Mercantilism Essay, Research Paper

Mercantilism

Mercantilism was a method of trade used by 16th, 17th, and 18th century Monarchies to increase exports and the amount of imports of precious metals coming in. In a country under mercantilist persuasion, a country would do all it could to bring in money. Treaties were made with countries so that one trading country would have exclusive trading privileges in another country. A country would control the production of items, (how much and how many) and then ‘encouraged’ these items be traded to other countries. With goal obviously being profit, these countries sought to sell more than they bought. The raw materials needed for products were mostly gotten from the inside instead of buying from outside. Frequently, manufacturing and production would go before practices such as farming or the like.

Countries that had colonies across oceans or in different places in the continent would by all means use these connections to their advantage and take every dime and quarter they could. It became a practice of many parent countries to frequently call in their profits to enhance the banks at home.

One could compare the Mercantile System to Communism or a Socialist economy. Mercantilism was not as extreme as communism, in that the concept was not to control a person’s life and being, but rather, focused on the financial wellbeing and wealth. It would seem more akin to Socialism, even though the people own the means of production instead of individuals for the benefit of the population. The king retained the power to grand monopolies on trade or export to certain individuals, therefor strengthening his own power over people. Many of these wealth seeking countries also sought other things: namely, more land, fertile land, so as to extend their trading farther and farther into new worlds, such as the Americas.

.

The Mercantile practices also had effect on population growth and decline. Many people who lived in outward areas of cities soon saw the benefits of living in the city, such as jobs in industry where money was relatively steady and not depending whether it rains in the next 2 weeks. The farmers put down the plows and instead took up a job in town. Many people also moved into the cities just because of conditions and safety. Those who lived in mountains would move down into the plains, or into cities, sometimes only seasonally to work. They also moved sometimes country to country, such as people living in France going to Spain to work, and the like.

The fear of every mercantilist country was, as one index put it, “fear of goods” or fear of deficits in trade. As it is today, the fear was that one would pay out their profits of exporting to import what they need, therefor losing the wealth they so desperately wanted. They tried to get gold bullion wherever and however they could. Countries became wealthier, and spent money on things such as enlargement of cities, estates for officials, and town areas, and day to day government. This money also went to fund the many wars that were occurring at the time. The money also went into the creation of large shipping industries and a larger population trained in industry.

This however was also the downfall, since with the growth of wealth also came inflation. Inflation caused the price of everything from food, to beverages, housing, and raw materials to go up. The towns could no longer support such huge industries and the exporting, and therefore the system went belly up.

The idea behind Mercantilism was to control the production of goods by the government so long as it benefits the people. Did it benefit the people? For a while yes, but ultimately drove the people into the ground.

Bibliography

1998, world book

1998, encarta