Mercantilism

An economic system where a nation establishes colonies to provide raw materials and serve as a market for manufactured goods creating a favorable balance of trade for that country which in turn increases that nation’s wealth and power.

Goals of Mercantilism

- To become wealthiest, most powerful nation
- Become self-sufficient
  - meet all needs within the empire
- Develop favorable balance of trade
  - Export more than import = profit

Favorable Balance of Trade

Exports: goods that are sent from your country to another or to your colony to be sold
Imports: goods brought into your country from another country or from your colony

Mercantilism in Effect

- Establish colonies
  - Build colonial empire to provide base of raw materials and market for manufactured goods
- Develop strong military
  - Strong army and navy to defend empire
  - Navy especially important to protect trade
- Make rules/policies
  - Must maintain control over colonies and protect from foreign interference
**French Mercantilism**

- **Colonies**: Source of raw materials
- **Home Country**: Market for goods

- **Benefits for Colonies**
  - **Bounties**: Incentive payments to encourage production of highly desired goods (e.g., tobacco)
  - **Had a steady market for raw materials & cash crops**
  - **Defense**: Protect colonies
  - **Shipbuilding industry**: Developed in colonies

- **Cons of Mercantilism**
  - **Limited profits of colonists**: Threatened prosperity
  - **Foreign goods more expensive**: Taxes
  - **Colonists resentful**: Of restrictions
  - **Colonists treated as inferiors**: "Colonials"
  - **Need for cheap labor**: Leads to slavery