

New Systems of Trade

If YOU were there...

You live in a coastal town in Spain in the 1500s. This week, several ships have returned from the Americas, bringing silver for the royal court. But that's not all. The crew has also brought back some strange foods. One sailor offers you a round, red fruit. Natives in the Americas call it a "tomatl," he tells you. He dares you to taste it, but you are afraid it might be poison.

Will you taste the tomato? Why or why not?

BUILDING BACKGROUND New fruits and vegetables such as tomatoes and potatoes looked very strange to Europeans in the 1500s. But new foods were only one part of a much larger exchange of products and ideas that resulted from the voyages of discovery.

Exchanging Plants, Animals, and Ideas

The exchange of plants, animals, and ideas between the New World (the Americas) and the Old World (Europe) is known as the **Columbian Exchange**. It changed lives around the world.

European manufactured goods, like this mirror, were new to the Americas.

Europeans brought new ideas and technologies when they settled new lands. This illustration shows a scene in what is now New Mexico.

Missions and settlements helped spread Christianity and European languages.

Europeans brought animals like oxen to pull carts.

What You Will Learn...

Main Ideas

1. Europe, Asia, Africa, and the Americas exchanged plants, animals, and ideas.
2. In the 1600s and 1700s, new trade patterns developed and power shifted in Europe.
3. Market economies changed business in Europe.

The Big Idea

Exchanges between the Old World and the New World influenced the development of new economic systems: mercantilism and capitalism.

Key Terms

plantations, p. 598

mercantilism, p. 599

capitalism, p. 601

market economy, p. 601

TAKING NOTES

Copy the diagram below. As you read, fill it in with information about the changes in Europe during the 1500s and 1600s.

| | | |
|--------------|--------------------|----------------------|
| New Products | New Trade Patterns | New Economic Systems |
|--------------|--------------------|----------------------|

The Columbian Exchange

Key Facts

- Beans
- Cacao (chocolate)
- Maize (corn)
- Peanuts
- Pineapples
- Potatoes
- Pumpkins
- Squash
- Sweet potatoes
- Tobacco
- Tomatoes
- Turkeys

NORTH AMERICA

SOUTH AMERICA

ATLANTIC OCEAN

EUROPE

AFRICA

- Bananas
- Cattle
- Chickens
- Citrus fruits
- Coffee beans
- Grapes
- Horses
- Onions
- Peaches
- Pigs
- Rice
- Sugarcane
- Wheat

GEOGRAPHY SKILLS

INTERPRETING MAPS

- 1. Movement** Name three items brought to Europe from the Americas.
- 2. Movement** Name three items brought to the Americas from Europe.

Europeans introduced many new plants to the Americas, including bananas, sugarcane, oranges, onions, and lettuce. Europeans also brought new animals such as cows, goats, sheep, pigs, horses, and chickens to the New World.

In the Americas, Europeans found plants and animals they had never seen. They took some back to Europe, as well as to Africa and Asia. This exchange of plants changed the eating habits of people around the world. Some of the foods new to Europeans were tomatoes, potatoes, beans, squash, and chocolate.

In addition, Europeans introduced their culture to the places they explored. Missionaries went to Asia, Africa, and the Americas to convert the peoples there to Christianity. Missionaries taught European languages to native peoples as well.

Europeans also brought technologies such as guns and steel to the New World. The introduction of sheep and sugarcane created new industries. Artisans made new kinds of textiles from the wool that the sheep provided. Colonists also began to grow sugarcane on **plantations**, or large farms.

Plantations and mines in the Americas made money for Portugal and Spain. However, many American Indians who were forced to work on the land died from harsh treatment and European diseases. Europeans then started using enslaved Africans as workers. Soon, thousands of Africans were being shipped to the Americas as slave labor. The use of slave labor continued in parts of the Americas until the late 1800s.

READING CHECK Identifying Cause and Effect

What caused the Columbian Exchange?

Trade and Economic Power

The exchange of products between European countries and their colonies changed economic relations around the world. European countries saw their colonies as a way to get rich.

This view of the colonies was part of an economic system called **mercantilism**—a system in which a government controls all economic activity in a country and its colonies to make the government stronger and richer. Mercantilism was the main economic policy in Europe between 1500 and 1800.

Under mercantilism, governments did everything they could to get more gold and silver, which were considered to be the measure of a country's strength. Countries also tried to export more goods than they imported. In this way, they could keep a favorable balance of trade—the relationship between the value of imports and exports.

New Trading Patterns

Mercantilism created new patterns of global trade. One involved the exchange of raw materials from colonies in the Americas, manufactured products from Europe, and slaves from Africa. This three-pronged network was known as the triangular trade.

The Atlantic slave trade was a major part of the triangular trade. European traders crammed enslaved Africans on ships for the long voyage to the Americas. Chained together without enough food and water, many slaves got sick and died. Between the late 1500s and early 1800s Europeans shipped millions of enslaved Africans to colonies in the New World.

Power Shifts in Europe

In the 1500s Portugal and Spain, the early leaders in exploration, were also the leading economic powers. That changed as the Dutch and English became stronger.

LINKING TO TODAY

Effects of the Columbian Exchange

Many of the foods you eat today didn't exist in America before 1492. Think of a cheeseburger, for example. Without foods from the Old World, you would have no bun, no patty, no cheese, and no lettuce. European explorers brought to the New World wheat for bread, cattle for beef and cheese, and lettuce.

They also brought many other vegetables, grains, and fruits. Now, of course, you can find foods from all over the world in your local grocery store. People in other countries also can get foods that originally were found only in America. The Columbian Exchange affects what you have for dinner nearly every day.

Old World

- Bread
- Beef
- Cheese
- Lettuce



New World

- Corn
- Potato
- Tomato

ANALYSIS SKILL ANALYZING INFORMATION

How does the Columbian Exchange affect one of your favorite dinners?

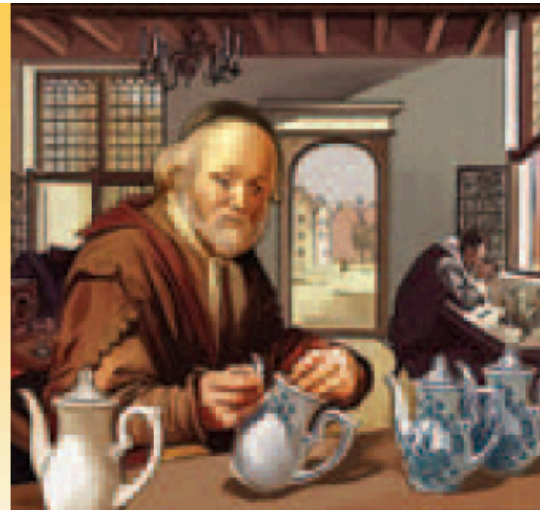
Supply and Demand

FACTS

Market economies are based on the idea of supply and demand. This idea states that people will produce goods that other people want. In Europe, market economies developed as populations grew and the world economy developed.



- 1 Population grew in Europe. With more people, there was a greater demand for goods.



- 2 Since people wanted more goods, companies worked to make, or supply, more goods.

The Netherlands became a great trading power in the 1600s as the Dutch used their shipbuilding, sailing, and business skills to boost their overseas commerce. Dutch merchants formed a company to trade directly with Asia. The Dutch soon controlled many islands in Southeast Asia and trading posts in India, Japan, and southern Africa.

England also benefited greatly from increased trade. New trading posts in India and China, along with its colonies in North America, gave England access to huge markets and many resources.

Banking

Increased trade created a need for banks. Realizing this, the Dutch and the English each set up banks. Banking improved business in a number of ways. For example, with the growth of international trade, merchants had to deal with money from different countries. At banks, merchants could exchange money from one country for money from another and be certain that they were getting the proper value. Banks also loaned money to people who wanted to start new businesses. In doing so, banks contributed to economic growth.

Banking and new trade routes, along with increased manufacturing, brought wealth to England and the Netherlands. The economic power in Europe shifted.

READING CHECK Identifying Cause and Effect

Why did power shift from Spain and Portugal to England and the Netherlands in the 1600s?

Market Economies

Economic growth and new wealth changed business in Europe. Because more people had wealth, they started buying more manufactured goods.

There were several reasons for the increased demand for manufactured goods. First, Europe's population was growing. More people meant a need for more goods. Second, farmers were growing food at lower costs. With lower expenses for food, people had more money to spend on manufactured goods. A third reason was that newly founded colonies had to get their manufactured goods from Europe.

As the demand rose, businesspeople realized they could make more money by finding better ways to make manufactured



- 3 Finally, the supply of goods met the demand for goods.

goods. They wanted to increase the supply of goods offered to meet the demand. This new way of doing business can be considered the beginning of capitalism. **Capitalism** is an economic system in which individuals and private businesses run most industries. Competition among these businesses affects how much goods cost.

Competition among different businesses is most successful in a market economy.

In a **market economy**, individuals decide what goods and services they will buy and sell. The government does not make these decisions for people. A market economy works on a balance between supply and demand. If there is a great demand for a product, a seller will increase the supply in order to make more money.

The ability of individuals to control how they make and spend money is a benefit of a market economy and capitalism. In the 1800s capitalism would become the basis for most economic systems in western Europe and the Americas.

READING CHECK Summarizing What is a market economy?

SUMMARY AND PREVIEW The Columbian Exchange brought new plants, animals, and technology, as well as social and cultural changes, to Europe, Africa, Asia, and the Americas. New economic systems were developed too—mercantilism and, later, capitalism. Next, you'll learn about political changes in Europe.

Section 3 Assessment

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Online Quiz

KEYWORD: SN6 HP20

Reviewing Ideas, Terms, and People

- a. **Identify** Name some plants and animals that were part of the Columbian Exchange.

b. **Evaluate** Who do you think benefitted more from the Columbian Exchange—Europeans or people in the Americas?
- a. **Describe** What was the triangular trade?

b. **Analyze** How did economic power shift in Europe in the 1600s?

c. **Elaborate** How were colonies important to a country that was following the economic policy of mercantilism?
- a. **Recall** In what kind of an economic system do individuals and private businesses run most of the industries?

b. **Explain** How do supply and demand work in a market economy?

Critical Thinking

- Analyzing** Using your notes, explain how the availability of new products led to new trade patterns and new economic systems in Europe. Write your explanations in the arrows of a diagram like the one below.



FOCUS ON SPEAKING

- Understanding Economics** From your notes and reading, select the three most important effects of the interaction between the Old and New Worlds. Describe these in your chart.