CHAPTER 16

The World Economy

CHAPTER SUMMARY

The rise of the West from the 15th and 18th centuries involved distant explorations and conquests resulting in a heightening and redefining of relationships among world societies. During the classical era, larger regional economies and culture zones had developed, as in the Chinese Middle Kingdom and the Mediterranean basin, but international exchanges were not of fundamental importance to the societies involved. During the postclassical period, contacts increased and were more significant. Missionary religions—Buddhism and Islam—and trade influenced important changes. The new world relationships after 1450 spelled a new period of world history. The Americas and other world areas were joined to the world network, while older regions had increased contacts. Trade became so significant that new relationships emerged among societies and prompted reconsideration of existing political and cultural traditions.

The West’s First Outreach: Maritime Power. Europeans had become more aware of the outside world since the beginning of the 12th century. Knowledge gained during the Crusades and from contacts with the great Mongol Empire spurred interest. European upper classes became used to imports, especially spices, brought from India and southeast Asia to the Middle East by Arab vessels, and then carried to Europe by traders from Italian city-states. The fall of the Mongol dynasty in China, the strength of the Ottoman Empire, lack of gold to pay for imports, and poor naval technology hindered efforts for change. Europeans launched more consistent attempts for expansion from the late 13th century.

New Technology: A Key to Power. Technological improvements during the 15th century changed the equation. Deep-draft, round-hulled ships were able to sail in the Atlantic’s waters. Improved metalwork techniques allowed the vessels to carry armaments far superior to the weapons aboard ships of other societies. The compass and better mapmaking improved navigational skills.

Portugal and Spain Lead the Pack. The initiative for Atlantic exploration came from Portugal. Prince Henry the Navigator directed explorations motivated by Christian missionary zeal, the excitement of discovery, and a thirst for wealth. From 1434, Portuguese vessels, searching for a route to India, traveled ever farther southward along the African coast. In 1488, they passed the Cape of Good Hope. Vasco da Gama reached India in 1497. Many voyages followed. One, blown off course, reached Brazil. By 1514, the Portuguese had reached Indonesia and China. In 1542, they arrived in Japan and began Catholic missionary activity. Fortresses were established in African and Asian ports. The Spanish quickly followed the Portuguese example. Columbus reached the Americas in 1492, mistakenly calling their inhabitants Indians. Spain gained papal approval for its claims over most of Latin America; a later decision gave Brazil to Portugal. Sixteenth-century expeditions brought the Spanish as far north as the southwestern United States. Ferdinand Magellan began a Spanish voyage in 1519 that circumnavigated the globe. As a result, Spain claimed the Philippines.

Northern European Expeditions. In the 16th century, the exploratory initiative moved from the Portuguese and Spanish to strong northern European states—Britain, Holland, and France.
They had improved oceanic vessel design, while Portugal and Spain were busy digesting their colonial gains. The British naval victory over Spain in 1588 left general ocean dominance to northern nations. The French first crossed the Atlantic in 1534 and soon established settlements in Canada. The British reached North America in 1497, beginning colonisation of its east coast during the 17th century. The Dutch also had holdings in the Americas. They won control of Indonesia from the Portuguese by the early 17th century, and in the middle of the century established a relay settlement on the southern tip of Africa. French, Dutch, and British traders received government-awarded monopolies of trade in the newly reached regions, but the chartered companies acted without much official supervision. They gained great profits and acted like independent political entities.

**In Depth: Causation and the West’s Expansion.** Historians desiring to understand social change have to study causation. The many factors involved in any one case make precise answers impossible, but when sufficient data are available, high probability can be attained. Scholars looking for single-factor determinants use cultural, technological, economic, or “great man” theories as explanations. All of the approaches raise as many questions as answers. The best understanding is reached through debate based on all efforts chosen as explanations.

**Toward a World Economy.** Europe’s new maritime activity had three major consequences for world history: the creation of a new international pool for exchanges of food, diseases, and manufactured products; the forming of a more inclusive world economy; and the opening of some parts of the world to Western colonization.

**The Columbian Exchange of Disease and Food.** The extension of international interaction facilitated the spread of disease. Native Americans and Polynesians, lacking natural immunities to smallpox and measles, died in huge numbers. In the Americas, Europeans forged new populations from their own peoples and through importation of African slaves. New World crops spread rapidly. American corn and the potato became important in Europe; corn and the sweet potato similarly changed life in China and Africa. Major population increases resulted. The use of tobacco, sugar, and coffee slowly became widespread in Europe. European and Asian animals passed to the New World.

**The West’s Commercial Outreach.** Westerners, because of their superior military might, dominated international trade, but they did not displace all rivals. Asian shipping continued in Chinese and Japanese coastal waters, Muslim traders predominated along the east African littoral, and the Turks were active in the eastern Mediterranean. Little inland territory was conquered in Africa or Asia; the Europeans sought secure harbors and built fortifications to protect their commerce and serve as contact places for inland traders. When effective indigenous states opposed such bases, Europeans gained protected trading enclaves within their cities.

**Imbalances in World Trade.** By the 17th century a new world economy, dominated by Europeans, had formed. Spain and Portugal briefly held leadership, but their economies and banking systems could not meet the new demands. England, France, and Holland, the core nations, established more durable economic dominance. They expanded manufacturing operations to meet new market conditions. The doctrines of mercantilism protected home markets and supported exports; tariff policies discouraged competition from colonies and foreign rivals. Beyond Europe, areas became dependent participants in the world economy as producers and suppliers of low-cost raw materials; in return they received European
manufactured items. Africa entered the world network mainly as a slave supplier. The Europeans controlled commercial and shipping services.

**A System of International Inequality.** The rise of core and dependent economic zones became an enduring factor in world economic relationships. Some participants in the dependent regions had an opportunity for profit. African slave traders and rulers taxing the trade could become rich. Indigenous merchants in Latin America satisfied regional food requirements. Many peasants in all regions remained untouched by international markets. Still, indigenous merchants and landlords did not control their terms of trade; the wealth gained was expended on European imports and did not stimulate local manufacturing or general economic advance. Dependence in the world economy helped form a coercive labor system. The necessity for cheap products produced in the Americas resulted in exploitation of indigenous populations or use of slaves. In the Dutch East Indies and British India, peasants were forced into labor systems.

**How Much World in the World Economy?** Huge world areas remained outside the world economy. They were not affected politically or economically by its structure, and until the 18th century did not greatly suffer from the missed opportunities for profit or technological advance. East Asian civilizations did not need European products; they concentrated on consumption or regional commerce. China was uninterested in international trading involvement and remained mainly outside the world economy until the end of the 18th century. China was powerful enough to keep Europeans in check. Some limited trade was permitted in Portuguese Macao, and European desire for Chinese manufactured items made China the leading recipient of American silver. In Japan, early openness to Europeans, in missionary activity and interest in military technology, quickly ended. Most contacts were prohibited from the 17th to the 19th century. Mughal India, the Ottoman Empire, and Safavid Persia all allowed minimal trade with Europeans but concentrated on their own internal development. Russia and African regions not participating in the slave trade were outside the international economic orbit.

**The Expansionist Trend.** European dominance spread to new areas during the 17th and 18th centuries. British and French merchants strengthened their positions as the Mughal Empire began falling apart. Britain passed legislation designed to turn its holdings into dependent regions. Tariffs blocked cottons from competing with British production. India’s complex economy survived, but with a weakened international status. Eastern Europe joined world economic activity by exporting grain, mainly produced by serfs working on large estates, from Prussia, Poland, and Russia, to the West.

**Colonial Expansion.** Western colonial dominance over many peoples accompanied the new world economic network. Two types of American colonies emerged, in Latin America and the Caribbean, and in North America. Smaller colonies were present in Africa and Asia.

**The Americas: Loosely Controlled Colonies.** Spain quickly colonized West Indian islands; in 1509 settlement began on the mainland in Panama. Military expeditions conquered the Aztecs and Incas. The early colonies were formed by small bands of adventurers loosely controlled by European administrations. The settlers ruthlessly sought gold; when there were substantial Indian populations, they exacted tribute without imposing much administration. As agricultural settlements were established, Spanish and Portuguese officials created more formal administration. Missionary activity added another layer of administration. Northern Europeans began colonial activity during the early 17th century. The French settled in Canada and
explored the Mississippi River basin. The Dutch and English occupied coastal Atlantic territories. All three nations colonized West Indian islands and built slave-based economies.

**British and French North America: Backwater Colonies.** North American colonial patterns differed from those in Latin America and the Caribbean. Religious refugees came to British territories. Land grants to major proprietors stimulated the recruitment of settlers. The French in Canada planned the establishment of manorial estates under the control of great lords controlled by the state. French peasants emigrated in small numbers but increased settlement through a high birth rate. The Catholic church held a strong position. France in 1763 through the Treaty of Paris surrendered Canada and the Mississippi basin to the British. The French inhabitants remained unhappy with British rule, but many American loyalists arrived after the 1776 revolution. The North American colonies had less value to their rulers than did Asian or West Indian possessions. The value of the exports and imports of their small populations was insignificant. Continuing settler arrival occurred as Indian populations declined through disease and warfare. Indians and Europeans did not form new cultural groups as they did in Latin America; Indians instead moved westward, where they developed a culture based on the imported European horse. North American colonial societies developed following European patterns. British colonies formed assemblies based on broad male participation. The colonists also avidly consumed Enlightenment political ideas. Trade and manufacturing developed widely, and a strong merchant class appeared. The colonists retained vigorous cultural ties with Europe; an unusual percentage of the settlers were literate. The importation of African slaves and slavery separated the North American experience from European patterns.

**North America and Western Civilization.** Western habits had been transplanted into a new setting. Americans married earlier, had more children, and displayed an unusual concern for children, but they still reproduced the European-style family. When British colonists revolted against their rulers, they did so under Western-inspired political and economic ideology. Once successful, they were the first to implement some of the principal concepts of that ideology.

**Africa and Asia: Coastal Trading Stations.** In Africa, most Europeans were confined, because of climate, disease, geographical barriers, and African strength, to coastal trading forts. The exceptions were in Angola and South Africa. The Portuguese sent disruptive slaving expeditions into Angola from established coastal centers. In South Africa, the Dutch founded Cape Town in 1652 as a settlement for supplying ships on the way to southeastern Asia. The settlers expanded into nearby regions where they met and fought indigenous hunters and herding peoples. Later they began wars with the Bantu. European settlements in Asia also were minimal. Spain moved into the Philippines and began Christianizing activities; the Dutch East India Company administered parts of Indonesia and briefly had a presence in Taiwan. Asian colonization began a new phase when France and Britain, with forts along both coasts, began to compete for control in India as Mughal authority declined. Outright war began in 1744, with each side allying with Indian princes. French defeat destroyed their power in India. British victories over Indians in Bengal from the 1750s further increased British power. In India, as in most African and Asian territories, and unlike in the Americas, European administration remained limited. Officials were satisfied to conclude agreements with indigenous rulers. European cultural effect was slight and few settlers, apart from the Dutch in South Africa, took up residence. Only in the Philippines were many indigenous peoples drawn to Christianity.
**Impact on Western Europe.** Colonial development affected western Europe economically and diplomatically. Colonial rivalries added to the persisting hostilities between nations. The Seven Years War, fought in Europe, Asia, and America, was the first worldwide war. The colonies brought new wealth to Europe, profiting merchants and manufacturers. New products changed lifestyles: once-costly sugar became available to ordinary people.

**The Impact of a New World Order.** The development of a world economy and European colonialism had major effects. Economic pressures brought important changes. African populations were disrupted by the slave trade. Indian manufacturing levels declined. New labor systems formed in many regions. The interaction between civilizations was significant. New elements entered the world history framework. Indigenous responses, as with Christianity, combined their ideas with the arriving influences. Despite the many hardships imposed on many societies, some benefits resulted. New food crops and increased trade allowed population growth. Challenges had been created for all civilizations, and whatever the individual reaction, innovation was required.

**Global Connections: The World Economy – and the World.** The relationships between Europe’s and the world’s economy were complex, ranging from conscious isolation to controlled participation to dependency. The world was growing closer, but it was not necessarily becoming simpler.

**KEY TERMS**

**Vasco da Gama:** Portuguese mariner; first European to reach India by sea in 1498.

**Christopher Columbus:** Italian navigator in the service of Aragon and Castile; sailed west to find a route to India and instead discovered the Americas in 1492.

**Ferdinand Magellan:** Portuguese captain in Spanish service; began the first circumnavigation of the globe in 1519; died during voyage; allowed Spain to claim possession of the Philippines.

**East India Companies:** British, French, and Dutch trading companies that obtained government monopolies of trade to India and Asia; acted independently in their regions.

**World economy:** Created by Europeans during the late 16th century; based on control of the seas; established an international exchange of foods, diseases, and manufactured products.

**Columbian Exchange:** Interaction between Europe and the Americas; millions of Native Americans died of new diseases; new world crops spread to other world regions; European and Asian animals came to the Americas.

**Lepanto:** Naval battle between Spain and the Ottoman Empire resulting in Spanish victory in 1571; demonstrated European naval superiority over Muslims.

**Core nations:** Nations, usually European, that profited from the world economy; controlled international banking and commercial services; exported manufactured goods and imported raw materials.
Dependent economic zones: Regions within the world economy that produced raw materials; dependent on European markets and shipping; tendency to build systems based on forced and cheap labor.

Vasco de Balboa: Began first Spanish settlement on Mesoamerican mainland in 1509.

New France: French colonies in Canada and elsewhere; extended along the St. Lawrence River and Great Lakes and down into the Mississippi River valley system.

Atlantic colonies: British colonies in North America along Atlantic coast from New England to Georgia.

Treaty of Paris: Concluded in 1763 after the Seven Years War; Britain gained New France and ended France’s importance in India.

Cape Colony: Dutch colony established at Cape of Good Hope in 1652 to provide a coastal station for Dutch ships traveling to and from the East Indies; settlers expanded and fought with Bantu and other Africans.

Boers: Dutch and other European settlers in Cape Colony before 19th-century British occupation; later called Afrikaners.

Calcutta: British East India Company headquarters in Bengal; captured in 1756 by Indians; later became administrative center for populous Bengal.

Seven Years War: Fought in Europe, Africa, and Asia between 1756 and 1763; the first worldwide war.

Cape of Good Hope: Southern tip of Africa; first circumnavigated in 1488 by Portuguese in search of direct route to India.

Mercantilism: Economic theory that stressed governments’ promotion of limitation of imports from other nations and internal economies in order to improve tax revenues; popular during 17th and 18th centuries in Europe.

Mestizos: People of mixed European and Indian ancestry in Mesoamerica and South America; particularly prevalent in areas colonized by Spain; often part of forced labor system.

Francisco Pizarro: Led conquest of Inca Empire beginning in 1535; by 1540, most of Inca possessions fell to Spanish.

John Locke: (1632 – 1704) English philosopher who argued that people could learn everything through senses and reason and that power of government came from the people, not divine right of kings; offered possibility of revolution to overthrow tyrants.

William Shakespeare: (1564 – 1616) English poet and playwright considered one of the greatest writers of the English language; works include Julius Caesar, Macbeth, Romeo and Juliet, and Hamlet.
LESSON SUGGESTIONS

Leader Analysis Prince Henry the Navigator
Conflict Analysis Europeans versus American indigenous populations
Change Analysis Columbian Exchange
Societal Comparison Europeans and native populations
Document Analysis Western Conquerors: Tactics and Motives
Inner/Outer Circle In Depth: Causation and the West’s Expansion

LECTURE SUGGESTIONS

Describe the ways that the creation of a global economy in the 16th and 17th centuries differed from the previous trade networks that had existed between civilizations. The global economy of the 16th and 17th centuries was dominated by the West; previous global networks had been dominated by the East or Islamic regions. New areas were added in the 17th century: Africa became more fully incorporated, and the Americas were added for the first time. The increase in international trade led to the creation of core regions and dependent zones. The latter were exploited by Western core regions; they were typified by the production of raw materials, bullion, and agricultural crops, often produced on plantations. Many had coercive labor systems (usually slavery) and were dependent on manufactured goods from core regions. The global network was enforced by the West’s military technology, particularly naval gunnery and superiority on the seas.

Evaluate the reasons allowing the West to establish its dominance in the global trade network of the 17th century. The withdrawal of possible rivals helped the West, in particular that of China and the Islamic world. The Ottomans were not as dedicated to commerce as were previous dynasties, and they were not as fully in control of regions obviously critical to the Islamic trade network. China made the decision to be self-sufficient and withdrew from the world trade network. Japan made a similar decision and isolated itself. The West had an advantage through its relative population growth in comparison with the others and through its technological innovations directly related to seafaring and military power on the seas, especially the cannon. The West defeated the Ottomans at Lepanto in the 16th century; China and Japan did not challenge the West.

CLASS DISCUSSION SUGGESTIONS

Describe the technological innovations that made the global domination of the West possible.

Europeans developed deep-draft, round-hulled sailing ships for the Atlantic, capable of carrying heavy armaments. Mapmaking and navigation improved, and the compass was invented.
European knowledge of explosives, learned from the Chinese, adapted into gunnery and cannons, causing the West to forge a military advantage.

**Trace the early exploration of the world by the West.**

The early exploration was started by Portugal, whose rulers started a series of expeditions along the coast of Africa, and outward to islands such as the Azores, and eventually to India, Indonesia, and Japan. The Spanish began their exploration in the 15th century in 1492. Christopher Columbus reached America while in search of western passage to India. Finally, in 1519, a Spanish expedition under Ferdinand Magellan passed under the southern tip of South America, and around the Pacific, and then reached the Indonesian islands, for the first trip around the world.

**Define the Colombian Exchange.**

The Columbian Exchange was a biological and ecological exchange that took place following the Spanish establishment of colonies in the New World. As peoples of Europe and Africa came to the New World, animals, plants, and diseases were spread between the two hemispheres. This resulted in a rapid decline of populations of native people in these areas.

**Compare the terms “core area” and “dependent zone.”**

Core area refers to the area, especially in western Europe, that profited from the new global economy. It controlled international and commercial services such as shipping, and it exported manufactured goods in exchange for new raw materials from foreign countries. Dependent zone refers to areas beyond western Europe in the world economy that produced low-cost goods, such as precious metals and cash crops (sugar, spices, tobacco, and later, cotton). Africa joined this zone through the export of slaves.

**List the areas that remained outside the new global economy prior to 1600. List the areas that were added in the 17th century.**

East Asia, the Chinese, Japan, India’s new Mughau Empire, the Ottoman and Safavid empires, Russia, and most of Africa remained outside the new global economy prior to 1600. South America, the West Indies, a part of North America, some regions in west Africa, portions of southeast Asia, the Mughau Empire, eastern Europe, and Russia were brought into a growing relationship with the new global economy.

**Compare British and French North America with other European colonies.**

They more fully adopted Western institutions and culture. They developed plantation economies and coercive labor systems. They were closer to European models of government, religion, and political theory. They produced their own merchant class and engaged in international trade.

**Evaluate the results of the creation of a world economy.**

Colonial rivalries and wars added to existing hostilities. England and Holland turned against Spanish success. The Dutch and English competed. There was growing competition between the British and the French. The Seven Years War has been called the first world war.
MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1. The Portuguese Prince Henry the Navigator

A) invented the astrolabe.
B) discovered Brazil.
C) rounded the Cape of Good Hope and eventually sailed to India.
D) directed a series of expeditions along the African coast and also outward to the Azores.
E) explored with the purpose of spreading Protestantism to new lands.

2. Vasco da Gama

A) invented the astrolabe.
B) discovered Brazil.
C) rounded the Cape of Good Hope and eventually sailed to India.
D) directed a series of expeditions along the African coast and also outward to the Azores.
E) explored with the purpose of spreading Protestantism to new lands.

3. Which of the following statements most accurately describes the impact of European conquest on the population of Native Americans?

A) The arrival of the Europeans increased the total population of the Americas significantly without diminishing the expansion of the Native American population.
B) After initial decreases associated with losses in battle, the population of Native Americans recovered to pre-conquest levels.
C) The arrival of the Europeans caused a slight drop in population growth among Native Americans.
D) Native American populations increased due to the introduction of European technology.
E) Native American population was devastated by the introduction of previously unknown European diseases.

4. Who did the Spanish defeat at the battle of Lepanto?

A) The British
B) The Ottoman Empire
C) The Dutch
D) The Portuguese
E) The Aztecs

5. What was the core region of the global trade network during the early modern period?

A) Northwestern Europe
B) The Iberian Peninsula
C) Eastern Europe
D) The Mediterranean
E) The Middle East
6. Which of the following areas did NOT have a predominantly coercive labor system?

A) Latin America  
B) The southern Atlantic colonies of North America  
C) Northwestern Europe  
D) Eastern Europe  
E) Caribbean colonies

7. Which of the following statements concerning the Japanese participation in the global trade network is most accurate?

A) The Japanese did display some openness to Christian missions and they were also fascinated by Western advances in gunnery and shipping.  
B) Japan, like China, showed no interest in any aspect of Western trade.  
C) The Japanese warmly accepted Western commercial interests and became part of the dependent zones of the global trade network.  
D) After 1600, all Europeans were banned from Japan, but Japanese traders continued to travel and trade abroad.  
E) After initial resistance, Japan opened up and embraced trade and contact with the West.

8. What was the primary export product of eastern Europe to the West?

A) Domestic animals  
B) Grain  
C) Woolen cloth  
D) Iron  
E) Workers

9. Why was the Portuguese colony of Angola exceptional?

A) In Angola the Catholic church successfully banned the slave trade.  
B) The Portuguese pressed inland in Angola instead of simply establishing coastal fortresses.  
C) Angola was the only European colony established south of the Congo River.  
D) Angola was actually governed by indigenous tribesmen with only loose supervision from the mother country.  
E) Angola quickly threw off control by the Portuguese.

10. What impact did the Seven Years War have on French colonial possessions?

A) The French were able to seize British possessions in North America.  
B) The French lost their colonies in India to the British.  
C) The French seized Dutch possessions in Africa.  
D) The French exchanged their sugar islands in the Caribbean for Spanish colonies in Latin America.  
E) The French retreated from their role as colonial powers and tended to domestic issues.
SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

1. In the 15th century, Portuguese sailors ventured around the ________, planning to find India and reach the eastern African coast.

2. A Spanish expedition under ________ set sail westward in 1519 and eventually sailed around the world.

3. The Dutch and British ________ were semiprivate companies, formed by pooling merchant capital and amassing great fortunes in commerce in Asia.

4. Even in Japan, where a firm isolationist policy was launched after 1600, Dutch traders secured special access to the port of ________.

5. The rulers of India’s new ________ Empire in the 16th century were interested in some contact with Western traders.

6. The Dutch established a settlement called ________ in 1652 at the Cape of Good Hope to provide a coastal station for the Dutch sea-born empire.

7. Only after 1770 did the expanding settlements of the Dutch ________ directly conflict with the Bantu farmers, opening a long battle for control of southern Africa.

8. British and French rivalry over control of India culminated in outright warfare in 1744 during the ________.

9. The ________ colonies of Britain in North America differed from other settlements in that they operated their own assemblies and developed internal trade.

10. Under the terms of the ________, which in 1763 settled the Seven Years War, France lost its colonies in North America, but regained its West Indian sugar islands.
TRUE/FALSE. Write ‘T’ if the statement is true and ‘F’ if the statement is false.

1. Vasco da Gama reached India in 1498 with the aid of a Hindu pilot picked up in east Africa.  
   
2. A Spanish-directed fleet inflicted a decisive defeat on the navy of the kingdom of Portugal at the battle of Lepanto in 1571.  
   
3. The British passed tariffs on imports of Indian cotton in favor of using India as a market for British-processed goods and a source of relatively cheap cash crops such as tea.  
   
4. The Dutch colony at the Cape of Good Hope immediately came into conflict with the Bantu farmers who had settled in the region previously.  
   
5. North American colonists developed a merchant class and some stake in manufacturing in a pattern rather similar to that taking shape in western Europe.  
   
6. The first Spanish settlement on the American mainland was established in 1509 under the able adventurer, Dias.  
   
7. A Portuguese prince, Henry the Navigator, directed a series of expeditions along the African coast and outward to islands such as the Azores.  
   
8. The biological interaction that took place with often disastrous consequences following the discovery of the Americas by Europeans is called the “Columbian Exchange.”  
   
9. The doctrine that urged that a nation-state export as widely as possible in its own ships and not import goods from outside is called capitalism.  
   
10. The British gained the island of Cyprus off the mainland of Asia Minor from the Dutch.
ANSWER KEY

Multiple Choice

1. D  6. C
2. C  7. A
3. E  8. B
5. A  10. B

Short Answer

1. Answer: Cape of Good Hope
2. Answer: Ferdinand Magellan
3. Answer: East India Companies
4. Answer: Nagasaki
5. Answer: Mughal
6. Answer: Cape Colony
7. Answer: Boers
8. Answer: Seven Years War
9. Answer: Atlantic
10. Answer: Treaty of Paris

True/False

1. T  6. F
2. F  7. T
3. T  8. T
4. F  9. F
5. T  10. F
CHAPTER 16

TIMELINE

Insert the following events into the timeline. This should help you to compare important historical events chronologically.

Dutch establish colony in southern Africa
Portuguese exploration of west African coast
first Spanish colony on American mainland
Vasco da Gama reaches India
French settlement in Canada
French-British wars in India

____ 1434
____ 1498
____ 1509
____ 1608
____ 1652
____ 1744

TERMS, PEOPLE, EVENTS

The following terms, people, and events are important to your understanding of the chapter. Define each one on a separate sheet of paper.

British East India Company  Treaty of Paris  Nagasaki
Cape Colony  Amerigo Vespucci  Louis XIV
Ceylon  Ferdinand Magellan  smallpox and measles
coercive labor systems  Atlantic colonies  Safavid Empire
Colombian Exchange  New France  William Penn
core nations  Boers  “china”
dependent economic zones  mestizos  Mughal Empire
Henry the Navigator  Cape of Good Hope  Goa
John Locke  Bantu farmers  Emperor Aurangzeb
Vasco da Gama  Calcutta  Macao
Vasco de Balboa  Francisco Pizarro  Emperor Atahualpa
world economy  Battle of Lepanto  mercantilism
Christopher Columbus

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MAP EXERCISE

The following exercise is intended to clarify the geophysical environment and the spatial relationships among the important objects and places mentioned in the chapter. Locate the following places on the map.

Mark all Spanish ports and colonies with an S, Portuguese ports and colonies with a P, Dutch ports and colonies with a D, English ports and colonies with an E, and French ports and colonies with an F.

Which of the European nations established the most widespread colonial possessions? What is the difference between the European trading empires and earlier trade systems of the Muslims or the Chinese?
I. Introduction
A. What are consequences of…
   1. Voyages of Columbus
   2. Exploration of Europeans
   3. Empires built by European conquerors/missionaries
B. Consequences
   1. Power shift
   2. Redefinition of interchange
D. Patterns of diffusion
   1. Classical – developing regional economies/cultures – Medit./China
      a. External conflicts existed, but not that important
   2. Postclassical Era – contacts increase
      a. Missionary religions spread
      b. Interregional trade key component of economies – bet. continents
      c. Some regions dominated trade – Muslims then Mongols
   3. 1450-1750 – Eve of the Early Modern Period
      a. New areas of world brought into global community – Americas
      b. Rate of global trade increased – Southeast Asia
      c. Relationships between groups changed power structure
      d. Effects on Europe – dominated trade
         1. Changes within Europe
         2. Parts of world become dependent on Europe
         3. Used New World goods to pay for Old World luxury items
            a. Americas > Silver > China
E. Foods
   1. 30% of world’s food comes from Americas – potato, corn
      a. Corn embraced by Africa – later by Europe
         1. Thought spread plague – also not in Bible – is it kosher?

II. The West’s First Outreach: Maritime Power
A. Introduction
   1. Western nations unprecedented mastery of oceans
      a. Spain, Portugal > Britain, Holland, France
   2. Who pushes trade? Princes, clergy, merchants
      a. Muslims – superior economy, goods
         1. European nobility used to luxury goods
      b. Mongols – sped up exchanges
      c. Fall of Khans – China a mystery again
   3. What were Europe’s disadvantages?
      b. Fear of Ottoman Empire
      c. Lack of gold to fund
      d. Limited distance of small, oar-propelled ships
B. New Technology
   1. What were the key technological innovations that helped with trade?
      a. deep ships able to carry a lot of armaments/weapons
      b. compass
      c. mapmaking
      d. explosives adapted to gunnery
1. Metallurgy adapted Chinese invention
e. Europe has unprecedented advantage on sea

C. Portugal and Spain Lead the Pack
1. Why Portugal?
   a. Western geographic location
   b. Rulers
      1. Excitement of discovery
         a. Could harm Muslim world
         b. Could get really rich
   c. Henry the Navigator – 1434 – African Coast
d. 1488 – Around Cape of Good Hope
e. 1498 – Vasco de Gama
      1. Threatened by Spain – Columbus 1492
      2. Four ships + Hindi pilot from Africa > India
      3. Brought iron pots, gold for spices
      4. Ships threatened, killed Indian merchants
   f. Portuguese then hit Brazil, Africa, India, China, Japan

2. Why Spain?
   a. Recently freed from Muslim rule
   b. Missionary zeal
   c. Desire for riches
d. 1492 – Columbus – India/Indies – earth round
   1. Mistaken Americas > “Indians”
   2. Amerigo Vespucci – realized New World
e. 1521 Magellan rounds Southern tip – heads to Indonesia
   f. 16th century – Spanish sent military force to back up American claims

D. Northern European Expeditions
   a. Strong, wealthy monarchies
   b. Zealous Protestants want to rival Catholics
   c. Spain/Portugal become complacent
d. N. Europe lighter, faster ships – 1588 Spanish Armada defeated – shift in power
e. Spain/Portugal already controlled S. America
   1. N. European focused on N. America
2. Interest in Americas
   a. Market for English woolens
   b. Fish
   c. French trappers
   d. Northwest passage – Hudson
3. Dutch freed from Spain – Holland begins exploring
   a. Pushed Portuguese from Indonesia
   b. S. Africa as relay station
4. Creation of trading companies
   a. Dutch East India Company/British East India Company
   b. Government monopolies of all commerce
   c. Not supervised
   d. Raise armies/coin money
   e. Essentially more powerful than independent governments
      1. Dutch ruled Taiwan
      2. British ruled India
5. What were negatives of travel?
III. Toward a World Economy

A. The “Columbian Exchange” of Disease and Food

1. Spread disease
   a. Native Americans – no natural immunities to smallpox/measles
      1. 50-80% casualties over 150 years
      2. Wiped out earlier civilizations
      3. Made possible for heavy European colonization

2. Crops
   a. Corn/sweet potatoes to China
      1. + new agricultural technology > population increases
      2. 17th century has population pressure
      3. 18th century – Europe major population change

3. Animal husbandry
   a. Horses and cattle to New World – yeayy…beasts of burden

B. The West’s Commercial Outreach

1. What was European effect on existing traders?
   a. Did not totally displace
      1. Muslims controlled E. Africa
   b. Replaced some interregional traders
      1. India > S. East Asia – think Malacca
   c. European controlled ports
      1. Contacts with overland traders
      2. Access to inland goods

2. Indirect control set up – Western traders get special rights
   a. Western merchants allowed freedom in foreign cities
      1. Nagasaki, St. Petersburg, Constantinople
      2. Supplemented regional economies

C. Imbalances in World Trade

1. Most active competition between Europe – see any global context – wars to come?
2. Spain failed – bad banking system
3. England, France, Holland – merchants already strong – core nations
   a. What was the effect on these countries?
      1. Pushed manufacturing, new markets for goods
      2. Created mercantilism – nation-state must only trade with core nation
         a. Stiff tariff (aka import tax) policies discouraged colonial mfg

4. Outside Europe, some regions became dependent, subservient
   a. What goods did these regions offer?
      1. Low cost goods – metals, cash crops – sugar, spice, tobacco, cotton
      2. Human labor – sub-Saharan Africa supplies slaves
      3. Exchanged for mfg. goods > guns, alcohol

D. A System of International Inequality

1. Global context – dependent nations then are the dependent nations today
   a. Don’t exaggerate core-dependent system
      1. Some regional princes/local leaders got rich also
      2. Some not involved – local peasants aren’t touched by global econ.
   b. But…what were the negatives?
      1. Significant minorities fueling system
      2. Latin/African merchants don’t control rules of trade
      3. Wealth doesn’t stimulate local economies – mfg. not encouraged **
         a. Forced to rely on imports, don’t become self-sufficient
4. Coercive labor systems spread
   a. System only survives with cheap labor
   b. Importation of African slaves to Americas
   c. Encomienda system – estate agriculture – forces peasants

E. How Much World in the World Economy?
   1. Those not in global economy don’t grow as fast – why?
      a. Don’t have huge profits of European core nations
      b. Technologies don’t change as rapidly
   2. China – benefited, but participated on small scale
      a. Refused to embrace all of Europe’s new technologies – firearms
      b. Limited trade through Macao – which country controlled Macao?
      c. So…bad, didn’t develop as fast, but good…didn’t become subservient
      d. Chinese mfg. of luxury goods enough to keep pace
         1. What…China manufactures goods? Really? I’ve never seen anything that says Made in China
         2. Europeans loved Chinese goods – porcelain plates > China
   3. Japan – initially open to Western missionaries, gunnery, shipping
      a. Feudal wars interested in guns
      b. But…guns kept out
         1. Threat on samurai military dominance
         2. Warring lords – balance of power would be destroyed
         3. Made guns locally then…
      c. Totally cut off trade, isolated for 17th to 19th century – Meiji Restoration
      d. Only Nagasaki – Dutch port – kind of like Macao
   4. India – Mughal Empire – 16th century
      a. Encouraged small port colonies from Europeans
      b. But…India focused mostly internally
   5. Ottoman/Safaid Empires
      a. Focused internally
      b. Few European enclaves in key cities
   6. Russia
      a. Remains agricultural
      b. Trades with nomadic peoples
   7. Africa
      a. Aside from sub-Saharan slave regions, mostly ignored

F. The Expansionist Trend
   1. First phase of dependent countries – S. America, W. Indies, N. America, W. Africa
   2. Second phase – Southeast Asia
   3. Third phase – India, Mughal Empire
      a. British/French East India Companies controlled more of economy/admin
      b. British passed high tariffs, stop import of cotton
         1. Goal – India market for British goods
         2. Source of gold income
      c. India’s position gradually worsened, mfg. started to stall
   4. Third phase – Eastern Europe
      a. Growing western cities needed Eastern grain
      b. Serfs on large Polish, Prussian, Russian estates
         1. Like encomienda system, but European gov’ts stronger than Americ

IV. Colonial Expansion
   A. The Americas: Loosely Controlled Colonies
      1. Why was colonization of Americas possible?
a. Superior horses, guns, iron weapons
b. Population losses of Indians
c. Political disorder

2. What type of men led expeditions?
   a. Adventurous, violent, treacherous, unscrupulous, money hungry
   b. Vasco de Balboa – first colony on mainland – Panama
   c. Francisco Pizarro – defeated Incas

3. What were the characteristics of colonies?
   a. gold-hungry
   b. loosely controlled by colonial govs back in Europe
   c. Initially, natives allowed to exist, if they paid tribute
   d. Administration/rule became more formalized
      i. Expanse of agriculture
      ii. Missionary efforts

B. British and French North America: Backwater Colonies
1. Types of early British colonies
   a. Religious Calvinist refugees – New England
   b. Huge land grants to people of influence – William Penn

2. French colonies in Canada
   a. Originally to be manors
   b. New France – Quebec
      1. Strong role of Catholic church
   c. British take control of Canada in 1764 after Seven Years War
      1. French and Indian War if you’re studying US History

3. N. America not as valuable as W. Indies, Asian colonies, L. America
   a. Important – this allowed US manufacturing to develop on own
      1. US South looked like L. America – big estates + slaves
         a. Wealthy planter class wants European luxury goods
   b. Foundation of self-governing – “civil society”
      1. Ran own assemblies
      2. Church as center of organization
      3. Consumers of Enlightened thinkers – Joh Locke
   c. Little new art, part of Europe
   d. Economy developed under salutary neglect
      1. Merchant class started, had something to lose
      2. Annoyed at tax hikes meant to pay for Seven Years War
   e. Ease of displacing Indians
      1. Few, no large empires
      2. Not agriculture based, easy to displace
      3. Disease
      4. Did not combine with natives like in L. America
   f. Slaves – by 18th century – 23% of English colonies slave

C. North America and Western Civilization
1. To what extent was European culture reproduced in America?
   a. Family patterns similar, but…
      1. Married younger, larger families < more land (cause)
      2. Focus on nuclear family
      3. Child-centeredness of American families – need labor to survive

D. Africa and Asia: Coastal Trading Stations
1. Not colonizing Africa, content to have fortresses on coast
   a. Why not colonize? Climate, disease, nonnavigable rivers
2. European impact locations
a. Angola – Portuguese go inland for slaves, disrupts society
b. Cape Colony – S. Africa – Dutch stop
   a. Boer (farmers) spread out
   b. After 1770, battle became for who would control – Boer/Indigenous
c. Philippines – Spain – missionary zeal
d. Indonesia, Taiwan – Dutch

3. Fall of India
   a. Mughal Empire weakening 17th century
   b. British/French forts all over coasts
   c. Centralized gov’t fails, move to regional leaders
d. Why does Britain beat France for control of India?
      1. Station at Calcutta – base for income gathering
      2. British gov’t listens closely to British East India Trading Co.
      3. Superior navy – communication
      4. Less focused on missionary work – tolerant of Hindi customs
e. Seven Years War – 1756 – catalyst 120 deaths of English prisoners
      1. Allied selves with regional leaders, same as in Americas
f. British controlled, but Mughal Empire still existed

4. Pattern – Colonial administrations push for economic advantage
   a. Open country to markets
   b. Restrict from buying own goods
   c. Commercial production of cheap foods/raw materials

E. Impact on Western Europe
   1. Economically – pushed further industrial revolution
      a. World trade, African slave trade
      b. Brought in wealth, capital to be reinvested
      c. Reduced dependence on agriculture
      d. Additional tax revenues for governments
      e. Militaries grew with larger tax revenues
   2. Political – colonial rivalries create national conflict in Europe
      a. Seven Years’ War – British/France in Europe, India, N. America
         1. First world war
   3. Food
      a. Sugar now consumed by lower classes as well
      1. Set precedent for Europeans – quick satisfaction, easy pleasure

F. Impact of a New World Order
   1. Unfree labor systems
      a. Slavery, serfdom affected E. Europe, L. America, W. Africa
   2. New foods, societies could now survive, prosper
   3. Individual merchants, landowners status improved
   4. China prospered from silver income, lost from population rise

V. Global Connections
   A. Europe’s economy, military, government changed
   B. Reactions to Europe’s rise
      1. Sit back and watch passively in awe
      2. Consciously isolate self
      3. Retained vibrant internal colonies
      4. Blended European ideas with local customs
         a. Religion in S. America
         b. Distinct art forms
Chapter 16

The World Economy: The First Global Age

(1450 – 1750)
Two Worlds Collide
Visual Source Documents 1 & 2

Document 1

Document 2
The Granger Collection, New York
Why Did Europeans Cross the Seas?

- As Europe’s population recovered from the Black Death, the demand for trade goods grew.
- Europeans wanted spices.
- European merchants wanted to gain direct access to the riches of Asia.
- Some voyagers still wanted to crusade against the Muslims.
- Others were inspired by the Renaissance spirit to learn about distant lands.
Early Voyages of European Exploration, 1487–1609
The Search for Spices

- Improvements in technology helped European explorers navigate the vast oceans of the world.
- **Cartographers**, or mapmakers, created more accurate maps.
- The *astrolabe* aided sailors in determining their latitude at sea. This device was used to measure the angles of the sun and stars above the horizon. It was difficult to use accurately in rough seas.
- The *caravel* combined the square sails of European vessels with the lateen (triangular) sails of their Arab counterparts. The new rigging made it easier to sail across and into the wind.
Portugal’s Voyages to the East

- By the 1400s, Portugal had expanded into Muslim North Africa.
- Henry the Navigator sent ships to explore the western coast of Africa.
- In 1497, Vasco da Gama reached the spice port of Calicut in India.
- In 1488, Bartholomeu Dias rounded the southern tip of Africa, later called the Cape of Good Hope.
- In 1502, da Gama forced a treaty on Calicut.
Columbus’s Four Voyages to the West, 1492-1504

- Backed by Spain, Christopher Columbus tried to reach the Indies, in Southeast Asia, by sailing west across the Atlantic.
- Columbus believed that the land that he reached was the Indies. In fact, he had found a route to continents previously unknown to Europeans. These lands later became known as the West Indies.
- When Columbus returned, Spain and Portugal both rushed to claim the lands Columbus had explored.
- Pope Alexander VI set a Line of Demarcation in the Treaty of Tordesillas signed June 7, 1494, giving to Spain rights to any land west of the line and to Portugal, rights to any land east of the line.
The New World

- In 1507, a German cartographer, read reports by Italian Amerigo Vespucci and labeled the region America.

- The islands Columbus explored were called the West Indies.
Exploring the Americas

- Europeans continued to seek new routes around or through the Americas.
- Vasco Nuñez de Balboa discovered a passage through Panama to an ocean which he called the South Sea.
- Ferdinand Magellan charted a passage around the southern tip of South America and gave the Pacific Ocean its name. His crew became the first people to circumnavigate, or sail around, the world.
- John Cabot discovered Newfoundland in his unsuccessful quest to find a northwest passage to Asia.
- Jacques Cartier explored the St. Lawrence River.
- Henry Hudson explored what would become known as the Hudson River.
Two Worlds Collide

Visual Source Documents 3 & 4

Document 3

The Granger Collection, New York

Document 4
First Encounters

- In 1492, Christopher Columbus landed in the islands of the Caribbean now called the West Indies. He encountered the Taíno people, who were friendly and generous toward the Spanish.

- The Taíno people lived in villages and grew corn, yams, and cotton.

- Spanish conquistadors, or conquerors, followed in the wake of Columbus. They settled on Caribbean islands, seized gold from the Taínos, and forced them to convert to Christianity. Conquistadors soon followed, looking for gold and carrying diseases, such as smallpox, measles, influenza, unknown to the natives.

- Smallpox, measles and influenza carried by the Europeans severely reduced the Native American population in the Caribbean islands because they had no immunity, or resistance, to such diseases.

- Later in the mid 1700s, King Charles III of Spain, learned that cowpox helped prevent smallpox, so he imported cows to Mexico to try and stop the spread of disease.
Conquest in the Americas: Cortés in Mexico

- Spanish conquistadors vanquished the Aztec and Incan civilizations and set up a vast empire in the Americas.

- Hernan Cortés landed on the Mexican coast in 1519.

- Cortés arranged alliances with discontented peoples who hated their Aztec overlords.

- The Aztec emperor, Moctezuma, thought Cortés might be a god. He offered tribute to Cortés and welcomed him to Tenochtitlán.

- When relations grew strained, the Aztecs drove the Spanish out of Tenochtitlán.

- In 1521, Cortés returned and captured and demolished Tenochtitlán.
Conquest in the Americas: Pizarro in Peru

- Francisco Pizarro arrived in Peru in 1532 shortly after Atahualpa won the throne in a bloody civil war with his brother.

- Helped by Indian allies, Pizarro captured the new king, Atahualpa, and killed thousands of his followers.

- The Spanish were paid a ransom, but killed the king anyway.

- The Spanish then overran the Incan heartland.
By 1675, Spain, France, Britain, and Portugal possessed sizable overseas empires.

Trade ships carried goods between Europe and the Americas and Africa.
Why were the Spanish Victorious?

- The Spanish had superior military technology, such as muskets, cannons, and armor. They used horses, which frightened some Indians, who had never seen such animals.

- The Spanish were able to take advantage of division and discontent among the Indians. In fact, Indians provided the Spanish with much of their fighting power.

- Disease brought by the Europeans weakened the Aztecs and Incas.

- Many Indians believed that the disasters they suffered marked the end of the world.
The Aztec Messengers on the Cannon

“The messengers told him: ‘A thing like a ball of stone comes out of its entrails: it comes out shooting sparks and raining fire. The smoke that comes out with it has a pestilent odor, like that of rotten mud. This odor penetrates even to the brain, and causes the greatest discomfort. If the cannon is aimed against a mountain, the mountain splits and cracks open. If it is aimed against a tree, it shatters the tree into splinters. This is a most unnatural sight, as if the tree had exploded from within...’ When Motecuhzoma [Moctezuma] heard this report, he was filled with terror. It was as if his heart had fainted, as if it had shriveled. It was as if he were conquered by despair.”

- Do these messengers seem to understand how a cannon works or do they not understand it at all?

- Given the information you have on how this Aztec report was recorded for history, do you think Moctezuma was as fearful as the account suggests? Why or why not?
By the 1600s, Spain, France, England, and the Netherlands were competing for trade and colonies.

Though devastated by disease, the Native American way of life helped shape the emerging new culture of North America.
The 13 English Colonies

- In 1607, the English build their first North American colony at Jamestown.
- In 1620, the Pilgrims landed at Plymouth, Massachusetts.
- During the 1600s and 1700s, the English established 13 colonies in North America.
- The pilgrims at Plymouth signed the Mayflower Compact, in which they set out guidelines for governing their colony.
- A compact is an agreement among people. Today we see the Mayflower Compact as an important early step toward self-government.
The 13 English Colonies (cont.)

- Some colonies, like Virginia and New York, were commercial ventures.
- Others like, Massachusetts, Pennsylvania, and Maryland, were havens for persecuted religious groups.
- In New England, many colonists were farmers, shipbuilders, and traders.
- Middle colonies farmed wheat, corn, vegetables.
- Southern colonies emerged as plantation economies, producing tobacco, rice, indigo.

In 1775, the British claimed authority over the red and pink areas on this map and Spain ruled the orange. The red area is the area of the thirteen colonies open to settlement after the Proclamation of 1763.
Government in the British Colonies

- Each colony had its own representative assembly elected by propertied men.
- The tradition of consulting representative assemblies grew out of the English experience.
- English monarchs appointed royal governors to oversee colonies.
- Parliament passed laws to regulate colonial trade.
- But compared to Spanish and French colonies, English had a large degree of self-government, with its own representative assembly.
- Later, the colonists would defend their rights as “Free-born English citizens defending their traditional rights.

Independence Hall in Philadelphia
Building New France

- Throughout the 1500s, French fishing ships harvested fish off Newfoundland. However, the French did not build permanent settlements until 1608, under the direction of Samuel de Champlain.

- Helped by Native American allies, French explorers and fur traders traveled inland, claiming vast territory from Quebec to the Great Lakes, down the Mississippi to Louisiana and the Gulf of Mexico.
Slow Growth in New France

- Wealthy landlords owned large tracts of land along the Saint Lawrence River, but the cold climate attracted few peasants from France.

- The few farmers who did come, often abandoned farming in favor of fur trapping and trading.

- Those living along the coast turned to fishing.

- King Louis XIV set out to strengthen his power in the colonies and increase his revenues through taxes. He appointed officials to oversee justice and economic activities.

- He sent more settlers and soldiers to Americas, but prohibited Protestants from settling there.
Competing for Power

- By the 1600s, Spain, France, England, and Netherlands were competing for colonies and trade around the world. All four had colonies in North America, where they often fought over territory.

- In 1664, English seized the colony of New Netherlands and renamed it New York.

- By the 1700s, France and England took control of the West Indies.

- Britain and France became bitter rivals for power around the globe. A worldwide war between them, known as the Seven Year’s War, began in 1756 in Europe and spread to India and Africa.

- In North America, they battled each other in the French and Indian War from 1754 to 1763. The Treaty of Paris, which officially ended the world-wide war, ensured British dominance in North America.

- As settlers claimed more and more North American land, Native Americans resisted their advance. Bitter fighting resulted. Little by little, the Indians were pushed westward.
This painting, *The Taking of Mary Jemison*, by Robert Griffing depicts the kidnapping of a 15 year-old colonist, Mary Jemison, by Shawnee Indians and French raiders.
Anton Montecino preaching in Santo Domingo

“You are in mortal sin and you are heading for damnation... For you are destroying an innocent people. They are God’s people, these innocents, whom you destroyed. By what right do you make them die? Mining gold for you in your mines or working for you in your fields, by what right do you unleash enslaving wars upon them? They lived in peace in this land before you came, in peace in their own homes. They did nothing to harm you to cause you to slaughter them wholesale.”

- What do you think Dominican friar Montecino hoped to accomplish by giving this sermon where he did and to whom he did?

- Some historians describe one European view of native peoples in the America’s as the “myth of the noble savage.” What do you think these historians mean? Do you think Anton Montecino holds to this myth? Why or why not?
The Columbian Exchange

- The Columbian Exchange was a vast global interchange of people, animals, culture, ideas, and technology.

- When Columbus returned to Spain in 1493, he brought with him “new” plants and animals. Later that year, he returned to the Americas with some 1,200 settlers and a collection of European animals and plants.

- In this way, Columbus began a vast global exchange that would have a profound effect on the world.

Montage of New World Domesticated plants.

A Commercial Revolution

The opening of direct links with Asia, Africa, and the Americas had far-reaching economic consequences for Europeans. Prices began to rise in Europe, as part of the cycle of inflation. European inflation had several causes:

- As the population grew, the demand for goods and services rose.
- Because goods were scarce, sellers could raise their prices.
- The increased flow of gold and silver from the Americas led to more money in circulation.

Expanded trade and the push for overseas empires spurred the growth of European capitalism, the investment of money to make a profit.

Entrepreneurs and capitalists made up a new business class. Together they helped change the local European economy into an international trading system.
Mercantilism

European monarchs adopted a new economic policy, known as mercantilism, aimed at strengthening their national economies.

According the mercantilism, a nation’s real wealth is measured in its gold and silver treasure. To build its supply of gold and silver, a nation must export more goods than it imports.

Overseas empires and colonies existed for the benefit of the parent nation. Rulers needed to adopt policies to increase national wealth and government revenues.

To achieve these goals, European governments:

- passed strict laws regulating trade with their colonies.
- exploited natural resources, built roads, and backed new industries.
- sold monopolies to large producers in certain areas.
- imposed tariffs, or taxes on imported goods.
How Did Economic Changes Affect Europeans?

The impact of economic change depended on a person’s social class.

- Merchants who invested in overseas ventures acquired wealth.
- Nobles, whose wealth was in land, were hurt by the price revolution.
- Hired workers in towns and cities faced poverty and discontent when their wages did not keep up with inflation.
- Peasants, the majority of Europeans, were not affected until centuries later.

Within Europe’s growing cities, there were great differences in wealth and power.
Europeans and American Indians
For Further Discussion Questions

1. Why were small numbers of Europeans able to conquer the numerous, often well-organized American peoples?

2. Were European incursions into the Americas one of the great tragedies of world history?

3. Why might hunting-gathering Indians be harder for Europeans to deal with than those in the civilizations of the Aztecs and the Incas?