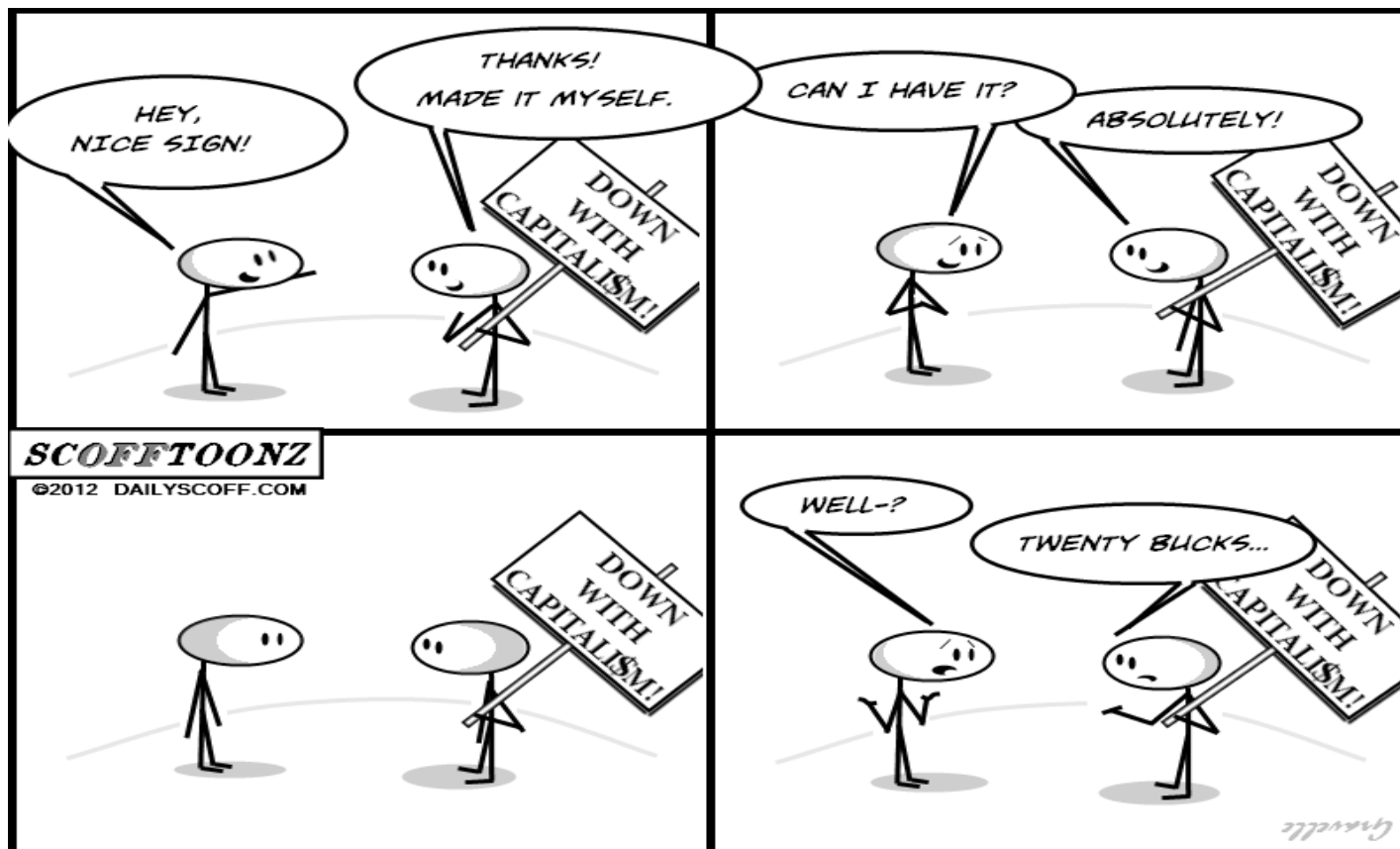


Bell work

1. Review Section 2.
2. Read the list of events below and put them in the correct order.
 - a. Ferdinand Magellan sails around South America's southern tip.
 - b. Spain sends 130 ships to attack England.
 - c. Vasco da Gama sails around Africa and lands on the west of coast of India.
 - d. Sir Francis Drake begins stealing treasure from Spanish transport ships.



Chapter 20 section 3 part 2

7.63 Explain the origins of modern capitalism, the influence of mercantilism, and the cottage industry; the elements and importance of a market economy in 17th century Europe; the changing international trading and marketing patterns; including their locations on a world map; and the influence of explorers and mapmakers.

Lesson Objective

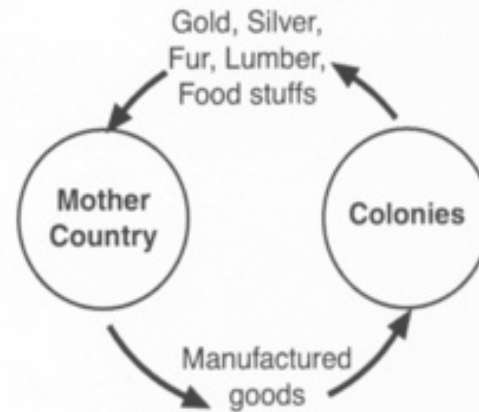
- I can explain the origins of capitalism, influence of mercantilism, and the cottage industry.
- I can explain the elements and importance of a market economy in 17th century Europe.

Mercantilism

- Mercantilism was the main economic policy in Europe between 1500 and 1800.
- <https://www.youtube.com/watch?v=Bouw3MvmrYM> 1:52 min
- What is mercantilism?
 - Mercantilism is a system in which a government controls all economic activity in a country and its colonies to make the government stronger and richer.
- Why is exporting goods better for a country's economy than importing goods?
- Governments did everything they could to get more gold and silver.
- Countries tried to export more goods than they imported to keep a favorable balance of trade.

How do these images represent mercantilism?





A European View



What are some of the advantages and disadvantages of this economic system for Great Britain and/or Colonist?



Mercantilism

	Advantages of Mercantilism	Disadvantages of Mercantilism
 <p>Great Britain</p> 	<ul style="list-style-type: none"> • Created a favorable balance of trade for England • Colonies produced raw materials England needed • England had a growing, stable market for its finished goods • These finished goods were sold back to the colonies for a very large profit • England became very wealthy and powerful at the expense of its colonies • Goods from other countries came through England to the colonies • Taxes paid were paid on these goods by the colonies with gold and silver, adding to England's wealth 	<ul style="list-style-type: none"> • Naval supplies (pitch, wooden masts, etc.) were paid for with a "bounty" or very high price
 <p>British Colonies</p> 	<ul style="list-style-type: none"> • Colonists could obtain goods from other countries with permission from England (i.e. wine from France and tea from India) • Naval supplies (pitch, wooden masts, etc.) were paid for with a "bounty" or very high price by England • British citizens in the colonies who owned ships benefited because all ships who traded with the colonies had to be owned by British citizens 	<ul style="list-style-type: none"> • Colonists could only trade with one country which limited competition for its goods resulting in lower prices paid by England for raw materials • Finished goods were sold back to the colonies for a very large profit by England • England became very wealthy and powerful at the expense of its colonies • Goods from other countries came through England to the colonies resulting in higher taxes and prices paid by colonists • Taxes paid were paid on these goods by the colonies with gold and silver, thus depleting the wealth of the colonies

Cottage Industry

- Merchants need to buy goods at low prices so they can make money selling them at higher prices.
 - Artisans and guilds were too expensive, so merchants started getting peasants to make the products in their homes – especially wool cloth.
- This was called the cottage industry because the peasants produced the wool in their cottages.
- A businessperson gave each family the materials it needed. The businessperson made money by selling the final product.

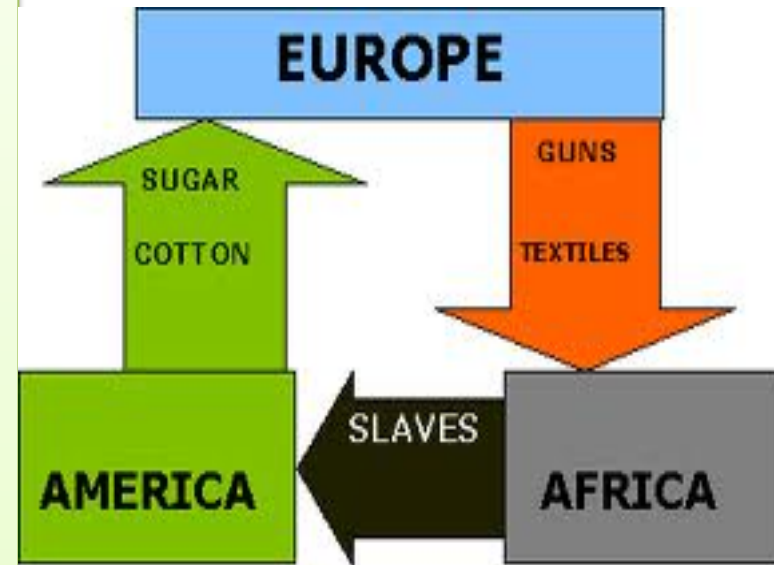


Read Time

- Read *Trade and Economic Power* on p. 599.
- Read *New Trading Patterns* on p. 599.
- Read *Power Shifts in Europe* on p. 599.
- You do not have to read *Banking* yet.

New Trading Patterns

- One major trading pattern involved the **exchange of raw materials, manufactured products, and slaves among Europe, Africa, and the Americas**. This type of trade was called **triangular trade**.
- The Atlantic slave trade was a major part of the trade network.
- Enslaved Africans were crammed onto ships and sent mainly to South America and the Caribbean.
- **Between the 1500s and 1600s, millions of slaves were shipped to the colonies in the New World.**



Triangle Trade System, 1451–1870

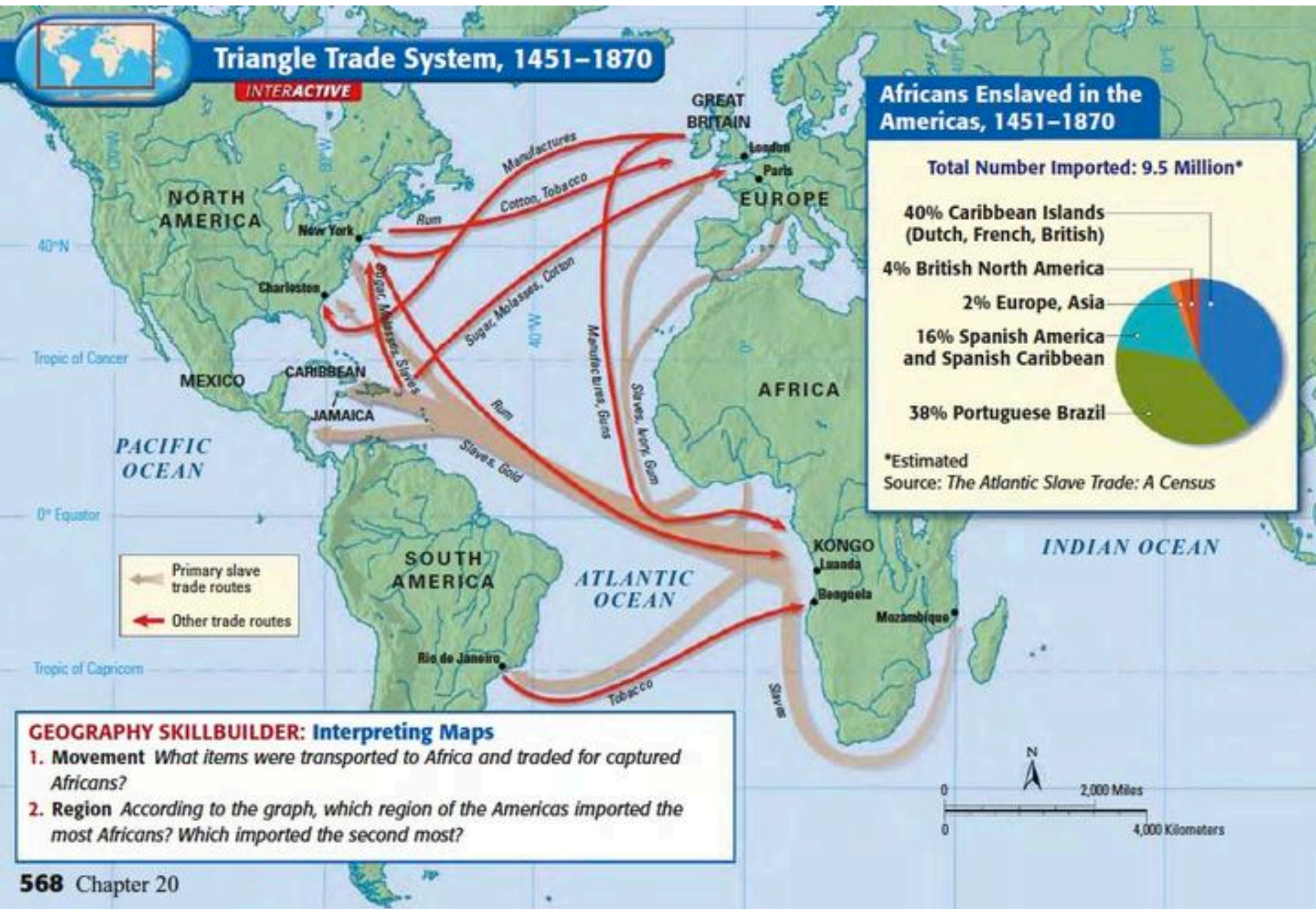
INTERACTIVE

Africans Enslaved in the Americas, 1451–1870

Total Number Imported: 9.5 Million*



*Estimated
Source: *The Atlantic Slave Trade: A Census*



GEOGRAPHY SKILLBUILDER: Interpreting Maps

- 1. Movement** What items were transported to Africa and traded for captured Africans?
- 2. Region** According to the graph, which region of the Americas imported the most Africans? Which imported the second most?



Power Shifts in Europe

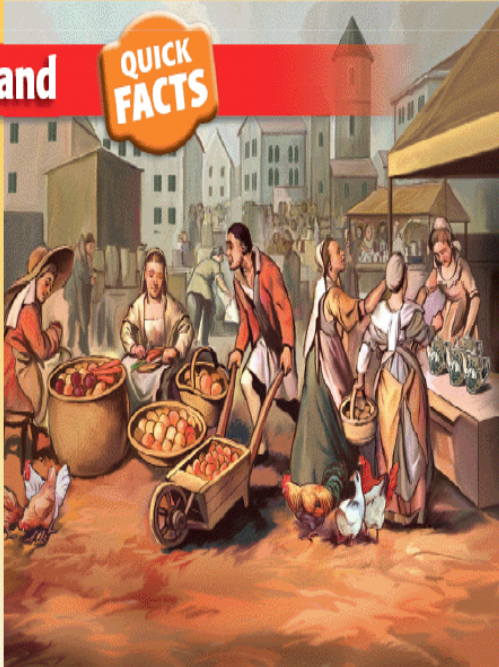
- Portugal and Spain were leading economic powers in the 1500s, but that changed as the Dutch and English became stronger.
- The Netherlands became a great trading power when Dutch merchants formed a company that traded directly with Asia.
- England benefited greatly from increased trade with China and India as well as with North America.



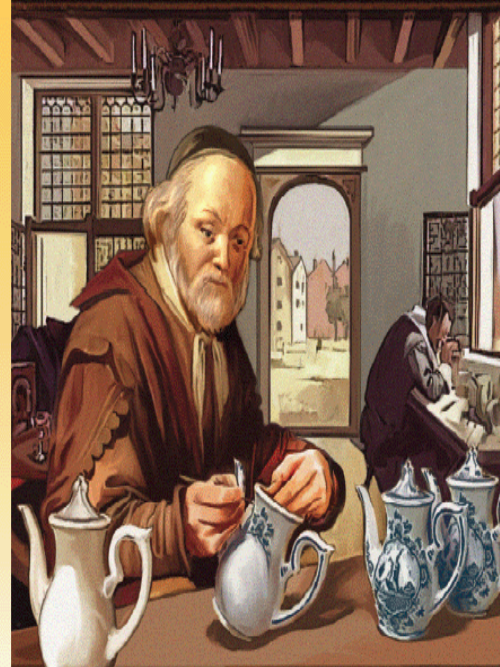
Supply and Demand

QUICK 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.



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

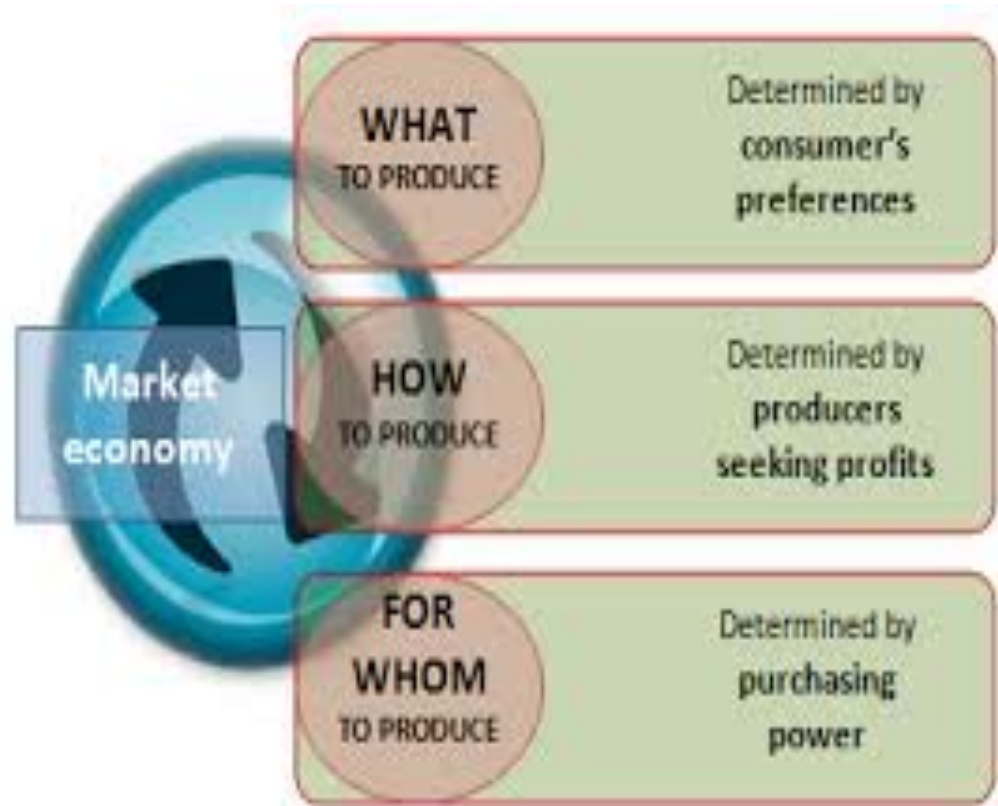
Banking

- The Dutch and English set up banks due to increased trade.
- Banking improved business.
- Read *Banking* on p. 600.
- How did banks improve business?
- Merchants could exchange money from different countries and get the correct value.
 - Money was loaned to people to start new businesses, which contributed to economic growth.



Market Economies

- The growth of manufacturing economies was caused by increased demand for goods.
- Demand was increased by a growing population, lower expenses for food, and more colonies.
- As demand grew, businesspeople tried to find new and better ways to produce their goods. They wanted to increase their supply to meet the demand.



Capitalism

- **Capitalism** is an economic system in which individuals and private businesses run most industries. Competition among these businesses affects the cost of goods.
- Competition works best in a **market economy**, in which individuals decide what goods and services they will buy.
- In the 1800s, capitalism became the economic system of most countries in the world.
- <http://www.investopedia.com/video/play/capitalism/>

Exit Ticket

- Complete section 3 assessment questions
- 2a and b, 3b assessment on page 601