

Emerging Imperatives of Economic Organisation

- Changes in patterns of economic activity were gradual and incremental
- Changes were preceded by critical innovations - such as technological advances in navigation, etc.
- These were necessary but only impactful when combined with institutional and socio-political changes
- Demography was important - insufficient workers and/or imbalanced resource/population ratio important in preventing expansion of formal economies
- Law of diminishing returns encouraged territorial expansion through colonisation (e.g. Moors in Southern Spain)

Situation at the Turn of the 15th/16th Century

- Shift in focus away from the Mediterranean and Northern Italy toward North Western Europe
- Spain and Portugal still important due to their strong trade links and colonies in the New World and East Asia
- By the end of the 17th Century, the Mediterranean was backward, the Dutch were leading the way in terms of trade and commerce and the hitherto unimportant economy of England emerged to challenge the Dutch

A Conceptual Interlude: Core and Periphery

- There was no truly 'global' capitalist economy before the 16th Century
- Core - skilled labour, production of capital, intensive production (North West and North East Europe)
- Semi-Periphery - contained aspects of core and periphery activity (Mediterranean Europe, Eastern Europe, Africa)
- Periphery - no capital production activities (The New World)

Mercantile and Industrial Colonialism

- 16th Century - Concentrated in the core (Dutch, British, Spanish, Portuguese, etc.)
- 17th-18th Century - Merchant Colonialism ('New World')
- 19th Century - Industrial Colonialism
 - Core - obtain raw materials from the periphery (e.g. cotton, rubber)
 - Consumption in the core, but re-export finished goods (to both the core and periphery)
 - Trade and exchange more than production

Trading Companies

- Trading companies were developed in order for states to consolidate their power
- State-owned companies to help develop overseas economies and claim new territory
- Dutch East India Company (VOC) founded in 1602
- Charter awarded for trade monopoly, fort building, army raising and diplomacy
- First colony founded in Banten in 1603 and in Jakarta in 1611
- England challenged this supremacy through the 3 Anglo-Dutch wars of the 17th Century

The Rise of 'Competitive' Capitalism

- C.1780s - end of 19th Century
- *Laissez-faire* economic development
- Cottage Industry (craft production) - Factory System (machino-facture)