**Trade and the “Atlantic revolution**

The new importance of northwestern Europe in terms of overall population and concentration of large cities reflects in part the “Atlantic revolution,” the redirection of [trade routes](https://www.britannica.com/topic/trade-route) brought about by the great geographic discoveries. The Atlantic revolution, however, did not so much replace the old lines of [medieval](https://www.merriam-webster.com/dictionary/medieval) commerce as build upon them. In the Middle Ages, [Italian](https://www.britannica.com/topic/history-of-Italy) ports—[Venice](https://www.britannica.com/place/Venice) and [Genoa](https://www.britannica.com/place/Genoa-Italy) in particular—dominated trade with the [Middle East](https://www.britannica.com/place/Middle-East) and supplied Europe with Eastern wares and spices. In the north, German cities, organized into a loose federation known as the [Hanseatic League](https://www.britannica.com/topic/Hanseatic-League), similarly dominated Baltic trade. When the Portuguese in 1498 opened direct maritime links with India, Venice faced the competition of the Atlantic ports, first Lisbon and Antwerp. Nonetheless, Venice effectively responded to the new competition and attained in the 16th century its [apogee](https://www.merriam-webster.com/dictionary/apogee) of commercial importance; in most of its surviving monuments, this beautiful city still reflects its 16th-century prosperity. Genoa was not well placed to take advantage of the Atlantic discoveries, but Genoese bankers played a central role in the finances of Spain’s overseas empire and in its military ventures in Europe. Italians did not quickly relinquish the prominence as merchants and bankers that had distinguished them in the Middle Ages.

In the north, the Hanseatic towns faced intensified competition from the [Dutch](https://www.britannica.com/topic/history-of-the-Netherlands), who from about 1580 introduced a new ship design (the *fluitschip,* a sturdy, cheaply built cargo vessel) and new techniques of shipbuilding, including wind-powered saws. Freight charges dropped and the size of the Dutch [merchant marine](https://www.britannica.com/topic/merchant-marine) soared; by the mid-17th century, it probably exceeded in number of vessels all the other mercantile fleets of Europe combined. The English competed for a share in the Baltic trade, though they long remained well behind the Dutch.

In absolute terms, Baltic trade was booming. In 1497 the ships passing through the Sound separating Denmark from Sweden numbered 795; 100 years later the number registered by the toll collectors reached 6,673. The percentage represented by Hanseatic ships rose over the same century from roughly 20 to 23–25 percent; the Germans were not yet routed from these eastern waters.

In terms of maritime trade, the Atlantic revolution may well have stimulated rather than injured the older exchanges. At the same time, new competition from the western ports left both Hanseatics and Italians [vulnerable](https://www.merriam-webster.com/dictionary/vulnerable) to the economic downturn of the 17th century. For both the Hanseatic and Italian cities, the 17th—and not the 16th—century was the age of decline. At Lübeck in 1628, at the last meeting of the Hanseatic towns, only 11 cities were represented, and later attempts to call a general meeting ended in failure.

**Prices and inflation**

In historical accounts, the glamour of the overseas discoveries tends to overshadow the intensification of exchanges within the continent. Intensified exchanges led to the formation of large [integrated](https://www.merriam-webster.com/dictionary/integrated) markets for at least some commodities. Differences in the [price](https://www.britannica.com/topic/price-economics) of [wheat](https://www.britannica.com/topic/cereal) in the various European regions leveled out as the century progressed, and prices everywhere tended to fluctuate in the same direction. The similar price movements over large areas mark the emergence of a single integrated market in cereals. Certain regions came to specialize in wheat production and to sell their harvests to distant consumers. In particular, the lands of the Vistula basin, southern Poland, and Ruthenia (western Ukraine) became regular suppliers of grain to Flanders, Holland, western Germany, and, in years of poor harvests, even England and Spain. In times of famine, Italian states also imported cereals from the far-off Baltic breadbasket. From about 1520, Hungary emerged as a principal supplier of livestock to Austria, southern Germany, and northern Italy.

Changes in price levels in the 16th century profoundly affected every economic sector, but in ways that are disputed. The period witnessed a general [inflation](https://www.britannica.com/topic/inflation-economics), known traditionally as the “price revolution.” It was rooted in part in frequent [monetary](https://www.britannica.com/topic/money) debasements; the French kings, for example, debased or altered their chief [coinage](https://www.britannica.com/topic/coin), the *livre tournois,* in 1519, 1532, 1549, 1561, 1571–75 (four mutations), and 1577. Probably more significant (though even this is questioned) was the infusion of new stocks of [precious metal](https://www.britannica.com/science/precious-metal), especially [silver](https://www.britannica.com/science/silver), into the [money supply](https://www.britannica.com/topic/money-supply). The [medieval](https://www.merriam-webster.com/dictionary/medieval) economy had suffered from a chronic shortage of [precious](https://www.merriam-webster.com/dictionary/precious) metals. From the late 15th century, however, silver output, especially from German mines, increased and remained high through the 1530s. New techniques of sinking and draining shafts, extracting ore, and refining silver made mining a booming industry. From 1550 “[American](https://www.britannica.com/place/Americas) treasure,” chiefly from the great silver mine at Potosí in Peru (now in Bolivia), arrived in huge volumes in [Spain](https://www.britannica.com/place/Spain), and from Spain it flowed to the many European regions where Spain had significant military or political engagements. Experts estimate (albeit on shaky grounds) that the stock of monetized silver increased by three or three and a half times during the 16th century.

At the same time, the growing numbers of people who had to be fed, clothed, and housed assured that coins would circulate rapidly. In [monetary](https://www.merriam-webster.com/dictionary/monetary) theory, the level of prices varies directly with the volume of money and the velocity of its circulation. New sources of silver and new numbers of people thus launched (or at least reinforced) [pervasive](https://www.merriam-webster.com/dictionary/pervasive) inflation. According to one calculation, prices rose during the century in [nominal](https://www.merriam-webster.com/dictionary/nominal) terms by a factor of six and in real terms by a factor of three. The rate is low by modern standards, but it struck a society accustomed to stability. As early as 1568 the French political theorist [Jean Bodin](https://www.britannica.com/biography/Jean-Bodin) perceptively attributed the inflation to the growing volume of circulating coin, but many others, especially those victimized by inflation, chose to blame it on the greed of monopolists. Inflation contributed no small part to the period’s social tensions.

Inflation always redistributes wealth; it penalizes creditors and those who live on fixed rents or revenues; it rewards debtors and [entrepreneurs](https://www.merriam-webster.com/dictionary/entrepreneurs) who can take immediate advantage of rising prices. Moreover, prices tend to rise faster than wages. For the employer, costs (chiefly wages) lag behind receipts (set by prices), and this forms what is classically known as “profit inflation.” This [profit](https://www.britannica.com/topic/profit) inflation has attracted the interest of economists as well as historians; especially notable among the former is the great British economic theorist [John Maynard Keynes](https://www.britannica.com/biography/John-Maynard-Keynes). In a [treatise](https://www.merriam-webster.com/dictionary/treatise) on money published in 1930, he attributed to the 16th-century price revolution and profit inflation a crucial role in the primitive accumulation of capital and in the birth of capitalism itself. His analysis has attracted much [criticism](https://www.merriam-webster.com/dictionary/criticism). Wages lagged not so much behind the prices of manufactured goods as of agricultural commodities, and inflation may not have increased profits at all. Then, too, inflation in Spain (particularly pronounced in the 1520s), or later in France, did not lead to a burst of enterprise. There is no mechanical connection between price structures and behaviour.

On the other hand, the price revolution certainly stimulated the economy. It clearly penalized the inactive. Those who wished to do no more than maintain their traditional [standard of living](https://www.britannica.com/topic/standard-of-living) had, nonetheless, to assume an active economic stance. The increased supply of money seems further to have lowered interest rates—another advantage for the [entrepreneur](https://www.merriam-webster.com/dictionary/entrepreneur). The price revolution by itself did not assure capital accumulation and the birth of capitalism, but it did bring about increased outlays of entrepreneurial energy.

**Landlords and peasants**

The growing population in the 16th century and the larger concentrations of urban dwellers required abundant supplies of food. In the course of the century, wheat prices steadily rose; the blades of late [medieval](https://www.merriam-webster.com/dictionary/medieval) price scissors once more converged. Money again flowed into the countryside to pay for food, especially wheat. But the social [repercussions](https://www.merriam-webster.com/dictionary/repercussions) of the rising price of wheat varied in the different European regions.

In eastern Germany (with the exception of electoral Saxony), Poland, Bohemia, Hungary, Lithuania, and even eventually Russia, the crucial change was the formation of a new type of great property, called traditionally in the [German literature](https://www.britannica.com/art/German-literature) the *Gutsherrschaft* (ownership of an estate). The estate was divided into two principal parts: the [landlord’s](https://www.britannica.com/topic/landlord) demesne, from which he took all the harvest, and the farms of the [peasants](https://www.britannica.com/topic/peasantry), who supplied the labour needed to work the demesne. The peasants (and their children after them) were legally [serfs](https://www.britannica.com/topic/serfdom), bound to the soil. These bipartite, serf-run estates superficially resemble the classic manors of the early Middle Ages but differ from them in that the new estates were producing primarily for commercial markets. The binding of the peasants of eastern Europe to the soil and the imposition of heavy labour services [constitute](https://www.merriam-webster.com/dictionary/constitute), in another traditional term, the “second serfdom.”

In the contemporary west (and in the east before the 16th century), the characteristic form of great property was the *Grundherrschaft* (“ownership of land”). This was an aggregation of rent-paying properties. The lord might also be a cultivator, but he worked his land through hired labourers.

What explains the formation of the *Gutsherrschaft* in early modern eastern Europe? Historians distinguish two phases in its appearance. The nobility and gentry, even without planning to do so, accumulated large tracts of abandoned land during the late medieval population collapse. However, depopulation also meant that landlords could not easily find the labour to work their extensive holdings. Population, as previously mentioned, was growing again by 1500, and prices (especially the price of cereals) steadily advanced. Inflation threatened the [standard of living](https://www.britannica.com/topic/standard-of-living) of the landlords; to counter its effects, they needed to raise their incomes. They accordingly sought to win larger harvests from their lands, but the lingering shortage of labourers was a major obstacle. As competition for their labour remained high, peasants were prone to move from one estate to another, in search of better terms. Moreover, the landlords had little capital to hire salaried hands and, in the largely rural east, there were few sources of capital. They had, however, one recourse. They dominated the weak governments of the region, and even a comparatively strong ruler, like the Russian tsar, wished to accommodate the demands of the gentry. In 1497 the [Polish](https://www.britannica.com/topic/history-of-Poland) gentry won the right to export their grain without paying duty. Further legislation bound the peasants to the soil and obligated them to work the lord’s demesne. The second serfdom gradually spread over eastern Europe; it was established in Poland as early as 1520; in [Russia](https://www.britannica.com/topic/history-of-Russia) it was legally imposed in the Ulozhenie (Law Code) of 1649. At least in Poland, the western market for cereals was a principal factor in reviving serfdom, in bringing back a seemingly primitive form of labour organization.

No second serfdom developed in western Europe, even though the stimulus of high wheat prices was equally powerful. Harassed landlords, pressed to raise their revenues, had more options than their eastern counterparts. They might look to a profession or even a trade or, more commonly, seek at court an appointment paying a salary or a pension. The western princes did not want local magnates to dominate their [communities](https://www.merriam-webster.com/dictionary/communities), as this would erode their own authority. They consequently defended the peasants against the encroachments of the gentry. Finally, landlords in the west could readily find [capital](https://www.britannica.com/topic/capital-economics). They could use the money either to hire workers or to improve their leased properties, in expectation of gaining higher rents. The availability of capital in the west and its scarcity in the east were probably the chief reasons why the agrarian institutions of eastern and western Europe diverged so dramatically in the 16th century.

In the west, in areas of plow agriculture, the small property remained the most common productive unit. However, the terms under which it was held and worked differed widely from one European region to another. In the Middle Ages, peasants were typically subject to a great variety of charges laid upon both their persons and the land. They had to pay special marriage and inheritance taxes; they were further required to provide tithes to the parish churches. These charges were often small—sometimes only recognitive—and were fixed by custom. They are often regarded as [“feudal”](https://www.britannica.com/topic/feudal-land-tenure) as distinct from [“capitalist”](https://www.britannica.com/topic/capitalism) rents, in that they were customary and not negotiated; the lord, moreover, provided nothing—no help or capital improvements—in return for the payments.

The 16th century witnessed a conversion—widespread though never complete—from systems of feudal to capitalist rents. The late medieval population collapse increased the mobility of the peasant population; a peasant who settled for one year and one day in a “free village” or town received perpetual immunity from personal charges. Personal dues thus eroded rapidly; dues weighing upon the land persisted longer but could not be raised. It was therefore in the landlord’s interest to convert feudal [tenures](https://www.merriam-webster.com/dictionary/tenures) into leaseholds, and this required capital.

In England upon the former manors, farmers (the original meaning of the term was leaseholder or rent payer), who held land under long-term leases, gradually replaced copyholders, or tenants subject only to feudal dues. These farmers [constituted](https://www.merriam-webster.com/dictionary/constituted) the free English [yeomanry](https://www.britannica.com/topic/yeoman), and their appearance marks the [demise](https://www.merriam-webster.com/dictionary/demise) of the last vestiges of medieval serfdom. In the [Low Countries](https://www.britannica.com/place/Low-Countries), urban investors bought up the valuable lands near towns and converted them into leaseholds, which were leased for high rents over long terms. The heavy infusions of urban capital into Low Country agriculture helped make it technically the most advanced in Europe, a model for improving landlords elsewhere. In central and southern France and in central Italy, urban investment in the land was closely linked to a special type of [sharecropping](https://www.britannica.com/topic/sharecropping) lease, called the *métayage* in France and the *mezzadria* in Italy. The landlord (typically a wealthy townsman) purchased plots, consolidated them into a farm, built a house upon it, and rented it. Often, he also provided the [implements](https://www.merriam-webster.com/dictionary/implements) needed to work the land, livestock, and fertilizer. The tenant gave as rent half of the harvest. The spread of this type of sharecropping in the vicinity of towns had begun in the late Middle Ages and was carried vigorously forward in the 16th century. Nonetheless, the older forms of feudal [tenure](https://www.merriam-webster.com/dictionary/tenure), and even some personal charges, also persisted, especially in Europe’s remote and poorer regions. The early modern countryside presents an infinitely complex mixture of old and new ways of holding and working the land.

Two further changes in the countryside are worth noting. In adopting [Protestantism](https://www.britannica.com/topic/Protestantism), the North German states, Holland, the Scandinavian countries, and England confiscated and sold, in whole or in part, [ecclesiastical](https://www.merriam-webster.com/dictionary/ecclesiastical) properties. Sweden, for example, did so in 1526–27, England in 1534–36. It is difficult to assess the exact economic repercussions of these [secularizations](https://www.britannica.com/topic/secularism), but the placing of numerous properties upon the land market almost surely encouraged the infusion of capital into (and the spread of capitalist forms of agrarian organization in) the countryside.

Second, the high price of wheat did not everywhere make [cereal](https://www.britannica.com/topic/cereal) cultivation the most remunerative use of the land. The price of wool continued to be buoyant, and this, linked with the availability of cheap wheat from the east, sustained the conversion of plowland into pastures that also had begun in the late Middle Ages. In [England](https://www.britannica.com/place/England) this movement is called [“enclosure.”](https://www.britannica.com/topic/enclosure) In the typical medieval village, peasants held the [cultivated](https://www.merriam-webster.com/dictionary/cultivated) soil in unfenced strips, and they also enjoyed the right of grazing a set number of animals upon the village commons. Enclosure meant both the consolidating of the strips into fenced fields and the division of the commons among the individual villagers. As poorer villagers often received plots too small to work, they often had little choice but to sell their share to their richer neighbours and leave the village. In 16th-century England, enclosure almost always meant the conversion of plowland and commons into fenced meadows or pastures. To many outspoken observers, clergy and humanists in particular, enclosures were destroying villages, uprooting the rural population, and multiplying beggars on the road and paupers in the towns. [Sheep](https://www.britannica.com/animal/domesticated-sheep) were devouring the people—“Where there have been many householders and inhabitants,” the English bishop [Hugh Latimer](https://www.britannica.com/biography/Hugh-Latimer) lamented, “there is now but a shepherd and his dog.” In light of recent research, these 16th-century enclosures were far less extensive than such strictures imply. Nonetheless, enclosures are an example of the power of capital to transform the rhythms of everyday life; at the least, they were an omen of things to come.

In [Spain](https://www.britannica.com/place/Spain), sheep and people also entered into destructive competition. Since the 13th century, sheepherding had fallen under the control of a guild known as the [Mesta](https://www.britannica.com/topic/Mesta); the guild was in turn dominated by a few grandees. The Mesta practiced transhumance (alternation of winter and spring pastures); the flocks themselves moved seasonally along great trailways called *cañadas.* The government, which collected a tax on exported wool, was anxious to raise output and favoured the Mesta with many privileges. Cultivators along the *cañadas* were forbidden to fence their fields, lest the barriers impede the migrating sheep. Moreover, the government imposed ceiling prices on wheat in 1539. Damage from the flocks and the low price of wheat eventually crippled cereal cultivation, provoked widespread desertion of the countryside and overall population decline, and was a significant factor in Spain’s 17th-century decline. High cereal prices primarily benefited not the peasants but the landlords. The landlords in turn spent their increased revenues on the amenities and luxuries supplied by towns. In spite of high food costs, town economies fared well.

**Proto-industrialization**

Historians favour the term “protoindustrialization” to describe the form of industrial organization that emerged in the 16th century. The word was initially applied to [cottage industries](https://www.britannica.com/topic/cottage-industry) in the countryside. In spite of the opposition of urban guilds, [rural residents](https://www.britannica.com/topic/peasantry) were performing many industrial tasks. Agricultural labour did not occupy the peasants during the entire year, and they devoted their free hours to such activities as spinning wool or weaving and washing cloth. Peasants usually worked for lower remuneration than urban artisans. Protoindustrialization gave rural residents supplementary income, which conferred a certain immunity from harvest failures; it enabled them to marry younger and rear larger families; it prepared them, socially and psychologically, for eventual industrialization. The efforts of urban guilds to limit rural work enjoyed only limited success; in England, for example, the restrictions seem rarely to have been enforced. Cottage industries certainly existed in the Middle Ages, but the economic expansion of the 16th century diffused them over much larger areas of the European countryside, perhaps most visibly in England and western Germany.

More recently, historians have stressed the role of [towns](https://www.britannica.com/topic/town) in this early form of industrial organization. Towns remained the centres from which the raw materials were distributed in the countryside. Moreover, urban [entrepreneurs](https://www.merriam-webster.com/dictionary/entrepreneurs) coordinated the efforts of the rural workers and marketed their finished products. Certain processes—usually the most highly skilled and the most remunerative—remained centred in cities. Not only the extension of industry into rural areas but also the greater [integration](https://www.merriam-webster.com/dictionary/integration) of city and countryside in regional economies was the principal achievement of 16th-century industry.

This manner of organizing manufactures is known as the [“putting-out system,”](https://www.britannica.com/topic/domestic-system) an awkward translation of the German *Verlagssystem.* The key to its operation was the [entrepreneur](https://www.merriam-webster.com/dictionary/entrepreneur), who purchased the raw materials, distributed them among the working families, passed the semifinished products from one artisan to another, and marketed the finished products. He was typically a great merchant resident in the town. As trade routes grew longer, the small artisan was placed at ever-greater distances from sources of supply and from markets. Typically, the small artisan would not have the knowledge of distant markets or of the preferences of distant purchasers and rarely had the money to purchase needed raw materials. The size of the trading networks and the volume of merchandise moving within them made the services of the entrepreneur indispensable and subordinated the workers to his authority.

The production of fabric remained everywhere the chief European industry, but two developments, both of them continuations of [medieval](https://www.merriam-webster.com/dictionary/medieval) changes, are noteworthy. In southern Europe the making of [silk](https://www.britannica.com/topic/silk) cloth, stimulated by the luxurious tastes of the age, gained unprecedented prominence. Lucca, Bologna, and Venice in Italy and Sevilla and Granada in Spain gained flourishing industries. Even more spectacular in its rise as a centre of silk manufacture was the city and region of [Lyon](https://www.britannica.com/place/Lyon-France) in central France. Lyon was also a principal fair town, where goods of northern and southern Europe were exchanged. It was ideally placed to obtain silk cocoons or thread from the south and to market the finished cloth to northern purchasers. The silk industry is also notable in that most of the workers it employed were women.

Northern industry continued to concentrate on [woolens](https://www.britannica.com/topic/wool) but partially turned its efforts to producing a new type of cloth, [worsteds](https://www.britannica.com/technology/worsted-knitting-yarn). Unlike woolens, worsteds were woven from yarn spun from long-haired wool; moreover, the cloth is not fulled (that is, washed, mixed with [fuller’s earth](https://www.britannica.com/science/fullers-earth), and pounded in order to mat the weave). Worsteds were lighter and cheaper to make than woolens and did not require the services of a mill, which might have to be located near running water. Under the name of “new draperies,” worsteds had come to dominate the Flemish wool industry in the late Middle Ages. In the 16th century, several factors—the growth of population and of markets, the revolt of the [Low Countries](https://www.britannica.com/place/Low-Countries) against Spain, and religious persecutions, which led many skilled Protestant workers to seek refuge among their coreligionists—stimulated the worsted industry in England. England had developed a vigorous woolens industry in the late Middle Ages, and the spread of worsted manufacture made it a European leader in fabric production.

Another major [innovation](https://www.merriam-webster.com/dictionary/innovation) in 16th-century industrial [history](https://www.britannica.com/topic/history) was the growing use of [coal](https://www.britannica.com/topic/coal-utilization-122944) as fuel. [England](https://www.britannica.com/place/England), with rich coal mines located close to the sea, could take particular advantage of this cheap [mineral fuel](https://www.britannica.com/science/fossil-fuel). The port of Newcastle in Northumbria emerged in the 16th century as a principal supplier of coal to London consumers. As yet, coal could not be used for the direct smelting of iron, but it found wide application in glassmaking, brick baking, brewing, and the heating of homes. The use of coal eased the demand on England’s rapidly diminishing forests and contributed to the growth of a coal technology that would make a crucial contribution to the later [Industrial Revolution](https://www.britannica.com/event/Industrial-Revolution).

In industry, the 16th century was not so much an age of dramatic technological departures; rather, it witnessed the steady improvement of older technological traditions—in shipbuilding, mining and metallurgy, glassmaking, silk production, clock and instrument making, firearms, and others. Europe slowly widened its technological edge over non-European civilizations. Most economic historians further believe that protoindustrialization, and the commerce that supplied and sustained it, best explains the early accumulations of capital and the birth of a capitalist economy.

**Growth of banking and**[**finance**](https://www.britannica.com/topic/business-finance)

Perhaps the most spectacular changes in the 16th-century economy were in the fields of international banking and finance. To be sure, [medieval](https://www.merriam-webster.com/dictionary/medieval) bankers such as the Florentine Bardi and Peruzzi in the 14th century and the Medici in the 15th had operated on an international scale, but the full development of an international [money market](https://www.britannica.com/topic/money-market) with supporting institutions awaited the 16th century. Its earliest architects were South German banking houses, from Augsburg and Nürnberg in particular, who were well situated to serve as financial intermediaries between such southern capitals as Rome (or commercial centres such as Venice) and the northern financial centre at Antwerp. Through letters of exchange drawn on the various bourses that were growing throughout Europe, these bankers were able to mobilize capital in fabulous amounts. In 1519 Jakob II Fugger the Rich of Augsburg amassed nearly two million florins for the Habsburg king of [Spain](https://www.britannica.com/topic/history-of-Spain), Charles I, who used the money to bribe the imperial electors (he was successfully elected Holy Roman emperor as Charles V). Money was shaping the politics of Europe.

The subsequent bankruptcies of the Spanish crown injured the German bankers; from 1580 or even earlier, the Genoese became the chief financiers of the Spanish government and empire. Through the central fair at Lyon and through letters of exchange and a complex variant known as the *asiento,* the Genoese transferred great sums from Spain to the [Low Countries](https://www.britannica.com/place/Low-Countries) to pay the soldiers of the Spanish armies. In the mid-16th century, dissatisfied with Lyon, the Genoese set up a fictional fair, known as Bisenzone (Besançon), as a centre of their fiscal operations. Changing sites several times, “Bisenzone” from 1579 settled at Piacenza in Italy.

**Political and cultural influences on the economy**

The centralized state of the early modern age exerted a decisive influence on the development of financial institutions and in other economic sectors as well. To maintain its power both within its borders and within the international system, the state supported a large royal or [princely](https://www.britannica.com/topic/prince-title) court, a [bureaucracy](https://www.merriam-webster.com/dictionary/bureaucracy), and an army. It was the major purchaser of weapons and war matériel. Its authority affected class balances. Over the century’s course, the prince expanded his authority to make appointments and grant pensions. His control of resources softened the divisions among classes and [facilitated](https://www.merriam-webster.com/dictionary/facilitated) [social mobility](https://www.britannica.com/topic/social-mobility). Several great merchants and bankers, the Fuggers among them, eventually were [ennobled](https://www.britannica.com/topic/aristocracy). Yet, in spending huge sums on war, the early modern state may also have injured the economy. The floating debt of the French crown came close to 10 million ecus (the ecu was worth slightly less than a gold florin), that of the Spanish, 20 million. These sums probably equaled the worth of the circulating coin in the two kingdoms. Only in England did the [public debt](https://www.britannica.com/topic/public-debt) remain at relatively modest proportions, about 200,000 gold ducats. Governments, with the exception of the English, were absorbing a huge part of the national wealth. The Spanish bankruptcies were also sure proof that Spain had insufficient resources to realize its ambitious imperial goals.

The effort to control the economy in the interest of [enhancing](https://www.merriam-webster.com/dictionary/enhancing) state power is the essence of the political philosophy known as [mercantilism](https://www.britannica.com/topic/mercantilism). Many of the policies of 16th-century states affecting trade, manufactures, or money can be regarded as mercantilistic, but as yet they did not represent a [coherent](https://www.merriam-webster.com/dictionary/coherent) economic theory. The true age of mercantilism postdates 1650.

Cultural changes also worked to [legitimate](https://www.merriam-webster.com/dictionary/legitimate), even to inspire, the early modern spirit of enterprise. In a famous thesis, the German sociologist [Max Weber](https://www.britannica.com/biography/Max-Weber-German-sociologist) and, later, the English historian [Richard Henry Tawney](https://www.britannica.com/biography/Richard-Henry-Tawney) posited a direct link between the [Protestant ethic](https://www.britannica.com/topic/Protestant-ethic), specifically in its Calvinist form, and the [capitalist](https://www.britannica.com/topic/capitalism) motivation. [Medieval](https://www.merriam-webster.com/dictionary/Medieval) [ethics](https://www.merriam-webster.com/dictionary/ethics) had supposedly condemned the profit motive, and teachings about usury and the just price had shackled the growth of capitalist practices. Calvinism made the successful merchant God’s elect. Today, this thesis appears too simple. Many movements contributed to a reassessment of the mercantile or business life, and the rival religious confessions influenced one another. Calvinism did not really view commercial success as a sign of God’s favour until the 17th century, but 16th-century Roman Catholic scholastics (as the humanists before them) had come to regard the operations of the marketplace as natural; it was good for the merchant to participate in them. [Martin Luther](https://www.britannica.com/biography/Martin-Luther), in emphasizing that every Christian had received a calling (*Berufung*) from God, gave new dignity to all [secular](https://www.merriam-webster.com/dictionary/secular) employments. Roman Catholics developed their own theory of the “vocation” to both secular and religious callings in what was a close imitation of the Lutheran *Berufung.*

**Aspects of early modern society**

To examine the psychology of merchants is to stay within a narrow social elite. Historians, in what is sometimes called “the new social history,” have paid close attention to the common people of Europe and to hitherto neglected social groups—women, the nonconformists, and minorities.

Two fundamental changes affected the status of early modern [women](https://www.britannica.com/topic/women). Women under protoindustrialization were valued domestic workers, but they also had little economic independence; the male head of the household, the father or husband, gained the chief fruits of their labour. A second change, perhaps related to the first, was the advancing age of first [marriage](https://www.britannica.com/topic/marriage) for women. [Medieval](https://www.merriam-webster.com/dictionary/Medieval) girls were very young at first marriage, barely past puberty; these young girls were given to mature grooms who were in their middle or late 20s. By the late 16th century, parish marriage registers show that brides were nearly the same age as their grooms and both were mature persons, usually in their middle 20s. This is, in effect, what demographers call the modern, western European marriage pattern. Comparatively late ages at first marriage also indicate that significant numbers of both men and women would not marry at all. Though the origins of this pattern remain obscure, it may be that families, recognizing the economic value of daughters, were anxious to retain their services as long as possible. European marriages were overwhelmingly patrilocal—that is, the bride almost always joined her husband’s household. Thus, the contribution that daughters made to the household economy exerted an upward pressure on their ages of marriage. Whatever the explanation for the new marriage pattern, the near equality of ages between the marriage partners at least opened the possibility that the two would become true friends as well as spouses; this was harder to achieve when brides were young girls and their husbands mature and experienced.

In investigating what might be called the cultural underground of the early modern age, historians now take full advantage of a distinctive type of source. The established religions of Europe, both [Roman Catholic](https://www.britannica.com/topic/history-of-Roman-Catholicism) and [Protestant](https://www.britannica.com/topic/Protestantism), zealously sought to assure uniformity of belief in the regions they dominated. The courts inspired by them actively pursued not only the heterodox but also witches, the insane, and anyone who maintained an unusual style of life. The special papal court known as the [Inquisition](https://www.britannica.com/topic/inquisition) operated in many (though not all) Catholic states. Its judges carefully interrogated witnesses and kept good records. These records permit rare views into the depths of early modern society. They show how widespread was the belief in [magic](https://www.britannica.com/topic/magic-supernatural-phenomenon) and the practice of [witchcraft](https://www.britannica.com/topic/witchcraft) and how far popular [culture](https://www.merriam-webster.com/dictionary/culture) diverged from the officially sanctioned [ideologies](https://www.merriam-webster.com/dictionary/ideologies). The variety and strange nature of popular beliefs have convinced some historians that Christianity had never really won the minds of rural people during the Middle Ages. Only the aggressive and reformed churches of the 16th century succeeded in converting the peasants to formal Christianity. This thesis may be doubted, but it cannot be doubted that the European countryside sheltered deep wells of popular culture which the documentation of the age leaves largely in darkness.

Witchcraft presents special problems. Witches were hunted in the 16th century with a relentlessness never seen before. Were they becoming more numerous, their services more in demand? It may be that the two reformations, Protestant and Catholic, purged Europe of the magical aura that the medieval church had hung over it. It may be that the [abiding](https://www.merriam-webster.com/dictionary/abiding) thirst for enchantment could be slaked only in the cultural underground, only through popular magic. But it may also be that the new determination and [efficiency](https://www.merriam-webster.com/dictionary/efficiency) of the reformed religions and the early modern states simply exposed persons long a fixture in village life: the woman healer, who knew the ancient, time-honoured cures; the old wife, who through charms or potions could induce [conception](https://www.merriam-webster.com/dictionary/conception) or sterility, love or hate. It is hard even to reconstruct the character of early modern witchcraft. Terrorized witnesses tended to respond in ways they thought would please their interrogators; thus, they reinforced [stereotypes](https://www.merriam-webster.com/dictionary/stereotypes) rather than revealing what they truly believed or did. Court records of this kind are not flawless sources, but they remain a rich vein of cultural [history](https://www.britannica.com/topic/history). Ironically, the court officials saved for history the thoughts and values they had hoped to extirpate.

The 16th century also witnessed a continuing deterioration in the status of western [Jews](https://www.britannica.com/topic/Jew-people). They had been expelled from England in 1290 and from France in 1306 (the first of several expulsions and readmissions). Riots and killings accompanying the [Black Death](https://www.britannica.com/event/Black-Death) (the Jews were accused of poisoning the wells) had pushed the centres of German Jewry (the Ashkenazim) to the east, into Poland, Lithuania, and, eventually, the [Russian Empire](https://www.britannica.com/place/Russian-Empire). In 1492 the Jews of Spain (the Sephardim), who had formed the largest and most culturally accomplished western [community](https://www.merriam-webster.com/dictionary/community), were given the choice of conversion or expulsion. Many chose to leave for Portugal (whence they would also be subsequently expelled), the [Low Countries](https://www.britannica.com/place/Low-Countries), Italy, or the [Ottoman Empire](https://www.britannica.com/place/Ottoman-Empire). Those who remained and ostensibly converted were called “New Christians,” or [Marranos](https://www.britannica.com/topic/Marrano), and many of these later chose to emigrate to more hospitable lands. Many Marranos continued to live as Jews while professing Christianity; accusations against them were commonly heard by the Inquisition in both Spain and Italy. Their position was especially distressing. Often, both Jews and Christians rejected them, the former for their [ostensible](https://www.merriam-webster.com/dictionary/ostensible) conversion, the latter for secretly practicing Judaism.

The [communities](https://www.merriam-webster.com/dictionary/communities) of exiles had different experiences. Jews in Holland made a major contribution to the country’s great prosperity. The Italian states, papal Rome included, accepted the exiles, hoping to profit from their commercial and financial expertise. Yet the Jews were also subject to increasingly severe restrictions. The Jewish community at [Venice](https://www.britannica.com/place/Venice), which absorbed large numbers of Iberian Jews and Marranos, formed the first [ghetto](https://www.britannica.com/topic/ghetto) (the word itself is Venetian, first used in 1516). The practice of confining Jews into walled quarters, locked at night, became the common social practice of early modern states, at least in the central and eastern parts of the continent. The Sephardim, who continued to speak a form of Spanish known as Ladino, established large and prosperous colonies in Ottoman cities—Salonika, Istanbul, and Cairo among them. On balance, however, the early modern period in Europe was socially and culturally a dark age for Jewry.

Is there a single factor that can explain the [social history](https://www.britannica.com/topic/social-history) of Europe’s 16th century? Many have been proposed: population growth, overseas discoveries, the emergence of a world [economic system](https://www.britannica.com/topic/economic-system), American treasure, profit inflation, capital accumulation, protoindustrialization, the [Renaissance](https://www.britannica.com/event/Renaissance) or Reformation. Perhaps the most decisive change was progress toward more [integrated](https://www.merriam-webster.com/dictionary/integrated) systems of social organization and action and toward wider and tighter social networks. The western monarchies overcame much of the political localism of the medieval world and set a model that even divided Italy and Germany would eventually emulate. Economic [integration](https://www.merriam-webster.com/dictionary/integration) advanced even more rapidly; markets in foodstuffs, spices, luxuries, and money extended throughout the continent: The skilled banker could marshal funds from all the continent’s money markets; silks from Lucca were sold in Poland. Cities formed into [hierarchies](https://www.merriam-webster.com/dictionary/hierarchies), still on a regional basis but surpassing in their effectiveness the loose associations of medieval urban places. To be sure, competition among the centralized states often led to destructive wars and terrible waste of resources; and the quest for unity brought shameful persecution upon those who could not or would not conform to the dominant culture