Exercise walk-through

The Commercial Revolution ▪ 1.10

eXercise

You must be able to

- name the financial innovations of the period
- explain what each solved
- describe **mercantilism 重商主义** as a doctrine
- explain the social effects of commercial wealth

Method — The innovations

Joint-stock companies, banks of deposit and exchange, bills of exchange, marine insurance, and double-entry bookkeeping.

Method — What each solved

Joint stock spread the risk of a voyage no individual could bear. Bills of exchange moved value without moving coin. Insurance made a lost ship survivable. Bookkeeping made a large enterprise legible to its owners.

Method — Mercantilism

The doctrine that a state's wealth is measured by its stock of bullion, that trade is a contest in which one state's gain is another's loss, and that colonies exist to supply the parent state.

Method — Social effects

A commercial class accumulated wealth without land or title, which strained a social order organised around both — a tension that recurs through the course.

Practice 2.1 ▪ 3 marks

Name three financial innovations of the commercial revolution.

Solution 2.1

Worked steps

any three of: joint-stock companies; banks of deposit and exchange; bills of exchange; marine insurance; double-entry bookkeeping **B3**.

Practice 2.2 ▪ 2 marks

State what mercantilism claimed about trade.

Solution 2.2

Method: Mercantilism

Worked steps

that a state's wealth is its stock of bullion **B1** and that trade is a contest in which one state's gain is another's loss **B1**.

Practice 2.3 ▪ 1 mark

A merchant insures a cargo.
(a) State what problem insurance solved.
(b) State one effect on the willingness to trade.

Solution 2.3

Method: What each solved

Worked steps

(a) a single loss could ruin a merchant **B1**. (b) more merchants will risk a voyage once the loss is survivable **B1**.

Exam-style 3.1 ▪ 1 mark

Joint-stock organisation principally solved the problem of

- **A** moving coin
- **B** bearing the risk of a single voyage
- **C** recording accounts
- **D** insuring a cargo

Solution 3.1

Method: What each solved

- **A** moving coin
- **B** bearing the risk of a single voyage ✓
- **C** recording accounts
- **D** insuring a cargo

Worked steps

B. shares spread an unbearable individual risk.

Exam-style 3.2 ▪ 1 mark

Under mercantilist doctrine, colonies exist to

A trade freely with all states

B supply the parent state

C govern themselves

D hold bullion independently

Solution 3.2

Method: Mercantilism

A trade freely with all states

B supply the parent state ✓

C govern themselves

D hold bullion independently

Worked steps

B. colonial trade is directed to the parent state's benefit.

Exam-style 3.3 ▪ 1 mark

A merchant family accumulates great wealth but holds no title or land.
(a) State the tension this creates.
(b) Explain why it recurs later in the course.

Solution 3.3

Method: Social effects

Worked steps

(a) wealth without the land or title that the social order used to rank people **B1**.
(b) the same tension appears wherever a commercial class seeks political standing **B1**, which is a stated cause of later upheavals in this course **B1**.