




# **RESULTS OF COMMERCIAL CAPITALISM**


By


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## What were then the results of Commercial Capitalism?


- Evidently, the most important was the growth of **industrial capitalism**.
- Another was the **evolution of a Scientific Revolution**.
- The opening of America and the East and the consequent influx of Spanish gold and silver created a tremendous demand for **shipbuilding and navigation and for the making of the compass, maps and other instruments**.
- The age of **Galileo, Newton, Harvey, Descartes, Copernicus** saw the victory of the experimental method and of the application of **Mathematics in the explanation of reality**.
- It helped to create an **institutional structure and a business ethic**, which accentuated the **development of industrial capitalism** and thereby was the prime cause of the growth of large towns and industrial centres.


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- Another effect of commercial capitalism was a rise in **demand for consumer and capital goods**—textiles, wine, weapons, equipment of various kinds etc. and also for **commercial and transport services** for the **transportation of finished goods** as well as raw materials from **one place to another**.
  - The **slave trade** resulted in transportation of black population to America.
  - The rise in demand produced **two different sets of consequences**.
  - One was that the rise in demand resulted in **increased production**, but due to certain bottlenecks in productive apparatus, production could not be proportionately increased leading to a rise in demand, which again **resulted in rise in prices**.

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- **.The ‘Price Revolution’** was therefore an inevitable consequence of Commercial Capitalism. Scholars have also attributed a special maturity to the English pre-industrial economy.
  - Accumulation of capital, big or moderate, for example, enabled business to develop more elaborate techniques of capitalism. The credit system was developed substantially because all these techniques were directly linked with the extension of credit.
  - The simple form of Bill of Exchange, for example, gave way to a more complicated type called the draft, which was in use by the mid-14<sup>th</sup> century and common by the 15<sup>th</sup>.

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- Commercial Capitalism resulted in the **growth of markets** that again had a very important outcome—the rise of towns. From the nucleus of **small trading centres**, they slowly and gradually evolved into flourishing, prosperous towns with all characteristics of urban civilization.
  - There is undoubtedly an eclectic explanation of the rise of medieval towns, but one fact is certain: without capital these towns could never have emerged as significant centres of exchange of goods and products.
  - Therein lay the role of Commercial Capitalism though of course, it would be wrong to regard them **as microcosms of capitalism**, because many towns in the early stages were themselves subordinated to feudal authority.
  - Nevertheless, they nourished the ‘first germs’ of merchant and money-lending capital that was later to be employed on a larger scale.

- **The Price Revolution**, on the other hand, led to the **rise of the bourgeoisie class**. **Nobles**, who could not cope, became heavily in debt. *Merchants, businessmen, traders, lawyers*, i.e. the bourgeoisie, made fortunes and thereby emerged as a powerful force in society.
- The beginnings of an **organized trading interest in the towns**, distinct from the **handicraft**, evolved into close corporations of richer merchants, who proceeded to **monopolize wholesale trade and soon came to dominate the town government and to use their political power** to further their own privileges and explicitly excluded from their ranks the handicraftsmen.
- The rule of the merchant capital was established to the detriment of the craftsmen and these merchant capitalists or merchant bourgeoisie who replaced the earlier burghers, rose to play an exclusively preponderant role in the society posing a serious challenge to the old feudal aristocracy.

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- All these consequences of Commercial Capitalism helped to accelerate the pace of the coming of **Industrial Capitalism**.
  - By accumulation of capital, by stimulating expansion and diversification of demand and thereby creating new markets, by **favouring the growth of the bourgeoisie**, Commercial Capitalism brought about drastic changes in the entrepreneurial attitudes after discarding the conservative ways and methods and paved the path for the **entry of the Industrial Revolution**—a spectacular landmark in the history of human evolution.

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- **The Growth Of Industrial Capitalism.**
  - **The Evolution Of A Scientific Revolution**
  - **Demand For Consumer And Capital Goods**
  - **Price Revolution**
  - **The Growth Of Markets**





# Thanks