

Terms, People, and Places

- Capitalism:
- Inflation:
- Columbian Exchange:
- Entrepreneur:
- Price Revolution:
- Mercantilism:
- Tariff:

Lesson Objectives:

- How did European exploration lead to the Columbian Exchange?
- How did Capitalism grow?
- What is the role of a colony and why was it important to the European mercantile system?
- How did these economic changes affect European society (people)?

CHAPTER
15
SECTION 5**Section Summary**

EFFECTS OF GLOBAL CONTACT

READING CHECK

What is the name for the vast global interchange begun by Columbus' first voyage?

VOCABULARY STRATEGY

In the underlined sentence, what does the word *dispersal* mean? Study the surrounding words, phrases, or sentences. Circle any context clues that help you decide on the meaning of *dispersal*.

READING SKILL

Recognize Sequence What happened in the 1500s that led to inflation in Europe?

Exploration in the 1500s and 1600s led to European domination of the globe. By the 1700s, worldwide contact brought major changes to people in Europe, the Americas, Asia, and Africa.

When Columbus returned to Europe in 1493, he brought back American plants and animals. Later, he carried European plants, animals, and settlers back to the Americas. This began a vast global interchange named for Columbus, the **Columbian Exchange**. Sharing different foodstuffs and livestock helped people around the world. The dispersal of new crops from the Americas also contributed to worldwide population growth by the 1700s. Additionally, the Columbian Exchange started a migration to the Americas, the forcible transfer of millions of slaves, and brought death to millions of Native Americans from European diseases.

Another effect of global contact was great economic change. In the 1500s, the pace of **inflation** increased in Europe, fueled by silver and gold flowing in from the Americas. Inflation is a rise in prices linked to sharp increases in the money supply. This period of rapid inflation in Europe is known as the **price revolution**. Out of this change came **capitalism**, an economic system of private business ownership. The key to capitalism was **entrepreneurs**, or people who take financial risks for profits. European entrepreneurs hired workers, paid production costs, joined investors in overseas ventures, and ultimately helped convert local economies into international trading economies. Fierce competition for trade and empires led to a new economic system called **mercantilism**, which measured wealth by a nation's gold and silver. Mercantilists believed the nation must export more than it imports. They also pushed governments to impose **tariffs**, or taxes on foreign goods, giving an advantage to local goods over now costlier imports.

Economic changes, however, took centuries to affect most Europeans, who were still peasants. But by the 1700s, many social changes had taken place, too. Nobles, whose wealth was in land, were hurt by the price revolution. Merchants who invested in overseas ventures grew wealthy, and skilled workers in Europe's growing cities thrived. A thriving middle class developed.

Review Questions

1. Why did mercantilists push governments to impose tariffs?

2. By the 1700s, what groups were benefiting most from economic change?

Summary

“A Global Exchange”

European exploration and increased trade inspired a global exchange, a commercial revolution, and other changes in Europe. The Columbian Exchange was a gigantic global interchange of people, animals, culture, ideas, and technology. Beginning in the 1500s, Europe experienced a commercial revolution that brought about dramatic economic changes, including the rise of capitalism.

Aim #24: How did exploration lead to new economic systems?



The Columbian Exchange



Effects of C. Exchange

Crops and Livestock Exchanged

New World to Old World

- Potato
- Maize (corn)
- Chili peppers
- Tobacco
- Pineapple
- Rubber
- Turkeys



Old World to New World

- Sugar
- Coffee
- Horses
- Cattle
- Pigs
- Goats
- Sheep
- Chickens
- Cabbage



New World

- Foodstuffs: corn, potatoes, beans, cocoa beans
- Precious metals: gold, silver
- Tobacco

The Columbian Exchange

This diagram represents the movement of people and goods between Europe, the Americas, and Africa following Christopher Columbus's discovery of the New World.

Old World

- Foodstuffs: wheat, sugar, rice, coffee beans
- Livestock: horses, cows, pigs
- Diseases: smallpox, measles, influenza, typhus



Checkpoint

What were the effects of the Columbian Exchange?

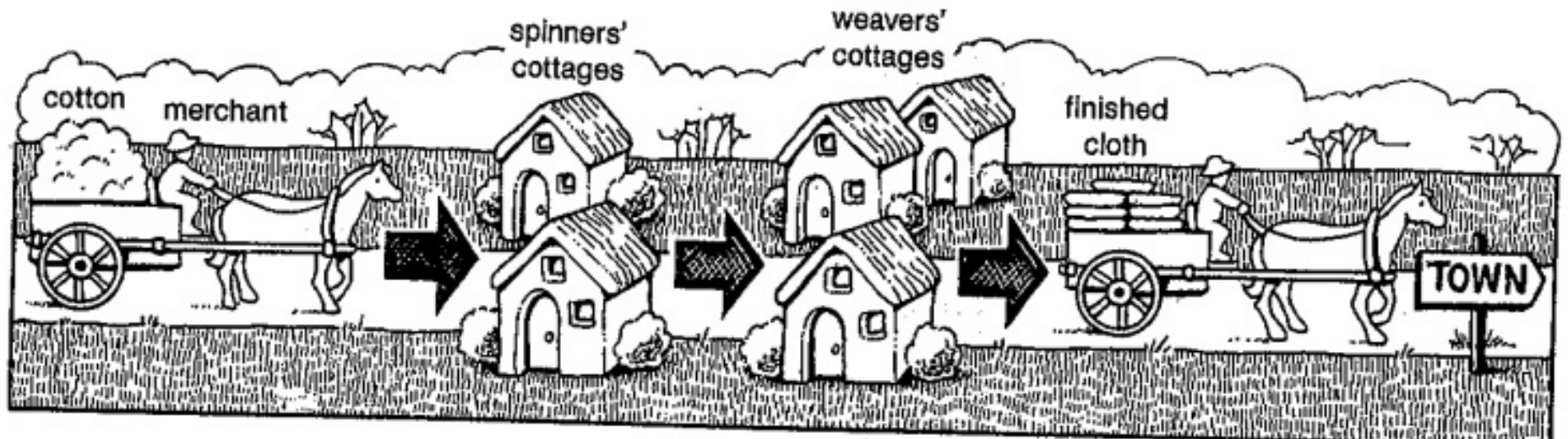
European Capitalism Emerges

-
-
-



Bypassing the Guilds

-

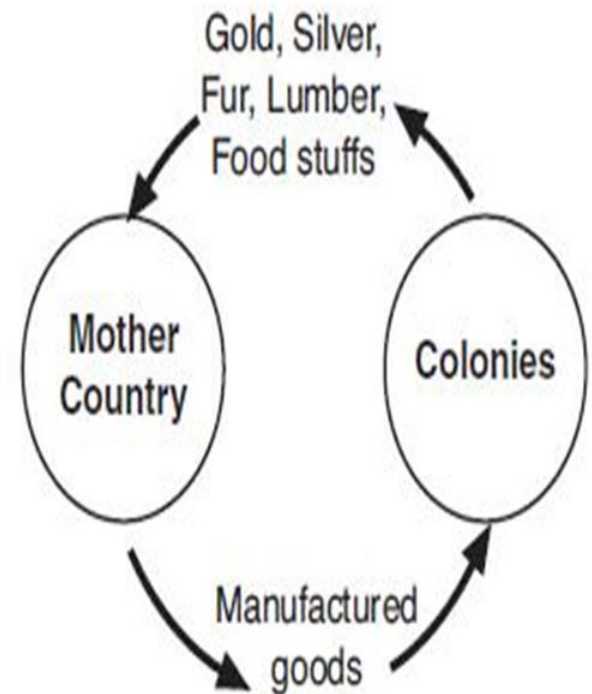
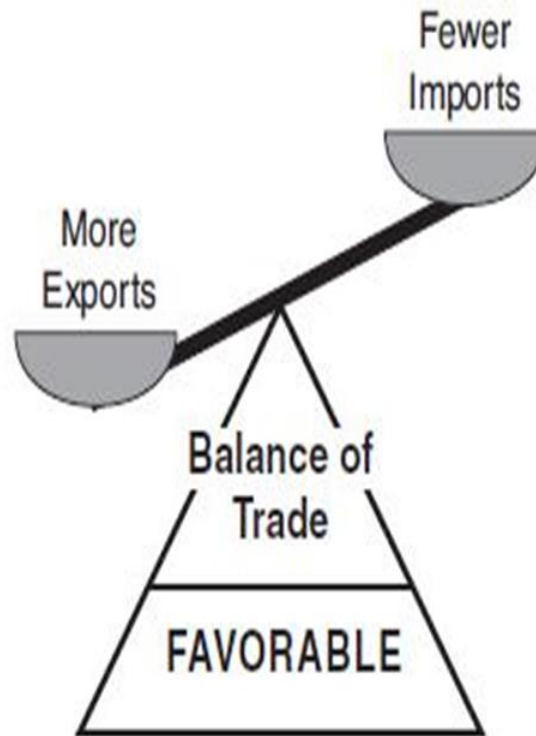




Checkpoint

How did capitalism grow?

Europeans Adopt Mercantilism



BASIC PRINCIPLES OF MERCANTILISM

QUICK
FACTS

A nation's strength depends on its wealth as measured in gold and silver.

Only a fixed amount of wealth exists in the world, and nations have to compete for their share of that wealth.

A favorable balance of trade is an important step in gaining wealth.

Countries should seek to limit imports and maximize exports.

A country should have its own source for raw materials and precious metals to avoid dependence on others.

Colonies exist only as a way for the mother country to make profit.

A country's colonies should not trade with any other countries.



Checkpoint

Why were colonies important to the policy of mercantilism?

Effects of Capitalism & Mercantilism

-
-
-





Checkpoint

What were the effects of capitalism & mercantilism on Europe?

Exploration

- Explorers from countries throughout Europe set out in search of new routes to Asia.
- Instead of Asia, many explorers ended up in the Americas.

Colonization

- Europeans established colonies in the lands they had discovered.
- The Spanish conquered Native American tribes to build an empire.
- The Portuguese settled Brazil.
- The French, Dutch, and English established colonies in North America and the Caribbean.

Columbian Exchange

- New plants and animals were introduced to both Europe and the Americas.
- Diseases from Europe killed millions of Native Americans.
- The exchange of goods had effects worldwide.

New Economic Systems

- Mercantilism was based on the idea that a nation's power was determined by its wealth.
- Capitalism was based on businesses owned by individuals or groups of investors rather than the government.

Atlantic Slave Trade

- Millions of Africans were captured and shipped to the Americas as slaves.
- Slaves worked on plantations in various European colonies.
- Slaves endured horrific conditions once they arrived.