

The Commercial Revolution

Introduction to Commercial Revolution

Growing up in the United States' school system, I don't remember being taught much about Europe after the explorers hit the scene. In fact, as soon as good old Chris Columbus and his cronies made shore, Europe almost ceased to exist in our textbooks. When European countries were mentioned, they were usually typecast as the bad guys. Textbooks went from Europeans exploring to England playing the villain in the American Revolution. After that, Europe got little to no mention until the World Wars.

In treating Europe like this, our textbooks completely skipped one of the defining periods of the modern world, known as the Commercial Revolution. For those of you who have no idea what this is, I'm guessing your history classes were a lot like mine! Never fear; today's lesson will catch us up to speed on 16th century Europe during the Commercial Revolution. Now, since it'd be impolite to mention any of our teachers' names, I'll simply invite you to join me as we fill in the gaps left by

Mr. Smith, Ms. Jones, Mr. John Deer and Ms. Jane Doe.

For starters, the **Commercial Revolution** was a period of European economic expansion, which began in the 16th century. The catalyst for this expansion was Europe's discovery and colonization of the Americas. As trade routes grew between the New World colonies and Old World Europe, the European continent was transformed. Although there were many factors that led to this, today we're going to highlight mercantilism, banking and joint-stock companies.

Mercantilism

If we all had textbooks, this is where I'd tell you to turn to Chapter 1, entitled Mercantilism. **Mercantilism** is an economic system used to unify and increase the power and monetary wealth of a country by strict government regulation of trade and foreign trading monopolies. Under this system, colonies existed merely for the benefit of their mother country. Like a young girl forced to fork over her babysitting money to her parents, all wealth accumulated by a colony went to its European parent.

Also under mercantilism, colonies were only allowed to import from or export to the European country that governed them. For instance, if Jamestown, governed by England, wanted to import wool from the Dutch, they could not. Even if the Dutch price was substantially cheaper, Jamestown was stuck buying wool from England. Further hamstringing the Jamestown colonists, all the goods produced by the colonies went to England. England then sold the goods to other countries at a substantial markup, which the crown, not the colonists, kept! In other words, the colonies did the work, while England reaped the profit.

Again, it's like a poor kid squeezing fresh lemons for eight hours, only to have her parents commandeer the lemonade stand! For those of us growing up in the American school system, this ill-treatment of the colonists is a familiar tale. However, we weren't told how the system of mercantilism transformed Europe.