System of world empires

- existed from the beginning of class societies until the 16th century

- main characteristics of the system of world empires:
  - 1. coexistence of several empires was possible
  - 2. empires spread through the military conquests or through the threat of military conquests as far as they were able to collect taxes
  - 3. each empire provided for most of its economic needs independent of other empires
  - 4. each empire was about equally developed and did not dominate any other empire.
Modern World System or Modern World Economy

- Modern World Economy is politically fragmented, but economically united unlike the system of world empires.

- Since the 16th century, aristocratic agricultural producers throughout the world have discovered that they might profit more from producing goods for the international marketplace than from producing merely for their own consumption.

- As distinguished from the system of world empires that consisted of roughly equivalent states, some states in the modern world economy were more technologically and economically advanced than others and benefited more than others from the global marketplace.

- In effect, there were winners and losers in the modern world economy. Western European states dominated the market, they were its center. Later the US and Japan joined them while the rest of the world was a periphery.

- Watch this video to learn about the Dependency Theory and its basic concepts of Periphery and Center.
Commercial Revolution in Europe
16th-18th century

- new technologies of direct benefit for trade were invented and applied

- In addition to these technologies, also some innovations in finances and organization of trade were applied like:

  1. joint stock companies
  2. insurance
  3. banking
Merchant Republics

- Venice, Genoa, and Dubrovnik were extremely successful, for bankers and merchants, not feudal landlords, controlled the states institutions.

- After the emergence of the Atlantic economy, Britain, France and Netherlands eclipsed their Mediterranean rivals.

- Britain, France, and Netherlands adopted the doctrine of mercantilism.

- **Doctrine of mercantilism** = the more gold a state accumulates, the stronger it is.

- The greater export, the lower import, the greater protection of home industries, the more gold accumulated.
Atlantic Powers

Why Britain, France, and Netherlands prospered and other (Spain, Genoa, Venice) did not is not entirely clear.

Possibly their geographic positioning was helpful.

Technological advancement.

Investment into a strong military.
The Crisis of the 17th Century

In the 17th century, Britain, France, China, and the Ottoman and Safavid empires, all experienced the same problem - the inability of imperial governments to maintain their authority within their territories.

Civil and religious wars wracked France & Britain.

The 17th century China was marked by peasant insurrections and the fall of the Ming Dynasty, which had ruled the country for almost 3,000 years.

The Ottoman government also faced the popular rebellions, military revolts, and the appearance of warlords who challenged the central government.

The Safavid Empire was so weakened that in 1722 it became easy prey for Afghan invaders.
Inflation! But what caused the inflation? There are three main theories in that regard:

**The inflation was caused by demographic explosion.**

During the 17th century, the population of Syria, Egypt and Anatolia, for example, increased by 40%. Why? The centralized governments of the 16th century were able to provide better protection and work conditions, resulting in better harvests and in general life for agriculturalists.

The expansion was caused by the natural growth in the aftermath of the Black Death that had devastated Eurasia during the 14th century or due to the better control of the spread of infectious diseases.
The inflation was caused by the dependance of states on cash.

States spent an enormous amount of money to sustain their employees.

In Persia, for example, an estimated 38% of the state expenditures went to the Army. (See the U.S. Federal Spending for 2015) Another 41% went to the imperial harem, the royal family, and royal attendants.

States competed with the private sector for resources and this draw up prices.

States compounded their problems by debasing their currencies to meet their payrolls. (Mixing baser metals with gold and silver.) Debased currencies hiked prices and employees demanded higher wages. (Spain went bankrupt twice and interestingly it happened in the 16th not the 17th century.)
The inflation was caused by the overflow of precious metals from Americas.

After the Spanish conquest of the New World, huge amounts of gold and particularly silver flooded first into Europe, then into Asia.

Wherever the precious metals hit, prices went up. In the six decades between the conquest of Mexico and Peru and 1575, prices in Europe increased between 300 and 400%.

Using the sudden increase in bread prices as their measure, historians even timed the journey of precious metals from west to east: first Seville and Cadiz, then Paris, the Muscovy, then Istanbul and Delhi, the Beijing.
Ottomans, Safavids, and the 17th century crisis

- loss of resources - less cash
- sold offices and even military to the highest bidder
- janissaries allowed to take jobs and raise their families
- increased taxation alienated the peasants
- both governments debased their currencies and when this did not work they debased them again
Ottomans and Safavids in the Modern World Economy

- integrated as a periphery
- farms turned over to the cultivation of cash crops: silk, cotton, opium, and tobacco.
- By 1880, 20% of Persia’s export was opium.
- On the eve of WWI, cotton comprised 80% of Egyptian export.
- To facilitate exports, railroads and ports built.
- In sum, Europe cultivated a colonial-style trade with Middle East, and this relationship affected not only economic relations in the region, but social relations as well.
Industrial Revolution = process of change from an agrarian, handicraft economy to one dominated by industry and machine manufacture.

The Industrial Revolution began in England in the 18th century. Technological changes included the use of iron and steel, new energy sources, the invention of new machines that increased production (including the steam engine), the development of the factory system, and important developments in transportation and communication (including the railroad and the telegraph).

The Industrial Revolution was largely confined to Britain from 1760 to 1830 and then spread to Belgium and France.

Other nations lagged behind, but, once Germany, the U.S., and Japan achieved industrial power, they outstripped Britain's initial successes.

Eastern European countries lagged into the 20th century, and not until the mid-20th century did the Industrial Revolution spread to such countries as China and India.
The establishment of the modern world economy is related to the industrial revolution.

A Watt steam engine (1763 - 1775), the steam engine that propelled the Industrial Revolution in Britain and the world.
First Industrial Revolution brought an “Age of Iron” in which the greatest growth was in basic heavy industries and transportation, both of which relied heavily on coal as a source of fuel for steam powered machines and engines.

By the 1870s, the Second Industrial Revolution was underway, ushering an “Age of Steel,” made possible by new technologies, which allowed for the production of high quality steel at a much lower cost.

Steel became a driving force of the Second Industrial Revolution, having enormous utility in both, civil and military applications.
The Thames Tunnel (opened 1843)
Cement was used in the world's first underwater tunnel
The first general laws against child labor, the Factory Acts, were passed in Britain in the first half of the 19th century. Children younger than nine were not allowed to work in textile industry and the work day of youth under the age of 18 was limited to twelve hours. Only in 1893, the employment of children under 13 was ended.

See: The Life of the Industrial Worker in Nineteenth-Century England and Child Labor in the British National Archives
“Chained, belted, harnessed like dogs...black, saturated with wet, and more than half-naked, crawling upon their hands and knees, and dragging their heavy loads behind them...”

Ivor Brown, British journalist
(1891-1974)
See the movie:
The Children Who Built Victorian Britain
Lewis W. Hine’s (1874 – 1940) photographs are credited with bringing to the national consciousness the plight of child laborers in early twentieth century America. Social historians consider these images a major influence on much-needed child labor reform.
Macon, GA 1909
An estimated 1.7 million children under the age of fifteen were employed in American industry by 1900. In 1910, over 2 million children in the same age group were employed in the United States.