MERCANTILISM

Was British mercantile policy a causal factor in the American Revolution?

**Viewpoint:** Yes. British mercantilism, as exemplified in the various Navigation Acts, enriched the English merchant class while deliberately choking off crucial areas of American economic growth.

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During the first decades of English settlement in America, the Crown and Parliament did little to promote or regulate transatlantic enterprises. However, as the provinces grew in wealth and population, and as the Dutch increasingly monopolized the lucrative American trade, government officials sought to administer the colonies more effectively to ensure that England, and not its European rivals, obtained the benefits from its own colonies. Beginning in 1645 Parliament enacted a series of laws, commonly referred to as the Navigation Acts, regulating commerce between the British Isles and its overseas provinces. Specifically, this commercial policy, often referred to as mercantilism, was intended to make the home country as self-sufficient as possible by obtaining those raw materials that it could not produce from its colonies rather than from foreign economic competitors; to increase the mother country’s stock of bullion (the measure of a country’s power) by exporting more than it imported; and to strengthen the English merchant navy, while weakening those of its European rivals, by maintaining a trade and manufacturing monopoly with its colonies. To that end, the trade laws forbade foreign ships from trading in the English colonies, enumerated specific items (tobacco, sugar, rice, molasses, dyewoods, silk, hemp, naval stores, furs, and indigo) that the colonies could sell only to England, provided bounties to Americans producing many of the aforementioned goods, prohibited Americans from manufacturing certain products (clothing and iron) for overseas trade, and required that all goods imported by the colonies first pass through England (to pay a duty). To enforce these acts, Parliament in 1696 established a system of Admiralty Courts in America to try smugglers and created the Board of Trade in London to monitor colonial governors and customs officials.

Historians have waged a protracted debate on the influence of Britain’s mercantile policy in the coming of the American Revolution (1775–1783). Some scholars, particularly Marxist historians writing during the Great Depression of the 1930s, saw the Revolution not as a struggle over complex constitutional questions but as an economic clash between British and American capitalists. To them, the Navigation Acts, by forcing the colonies into economic subservience to England and by curbing American economic growth, were the crux of the Anglo-American dispute. The trade laws, for instance, hurt Southern planters by preventing them from selling their enumerated products (rice excepted) on the open market. Other provisions retarded the development of American manufacturing and raised the price of goods Americans purchased from abroad. Northern merchants found the trade restriction so harmful to their profits that it encouraged rampant smugg-
gling among them. The Navigation Acts also indirectly injured the lower classes, whose material well-being was tied to the successful enterprising of the upper classes. When Parliament tightened the economic screws on the Americans with stricter enforcement of the Navigation Acts in the 1760s, this action led to a bitter clash of interests between American and British capitalists. Thus, the American Revolution can only be understood in terms of the necessity for American entrepreneurs to escape from the "contracting prison walls" of the English mercantilist system.

Economic historians who have analyzed this issue from an accountant's perspective, however, assert that on balance the Navigation Acts did not hinder American economic growth; that overall, the colonists benefited from residing under British tutelage. Americans generally accepted the idea that the mother country possessed the right to regulate imperial trade, and they made no efforts after 1700 to repeal or relax the Navigation Acts. Why should they? The shipping clauses, after all, contributed to an enormous expansion in the American shipbuilding industry and other allied services such as ropemaking and the manufacture of chains and bolts. Nor did Americans complain about the lucrative bounties provided by England on indigo, lumber, cooperage materials, naval stores, and other products, all of which helped to diversify the colonial economy. Likewise, the enumeration of rice, tobacco, and indigo caused little grumbling among Southern planters, who made the largest fortunes in North America from the cultivation of these commodities. The prohibitions on colonial manufacturing of textiles and iron, additionally, only applied to production for water export and did not hamper household or neighborhood production. Often ignored in this American-British balance sheet are the indirect benefits the colonies enjoyed from English control of the seas, which served American commercial interests during war and peace, and the military defense provided by British redcoats, which saved the colonists enormous amounts of money. According to economic historians, the financial cost for Americans living under British tutelage rather than on their own amounted to 26¢ per person per year from 1763 to 1772. Thus, arguing that Americans, who enjoyed high wages, extensive landownership, dramatic population expansion, and an increasing number of educational and cultural institutions, were oppressed and exploited by imperial policies is difficult.

In the final analysis this issue goes to the heart of the question of whether the basis of the Anglo-American dispute was constitutional or economic in nature. Were American protests against imperial measures in the 1760s a noble appeal for their rights as Englishmen or a self-serving issue of the pocketbook?

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**Viewpoint:**
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One of the most famous events in American history is the Boston Tea Party (16 December 1773), which many people believe was a patriotic response against high taxes set by Parliament on colonial imports. Often this historically significant event is misunderstood. It supposedly shows that the colonists would not pay high taxes without any representation in the British Parliament. This view, however, is incorrect; Bostonians, as well as other colonists, were not offended by the price of tea but by the monopoly given to the East India Company. The Tea Act (1773) lowered the tax so that British tea imported to North America became even less expensive than smuggled Dutch tea. This provision of the act was designed to entice Americans back into the British system of economic imperialism. Even more offensive to the colonists than having their habits of consumption directed by Britain was Parliament's offering the financially bankrupt East India Company a monopoly on the distribution of tea that completely cut American merchants out of the trade. While attempting to save the British company through discriminatory governmental action, Parliament sacrificed the enterprise of Americans. Finally, since the East India Company also shipped many other products from Asia to the transatlantic world—such as silks, spices, and chinaware—the colonists feared that the monopoly on tea was only the first of many incursions into their domain. Such had been the colonial experience for more than one hundred years under British mercantilism. The colonists' resistance to mercantilist proscriptions on their economic behavior precipitated the War for Independence (1775–1783) against Britain.

During the sixteenth, seventeenth, and eighteenth centuries European states, such as England, devised and developed an imperial economic system called mercantilism. Under mercantilism the government closely directed the economy in order to promote the interests of the state. Often individual interests were made subordinate to state power. European governments
instituted mercantilist policies during an era of overseas expansion when states sought to build overseas empires. The age of European expansion to other continents coincided with the stage of capitalism dominated by merchants. European states sought to develop a carrying trade that would generate wealth in coin, not paper money, which would be acquired by the mother country. People believed that the accumulation of hard cash promoted the wealth and, hence, the power of that country. In the case of England, merchant capitalists, often with landowning interests, dominated the government through their prominent presence in the lower house of Parliament, the House of Commons. Beginning in the mid-seventeenth century, Parliament erected a mercantilist structure for the economy of England and its burgeoning empire, including the recently founded North American colonies.

Beginning in 1645 a series of Parliamentary laws, called Navigation Acts, attempted to promote English trade by eliminating competition from European rivals and subordinating the North American colonies to England's economic interests. At the time when the English were establishing a foothold in North America, the Dutch had wrested the Indian Ocean carrying trade from the Portuguese and had made inroads into Spain's domains in the Caribbean. While the Dutch asserted their commercial dominance, the English attempted to develop a carrying trade that sailed on the Atlantic and Indian Oceans. To make inroads into the Dutch commercial empire, the English fought a series of wars with Holland, and Parliament passed the Navigation Acts. A key part of the English mercantilist system, these acts required the shipment of goods to and from the colonies to go through England and to be shipped in English ships manned by English crews. These acts eliminated the Dutch, as well as other Europeans, as competitors within the English empire. Although Dutch shipping costs during the seventeenth century were lower than the English costs, the colonies were compelled to transport with English ships. This policy was only one way that the Navigation Acts served British interests at the expense of the colonists.

The Navigation Acts, as well as other mercantilist legislation passed by Parliament, put the colonies in a state of economic dependence upon Britain. Aside from assuring commerce for British shippers, the Navigation Acts promoted British industry at the expense of colonial economic development through the use of enumerated lists, which designated items that were to be shipped only to Britain for use in that country or for eventual transshipment. During the eighteenth century, as lower Scotland and the Midlands in England underwent industrialization, the enumerated lists included such items as cotton, indigo, copper ore, iron, lumber, hides, and naval stores. All of these items were vital for Britain's industrial development. In regard to commercial exchange, the Thirteen Colonies assumed the role of primary producer for Britain's industrial revolution. While the enumerated lists compelled the production of certain raw materials, other Parliamentary legislation discouraged the development of manufactures in North America. For instance, the Board of Trade required that all governors veto colonial legislation that put import duties on British manufactures transported in British ships to the colonies. So, while British products were to enter the colonies under the basis of free trade, colonial manufactures could not be sent to Britain. For instance, the Wool Act (1699) barred American-produced woolen manufactures from intercolonial and international commerce. Later the Hat Act (1732) prohibited the shipment of hats out of any North American colony. During the late 1760s Parliament completely forbade the foreign importation of silk stockings, gloves, and mittens into Britain. These years marked the industrial rise of Britain and economic depression in North America. Finally, the Board of Trade discouraged colonial industry. Consequently, a sailcloth industry in New York was denied (1706), and a linen industry in Massachusetts was disallowed (1756). The Board of Trade explained that economic development in the colonies should not compete with British industries but support them through the colonial export of raw materials such as hemp and cotton.

Being limited to serving as producers of raw materials for Britain's industrial development put the colonies in a financially disadvantageous commercial relationship with the mother country. Since manufactured products had a greater commercial value than raw materials, the colonies always had to balance their trade with hard specie, which exactly suited Britain's mercantilist agenda of enhancing state power through accruing gold and silver bullion. Trade laws ensured that manufactured exports to North America would have a greater value than colonial primary products imported into Britain. Many products shipped to Britain from the colonies were then reexported to Europe. On such goods as tobacco there was not only the added cost of import duties but also handling charges incurred during transshipment to one of the continental countries. To keep the market price low in Europe, colonists had to lower their sale price to Britain, resulting in little or no profit margin for the primary producers. Hence, many Southern planters, such as George Washington in Virginia, were in debt to English merchants. Simply by the sale of their goods on the international market, which through the eighteenth century came
For the increase of shipping and encouragement of the navigation of this nation, wherein, under the good providence and protection of God, the wealth, safety, and strength of this kingdom is so much concerned; be it enacted by the King's most excellent majesty, and by the lords and commons in this present parliament assembled, and by the authority thereof, That from and after the first day of December 1660, and from thenceforward, no goods or commodities whatsoever shall be imported into or exported out of any lands, islands, plantations or territories to his Majesty belonging or in his possession . . . in Asia, Africa, or America, in any other ship or ships, vessel or vessels whatsoever, but in such ships or vessels as do truly and without fraud belong only to the people of England or Ireland . . . and whereof the master and three fourths of the mariners at least are English; under the penalty of the forfeiture and loss of all the goods and commodities which shall be imported into or exported out of any of the aforesaid places in any other ship or vessel . . .

II. And be it enacted, That no alien or person not born within the allegiance of our sovereign lord the King, his heirs and successors . . . shall from and after the first day of February, 1661, exercise the trade of a merchant or factor in any of the said places; upon the pain of forfeiture and loss of all his goods and chattels. . . .

III. And it is further enacted, That no goods or commodities whatsoever, of the growth, production and manufacture of Africa, Asia, or America, or any part thereof . . . be imported into England, Ireland, or Wales . . . in any other ship or ships, vessel or vessels whatsoever, as do truly and without fraud belong only to the people of England, Ireland, or Wales . . .

XIII. And be it further enacted, That from and after the first day of April, 1661, no sugars, tobacco, cotton-wool, indigos, ginger, fustick, or other dyeing wood, of the growth, production or manufacture of any English plantations in America, Asia, or Africa, shall be shipped, carried, conveyed or transported from any of the said English plantations to any land . . . other than to such English plantations as do belong to his Majesty . . .


increasingly under British control, the Southern planter could not make enough money to pay his bills and run his plantation.

Land speculation, then, became the way for Southern planters to earn additional money that to some extent compensated for losses under British mercantilism. By the middle of the eighteenth century, colonial expansion was surging into the trans-Appalachian region; not only those without property, such as former indentured servants, were moving westward. Men of property also moved into the territory west of the Appalachian Mountains as land speculators. While Southern planters needed additional land because the cultivation of tobacco quickly exhausted the soil, they also sought more land as a means to pay the interest on their debts to British lenders. The surge of Virginians, led by Washington as a surveyor for Lieutenant Governor Robert Dinwiddie, precipitated the French and Indian War (1754–1763). Like Britain's war against the Dutch in the late seventeenth century, this conflict was another mercantilist war. In North America the French and the British, each supported by their colonial allies, fought for control of the trans-Appalachian region.

Less than twenty years later the British fought another mercantilist war, but this time it was against their own colonists, who would by 1778 have the French as allies. In part, the War for American Independence was triggered by controversies over control of the trans-Appalachian region. Britain took control of the Western territory (including all of Canada) and promptly issued the Proclamation of 1763, which established a temporary line along the Allegheny Mountains, beyond which the colonists could not move. Land west of the mountains was kept as a preserve for the Native Americans. The Indians were to act as partners of British merchants.
in the fur trade. By 1774, as the crisis between the colonists and Britain exploded, Parliament passed the Quebec Act, which extended the borders of that Canadian province into the Allegheny region, thus blocking any possible expansion westward from New York, Pennsylvania, and Virginia. This act also made it possible for Montreal to become the fur center of all of North America, thus favoring the British Hudson Bay Company over companies that used the American ports at Philadelphia and New York. From the colonial perspective the Quebec Act was similar to the Tea Act that had favored the British East India Company.

During the 1760s Parliamentary regulations slighted colonial economic interests, particularly in New England. For decades imperial legislation successfully discouraged manufacturing in Massachusetts and other northern colonies, as well as suppressed certain agricultural enterprises. Landowners in Britain had a strong lobby in Parliament, and they sought successfully through the eighteenth century to keep foreign grain products out of the country through the Corn Laws. Hence, during the colonial period the export of American grain to Britain was strongly discouraged, and, in many instances, prohibited. New England merchants and businessmen, like Southern planters, had an unfavorable balance of trade with Britain, so they also sought to find other sources of income by developing an intercolonial trade, which included the slave trade with Africa and the molasses trade with Britain’s sugar colonies in the Caribbean. This traffic was New England’s legal trade. Because of mercantilist restrictions that limited the commerce only to Britain’s more expensive West Indies sugar, New England merchants began to smuggle less-expensive sugar produced in the French West Indies. While West Indian planters held seats in Parliament, the New Englanders did not have this political advantage. Without direct access to influence economic legislation, the New Englanders smuggled in order to gain needed hard currency. Beginning in the late 1760s, Britain sought to suppress colonial smuggling by using a patrol fleet and increasing the number of customs agents, Vice-Admiralty Courts, and informers in the colonies. These measures, coupled with the British intent to pay for an occupying army in North America through various forms of taxation in the colonies, helped to spark the Anglo-American crisis.

By the mid 1770s British mercantilist policies had fostered an independence movement in the Thirteen Colonies that quickly became revolutionary. The burdens of British economic policies for the Empire, including the effort to tax colonists to finance imperialism, fell even more heavily upon the lower middle classes than they did on New England merchants and Southern planters. Britain was favored at the expense of North America; within the colonies, merchants and planters were often favored at the expense of the lower social classes, who were often disfranchised and therefore did not have their economic interests represented in the colonial legislatures. Not surprisingly, then, the War of Independence from British imperialism also became a revolution to overthrow government-backed privilege of one group over another within the colonies.

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**Viewpoint:**
No. Far from causing economic harm, the Navigation Acts brought enormous benefits to Americans, who did not object to mercantilist policies.

The Acts of Trade and Navigation, more commonly known as the Navigation Acts, were a series of regulatory initiatives enacted by the British Parliament starting in 1645. One of the last of these regulations, the Sugar Act (1764), is often associated with the genesis of the American Revolution (1775-1783). The chronological link between the passage of the Sugar Act and the beginning of the American Revolution has encouraged some historians to establish a direct causal connection between imperial commercial regulations and the War of Independence. Scholars writing during the Progressive period argued that the Navigation Acts were “economically restrictive, oppressive, injurious, and negative.” Yet, much evidence exists to prove this argument false. British commercial regulations imposed a paltry economic burden on Americans, who enjoyed rapid economic growth and a standard of living higher than their European counterparts.

Historians who attempt to establish a causal connection between the Navigation Acts and the American Revolution ignore the fact that Parliament passed these measures to prevent its European rivals (particularly the Dutch) from trading with England’s North American possessions, not to frustrate the economic development of its colonies. To that end, Parliament in 1651 passed an act that stipulated that all goods from Asia, Africa, or America be sent to England or any of its territories in vessels owned and manned by Englishmen and that all goods from Europe destined for the colonies had to be carried in English vessels or vessels belonging to their country of origin. The
only commodity of continental America affected was tobacco. Chesapeake tobacco planters denounced the measure as an infringement on their tradition of free trade. As a compromise, Parliament agreed to ban the production of tobacco in England that threatened to undercut the price of tobacco grown in the Chesapeake Bay area. However, the 1651 act did not prevent Americans from shipping goods to Holland or other foreign ports in foreign vessels. Parliament closed this loophole with a second Navigation Act in 1660. This act also enumerated a list of colonial goods that had to be exported to England before being shipped elsewhere: tobacco, sugar, cotton, ginger, indigo, and dyewoods. This enumerated list was later extended to include molasses, rice, naval stores, copper, beaver skins, whale fins, raw silk, and potash. Between 1699 and 1764 Parliament passed additional statutes that prohibited the colonies from exporting certain goods such as hats, wool, and iron.

Far from representing an onerous burden on the colonists in America, the Navigation Acts facilitated commercial consolidation that enriched the colonists who engaged in the transatlantic commerce. Those individuals most
directly affected by these regulations lived in the South. Tobacco, rice, and indigo planters conducted their business through extended kinship networks. Members of the same family lived on both sides of the Atlantic Ocean and frequently formed partnerships (often through marriage) with other prominent families with similar mercantile interests. On the English side of the equation, these family enterprises would either buy or pay for the construction of vessels, which under the Navigation Acts qualified them as "English ships," and loaded them with a variety of English-made goods. Upon reaching port in America, the cargo was unloaded and stored in a warehouse; the ships would then be reloaded with tobacco before returning to England, all in full compliance with the Navigation Acts. Some scholars argue that such arrangements placed a burden on small planters who could not afford their own ships. In reality, larger planters encouraged small planters to bring in their cash crops and trade them for goods in the warehouse. Small planters would get products they needed (and avoid the hassle and cost of marketing their crops), while larger planters acquired more produce to fill their ships.

The Navigation Acts also helped to integrate trade within the Empire by enriching the colonies and those individuals most actively involved in the transatlantic commerce. Contrary to the conclusions of modern critics, the Navigation Acts were not an onerous infringement on free trade. Once American produce such as tobacco or rice arrived at an English port, merchants could then sell it throughout Europe. Indeed, France was the single largest buyer of Chesapeake tobacco. The Crown actually encouraged the formation of a limited number of cartels that would control the bulk of tobacco brought into English ports and sold to France. The Navigation Acts, consequently, fostered a trade arrangement that allowed English and American merchants and producers to retain a significant amount of control over the distribution and price of their product.

One of the greatest complaints against the Navigation Acts was the alleged harmful restrictions it placed on the American producers of tobacco, rice, indigo, and other enumerated products by requiring them to ship their goods to England first. However, Parliament did not require Americans to grow any of these products. Colonists did so because they could make larger profits by growing these commodities than anything else. Indeed, Southern planters who cultivated rice, tobacco, and indigo amassed some of the largest fortunes in North America. Production of these commodities increased dramatically in the decade preceding independence; if Southern planters were truly oppressed by enumerate-

Nor did the Acts of Trade retard the development of American manufacturing of wool, hats, and iron, as some economic historians maintain. These measures only prohibited the water export of these items; they did not ban their manufacture in America. Therefore, colonial production of these goods for domestic use and sale went unhampered. In any event, Americans did not try to compete with the mother country in the production of wool. After all, they could import English wool more cheaply than they could make it themselves. The Hat Act (1732) did not injure the development and growth of the American hat industry. The same statement is true for the Iron Act (1750). Indeed, by the Revolution, America had more iron furnaces than England and Wales combined. Most of the pots, pans, and other hollowware used in the colonies were made at local iron-works, not in Britain. Finally, the prohibitive duties on foreign sugar, molasses, and rum imposed by the Molasses Act (1733) were usually evaded by American merchants through widespread smuggling, bribery, and fraud.

The Navigation Acts even encouraged the development of American manufacturing, particularly shipbuilding and its ancillary services such as making rope, anchor chains, bolts, lumber, staves, and other items. The commercial acts also stimulated the American shipping industry by removing the competition of foreign shipping. Additionally, the mighty Royal Navy protected American trading vessels, particularly in times of war. One must also not forget the bounties paid by the mother country upon certain colonial products—such as naval stores, indigo, lumber, silk, and hemp—which proved greatly beneficial to these industries. Their benefit is graphically revealed in the fact that after the Revolution several of these industries all but disappeared because they could not survive without economic assistance. Thus, English mercantilism had a greater tendency to promote than to hinder colonial industry.

In order to present a more balanced view concerning the economic relationship between Britain and America, one must examine the benefits and cost to the colonists of all British imperial policy, including those administrative and military services provided by the mother country. Economic historians, using counterfactual arguments, modern statistical methods, and computers allowing them to analyze mountains of data, have calculated the burdens and benefits of British imperial policy relative to how the col-
onies would have fared outside the Empire but still within a mercantilist world. After analyzing the effects the Navigation Acts had on the American colonies from 1763 to 1772 (including the military and administrative services), economic historian Robert P. Thomas estimated that it cost Americans about 0.5 percent of their national annual income (or 266$ per person) to live within the British Empire. Given these figures, one has difficulty making the case that Britain's imperial policies exploited Americans and hindered their economic development.

Those scholars who argue that English mercantilism was a cause for the American Revolution automatically equate trade regulation with exploitation, but Americans did not complain that the mother country exploited them. The colonists recognized that the routing of a considerable part of their trade through England carried a hidden tax, but they conceded that this burden was their fair share of the costs of the imperial government. Indeed, Americans never attacked the Navigation Acts, even during the imperial crisis of the 1760s and 1770s. Why should they rail against a system under which they thrived? After all, white Americans enjoyed the highest standard of living and the greatest population growth in the Western world. The prosperity and propagation are reflected in their multiplying of schools, churches, civic clubs, theaters, philanthropic organizations, newspapers, and magazines. Americans also imported large amounts of British goods as well as many expensive African slaves. The thousands of Europeans who immigrated to America every year reflected the prevailing view of America as a land of unprecedented wealth and opportunity. In the end, factors other than economic ones must explain the American call for independence in 1776.

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References


