

## AMERICAN IDEAS ABOUT TRADE

### Why did Americans want to expand their foreign trade after the American Revolution?

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American businessmen in the late 18th and 19th centuries were very interested in finding markets all over the world for their goods and actively pursuing opportunities for foreign trade. The young nation needed to earn money to pay back war debts and to develop its own institutions, infrastructure, and economy. Remember, too, that England had always been the Americans' biggest trading partner, but after the revolution this relationship was seriously damaged. The United States had to find new trading partners in a global economy gripped by European mercantilism. As the nation began to manufacture its own goods rather than importing them from England, finding places to sell these goods became urgent. Increasing the amount of trade seemed natural and sensible to Americans. In fact, they believed trade to be of such obvious importance and advantage to a nation's power and economy that Americans often did not realize that this zeal for foreign trade was part of their "world view"—Americans' own way of looking at the world which could differ from that of people living elsewhere.

### Where did Americans get their ideas about trade and economics?

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Americans, brought up in the tradition of Western Europe, held similar views on economics and trade as did the peoples of England, Spain, and France. Since the early 1600s, European philosophers and scholars had been writing about trade and economics and their relationship to the strength of nations. The ideas of mercantilism became dominant and countries competed to control markets. This was done by monopolizing access to markets through political control of home ports or colonies and by awarding monopolies to companies for trade in certain goods or with specific places. Americans had to compete in this relatively closed market system after independence.

### Do you think American merchants expected the president of the United States to tell them what they could and couldn't do?

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Generally, Americans believed that supply and demand should control trade—not politicians, and certainly not one person, such as the President. The profitability of a given trading endeavor was determined by things like the availability of goods, the consumer demand, the feasibility of transporting the goods, and whether or not a foreign market would allow American ships into its ports. The view of foreign trade which emerged for Americans was one in which merchants were free to pursue the most advantageous trading strategy they could devise, without having to worry about restrictions put on them by the United States government, or any other government for that matter. This idealized concept came to be known as "free trade."

## ● QUESTIONS

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1. Define the following terms:

*supply*

*consumer demand*

*competition*

2. Give an example of supply, demand, and competition in 18th century trade between the United States, European nations, and China.

3. How did these three factors interact or affect one another?