

# Dawn of the Global Economy

As Europeans formed colonies overseas, most of the world became linked through trade.

- Based on the voyages of early explorers, Europeans claimed land in Asia, Africa, and the Americas.
- These regions were sources of valuable trade goods. European countries competed for access to these goods.
- As European trade expanded, more and more goods were exchanged among different regions of the world. A world economy began to form.

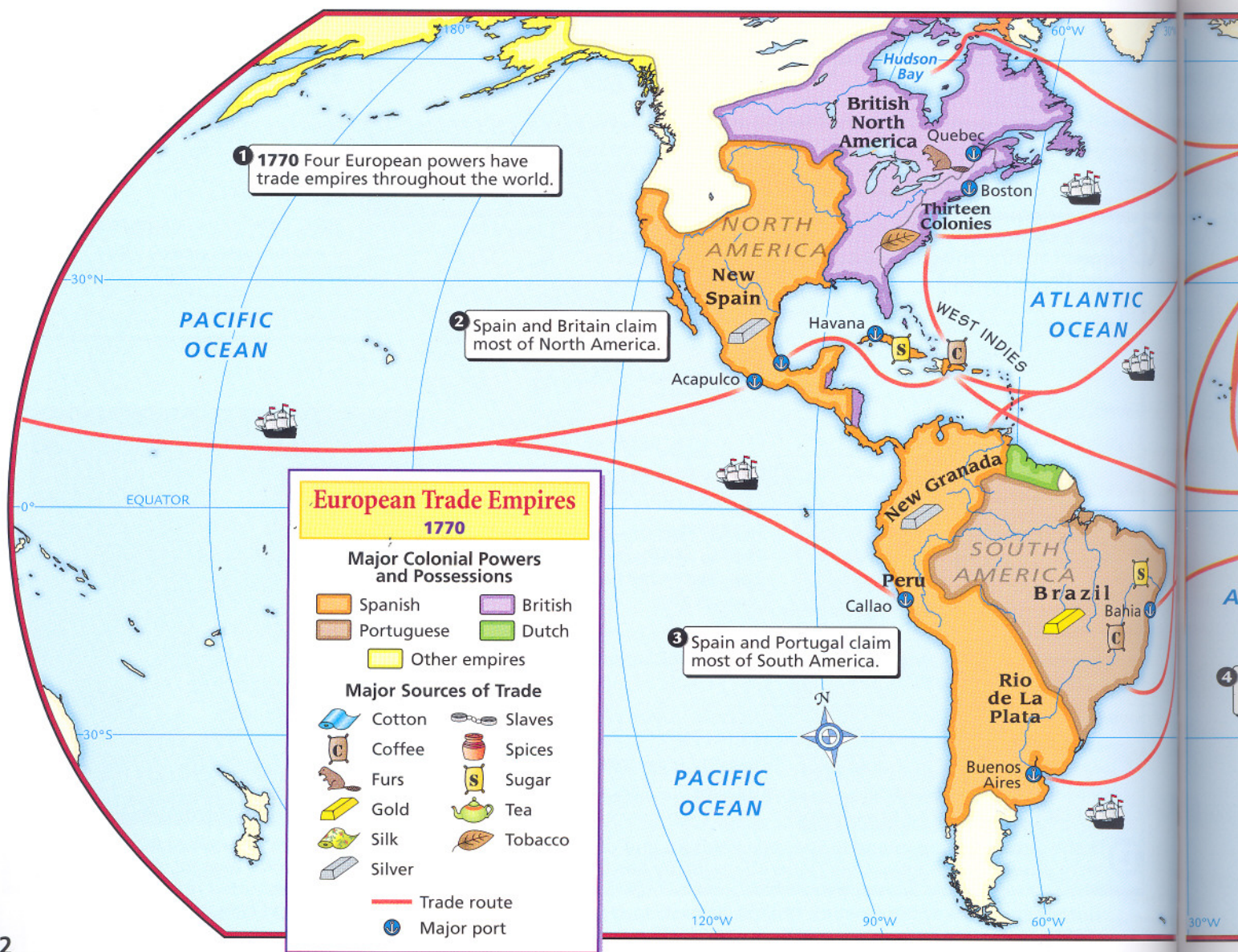
## ECONOMICS

### Mercantilism and Free Trade

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Mercantilism		Free Trade
<ul style="list-style-type: none"> <li>• Gold and silver for government</li> <li>• More exports than imports (favorable balance of trade)</li> </ul>	<b>Goals</b>	<ul style="list-style-type: none"> <li>• Easy access to goods and services</li> <li>• High standard of living</li> </ul>
<ul style="list-style-type: none"> <li>• Government monopolies on trade</li> <li>• Colonies to provide raw materials and a market for goods</li> <li>• High taxes on imports (tariffs)</li> </ul>	<b>Methods</b>	<ul style="list-style-type: none"> <li>• Little or no government involvement in the economy</li> <li>• Raw materials from cheapest source</li> <li>• Colonies unimportant economically</li> <li>• Competitive prices force efficient production and cheap goods</li> </ul>
<ul style="list-style-type: none"> <li>• Thomas Mun</li> <li>• Jean-Baptiste Colbert</li> </ul>	<b>Advocates</b>	<ul style="list-style-type: none"> <li>• Adam Smith</li> </ul>

**A** Trade was an important issue for both colonists and colonial powers. While colonists preferred free trade, colonial powers benefitted from the control that mercantilism offered.



Top 10 Cities, 1800

City Locations	Rank/City (Modern Country)	Population
	1 Beijing (China)	1,100,000
	2 London (United Kingdom)	861,000
	3 Canton (China)	800,000
	4 Edo (Japan)	685,000
	5 Constantinople (Turkey)	570,000
	6 Paris (France)	547,000
	7 Naples (Italy)	430,000
	8 Hangzhou (China)	387,000
	9 Osaka (Japan)	383,000
	10 Kyoto (Japan)	377,000

**C** Most of the largest cities in 1800 were trade centers. As the global trade network grew, the world became more interconnected.

**B** Europeans traded in goods, such as coffee and silk, as well as in slaves. Usually European trading powers controlled the ports near the sources of trade.

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