**Fitzgerald**

**Mercantilism – The Economic Relationship between Mother Country and Colonies**

**Reasons to have Colonies**

Three hundred years ago, nations wanted colonies to increase their power and bring them wealth. The colonies would make the mother country self-sufficient because they would provide the mother country with the raw materials she needed, so she would no longer be dependent on other countries to provide them. This was the forerunner of the present day idea of imperialism.

England, Spain, France, and other nations competed with each other to own colonies in North America, South America, Asia, and Africa. Their competition often led to wars. The nations believed that wars were worth the price because each colony would be a help to its conqueror. England needed raw materials that her colonies could supply. Lumber, wool, iron, cotton, tobacco, rice, and indigo were among the products needed in England. British manufacturers in the meantime needed markets for the goods they produced.

**The Mercantile System**

The American colonists were ***forced to*** ***sell raw materials*** ***to Britain*** and no other countries and ***forced to buy manufactured goods*** ***from Britain*** and no other country. For instance, Britain needed raw materials to support its navy. Britain was an island nation, so its survival as a nation depended on having a powerful navy. The colonies were a constant source of both the timber for her ships and the men who could sail them. Britain was a manufacturing and merchant nation, so it made goods and made money by selling those goods. The colonists were forced to be their customers. The colonists bought their cloth, furniture, knives, guns, and kitchen utensils from England. Britain did allow the production of certain naval products in the colonies, but almost all other production was discouraged. Britain passed laws controlling exports from the colonies and imports to the colonies. The British forbade all non-English ships from trading with the colonies; only American and British ships could transport goods between mother England and colonial America. These laws, known as the Navigation Acts, irritated the colonists. This economic relationship between crown and colony was an important cause of the American Revolution.

**Restrictions on Exports**

The Navigation Acts listed certain products that could be sold only to British merchants. These products included sugar, tobacco, cotton, indigo, and later rice, molasses, naval stores (tar, pitch, etc.), furs and iron. After American colonists sold these products to British merchants, the British merchants could either sell these goods in Britain or, if they paid a tax, in other nations.

**Restrictions on Imports**

All goods imported to the colonies had to be produced in England or, if produced in another nations, shipped to Britain first and sold to a British importer who would pay a tax before it could be shipped to the colonies. Thus, if a colonist wished to buy French silks, Dutch linens, or Indian tea, he would buy these goods from an English importer, who would charge a higher price to cover the tax on the foreign good.

**Restrictions on Manufacturing**

Colonies were to supply their mother nation with raw materials and buy their manufactured goods, not produce these goods themselves. To discourage the colonies from developing their own industries, Britain prevented the colonists from selling their products to other colonies. For example, colonists were not permitted to sell wooden goods, beaver or iron goods, such as rifles, axes, and pots. Since a manufacturer could not find enough buyers in his own colony alone, manufacturing businesses could not make a profit and thus any plans to manufacture were abandoned.

**Benefits**

There were benefits of living in the British Empire, as well as the costs. First and foremost, the protection given by the British navy to colonial ships and the protection of her mighty army were certainly benefits. Secondly, the colonists had a certain market for their goods and were paid well to produce especially desirable materials.

Using the following list giving the value of exports to and imports from England, construct a bar graph showing trends in exports, imports, or trade balances between 1700 and 1774. The chart will be judged on the qualities of a good data display.

***Value of Exports to England and Imports from England***

YEAR EXPORTS IMPORTS

1700 £395.000\* £344,300

1710 £249,800 £293,700

1720 £468,200 £319,700

1730 £572,600 £536,900

1740 £718,400 £813,400

1750 £814,800 £1,313,100

1760 £761,100 £2,611,800

1770 £1,015,500 £1,925,600

1774 £1,373,846 £2,596