

# MERCANTILISM

# DEFINITION

- Economic theory that closely linked a nation's political and military power to its bullion (gold or silver) reserves
- Theory of trade in which a nation should export more than they import and accumulate gold to make up the difference

# OBJECTIVES

- 1. Accumulate an adequate stock of precious metals by mining or trading**
- 2. Protect home industries against foreign competition**
- 3. Enable home industries to compete successfully in foreign markets**

How? – Raw materials from colonies and low production costs

- 4. Create a prosperous and powerful national, self-sufficing state/empire**

# HOW IT WORKED FOR ENGLAND

- **“Favorable “balance of trade**
  - Excess of exports over imports
- **Large population**
  - Labor supply, increasing market, military
- **Manufacturing over agriculture**
  - Processing over raw materials

# MERCANTILISM IMPLEMENTED

- **Navigation Acts 1600-1696**
  - Regulate colonial shipping
  - Only English ships are allowed to trade in English and colonial ports
  - All goods destined for the colonies will pass through England

# Bigger Picture:

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Will this be a cause of the  
American Revolution?