Colonial Mercantilism

A Step Towards the American Revolution
Why do countries want colonies?

► The money a colony makes goes to the mother country.

► For example, most of the money that the colony of Georgia makes from growing and selling tobacco goes to England, its home country.

► Georgia produces $$$$$ for England.
Colonies Equal

Mother Country
Beginning around 1650, the British government pursued a policy of **mercantilism** in international trade.
What is Mercantilism?

England followed this theory with the 13 colonies:

- Mercantilism is an economic theory that states a nation becomes stronger by keeping strict control over its trade.
- It also states that a nation should have more exports than imports.
Mercantilism

To achieve this balance of trade, the English passed laws exclusively benefiting the British economy. These laws created a trade system whereby Americans provided raw goods to Britain, and Britain used the raw goods to produce manufactured goods that were sold in European markets and back to the colonies.
Mercantilism

► As suppliers of raw goods only, the colonies could not compete with Britain in manufacturing. English ships and merchants were always favored, excluding other countries from sharing in the British Empire’s wealth.
What are Imports and Exports?

► Export – Goods sent to market outside of a country or colony.
  - Exports earn you money (+).

► Import – Goods brought into a country.
  - Imports require you spend money (-).
So in the theory of Mercantilism, why do you want to have more exports than imports?

If you EARN (Export) more than you SPEND (Import), then you will be left with a profit in the end.
Mercantilism

Spain
Sugar
$500

France
Cloth
$300
Gold & Silver
$200
Increasing Control over the Colonies

- As the colonies began to be more successful and profitable, England began to increase control over the colonies.
- The English began to enact stronger controls over the Americans.
- The first major Act which was placed over the colonists was the Navigation Acts.
Between 1651 and 1673, the English Parliament passed four Navigation Acts meant to ensure the proper mercantilist trade balance.
The Navigation Acts Stated the Following:

- Only English or English colonial ships could carry cargo between imperial ports.
- Certain goods, including tobacco, rice, and furs, could not be shipped to foreign nations except through England or Scotland.
- The English Parliament would pay “bounties” to Americans who produced certain raw goods, while raising protectionist tariffs on the same goods produced in other nations.
- Americans could not compete with English manufacturers in large-scale manufacturing.
England developed a policy of salutary neglect toward the colonies, which meant that the trade laws that most hurt the colonial economy were not enforced.
Why Were the Acts not Enforced?

With the prospect of war against the French looming, the British employed salutary neglect to maintain the colonists' loyalty.
British mercantilism manifested itself in the form of the triangular trade. Trade routes linked the American Colonies, West Indies, Africa, and England.
Triangular Trade

New England rum was shipped to Africa and traded for slaves, which were brought to the West Indies and traded for sugar and molasses, which went back to New England. Other raw goods were shipped from the colonies to England, where they were swapped for a cargo of manufactured goods.
Mercantilism and Triangular Trade

Navigation Acts violated on the Triangular Trade Route

- Colonists obviously hated the Navigation Acts, therefore they violated them by sneaking around and trading with other countries.
  - Ex. France

- These colonists would then bribe the customs officers to look past their violations.
Mercantilism and the Triangle Trade Increase the Slave Trade

The triangular trade also spurred a rise in the slave population and increased the merchant population, forming a class of wealthy elites that dominated trade and politics throughout the colonies.
Trade Expands to America

- Along with the voluntary immigration of Europeans to the Americas, thousands of Africans were forced to move to the “new world” as slaves.

- African slavery in the “New World” began as early as the 1600s and lasted until emancipation in the mid-1800s.
Crammed stacking of slaves on slave ships during the “middle passage” to America resulted in many deaths.
When slave trade became illegal, vessels often discharged their human cargos rather than be caught by the Royal Navy.
Slave Trade