

Aim: How did the Commercial Revolution change the world? ‘
How did Adam Smith’s ideas change business forever?’

I. Commercial Revolution

1. The Church began to lend money to governments with no interest
2. Joint-stock company: many merchants put in; it reduced cost and risk of colonization.
3. Investors bought shares, or stock in the company
4. Middle class merchants developed
5. Monarchies granted monopolies to trade routes
6. Muscovy Company of England trade routes to Russia
7. Dutch East India Company controlled the Spice Islands.
8. Mercantilism started

II. Mercantilism

1. a country tried not to import more than it exported
2. Gov’t regulated to economy to secure favorable industries for Gov’t
3. Gov’t controlled major industries
4. Major trading nations built power and wealth
5. Colonies gave the mother country resources
6. Creating new markets for exports
7. Mercantilism was causing a lot of resentment
8. Colonies began to fight back demanding independence

III. Adam Smith

1. Wrote: *The Wealth of Nations*
2. Written to protest mercantilism
3. Laissez-faire: Gov’t should not have a hand in business or “hands off”
4. Businesses should be free to operate without gov’t interference
5. Believed in the Free Market
6. Economy functions better when it is left alone
7. This would secure maximum well being for individual and the community
8. Inspired Competition: Businessmen would provide the best goods for cheapest price
9. Capitalism: Called for Private and corporate ownership of goods