

Expansion, Exploration, and Encounters**Lesson 7**

The Columbian Exchange and Global Trade

Key Terms and People

Columbian Exchange global transfer of foods, plants, and animals during the colonization of the Americas

capitalism economic system based on private ownership and the investment of wealth for profit

joint-stock company company in which people pooled their wealth for a common purpose

mercantilism economic policy of increasing wealth and power by obtaining large amounts of gold and silver and selling more goods than are bought

favorable balance of trade condition resulting from selling more goods than are bought

Before You Read

In the last lesson, you read about the Atlantic slave trade.

In this lesson, you will read about other kinds of trade.

As You Read

Use a chart to take notes on how the Columbian Exchange and global trade changed Europe.

THE COLUMBIAN EXCHANGE

What was the Columbian Exchange?

There was constant movement of people and products from Europe and Africa to the Americas. The large-scale transfer of foods, plants, and animals was called the **Columbian Exchange**. Important foods such as corn and potatoes were taken from the Americas to Europe, Africa, and Asia.

Some foods moved from the Old World to the New. Bananas, black-eyed peas, and yams were taken from Africa to the Americas. Cattle, pigs, and horses had never been seen in the Americas

until the Europeans brought them. Deadly illnesses also moved to the Americas. They killed a large part of the Native American population.

1. What did the Columbian Exchange take from the Americas, and what did it bring?

Lesson 7, *continued*

GLOBAL TRADE

How did business change?

The settling of the Americas and the growth of trade started an economic revolution. This revolution led to new business practices still followed today. One was the rise of an economic system called **capitalism**. It is based on private ownership and the right of a business to earn a profit on money invested.

Another new business idea was the **joint-stock company**. In this type of company, many investors pool their money to start a business and share in the profits.

2. What is capitalism?

to this theory, a country's power depended on its wealth. Getting more gold and silver increased a country's wealth; so did selling more goods than it bought. Selling more than it buys results in a **favorable balance of trade** for a country. Colonies played an important role because they provided goods that could be sold in trade.

The American colonies changed European society. Merchants grew wealthy and powerful. Towns and cities grew larger. Still, most people lived in the countryside, farmed for a living, and were poor.

3. Why were colonies important to European mercantilism?

THE GROWTH OF MERCANTILISM

Why were colonies important in mercantilism?

During the Commercial Revolution, European governments began to follow an idea called **mercantilism**. According

Lesson 7, *continued*

As you read, note some cause-and-effect relationships relating to the European colonization of the Americas.

Causes	Event/Trend	Effects
	1. Columbian Exchange	
	2. Global trade	
	3. Inflation	
	4. Formation of joint-stock companies	
	5. Growth of mercantilism	