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The Columbian Exchange and Global Trade

MAIN IDEA

ECONOMICS The colonization of the Americas introduced new items into the Eastern and Western hemispheres.

WHY IT MATTERS NOW

This global exchange of goods permanently changed Europe, Asia, Africa, and the Americas.

TERMS & NAMES

- Columbian Exchange
- capitalism
- joint-stock company
- mercantilism
- favorable balance of trade

SETTING THE STAGE The colonization of the Americas dramatically changed the world. It prompted both voluntary and forced migration of millions of people. It led to the establishment of new and powerful societies. Other effects of European settlement of the Americas were less noticeable but equally important. Colonization resulted in the exchange of new items that greatly influenced the lives of people throughout the world. The new wealth from the Americas resulted in new business and trade practices in Europe.

The Columbian Exchange

The global transfer of foods, plants, and animals during the colonization of the Americas is known as the [Columbian Exchange](#). Ships from the Americas brought back a wide array of items that Europeans, Asians, and Africans had never before seen. They included such plants as tomatoes, squash, pineapples, tobacco, and cacao beans (for chocolate). And they included animals such as the turkey, which became a source of food in the Eastern Hemisphere.

Perhaps the most important items to travel from the Americas to the rest of the world were corn and potatoes. Both were inexpensive to grow and nutritious. Potatoes, especially, supplied many essential vitamins and minerals. Over time, both crops became an important and steady part of diets throughout the world. These foods helped people live longer. Thus they played a significant role in boosting the world's population. The planting of the first white potato in Ireland and the first sweet potato in China probably changed more lives than the deeds of 100 kings.

Traffic across the Atlantic did not flow in just one direction, however. Europeans introduced various livestock animals into the Americas. These included horses, cattle, sheep, and pigs. Foods from Africa (including some that originated in Asia) migrated west in European ships. They included bananas, black-eyed peas, and yams. Grains introduced to the Americas included wheat, rice, barley, and oats.

Some aspects of the Columbian Exchange had a tragic impact on many Native Americans. Disease was just as much a part of the Columbian Exchange as goods and food. The diseases Europeans brought with them, which included smallpox and measles, led to the deaths of millions of Native Americans.

TAKING NOTES

Recognizing Effects Use a chart to record information about the Columbian Exchange.

Food/ Livestock/ Disease	Place of Origin	Effect
Potato		
Horse		
Smallpox		

The Columbian Exchange

Few events transformed the world like the Columbian Exchange. This global transfer of plants, animals, disease, and especially food brought together the Eastern and Western hemispheres and touched, in some way, nearly all the peoples of the world.

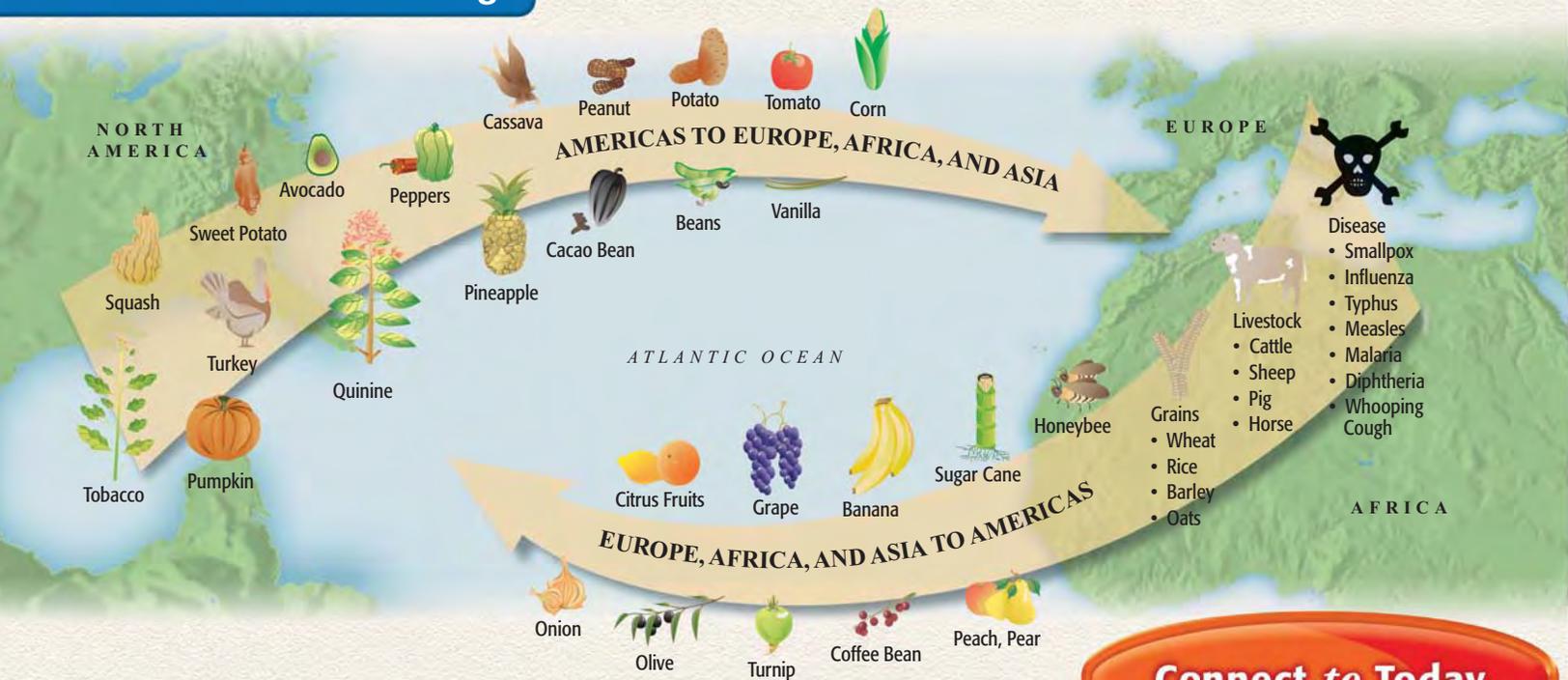
Frightening Foods

Several foods from the Americas that we now take for granted at first amazed and terrified Europeans. Early on, people thought the tomato was harmful to eat. One German official warned that the tomato “should not be taken internally.” In 1619, officials in Burgundy, France, banned potatoes, explaining that “too frequent use of them caused the leprosy.” In 1774, starving peasants in Prussia refused to eat the spud.

“The culinary life we owe Columbus is a progressive dinner in which the whole human race takes part but no one need leave home to sample all the courses.”

Raymond Sokolov

The Columbian Exchange



Patterns of Interaction

The Geography of Food: The Impact of Potatoes and Sugar

Think about your favorite foods. Chances are that at least one originated in a distant land. Throughout history, the introduction of new foods into a region has dramatically changed lives—for better and worse. Dependence on the potato, for example, led to a famine in Ireland. This prompted a massive migration of Irish people to other countries. In the Americas, the introduction of sugar led to riches for some and enslavement for many others.

Connect to Today

1. Forming Opinions Have students work in small groups to pose and answer questions about the beneficial and harmful aspects of the Columbian Exchange.

See Skillbuilder Handbook, page R20.

2. Comparing and Contrasting Find out what major items are exchanged or traded between the United States and either Asia, Africa, or Europe. How do the items compare with those of the Columbian Exchange? Report your findings to the class.

A Spanish missionary in Mexico described the effects of smallpox on the Aztecs:

PRIMARY SOURCE

There was a great havoc. Very many died of it. They could not walk. . . . They could not move; they could not stir; they could not change position, nor lie on one side; nor face down, nor on their backs. And if they stirred, much did they cry out. Great was its destruction.

BERNARDINO DE SAHAGUN, quoted in *Seeds of Change*

Other diseases Europeans brought with them included influenza, typhus, malaria, and diphtheria. **A**

Global Trade

The establishment of colonial empires in the Americas influenced the nations of Europe in still other ways. New wealth from the Americas was coupled with a dramatic growth in overseas trade. The two factors together prompted a wave of new business and trade practices in Europe during the 16th and 17th centuries. These practices, many of which served as the root of today's financial dealings, dramatically changed the economic atmosphere of Europe.

The Rise of Capitalism One aspect of the European economic revolution was the growth of **capitalism**. Capitalism is an economic system based on private ownership and the investment of resources, such as money, for profit. No longer were governments the sole owners of great wealth. Due to overseas colonization and trade, numerous merchants had obtained great wealth. These merchants continued to invest their money in trade and overseas exploration. Profits from these investments enabled merchants and traders to reinvest even more money in other enterprises. As a result, businesses across Europe grew and flourished.

The increase in economic activity in Europe led to an overall increase in many nations' money supply. This in turn brought on inflation, or the steady rise in the price of goods. Inflation occurs when people have more money to spend and thus demand more goods and services. Because the supply of goods is less than the demand for them, the goods become both scarce and more valuable. Prices then rise. At this time in Europe, the costs of many goods rose. Spain, for example, endured a crushing bout of inflation during the 1600s, as boatloads of gold and silver from the Americas greatly increased the nation's money supply.

Joint-Stock Companies Another business venture that developed during this period was known as the **joint-stock company**. The joint-stock company worked much like the modern-day corporation, with investors buying shares of stock in a company. It involved a number of people combining their wealth for a common purpose.

Three Worlds Meet, 1492–1700

1492 (Europeans)

Columbus embarks on voyage.

1511 (Africans)

Africans begin working as slaves in the Americas.

1521 (Americans)

The Aztec Empire in Mexico is conquered by Hernando Cortés.

1533 (Americans)

The Inca Empire in South America falls to Francisco Pizarro.



1630 (Europeans)

Puritans establish the Massachusetts Bay Colony in North America.

1650 (Africans)

The number of Africans toiling in Spanish America reaches 300,000.

1675 (Americans)

Native Americans battle colonists in King Philip's War.

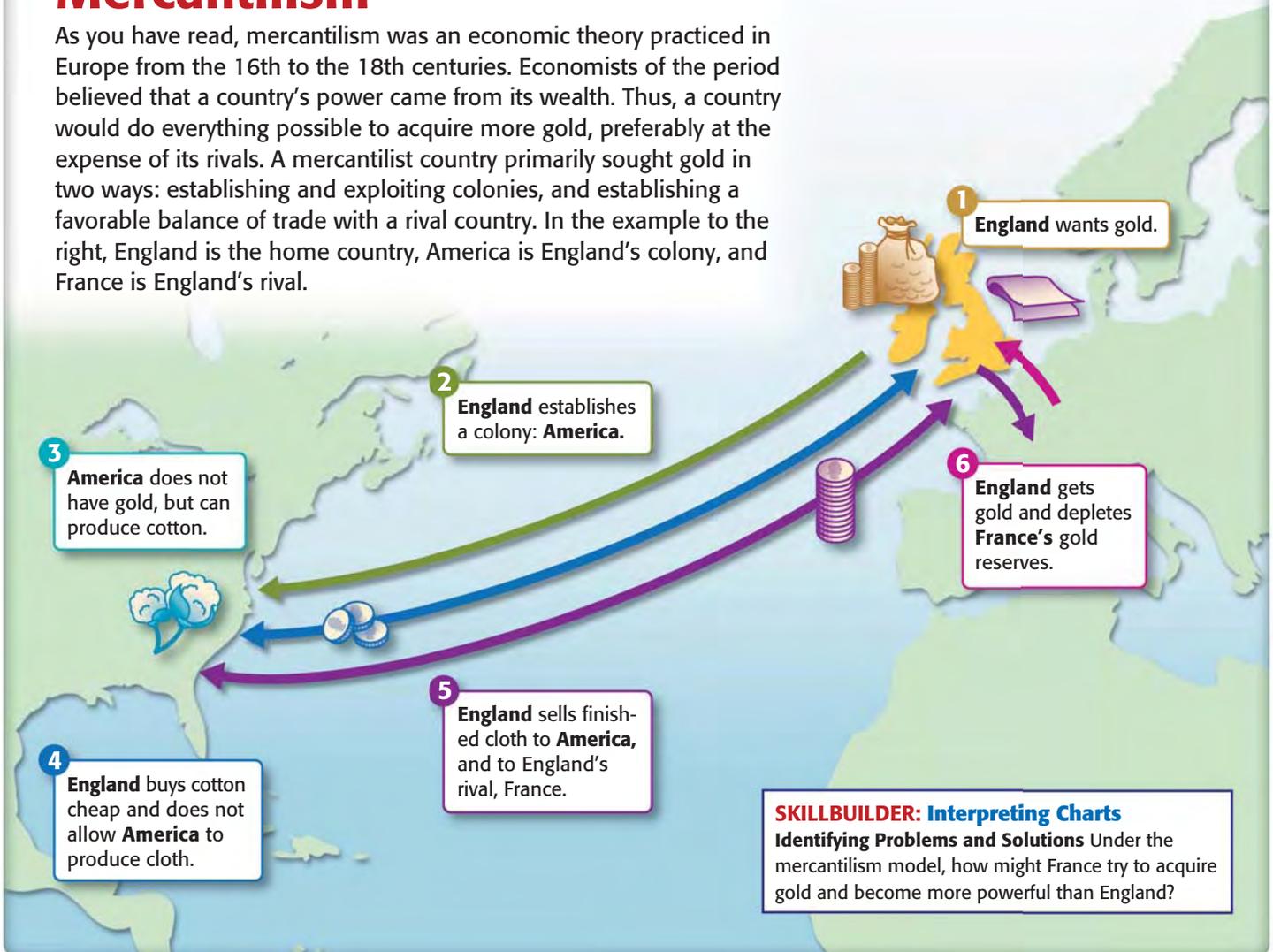
MAIN IDEA

Making Inferences

A Why is the Columbian Exchange considered a significant event?

Mercantilism

As you have read, mercantilism was an economic theory practiced in Europe from the 16th to the 18th centuries. Economists of the period believed that a country's power came from its wealth. Thus, a country would do everything possible to acquire more gold, preferably at the expense of its rivals. A mercantilist country primarily sought gold in two ways: establishing and exploiting colonies, and establishing a favorable balance of trade with a rival country. In the example to the right, England is the home country, America is England's colony, and France is England's rival.



In Europe during the 1500s and 1600s, that common purpose was American colonization. It took large amounts of money to establish overseas colonies. Moreover, while profits may have been great, so were risks. Many ships, for instance, never completed the long and dangerous ocean voyage. Because joint-stock companies involved numerous investors, the individual members paid only a fraction of the total colonization cost. If the colony failed, investors lost only their small share. If the colony thrived, the investors shared in the profits. It was a joint-stock company that was responsible for establishing Jamestown, England's first North American colony. **B**

MAIN IDEA

Making Inferences

B Why would a joint-stock company be popular with investors in overseas colonies?

The Growth of Mercantilism

During this time, the nations of Europe adopted a new economic policy known as **mercantilism**. The theory of mercantilism (shown above) held that a country's power depended mainly on its wealth. Wealth, after all, allowed nations to build strong navies and purchase vital goods. As a result, the goal of every nation became the attainment of as much wealth as possible.

Balance of Trade According to the theory of mercantilism, a nation could increase its wealth and power in two ways. First, it could obtain as much gold and silver as possible. Second, it could establish a **favorable balance of trade**, in which it sold more goods than it bought. A nation's ultimate goal under mercantilism was to become self-sufficient, not dependent on other countries for goods. An English author of the time wrote about the new economic idea of mercantilism:

PRIMARY SOURCE

Although a Kingdom may be enriched by gifts received, or by purchases taken from some other Nations . . . these are things uncertain and of small consideration when they happen. The ordinary means therefore to increase our wealth and treasure is by Foreign Trade, wherein we must ever observe this rule: to sell more to strangers yearly than we consume of theirs in value.

THOMAS MUN, quoted in *World Civilizations*

Mercantilism went hand in hand with colonization, for colonies played a vital role in this new economic practice. Aside from providing silver and gold, colonies provided raw materials that could not be found in the home country, such as wood or furs. In addition to playing the role of supplier, the colonies also provided a market. The home country could sell its goods to its colonies. **C**

Economic Revolution Changes European Society The economic changes that swept through much of Europe during the age of American colonization also led to changes in European society. The economic revolution spurred the growth of towns and the rise of a class of merchants who controlled great wealth.

The changes in European society, however, only went so far. While towns and cities grew in size, much of Europe's population continued to live in rural areas. And although merchants and traders enjoyed social mobility, the majority of Europeans remained poor. More than anything else, the economic revolution increased the wealth of European nations. In addition, mercantilism contributed to the creation of a national identity. Also, as Chapter 21 will describe, the new economic practices helped expand the power of European monarchs, who became powerful rulers.

MAIN IDEA
Summarizing
C What role did colonies play in mercantilism?

SECTION 4 ASSESSMENT

TERMS & NAMES 1. For each term or name, write a sentence explaining its significance.
 • Columbian Exchange • capitalism • joint-stock company • mercantilism • favorable balance of trade

USING YOUR NOTES

2. Which effect do you think had the greatest impact on history?

Food/ Livestock/ Disease	Place of Origin	Effect
Potato		
Horse		
Smallpox		

MAIN IDEAS

3. What were some of the food items that traveled from the Americas to the rest of the world?
4. What food and livestock from the rest of the world traveled to the Americas?
5. What were some of the effects on European society of the economic revolution that took place in the 16th and 17th centuries?

CRITICAL THINKING & WRITING

6. **MAKING INFERENCES** Why were colonies considered so important to the nations of Europe?
7. **DRAWING CONCLUSIONS** Why might establishing overseas colonies have justified high profits for those who financed the colonies?
8. **COMPARING** What were some of the positive and negative consequences of the Columbian Exchange?
9. **WRITING ACTIVITY** **ECONOMICS** Do you think the economic changes in Europe during the era of American colonization qualify as a revolution? Why or why not? Support your opinions in a two-paragraph **essay**.

CONNECT TO TODAY **MAKING A POSTER**

Research one crop that developed in the Americas (such as corn or potatoes) and its impact on the world today. Show your findings in a **poster**.