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The Discovery of the American Continent: Capital Accumulation, Trade Volume and the Price Revolution in Europe

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ABSTRACT: This study examines the effects of the discovery of the American continent on capital accumulation, trade volume, and price levels in Europe. The primary objective is to reveal the extent to which the influx of gold, silver, and agricultural raw materials from the New World contributed to early modern growth dynamics in Old World economies. The study aims to bring together the transformation in the volume and structure of foreign trade through the channel of capital accumulation and the price revolution debates within a common economic framework. The analysis first briefly summarises the production structure, trade networks and financial capacity of the pre-discovery European economy. It then examines the effects of precious metal flows to Europe, particularly via Spain and Portugal, following the discovery of the American continent, on public finances, commercial capital and financial markets. In this context, the relationship between mineral revenues and state borrowing, war financing, and the growth of commercial capital is discussed. Another focus of the study is the rise of Atlantic trade networks and the relative decline of the old Mediterranean-centred routes. New trade routes and changes in the composition of commodities expanded the volume of foreign trade for European states and transformed the regional and class distribution of trade. The price increases triggered by the abundance of silver disrupted the balance between wages, profits, and rent revenues, leading to a prolonged price revolution and accompanying distributional tensions. Consequently, the study argues that the discovery of the American continent was not merely a process of geographical expansion for Europe, but also a profound economic restructuring process operating through capital accumulation, trade volume, and the general price level. This finding demonstrates that Europe's rise in the global economy during the early modern period must be understood within the framework of the interaction between resources transferred from the Americas and intra-continental institutional and political dynamics.

KEYWORDS: Discovery of the American Continent, Capital Accumulation, Atlantic Trade, Price Revolution, Long-Term Economic Growth

1. INTRODUCTİON

The discovery of the Americas is frequently considered a turning point in world economic history, and its impact on the European economy has long been debated (Braudel 1972, Wallerstein 1974, De Vries 1976). In the late fifteenth and early sixteenth centuries, the European economy was characterized by limited natural resources, relatively narrow domestic markets, and dependence on high-cost Mediterranean-centered trade routes for access to Eastern goods. Within this framework, the discovery of the Americas provided Europe with new mineral and raw material resources, as well as alternative sea routes, paving the way for a radical transformation in the structure of capital accumulation and foreign trade (Chaunu 1969, Fernández-Armesto 1997).

The nature of this transformation is analyzed through different conceptual frameworks in the economic history literature. On the one hand, studies focusing on the rise of the Atlantic economy emphasize how American-connected trade networks reshaped intra-European balances of power, regional specialization, and income distribution (Wallerstein 1974, Emmer 1998, Acemoglu, Johnson, and Robinson 2005). On the other hand, discussions of the price revolution attempt to explain how silver flows, particularly those originating in the Americas, triggered a prolonged inflationary process across the continent and its effects on wages, profits, and rental income (Hamilton 1934, Goldstone 1991, Allen 2001). These two literatures find common ground through the relationships between capital accumulation, public finance, and early financial markets.

The impact of precious metal flows from the Americas to Europe on both state finance and private capital accumulation constitutes one of the fundamental analytical axes of this study. The silver and gold transferred through Spain and Portugal not only fueled the royal treasuries' war expenditures and borrowing capacity, but also expanded the scale of merchant capital, contributing to the expansion of financial intermediation channels (Flynn and Giráldez 1995, Drelichman and Voth 2014). This process directly impacted the geographical and class distribution of capital accumulation in early modern Europe, leading to some regions and social groups receiving a much greater share of this global redistribution process.

Another focus of this study is the relationship between the rise of Atlantic trade networks and the relative decline of older Mediterranean-centered routes. Established trade routes with the New World altered the composition of commodities, increasing the weight of products such as sugar, tobacco, and cotton in trade, thus redefining both intra-European regional specialization and the international division of labor (Curtin 1984, O'Brien 1982). This transformation not only meant an increase in trade volume but also determined which ports, social groups, and state structures received commercial profits.

This study aims to bring these discussions together within a common economic context. It will focus on three fundamental questions. First, how did the dynamics of capital accumulation in Europe change after the discovery of the Americas, and what was the role of precious metal flows in this transformation? Second, through what channels did the rise of Atlantic trade networks transform Europe's foreign trade volume and geographical trade structure? Third, how did the price increases triggered by the abundance of silver affect the general level of prices, real wages, and income distribution. These questions enable us to reassess Europe's relative rise in the global economy in the early modern period within the framework of the interaction between resources transferred from the Americas and institutional and political dynamics (Pomeranz 2000, Acemoglu, Johnson, and Robinson 2005).

2. THEORETİCAL FRAMEWORK AND LİTERATURE

2.1. Capital Accumulation, Foreign Trade, and the World Economy

When analyzing the impact of the discovery of the Americas on Europe, it is necessary to first recall the fundamental economic framework concerning the relationship between capital accumulation and foreign trade. The economic understanding of European states in the early modern period was largely built upon the relationship between precious metal stocks, foreign trade surpluses, and a strong fiscal state. Within this framework, capital accumulation was linked to both the expansion of private commercial capital and the accumulation of resources in state treasuries sufficient to finance war and expansion policies (North and Thomas 1973, O'Brien 1982).

The role of foreign trade and colonial resources in the process of capital accumulation is central to approaches that attempt to explain the long-term evolution of the world economy. World system and center-periphery debates argue that some regions of Europe rose to central positions through global trade networks and colonialism, while other regions became peripheral (Wallerstein 1974, Arrighi 1994). According to this approach, the discovery of the Americas not only brought new goods and minerals to Europe, but also a process that redefined the global division of labor.

This study examines capital accumulation through both precious metal flows and changes in trade volume and structure, thus providing a theoretical basis for discussing the connection between the discovery of the Americas and long-term growth dynamics in Europe.

2.2. The Emergence of the Atlantic Economy and Institutional Approaches

An important strand in the literature links the rise of the Atlantic economy to intra-European balances of power and institutional transformation. Braudel views the rise of Atlantic ports as a long-term restructuring of the Mediterranean-centered trading order, emphasizing the transformation of northwestern European ports into commercial and financial centers (Braudel 1972). Wallerstein interprets the expansion of Atlantic trade as a fundamental element in the formation of the Eurocentric world economy (Wallerstein 1974).

More recent institutional economics literature focuses on the interaction between Atlantic trade and political institutions. Acemoglu, Johnson, and Robinson argue that in countries early and intensively integrated into Atlantic trade, pressure to share trade gains transformed the balances between commercial and political elites and contributed to the emergence of more inclusive institutions (Acemoglu, Johnson, and Robinson 2005). In this framework, American-linked trade is viewed not only as an external shock generating income growth but also as a catalyst for institutional evolution.

The Atlantic economics literature highlights three factors when analyzing the effects of the discovery of the Americas on capital accumulation and trade volume in Europe. First, Atlantic ports and trade-related regions experienced faster growth and capital concentration than other regions within the continent (O'Brien 1982, Emmer 1998). Second, new trade patterns reshaped regional specialization and the division of labor in Europe. Third, trade gains influenced long-term growth paths through their interaction with institutional structures, property rights, and state capacity (North 1990, Acemoglu and Robinson 2012).

Drawing on the Atlantic economics literature, this study aims to examine the changes in trade volume and geographical trade structure in Europe following the discovery of the Americas, along with capital accumulation and regional differentiation.

2.3. Price Revolution, Precious Metal Flows and Distributional Effects

One of the most controversial economic issues related to the discovery of the Americas is the prolonged price increases observed in Europe during the sixteenth and seventeenth centuries. This process, known as the price revolution, manifested itself in significant and persistent increases in basic commodities such as grain, rents, and wages, particularly in Spain and other European centers (Hamilton 1934, Fischer 1996).

The classical interpretation explains the price revolution primarily based on the abundance of silver originating in the Americas and the expansion of the money supply. According to this approach, the flow of precious metals from the New World to Europe expanded the money supply, and because the quantity of goods did not increase at the same rate, the general level of prices rose (Hamilton 1934, Flynn and Giráldez 1995). In contrast, more recent studies also consider demographic dynamics, agricultural supply constraints, and changes in market integration as important components of the price revolution process (Goldstone 1991, Allen 2001). The price revolution literature emphasizes that this process was not merely an increase in the general price level but also produced strong distributional effects. Long-term inflation negatively impacted income earners based on fixed nominal rents, while strengthening the relative position of groups with flexible price and wage-setting power, particularly the commercial and financial sectors (Fischer 1996, Van Zanden 1993). Thus, the price revolution has been interpreted as a process that reshaped the income distribution between capital and labor in Europe, the relative position of urban and rural populations, and property structure.

This study uses the price revolution literature to discuss the effects of precious metal flows from the Americas to Europe on both the macro-level general price level and the micro-level income distribution, thus situating the link between exploration and capital accumulation within a monetary and distributional framework.

2.4. Exploration of The American Continent, Growth and Long-Term Comparative Studies

Finally, the relationship between the discovery of the Americas and Europe's long-term growth performance needs to be evaluated within the broader literature of comparative economic history. Per capita income series and trade data for the nineteenth and twentieth centuries demonstrate that some patterns of differentiation that began in the early modern period persisted over the long term (Maddison 2001, Bolt and Van Zanden 2014).

Pomeranz attempts to explain the great divergence between Europe and Asia not only through internal institutional factors but also through the land and raw material advantages derived from the Americas (Pomeranz 2000). According to this perspective, resources transferred from the Americas loosened the ecological and financial constraints of European economies, thus supporting the process of industrialization. Similarly, the contribution of Atlantic trade and colonial resources to capital accumulation before and after the Industrial Revolution is emphasized in both theoretical and empirical studies (Inikori 2002, O'Brien 1982).

Recent institutional and quantitative studies demonstrate a positive relationship between the degree of access to Atlantic trade and long-term income levels, but this relationship is mediated by institutions and state capacity (Acemoglu, Johnson, and Robinson 2005, Jerez Méndez 2019). Thus, the discovery of the Americas is not viewed as an automatic guarantee of growth per se, but rather as an external shock that produced different outcomes depending on the nature of existing institutional structures.

This literature provides the background supporting the study's core argument. The discovery of the Americas did not create a homogeneous gain for all of Europe; processes operating through capital accumulation, trade volume, and prices, combined with geographical and institutional differences, led to diverse growth paths. In the following sections of the article, this theoretical and literary framework will be elaborated on the structure of the pre-discovery European economy and the concrete effects of post-discovery mineral and trade flows.

3. THE STRUCTURE OF THE PRE-DİSCOVERY EUROPEAN ECONOMY

3.1. Demographic Structure and Production System

Prior to the discovery of the Americas, the European economy was characterized by the dominance of agricultural production and low productivity levels. The vast majority of the population lived in rural areas based on subsistence or semi-subsistence production, with agriculture, animal husbandry, and simple handicrafts forming the main economic activities (De Vries 1976, Goldstone 1991). Land held a central position as both the primary input of production and the determining element of political and social hierarchy.

Feudal and semi-feudal relations, particularly in Western and Central Europe, defined land tenure in favor of the nobility while subjecting the peasantry to various rents, forced labor, and tax burdens. This structure meant that a significant portion of the surplus was controlled by the upper classes, who appropriated agricultural rents, limiting the capacity of peasant households to invest and expand their scale (North and Thomas 1973). Productivity was volatile and fragile due to limited technical advances, limited fertilizer use, the tripartite cropping system, and climate-dependent harvest levels (Allen 2001).

During this period, Europe was close to a equilibrium generally described as "Malthusian." Population growth was curbed by price increases, wage pressures, and periodic famines as agricultural production limits were approached, preventing sustained and rapid increases in per capita income (Goldstone 1991). This framework is critical for explaining why the new resources and trade opportunities that emerged after the discovery of the Americas carried significant potential for economic relief and reconstruction.3.2. Mali yapı, devlet kapasitesi ve savaş finansmanı

In pre-discovery Europe, states were characterized by fragmented sovereignty, limited fiscal capacity, and fragmented tax regimes. Most kingdoms relied on occasional extraordinary taxes, feudal obligations, and indirect taxes rather than regular, broad-based direct taxes (Bonney 1995, O'Brien 1988). Customs revenues, duties on domestic and foreign trade, and monopoly revenues such as salt and liquor were important but volatile resources for dynastic treasuries. This fiscal structure created serious constraints on the financing of protracted wars and overseas expansion. The Habsburg dynasty and other major powers, in particular, were forced to borrow heavily from bankers and merchants during wartime and frequently faced financial crises due to the narrow tax base and collection problems (North and Thomas 1973, Drelichman and Voth 2014). This fragile relationship between finance and financial markets drove states to seek new sources of revenue, and precious metals and new trade routes acquired strategic significance in this context.

The limited state capacity was related not only to the difficulties of collecting revenue but also to the capacity to centralize and redistribute it. In many regions, local nobility, city councils, and privileged social groups restricted the central fiscal authority's maneuverability through tax exemptions and autonomy, making large-scale military and naval investments difficult (Tilly 1990, Bonney 1995). Within this framework, new mineral flows and commercial gains from the Americas held the potential not only to increase wealth but also to redefine the fiscal state's capacity.

3.3. Trade Networks, Geographic Location and Foreign Trade Patterns

Before the discovery, Europe's foreign trade system operated largely through two main networks, centered on the Mediterranean and the North Sea. In the Mediterranean basin, Italian city-states, particularly Venice and Genoa, controlled trade in the Eastern Mediterranean and the Levant, playing a key role in transporting spices, silk, porcelain, and other luxury goods from the Far East to the interior of Europe (Braudel 1972, Chaunu 1969). These goods reached Europe via land and sea routes, mostly passing through Ottoman territories and the Islamic world.

In the north, the Hanseatic League organized the Baltic and North Sea trade, directing flows of grain, timber, fur, and raw materials, and playing a crucial role in supplying the cities of northwestern Europe. This structure reinforced the regional division of labor within Europe, positioning some regions as trade and financial centers and others as suppliers of raw materials and food (De Vries 1976, Dollinger 1970). However, these trade networks, particularly in the case of Far Eastern goods, played a restrictive role due to high transportation costs, multiple layers of intermediaries, and political risks. Ottoman-controlled straits, Eastern Mediterranean ports, and Middle Eastern routes were points of dependency for Europe, both strategically and financially (Braudel 1972). This meant that a significant portion of commercial profits were shared by intermediary regions and that it constrained intra-European competition.

In this context, alternative ocean routes to the Americas were linked not only to new lands and minerals but also to the search for alternative routes to reach the East. Spain and Portugal's expansion into the Atlantic was initially motivated by the search for direct access to the Indian Ocean trade, but over time, it evolved into an intense commercial and colonial relationship with the New World (Chaunu 1969, Fernández-Armesto 1997).

3.4. Structural Constraints, Windows of Opportunity, and Dynamics That Predispose to Exploration

The general outlook of the pre-discovery European economy can be characterized by limited productivity gains, fragile financial structures, and geographically restricted trade networks. Fluctuating agricultural production, the strain on the fiscal state's financial state in the face of war and expansion costs, and the high-cost intermediary structures required to access Far Eastern goods were the fundamental structural pressures that led European states to seek new resources and routes (O'Brien 1988, De Vries 1976).

These pressures, combined with advances in maritime technology, cartography, and ocean navigation knowledge, created a new "window of opportunity." Some states, notably Portugal and Spain, exploited this window to explore alternative routes across the Atlantic, advancing along the African coast and ultimately reaching the Americas (Braudel 1972, Fernández-Armesto 1997). Therefore, rather than being a chance geographical discovery, the discovery of the Americas can be viewed as a product of the structural constraints of the pre-discovery European economy, its financial and commercial pressures, and political competition combined with technological advancements. This perspective allows us to understand the processes that emerged after the discovery, such as mineral flows, changes in trade volume, and price revolutions, within the context of Europe's internal dynamics. Against this historical backdrop, the subsequent section of this article will examine in detail the direction of mineral flows to Europe following the discovery of the Americas and their relationship with capital accumulation.

4. THE DİSCOVERY OF THE AMERİCAS AND THE REDİRECTİON OF MİNERAL FLOWS TO EUROPE

4.1. The Process of Discovery and Spanish-Portuguese Supremacy

The economic significance of the Americas for Europe was largely shaped by the overseas empires established by Spain and Portugal during the sixteenth century and their control over mining regions. This process, which began with the voyage of Christopher Columbus in 1492, quickly evolved into the occupation and colonization of the Caribbean islands, then the basins of high civilization such as Mexico and Peru (Chaunu 1969, Elliott 2006).

While Portugal focused primarily on the African coast, Brazil, and the Indian Ocean trade routes, Spain focused on the exploitation of large silver deposits in the Americas, particularly Zacatecas in Mexico and Potosí in Peru, thus gaining a dominant position in the global supply of precious metals (Braudel 1972, Flynn and Giráldez 1995). The Spanish crown mobilized indigenous labor for mining and agricultural production through encomienda, mita, and similar forced labor regimes. These regulations determined both the social structure of the colonies and the continuity of the mineral supply (Bakewell 1984).

Although Spain possessed nominally large mineral revenues during this period, a significant portion of these resources was rapidly transferred to other European financial and commercial centers through debt service, import payments, and military expenditures

(Drelichman and Voth 2014). Therefore, the process that began with the discovery of the Americas created a new network of economic resources and payment flows not only for Spain and Portugal, but for the entire European continent.

4.2. The Magnitude and Geographical Distribution of Silver and Gold Flows

While there are varying estimates of the magnitude of precious metal flows from the Americas to Europe in the sixteenth and seventeenth centuries, there is broad agreement in the literature that these flows radically increased the world silver supply (Hamilton 1934, Flynn and Giráldez 1995). The Spanish ports of Seville and later Cádiz served as gateways for ore and goods from the Americas to Europe, and efforts were made to record these flows through institutions such as the Casa de Contratación (Chaunu 1969).

While a significant portion of the silver was transported through official convoy systems, it is known that smuggled shipments and unrecorded flows were also high. Therefore, official records represent the lower limit of the total flow. Nevertheless, even these records show that silver shipments increased significantly, especially from the mid-sixteenth century onward, and that they remained at a relatively fluctuating but high level in the seventeenth century (Hamilton 1934, TePaske 2010).

From a geographic perspective, a significant portion of the final recipients of American silver within Europe were trading and financial centers outside Spain. Flanders, Genoa and other Italian financial centers, Antwerp, and later Amsterdam, all received significant shares of these flows due to the borrowing needs and military expenditures of the Spanish crown (Braudel 1972, O'Brien 1988). Thus, American silver, passing through Spain, was distributed to intra-European capital markets and trade networks.

4.3. The Effects of Mining Flows on Public Finance and the War Economy

One of the most visible effects of the flow of minerals from America on Europe was the change it brought about in the composition of royal treasuries' revenues. The Spanish crown earned considerable revenue from shares such as the 'quinto real' taken from American mines, using this revenue to finance the Habsburg monarchy's wars, court expenses and debt servicing (Elliott 2006, Drelichman and Voth 2014).

This situation increased the short-term payment capacity of the fiscal state, but also brought to the fore a long-term debate on the 'resource curse.' High mining revenues were often directed towards financing military expansion and foreign policy expenditures rather than rationally expanding the tax base, implementing administrative reforms, and making productive investments. This merely postponed rather than permanently resolved Spain's structural fiscal weaknesses (Drelichman and Voth 2014).

Other European states, even if they did not receive a direct share of mining revenues, gained indirect access to these resources through Spain's increasing spending and borrowing requirements. Bankers, merchants, and arms suppliers received a share of American silver in return for the loans they extended to the Spanish monarchy and the goods and services they provided, thus creating a widespread network of income and payments across Europe (Braudel 1972, O'Brien 1988).

This process strengthened the link between public finance and financial markets, while also increasing the indirect impact of precious metal flows on the capital accumulation process in Europe. Mineral revenues contributed to the growth of commercial capital and financial intermediation capacity by feeding not only state treasuries but also the commercial and financial circles associated with them.

4.4. Commercial Capital, Financial Markets and Intra-European Capital Accumulation

The influx of American silver into Europe can be viewed not merely as a 'transfer of wealth,' but also as a process that expanded the scale of trade capital and encouraged financial innovation. The expanding volume of foreign trade created a need for new institutions and instruments in areas such as convoy insurance, long-distance credit relationships and currency risk management, which accelerated the development of stock exchanges, foreign exchange markets and insurance companies (Neal 1990, Braudel 1972).

Financial centers such as Antwerp, Amsterdam and London played key roles both in financing Spanish and Portuguese trade and in organizing continental trade networks. As American silver was redistributed through these centres, it led to the concentration of commercial capital in specific geographical areas and the much faster growth of some cities and regions compared to others (O'Brien 1982, De Vries and Van der Woude 1997).

In this context, the flow of minerals that began with the discovery of the American continent also reshaped the geographical and sectoral distribution of capital accumulation in Europe. Regions with stronger links to trade and finance benefited more from these flows, while inland and rural areas benefited less. This differentiation has been interpreted as a dynamic that contributed to the formation of 'core' and 'periphery' regions within Europe in the long term (Wallerstein 1974, Arrighi 1994).

4.5. The Global Silver Cycle, the Asian Connection, and Europe's Intermediary Role

The economic impact of American silver was not limited to Europe. As Flynn and Giráldez emphasize, silver became the most important "commodity" in the world economy in the sixteenth and seventeenth centuries, and a large portion of the silver mined in the Americas ultimately found its way to Asian markets (Flynn and Giráldez 1995). The monetary regime and demand for silver in China became one of the key factors determining the ultimate direction of global silver flows.

In this context, Europe served as a kind of intermediary region. Silver from the Americas passed through European ports and was used to pay for Asian goods, especially silk and spices, thus creating a global circulation of value between the Atlantic, the Indian Ocean, and the Pacific (Flynn and Giráldez 1995, Chaudhuri 1985). This process strengthened Europe's position in the world economy and contributed to the continent's emergence as a financial and intermediary power at the center of global trade networks. Consequently, the mineral flows that began with the discovery of the Americas had profound effects on capital accumulation, public finance, merchant capital, and financial markets in Europe, while also reinforcing Europe's intermediary role in the global economy. The following section of this article will examine in detail how these mineral flows and the expanding Atlantic trade impacted the transformation of Europe's trade volume and structure.

5. THE RİSE OF ATLANTİC TRADE AND THE TRANSFORMATİON OF TRADE VOLUME

5.1. The Rise of Atlantic Ports and Geographical Reorientation

Following the discovery of the American continent, a distinct 'shift in the centre of gravity' occurred in Europe's foreign trade geography. While Mediterranean ports and Hanseatic League cities dominated foreign trade at the end of the fifteenth century and the beginning of the sixteenth century, ports on the Atlantic coast gradually gained importance from the mid-sixteenth century onwards (Braudel 1972, De Vries and Van der Woude 1997). Seville, Lisbon, Antwerp, Amsterdam, and later London became the main hubs of the trade networks established with America and Africa.

This process did not only mean the emergence of new ports, but also changed the balance of power within Europe. Italian city-states and Levantine trade, which had been integrated into the Mediterranean-centred trading system, gradually lost relative importance, while the Atlantic-facing north-western European region rose in terms of both trade volume and financial capacity (Wallerstein 1974, O'Brien 1982). Thus, the discovery of the American continent triggered a process that, within a few centuries, brought some regions that could be considered on the geographical periphery of Europe to the centre of the world economy.

5.2. Changes in Commodity Composition and New Trade Products

The rise of Atlantic trade not only increased trade volume but also fundamentally transformed the composition of traded goods. While a significant portion of European foreign trade in the pre-discovery period consisted of spices, silk and other luxury goods from the Far East, as well as grain, timber and raw materials from the Baltic and Eastern Europe, the development of Atlantic trade saw the rapid rise of 'New World' products such as sugar, tobacco, cotton, cocoa and coffee (Curtin 1984, Inikori 2002).

Sugar plantations, particularly in the Caribbean and Brazil, provided a mass flow of goods for consumption in the European market during the seventeenth and eighteenth centuries, creating significant changes in both production organisation and demand structure. Similarly, tobacco and later cotton became critical commodities within the Atlantic triangle. These goods were processed in European cities and re-exported, thus reinforcing a certain model of 'processing and re-export' even in the pre-industrial period (De Vries and Van der Woude 1997).

This compositional shift transformed Europe's foreign trade from a narrow framework based on luxury goods to a more voluminous and diversified structure that also included consumer goods aimed at broader masses. Thus, Atlantic trade transformed consumption patterns on the demand side and redefined the global division of labour on the supply side through agricultural specialisation and plantation economies (Wallerstein 1974, Inikori 2002).

5.3. The Relative Decline of Mediterranean Trade and the Multicentric Trade System

Although the rise of Atlantic trade is often interpreted as the 'decline' of Mediterranean trade, a more nuanced view on this subject has emerged in the literature. Braudel emphasises that the Mediterranean did not completely lose its importance in the sixteenth and seventeenth centuries, but rather ceded its 'dominant' position in the global trading system to the Atlantic (Braudel 1972). The Ottoman Empire, Levant ports, and Italian cities continued to play significant roles in Eastern Mediterranean and Middle Eastern trade, but this trade could not compete with Atlantic-linked volumes and profit margins.

The structure that emerged during this period resembled a multi-centred order, interconnected but hierarchically differentiated, rather than a single-centred trading system. Atlantic ports undertook highly profitable trade and financial operations through connections with America and Africa, while Mediterranean and Baltic networks focused more on regional trade and specific commodity groups (O'Brien 1982, De Vries 1976).

Thus, the discovery of the American continent did not completely sideline the Mediterranean, but rather shifted the 'command centre' of European foreign trade to the Atlantic coast, turning the old networks into secondary but still important links. This situation led to the emergence of an asymmetry that affected regional specialisation and income distribution within Europe in the long term.

5.4. Triangular Trade, Slave Labour, and Controversial Profit Dynamics

One of the darkest and most controversial aspects of Atlantic trade is the transatlantic slave trade. From the late sixteenth century onwards, millions of people forcibly transported from Africa to the Americas formed the primary labour force for plantation economies in the Caribbean, Brazil, and North America (Curtin 1969, Inikori 2002). Within the system known as the triangular trade, industrial goods and various commodities were sent from Europe to Africa, slaves were transported from Africa to the Americas, and sugar, tobacco, cotton, and other products were shipped from the Americas to Europe.

The extent to which the slave trade and slave-based production contributed to capital accumulation in Europe has been the subject of intense debate in the literature. Some authors argue that this contribution was decisive in terms of the industrial revolution and long-term growth, while others suggest that this relationship was more limited and indirect (Williams 1944, Darity 1990, Inikori 2002). Nevertheless, there is broad agreement that the Atlantic economy based on slave labour generated significant profits, at least for certain ports, trading companies, and industrial sectors.

In this context, the gains from Atlantic trade were both quantitatively unevenly distributed and qualitatively created through a system involving intense labour exploitation and coercion. This situation necessitates the inclusion of the ethical and political dimensions of Europe's enrichment process in the early modern period in economic analyses.

5.5. Increase in Trade Volume, Regional Differentiation and Urbanisation

The rise of Atlantic trade significantly increased Europe's total foreign trade volume, a situation that progressed particularly in north-western Europe alongside urbanisation, the strengthening of the commercial bourgeoisie, and the deepening of the market economy (De Vries and Van der Woude 1997, O'Brien 1982). Cities such as Antwerp, Amsterdam and London became centres of intense foreign trade and financial transactions, with per capita income, division of labour and specialisation levels significantly exceeding the continental average.

These centres were not only ports for import and export but also hubs for financial services such as insurance, credit, exchange and futures trading. These services facilitated the growth of trade volume, distributed risks, and ensured the sustainability of long-distance trade (Neal 1990). Thus, Atlantic trade created multiplier effects on both the real economy (goods flows, production, and employment) and the financial economy (credit, borrowing, and speculation) in Europe.

At the regional level, areas with access to the Atlantic and actively integrated into trade networks experienced faster growth and urbanisation compared to inland and peripheral regions. This differentiation is considered one of the economic foundations of the emergence of a ‘core region’ and a ‘periphery’ within Europe during the early modern period (Wallerstein 1974, Arrighi 1994).

5.6. Atlantic Trade, Domestic Markets and Long-Term Growth Dynamics

Finally, it should be emphasised that the increase in Atlantic trade has affected not only outward-oriented sectors but also European domestic markets. Revenues from foreign trade have, on the one hand, generated increased income and demand in port cities and trade-related regions, and on the other hand, increased demand for grain, food, raw materials and industrial inputs from the continent's interior regions (De Vries 1976, O'Brien 1982). Thus, Atlantic trade provided an indirect framework for the deepening of the internal market and the spread of specialisation.

In the theoretical literature, the relationship between foreign trade and growth is explained through channels such as trade triggering economies of scale, facilitating technological diffusion, and supporting capital accumulation. Atlantic trade activated many of these channels simultaneously. However, the magnitude and persistence of these effects were determined by each country's institutional structure, property regime, and financial capacity (North 1990, Acemoglu, Johnson, and Robinson 2005).

Therefore, the rise of Atlantic trade did not constitute an automatic and homogeneous source of growth for the whole of Europe; some countries and regions gained much more from this process, while others remained relatively behind. In the following section of the article, the effects of the discovery of the American continent and the expansion of Atlantic trade on the general price level, wages, and income distribution will be examined within the framework of the ‘price revolution’ debate.

6. THE PRİCE REVOLUTİON, INCOME DİSTRİBUTİON AND INSTİTUTİONAL TRANSFORMATİON

6.1. The Fundamental Dynamics of the Price Revolution

The prolonged and widespread price increases observed in Europe during the sixteenth and seventeenth centuries are examined in the literature under the heading of the price revolution. Hamilton, particularly in the case of Spain, systematically documented the increase in the prices of grain, rent, and other basic goods, pointing to the close relationship between this process and the expansion of the money supply (Hamilton 1934). Silver flows from the American continent significantly increased the money stock in Europe, and as the supply of goods did not expand at the same rate, the general price level rose.

Subsequent studies have emphasised that explaining this process solely through monetary expansion may be insufficient, highlighting that demographic growth, agricultural supply constraints, and developments in market integration also played a role in price dynamics (Goldstone 1991, Allen 2001). Population growth, in particular, increased food demand, putting pressure on grain prices. As agricultural productivity remained limited, this pressure was largely reflected in price increases. Thus, the price revolution emerged as a complex process involving the convergence of monetary expansion with demographic and real-sector dynamics.

6.2. Real Wages, Rents, and Class Effects

To understand the economic and social effects of the price revolution, it is necessary to focus on real wages and changes in income distribution rather than nominal price and wage movements. It has been shown that in many European regions, the real wages of agricultural and urban workers were under pressure throughout the price revolution, even experiencing a long-term decline (Allen

2001, Van Zanden 1993). The increase in food prices placed a heavy burden on the budgets of low-income households in particular, increasing poverty and vulnerability for these groups.

In contrast, the upper classes, whose income is based on land rents and rental income, and groups with trade and financial income have emerged relatively advantaged from the price revolution process. While some rent contracts and rent-based incomes remained nominally fixed, price increases eroded the real value of these incomes. However, at the same time, new contracts and renegotiation processes resulted in outcomes favourable to landowners (Fischer 1996). Trade and finance circles, on the other hand, were able to increase their nominal gains in an inflationary environment through flexible pricing and financial instruments, thus shifting income and wealth distribution in favour of capital.

This picture demonstrates that the flow of minerals from the American continent and the price revolution transformed not only the general level of prices at the macro level, but also class relations and social hierarchy at the micro level.

6.3. Price Instability, Fiscal State and Debt Relations

The price revolution has also had significant effects on public finances. On the one hand, inflation has provided short-term relief to state treasuries by increasing the nominal volume of indirect taxes and customs revenues; on the other hand, it has eroded the revenue base by reducing the real value of fixed nominal taxes (O'Brien 1988, Bonney 1995). Governments have resorted to raising tax rates, introducing new indirect taxes, and making adjustments to the monetary regime to compensate for these losses.

The relationship between the fiscal state and financial markets has also been affected by the price revolution. Inflation has the potential to reduce the real burden of government debt, thereby providing short-term advantages to indebted governments. However, high and unpredictable inflation has also increased creditors' perception of risk, leading them to demand higher interest rates and increasing the cost of government borrowing (Drelichman and Voth 2014).

In this context, the price revolution created an environment that tested the institutional capacity of the fiscal state, paving the way for more developed tax systems, debt management, and fiscal bureaucracy in the long term. States capable of institutional adaptation and reform emerged relatively stronger from this process, while those unable to adapt faced fiscal crises and bankruptcies.

6.4. Monetary Regimes, Institutional Responses and Market Integration

Precious metal flows and the price revolution also led to the reshaping of monetary regimes and market institutions in Europe. The abundance of silver and gold increased the activity of mints, brought coin standards, fineness and weight debates to the fore, and in some periods paved the way for debasement practices (Hamilton 1934, Flynn and Giráldez 1995).

Uncertainty in monetary regimes and fluctuations in coin quality constituted a source of risk for trade and finance circles, thereby increasing the importance of exchange markets and accounting units between different regions. In centres of intense trade, exchange bills, remittance systems, and account currencies began to partially replace physical coins in daily transactions, contributing to increased financial depth (Neal 1990).

Progress in market integration also affected regional differences in the price revolution process. In regions with relatively better transport conditions, close to ports and trade centres, price movements spread more rapidly and synchronously, while in inland regions and closed economies, prices responded more slowly and to a limited extent (Allen 2001). Thus, the price revolution also served as an indicator for measuring the depth and speed of intra-European market integration.

6.5. The Price Revolution, Social Conflict and Political Transformation

The distributional pressures and income shifts created by the price revolution also had significant consequences at the social and political levels. The decline in real wages, the increase in food prices and the heavy tax burden increased discontent, particularly among peasants and urban workers, which manifested itself in different regions in the form of uprisings, tax revolts and political demands (Goldstone 1991, Fischer 1996).

Social pressures sometimes forced states to implement tax reforms, price controls or intervene in grain markets, while at other times they led to an increase in repressive and centralised practices. Thus, the price revolution has been regarded not only as an economic process but also as a factor influencing the background of political transformations in the early modern period.

From the perspective of institutional economics literature, it can be argued that the price revolution had indirect effects on property rights, tax regimes, and representative mechanisms. Under increasing financial needs and social pressures, some states strengthened their representative institutions to broaden the tax base, while others turned to authoritarianism (North 1990, Acemoglu and Robinson 2012). These different responses paved the way for divergences in long-term growth and development paths.

7. GENERAL ASSESSMENT AND CONCLUSİON

7.1. Key Findings of the Study

This study has examined the discovery of the American continent from a European perspective not merely as a process of geographical expansion, but as a multidimensional economic restructuring process operating through capital accumulation, trade volume and the general price level. It emphasised that the European economy prior to the discovery was characterised by low productivity, limited financial capacity, and relatively constrained trade networks, and that this structure imposed serious constraints on both the fiscal state and private capital (De Vries 1976, North and Thomas 1973).

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The flow of precious metals to Europe following the discovery of the American continent partially eased these constraints. In particular, the silver and gold flowing through Spain and Portugal transformed both the income composition of the royal treasuries and the scale of trade capital (Hamilton 1934, Flynn and Giráldez 1995, Drelichman and Voth 2014). During the same period, the rise of Atlantic trade shifted the geographical centre of gravity of European foreign trade from the Mediterranean to the Atlantic coast, radically altering the composition of commodities with the emergence of New World products such as sugar, tobacco and cotton (Braudel 1972, Curtin 1984, Inikori 2002).

The monetary and price dimensions of these processes have been examined within the framework of debates on the price revolution. The expansion of the money supply due to silver flows from the Americas, combined with demographic pressures, created a prolonged inflationary wave in Europe, which has been shown to have significant distributional effects on real wages, rental income, and class relations (Hamilton 1934, Goldstone 1991, Allen 2001, Van Zanden 1993). Thus, the study relates the mining and trade flows that began with the discovery to Europe's internal economic and institutional transformation through capital accumulation and the general price level.

7.2. The Nature and Limits of Gains for Europe

The findings show that the discovery of the American continent generated significant economic gains for Europe, but that these gains were not distributed homogeneously, either geographically or socially. Although Spain was the nominal point of departure for the flow of precious metals, a significant portion of this flow was directed to centres such as Flanders, Italian financial cities, Antwerp, Amsterdam and London through borrowing, supply and trade channels, thus asymmetrically altering the geographical distribution of intra-European capital accumulation in favour of Atlantic ports (Braudel 1972, O'Brien 1982, De Vries and Van der Woude 1997).

From a social perspective, the price revolution process created pressure on wage labour and small producers, while strengthening the relative position of classes with access to land rents and trade and finance circles (Allen 2001, Fischer 1996). Profits from Atlantic trade and plantation economies based on slave labour were concentrated in certain port cities, trading companies, and industrial sectors, deepening both intra-European regional differentiation and class polarisation (Wallerstein 1974, Inikori 2002).

Consequently, the discovery of the American continent did not produce an equal enrichment process for all of Europe; mechanisms operating through capital accumulation, trade volume, and prices, combined with existing institutional and regional differences, gave rise to unequal patterns of gain. This outcome, consistent with world-system and core-periphery approaches, indicates that the divergence between a core region and more peripheral areas within Europe strengthened during the early modern period (Wallerstein 1974, Arrighi 1994).

7.3. Institutional Context, Long-Term Growth, and Contribution to The Literature

Another important finding of the study is that the external resource and trade opportunities, as well as the long-term growth and development outcomes created by the discovery of the Americas, were largely mediated by the institutional structures and fiscal capacity of European states. Countries that integrated into Atlantic trade early and intensively, relatively secured property rights, broadened their tax regimes, and strengthened their fiscal state capacity were able to achieve higher income levels in the long run (North 1990, Acemoglu, Johnson, and Robinson 2005, Acemoglu and Robinson 2012).

From this perspective, the discovery of the Americas should be interpreted as an external shock that produced different outcomes depending on the nature of existing institutional structures, rather than being an automatic growth engine in itself. As Pomeranz emphasizes, the land and raw material advantages obtained from the Americas loosened ecological and fiscal boundaries, particularly for countries like England, and facilitated some of the prerequisites for the industrialization process (Pomeranz 2000). However, not all states with access to similar external resources have achieved the same success, and those with limited institutional adaptability have been unable to transform mineral revenues and trade gains into a sustained process of productive investment and technological accumulation (Drelichman and Voth 2014).

This study claims to contribute to the literature in three respects. First, it combines the processes of capital accumulation, trade volume, and price revolution in Europe with the discovery of the Americas within a common analytical framework, highlighting the connections between these dynamics, which are usually addressed in separate literatures. Second, it discusses the gains Europe reaped from the discovery of the Americas in terms of both geographic and class distribution, revealing the internal differentiations behind the phrase "Europe's gain." Third, it links the institutional economics perspective to early modern debates, emphasizing that the long-term growth consequences of abundant external resources cannot be understood without considering institutional structure and state fiscal capacity.

7.4. Limitations and Areas for Future Research

The study's limitations also suggest an agenda for future research. First, the discussion presented here relies largely on secondary literature and a macro-level schematic framework. The impacts of mineral and commodity flows from the Americas to Europe on specific cities, regions, and social groups need to be examined in more detail using microdata sets, price series, and local archival studies.

Secondly, this article has only indirectly addressed the losses and exploitation experienced by African and American societies within the context of European economic gains. Considering the Atlantic economy alongside slave labor, forced labor regimes, and the devastation inflicted on the indigenous population requires a more holistic approach that brings ethical and political dimensions to the center of economic history (Williams 1944, Inikori 2002).

Finally, the impacts of the global silver cycle that emerged after the discovery of the Americas on Asian economies, and how these effects shaped Europe's relative position, should be examined through more detailed comparative studies (Flynn and Giráldez 1995). Thus, it will be possible to break away from a Eurocentric narrative and rewrite the early modern period within a truly global economic history perspective.

7.5. General Conclusion

In summary, the discovery of the Americas went beyond opening new lands and wealth for Europe; it also triggered a profound economic transformation process operating through capital accumulation, trade volume, and the general level of prices. This transformation laid the material foundations for Europe's rise to a central position in the global economy, but it also left an unequal and conflictual legacy. Europe's gains were built upon severe inequalities, exploitative relations, and institutional fragmentations, both within the continent and globally.

In this context, the discovery of the Americas can be viewed neither as a mere geographical discovery nor as a mere commercial expansion. On the contrary, it was a central link in the reorganization of the world economy in the early modern period, the transformation of Europe's economic structure, and the shaping of long-term growth paths. This article aims to provide an analytical framework for understanding the past and discussing the historical roots of today's global inequalities by situating this link within the triangle of capital accumulation, trade, and the general level of prices.

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