

LESSON 2

The First Global Economic Systems

ESSENTIAL QUESTION

What are the effects of political and economic expansion?

READING HELPDESK

Academic Vocabulary

- culture
- export

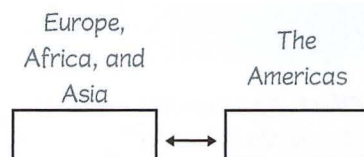
Content Vocabulary

- joint-stock company
- mercantilism
- subsidies
- plantation
- Middle Passage

TAKING NOTES

Key Ideas and Details

Identifying Use a graphic organizer like this one to note how plants, animals, and diseases moved between Europe, Africa, and Asia and the Americas as a result of the Columbian Exchange.



IT MATTERS BECAUSE

As the number of European colonies grew in the 1500s and 1600s, so did the volume and area of European trade, beginning a process that led to a world economy. An Atlantic slave trade also brought as many as 10 million enslaved Africans to the Americas between 1500 and the late 1800s. Species of plants and animals, along with diseases, spread between the continents. These exchanges had a lasting effect on the world's peoples.

The Commercial Revolution

GUIDING QUESTION *What economic theories were put into practice during the age of exploration?*

Many Italian city-states grew rich from trade during the early Renaissance. Not every European power benefited from this trade, however. The Italians and Ottomans controlled key trade routes. Thus, in the 1400s, other European powers who also sought spices, silk, and other goods from Asia began in earnest to look for alternative trade routes. The resulting 300-year-long age of exploration reshaped the world economy. The economic impact of the Renaissance was so fundamental that it is called the Commercial Revolution. This economic revolution saw the rapid expansion of European economies and the building of vast international trading empires.

The economic factors that contributed to the Commercial Revolution included trade, exploration, colonization, and new financial practices. To find new trade routes, European states sent one ship after another down the coast of Africa or across the Atlantic. These explorations opened European eyes to economic opportunities in faraway lands. New lands held new trade partners or valuable resources to exploit. Soon, European powers established colonies in every continent they visited. These colonies were the outposts of new trading networks that made European powers rich during the Commercial Revolution.

The flow of wealth was so great that new financial practices emerged to manage the money, including new kinds of banking, accounting, and insurance. Joint-stock companies, a financial practice

which began in the Middle Ages, flourished in this period. A **joint-stock company** is a business where stocks, or a share of ownership in the company, can be bought and owned by shareholders. The practice of “buying in” to a company to purchase its stocks provided trade companies with a large pool of money they could use to fund overseas ventures. A portion of the profits from these trade journeys would then be given to those holding stock in the company.

The new economic principle of **mercantilism** also contributed to the success of the Commercial Revolution. Mercantilists believed that the prosperity of a nation depends on a large supply of bullion, or gold and silver. The fastest route to a large supply of gold and silver was to extract it from one’s colonies. Spain was especially good at this, claiming vast wealth from the Americas. The other method was to earn the gold and silver through having a favorable balance of trade. The balance of trade is the difference in value between what a nation imports and what it **exports** over time. Imports are goods brought into a country; exports are goods shipped out of a country. When the balance is favorable, the exported goods are of greater value than the imported goods.

To encourage exports, governments stimulated the growth of industries and trade. They granted **subsidies** to new industries. Subsidies are payments made to support enterprises a government thinks are beneficial. Governments also improved transportation systems by building roads, bridges, and canals. They placed high tariffs, or taxes, on foreign goods to keep the balance of trade favorable. Tariffs make foreign goods less attractive because they raise the price of imports. European colonies were considered to be important as sources of raw materials and were viewed as markets for exports of manufactured goods.

READING PROGRESS CHECK

Making Inferences How might mercantilism have encouraged colonial expansion abroad?

The Columbian Exchange

GUIDING QUESTION How did the Columbian Exchange affect the Americas and Europe?

A major goal of European exploration was to gain wealth. European nations sought to increase their wealth by exploiting sources of precious metals and raw materials in their colonies. They also tried to build wealth by increasing

joint-stock company a business where stocks, or a share of ownership in a company, are bought and owned by shareholders

mercantilism a set of principles that dominated economic thought in the seventeenth century; it held that the prosperity of a nation depended on a large supply of gold and silver

export to send a product or service for sale to another country

subsidies payments made to support enterprises a government thinks are beneficial

GOLD IMPORTS TO SPAIN IN THE SIXTEENTH CENTURY

Period	Gold Imports (In grams)
1503–1510	4,965,180
1511–1520	9,153,220
1521–1530	4,889,050
1531–1540	14,466,360
1541–1550	24,957,130
1551–1560	42,620,080
1561–1570	11,530,940
1571–1580	9,429,140
1581–1590	12,101,650
1591–1600	19,451,420
Total	153,564,170



Source: Earl J. Hamilton, *American Treasure and the Price Revolution in Spain, 1501–1650*

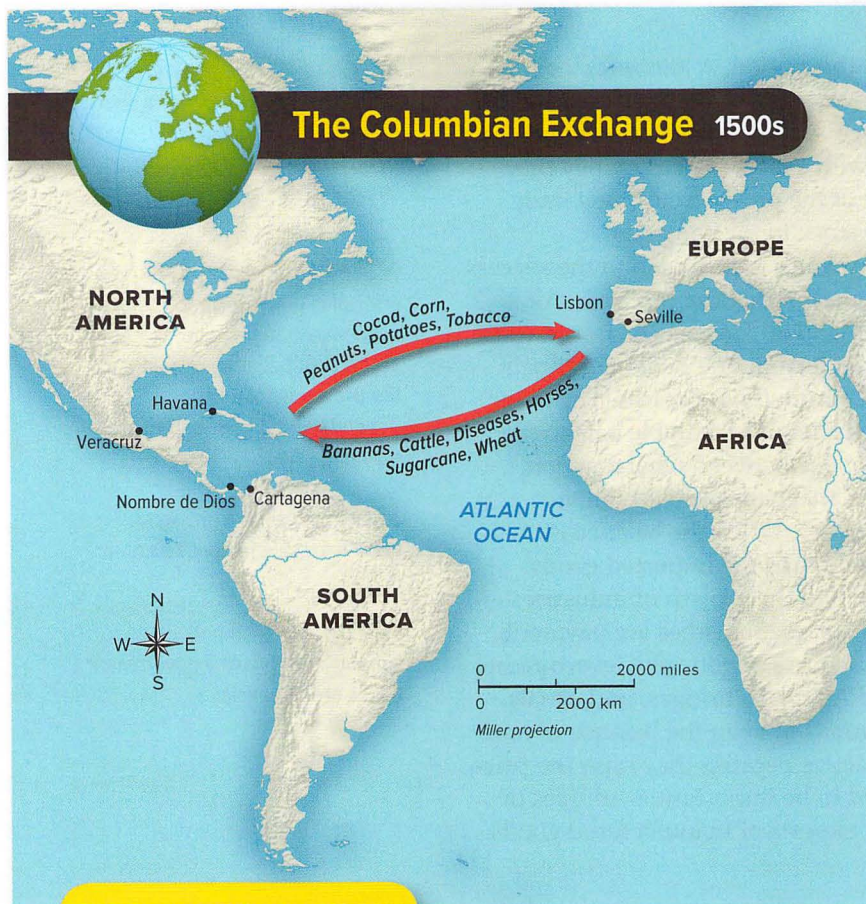
CHARTS/GRAPHS

Gold and silver from the Americas increased Spain’s economic power.

CRITICAL THINKING

- Analyzing** About how many times greater were gold imports in 1551–1560 than they had been at the beginning of the century?
- Identifying** How does this pattern of change show mercantilist goals?

The Columbian Exchange 1500s



exports of goods from producers at home to colonial markets overseas. All of this economic activity created an immense trade network. The resulting exchange of plants and animals between Europe and the Americas is known as the Columbian Exchange. This name recognizes the explorer Christopher Columbus's key role in bringing Europe into contact with the Americas. This complex process had far-reaching results, both good and bad, on peoples around the world.

Colonization and trade drove the Columbian Exchange. Colonists established **plantations** to grow sugar, cotton, vanilla, and other crops introduced to the Americas. Colonists established ranches where they raised livestock brought from Europe. Much of what the colonists grew and raised was exported to Europe. Europeans brought such plants and animals as wheat, citrus fruit, honeybees, horses, and cattle to the Americas. Horses significantly altered the lifestyles of Native Americans on the Great Plains. Horses enabled them to travel faster and over greater distances.

GEOGRAPHY CONNECTION

- 1 PLACES AND REGIONS**
Where were cocoa and tobacco originally grown?
- 2 HUMAN SYSTEMS** How did diseases spread as a result of the Columbian Exchange?

plantation a large agricultural estate

This made hunting more effective, as they could follow the roaming bison herds. Agricultural products native to the Americas, such as potatoes, cocoa, corn, tomatoes, and tobacco, were shipped to Europe.

The exchange of plants and animals between Europe and the Americas transformed economic activity on both sides of the Atlantic. Potatoes, for example, became a basic food staple in some areas of Europe. There was a rapid increase in population because potato plants produced more food per acre than foods that had been grown there before. Elsewhere in the world, new food crops from the Americas not only supported population growth, but also changed tastes and created new markets. For example, the export of American crops such as maize and sweet potatoes to China encouraged a population explosion during the Qing dynasty, which began in 1644.

Some aspects of the Columbian Exchange proved deadly. With no immunity to European diseases, the indigenous peoples of Mexico and Central and South America, such as the Aztec and the Inca, were ravaged by smallpox, measles, and typhus. Many of them died. Hispaniola, for example, had a population of 250,000 when Columbus arrived in 1492. By 1538, fewer than 500 Native Americans had survived. In Mexico, the population dropped from 25 million in 1500 to 1 million in 1630. Similar devastation occurred elsewhere in the region. In North America, entire communities of Native Americans died in epidemics of smallpox and other diseases brought by European settlers.

Colonization had other negative effects, such as the *encomienda* granted by Spain to Spanish settlers. This was the right to use Native Americans as laborers on plantations. The holders of an *encomienda* were supposed to protect the Native Americans, but they often abused them.

READING PROGRESS CHECK

Evaluating How did the introduction of European livestock, foods, and diseases affect people in the Americas?

European Rivals in the East

GUIDING QUESTION *How did the nature of European exploration change by the seventeenth century?*

The Spanish and Portuguese were not the only European trading powers. The Dutch, English and French also expanded their activities into Asia. The first Dutch fleet had arrived in India in 1595. Shortly after, the Dutch formed the East India Company and gradually pushed the Portuguese out of the spice trade in Southeast Asia. The Dutch domination of the spice trade led to massive profits for Dutch merchants. These profits helped make the seventeenth century a Golden Age for the Dutch as they surpassed the Spanish and Portuguese in world trade.

The English soon followed. During the first half of the seventeenth century, the English presence in India steadily increased. By 1650, the British had established a number of trading posts. From them, English ships carried Indian-made cotton goods to the East Indies. There they were bartered for spices, which were shipped back to England.

English success in India attracted rivals. While the Dutch focused on the spice trade, the French established forts along the coast of India. British efforts, however, limited the French, who were soon restricted to a handful of small territories on the southeastern coast of the subcontinent. During the Seven Years' War, the British forced the French to withdraw completely from India. The British East India Company then began to expand, ultimately giving it complete control of India.

READING PROGRESS CHECK

Drawing Conclusions How was the Dutch form of mercantilism different from that of Portugal or Spain?



▲ Turkey and citrus fruits show the range of Dutch trade.

The Atlantic Slave Trade

GUIDING QUESTION *How did European expansion affect Africa and the slave trade?*

European expansion led to a dramatic increase in the slave trade. Traffic in enslaved people was not new. As in other areas of the world, slavery had been practiced in Africa since ancient times. However, the demand for enslaved Africans increased with the European settlement of the Americas in the 1490s and the planting of sugarcane there.

Europeans established plantations in the 1500s along the coast of Brazil and on Caribbean islands to grow sugarcane. Growing sugarcane was very labor intensive. Early on, Europeans enslaved Native Americans and forced them to work these fields. However, European diseases quickly devastated the Native American population, resulting in a shortage of labor. In response, Europeans enslaved people from Africa and forcibly transported them to the Americas to toil on these plantations.

In 1518 a Spanish ship carried the first enslaved Africans directly from Africa to the Americas. During the next two centuries, the trade in enslaved people grew dramatically. It became part of the triangular trade that connected Europe, Africa, and the American continents.

The triangular trade functioned as follows: European merchant ships carried European manufactured goods, such as guns and cloth, to Africa where they were traded for enslaved people. The enslaved Africans were then sent to the Americas and sold. European merchants then bought tobacco, molasses, sugar, and raw cotton in the Americas and shipped them back to Europe.

Middle Passage the forced voyage of enslaved Africans across the Atlantic Ocean to the Americas

As a result of this triangular trade, as many as 10 million enslaved Africans were brought to the Americas between the early sixteenth century and the late nineteenth century. Their journey from Africa to the Americas became known as the **Middle Passage**, the middle portion of the triangular trade route. Many enslaved Africans died on the journey. Those who survived often died from diseases to which they had little or no immunity.

Death rates were higher for newly arrived enslaved Africans than for those born and reared in the Americas. The new generation gradually developed at least a partial immunity to many diseases. Slaveholders, however, rarely encouraged enslaved people to have children. Many slaveholders, especially on islands in the Caribbean, believed that buying a new enslaved person was less expensive than rearing a child from birth to working age.

Sources of Enslaved Africans

Before Europeans arrived in the fifteenth century, most enslaved persons in Africa were prisoners of war. Europeans first bought enslaved people from African merchants at slave markets in return for gold, guns, or other European goods. Local slave traders first obtained their supplies of enslaved persons from nearby coastal regions. As demand grew, they had to move farther inland to find their victims. Local rulers became concerned about the impact of the slave trade on their societies. King Afonso of Congo (Bakongo) attempted to describe the extent of the crisis in his country.

PRIMARY SOURCE

“[W]e cannot reckon how great the damage is, since the [slave traders] are taking every day our natives, sons of the land and the sons of our noblemen and vassals and our relatives,... [S]o great, Sir, is the corruption and licentiousness that our country is being completely depopulated...”

—Afonso of Congo, from a letter to the king of Portugal, 1526

Europeans and other Africans, however, generally ignored such protests. Local rulers who traded in enslaved people viewed the slave trade as a source of income. Many sent raiders into defenseless villages.

Effects of the Atlantic Slave Trade

The slave trade was a tragedy for the victims and their families. Its broader effects varied from region to region. The slave trade depopulated some areas and deprived many African communities of their youngest and strongest men and women. The desire of slave traders to provide a constant supply of enslaved persons increased warfare in Africa. Coastal or near-coastal African chiefs and their followers, armed with guns acquired from the trade in enslaved people, increased raids and wars on neighboring peoples. Some Europeans lamented what they were doing to traditional African societies. One Dutch slave trader remarked:

PRIMARY SOURCE

“From us they have learned... strife, quarrelling, drunkenness, trickery, theft,... unbridled desire for what is not one’s own, misdeeds unknown to them before, and... the accursed lust for gold.”

—From *Africa in History: Themes and Outlines*

The slave trade had a devastating effect on some African states. The case of Benin (buh • NEEN) in West Africa is a good example. A brilliant and creative society in the sixteenth century, Benin was pulled into the slave trade. As the population declined and warfare increased, the people of



▲ The growing demand for labor in the Americas fueled the slave trade in Africa. In this image, caravans of enslaved Africans are led by local slave traders.



Atlantic Slave Trade 1500s and 1600s



GEOGRAPHY CONNECTION

- 1 THE WORLD IN SPATIAL TERMS** Which part of Africa was the greatest source of enslaved people? Why?
- 2 HUMAN SYSTEMS** What is the connection between the slave trade and the triangular trade?

Benin lost faith in their gods, their art deteriorated, and human sacrifice became more common. A corrupt and brutal place, it took years to discover the brilliance of the earlier **culture** that was destroyed by slavery.

The use of enslaved Africans remained largely acceptable to European society. Europeans continued to view Africans as inferior beings fit chiefly for slave labor. Not until the Society of Friends, known as the Quakers, began to condemn slavery in the 1770s did feelings against slavery begin to build in Europe. Even then, it was not until the French Revolution in the 1790s that the French abolished slavery. The British ended the slave trade in 1807 and abolished slavery throughout the empire in 1833. Despite these reforms, slavery continued in the newly formed United States until the Civil War of the 1860s.

READING PROGRESS CHECK

Determining Cause and Effect How did epidemics among the Native American populations contribute to an increase in the trade of enslaved Africans?

culture the customary beliefs, social forms, and material traits of a racial, religious, or social group

LESSON 2 REVIEW

Reviewing Vocabulary

1. Summarizing Write a paragraph explaining the function of colonies in increasing the wealth of European nations.

Using Your Notes

2. Organizing Use your graphic organizer on the Columbian Exchange to list the plants, animals, and diseases that were exchanged among Europe and Africa and the Americas.

Answering the Guiding Questions

3. Identifying Central Issues Which economic theory was put into practice during the age of exploration?

4. Drawing Conclusions How did the Columbian Exchange affect the Americas and Europe?

5. Making Generalizations How did European exploration change by the seventeenth century?

6. Making Connections How did European expansion affect Africa and the slave trade?

Writing Activity

7. Informative/Explanatory Write a paragraph describing the effects, both positive and negative, of European trade on the Americas. Be sure to refer to specific ideas and specific events.