## Seventeenth-Century European Economic Growth

In the late sixteenth century and into the seventeenth, Europe continued the growth that had lifted it out of the relatively less prosperous medieval period (from the mid 400s to the late 1400s). Among the key factors behind this growth were increased agricultural productivity and an expansion of trade.

Populations cannot grow unless the rural economy can produce enough additional food to feed more people. During the sixteenth century, farmers brought more land into cultivation at the expense of forests and fens (low-lying wetlands). Dutch land reclamation in the Netherlands in the sixteenth and seventeenth centuries provides the most spectacular example of the expansion of farmland: the Dutch reclaimed more than 36.000 acres from 1590 to 1615 alone.

Much of the potential for European economic development lay in what at first glance would seem to have been only sleepy villages. Such villages, however, generally lay in regions of relatively advanced agricultural production, permitting not only the survival of peasants but also the accumulation of an agricultural surplus for investment. They had access to urban merchants, markets, and trade routes.

Increased agricultural production in turn facilitated rural industry, an intrinsic part of the expansion of industry. Woolens and textile manufacturers, in particular, utilized rural cottage (in-home) production, which took advantage of cheap and plentiful rural labor. In the German states, the ravages of the Thirty Years' War (1618-1648) further moved textile production into the countryside. Members of poor peasant families spun or wove cloth and linens at home for scant remuneration in an attempt to supplement meager family income.

More extended trading networks also helped develop Europe's economy in this period. English and Dutch ships carrying rye from the Baltic states reached Spain and Portugal. Population growth generated an expansion of small-scale manufacturing, particularly of handicrafts, textiles, and metal production in England, Flanders, parts of northern Italy, the southwestern German states, and parts of Spain. Only iron smelting and mining required marshaling a significant amount of capital (wealth invested to create more wealth).

The development of banking and other financial services contributed to the expansion of trade. By the middle of the sixteenth century, financiers and traders commonly accepted bills of exchange in place of gold or silver for other goods. Bills of exchange, which had their origins in medieval Italy, were promissory notes (written promises to pay a specified amount of money by a certain date) that could be sold to third parties. In this way, they provided credit. At mid-century, an Antwerp financier only slightly exaggerated when he claimed, “0ne can no more trade without bills of exchange than sail without water." Merchants no longer had to carry gold and silver over long, dangerous journeys. An Amsterdam merchant purchasing soap from a merchant in Marseille could go to an exchanger and pay the exchanger the equivalent sum in guilders, the Dutch currency. The exchanger would then send a bill of exchange to a colleague in Marseille, authorizing the colleague to pay the Marseille merchant in the merchant's own currency after the actual exchange of goods had taken place.

Bills of exchange contributed to the development of banks, as exchangers began to provide loans. Not until the eighteenth century, however, did such banks as the Bank of Amsterdam and the Bank of England begin to provide capital for business investment. Their principal function was to provide funds for the state.

The rapid expansion in international trade also benefitted from an infusion of capital, stemming largely from gold and silver brought by Spanish vessels from the Americas. This capital financed the production of goods, storage, trade, and even credit across Europe and overseas. Moreover an increased credit supply was generated by investments and loans by bankers and wealthy merchants to states and by joint-stock partnerships—an English innovation (the first major company began in 1600). Unlike short-term financial cooperation between investors for a single commercial undertaking, joint-stock companies provided permanent funding of capital by drawing on the investments of merchants and other investors who purchased shares in the company.

Paragraph 1: In the late sixteenth century and into the seventeenth, Europe continued the growth that had lifted it out of the relatively less prosperous medieval period (from the mid 400s to the late 1400s). Among the key factors behind this growth were increased agricultural productivity and an expansion of trade.

1. According to paragraph 1, what was true of Europe during the medieval period? (2)

○ Agricultural productivity declined.

○ There was relatively little economic growth.

○ The general level of prosperity declined.

○ Foreign trade began to play an important role in the economy.

2. The word key in the passage is closest in meaning to (3)

○ historical

○ many

○ important

○ hidden

Paragraph 2: Populations cannot grow unless the rural economy can produce enough additional food to feed more people. During the sixteenth century, farmers brought more land into cultivation at the expense of forests and fens (low-lying wetlands). Dutch land reclamation in the Netherlands in the sixteenth and seventeenth centuries provides the most spectacular example of the expansion of farmland: the Dutch reclaimed more than 36.000 acres from 1590 to 1615 alone.

3. According to paragraph 2, one effect of the desire to increase food production was that (4)

○ land was cultivated in a different way

○ more farmers were needed

○ the rural economy was weakened

○ forests and wetlands were used for farming

Paragraph 3: Much of the potential for European economic development lay in what at first glance would seem to have been only sleepy villages. Such villages, however, generally lay in regions of relatively advanced agricultural production, permitting not only the survival of peasants but also the accumulation of an agricultural surplus for investment. They had access to urban merchants, markets, and trade routes.

4. According to paragraph 3, what was one reason villages had such great economic potential?(1)

○ Villages were located in regions where agricultural production was relatively advanced.

○ Villages were relatively small in population and size compared with urban areas.

○ Some village inhabitants made investments in industrial development.

○ Village inhabitants established markets within their villages.

Paragraph 4: Increased agricultural production in turn facilitated rural industry, an intrinsic part of the expansion of industry. Woolens and textile manufacturers, in particular, utilized rural cottage (in-home) production, which took advantage of cheap and plentiful rural labor. In the German states, the ravages of the Thirty Years' War (1618-1648) further moved textile production into the countryside. Members of poor peasant families spun or wove cloth and linens at home for scant remuneration in an attempt to supplement meager family income.

5. Paragraph 4 supports the idea that increased agricultural production was important for the expansion of industry primarily because it (1)

○ increased the number of available workers in rural areas

○ provided new types of raw materials for use by industry

○ resulted in an improvement in the health of the rural cottage workers used by manufacturers

○ helped repair some of the ravages of the Thirty Years’ War

6. The word “meager” in the passage is closest in meaning to (2)

○ very necessary

○ very low

○ traditional

○ primary

Paragraph 5: More extended trading networks also helped develop Europe's economy in this period. English and Dutch ships carrying rye from the Baltic states reached Spain and Portugal. Population growth generated an expansion of small-scale manufacturing, particularly of handicrafts, textiles, and metal production in England, Flanders, parts of northern Italy, the southwestern German states, and parts of Spain. Only iron smelting and mining required marshaling a significant amount of capital (wealth invested to create more wealth).

7. Why does the author mention that “English and Dutch ships carrying rye from the Baltic states reached Spain and Portugal”?（2）

○ To suggest that England and the Netherlands were the two most important trading nations in seventeenth-century Europe

○ To suggest how extensive trading relations were

○ To contrast the importance of agricultural products with manufactured products

○ To argue that shipping introduced a range of new products

Paragraph 6: The development of banking and other financial services contributed to the expansion of trade. By the middle of the sixteenth century, financiers and traders commonly accepted bills of exchange in place of gold or silver for other goods. Bills of exchange, which had their origins in medieval Italy, were promissory notes (written promises to pay a specified amount of money by a certain date) that could be sold to third parties. In this way, they provided credit. At mid-century, an Antwerp financier only slightly exaggerated when he claimed, “0ne can no more trade without bills of exchange than sail without water." Merchants no longer had to carry gold and silver over long, dangerous journeys. An Amsterdam merchant purchasing soap from a merchant in Marseille could go to an exchanger and pay the exchanger the equivalent sum in guilders, the Dutch currency. The exchanger would then send a bill of exchange to a colleague in Marseille, authorizing the colleague to pay the Marseille merchant in the merchant's own currency after the actual exchange of goods had taken place.

8. By including the quotation in paragraph 6 by the financier from Antwerp, the author is emphasizing that （3）

○ sailing was an important aspect of the economy

○ increasing the number of water routes made trade possible

○ bills of exchange were necessary for successful trading

○ financiers often exaggerated the need for bills of exchange

9. According to paragraph 6, merchants were able to avoid the risk of carrying large amounts of gold and silver by （3）

○ using third parties in Marseille to buy goods for them

○ doing all their business by using Dutch currency

○ paying for their purchases through bills of exchange

○ waiting to pay for goods until the goods had been delivered

Paragraph 7: Bills of exchange contributed to the development of banks, as exchangers began to provide loans. Not until the eighteenth century, however, did such banks as the Bank of Amsterdam and the Bank of England begin to provide capital for business investment. Their principal function was to provide funds for the state.

10. According to paragraph 7, until the eighteenth century, it was the principal function of which of the following to provide funds for the state? （3）

○ Bills of exchange

○ Exchangers who took loans

○ Banks

○ Business investment

Paragraph 8: The rapid expansion in international trade also benefitted from an infusion of capital, stemming largely from gold and silver brought by Spanish vessels from the Americas. This capital financed the production of goods, storage, trade, and even credit across Europe and overseas. Moreover an increased credit supply was generated by investments and loans by bankers and wealthy merchants to states and by joint-stock partnerships—an English innovation (the first major company began in 1600). Unlike short-term financial cooperation between investors for a single commercial undertaking, joint-stock companies provided permanent funding of capital by drawing on the investments of merchants and other investors who purchased shares in the company.

11. The phrase “an English innovation” in the passage is closest in meaning to （1）

○ a new development introduced by the English

○ an arrangement found only in England

○ a type of agreement negotiated in English

○ a type of partnership based on English law

12. According to paragraph 8, each of the following was a source of funds used to finance economic expansion EXCEPT （2）

○ groups of investors engaged in short-term financial cooperation

○ the state

○ wealthy merchants

○ joint-stock companies

Paragraph 6: The development of banking and other financial services contributed to the expansion of trade. By the middle of the sixteenth century, financiers and traders commonly accepted bills of exchange in place of gold or silver for other goods. Bills of exchange, which had their origins in medieval Italy, were promissory notes (written promises to pay a specified amount of money by a certain date) that could be sold to third parties. In this way, they provided credit. ■At mid-century, an Antwerp financier only slightly exaggerated when he claimed, “0ne can no more trade without bills of exchange than sail without water." ■Merchants no longer had to carry gold and silver over long, dangerous journeys. ■An Amsterdam merchant purchasing soap from a merchant in Marseille could go to an exchanger and pay the exchanger the equivalent sum in guilders, the Dutch currency. ■The exchanger would then send a bill of exchange to a colleague in Marseille, authorizing the colleague to pay the Marseille merchant in the merchant's own currency after the actual exchange of goods had taken place.

13. Look at the four squares [■] that indicate where the following sentence could be added to the passage.

**They could also avoid having to identify and assess the value of a wide variety of coins issued in many different places.**

Where would the sentence best fit?（3）

14．**Directions:** An introductory sentence for a brief summary of the passage is provided below. Complete the summary by selecting the THREE answer that express the most important ideas in the passage. Some sentences do not belong in the summary because they express ideas that not presented in the passage or are minor ideas in the passage. **This question is worth 2 points.**

In late sixteenth-and early seventeenth-century Europe, increased agricultural production and the expansion of trade were important in economic growth.

●Bringing more land…

●Increases in population…

●The expansion of…

Answer choices

○ Bringing more land under cultivation produced enough food to create surpluses for trade and investment as well as for supporting the larger populations that led to the growth of rural industry.

○ Most rural villages established an arrangement with a nearby urban center that enabled villagers to take advantage of urban markets to sell any handicrafts they produced.

○ Increases in population and the expansion of trade led to increased manufacturing, much of it small-scale in character but some requiring significant capital investment.

○ Increased capital was required for the production of goods, for storage, for trade, and for the provision of credit throughout of Europe as well as distant markets overseas.

○ Bills of exchange were invented in medieval Italy but became less important as banks began to provide loans for merchants.

○ The expansion of trade was facilitated by developments in banking and financial services and benefitted from the huge influx of capital in the form of gold silver from the Americas.