, rulers had confiscated from the Church, or the offices that many governments sold to raise revenue and build bureaucracies. In addition, the New World offered the possibility of acquiring vast estates. Since the possession of land or high office was the key to noble status, the newly rich were soon able to enter the ranks of the nobility. The long boom in commerce thus encouraged broad social change. By the 1620s, when the growth in the economy came to an end, a new aristocracy had been born that was destined to dominate Europe for centuries.

Daily Life The expanding resources changed many aspects of daily life. The availability (and affordability) of books, for example, helped promote literacy. Evidence is scarce, but the ability to sign documents, for example, tripled in many areas during the two centuries following the early 1500s. And many more could

read than could write, though on both counts women lagged far behind. In Molière's play *The School for Wives* (1661), the lead character hopes his new wife can read, so that she can study the "Rules for Marriage" that he has written, but he is mortified when he discovers she can also write. With money, too, came broadening access to such consumer goods as household utensils, which transformed behavior at the table: by the late seventeenth century, meals in polite society required individual place settings, with plates, napkins, knives, and forks.

At the same time, an enormous boom in house building, and the dividing off of rooms within these houses, created new atmospheres in the homes of the well-to-do. Private spaces were created whose names reflected their purposes: thus, the place where one studied became the study; in French, the word *cuisine* still refers both to the kitchen and to the food that is cooked there. People began to collect souvenirs for decoration, to spend significant sums on furnishings and art, and to make the bedroom a special place. By the mid-1600s the dressing-gown was a popular item of clothing, and the room in which it might be worn could have suggestive overtones.

~~EXPANSION OVERSEAS~~

~~Long before Europe's demographic and economic recovery began in the late 1400s, pioneer explorers had taken the first steps toward creating huge empires overseas. Extending the voyages beyond Europe of the crusaders and such travelers as Marco Polo, sailors had been~~