OVERVIEW
The primary significance of Christopher Columbus’ voyages to the Americas lies not in the “discovery” of America, but in the building of a permanent trade relationship between the Old World and the newly-discovered American continents.

WHY IS IT IMPORTANT?
The Columbian Exchange was a massive exchange of new crops, animals, diseases, and ideas between the Old World and the New World, which greatly altered people's lives on both sides of the Atlantic Ocean. It also resulted in an exchange of peoples, as Europeans (voluntarily) and Africans (involuntarily) migrated to the Americas by the millions, and many native populations were displaced by disease and military conquest.

KEY TERMS
Old World
The “Old World” refers to Europe, Africa, and Asia, which were known to Europeans before Columbus’ voyages. The newly-discovered American continents and the West Indies are known as the “New World.”

Capitalism
Capitalism is an economic system that focuses on private ownership of resources, the profit motive, and a money-based economy. The discovery of precious metals in the New World contributed to Europe’s transition from a feudal economy, based on land ownership, to a capitalist economy, based on monetary investment.

Joint-Stock Companies
Joint-stock companies were founded in England and the Netherlands in order to raise money for investment in for-profit colonial ventures. French and Spanish colonial ventures were typically financed by their wealthy monarchies.

CAUSE AND EFFECT
What caused the Columbian Exchange?
By the late fifteenth century, improvements in navigation technology made it possible for Europeans to go on ocean voyages. European explorers searched for all-water trade routes that would bring exotic goods to Europe.

What were the effects of the Columbian Exchange?
The Columbian Exchange resulted in an increase in global trade, with a wider variety of goods available on both sides of the Atlantic. New food sources spurred population growth in Europe, while new diseases wiped out much of the native population in the Americas.

NEW CROPS ARRIVE IN EUROPE
The Columbian Exchange introduced new crops from the Americas into Europe for the first time. It is difficult to imagine Italian food without tomatoes, but no European had ever seen a tomato prior to 1492. The potato, another New World crop introduced into Europe, provided Europeans with a new calorie-rich food, which resulted in an increase in Europe’s population.

Tobacco, a New World crop that had been smoked ceremonially by Native Americans for centuries, became quite popular with Europeans who were discovering it for the first time. This led to the cultivation of tobacco as a cash crop in the Chesapeake colonies of Virginia and Maryland.

THE EXPANSION OF CAPITALISM
At the time of the Columbian Exchange, Europe was transitioning from an economy based on feudalism, a system in which economic output is mostly agricultural and wealth is determined by land ownership, to a capitalist economy, which is based on private ownership of property and investment in business ventures. In a capitalist economy, one’s wealth is determined by how much money someone has available to invest. In England and the Netherlands, stock exchanges allowed middle-class investors to purchase ownership in colonial ventures by buying shares in joint-stock companies. The Virginia colony was financed by the Virginia Company, which ran the colony from 1607 to 1624.

IMPACT ON THE AMERICAS
The arrival of Europeans in the Americas brought a whole host of new diseases, including smallpox, which wiped out the majority of the native population due to a lack of immunity. American Indians who survived this tragedy participated actively in the Columbian Exchange, trading furs with French and Dutch traders in return for firearms and other European goods. On the Great Plains, the introduction of horses from Europe revolutionized the natives’ way of life, giving them an unprecedented advantage over the bison herds that they hunted for food.