Mercantilism: Shaping Nations Essay, Research Paper

How Mercantilism Helped to Shape the American Nation

In the Middle Ages, the definition of wealth was based on the amount of productive land. According to this definition, France was the wealthiest and therefore the most powerful of the European nations. During the sixteenth century the definition of wealth began to change. As the ability to conduct profitable foreign trade increased, so did the amount of cash. Thus, the new definition of wealth came to mean the gain of cash or specie. Specie included gold, silver, or bullion. The wealthiest nation became the one with the most cash, and therefore, the most powerful nation. As the redefining of wealth took hold, there was an increased desire and ability to conduct foreign trade on a larger scale as cash became the new medium of exchange in contrast to bartering. Mercantilism began to take hold of the countries of Europe. Mercantilism was characterized by the governmental regulation of industries, trade, and commerce. This was especially true with foreign trade, and was determined more by national aims rather than individual or local interests. This new quest for trade began the Age of Expansion in the early fourteen hundreds. This era ushered in a search for new sources of revenues, and focus turned toward the colonization of the New World. The Portuguese, Spanish, and English directed many efforts of colonization and development toward this new land in an attempt to establish themselves as the economic leaders of the world. As mercantilism began to change, so did the power flux of the European countries. Thus began the shaping of North America as we know it.

The Age of Expansion brought many changes to medieval Europe. During this period, the countries of Europe began to look beyond their borders. In Europe, there was nowhere to grow. This being the case, the only place to turn was west. Portugal came into existence in the early 1400’s. It is a small country bordered on one side by the sea, and by Spain on the other. Out of necessity the Portuguese became the masters of the sea. They began to acquire a great knowledge of the sea and advanced in navigation, sailing, and map-making. They also founded an academy of navigation in Lisbon. In the early 1400’s, the Portuguese began exploratory voyages. The Portuguese wanted to establish themselves in large-scale international trade. The four things most desired by the people of Europe were spices, sugar, precious metals, and silk. These goods were found primarily in the West Indies. In 1497, a Portuguese explorer named Vasco da Gama became the first European to sail around the Cape of Africa, allowing the Portuguese to establish colonies in East Africa and open new trade routes. By 1513, the Portuguese had established trade with much of the West Indies as far as the Spice Islands.

In the late 1400’s, a man by the name of Christopher Columbus had the idea that he could reach the West Indies by a westward route over the Atlantic Ocean. He believed that he could find a westward route to the West Indies that would make trade much more feasible and that would supply desired goods to the European people. Desiring support for an exploratory voyage across the Atlantic Ocean, Columbus went to the most logical place – Portugal. For ten years he sought support for a voyage, but he never received the funding he needed. Since Portugal refused to provide him with the necessary support, he decided to try Spain. In 1492, Queen Isabella of Spain granted him a commission, and he sailed west with three ships. On October 12, 1492, the ships landed on an island which Columbus named San Salvador. He then claimed the land for the country of Spain. Columbus explored the Caribbean Islands and journeyed back to Spain believing he had found the West Indies. The focus of expansion now shifted to the New World. The Spanish began to establish colonies with the hope of turning a profit.

In 1521, Hernando Cortez, another Spanish explorer, conquered the Aztecs in Tenochtitlan (Mexico City). He later conquered the rest of Mexico, including the Mayan people. The Spanish also colonized Florida and claimed all the land west of the Mississippi River. Most of the conquered natives were put into slavery or forced labor. The Spanish operated vast silver mines and sugarcane plantations. Most of Spain’s profit came from silver and gold. The native peoples had mined much of it before the arrival of the Spanish, and the Spanish exploited these people for their wealth. There was a massive influx of cash into Europe. Spain began spending money as fast as it came in. The result was the Economic Revolution. Prices all over Europe fell because of rising inflation.

In 1497, the British sent an explorer named John Cabot on a voyage to North America. King Henry VII granted John Cabot a royal Charter. This charter, issued by the government, authorized Cabot to conduct a voyage in search of a Northwest Passage to the West Indies. The charter was only permission – not financial support. The Merchants of Bristol supplied the monetary support. Although Cabot did not find anything, his voyage served as a model for later English settlement of the New World. The North American colonies did not begin as royal colonies – they became royal colonies. The colonies began as individual economic ventures supported by joint-stock companies and given royal charters by the government. Cabot was the first man sent by Britain on a voyage to the New World. He was also the last for a long time.

The British were late starters in the race to establish colonies. They had become a fairly wealthy and powerful nation. As a result of this wealth, the people wanted more material things. These material goods had to come from somewhere, so money was being sent to other countries to purchase the desired things. This was an undesirable situation in the mercantile system. In an attempt to solve this problem, colonies were started to provide goods that could not be produced in the mother country. The British established their first settlement in the New World in 1607. This settlement was called Jamestown. The colony was funded by a group of private investors joined together to form the Virginia Company. The primary objective of this colony was to turn a profit for the investors. The primary source of income for colonists in Virginia was from the production of tobacco. The tobacco trade soon became this colony’s major export to many countries all over the world. Another colony, financed by the Massachusetts Bay Company, was established in 1620. This colony was begun by a group of Puritans under the leadership of John Winthrop. The Puritans, also called the Pilgrims, established a colony on the Massachusetts Bay. They shipped lumber, built and outfitted ships, and carried on a good amount of foreign trade. There were eleven other British colonies: North Carolina, South Carolina, Georgia, Maryland, Pennsylvania, Connecticut, Rhode Island, Delaware, New Hampshire, New York, and New Jersey. The British also had other colonies besides the thirteen on the North American mainland. Barbados was the chief of these. Barbados produced more income than all thirteen mainland colonies put together. The British viewed the colonies as part of the British Empire. They saw the colonies as an important economic tool. The sole purpose of these colonies was to contribute to the success of the British economy. The British Parliament passed a series of laws called the Navigation Acts. This was an attempt to put into action the mercantile system by keeping all the cash within its own borders so England could gain more wealth. The Navigation Acts limited the colonists in many ways. The colonists were not allowed to export anything unless it was in an English vessel. The colonists also had to buy all their goods only from British merchants.

During the late 1600’s and early 1700’s, a series of wars broke out in Europe as countries began to establish themselves as the major powers of the world. The first of these was the Glorious Revolution of 1689. In this war the English Parliament established itself as the supreme power. From 1689-1697, there was King William’s War, followed by Queen Anne’s War from 1702-1713, and the War of Jenkins’ Ear from 1743-1748. This shows how volatile the relationships were between the countries during this time. The most important of the wars during this period was the Seven Years War, or the French and Indian War. This war, between Britain and France, lasted from 1754-1763. The French had established a profitable fur trade with the Indians, and they did not want the English encroaching on their monopoly in this trade. The English wanted to expand westward, but the French were blocking their efforts. This was a critical factor for the fighting of this war. The Native Americans played a critical role in the outcome of the war as well. The Indians were convinced to side primarily with the French because the French wanted a trade relationship with the Indians; the English only wanted the Indian’s land. Because of the untraditional warfare of the Native Americans, the English were forced to send many British Regulars to North America to fight the war. As a result, the war was a costly one – adding to the economic misery of Great Britain because of the already accumulated debt from previous wars. The English finally won in 1763. The treaty of Paris was signed in 1763 in Paris, France. The treaty gave all the rights of French land to the English.

As a result of all the wars that were going on with England during this time, the English lost interest in the American colonies. They were in a state of salutary neglect. This was a positive action in an attempt to stay out of colonists’ affairs so they could develop in a positive manner. When the English finally realized the amount of debt they had incurred because of their numerous military campaigns, they began to look differently at the American colonies. The English felt that the colonists had not contributed their fair share to the British cause. After all, the colonies were only there for the betterment of the British economy. But the colonists were not there only for Great Britain as a whole; they were there for themselves. Britain then began to send over troops and establish military discipline in the colonies. The English began to pass laws in an attempt to make the Americans pay for the war. Some of the laws that were passed included the Sugar Act in 1764, The Stamp Act in 1765, and the Quartering Act in 1765. The most ill-received of these laws was the Stamp Act. The Stamp Act imposed a tax on all written material. This included letters, deeds, newspapers, and all other written transactions or documents. Needless to say, the colonists were not happy. This caused the famous cry to be raised, “No taxation without representation.” The colonists wanted a voice in the laws that were passed for them. As a result of the passing of these unfair taxes, the famous Boston Tea Party was held. The British then decided to quarter troops in Boston for the first time. The colonists resented the troops living in their towns. The two societies were moving towards war. In 1775, fighting broke out between the two countries.

As a result of the war between England and the Colonies, the Continental Congress was formed. The purpose of this body was not to govern, but to help make decisions, oversee, and finance the war. Continental Congress appointed George Washington as general of the Continental Line. The Continental Line was an army raised and funded by the Continental Congress. In 1776, the Declaration of Independence, written by Thomas Jefferson, was passed and signed by the Continental Congress. On October 17, 1781, Cornwallis surrendered at the Battle of Yorktown. He had retreated to Yorktown in hopes of receiving much-needed supplies from the British fleet. But, as he was soon to discover, the British had control of the seas no longer. The French had allied themselves with American forces in 1778. By the time Cornwallis had retreated back to the coast, the French had gained control of the seas. The British formally surrendered in 1785. The two countries met again in Paris, France to sign a treaty. In 1787, the Constitution, again written by Thomas Jefferson, was framed. But all the articles could not be agreed upon by all the states. In 1781, however, the states did ratify the Articles of Confederation. The Constitution was later ratified by all thirteen colonies in 1789. A new nation had officially been born.

The changing definition of mercantilism, stemming from increased trade, wrought many new things from the early 1400’s to the late 1700’s. Trade increased, an economic revolution took place, countries began to expand to new lands, and people began to call these new lands home. The thirteen original British colonies had started as individual, independent colonies who each worked for the economic good of Great Britain – but they ended up a unified nation, under God, with liberty, justice, and freedom for all.

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