

# The Role of Mercantilism in Colonialism

Mercantilism became popular in Europe in the 1500s and was the primary reason behind Europe's desire to colonize new lands.

The theory of mercantilism states that there is a certain amount of wealth in the world and that it is in a nation's best interest to accumulate it. Through wealth, a nation can achieve power. A country achieves wealth by producing and exporting more goods than it imports. These goods must be sold at a **profit** for wealth to accumulate.

Profits are large when a country spends a small amount of money on **raw materials** needed to create a product and sells the **finished product** for a high price.

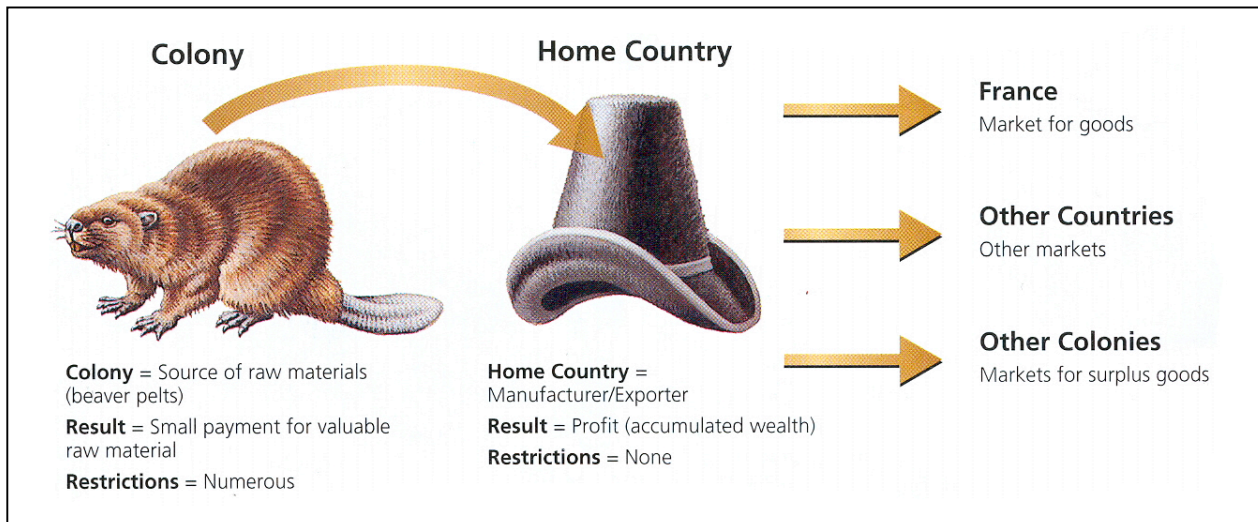
It is easy to see how a new colony in North America would be the perfect place for Europeans to find a steady supply of new raw materials.

Mercantilism was meant to serve the interests of the empire, not the colony. Colonies existed for the benefit of the home country. Colonies could not sell their raw materials to anyone but the home country, and they were not allowed to manufacture anything for export.

**Profit:** an excess of money after spending

**Raw Materials:** natural sources, such as trees or furry animals

**Finished Product:** a product that has been manufactured



Cranny, Michael (1998). *Crossroads: A Meeting of Nations* (p. 237). Scarborough, Canada: Prentice Hall Ginn Canada.