

# Mercantilism



English Ships at Bristol

This article on Mercantilism of Colonial America provides facts and information about:

- Mercantilism: The Meaning and Definition of Mercantilism
- Examples of Mercantilism
- A Mercantilism Map illustrating trade routes
- The History of Mercantilism
- Mercantilism and Triangular Trade
- Mercantilism and Protectionism in Colonial America
- Mercantilism and the reversal of Salutary Neglect policy

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[Triangular Trade](#)

[Colonization, Trade & Colonialism](#)  
[Salutary Neglect](#)



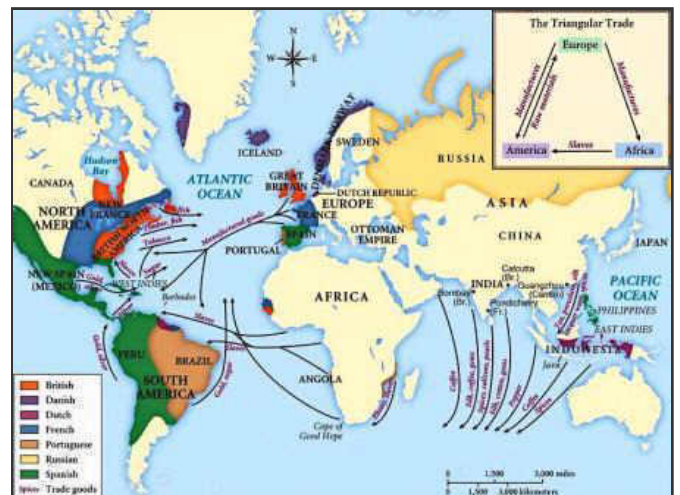
## History of trade, plantations, colonialism and colonization in the 13 Colonies

Mercantilism:

### Definition of the Mercantilism

The Meaning and Definition Mercantilism: Mercantilism, also called the mercantile system, was based on the benefits of profitable trading. Countries adopted trade policies that favored the flow of wealth from the colonies to the mother country. Also refer to [Colonialism](#)

- Mercantilism revolves around trade
- Mercantilism is based on the concept of increasing profits by controlling trade
- Mercantilism moved goods which were abundant in one location to another place where the goods were scarce
- The supply and demand for goods resulted in higher prices and increased profit
- The discovery and colonization of America propelled foreign trade and increased the volume of merchant activity
- The purpose of the American colonies was to supply raw materials and serve as a market for the finished goods that had been made in England.
- Mercantilism led to significant government intervention and control in the 13 Colonies of Colonial America
- Mercantilism stated that colonies had one main purpose: to enrich the 'mother country'



Mercantilism Map

- The policy of Mercantilism was adopted by powerful European countries
- The above Mercantilism Map illustrates the trade routes followed by the major European countries in 1600's-1700's

### The History of Mercantilism in England

The history of Mercantilism in England dated back to Medieval times but the large-scale adoption of Mercantilism began during the Elizabethan

Era (1558–1603). An early statement on national balance of trade in 1549 was:



**"We must always take heed that we buy no more from strangers than we sell them, for so should we impoverish ourselves and enrich them."**

Queen Elizabeth I encouraged exploration and developed a fleet of ships that were capable of challenging the Spanish stranglehold on trade in the Americas. Queen Elizabeth promoted Mercantilism and issued laws such as the Trade and **Navigation** Acts for the protection and promotion of English shipping.

## **Mercantilism - Triangular Trade**

Mercantilism revolves around trade. Exports are goods sent for sale outside a colony or country. Imports are goods brought into a colony or country. Exported goods **earn** money. Imported goods **cost** money. Great Britain followed the most cost effective trade routes to increase profits. Triangular Trade routes across the Atlantic were made possible by the establishment of the 13 Colonies in Colonial America and their surplus of raw materials and complemented Mercantilism. The policy of Mercantilism favored England because the raw materials from the colonies were used to make different products in England - finished goods have a higher value than raw materials. The premise of Triangular Trade was that the different regions would **trade** goods that they had in abundance in **exchange** for those goods which were scarce in their own region. The slave trade is an example of the impact of Triangular, with many of the slaves destined to work on the Slave Plantations. Triangular Trade, coupled with the policy of Mercantilism, provided a "favorable balance of trade". This application of Mercantilism ensured that gold and silver, and all domestic money, stayed in England.

## **Mercantilism and Protectionism**

The policy of Mercantilism is often coupled with the policy of Protectionism - the ruling government plays a Protectionist role in the economy. Protectionism is another economic policy which restrains trade between countries by applying taxes and quotas that encouraged exports but discouraged imports. A policy of Protectionism is designed to protect workers and businesses within a country by regulating or restricting trade with a foreign country. Great Britain adopted the policy of Protectionism with Colonial America. The colonists were not to compete with industries in England or or take jobs away - for additional info about industries refer to Colonial Times.

## **Mercantilism and the Policy of Salutary Neglect**



The **Navigation** Acts stated that Colonial exports had to be transported in English ships and that all Colonial imports had to first pass through English ports. The goods from the American colonies were subject to heavy duties (taxes) when shipped to England. However, England adopted a Policy of Salutary Neglect in the colonies which basically allowed the colonists to flout, or violate, the laws associated with trade.

## **Mercantilism - The British reverse the Policy of Salutary Neglect**

The end of the French and Indian War (Seven years War) left the British with a massive war debt which prompted the British government to **reverse** the policy of Salutary Neglect. To pay the war debt, the British ended their policy of Salutary Neglect in the colonies and applied the full force of Mercantilism and ending illegal trading.

## **Mercantilism**

The British belief in Mercantilism was enforced by a series of Acts, the most important were:

- **Navigation Acts** in particular the **Navigation Act** of 1660
- **Hat Act (1732)**
- **Iron Act (1750)**

## **Mercantilism - New Taxes in the Colonies**

The British started to enforce the laws of the **Navigation** Acts and looked for ways of imposing new duties (taxes) in the colonies. The new taxes passed as law in the British Parliament were the Stamp Act, Townshend Acts and the Tea Act. These measures infuriated the American colonists and gave rise to insurrection and rebellion which led to the American Revolution and the Declaration of Independence.

## The End of the Mercantilism

The end of Mercantilism came with the development of capitalism as the basic concepts of mercantilism ceased to correspond to changing economic conditions. Mercantilism gave way to free enterprise.



### Mercantilism

- Interesting Facts and information about Mercantilism
- Mercantilism history
- Fast Facts and info about Mercantilism timeline
- The Mercantilism article is a great history resource for kids
- Social Studies Homework help for kids on Mercantilism

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