**Lesson 1 – Reading 1 - Colonial Mercantilism**

The economic system of the United States under British colonial rule was called **mercantilism**. Mercantilism seeks to increase a nation's wealth and power by maximizing exports and minimizing imports. The American colonies were seen as a means to achieve this goal.

Key aspects of United States colonial mercantilism included:

**Trade Regulation**: The British government passed laws and regulations to control US colonial trade. They required that colonial goods be transported on British ships and that certain goods, such as tobacco and sugar, could only be exported to England. This ensured that the British benefited from the trade and had access to vital raw materials from the colonies.

**Monopoly**: The purpose of colonial mercantilism was to create a steady supply of valuable resources and raw materials from the colonies for the benefit of Great Britain. As a result, the colonies were limited in their ability to trade with other nations.

**Raw Materials**: The colonies were seen as a source of raw materials and resources. Great Britain would use the raw materials to create manufactured goods to sell in the colonies. The British relied on North American colonies for tobacco, cotton, indigo, timber, and furs.

**Limited Industrial Development**: Colonial powers discouraged manufacturing (factory) industries in the colonies. This kept the colonies dependent on the mother country for finished goods.

**Colonial Labor and Agriculture**: The colonies provided cheap labor for plantations and other agricultural activities. Enslaved Africans were brought to the Americas to work on plantations, further enriching the colonial powers.

**Impact on Colonial Economies**: Restricted economic growth, kept colonists dependent on Great Britain, limited local industries, and limited trade.

The colonial mercantilist system played a major role in shaping the grievances that led to the American Revolution. The colonists hated the restrictive trade practices imposed by the British and the lack of economic freedom. After gaining independence, the United States gradually adopted more liberal economic policies, moving away from the mercantilist principles of the colonial era.

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|  | **Colonial Mercantilism** |  |
| **What did the Mother Country (Great Britain) gain from the colony?** |  | **How were the colonies harmed by the Mercantile system?** |
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