REVISIONS IN ECONOMIC HISTORY.

V. MERCANTILISM.

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THE Editor of The Economic History Review has asked me to write a short article on Mercantilism in the series "Revisions in Economic History." This has proved a more difficult task than I had anticipated, first because it presupposes in the writer a definite conception of what the accepted doctrine is; and that is not at all clear to me. Secondly, the vastness of the subject makes it literally impossible even to mention, in the small space available to me, the many instances where I find a different relationship between different parts of the subject than that usually described; or, generally, a new point of view. And even with regard to the somewhat arbitrarily selected points raised here it is impossible to give chapter and verse for my conclusions.[1]

The general weakness characteristic of the earlier treatment of mercantilism was the same as that prevailing in other fields of economic history, namely, the exclusively national outlook of scholars and their lack of theoretical analysis. The first defect places an undue emphasis upon dissimilarities between countries and even gives the impression that purely national factors were much more influential than they really were; the second is, in my opinion, even more damaging, as it frequently prevents scholars from seeing what the problems are and how they should be solved. When all is said, economic developments have followed similar lines all over the western world; and all economic developments, in whatever civilisation they are found, must raise problems akin to those of present-day economic life, though they give the historian the important advantage that he is able to see their outcome—which is far from being the case with contemporary conditions and occurrences.

As to the international aspect, I think that Sombart stands on a pinnacle of his own, but also Unwin (in his most important book) draws very instructive comparisons between England and France. With regard to a theoretical background to the treatment of mercantilism, I hardly know

[1] I must, therefore, confine myself to a general reference to my book *Mercantilism* (George Allen & Unwin, Ltd., London, 1935; two vols.). The—outspoken or implied—egotism of the present article is a matter of sincere regret to me; but what has now been said explains it to some extent. Fortunately, I am at the same time able to embrace the occasion of noticing some constructive criticisms of the book in question. Besides those mentioned below I should like to call attention to an article upon the German edition of my book, "Le mercantilisme: un état d'esprit," by Professor Marc Bloch, in the *Annales d'histoire économique et sociale*, vol. vi, 1934, pp. 160-3, and to the very valuable Introduction to the *Nuova Collana di Economisti*, vol. iii, "Storia Economica" (Torino, 1936), by the editor, Professor Gino Luzzatto.—For a summary, I may refer to the article on "Mercantilism" in the *Encyclopædia of the Social Sciences*, vol. x, 1933, pp. 333-9, though it contains some minor errors.

of any author since Adam Smith who possesses it, with the exception of Professor Viner. In addition to these two defects there is a third, *i.e.* the merging of the subject of mercantilism into that unwholesome Irish stew called " modern capitalism." If those two words have a distinct meaning, it ought to be connected with what is called in economic science " capital " ; and in that case mercantilism, though of course related to it, is to a great extent outside the subject. If, on the other hand, " modern capitalism " is an expression intended to cover everything in economic life that paved the way to modern conditions, it is simply a misleading name for the economic history of Europe since the end of the Middle Ages.

The different treatment accorded to mercantilism by, say, Adam Smith, Schmoller, and Cunningham is principally rooted in insufficient attention to the difference between ends and means. The ends of statesmen in the economic field between, say, the beginning of the sixteenth and the middle of the eighteenth centuries were of course diversified; but I think it may be said that at least two tendencies played a very great part, *i.e.* that towards the unification of the territory of the State economically and the use of the resources of their countries in the interests of the political power of the State—more of this below. But important as this was in itself, it does *not* constitute the most characteristic contrast to what came later. An illustration may be found in the fact that the foremost, and by far the most intelligent, among German mercantilists, Johann Joachim Becher, gave his principal work a title which differed only very slightly from that of the *Wealth of Nations*. Consequently, the most important difference did not lie in the choice of ends, but in opinions as to the best way of achieving those ends, *i.e.* in the choice of means. Through this, mercantilism became not only a specific type of economic policy, but, even more, a characteristic body of economic ideas; for the views as to what constituted the best means were rooted in conscious or unconscious interpretations of the tendencies of economic life. Through this, mercantilism came to mean a discussion of the relations between causes and effects of economic factors ; it paved the way to a theory of economics, in spite of having started from purely practical considerations. It is not, in this case, a question of a choice between theory and practice, but of practice leading unintentionally to theory. I do not think any student with a theoretical insight can fail to see, especially when studying the writers of the seventeenth century, how they came more and more, and almost in spite of themselves, to work out theories of the relation between causes and effects in the economic field.

Returning now to the ends pursued by mercantilist statesmen, opposite views have recently been expressed. A German scholar, Dr. Hugo Rachel, in a review in the *Forschungen zur Brandenburgischen und Preussischen Geschichte* (vol. xlv, pp. 180 *f.*), has said—in strong opposition to his own teacher, Schmoller—that the important point of view of mercantilist statesmen was not the idea of economic unity, but that of economic power. Though some of the facts adduced for this contention do not appear to me at all convincing, I think there is something to be said for this criticism of my previous treatment of the subject.[1] It is not only that the attempts at unity were, with few exceptions, failures—such was the result of the majority of mercantilist measures; even these attempts themselves were to a great extent half-hearted. It is difficult to find more than two bold attempts in this direction in the leading countries. One is the Statute of Artificers of 1563 in England, the other Colbert's tariff of 1664. Besides these two, the unifying measures in customs administration in Sweden in the seventeenth century were to a very great degree successful; but Sweden, like England, was a country where disintegration had been avoided in the earlier period, and consequently in Sweden the problem of unification was little more than a question of merging new territories into the body of the old. And that was effected without great difficulty.

This consideration gives rise to a suspicion that mercantilist statesmen did not take their unifying work seriously. They were, however, unable to shirk altogether the task of adapting the medieval framework of European society to new economic and social conditions. This task I have also interpreted, perhaps incorrectly, as part of the unifying work of mercantilism. It fell into two rather distinct categories. The one was concerned with "feudalism," *i.e.* the disintegration caused by more or less anarchical measures undertaken by the lawless or self-willed territorial lords and provincial nobles in their own interests. Briefly stated, there was little need for any activity against this tendency in England and Sweden. In Germany, on the other hand, the need for it was greater than almost anywhere else; but the efforts to overcome this anarchy came to very little. The country where both the need was great and something was done to satisfy it was France; the French monarchy was able to achieve some remarkable results in this field, though much of the old disorder was allowed to survive until the great revolution.

Even more important than "feudalism" was that particular type of disintegration which resulted from the independence of the towns; and in spite of some dissimilarities most European countries presented the same fundamental features in this respect. The author who has done most to elucidate this part of the subject is Georg von Below; and though his studies were almost entirely confined to Germany, and therefore left aside the most important countries in the mercantilist era, his conclusions appear to me to be generally unassailable, even when extended to other continental countries. The medieval towns had created the most consistent, vigorous and long-lived system of economic policy that has ever existed, the most important parts of which were the gild system and the internal regulation of industry in general, and the organisation of foreign trade and commerce. The fight against medieval municipal policy was most successful in the country in which it was least constructive—that is, England. There, after an attempt at a really constructive policy under the earlier Stuarts, the gild system was allowed to fall to

[1] For a strongly worded criticism of some of the utterances in this review see that by Professor Carl Brinkmann in the *Historische Zeitschrift*, vol. cxlix, 1933, p. 123.

pieces under the impact of new economic forces. When Cunningham gave the name of " Parliamentary Colbertism " to the policy pursued in the period after 1689, he should have added that it was Colbertism not only without Colbert, but also, which is even more important, without the vast administrative machinery created by Colbert—that it was, in fact, a system almost without any administrative machinery at all. On this point I think the views of Unwin were almost entirely correct. How far this explains the fact that what is usually called the Industrial Revolution came to England first, instead of beginning in continental countries—which were probably less backward than England before that time—is of course impossible to decide with certainty.[1] Many other factors made their contribution, and I can only record my personal impression that the absence of administrative control was one of the most important. The exigencies of space prevent me from going into the causes of the peculiar character of this disintegration of the old order of administration in England ; but further researches have in my opinion decidedly strengthened the view put forward by Professor Tawney, that the most potent force was the attitude of the Common Law courts.[2]

In this respect France was the opposite of England; and continental developments were mostly of the French type, though much less advanced. French policy, like that of the rest of the continental countries, consisted in a sustained and very painstaking attempt at regulation ; but it resulted in upholding, and greatly enlarging the sphere of, medieval methods, not in adapting them to a changing world. The great administrative power of the French monarchy enabled it to perpetuate the gild system and to spread it over a far greater area than it had regulated during the Middle Ages. Throughout the Continent the result was the same. Mercantilism made itself responsible for what bears the imprint of the Middle Ages, and carried the medieval system, especially in Germany, far down into the nineteenth century. Even the enlargement of the local organisations into national units—an important part of the policy of unification—remained for the most part on paper.

This policy was not altogether ineffective ; and least of all in France. If European industry had continued on the lines of its earlier development, catering for the needs of the upper classes or the Church, France would have remained the leading industrial country in Europe. When, on the contrary, industry came to mean mass production for mass consumption, the old system of regulation had to disappear. It is therefore difficult to assign any important positive influence to mercantilism, as it

[1] It may be noticed in passing that the interesting article by Mr. J. U. Nef, " The Progress of Technology and the Growth of Large Scale Industry in Great Britain," in this Review, v, 1934, ought—if at all possible—to be supplemented by a comparison between the *extent* of innovations at different periods of time ; for that a new process, or the erection of an extensive establishment, takes place does not give a measure of the actual importance of the new factor. See also " Early Capitalism and Invention," by G. N. Clark, vi, 1936.

[2] See also the article by Mr. Donald O. Wagner, " Coke and the Rise of Economic Liberalism," in this Review, vol. vi, 1935.

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worked out in practice, in the creation of modern industry, as contrasted to industry on the old lines. In foreign trade and business organisation the influence of mercantilism was much more complicated. The Dutch and English method of equipping trading companies with powerful privileges, not to say sovereign powers, certainly gave a great impetus to their development and was a characteristic example of western mercantilism. The initiative in these cases, however, was almost entirely private, and it is hard to say how far this policy, as embodied *e.g.* in the British Bubble Act of 1719, retarded the spread of new forms of business organisation to wider circles. But this exceptionally interesting and important subject must now with reluctance be left aside.

Summing up the results of mercantilism as a unifying system, there cannot be the slightest doubt that what it left unfulfilled was enormous when compared with its positive results. The real executor of mercantilism was *laissez-faire*, which did almost without effort what mercantilism had set out but failed to achieve. The most spectacular change in this respect was effected by the French *Constituante* in 1789-91; but English results were perhaps in the long run even more important, and in this case very little of what disappeared has so far come to life again.

The second of the aims of mercantilist policy emphasised by Cunningham—that of power—has met with a great deal of criticism from reviewers of my book, foremost among them Professor Viner (in this REVIEW, vol. vi, 1935, pp. 100 *f.*). I agree with my critics on that point to the extent of admitting that both " power " and " opulence "—to make use of the terms employed by Adam Smith—have been, and must be, of importance to economic policy of every description. But I do not think there can be any doubt that these two aims changed places in the transition from mercantilism to *laissez-faire*. All countries in the nineteenth century made the creation of wealth their lode-star, with small regard to its effects upon the power of the State, while the opposite had been the case previously. I think Cunningham was right in stressing the famous saying of Bacon about Henry VII: " bowing the ancient policy of this Estate from consideration of plenty to consideration of power."

The most important consequence of the dominating interest in power, combined with the static view of economic life as a whole, was the incessant commercial rivalries of the seventeenth and eighteenth centuries, which degenerated easily into military conflict. One of the most serious mistakes of Sombart in his treatment of mercantilism has been his iterated statements of the " dynamic " character of mercantilism, as contrasted with the " static " one of *laissez-faire*. It is true that mercantilists believed in their almost unlimited ability to develop the economic resources of their own country (a belief that was even more strongly held by nineteenth-century writers and politicians), but they only hoped to do so at the expense of their neighbours. That the wealth of the world as a whole could increase was an idea wholly alien to them, and in this they were " static " to a degree. The commercial wars were the natural outcome of this combination; they could not have played the same part either in the Middle Ages, when economic bias was truly "static," or in the nineteenth century, when it was "dynamic" throughout.[1]

But all that has now been said of the aims of mercantilist policy is less significant to economists than the mercantilist attitude to *means*. It must also, I think, be admitted that mercantilism was more original in this latter field than in the field of economic unity and economic power. This aspect of mercantilism reveals itself most clearly in its relation to two distinct though closely allied objects, commodities and money. It goes almost without saying that the need for a theoretical treatment is particularly great in this part of the subject.

With regard to commodities, it is necessary to stress the fact that they can be, and actually have been, viewed from at least three mutually exclusive angles. In the eyes of the merchant, goods are neither welcome nor unwelcome; they form the basis of his transactions, to be both bought and sold; he does not want to exclude them, but neither does he want to keep them. The consumer, however, is a partisan of "plenty"; he is bent upon ensuring a large supply, while sales interest him much less. Lastly, to the producer under a system of exchange sales are everything; in his eyes an over-supply is the ever-present danger, while he sees nothing objectionable in keeping the market understocked. It might, no doubt, have been expected that these three aspects of commodities should have existed side by side, either blended judiciously in the minds of ordinary sane people or represented by different social groups. To some extent this was so; but much less so than might have been expected.

The merchant's point of view can never have prevailed throughout, for the number of merchants must always have been small in comparison with the whole population. Still, it played a very important part, especially in medieval and sixteenth-century towns like Hamburg, Antwerp, Amsterdam, etc., which were made "staple towns" for different commodities; and that type of policy may therefore properly be labelled "staple" policy. The citizens were afraid of their city being depleted of necessities by unlimited exports on the part of the merchants.

The dominating feeling throughout the Middle Ages, mostly in towns, which were almost the only repositories of medieval economic policy, was the one natural to consumers; they wanted to hamper or prevent exports but favoured imports; their tendency was a "love of goods"; their policy may be called one of provision. It is easy to show, even statistically, how measures directed against exports were predominant throughout the Middle Ages, and how difficult this tendency was to overcome, especially with regard to foodstuffs. But however long-lived the medieval view was, it did not prevent an opposite tendency from gaining ground, a "fear of goods," a policy directed against imports instead of exports—in one word: protection. This became the mercantilist policy when concerned with commodities as distinct from

[1] The terms "static" and "dynamic" are used in a rather different connotation in present-day theoretical economic discussion; and their ambiguity would make it desirable to give them up in the social sciences altogether.

money; and I do not think there can be any doubt that it constituted the most original contribution of mercantilism to the development of economic policy. It became more and more all-pervading, carrying at last also the citadel of the "policy of provision," the encouragement of a great supply of foodstuffs; introducing in its stead import prohibitions or import duties on foodstuffs, as well as bounties on exports of food.

It is important not to overlook the fact that protection here does not mean simply interference with foreign trade. All the three policies now under consideration were in agreement about interference; none of them was anything approaching *laissez-faire*. The characteristic feature of mercantilism in this respect went much farther than that; it meant a particular attitude to commodities. The protectionist attitude may even be said to be natural to the man in the street in a money economy, where the connection between purchases and sales disappears, being concealed by the cloak of money. If so, the gradual advance of money economy during the later Middle Ages explains the likewise progressive spread of protection from the more to the less advanced countries.

It is well known from later discussions on commercial policy that one of the greatest difficulties of protection, from a political point of view, consists in the fact that the protection of one branch of production means an increased burden upon those branches which make use of its products. In other words, the question arises how the factors of production should be treated. This difficulty is insoluble in principle, but various practical solutions are always attempted. What is interesting from the present point of view is the solution found by mercantilism on two points which appear in modern eyes to be perhaps the most important of all, those of foodstuffs and labour. With regard to agriculture, the European continent long continued to regard it simply as a prerequisite of industry and therefore to keep down the prices of its products; but the opposite tendency, that represented by England, triumphed in the nineteenth century in almost every country. With regard to labour the early attitude retained its influence; for labour was not at all "produced" and therefore the quantity of it could be kept down without any disadvantage to "production." The outcome was the "economy of low wages," which had a host of advocates among mercantilists and dominated actual policy almost throughout; this aspect of the subject has been studied (from a standpoint different from mine) by Edgar Furniss in his far too little-known but really brilliant treatise, *The Position of the Laborer in a System of Nationalism*. It should be added, however, that this view was not quite universal among mercantilist writers, because it clashed with some other tenets of their mercantilism; and especially noticeable is an utterance by Daniel Defoe, who is otherwise the reverse of profound; almost alone among mercantilist writers he stressed the view that it is meaningless to be able to sell goods if this means impoverishing those who are producing them. This paved the way for the position taken up by Adam Smith.

We have now to consider the mercantilist attitude to money. Everybody knows the old definition of mercantilism, which identified wealth with money. Though there are many expressions in mercantilist literature which make this evident, it is necessary to interpret them in the light of their contexts and to give them the benefit of every doubt, for the writers were mostly practical people, unversed in difficult theoretical problems and often unused to putting their ideas on paper. It is easy to see the close relation between an eagerness for an excess of imports of precious metals and a policy favouring exports and hampering imports of commodities ; for the excess value of exports must be paid for by bullion or money. It is, however, a fact that mercantilism did not break new ground in wanting to increase the stock of money within a country. That was common before its time ; it existed during the Middle Ages, side by side and inconsistently with an eagerness to retain commodities other than precious metals at the same time. What mercantilism meant, so far, was the reconciliation of the commodity aspect and the money aspect of the problem by a new policy with regard to commodities. It is clear that in this consists its most fundamental innovation.

But, on the other hand, mercantilism as a system of money led to a more profound discussion of economic " theory " than can be found in any other part of its intellectual activity. The general result of an analysis of its teaching is that very few of its tenets can be explained by particular external conditions existing at the time, but that, on the other hand, most of its conclusions follow more or less naturally from quite plausible suppositions. It was therefore only to be expected that this first attempt to grapple with these difficult problems should result in the treatment they received at the hands of these early writers. I am afraid that what can be said within a short space on this part of the subject will appear even more dogmatic than the rest of this article ; but it is impossible to leave aside what to economists is perhaps the most interesting side of mercantilism ; and an attempt to explain these views must therefore be made. Mr. J. M. Keynes in his recent book, *The General Theory of Employment, Interest and Money*, has based a considerable part of one chapter (ch. xxiii) upon my treatment of some of these ideas, concluding that they were much more in accordance with a correct theory of economics than has been thought during the last century and a half and than I have been led to think myself. It could be wished that the discussion to which this book of Mr. Keynes, like all its predecessors, has given rise should be made to embrace the views of mercantilists ; but here I must confine myself to an explanation of how they arrived at their conclusions, without examining the correctness of their views.

It is difficult to understand, or at least to explain, the monetary views of mercantilists without distinguishing between their opinion of money or precious metals outside and inside the mechanism of exchange. Outside that mechanism there arose the view that money was more or less identical with capital. John Locke, the philosopher, is perhaps the best exponent of these ideas, as he is able to express himself with much greater clearness than most of the writers, without differing in substance from them. He explicitly said that money has a double function. First, it yields an income by giving interest and is of the same nature as land, which gives rent ;

here money is considered as a factor of production, as interest-bearing capital. When it was believed that money yields an annual income like that of land, nothing was more natural than that it should be coveted to an unlimited extent. That the inflow of precious metals was considered to be of utmost importance likewise followed from theoretical considerations, which are easy to explain without the assistance of a supposition that they had in actual fact some (unknown) specific purpose to fulfil. For, as is still often the case in popular discussion, consumption was considered to be of no value in itself, and a surplus over consumption was considered equivalent to an increase in wealth. This increase was naturally believed to consist in an addition to the stock of money available within the country; and as money, in a country without gold and silver mines and making no use of paper money, could only come from outside, the conclusion necessarily followed that only by an excess of exports of commodities over imports and a consequent influx of money could a country grow rich.

Considered inside the mechanism of exchange, *i.e.* as means of exchange, money had the all-important function of increasing circulation, from which followed innumerable benefits. In the eyes of many mercantilist writers, one of these was rising prices; Samuel Fortrey gave a succinct expression of this view when saying that " it might be wished, nothing were cheap amongst us but only money." It is easy to understand that the gospel of high prices went well together with that of scarcity of goods, or with fighting the danger of " a dead stock, called plenty." Besides, it was believed that a country which had low prices as compared with neighbouring countries would " sell cheap and buy dear," *i.e.* that the prices prevailing in the respective countries of production would determine those at which the commodities would be sold abroad—without considering that if *e.g.* English goods sold in France more cheaply than the French goods themselves, they would be in great demand and thereby be raised in price. The easily explicable eagerness for an ever increasing circulation at last gave rise to a particularly interesting variant of the theory, namely, paper-money mercantilism, represented in the first place by the famous John Law. It is easy to see that this tenet would do away with a great deal of the usual theory of mercantilism; for the need for precious metals, and consequently for an excess of exports, would disappear. But, before our own times, paper money was normally regarded with great suspicion, so that the old type of theory generally prevailed.

Lastly, mercantilism had a side which has until now been mostly overlooked. That may be called its general conception of society. The remarkable feature of this conception was its fundamental concord with that of *laissez-faire*; so that, while mercantilism and *laissez-faire* were each other's opposites in practical application and economic theory proper, they were largely based upon a common conception of society. No less remarkable is the character of this common conception, which is one that has usually been considered typical of *laissez-faire* and appears to be almost the opposite of mercantilism, as usually understood.

Especially noticeable is the likeness between writers like Sir William Petty and Thomas Hobbes on the one hand and the leaders of English utilitarianism, such as Bentham, Austin, and James Mill, on the other.

From other points of view the existence of ideas common to mercantilism and its successor ought to be less surprising, for they were in harmony with the general trend of thought dominating Europe since the Renaissance. Philosophically, their basis was the concept of natural law, and connected with that was a belief in unalterable laws governing social life in general, a growing tendency to stress social causality, and consequently to deprecate interference directed against effects instead of causes. On principle, mercantilist authors and statesmen not only believed in but actually harped upon " freedom," especially " freedom of trade " ; the expression, *la liberté est l'âme du commerce*, occurs hundreds of times in the correspondence of Colbert. To some extent this was doubtless due to the influence of the merchant class, though that influence was much weaker in a country like France than in England and Holland ; and the fundamental identity of outlook between these three countries shows the existence of other factors besides. The most important of these undoubtedly was the influence of what may be called, by a somewhat hackneyed word, emancipation—emancipation from belief in traditional political and social institutions, and the contrary belief in social change. Closely allied to this was the emancipation from religious and ethical ideas in the social field, a secularisation and an amoralisation. Mercantilists came more and more to recommend amoral means to amoral ends ; their most typical exponent in that respect was the Dutch-English physician Mandeville, but Sir William Petty belonged to the same category ; both, it should be noted, were entirely unconnected with the merchant class. Non-religious and amoral views came to light in every direction, in the treatment of interest-taking, in the recommendation of luxury, in the tolerance of heretics and Jews as favourable to trade, in opposition to celibacy, alms-giving, etc.

As I said just now, the remarkable thing is not the existence of these views, but the fact that while they were common to both mercantilism and *laissez-faire*, mercantilist and *laissez-faire* policies were poles asunder. I think the explanation of this apparent antinomy is to be found in one fundamental difference, namely, in the mercantilists' disbelief and the liberals' belief in the existence of a pre-established harmony. In the eyes of mercantilists the desired results were to be effected " by the dextrous management of a skilful politician " ; they were *not* expected to follow from the untrammelled forces of economic life. And the result was remarkable. If I may be allowed to quote a previous conclusion of my own : it was precisely this general mercantilist conception of society which led statesmen to even greater ruthlessness than would have been possible without the help of such a conception ; for though they had rationalised away the whole social heritage, they had not arrived at a belief in an immanent social rationality. Thus they believed themselves justified in their interference and, in addition, believed in its necessity, without being held back by a respect for such irrational forces as tradition, ethics and religion. The humanitarian outlook was entirely alien to them, and in this they differed fundamentally from writers and politicians like Adam Smith, Malthus, Bentham, Romilly, and Wilberforce. Lastly, the influence of their social philosophy upon their actions was weaker than that of their other conceptions.

There remains the question, whether it is admissible to speak of mercantilism as a policy and as a theory governed by an inner harmony; this has often been denied in later years, and quite recently by Mr. T. H. Marshall in a review in the *Economic Journal* (vol. xlv, 1935, p. 719). As to those parts called, in my sketch of mercantilism, a system of protection, money, and society, it appears to me beyond doubt that such a harmony existed. This does not, of course, mean that all statesmen and all writers were in complete agreement in their arguments, and even less that they all advocated the same measures. In the choice of practical issues they were greatly influenced by personal and class interests; but what shows the fundamental unity of their underlying principles is that opposite measures were advocated on the basis of a common body of doctrine. Also the fact that writers outside the clash of commercial interests, such as Petty and Locke, argued on exactly the same lines as the protagonists as well as the opponents of powerful commercial interests like those of the East India Company seems to prove it.

Needless to say, the relation between opinions on economic means and those on economic ends—the latter identical with commercial and monetary policy as applied to a unifying system and a system of power—was less intimate. However, the connection with the power of the State was quite clear to numerous statesmen and pamphleteers when they advocated protection and an increase in the supply of money; colonial policy is particularly enlightening in this respect, as can be seen, *e.g.* from the books by G. L. Beer. On the other hand, with regard to mercantilism as a unifying system, there is the difficulty that in England, where ideas on protection and money supply were for the most part elaborated, the unifying side of mercantilism was of small importance. On the Continent, however, Colbert presents a clear-cut expression of *all* sides of mercantilism as here understood; and he is not only the one great statesman who completely adopted mercantilism, but he was also given to working out on paper the principles underlying his actions to an extent uncommon among practical politicians. I therefore think it admissible to consider all aspects of mercantilism, as defined here, as interconnected, while admitting that the unifying aspect was more independent of the rest than the others were among themselves. This, of course, does not mean that what has here been called mercantilism belonged in all its ingredients exclusively to the period between the end of the Middle Ages and the nineteenth century. Like all other historical realities, it drew largely upon ideas and external realities surviving from previous ages, and in its turn influenced later developments. Mercantilism is simply a convenient term for summarising a phase of economic policy and economic ideas.