

3.4 Economic Development and Mercantilism

Name: _____ Class: _____ Date: _____ **Total: 11 marks**

KEY WORDS mercantilism 重商主义

Objective

Build the skills to explain **mercantilism** 重商主义 as policy.

You must be able to:

- state the doctrine’s central claims
- name the policy instruments it produced
- explain the relationship between colonies and the parent state
- state one criticism of the doctrine

1 Worked examples

Study these first. Each one shows the method for a task used later.

■ The claims

Wealth is measured by bullion held; trade is zero-sum, so one state’s surplus is another’s deficit; and the state should act to secure a favourable balance.

■ The instruments

Tariffs and prohibitions on imports, monopoly charters, navigation laws requiring goods to travel in the state’s own ships, and subsidies to domestic manufactures.

■ Colonies

Colonies supply raw materials and buy manufactures, and are prevented from trading with rivals. The arrangement is designed to keep the balance favourable to the parent state.

■ The criticism

Trade is not zero-sum: exchange can raise output for both parties. Treating bullion as wealth also mistakes a means of exchange for the goods it buys.

2 Practice

2.1 State two central claims of mercantilist doctrine. [2]

2.2 Name two policy instruments it produced. [2]

2.3 A navigation law requires colonial goods to travel in the parent state’s ships.
(a) State the aim. [1]

(b) State one effect on the colony. [1]

3 Exam-style questions

3.1 Mercantilism treats trade as [1]

- **A** mutually beneficial
- **B** zero-sum
- **C** irrelevant
- **D** a private matter

3.2 The standard criticism is that exchange [1]

- **A** cannot occur
- **B** can raise output for both parties
- **C** always destroys bullion
- **D** requires colonies

3.3 A state accumulates bullion while its domestic output stagnates.

(a) State what mercantilist doctrine would conclude.

[1]

(b) Explain the flaw.

[2]

Solutions

2.1 any two of: wealth is bullion held; trade is zero-sum; the state should secure a favourable balance.

2.2 any two of: tariffs and import prohibitions; monopoly charters; navigation laws; subsidies to domestic manufactures.

2.3 (a) to keep the earnings from carriage and the trade itself within the parent state.
(b) higher costs and no access to cheaper rival carriers or markets.

3.1 B. one state's gain is treated as another's loss.

3.2 B. exchange is not merely redistribution.

3.3 (a) that the state has grown wealthier. (b) bullion is a means of exchange, not the goods it buys, so a state with more coin and less output is poorer in what actually matters.