Passing the Dark Ages, the European states suffered from the aftermath of the Black Death and the Hundred Years’ War ongoing between the axis of England and of France until the mid-fifteenth century. But the population began to rise from 1450 that expanded the economy until 1600. Meanwhile, the Renaissance pursued human dignity by restoring ancient Greco-Roman civilization, which spread from Italy to Western Europe. The Reformation challenged the papal system and divided Protestants and Catholics that caused religious wars mixed with political differences between European states. The discovery of new lands expanded the transoceanic trades: the Portuguese opened the spice trade with Asia, while the Spanish imported bullion from America. In the seventeenth century, the Dutch became dominant in the overseas trade, while the England entered the trade competition causing the four Anglo-Dutch Wars. If the Renaissance was in search for humanity to be free from the medievalism and the Reformation was in search for religious freedom by challenging the corrupt papal system, then the discovery caused the rise of mercantilism for national gain through overseas trade and investment. In science, Isaac Newton proved the Copernican system to be true, and the old concept of heaven in the Bible became vague and God’s theory proved to be incorrect, that caused a huge impact on Christian faith. In philosophy, Hugo Grotius developed the law of nature that was influential on the progress of English common law, while natural rights became powerful in political reality. In methodology, Rene Descartes developed the deductive method of rationalism; Francis Bacon introduced the inductive method of empiricism; and Isaac Newton synthesized
both deductive-inductive methods by applying quantitative verification with practical experiments. In economics, the influx of precious metals from the Spanish colonies caused high inflation in Europe that stimulated an idea of the quantitative theory of money. The European states focused on mercantilist policies – export monopoly, control of foreign exchanges, and the favorable balance of trade – based on wealth and power.

Politics and Religion: In the Renaissance period, Italy was divided into five major powers: the Dutch of Milan, Venice, Florence, the Papal State, and the Kingdom of Naples. They used foreign forces to maintain the balance of power on the peninsula. The French army invaded the Kingdom of Naples by an invitation of Milan, but the Spanish expelled them and ruled both for two centuries. The Hundred Years’ War caused depopulation, desolate farmlands, ruined industry and commerce, and independent nobles. Obtaining the right to levy direct taxes on properties, Charles VII strengthened the authority of the king and secured the control over the church in France from the pope. Charles VIII and Louis XII were engaged in the Italian wars, and Francis I also invaded Italy but was captured and detained in Spain for months. He negotiated with the pope to obtain the right to nominate the prelates in France. In England, the War of the Roses gave the throne to the Yorkists, but Henry VII challenged and founded a new Tudor dynasty in 1485 and strengthened the royal power during his reign until 1509. In Spain, Isabella of Castile married Ferdinand of Aragon in 1469, ruled two kingdoms as equal partners, and finally unified Spain. They conquered Granada and expelled the Muslims and Jews from Spain in 1492, when Isabella allowed the expedition of Columbus. Being engaged in the Italian wars, Spain gained and ruled Milan and the Kingdom of Naples until 1713. The Holy Roman Empire includes princely states, ecclesiastical states, some fifty of imperial free-states, and some thousands of imperial knights. The emperors were elected by seven electors set by the Golden Bull of 1356 (including archbishops of Mainz, Cologne, and Trier; King of Bohemia, Count Palatine of the Rhine, Duke of Saxony-Wittenberg, and Margrave of Brandenburg). The emperors such as Albert II, Frederick III, and Maximilian I were rooted to the Habsburgs, which had gained territories through marriages, so that Charles V of Spain became the emperor in 1519. Meanwhile, the Ottoman Turks founded the empire of vassal states in the Balkans and Anatolia: Mehmed II conquered Constantinople in 1453. The Turks threatened Hungary and Austria in the 1520s.

The demand for reformation of the papal system was accumulated, exploded, and advanced by the combined forces of the state and society. In the early Renaissance, rejecting papal claims on temporal authority and property, Wycliffe and Hus attacked corrupt church. The Reformation rooted in mysticism of Groote and Kempis and humanism of Erasmus and More, emphasizing “a true inner piety into Christian faith” by following the life of Christ in the Bible, which was more important than the external forms of religion. Martin Luther issued the Ninety-Five Thesis in 1517 against the abuses of selling
indulgence by the pope. He views that works cannot glorify God, and faith alone brings complete salvation without works; there is no difference between clergy and laity so that the temporal estate should exercise its power over the spiritual estate; and every Christian is a priest to interpret the Bible that is final authority for doctrine and practice. Luther suggested no annual tribute to Rome, marriage of priests, and reformation of sacraments; but he faced problems with internal radicalism, external opposition, and social revolution. He was against revolts and supported complete obedience to the state enforcing law and order. Charles V failed in containing the spread of Lutheranism because of the French, the Turks, the pope, and the Lutherans in Germany. Other movements appeared in Zwinglians, Anabaptists, Calvinists, and Anglicans. In the mid-sixteenth century, Lutheranism gained roots in parts of Germany and Scandinavia; Calvinism rose in parts of Switzerland, France, the Netherlands, and Eastern Europe; and England created a protestant church of Anglicanism by splitting with Rome. The Peace of Augsburg in 1555 was a turning point of reformation in history allowing that Lutheranism is legally equal to Catholicism in Germany. The papal system had been challenged by internal and external demand for reformation: the Society of Jesus was successful in reform by establishing highly disciplined schools around the world. The Council of Trent, as the embodiment of the Counter-Reformation, reestablished the Catholic doctrine in 1563 and unified the Catholic Church under the papal supremacy.

In the sixteenth century, geographical discoveries gave opportunities for Portugal and Spain to expand political power to and to exploit economic gains in Asia and America, followed by the Dutch, English, and French. Meanwhile, the Reformation caused the wars of religion in Europe until 1648. In France, the conflict between Calvinism and Catholicism ignited a civil war: the duke of Guise killed thousands of Huguenots in 1572. Henry of Navarre became Henry IV in 1589 by converting into Catholic and issued the Edict of Nantes in 1598 allowing religious co-existence in France. In Spain, Philip II ended Italian wars with France and England in 1559 that secured the Spanish control over Italy; and expelled 5,000 of Moriscos from Castile in 1568. Forming a Holy League with Venice and Rome, Philip won the war against the Turks at Lepanto in 1571. He invaded and occupied Portugal during 1580-1640, when the Dutch and English attacked the Portuguese who dominated the Atlantic slave trade and the spice trade with Asia. In the Low Countries, the Calvinist movement ignited anti-Spanish revolts in 1566, and Philip sent Alva with 10,000 troops to the Spanish Netherlands to secure the law and order. In 1579, the southern provinces formed a Catholic union accepting Spanish rule, while the northern formed a Protestant union opposing it, which was supported by 6,000 of English troops. Philip sent the Spanish Armada of 130 ships to invade England but was defeated by the English navy at near Calais in 1588. Spain finally recognized the United Provinces at a truce of 1609. In England, Elizabeth settled religious problems with a moderate Protestantism, but Catholics and Puritans were dangerous to the Anglican Church, while the Puritans became the majority of
the House of Commons in the 1570s. Elizabeth aided French Huguenots and Dutch Calvinists to weaken France and Spain. In Germany, the conflict between Lutherans and Catholics caused the Thirty Years’ War (1618-48), which was developed to war between Bourbon and Habsburg for hegemony rather than religious conflict between Catholics and Protestants.

The Thirty Years’ War was “the last major religious war in mainland Europe, ending the large-scale religious bloodshed accompanying reformation, which had begun over a century before. Other religious conflicts occurred in the years to come, but no great wars.” By the Treaty of Westphalia of 1648, Protestants and Catholics were redefined as equal before the law and Calvinism was given legal recognition. Louis XIV consolidated a Catholic dynasty by revoking the Edict of Nantes, suppressing Huguenots to escape to foreign countries, intervening in church affairs and trying to keep the Catholic throne in England. But religious differences no longer justified disputes between nations. Political affairs were settled without reference to opinions of the church, and the popes could not effectively participate in political affairs of Western Europe. Since the Enlightenment emancipated the medievalism submitting individual will to the heaven, the scriptures were less sympathetic. The Deists insisted that reason and observation determine that God created the universe and rejected supernatural events like prophecy and miracles. In England, the Anglican Church was established, and Evangelicalism arose “as a reaction against the lack of spiritual fever and enthusiasm in the Church” and John Wesley’s Methodists broke away from the Church of England. In France, the Jansenists opposed to the Jesuits in high places, and “Quietism was a mystical protest against excessively intellectual ways of apprehending the divine.” Monasteries and convents declined in the absence of spiritual vitality, and skeptic deism expedited secularization of society. However, the clergy had their own courts, and controlled marriage; the church still possessed huge wealth and property exempted from taxes, and monopolized education and the care of the sick. In Germany, the pietistic spirits reacted against the Lutheran rigidities.

Religious wars, rebellions, and crises weakened the creditability of Christianity, secularized society, and centralized politics. In the seventeenth century, there appeared absolute monarchy in France, Spain, Germany, and eastern and northern Europe; limited monarchy in England and Poland; and the republic in the United Provinces. In France, Louis XIV consolidated his power and entered wars to conquer new lands in the Netherlands, to secure natural borders along the Rhine, and to make peace in the War of Spanish Succession. He revoked the Edict of Nantes in 1685 to suppress Huguenots. In Spain, Philip III expelled all remaining Moriscos of 250,000 to North Africa in 1609, which caused an economic crisis. In the War of Spanish Succession, Spain lost all possessions in Italy and the Netherlands. When Germany became free from the Holy Roman Empire by the peace of Westphalia, Frederick William of Brandenburg built the standing army of 40,000 by 1678 by requiring Junkers to serve him as army officers or civil leaders; that became the foundation of Prussia. Leopold I of
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Austria extended the Habsburg’s possessions, created an imperial standing army, and consolidated the Austrian administration. In Russia, Peter the Great westernized its old system, and built a new standing army of 210,000 and the navy of 28,000 by 1705. Peter won the war with Charles XII of Sweden at Poltava of Ukraine in 1709 but lost the war with the Turks and withdrew by giving up Azov in the Black Sea in 1711. Peter invaded Sweden and gained some lands in 1721 which secured the control of the Baltic. The Ottoman Empire advanced to Vienna in 1697, but the Austrian army defeated them at Senta of Serbia; and Austria and Russia continuously forced the Turks to leave the Balkan. England experienced the Civil War between Charles I and Parliament during 1642-46. The Navigation Act of 1651 caused the Anglo-Dutch Wars during 1652-74 that restricted the Dutch expansion. The Glorious Revolution of 1688 offered the throne to William and Mary, who accepted the Bill of Rights confirming England to be constitutional monarchy based on social contract, which ideas reflected those of the political thinker John Locke.

**Economy and Society:** The population in Europe declined from 73 million in 1300 to 45 million in 1400 due to famines, diseases, and wars; but reviving from 1450 recovered to 81 million in 1500 and 105 million in 1600; and the rising pace of growth was disturbed down to 115 million in 1700 because of the recurrences of the same. In agriculture, the old feudal system rapidly declined in the sixteenth century due to the impoverishment of the landed aristocracy and the massive loss of inhabitants. Liberating the serfs by 1500, most countries in the west of the Elbe like Germany and France developed a tenant farmer system; and rural society in countries like England was transformed into a three-tier structure: landlords, the tenant farmers, and the agricultural laborers. However, countries in the east like Poland, Russia, or Rumania restored the feudal system benefiting from the recurrence of wars by forcing serfs not to leave the land. During 1350-1450, the falling population reduced the demand for food stuffs, which caused their prices to fall, and resulted in low rents and high wages in production. The landowners adjusted the use of land by switching from labor-intensive farming to land-intensive pasturing or planting of cash crops. During 1450-1600, the rising population caused the opposite, so that high rents and low wages caused overpopulation problems to be resolved by two ways: increasing production and reducing population. The ways increasing agricultural output are in the more cultivated area, the more frequency of cropping, shifting to higher yielding crops, technical advance in farming, the division of labor and regional specialization, and domestic industry and seasonal migration. The ways of demographic adjustments are fertility control, migration, and mortality. The agrarian production was affected by weather conditions, available land and soil fertility, a wide range of corps and rotation, plant or animal diseases, advanced tools and equipment, proper knowledge and management skill. Colonial crops were introduced into Europe like maize and potato; and European crops and livestock were transferred to America such as sugarcane.
vine, and cattle. Asian spices and beverages were also introduced and spread into Europe and America through the East India companies.

The industries were affected and expanded by the rising population, the discovery of new lands, the longer period and the larger scale of wars, and more by technical achievements with the use of water and wind powers. In mining, a reversible water wheel was built with ten meters in diameter that was able to lift 100 cubic meters in 8 hours. The production of precious metals was greatly increased after the German experts transferred mining skills to America. In the iron industry, there were three key innovations: the substitution of coal for charcoal, the use of water- or wind-powered bellows and hammers, and an improvement of the blast furnace. Abraham Darby’s new furnace replacing coal for charcoal revolutionized iron industry. In the textile sector, the spinning wheel was improved with a flyer, and the weaving process by increasing the number of threads; and the cotton industry followed the same processes used in the woolen and linen industries. The Dutch introduced a lighter and cheaper fabric, which skill was transferred to England or Germany by Dutch immigrants. In building, fortifications for war influenced on the construction of walls, towers and gateways encircling towns; the dyke-building used windmills to pump water; dwelling houses and shipbuilding demanded sawmills driven by waterpower; and making glass and pottery spread widely in the sixteenth century. In shipbuilding, the Portuguese developed carrack for capacity of 400 to 600 tons with 3 to 4 masts and guns during 1450-1500; and invented a galleon in 1535 as a superior fighting ship. The Dutch and the English modified the Portuguese models for their own ships, and the former became to lead shipbuilding in the seventeenth century by producing large mercantile fleet with cheaper raw materials. The emergence of naval artillery with advanced shipbuilding contributed to the technical progress of naval warfare, while navigation skills were improved. The innovation of the printing process expanded the demand for paper, which induced the growing number of paper mills. Moreover, the mass consumption of food and beverage appeared in armies and navies.

In commerce, during the twelfth and thirteenth centuries, the Champagne fairs connected the industrial cities of Italy to the Hanseatic towns in the Low Countries by land. The progress of shipbuilding and navigation skills linked them directly by sea in the fourteenth century, which caused Italian ports of Venice and Genoa to rise, while the towns of Champagne fairs declined due to bypassing of fair towns in France. Hence, Venice-Bruges-London running from south to north became the main axis of European trade. The Portuguese invented the carrack in the second half of the fifteenth century, which made them possible to explore African coasts and to discover the sea route to the East Indies via the Cape. While the Portuguese secured the sea route to the East Indies and monopolized the spice trade, the Spanish discovered America and had imported huge amounts of precious metals for over a century. They used Antwerp as the trading center, while the Mediterranean trade declined, and Venice began further to fall because of the rise of the Ottoman Turks. In 1576,
Philip II intervened in the Spanish Netherlands, and the southern population moved to the United Provinces, so that Amsterdam became a new trading center substituting Antwerp. In 1596, the Dutch designed a new commercial vessel Fluyt to maximize carrying capacity and to minimize constructing and operating costs. Portugal and Spain were dominant sea powers in the sixteenth century but was challenged by the Dutch who replaced them in the world trade in the seventeenth century. The Dutch, by naval blockade and capture, took control over the Portuguese bases in the East Indies, and stepped in America as carriers for Spain and Portugal. The Dutch was regularly engaged in the Baltic and North Sea trades with 735 ships in 1670. Meanwhile, the English entered the trade competition with Asia and America. Most importantly, the English Navigation Act of 1651 ignited the three Anglo-Dutch Wars during 1652-74, which constrained the expansion of commercial power of the Dutch. As a result, the Dutch declined, and the English naval and commercial power began to rise in the eighteenth century. In the meantime, the French entered the competition in Asia and America with mercantilist strategies.

In finance, local small land holders borrowed money from businessmen in town who were entitled to seize the property in pledge if repayments were defaulted. In the fifteenth century, Italian cities established the “mount of piety” that offered loans from the charitable donations at a low interest to the poor; the Netherlands introduced municipal pawnshops in Amsterdam in 1614; and Sweden established a private bank in Stockholm in 1664 accepting deposits and providing loans. Many private banks appeared in Florence and Bruges in the fourteenth century, but the number was much reduced because of financial mismanagement, defaults of government loans, and the stigma of usury. Charles V legalized commercial loans at 12 percent of interest by 1541, which trend was prevailed in the major European countries. The bill of exchange linked sellers and buyers through the banks of each side, and the promissory notes (that was transferable bonds) were circulated from hand to hand. The fairs of exchange were an international clearing system in which all merchants from different areas to settle all transactions by credit first to minimize cash payments. Nevertheless, the progress of commodity wholesale trading throughout the year required a regulated banking system where merchants could safely deposit and withdraw their assets. Venice authorized a public bank in 1584, Amsterdam opened the Exchange Bank in 1609, and there appeared 25 public banks in Europe by 1697. In company finance, marine partnership appeared by sharing the cost of ship and its cargo in two ways: a basic capital (corpo: share) and an additional capital (sopraco: bond). As the partnership became transferable by trading the shares, joint-stock companies were founded such as the English or Dutch East India Company that also issued bonds. In public finance, the state governments had always faced budget deficit financed by borrowing due to high inflation as well as larger and longer wars. The repayments of public debts were often restructured into annuity: for example, Philip II converted all the floating state debts into redeemable annuities with 5 percent interest in 1557.
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Political Philosophy: As France, England, and Spain centralized governments, Italy was divided into city-states which invited foreign forces into the peninsula for the balance of power, causing the Italian wars. They hired mercenaries who plundered the countryside and exploited their employers. (a) **Nicholo Machiavelli** conducted diplomatic negotiations and military operations for the Florentine Republic until the Medici finally overthrew the Republic in 1512 by an alliance with Rome and Spain. Machiavelli observed politics of Europe and developed his political ideas from history which were different from traditional philosophy. He was based on practical realism, while conventional theorists presented an analysis of the best political regime. Machiavelli views that “an adequate understanding of history provided the only reliable guide for the present, and the useful political scientist, therefore, would be the one who could draw the appropriate lessons from the past.” Since the prince learns lessons from the deeds of great historical figures, the political scientists should provide useful examples for the prince to achieve the same for himself. Among his several writings, *The Prince* deals with absolute monarchies and the *Discourses on Livy* deals with the expansion of the Roman Republic. *The Prince* analyzes the particular strength and weakness of the various types of political regimes and discusses about general methods for ruling with good laws and good arms. He understands the important role of virtue; but as a realist, he suggests another course to secure the princedom in case: “he will find that there may be a line of conduct having the appearance of virtue, to follow which would be his ruin, and that there may be another course having the appearance of vice, by following which his safety and well-being are secured.” This might create his image as “a ruthless and immoral practitioner of power politics.” In the *Discourses*, Machiavelli views that republics are preferable because they promote liberty that is secured in a mixed regime in which the nobles and the people are represented. In republics, the goodness emerges through the virtue of a man or through the virtue of an order, that is achieved by educating citizens.

(b) In the Reformation, Luther and Calvin taught the passive obedience to the government based on the **two-sword theory**, and Luther took the side of princes at the time of peasant revolts, but John Knox rejected the passive obedience. The Protestants attacked on absolutism in France where the civil wars divided into two camps by believing the descending or ascending theory. First, in the **ascending or constitutional theory**, Francis Hotman thinks that “the people have no less power and authority over the king than the king has over the people.” Juan de Mariana thinks that a constitutional hereditary monarchy is the best form of government compatible with the nature of man, which is good to maintain stability without periodic anarchy. Francis Suarez views that political power is derived from the community so that any form of political obligation cannot be absolute. Second, in the descending or divine right theory, James I wrote the book intending to restate two principles: divine right and passive obedience. Jacques Bossuet insists on that God establishes king as his ministers and reigns through them over the people so that the royal throne is not
the throne of a man but the throne of God himself. One must obey the prince by reason of religion and conscience. Third, in the mixture of medieval and modern, Jean Bodin, advocating religious toleration, believes that the state is created by a powerful group of families conquering others and the leader of the victors becomes the king; the monarchy controls the state with absolute and perpetual power, and no government is sovereign if it is subject to any laws except divine and natural laws. Richard Hooker views that men associate together, and the people set up an authority by common consent; and if a king’s power is given by human law, it must be exercised in accordance with it, not with divine law. Fourth, Puritan constitutionalism: Thomas Smith concerted to Protestantism, asserting that “authority for everything that is done in English government and that parliament was the most high and absolute power of the realm.” But wise government must be popular government.

(c) Natural Law: Establishing the theoretical foundation, Hugo Grotius views that the primary laws of nature are natural law expressing the will of God, and secondary laws of nature are civil law depending on human reason; and the law of nature always remains unchanged and even God himself cannot change it. Thomas Hobbes views that all men are equal to each other by nature. Having the right of self-preservation, each man has the right to use any means necessary to that end, which creates merciless competition due to limited resources that turns into a violent struggle causing a war of everyman against everyman. The fear of death seeks allies for peace that is acquired by force or by consent. By consent, two or more persons transfer their rights to a man or an assembly, which union makes civil society. Hence, the sovereign power is the right to command each of citizens who transferred all his own force and power to the chosen man or assembly. Samuel Pufendorf, similarly, views that law is divided into divine and human, and each citizen agrees to form a perpetual association and to administer their safety by a man or assembly defending its members, while all others become subjects. The citizens individually agree with the ruler to obey him by taking on a range of civic duties, and the ruler reciprocally agrees to take care of the state and to exercise supreme authority in accordance with the contract for the sake of common security and safety. John Locke views that all men are naturally in a state of perfect freedom to order their actions or to dispose of their possessions as they think fit, within the bounds of natural law. In the state of nature, men enjoy natural freedom and equality in peace and goodwill under the law of nature, while their self-preservation is threatened not by the violent nature of men but by the poverty and hardship of their natural conditions. Men are naturally induced to seek communion and fellowship with others, which was the cause of men uniting themselves at first in political society. By their own voluntary consents, they make themselves the members of political society ruled by the law of nature to protect themselves. Locke views that self-defense is a part of the law of nature. According to him, the state of nature does not necessarily mean a state of war as it does in Hobbes seeing the anarchic condition as a war of all against all.
(d) **The two methods of studies**: (i) **Empiricism**: English scholars like Bacon, Locke, Berkeley, and Hume, discarding the traditional method - logic of syllogism, inclined to empiricism by applying the inductive method for practical experiments from raw sense data to generalization. Francis Bacon views that a series of experiments is a tool for investigating nature. John Locke believes that metaphysics cannot acquire true knowledge since humans cannot experience any substantive reality without physical sensation. (ii) **Rationalism**: Continental scholars like Descartes, Spinoza, and Leibniz inclined to rationalism by applying the deductive method stressing the role of reasoning to obtain knowledge. Rene Descartes suggests four rules to approach the truth: never to accept anything for true; to divide each of difficulties into many parts; to start with the simplest and easiest to know; and to review the outcome to assure that nothing is omitted. He established Cartesian dualism separating mind and matter; that made scientists possible independently to investigate the matter by reason rather than the whole organism. Benedict de Spinoza similarly applies a deductive method: first sets definitions and axioms and proves propositions by reasoning. He suggests that there are three kinds of knowledge: opinion or imagination, rational knowledge, and intuitive knowledge. The first alone is the cause of error; the second is in adequate ideas; and the third proceeds from an idea to the knowledge. Gottfried Leibniz also inclined to rationalism against John Locke. Locke sees that ideas are images, but Leibniz separates them into two parts: truths of reason and truths of fact by seeing that ideas are not the form of the thought but the inner object of thought. Viewing that faith can be reconciled with reason; Leibniz justifies the use of reason in theology. (iii) Isaac Newton *synthesizes empiricism with rationalism* by applying both inductive and deductive methods together for the final conclusion. Newton takes practical experiments first, which results were reexamined and proved by mathematical or rational verification. Thus, the inductive method is useful for empiricism, and the deductive method is linked to rationalism.

**Economic Thought**: In the sixteenth century, the expansion of overseas trade with Africa, Asia, and America caused economic ideas as follows: (a) **Quantity theory of money**: The continuous and massive influx of bullion from America into Spain caused the same effect as the supply of money, which resulted in high inflation in Spain as well as in Europe. Since the price revolution brought serious problems, economic thinkers in Europe developed the quantity theory of money. Michael Navarrus views that money is worth more when and where it is scarce than abundance; and Thomas Gresham states that bad money drives out good one because people spend bad money first by hoarding good one. Jean Bodin views that the principal reason that raises the price of goods is the abundance of gold and silver, but he did not consider the velocity of money (that was considered by John Locke later) in his theory. Meanwhile, major European states faced serious financial problems because of war expenditures far beyond the tax revenues, which caused budget deficits to
be financed by borrowing. Therefore, those countries established government policies to maximize public revenues by inviting state intervention in markets such as export monopoly, exchange control, and the balance of trade.

(b) **Mercantilism** was a means of economic nationalism in favor of the positive balance of trade by encouraging exports and discouraging imports. The East or West India Companies were the frontier corporations to execute mercantilist policies in Asia and America. Thomas Mun, who served the English East India Company during 1615-41, advocated the mercantilist policies. He views that one of the true causes of economic distress is the devaluation of foreign currency; and suggests twelve ways and means to increase exports and to decrease imports in his treatise. Similarly, Gerard de Malynes stresses on exchange rates that “if a country’s currency is devaluated, the prices of foreign goods increases, which causes more exports and less imports” and if it is appreciated, the opposite would happen. Edward Misselden views bullion exports to Asia as “the bottomless pit” and proposed a number of mercantilist policies including the devaluation of English currency.

(c) **Application of quantitative methods**: The conversion of taxes and other obligations into monetary payments required quantitative aggregates; and the statistical estimates became valuable instruments in calculating the balance of payments at a national level. The invention of analytical geometry by Descartes and of differential calculus by Newton and Leibniz encouraged quantitative methods. The development of inductive empiricism and deductive rationalism contributed to the quantitative methods in economic studies. William Petty attempted to measure the relative wealth and income of England, France, and Holland to show the English economic positions.

(d) **Liberalized economic thought** was developed by the theory of natural law progressed in political philosophy. Josiah Child opposed to monopolistic restrictions that were harmful to the interest of the state; and rejected laws and regulations to restrict or control all manufacturing and trading activities including prices, wages, admission of foreigners, or religious toleration. John Locke, based on his liberal political thought, was against high interest rate that raises the production cost which reduces its demand and trade volume: the legal interest rate should be set in accordance with the natural or market rate because no other way is effective. Richard Cantillon wrote about the nature of commerce in three parts: economy, money, and trade. In economy, land generates three rents equally divided for the landowner, the farmer, and the farm workers; and income and population are positively correlated. In money, the quantity of money needed for circulation in a state may be greater or less according to the mode of living and the rapidity of payments, which is the velocity of money circulation. In trade, the positive balance of trade increases the quantity of silver circulating in a state, which raises rents and wages so that the production costs will rise. As a result, the foreigners will cease to buy them; which causes manufacturing to decline, so do the employment and income.
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THE FOUR MAJOR CHALLENGES DURING 1400-1715

The Renaissance covers the time span between the 14th and 17th centuries, which marks the transition from the Middle Ages to modernity. The Renaissance in Italy is “not a unique phenomenon but a representative of one species within a genus labeled encounters” so that it is not limited to a single dimension of space but is expanded to the dimension of time. In politics, the Hellenic civilization was pursued by the Holy Roman Empire of Charlemagne in 800 and reappeared in the democratic city-states in Italy after two or three centuries, in Flanders and in Germany after two centuries more, and even in the French Revolution. The Renaissance in Italy was based on various factors reflecting problems of the medieval structure pursuing a theocratic feudalism by forming a European world state subordinating the kings to the popes. Moreover, the fragmentation of Italy into city-states was favorable to the Renaissance since a large unified state required disciplined power rather than liberalized literature or arts. In fact, the papal system feared a unified state from Alps to Sicily that would make the pope a prisoner, so that Rome had manipulated politics to keep the balance of power on the Italian Peninsula: local independence weakened the centralized defense capacity against foreign invasion, though many Italians had kept a dream to restore the old republic. In economy, the Italian city-states became prosperous by the growth of industry and commerce in the thirteenth century, and their wealth could finance the activities for literature and arts; which movement turned the passage of culture from rural peace to urban vitality. In society, increasing wealth relaxed traditional restraints; the contact with Islam in trade and Crusades gave a new tolerance for other beliefs and ways; the rediscovery of the pagan world undermined medieval morality; so, medievalism was ready to decline toward liberalized ways of thinking and acting in society and culture. In literature and arts, the Renaissance was based on an esthetic development such as in sonnets; an improvement of vernacular languages and the passion for recovering and studying the Greco-Roman classics. Byzantine mosaics were abandoned to study man and women.  

The Italian Renaissance was led by the humanists who captivated the mind of Italy, “turned it from religion to philosophy, from heaven to earth, and revealed to an astonished generation the riches of pagan thought and art” while the humanist movement spread their spirits and ideals throughout Europe. The Italian Renaissance waned by its falling economy due to the Italian wars, a new trade route to India, the Ottoman Turks, and the Great Schism; but its impact was significant. First, since Italy had been divided into city-states, the humanists proclaimed a common Italy; however, the ecclesiastical state was a permanent obstacle to national unity, and the Italian wars removed the hope for a unified state, though local patriotism was a poor equivalent. Second, the Renaissance pursued freedom of personality that enhanced the individual development towards the all-sided man through high education as seen in Leon Battista Alberti and Leonardo da Vinci. Third, the Renaissance humanists contributed
to the revival of antiquity standing to paganism like works of Cicero and Seneca: Dante in the *Divine Comedy*, Petrarck in styles of Latin poetry, Boccaccio in the *Decameron*, and Chaucer in the *Canterbury Tales*; and the princely families in part learned humanity through the study of antiquity for certain years at the universities. Fourth, the spirit and endeavor of the Renaissance stimulated not only the discovery of the new world with appropriate funds, but also the study of the intellectual side of human beings: the discovery of man and nature in literature and arts. Fifth, the Renaissance pursued the equality between classes and between men and women: the conviction, that “birth decides nothing as to the goodness or badness of a man,” was prevailed in Italy in the fifteenth century, when the education given to women in the upper class was essentially the same as that given to men. Finally, the worldliness of the Renaissance contrasted to medievalism owing to the flood of new thoughts by the diffusion of antiquity and paganism, of individualism as the belief in human freedom, and of rationalism in philosophy and science, in favor of the Reformation.

**The Reformation:** The fourteenth century was in famine, plague, and wars; causing political instability, economic turmoil, and social upheaval with rebellions. In theology, Scholastics like Thomas Aquinas approached God and religion from “outward effects” relying on reason for the highest truth but distrusting the emotions; while mystical theologians such as Meister Eckhart and Gerard Groote stressed “internal effects” as the highest good trusting the affections and believing “that love could reach farther than reason and help the mind transcend its natural limitations.” Boniface VIII issued the *Unam Sanctum* in 1302 that pushed Philip VI of France to intervene in the election of the pope, which caused the Great Schism ended by 1417 that damaged the papal system with the rise of the conciliar theory of church government. Also, Marsilius of Padua in his *Defender of Peace* argues that the church is only a part of the secular state and must confine itself solely to spiritual affairs; and William of Ockham in his *Dialogue* views that since men have a natural right freely to arrange their materials for survival, prior to the church’s institution, the property boundary is legally a matter of the state, not of the church. In addition, John Wycliffe attacked the abuses and corruption of church and opposed to clerical celibacy, transubstantiation, image worship, pilgrimages, and others; and John Hus publicly questioned the existence of purgatory and protested against the church selling indulgence. In the fifteenth and early sixteenth centuries, the humanists like Desiderius Erasmus and Thomas More criticized corrupt church and suggested reformation within the papal system, while Christian humanists in line with mysticism believed that religious reform was necessary to remove the shortcomings of society and to revitalize Christianity. There had also been favorable progress for the Reformation: political consolidation of major states, economic growth with transoceanic trades, secularization of society with the Renaissance and others, and the scientific revolution particularly in printing and Copernican astronomy. Martin
Luther ignited on the common desire for social changes of the time through his famous Ninety-Five Theses in 1517.

The Reformation era from 1500 to 1650 was “above all else an age of religious faith” when religion penetrated almost the whole life of the people, whether they were supportive or not for the Protestant movement. It was not only the rise of Protestantism but also resulting changes in politics, economy, and socio-culture affecting all of the people and institutions. In politics, the Reformation was not a political revolution, but influenced the balance of political power locally or internationally. There were two powers - supportive or oppressing. Charles V missed the time to suppress the Lutheran movement in Germany due to the French, the Turks, and Rome; while Luther was supported by the Protestant princes in line with the common desire of their people for changes though he stressed passive obedience. The European states were divided into two axes of Catholics and Protestants, causing domestic or foreign wars that lasted for a century until 1648. In economy, those wars devastated lands, killed people, and destroyed the economy. In the absence of toleration, 250,000 Moriscos were expelled from Spain in 1609 and 200,000 Huguenots fled from France to foreign countries after the revocation of the Edict of Nantes in 1685; which was a serious loss of labor and capital reducing their growth particularly in Spain. It was a sad history for innocent people to suffer from unnecessary wars and expulsion from their homelands because of their faith in religion. In society, all properties of Catholic churches and monasteries in Protestant states were confiscated by the state to sell to the public by bargain prices; and monks and friars or nuns were dispersed. In England only in 1536, Henry VIII closed 578 monasteries and 130 convents: 6,521 monks or friars and 1,560 nuns were forced to disperse. In religion itself, new doctrines and theories were established on the basis of humanization; and the traditional ritual framework was destroyed or simplified though minor differences appeared between sectors. The Reformation "encouraged people to resist religious tyranny; many scholars view it also as a major force for political freedom and social justice." It is argued that “the Reformation never ended as new churches have splintered from the Catholic Church, as well as all the various Protestant churches that exist today. No church splintering from the Catholic Church...has done so on the basis of the same issues animating the Reformation.”

The Geographical Discovery opened the medieval eyes to the new world outside Europe. Since about 1400 the Portuguese had been engaged in exploration of the Atlantic islands and African coasts with associated skills of navigation, cartography, and shipbuilding. Inventing the carrack running by 3 to 4 masts with capacity of 400 to 600 tons, the Portuguese discovered a new trade route to the East Indies and monopolized the spice trade with Asia in the sixteenth century; while the Spanish discovered the West Indies and America and colonized new lands. The Dutch developed highly specialized cargo-carrier fluyt in the sixteenth century that required much less costs in production and
operations with more shipping capacity protected by guns; which allowed them to dominate sea transport throughout the world. The Dutch took over the Portuguese spice trade by force, and monopolized shipping transport in America by low costs. After the Anglo-Dutch Wars during 1652-1674, however, the Dutch began to decline, and the English ascended to the supreme in both Atlantic and Indian Oceans in the eighteenth century. The main motives of the discovery lay in material gains and religious zeal, but some individuals inclined to personal love of adventure and political or social desire for reputation. In the East, the Ottoman Turks centralized politics in the feudal society of Anatolia, expanded their domain westward by capturing Constantinople in 1453, and threatened the Christian world in two ways. The Turks recognized the Orthodox Church and suppressed the Catholic Church throughout their realms; and closed the overland route to the east and monopolized the spice trade with India so that their prices were highly expensive. The Portuguese were interested in the possibility of reaching Asia by sea, so that Vasco da Gama landed in India 1498. Isabella of Castile, on the other hand, conquered Muslim Granada and expelled the Jews from all Spain in 1492, when she approved the exploration plan of Columbus. Isabella promised him to be Admiral of the Ocean Sea, Viceroy and Governor of lands that he may discover with ten percent of expected profits as rewards. Moreover, the spread of Christianity to natives was an essential part of exploration. Since their discoveries, through the permanent contact between two hemispheres, “There was a massive exchange of animals, plants, fungi, diseases, technologies, mineral wealth and ideas.”

The Portuguese captured Goa along the Malabar Coast, Malacca, and Ceylon during 1510-15 and extended their trade to Macao and Kyushu in Japan within three decades. They intended to found no colonies in Asia but established governorship in Brazil in 1500. The Spanish spent the first two decades as an age of explorers and the next three decades as of conquistadors. They instituted the system of encomienda in the colonies in America, allowing the colonists to collect tribute from the natives, to use them as laborers by paying wages for protection; but in reality the natives in the plantations were exploited particularly in mines. Following Portugal and Spain, the Dutch, the English, and the French entered trade competition in America and Asia, but they were not much different from the Spanish. The significance of the geographical discovery in human civilization was in the opening of “the first imperial age” in terms of colonization and exploitation. First of all, the Europeans opened Asian markets by bombardments from the ship to native ports on the one hand and conquered the natives in America with advanced civilization such as iron sword with horses or negotiations on the other hand. They established plantations, and their leading groups became the aristocracy of new colonies ruling the natives, which were indirectly controlled by the mother countries in Europe. Second, the population exploded in Europe during 1450-1600: the overpopulation was resolved by emigration to their colonies. The Europeans oppressed and exploited the colonial natives for material gains by selling their manufacturing
goods for raw materials and other profitable goods to be sold in European markets. The transoceanic trades expanded the European economies. Third, the development of shipbuilding and navigation with guns was important in the age of colonization as experienced particularly in the Netherlands in the seventeenth. It is much significant that the English focused on overseas trade with colonies, while the French remained more on European affairs, though the sea power and naval strategies became influential in the coming centuries.\textsuperscript{13}

**The Scientific Revolution:** There have been conflicts between science and religion as well as reason and faith throughout centuries in history. In the High Middle Ages, Thomas Aquinas views that “Human reason cannot participate in the dictate of the Divine reason fully, but only in its own way and imperfectly.” Despite his efforts to balance between reason and faith, Aquinas worries about that reason might undermine faith.\textsuperscript{14} In the middle of the Reformation, Melanchthon views that knowledge comes from intuitive and abstract cognition: the former is available to God and the latter to man, so that human reason cannot discover theological truths.\textsuperscript{15} The relations between philosophy and theology as well as reason and faith had been an important issue throughout the ages. More seriously, the Copernican revolution shook the entire basis of the intellectual world and the Christian belief based on the Ptolemaic system. In 1616, Galileo was summoned by Rome and the papal authority warned that he should abstain from teaching or defending the Copernican theory: if he does not follow, he would be imprisoned. Soon after the Holy Office published its edict that “The view that the sun stands motionless at the center of the universe is foolish, philosophically false, and utterly heretical, because contrary to Holy Scripture. The view that the earth is not the center of the universe and even has a daily rotation is philosophically false, and at least an erroneous belief.”\textsuperscript{16} However, Galileo finally confronted the papal authority by publishing his *Dialogue on the Two Chief World Systems* in 1632. Being summoned by Rome in 1633, the Inquisition sentenced him guilty of heresy and disobedience, and sent him to “the prison of this Holy Office for a period determinable at our pleasure.” It might be either because the papal authority had no valid knowledge to accept the new findings or because its leaders were fearful to manage the radical changes against the Bible. Nevertheless, Galileo was allowed to move to his own villa near Florence in the same year where he was free to pursue his studies, teach pupils, write books, and receive visitors like Milton in 1638 within his residence. It means that the progress of science surpassed that of faith.

Another conflict is observed between political philosophy and economic thought or between natural law and mercantilism. The theory of natural law basically lies in liberal thought in politics. Hugo Grotius views that liberty of the sea is fundamental and key aspect of communications for the people and nations; and that man is an animal by nature fitted for peace and war, so that right reason and the nature of society do not prohibit necessary violence. Thomas Hobbes views that all men are equal to each other by nature and have
equal right to choose necessary means that creates merciless competition due to limited resources. Samuel Pufendorf views that man is an animal with an intense concern for his own preservation. John Locke views that men are by nature all free, equal, and independent so that no one can be put out of his estate and subjected to the political power of another without his own consent. However, mercantilism basically emphasizes control and restrictions in economy and business such as trade monopoly, exchange control, and the balance of payments in foreign trade. Thomas Mun suggests the twelve ways and means to increase exports and to decrease imports; Gerard de Malynes also suggests higher import duties, prohibition of bullion exportation, and the control of exchange rates. Edward Misselden views that monopoly is the restraint of the liberty of commerce to someone or few, the setting of the price at the pleasure of the monopolist to his private benefit, and the prejudice of the public. From the point of present economics, mercantilism is not beneficial for both exporters and importers in the long run, which is against the self-adjustment of trade surplus or the balance of trade. The theory of natural law liberalized political philosophy as well as economic thought. Josiah Child favors laws that are not in opposition to nature but along with nature; and John Locke was against high interest rates that increase production costs and reduce its demand. Moreover, Richard Cantillon views that the positive balance of trade is naturally adjusted by the market function. The relations between natural law and mercantilism were adjusted in the eighteenth century.

INTERACTIONS AND CROSS RELATIONS

Interactions between Politics & Economy: (a) The European Explosion: Columbus linked the Americas with Europe in 1492, and the Spaniards began to explore, conquer, and colonize the New World with extraordinary energy and missionary idealism. “Cortez destroyed the Aztec state in 1519-21; Pizarro became master of the Inca Empire from 1531 and 1535. Within the following generation, less famous but no less hardy conquistadores founded Spanish settlements along the coasts of Chile and Argentina, penetrated the highlands of Ecuador, Colombia, Venezuela, and Central America, and explored the Amazon basin and the southern United States. As early as 1571, Spanish power leaped across the Pacific to the Philippines.”

Meanwhile, the Portuguese had flung around Africa and across the southern seas of the Eastern Hemisphere. A decade elapsed between the completion of Vasco da Gama’s first voyage to India (1497-99) and the decisive Portuguese naval victory of Diu (1509). “The Portuguese quickly exploited this success by capturing Goa and Malacca, which together with Ormuz on the Persian Gulf (occupied from 1515) gave them the necessary bases from which to dominate the trade of the entire Indian Ocean…Portuguese ships followed the precious spices to their farther sources in the Molucca without delay (1511-12); and a
Chapter 3. From the Renaissance to the Scientific Revolution

Portuguese merchant-explorer traveling on a Malay vessel visited Canton as early as 1513-14. By 1557, a permanent Portuguese settlement was founded at Macao in the south China coast; and trade and missionary activity in Japan started in the 1540s. On the other side of the world, the Portuguese discovered Brazil in 1500 and began to settle the country after 1530. Coastal stations in both west and east Africa, established between 1471 and 1507, completed the chain of ports of call which held the Portuguese empire together.

Nevertheless, the two Iberian nations did not long enjoy the new wealth that their enterprise had won. “From the beginning, the Spaniards found it difficult to protect their shipping against French and Portuguese sea raiders. English pirates offered an additional and formidable threat after 1568, when the first open clash between English interlopers and the Spanish authorities in the Caribbean took place. Between 1516 and 1568 the other great maritime people of the age, the Dutch, were subjects of the same Hapsburg monarchs who ruled in Spain and, consequently, enjoyed a favored status as middlemen between Spanish and north European ports. Initially, therefore, Dutch shipping had no incentive to harass Iberian sea power.”

The naval balance shifted sharply in the second half of the sixteenth century, “when the Dutch revolt against Spain (1568), followed by the English victory over the Spanish armada (1588), signalized the waning of Iberian sea power before that of the northern European nations. Harassment of Dutch ships in Spanish ports simply accelerated the shift; for the Dutch responded by dispatching their vessels directly to the Orient (1594), and the English soon followed suit. Thereafter, Dutch naval and commercial power rapidly supplanted that of Portugal in the southern sea. The establishment of a base in Java (1618), the capture of Malacca from the Portuguese (1641), and the seizure of several trading posts of Ceylon (by 1644) secured Dutch hegemony in the Indian Ocean; and during the same decade, English traders gained a foothold in western India. Simultaneously, English (1607), French (1608), and Dutch (1613) colonization of mainland North America, and the seizure of most of the smaller Caribbean islands by the same three nations, infringed upon Spanish claims to monopoly in the New World.” Outside of Europe, movements from the Eurasian steppes continued to make political history: the Uzbek conquered Transoxiana (1507-12), the Mogul conquered India (1526-1688), and the Manchu conquered China (1621-83). Meanwhile, Muslim power took over Constantinople (1543), and penetrated new territories in southeast Europe, India, Africa, and Southeast Asia. Significant territorial setbacks were achieved only in the western and central steppe. The Chinese, Muslim, and Hindu worlds were not yet really reflected from their earlier paths of development. Europe entered upon a veritable social explosion during 1500-1650.

(b) Politics: (i) Spain was created by the marriage of Ferdinand of Aragon with Isabella of Castile in 1469 as the most successful and influential state of Europe. Allying with the Catholic Church, the Crown used the Inquisition to consolidate political power by punishing opposition to the royal as religious

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heterodoxy. American treasure and a hardy professional soldiery contributed to the strength of Spain. Charles V (1519-56) ruled Castile and Aragon as the first king of Spain and as the Holy Roman Emperor. He won the Italian Wars over France and gained Milan and Naples but was forced to concede the Peace of Augsburg of 1555 which divided Germany on confessional lines. Philip II (1556-98) allowed to create the Dutch Republic (1581) and lost the Spanish Armada against England due to storms and logistical problems. (ii) **France**: Henry IV (1589-1610) restored the monarchy after a long bout of civil and religious wars. “The state remained officially Catholic; but French national interests were kept carefully distinct from the cause of the papacy or of international Catholicism. Cardinal Richelieu, chief minister of the French king, did not hesitate to intervene on the Protestant side in the Thirty Years’ War when it suited French interests to do so.” Louis XIII (1610-43) centralized administration by destroying castles and subduing towns. The Thirty Years’ War (1618-48) ended by the Peace of Westphalia, allowing the Netherlands and Swiss Confederation to be independent republics as well as religious toleration for Catholic, Lutheran, and Calvinist. (iii) **England**: With the gaining power of the gentry’s class, victory in the English Civil Wars (1640-49) against a royal absolutism allowed parliament to make good its right to supervise government finances; and through this control of the purse, parliament became able to control administration in general. This gave the gentry and merchants of England a far more active and direct role in high policymaking than their counterparts in France could achieve under absolute monarchy.

(c) **Economy**: (i) The economic development of Europe proceeded with political consolidation and differentiation. “As larger sovereignties emerged and as state regulation supplemented or superseded guild and municipal regulation, economic enterprise could operate more freely over wider territories. Hence merchants, miners, and manufacturers were often able to extend the geographical scale of their activities without running afoul of logical discrimination against outsiders or entangling themselves in mutually contradictory systems of law. Further, the responsiveness of most European governments to mercantile and financial interest, and the direct initiative many governments took to establish new manufactures and skills within their territories probably accelerated economic development.” (ii) Interregional European commerce intensified during the sixteenth and seventeenth centuries and was supplemented by an increasing volume of transoceanic trade. “Overland portage from northern Italy to the entrepots of southern Germany constituted no insuperable obstacle to such trade, which had long constituted a mainstream of European commerce… profits accumulated in Italy and southern Germany, so that, when money-lending became a semi-reputable occupation, international banking firms, which played an important role in developing European mining and other economic activities. This pattern of trade and finance was supplemented and eclipsed in importance by international exchanges centering in the Low Countries.” (iii) In the seventeenth century,
bulk trade in commodities definitely surpassed the older style of commerce; and the European exchange economy thereby definitively attained the vulgar character that distinguished it from trade patterns elsewhere. (iv) Finally, the influx of gold and silver from the Americas rapidly increased prices, which acted as a powerful solvent to all traditions economic and social relationships. As prices doubled, trebled, or quadrupled in a century, “rentiers and wage earners, together with governments, suffered a serious erosion of real income, while entrepreneurs of all sorts tended to benefit. This price revolution helps therefore to explain the rise of the middle classes to political eminence in northwestern Europe.”

(d) **The Anglo-Dutch Wars**: The Dutch replaced the Portuguese as the main European traders in Asia. “The Dutch, taking over most of Portugal's trade posts in the East Indies, gained control over the hugely profitable trade in spices. This coincided with an enormous growth of the Dutch merchant fleet, made possible by the cheap mass production of *fluyts*. Soon the Dutch had the largest mercantile fleet of Europe, with more merchant ships than all other nations combined, and a dominant position in European, especially Baltic, trade.” The Dutch navy also gradually grew in power. Then, the English Civil War severely weakened her naval position. “Its navy was as internally divided as was the country as a whole; the Dutch, as superior on land as they were at sea, even took over much of England's maritime trade with its North American colonies. Between 1648 and 1651 however the situation reversed completely. In 1648 the United Provinces concluded the Peace of Münster with Spain. Due to the division of powers in the Dutch Republic, the army and navy were a main powerbase of the stadtholder, although the budget allocated to the military was set by the States General. With the war gone, it decided to decommission most of the Dutch army and navy. This led to a conflict between the major Dutch cities and the new stadtholder William II of Orange, bringing the Republic to the brink of civil war; the stadtholder's unexpected death in 1650 only added to the political tensions. Meanwhile, Oliver Cromwell united his country into the Commonwealth of England and in a few years created a powerful navy, expanding the number of ships and greatly improving organization and discipline. England was ready to challenge Dutch trade dominance.”

“The mood in England was rather belligerent towards the Dutch. This partly stemmed from old perceived slights: the Dutch were considered to have shown themselves ungrateful for the aid they had received against the Spanish by growing stronger than their former English protectors; they caught most of the herring off the English east coast; they had driven the English out of the East Indies committing presumed atrocities such as the Amboyna Massacre while vociferously appealing to the principle of free trade to circumvent taxation in the English colonies. But there were also new points of conflict: the decline of Spanish power at the end of the Thirty Years' War in 1648, the colonial possessions of Portugal, and perhaps even of a beleaguered Spain, were up for grabs. The Dutch had after 1648 quickly replaced the English in their traditional
Iberian trade. Cromwell feared the influence of the Orangist faction and English exiles in the Republic because the stadtholders had always supported the Stuarts; the Dutch abhorred the decapitation of Charles I. Early in 1651 Cromwell tried to ease tensions by sending a delegation to The Hague proposing that the Dutch would assist the English in conquering most of Spanish America for its extremely valuable resources. The pro-Stuart Orangists incited mobs to harass the envoys. When the delegation returned, the English Parliament, feeling deeply offended by the Dutch attitude, decided to pursue a policy of confrontation.” It explains interrelations between politics and economy.

Relations between Theory and Practice: Here three topics - humanism, natural law, and mercantilism – are considered. (a) Humanism: Theories are largely based on practices experienced by various authors. Some of the first humanists were great collectors of antique manuscripts. Many worked for the Church and were in holy orders, while others were lawyers and chancellors of Italian cities. “Renaissance humanism was a response to the utilitarian approach and what came to be depicted as the narrow pedantry associated with medieval scholasticism. Humanists sought to create a citizenry able to speak and write with eloquence and clarity and thus capable of engaging in the civic life of their communities and persuading others to virtuous and prudent actions. This was to be accomplished through the study of the studia humanitatis, today known as the humanities: grammar, rhetoric, history, poetry, and moral philosophy… Humanism was a pervasive cultural mode and not the program of a small elite, a program to revive the cultural legacy, literary legacy, and moral philosophy of classical antiquity.” The Renaissance also links to Humanism, since the humanistic phrase of the Renaissance naturally inspired a revival of ancient philosophy in its various forms, before the Christianity dominated. Nicholo Machiavelli wrote The Prince in 1513 just after the Florentine republic was overthrown by a Spanish army. It is claimed that the author is teaching evil and providing evil recommendations to tyrants to help them maintain their power, but with which this author does not agree though. It is argued that Machiavelli’s audience for this work was not even the ruling class but the common people because the rulers already knew these methods through their education. He eagerly hoped Italians be rescued from barbarous oppressions, but he believed that Italian unification would be impossible without soldiers. The Prince must reflect Italian political situations under the Spanish rule.

(b) Natural Law: The history of natural law is as old as philosophy. The idea of natural law emerged as divine law from which all human laws draw their force, and human reason arrives at distinction between divine law and human law. The written laws of men are always subordinate to the unwritten and unchanging laws of god. (i) In ancient Greece, the Sophists believe that the positive law shall be right by nature. It is criticized that the existing laws are artificially constructed to serve class interests, which is not naturally moral and naturally right. All men are free and equal by nature, and the idea of the rights
of man is superior to the city-state because the state is originated by a human decision like a free contract. Their arguments started from the Athenian democracy which was unjust to slaves and non-citizens in reality. Some others view that “might makes right.” Look at the animal kingdom or at warring states, many who are weak unite against their enemies, but the stronger naturally overcomes the weaker, so that natural law is the force of the stronger. Ancient Greeks and Persians are subject to the law of god. For Socrates, the unwritten laws are made by god and universally applied, and what is lawful must also be just. Plato and Aristotle consider about what is naturally just and what is legally just. They started, not from the freedom of individual, but from the ethical ideal of citizen in Athens or other city-states for their common welfare and happiness. Plato recognizes that a natural law is ideal law as a norm of the lawmakers and the citizen, as a measure for the positive laws which are the product of reason. Aristotle views that the natural law originates from the essence of the just in nature, and the positive law comes from the will of the lawmakers. Political justice comes from the natural and the conventional: a rule of justice is natural, that is ethical, unchangeable, and universal; and a rule is convention that is man-made laws varying from city to city. He introduces commutative justice for individual equality and distributive justice for the welfare of the community.

(ii) The Stoics view that natural law is indifferent from the divine law. They believe that correct knowledge is the basis of ethics, and virtue is right reason which is the universal law of nature. For Cicero, natural law is the foundation of justice, government, and morality. “The nature of justice must be sought for in the nature of man….Law is the highest reason, implanted in nature, which commands what ought to be done, and forbids the opposite.” He wrote that “Nature has so constituted men that all humans share a common sense of justice….if we have received true law from nature, then we have also received true justice. In this gift of reason and the moral standards it conveys, all men are equal.” The Stoic idea of natural law passed into Roman law. Ulpian (died 228) divides private law into three parts: natural law, the common law of mankind, and particular civil code of individual states. He draws natural law from the common of humans with animals. Early Fathers like Ambrose, Jerome, and Augustine transformed Stoic reason into supreme reason of God. Ambrose believes that God gave the commandments to Moses because mankind stopped to obey natural law that is in the heart of the just man. For Jerome, God gave natural law to the whole human race because men neglected it. He distinguishes two levels of natural law. The primary natural law existed before the fallen nature of man, under which there was no government and no private property. The secondary natural law arose with original sin from the fallen nature in order to adjust to man’s corruption, which created government, private property, and even slavery. In 533 Justinian Code adopted that all men are free and equal by nature, and slavery is a violation of natural law. The Digest defines that the law is the reflection of the eternal law and God-given principles of justice and goodness, from which Christianity adopted the teaching of natural law: natural
law was seen as reflection of the Divine Providence. Though the natural law precisely became the divine law in the Middle Ages, the doctrine of natural law was gradually challenged, developed, and modified by later thinkers.

(iii) Thomas Aquinas starts from “the likeness of human nature to the divine nature” and defines the natural law in two ways. First, the natural law is “the rational creature’s participation of the eternal law” that is the reason of divine providence. Second, the natural law constitutes the basic principles of practical rationality for human beings. The precepts of the natural law are knowable by human reason and universally binding by nature anywhere and anytime. Since human law is an application of natural law to particular social circumstances, it is not true law if a positive law violates natural law. In ethics, moral virtues are natural, and virtuous acts are a subject of natural law. The Late Scholastics consider lex naturalis and ius naturale as synonyms. William of Ockham introduces three kinds of natural law. “The first are laws that hold everywhere and always; the second hold for the state of innocence; the third hold for other states, contingently upon decisions by the persons concerned. Behind natural laws of the third kind there is a process combining reasoning and decision.” He views that “fallen man has a choice, in principle at least, between continuing to live without property and setting up economic institutions defined by positive law” which implies that natural law is positive law as divine will. The spirit of Renaissance and Reformation had made use of Ockham’s theory – separation of faith and reason to emancipate secular thought or worldly wisdom from the monopoly of theology: “what is true in philosophy may be false in theology, and vice versa.” Being grounded in reason, not in absolute power of God, the natural law becomes the essential nature of man who judges with natural reason: “Good is to be done, evil avoided” that is the basis of natural moral law.

(iv) Some thinkers like Francis Suarez, Johannes Althusius, Hugo Grotius, Thomas Hobbes, Samuel Pufendorf, and John Locke developed ideas of natural law according to the change of environments: the rise of humanism throughout the Renaissance, the consolidation of absolute monarchy with the collapse of old feudalism, the Reformation and the rise of Protestantism, the discovery and expansion of the new world, the emergence of the mercantile class, and the scientific revolution. (For further, see political philosophy in this chapter)

(c) Mercantilism: The background of mercantilism was based on that power and plenty (politics and economy) were not mutually exclusive but complementary conceptions: “it was the task of government to regulate the economic life of their subjects according to certain rules.” The major trade rivals of the Low Countries were England and France in the sixteenth and seventeenth centuries. In his Discourse of the Common Weal of this Realm of England first printed in 1581, Thomas Smith writes that there are three kinds of artificers: some of them bring money out of the country, some spend money within the country, and some bring money into the country. If exports are not large enough to pay for imports, treasure will be drained into foreign countries. Hence, the government should regulate individual contracts involved in foreign trade in

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order to make them bring more bullion into the country than bring it out of the country. “An English merchant selling goods in the official staple towns on the continent was compelled to bring back a proportion of his proceeds in cash. The alien who sold goods in England was compelled by the Statue of Employment to spend a proportion of his gains in England.” The concept of the balance of trade was not new but was more significant at the time when the Dutch was rising. In France, economic conditions were not much different from England in the second half of the sixteenth century. Jean Bodin believed that “salt, wine and wheat are the inexhaustible mines of France.” If the French exports those and other goods to Spain, she could obtain treasure by reducing imports of oils, spices, and silk chiefly. Therefore, France should impose taxes upon imports of manufactures and upon exports of raw materials. Colbert thought that commerce is “a perpetual and peaceable of war of wit and energy among all nations” and he concerned about the finance of wars. Therefore, trade monopoly was given to favorable merchants who were capable to fill part of war finance; and protectionist principles were applied for the benefit of industry. Both England and France were in favor of mercantilism by using various protection measures with monopolistic intervention in the market: they are export monopoly, exchange control, and the balance of trade.

(i) **Export Monopolism:** Since monopoly of foreign trade was beneficial for merchants and the crown, the former was able to secure favorable trade policies by making close ties with politics, as export monopoly was less challenged in the age of colonization. The proposition involved is that monopoly gains from foreign trade are net gains to a nation, which concept was prevailed in the age of imperialism where trade was associated with colonization such as in both East and West Indies.

(ii) **Exchange Control:** War inevitable induces government to control economic life and creates bureaucracies to administer it which then not merely cling to their powers but automatically strive to expand them. According to Schumpeter, “Imports, exports, and foreign exchanges are obviously among the most important of the things to be controlled. The argument for control also applies to conditions permanently verging on war. Moreover, we must take into account the spirit induced by war and the incessant threat of war, the frame of mind in which injury to a foreign nation is almost as welcome as gain to one’s own, or, to put it differently, in which the policy of international economic relations merges with a policy of economic warfare and becomes just one of the weapons in the perennial game of power politics.”

(iii) **The Balance of Trade:** The mercantilists believed that the favorable balance of trade was a highly desirable or necessary thing at which for the state to aim. This was tied with the protectionist current of the time and was justified by applying the theories of the infant, military, or key industry of a nation with the employment argument for economic growth and national security. However, those ideas and motives of mercantilism were based on erroneous propositions such as the confusion of the national wealth with money, the rejection of that
individual action on profit motive promotes the social or national interest, and no linkage of national advantage to individual profit motives. (The mercantilism will be further discussed in the next chapter).

Endnotes

4 Ibid., 77. Petrarch and Salutati revived classical literature.
8 Steven Ozment, The Age of Reform, 1250-1550, 437.
12 Samuel Eliot Morison, Christopher Columbus, Mariner (Norwalk, CT: Easton Press, 1990), 31, 212-3.
15 Philip Melanchthon, Orations on Philosophy and Education (New York: Cambridge U Press, 1999), xxii.
18 Ibid., 584-5.