

A Commercial Revolution

(pages 120-123)

What was the Commercial Revolution?

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

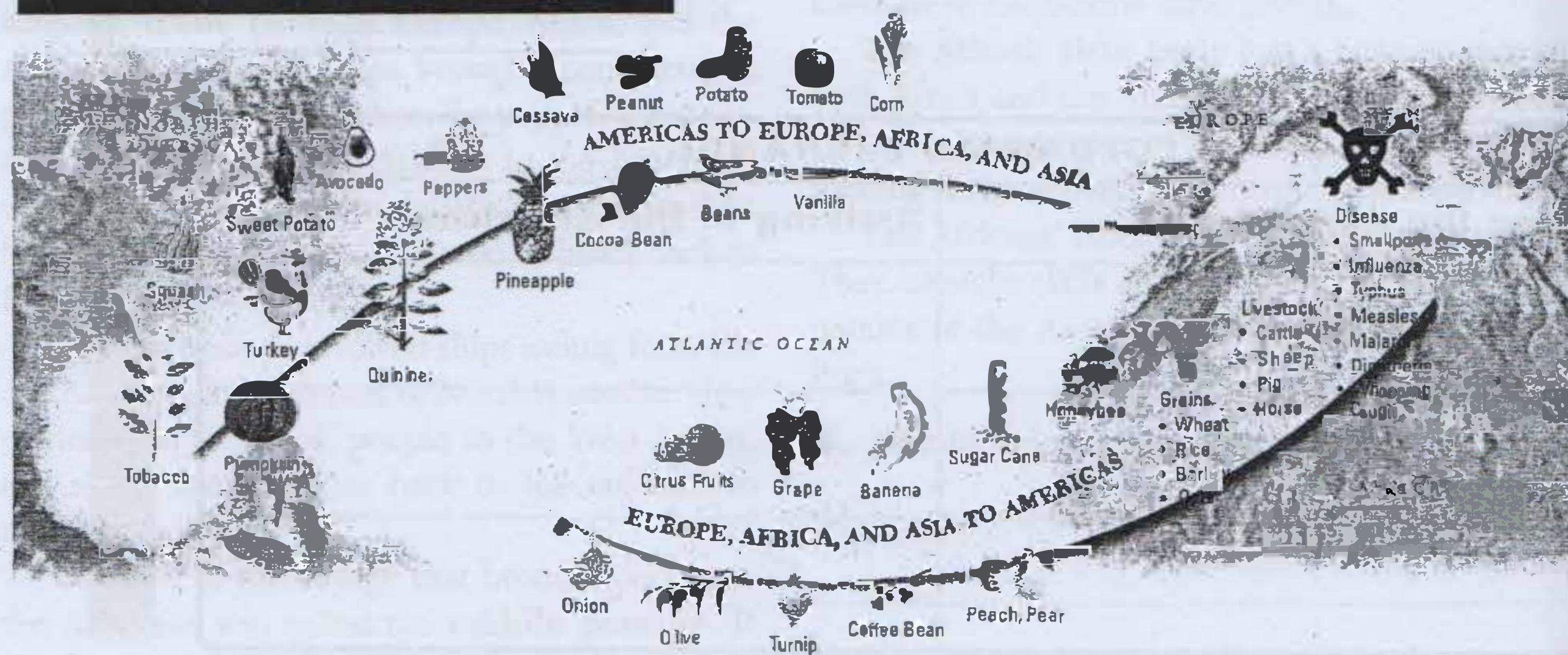
During the Commercial Revolution, European

governments began to follow an idea called **mercantilism**. According 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 bought would result in a **favorable balance of trade**. 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.

2. Why were colonies important to European mercantilism?

The Columbian Exchange



Skillbuilder

Use the chart to answer these questions.

1. Which continents were involved in the Columbian Exchange?

2. What was a harmful effect of the Columbian Exchange?