ECO 301Y1:
The Economic History of Modern Europe, to 1914

Topic No. 10 [24]:
Early-Modern Mercantilism:
Money, Economic Nationalism, and the State in Early Modern Europe:

READINGS: the more important are indicated by asterisks *

Within each of the following sections, readings are listed in the chronological order of original publication, when that can be ascertained, except for some collections of republished essays.

A. General Studies on European Mercantilism and International Trade


(b) Vol. II: Parts II-V.


4. Eli Heckscher, ‘Revisions in Economic History: Mercantilism’, Economic History Review,
1st ser. 7 (1936-37). Republished in:


** 7. Jacob Viner, ‘Power vs. Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries’, *World Politics*, 1 (1948); republished in:


16. Charles Wilson, ‘The Other Face of Mercantilism’, Transactions of the Royal Society, 5th ser. 9 (1959); republished in:


See also readings in section B.


(d) Jacob Viner, ‘Power vs. Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries’, pp. 61-91. Reprinted from World Politics, 1 (1948).


(a) E. Johnson (1933), ‘Gerard de Malynes and the Theory of Foreign Exchanges.’

(b) H. Heaton (1937), ‘Heckscher on Mercantilism.’

(c) E. F. Heckscher (1950), ‘Multilateralism, the Baltic Trade, and the Mercantilists.’

(e) J.C. Riemersma (1952), ‘Usury Restrictions in a Mercantile Economy.’

(f) John Dales (1955), ‘The Discoveries and Mercantilism: An Essay in History and Theory.’

(g) J.D. Gould (1955), ‘The Trade Crisis of the Early 1620s and English Economic Thought.’


(i) A.W. Coats (1957), ‘In Defence of Heckscher and the Idea of Mercantilism.’

(j) L. Herlitz (1964), ‘The Concept of Mercantilism.’

(k) R.C. Blitz (1967), ‘Mercantilist Policies and the Pattern of World Trade, 1500-1750.’


(m) L. Muchmore (1970), ‘A Note on Thomas Mun’s “England’s Treasure by Foreign Trade”.’


(a) W.H. Price (1906), ‘The Origin of the Phrase ‘Balance of Trade’.’

(b) F.W. Fetter (1935), ‘The Term ‘Favourable Balance of Trade’.’

(c) E.F. Heckscher (1936), ‘Revisions in Economic History: Mercantilism.’

(d) A.V. Judges (1939), ‘The Idea of a Mercantile State.’
(e) Jacob Viner (1948), ‘Power Versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries.’


(g) W.D. Grampp (1952), ‘The Liberal Elements in English Mercantilism.’

(h) J.M. Low (1953), ‘A Regional Example of the Mercantilist Theory of Economic Policy.’

(i) D.C. Coleman (1956), ‘Labour in the English Economy of the Seventeenth Century.’


(k) D.C. Coleman (1957), ‘Eli Heckscher and the Idea of Mercantilism.’

(l) Charles Wilson (1959), ‘The Other Face of Mercantilism.’

(m) H.F. Kearney (1959), ‘The Political Background to English Mercantilism.’

(n) J. Sperling (1962), ‘The International Payments Mechanism in the Seventeenth and Eighteenth Centuries.’


(q) A.W. Coats (1973), ‘The Interpretation of Mercantilist Economics: Some Historiographical Problems.’


(s) S. Rashid (1980), ‘Economists, Economic Historians and Mercantilism.’

(t) C.G. Uhr (1980), ‘Eli F. Heckscher, 1879 - 1952, and his Treatise on Mercantilism Revisited.’


** Bullionism and the Monetary Aspects of Mercantilism


   (a) Adon and Jeanne P. Gordus, ‘Potosi Silver and the Coinage of Early Modern Europe’, pp. 225-41. Their views have been revised in Gordus (1988).
   (d) Herman Van der Wee, ‘World Production and Trade in Gold, Silver, and Copper in the Low Countries, 1450-1700’, pp. 79-86.


27. Artur Attman, Dutch Enterprise in the World Bullion Trade, 1550 - 1800 (Göteborg, 1983.)

   (b) Philip D. Curtin, ‘Africa and the Wider Monetary World, 1250 - 1850’, pp. 231-68.
   (d) F.S. Gaastra, ‘The Exports of Precious Metal from Europe to Asia by the Dutch
29. John Day, ed., *Etudes d'histoire monétaire, XIIe-XIXe siècles* (Lille, 1984). In particular:
   (a) K.N. Chaudhuri, ‘Circuits monétaires internationaux, prix comparés et spécialisation économique, 1500-1750’, pp. 49-68.
   (b) Jose-Gentil da Silva, ‘De la modernité du XVIe siècle au sévère mais riche XVIIe: sur les monnaies instrument politique’, pp. 397-422.


   (a) Eddy Van Cauwenberghe and Rainer Metz, ‘Coinage and the Coin (Money) Stock: Problems, Possibilities and First Results (The Southern Low Countries, 1334 - 1789)’, pp. 7-24.
   (c) Michael North, ‘Bullion Transfer from Western Europe to the Baltic and the Problem of Trade Balances: 1550-1750’, pp. 57-64.


(j) Alan K. Craig, ‘Mining Ordenanzas and Silver Production at Potosi: The Toledo Reforms’, pp. 159-84.


(a) Dennis O. Flynn, ‘Comparing the Tokugawa Shogunate with Hapsburg Spain: Two Silver-Based Empires in a Global Setting’, pp. 11 - 46.


(c) Om Prakash, ‘Precious Metal Flows, Coinage and Prices in India in the 17th and Early 18th Century’, pp. 55 - 74.

(d) Kazui Tashiro, ‘Exports of Gold and Silver during the Early Tokugawa Era, 1600 - 1750’, pp. 75 - 94.

(e) Tsu-yu Chen, ‘China's Copper Production in Yunnan Province, 1700 - 1800’, pp. 95 - 118.

(g) Michael North, ‘Bullion Transfer from Western Europe to the Baltic and Asia, 1550 - 1750: A Comparison’, pp. 185 - 96.


(o) Om Prakash, ‘Sarafs, Financial Intermediation and Credit Network in Mughal India’, pp. 473 - 90.


(r) Dennis Flynn and Lori Warner, ‘A Model of Minting and Melting Coins’, pp. 521 -


C. Foreign Trade, Colonialism, Protectionism, National Power, and Other Aspects of Mercantilism: England, the Netherlands, and France


   


Early Mercantilists (Brookfield, Vt., 1991).


(b) Paul Butel, ‘France, the Antilles, and Europe in the Seventeenth and Eighteenth Centuries: Renewals of Foreign Trade’, pp. 153 - 73.


(e) Frédéric Mauro, ‘Merchant Communities, 1350 - 1750’, pp. 255 - 86.


   (c) M. M. Pearson, ‘Merchants and States’, pp. 41 - 116.


   (k) José Jobson de Andrade Arruda, ‘Colonies as Mercantile Investments: The Luso-Brazilian Empire, 1500 - 1808’, pp. 360 - 420.


D. Contemporary Sources and Documents

1. Nicholas Barbon, A Discourse of Trade [1690], ed. J.H. Hollander (Baltimore, 1903).


Table 1

Exports of ‘Treasure’ and Merchandise to India

By the British East India Company, in Pounds Sterling,

Decennial Means, 1660-69 to 1710-19

<table>
<thead>
<tr>
<th>Decade</th>
<th>Treasure</th>
<th>%</th>
<th>Merchandise</th>
<th>%</th>
<th>Total in £</th>
</tr>
</thead>
<tbody>
<tr>
<td>1660-69</td>
<td>74,022.4</td>
<td>64.3%</td>
<td>41,085.2</td>
<td>35.7%</td>
<td>115,107.6</td>
</tr>
<tr>
<td>1670-79</td>
<td>234,091.4</td>
<td>72.2%</td>
<td>89,990.8</td>
<td>27.8%</td>
<td>324,082.2</td>
</tr>
<tr>
<td>1680-89</td>
<td>383,707.7</td>
<td>87.2%</td>
<td>56,170.2</td>
<td>12.8%</td>
<td>439,877.9</td>
</tr>
<tr>
<td>1690-99</td>
<td>166,561.4</td>
<td>69.8%</td>
<td>72,065.2</td>
<td>30.2%</td>
<td>238,626.6</td>
</tr>
<tr>
<td>1700-09</td>
<td>337,008.9</td>
<td>84.7%</td>
<td>60,876.5</td>
<td>15.3%</td>
<td>397,885.4</td>
</tr>
<tr>
<td>1710-19</td>
<td>371,418.1</td>
<td>79.2%</td>
<td>97,771.3</td>
<td>20.8%</td>
<td>469,189.4</td>
</tr>
</tbody>
</table>

Source: Calculated from:

Table 2

Exports of Gold and Silver ‘Treasure’

to India By the British East India Company:

in Pounds Sterling

Decennial Averages, 1660-9 to 1710-9

<table>
<thead>
<tr>
<th>Decade</th>
<th>Silver</th>
<th>Percent</th>
<th>Gold</th>
<th>Percent</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1660-69</td>
<td>51,446.7</td>
<td>69.5%</td>
<td>22,575.7</td>
<td>30.5%</td>
<td>74,022.4</td>
</tr>
<tr>
<td>1670-79</td>
<td>102,038.1</td>
<td>43.6%</td>
<td>132,053.3</td>
<td>56.4%</td>
<td>234,091.4</td>
</tr>
<tr>
<td>1680-89</td>
<td>262,870.4</td>
<td>68.5%</td>
<td>120,837.3</td>
<td>31.5%</td>
<td>383,707.7</td>
</tr>
<tr>
<td>1690-99</td>
<td>163,230.2</td>
<td>98.0%</td>
<td>3,331.2</td>
<td>2.0%</td>
<td>166,561.4</td>
</tr>
<tr>
<td>1700-09</td>
<td>325,887.6</td>
<td>96.7%</td>
<td>11,121.3</td>
<td>3.3%</td>
<td>337,008.9</td>
</tr>
<tr>
<td>1710-19</td>
<td>369,340.3</td>
<td>99.4%</td>
<td>2,077.8</td>
<td>0.6%</td>
<td>371,418.10</td>
</tr>
</tbody>
</table>

Source: See Table 1
### Table 3

Exports of Gold and Silver to India by the British East India Company:

Decennial Means in Kilograms of Pure Metal and by Value in Pounds Sterling, 1660-69 to 1710-19

<table>
<thead>
<tr>
<th>Decade</th>
<th>TOTAL:</th>
<th>SILVER</th>
<th>Percent</th>
<th>GOLD</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Treasure</td>
<td>Exports</td>
<td>Silver</td>
<td>Exports</td>
<td>Gold</td>
</tr>
<tr>
<td></td>
<td>£ Sterling</td>
<td>kg.</td>
<td>by Value</td>
<td>in kg.</td>
<td>by Value</td>
</tr>
<tr>
<td>1660-69</td>
<td>74,022.4</td>
<td>5,729.6</td>
<td>69.5%</td>
<td>175.14</td>
<td>30.5%</td>
</tr>
<tr>
<td>1670-79</td>
<td>234,091.4</td>
<td>11,364.0</td>
<td>43.6%</td>
<td>1,015.30</td>
<td>56.4%</td>
</tr>
<tr>
<td>1680-89</td>
<td>383,707.7</td>
<td>29,276.0</td>
<td>68.5%</td>
<td>929.07</td>
<td>31.5%</td>
</tr>
<tr>
<td>1690-99</td>
<td>166,561.4</td>
<td>18,179.0</td>
<td>98.0%</td>
<td>24.69</td>
<td>2.0%</td>
</tr>
<tr>
<td>1700-09</td>
<td>377,008.9</td>
<td>36,294.3</td>
<td>96.7%</td>
<td>79.54</td>
<td>3.3%</td>
</tr>
<tr>
<td>1710-19</td>
<td>371,418.1</td>
<td>41,133.6</td>
<td>99.4%</td>
<td>14.97</td>
<td>0.6%</td>
</tr>
</tbody>
</table>
Table 4

Exports of Silver to India and East Asia:

by the Dutch and British East India Companies, in Kilograms of Pure Metal

Decennial Means, 1660-9 to 1710-19

<table>
<thead>
<tr>
<th>Decade</th>
<th>By the Dutch East India Co.</th>
<th>By the British East India Co.</th>
<th>Total Silver Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1660-69</td>
<td>11,563.1</td>
<td>5,729.6</td>
<td>17,292.70</td>
</tr>
<tr>
<td>1670-79</td>
<td>11,854.6</td>
<td>11,364.0</td>
<td>23,218.60</td>
</tr>
<tr>
<td>1680-89</td>
<td>18,847.0</td>
<td>29,276.0</td>
<td>48,123.00</td>
</tr>
<tr>
<td>1690-99</td>
<td>27,720.9</td>
<td>18,179.0</td>
<td>45,899.90</td>
</tr>
<tr>
<td>1700-09</td>
<td>37,392.9</td>
<td>36,294.3</td>
<td>73,687.20</td>
</tr>
<tr>
<td>1710-19</td>
<td>37,108.1</td>
<td>41,133.6</td>
<td>78,241.70</td>
</tr>
</tbody>
</table>

********************************************
Letter of Jean Colbert to Louis XIV, King of France (1670):

As there is only a fixed quantity of silver circulating in the whole of Europe, which is increased from time to time by import from the West Indies [Spanish Americas], it may certainly be proved that there is no more than 150 million livres [£] of silver circulating among the public. It is not possible to increase the stock of one country by 20, 30, or 50 million livres [£ tournois] without at the same time taking the same quantity from neighbouring states. Thus arises this two-fold increase, which has been so clearly discernible for several years past: on the one hand, the power and greatness of your Majesty increases, while, on the other hand, that of your enemies and ill-wishers falls.... I suppose that anyone would readily agree with this principle: namely, that it is simply and solely the abundance of money within a state that makes the difference in its grandeur and power.

Source:

QUESTIONS:

1. What was ‘Mercantilism’? Was it a clearly defined ‘system’ or school of economic theory or philosophy? If not, what did it represent? What types of policies and economic objectives, or political-economic attitudes may be described as being ‘mercantilist’?

2. How useful and accurate is Eli Heckscher's five-part 'systemization' of Mercantilism as: (1) a Unifying System (National Unification); (2) a System of Power; (3) a System of Protection; (4) a Monetary System; (5) a Conception of Society. In terms of Heckscher's categories, how successful was 'Mercantilism' in early-modern France, England, Spain, Germany, the Netherlands?

3. What are the medieval origins of ‘mercantilism’: especially in terms of ‘bullionism’ and ‘protectionism’?

*4. How did early-modern mercantilist writers define ‘money’ and ‘wealth’? How were the mercantilist concepts of ‘wealth’ of the early-modern era related to medieval ‘bullionism’?

*5. Why did most mercantilist writers advocate policies that promoted a bullion influx. Why was an increased stock of bullion or ‘money’ seen to be desirable for a nation: what were the rational and irrational reasons for acquiring more bullion. Under what circumstances could there have been a ‘shortage of money’?

*6. What was the ‘balance of trade’ doctrine? What were its objectives in terms of ‘mercantilism’ as a monetary system and as a system of protection (as in Nos. 2 and 5, above?)

7. What were the non-monetary objectives of mercantilist policies: in terms especially of mercantilism as a system of power and as a system of protection, as in No. 2 above?

8. What various possible roles or functions did overseas colonies have in mercantilist concepts and policies?

9. Why was the period 1650-1750 the ‘heyday’ of mercantilism?

10. What were the relationships between mercantilist policies and objectives on the one hand and national power conflicts on the other, in the 17th and 18th centuries?

11. Were ‘power and plenty’ mutually consistent or often contradictory objectives in the eyes of most mercantilists? How do national-power considerations of ‘mercantilism’ relate to other aspects of early-modern ‘mercantilism’ (as in No. 2, above)? In what ways would many mercantilist writers have viewed international strife and warfare as a ‘permanent’ condition of human society?

12. In what respects did mercantilist policies represent an advance over medieval commercial and monetary policies? In what respects were mercantilist policies relatively ‘liberal’, and paradoxically a step towards freer trade?

13. In what ways was ‘mercantilism’ opposed to the 19th-century economic philosophy of ‘laissez-faire’, of ‘economic individualism’, of the ‘Manchester’ or ‘Free Trade’ school of economics? To the French ‘Physiocrats’?
14. What effects did mercantilist policies of the 17th and 18th centuries have upon West European economic development: positive or negative?

15. What contemporary government economic policies may be termed ‘mercantilist’? Does Canada have a concern about its ‘balance of payments?’ Would most Canadians favour ‘Free Trade’ or ‘Protection’? Are you in favour of the free movement of goods, people, services, and capital: in and out of Canada?