

The Great Divergence: European economics and institutes in XV-XVII



AGOPOV OVANES

Preconditions: Middle Ages (400 to 1500)



- The dominant role of the Catholic Church and its dogma
- Subsistence agriculture -> Internal Exchange/Sharing
- Poorly centralized power of King as the Overlord
- Slow pace of technological development
- The prohibition of charging “interest”

Reformation or Renaissance



- Secularization
- Church split: the emergence Protestantism
- Centralization of power
- Development of Technologies and Sciences -> The Great geographic discoveries
- New religious standards -> Controlled “interest”

Loan at interest: long history

- “The doctrine of fair price”
- **Thomas Aquinas**
(Aquinas) (1225-1274)



Martin Luther (1483-1546)
and **John Calvin** (1509-1564)

From Peasants to Burgess

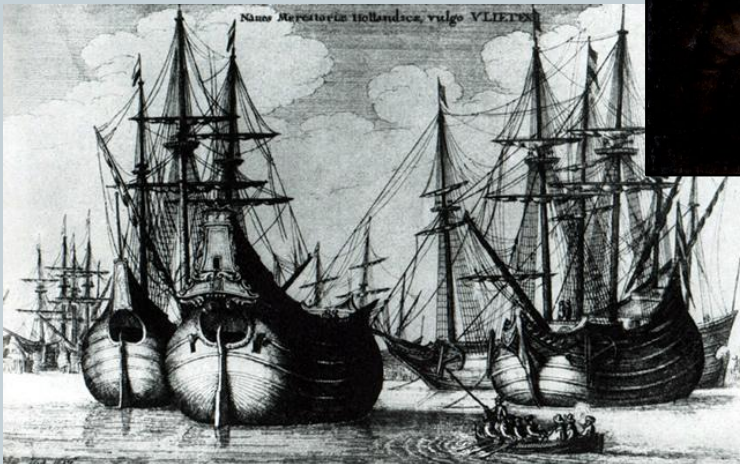


- The appearance of manufactories and craft associations
- Development of trade relations on all levels of supply chain
- Development of shipbuilding: rebirth of **caravel**

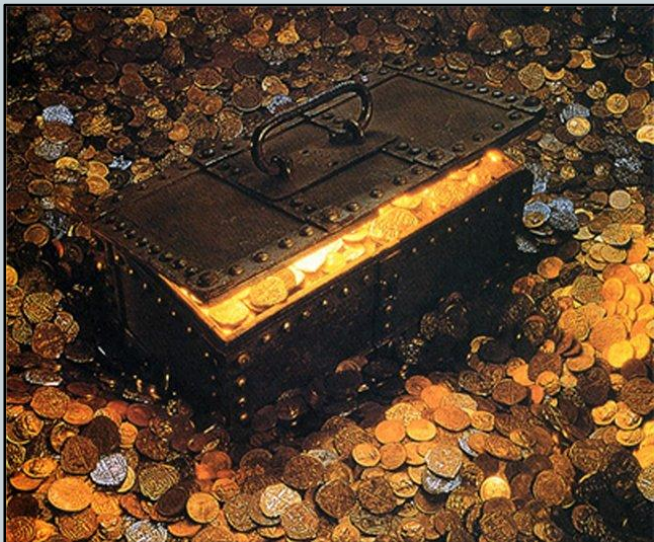
The Great Developments



The Great Geographic Discoveries



What's New in the New World



The Peace of Westphalia (1648)



The End



Thanks for your attention!

Questions?