

Mercantilism

Enduring Understanding: European expansion during the 1600s and 1700s was often driven by economic and technological forces. To understand the influence of these forces you will summarize the policy of mercantilism as a way of building a nation's wealth, including government policies to control trade.

Mercantilism

Belief in benefits of profitable trading

colonial justice system, economic system, and bureaucratic system became complicated.

maximize exports

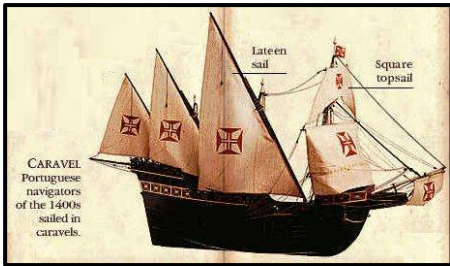
wealth was determined by gold and silver

minimize imports that cost the nation money

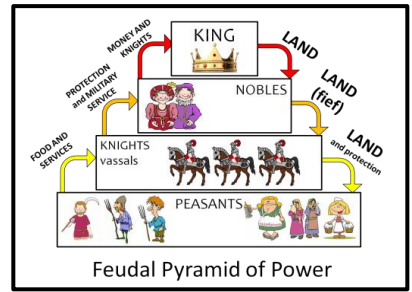
Commercialism

Yeaaaah

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graph LR; A((Colonizing Country)) -- "Manufactured Goods" --> B((Colony)); B -- "Raw Materials" --> A;
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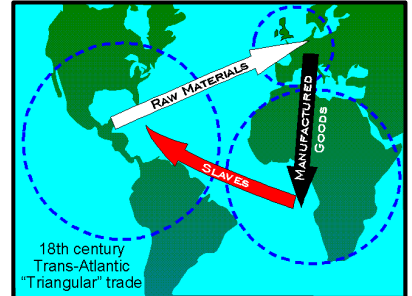


Location was key to trade development. Countries that bordered oceans had a much greater opportunity to prosper (make money) from trade. Overseas trade made some countries rich and filled the pockets of ship-owners and **merchants**, people who made their living from trade. This was true for countries like Portugal, Spain, England, and the Netherlands



because they bordered the Atlantic Ocean.

Goods, people, and ideas began to move across the Atlantic Ocean as trade grew between European countries and their colonies. European economic thinkers, **economists**, came up with a new theory to explain how trading nations could become wealthy. This theory was called **mercantilism**. Mercantilism stated that a **mother country**, the country from which settlers of a territory originally came, could build large supplies of **bullion** (gold and silver) through trade and thereby increase their wealth.

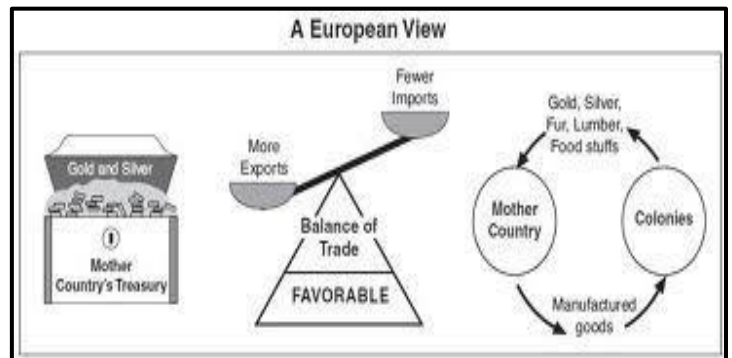


Section Review:

- 1) What group of people benefited from the introduction of international trade?
- 2) Why did Spain, Portugal, England, and the Netherlands have greater economic opportunities than other European countries?
- 3) What was the goal of mercantilism?



European governments insisted on controlling and regulating trade to ensure they were maintaining a **favorable balance of trade**. A favorable balance of trade is the difference between what a country **imports** (goods coming into a country) and **exports** (goods sent out of a country). When the value of what a country exports is more than the value of what they import, a favorable balance of trade is created. When more goods are sold to other countries (exported) more money is coming into the country. Mother countries needed to export more than import in order to build up bullion and make a profit.



In order for mercantilism to be successful, several steps had to be followed:

- * Build colonies because they supply raw materials and products. **Raw materials** are resources from which a product is made. Colonies also create **new markets**, or places to sell goods manufactured or created in the mother country.
- * Export, or sell, to other countries more than you import, or buy from them.
- * Keep foreign goods out of your country by placing high **tariffs** on imports. A tariff is a tax on imports.
- * Colonies are only allowed to trade with their mother country. This is a way mother countries control trade to gain more wealth (bullion).

Section Review:

4) Why did European governments want to control and regulate trade?

5) Why do Mother Countries want to maintain a favorable balance of trade?

6) What is an import? What is an export?

7) Why did European nations want to acquire colonies?

8) What did countries do to keep foreign goods out of their markets?

9) What were colonies prevented from doing?

Sources

Image 1: "Mercantilism vs. Free Enterprise." *Dowell Middle School U.S. History*. Dowell Middle School, n.d. Web. 16 June 2014.

Image 2: "Journal 32 - "Feudalism in Europe"." *Engagewithease.com*. Social Studies Dept. of Ridgeland High School Rossville, GA, n.d. Web. 16 June 2014.

Image 3: "AP World History @freemanpedia." *AP World History @freemanpedia*. FreemanPedia, n.d. Web. 16 June 2014.

Image 4: "The Trans-Atlantic Economy in 1800." *The Trans-Atlantic Economy in 1800*. Jim Jones, n.d. Web. 16 June 2014.

Image 5: Philip Dorf, *Our Early Heritage: Ancient and Medieval History*, Oxford Book Company (adapted).

Image 6: "Mercantilism." *Globalimperialism* -. Tangient LLC, n.d. Web. 16 June 2014.
<<https://globalimperialism.wikispaces.com/Mercantilism>>