

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

3.2 The standard criticism is that exchange [1]

- | | |
|---|---|
| A | B |
| C | D |
- 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]
