For thousands of years after the fall of the Roman Empire, there seemed to have been very little discussion about economic matters as we know them today.

The workers in the fields and cottages could be slaves, serfs, tenants or sharecroppers.

Their masters were the king, the church, the noblemen (lords and barons) or rich farmers.

Feudal lords and barons sometimes used their armies to attack an adjoining manor to expand their territory.

This increased their revenue but only at the expense of another.

Markets in the Middle Ages were only a small part of daily living and only for a few. Horses, cattle, pigs and produce were exchanged according to the barter system.

An important feature of medieval economic life were the craft guilds. These were organisations and associations set up by craftsmen. They set standards for quality and workmanship, prices to be charged and wages to be paid to the journeymen.

It was about the sale of these craft goods that Thomas of Aquinas (1225-1274) - later Saint Thomas Aquinas, the great religious philosopher - had something to say.

It's a big sin to sell something for more than its just price!

But Saint Thomas didn't suggest how the 'just price' should be determined. Today, we would say that the price is set by the market.

I'll give you twenty for it! Sold!
THE MERCHANTS

From the fifteenth to the eighteenth centuries, trade gradually expanded within Europe and between Mediterranean, Asian and New World countries.

This gave rise to the establishment of banks which first appeared in Italy. Money was exchanged and the coins of different countries were weighed and valued.

The era of the merchants had begun. They were people who bought the goods wholesale, and organised their sale to the customers.

For the first time, people other than feudal barons and landowners became affluent. They demanded social prestige.

After Europeans established colonies in the East Indies (e.g. Indonesia and the Philippines) and invaded and conquered the peoples of America, new and exotic goods flooded the markets of Europe — spices and precious metals...

...and Christopher Columbus said —

Whoever possesses gold is master of everything he desires. Gold will even get souls into paradise!

Goods became more diverse - cloth, wine, leather, shoes, wheat, corn, spices and precious metals flooded the markets.

Markets now became more important to handle the sale and purchase of the many products.

Later, Antwerp, London, Amsterdam, Hamburg, and other cities were established.

The fifteenth to eighteenth centuries became known as the period of merchant capitalism or mercantilism.
OUR WANTS ARE UNLIMITED

BUT THE MEANS (RESOURCES) OF SATISFYING THE WANTS ARE SCARCE. SO, AS INDIVIDUALS AND AS A SOCIETY, WE HAVE TO MAKE CHOICES ABOUT THE THINGS WE WANT. THIS IS THE ECONOMIC PROBLEM.

READ PAGES 4 AND 5 OF THE ILLUSTRATED TEXT AND ANSWER THE FOLLOWING:

1. How did rural people satisfy their wants for a thousand years after the fall of the Roman Empire?

2. What were these wants?

3. Were their wants NECESSITIES or LUXURIES?

4. Why was it that lords and barons did little towards solving the economic problem?

5. What were markets like in medieval times?

6. What attempts were made to ensure a 'just price' was charged?

7. What sets the price these days?

8. During the expansion of trade after the Great Voyages of Discovery (from the European point of view), how did wants change?

9. Did these wants TEND to be necessities or luxuries?

10. Who would have benefited most from this new trade?

11. What system of payment for goods replaced the barter system?

12. What class of people now became rich?

13. What was this era (15th to 18th centuries) called?

14. Why did Columbus say that gold could get souls into paradise?