Even before the first boatload of Englishmen landed at Jamestown, Virginia, European countries had experimented with empire building, engaging in the system of mercantilism. Although it was never a cohesive system, and changed from nation to nation, its variations had similar characteristics and, most important, a shared economic philosophy. First and foremost was state control over human behavior -- the belief that many aspects of a nation’s economy had to be regulated. With the acquisition of colonies came the recognition that their purpose was to satisfy the needs of the mother country. The regulation of economic activities in the colonies, then, centered around the accumulation of wealth for the European power, at the colonies’ expense. The degree of control varied according to the nation. In the 1500s Spain and Portugal exerted strict control over their colonial inhabitants. However, the British were more lax in governing their colonies.

For the first 150 years after the initial settlement at Plymouth in Massachusetts, English control over the colonies was minimal. With all her involvement with European nations in wars of conquest, little energy or time was available to dictate the colonies’ economic options. Three thousand miles of ocean made it difficult to monitor such a policy.

Nevertheless, as the colonies grew and became more prosperous, the English realized that the colonies could provide increased trade, if competition could be eliminated. Americans had established profitable trade with other countries, notably the Dutch. In order to increase her wealth, Britain tightened the economic noose around the neck of the colonies by implementing regulatory polices, thus changing in degree her relationship with the colonies.

From 1650 on, England instituted a series of laws of trade and navigation known as the Navigation Acts. Their purpose was to limit colonial trade to the British only. In order to accomplish this, all trade between colonists and the British was to be conducted on either English vessels or colonial built vessels. If colonists intended to trade with any other nations, all goods had first to be shipped to England, giving her an opportunity to handle them and collect revenue from taxation. In addition, there were certain products that could be traded only with Britain, such as tobacco, sugar and cotton. As time went on, the list of enumerated goods grew -- continually decreasing merchandise that the colonists could sell to other nations.

In keeping with the general policy of mercantilism, England encouraged the colonists to specialize in the production of raw materials. English factories converted raw goods to products which were then shipped back to the colonies. This provided the British with a profitable market, free from competition. In order to discourage manufacturing, regulations governed certain industries that would have been competitive with the British, such as the woolen-garment industry, hatmaking, and the iron industry. Meeting domestic needs was permissible within the regulations; they were intended mainly to prevent exports.

Even though many of these restrictions were on the books, they did not cause havoc to the North American colonists as was the case with those in the Spanish and Portuguese colonies. In fact, there were many advantages that the colonists received from this system, such as having a built-in market from their raw products. Also, trade regulations were not rigidly enforced.

With the culmination of the French and Indian War in 1763, the British were victors in the world struggle for commercial supremacy and their policies of mercantilism changed. Now they began to enforce their mercantilist policies, which led to intensified animosity between the English and their colonies.

Having tasted economic independence for too long a period, the American colonists had no desire to return to the mercantilistic policies endured by the colonies of other European nations.