

The Political Economy of Mercantilism

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Mercantilism, Lars Magnusson believes, was at its core ‘a series of discussions that tried to grapple with a rapid developing world of commerce and the effects it had on polities and communities in Europe during the early modern period’ (p. 48). In order for early modern man to come to terms with these dramatic shifts it was necessary that a new ‘language’ should emerge, one which could be used to define the concepts required to ‘make sense of a brave, new and bewildering world of commercial relationships in Early Modern Europe’ (p. 220). This language was not, however, a static vocabulary, separated from *praxis*, but was instead a fluid and interactive driver of policy – state and otherwise. To quote Magnusson, ‘language is changed through acts of communication. By using language in *praxis* it is gradually transformed’ (p. 221). In such an assessment Magnusson is clearly attempting to bring together the often disparate themes of mercantilism into something more coherent. We must ask, however, whether such a view really brings anything new to the table?

In just over 220 pages *The Political Economy of Mercantilism* (one of the latest monographs from Routledge’s Explorations in Economic History series) covers strands of mercantilist discourse over the course of the early modern period, particularly from England, as well as the existing historiographical debate surrounding the matter. After a brief introduction, Magnusson outlines how mercantilism has been defined by academics; from the works which had done much to show the disparate nature of the term, whilst also providing their own arguments as to its definition (1) before focusing upon the challenges that have faced mercantilism, and how it has been discussed among academics over the last half-century or more. From D. C. Coleman’s view that mercantilism represented ‘a red-herring of historiography’ (2) to Terence W. Hutchison’s argument that mercantilism, due to its definition becoming too broad, should be avoided altogether (3) and on to Philip J. Stern and Carl Wennerlind’s recent attempts to ‘reimagine’ mercantilism (4), by way of Steve Pincus’ request that we ‘rethink’ the term, and the numerous replies that went with it.(5)

Magnusson is all for this ‘rethinking’ process, but in what direction? He fears that should we take the view of Stern and Wennerlind – ‘that Mercantilism was not a coherent “theory” or even policy’, with mercantilist writers failing to be economists in a more contemporary sense of the word (whilst some were ‘modern’, others looked back to Aristotle, whilst another group were Baconian reformers, including naturalists, colonial officers, politicians, preachers, and pirates), then the term might be diluted to ‘to a point where it

has no value at all' (p. 47–8). Instead, Magnusson draws us to the thesis underpinning this work, that central to mercantilism was the debate in which early modern actors sought to understand the rapidly changing commercial world they were a part of, and the impact these changes were having on European polities and communities of the period; a time of 'strife *within* empires and old political formations as well as *between* what later became nation states in order to establish power and recognition' (p. 48). The definition given by Magnusson, he asserts, is not one which presupposes states to have been coherent powers, but instead sees the discourse promulgated by mercantilists as one very much concerned with the 'building-up of strong bodies'. These works were not, however, wholly economic in form, but rather covered varied topics, from the natural world, to commerce, trade, and agriculture, but all, for Magnusson, were part of a larger mercantilist discourse, with its own emerging language (p. 48).

Magnusson works in the same manner as his previous extended work on the topic, *Mercantilism: The Shaping of an Economic Language*, and avoids any Whiggish interpretation of the debate (6); rather than looking for precursors, forerunners, or writers 'ahead of their time', he instead focuses upon the discourse in its own context. The remainder of the book is given over to discussing what are often understood as the central ideas of mercantilism – international markets, the favourable balance of trade theory (an 'untenable' tenet when the works of the period are considered), jealousy of trade, and the often cited confusion between wealth and money. As well as a considered look at the context in which the works emerged, and the financial innovations which occurred; banking, trading relationships, the growth of joint-stock companies. Whilst the main focus is the works which emanated from the British Isles (really England; Thomas Mun, Edward Misselden, Gerald Maynes, Josiah Childs, and many others) there are brief sections in the discussion given over to works emerging from the kingdom of Naples, Spain, France, the German countries (Cameralism), and the Dutch republic (Scotland is ignored, despite the obvious coverage of Adam Smith and the almost obligatory mention, when discussing financial matters of the period, of John Law).(7) Central to these divergent national debates, Magnusson claims, was the concept of 'power and plenty'. Writers in Italy, England, France, or anywhere else may have been covering a diverse range of topics, all pertinent to their own national situation, but at their core were shared 'ideas of how to achieve national wealth and power', with 'all of these discussions ... set in a wider context of a contest for power which focussed on international commerce but also the establishment of manufactures and own production' (p. 92).

However, in defining mercantilism as a language of discourse, is Magnusson really taking any meaningful steps forward? After all, to refer to it as a time period, arguably, amounts to the same thing. Magnusson's work is set in what we might consider to be the accepted 'age of mercantilism', with a particular focus on the writers of the 17th century. Thus 'mercantilism' may as easily refer to this period as to the ideas emerging during it. Indeed, how does one separate one from the other? Magnusson does state that many of the notions which emerged during this period did not simply fall away after the publication of Smith's *Wealth of Nations* in 1776.(8) Highlighting adherents to the so-called American system, such as Alexander Hamilton, or Matthew and Henry Carey, as having developed 'ideas which were based on the quest for national industrial protection'; with Hamilton being particularly noted for producing ideas similar to earlier adherents of the 'labour balance theory' (p. 222). Similarly, the ideas which have emerged from strategic trade theorists, such as Lester Thurow, James Brander, Barbara Spencer, and Paul Krugman, since the late 1970s, which argued that 'governmental support could bring forward a competitive advantage for a certain industry which could be of long-run gain for a specific nation', are highlighted as having their roots in mercantilism (p. 222–3). Yet, Magnusson does not refer to any of these theorists as mercantilists, nor does he draw in examples of so-called neo-mercantilism from the late-19th and early-20th centuries. Instead, mercantilism for Magnusson appears to remain tied to a specific period, suggesting time to be just as important as ideas and language in this thesis.

Magnusson's attempt to bring some kind of grand, structured, coherent narrative to the concept of mercantilism is comprehensively researched, covering the primary resources and the modern historiographical debate with great skill. Yet, whilst there are undoubtedly very few who are better versed than he in the subject, one can't help but feeling that his thesis, defining mercantilism as a discourse which attempted to understand new commercial frameworks and their consequences, whilst also aiming to give the

term a wider definition, falls a little short. The term quite simply refuses to go away. His is the latest in a collection of works which asks the academic to ‘rethink’, ‘reimagine’, or ‘reconsider’ mercantilism. Magnusson, along with Wennerlind, Stern, and Pincus recognise the problems surrounding the term, but still feels it is a worthwhile addition to the study of History. His definition, however, remains vague. He states in the preface to the work

Instead of depicting it as a coherent doctrine, I rather seek to define Mercantilism as a set of discourses appearing in the Early Modern period, roughly between the sixteenth and eighteenth centuries, that discussed how national power could be achieved by economic plenty, but also how plenty was dependent upon power (p. x).

As Jonathan Barth has recently commented, however, if it was ‘not for the time frame included in the definition, this would apply to practically any political economic system’.[\(9\)](#)

Lars Magnusson has previously asked ‘is mercantilism still a useful concept?’[\(10\)](#) The practice of placing a group of individuals, with different backgrounds and different interests, who were promoting schemes, some complex and difficult, others fairly rudimentary, covering a vast array of topics – trade, agriculture, fishing, banking, currency – into one bracket is highly problematic and fraught with hazards. In defining mercantilism as discourse and the language that made it possible, Magnusson is making a valiant attempt at clarity, and provides a classification that is perhaps more complete than most. That said, however, if one truly wished to view such discourses in their own historical context, then perhaps abandoning an *ex post facto* term, arguably designed more for convenience than clarity, may be the best option.

Notes

1. G. Schmoller, *The Mercantile System and its Historical Significance* (New York, NY, and London, 1896), E. Heckscher, *Mercantilism*, vol. I and II (London, 1994), & J. A. Schumpeter, *History of Economic Analysis* (London, 1954).[Back to \(1\)](#)
2. *Revisions in Mercantilism*, ed. D. C. Coleman (London, 1969), p. 117.[Back to \(2\)](#)
3. T. W. Hutchison, *Before Adam Smith, The Emergence of Political Economy, 1662–1776* (Oxford, 1988), pp. 4f.[Back to \(3\)](#)
4. *Mercantilism Reimagined: Political Economy in Early Modern Britain and its Empire*, ed. P. J. Stern and C. Wennerlind (Oxford, 2014).[Back to \(4\)](#)
5. S. Pincus, ‘Rethinking mercantilism: political economy, the British Empire, and the Atlantic World in the seventeenth and eighteenth centuries’, *The William and Mary Quarterly*, 69, 1 (January 2012).[Back to \(5\)](#)
6. L. Magnusson, *Mercantilism: The Shaping of an Economic Language* (London, 1994).[Back to \(6\)](#)
7. See chapter three, ‘Power and plenty’, pp. 54–99.[Back to \(7\)](#)
8. A. Smith, *An Enquiry into the Nature and Causes of the Wealth of Nations*, (Petersfield, 2007; 1776).[Back to \(8\)](#)
9. J. Barth, ‘Reconstructing mercantilism: consensus and conflict in British imperial economy in the seventeenth and eighteenth Centuries’, *The William and Mary Quarterly*, 73, 2 (April 2016), 257–290, 260.[Back to \(9\)](#)
10. L. Magnusson, ‘Is mercantilism still a useful concept?’, in *Merkantilismus: Wiederaufnahme einer Debatte*, ed. M. Isenmann (Stuttgart, 2014).[Back to \(10\)](#)

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