Mercantilism: Government Control of Trade

Mercantilism was based on several beliefs held by the various princes, kings, and leaders of Europe. First, they believed that the wealth of a nation came mostly from its possession of gold and silver. Second, they thought that exports to other nations were more beneficial than imports. Third, they believed that government interference in the economy was both necessary and right.

Supporters of mercantilism thought that colonial possessions such as those in the Americas should serve solely as markets for exports and suppliers of raw materials for the mother country’s industries. The colonies were forbidden to engage in manufacturing, and all colonial resources, such as gold and silver, were thought to belong to the mother country.

To create capital, making goods such as machines and ships that produce or move other goods was encouraged. This provided a climate favorable to the growth of capitalism. Further, by restricting the economic activities of the 13 North American colonies, mercantilism was a factor in the American Revolution.

Answer the questions in complete sentences.

1) On what three beliefs was mercantilism based?

2) What role did mercantilists envision for the colonial possessions of a nation?

3) Mercantilism ultimately was the greatest contributor to its own decline. From your understanding of the reading, provide at least two examples to support this statement.