

COLONIAL ECONOMY

Even before the English had created colonies in North America, European countries were creating overseas empires and using an economic philosophy called mercantilism to control trade within these empires. The most important feature of mercantilism was the belief that the government needed to take a strong role in controlling a nation's economy. For example, it was firmly believed that the purpose of colonies was to satisfy the needs of the mother country. The degree to which a nation attempted to control the economy of its colonies depended on the nation. In the 1500s, Spain and Portugal had strict control over their colonies, while the English in the 1600s were more lax.

#1: Describe the most important features of mercantilism.

For the first 150 years after the English created North American colonies, the English government's control over the colonies was minimal. England was too involved in international and civil wars to focus on controlling the economy of its colonies. Even if England did create economic policies for the colonies, three thousand miles of ocean would make it difficult to monitor them.

#2: Why was English control over the 13 colonies minimal for so long?

However, as the colonies grew larger and became more prosperous, the English realized that the colonies could add greatly to their national wealth. Americans had established profitable trade with other countries, especially the Dutch. In order to increase its wealth, England used laws to limit who colonists were able to trade with.

#3: What change caused the English to focus more on their colonies in the Americas?

Starting in 1650, England created a series of laws called the Navigation Acts. Their purpose was to limit colonial trade to only the English. In order to accomplish this goal, all trade between colonists and the English had to be done using English or colonial-built ships. If colonists wanted to trade with any other nations, the ships had first to go to England first so that the English government could collect taxes, and then the ship could continue to other nations. In addition, there were some goods that could be traded only with England, such as tobacco, sugar, and cotton. As time

went on, the list of these “enumerated goods” grew -- further limiting the number of things that the colonists could sell to other nations.

#4: What were the Navigation Acts? Why did the English create them?

In keeping with the general policy of mercantilism, England encouraged the colonists to produce raw materials and discouraged them from creating finished products. Instead, English factories would convert the raw goods to finished products, which would then be shipped back to the colonies to sell. This provided the English with a constant source of raw materials and a profitable market that was free from competition. In order to discourage manufacturing, laws governed certain industries that would have been competitive with the English, such as the woolen-garment industry and the iron industry.

#5: How did the English benefit from having colonies under mercantilism?

Even though many of these restrictions were legally on the books, they did not cause major protests from North American colonists, as was the case with colonists in the Spanish and Portuguese colonies. In fact, there were many advantages that the colonists received from this system, such as having a built-in market for their raw products. Also, trade regulations were not strictly enforced.

#6: How did the colonies benefit from mercantilism?

#7: Who benefited more from mercantilism -- England or its colonies?

Explain.

With the end of the French and Indian War in 1763, the English were able to claim victory over the French and Spanish in a world-wide struggle for commercial supremacy. As a result of the war, the English policies changed. Now they began to enforce their mercantilist policies, which led to increasing anger between the English and their colonies. Having tasted economic independence for so long, the American colonists had no desire to limit themselves by following the mercantilist policies that colonies of other European nations had to endure.

#8: What effect did the French and Indian War had on the relationship between England and its colonies? Explain.