



AP[®] European History 2002 Sample Student Responses Form B

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Economic policies strongly influence a nation's standing and are usually influenced by the political implications of the era. In the 17th century, as absolutism flourished in France, Louis XIV adopted a mercantilist policy under Jean-Baptiste Colbert as the ~~most~~ best way to increase his country's and his own individual wealth. In contrast, a century later, Adam Smith would rebel against mercantilism in the light of the Enlightenment, strongly influencing capitalism and liberalism, two theories that would have profound influence in the 18th and more significantly in the 19th century, when the middle started to rise in social standing in Europe.

Mercantilism was the dominant economic policy for France in the 17th century. It was primarily strengthened by Louis XIV's finance minister, Jean-Baptiste Colbert. Colbert ~~was~~ advocated French expansion into foreign territories as

sources of raw materials and markets for finished goods. To strengthen France, he encouraged French domestic industry, manufacturing raw materials within France through the encouragement and development of various industries. To facilitate internal trade, Colbert abolished internal tariffs and spent vast sums of money building roads to again, help French domestic industry. He also built a large merchant fleet, and, in order to achieve the mercantilist 'favorable balance of trade' insisted on the export of goods exceeding ~~those of those~~ ^{those} of imports. With all these reforms, Colbert managed to bring the French national debt of 24 million pounds to a surplus of 22 million pounds during his rule. However, because mercantilism relied ~~so~~ so heavily on bullion (gold and silver) it was not necessarily the most able long-term economic policy for most nations. Instead, as time progressed, Western European countries, most notably England ~~in the~~ adopted a more liberal attitude ~~towards~~ economic policy very different from that of mercantilism.

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(New passage)
- This economic policy was best expanded by the Englishman, Adam Smith in the middle of the 18th century. A physiocrat, Adam Smith believed that competition could be socially beneficial to a nation. In his 'Wealth of Nations' Smith asserted that if the most able of societies' citizens were able to run the country's industries then productivity would increase and prices would lessen, to benefit society. Furthermore, Smith believed that this competition would result in only the best products as people would compete ~~for~~ to create the best products to sell to the public. Smith's 'invisible hand theory' or laissez-faire (literally let-do) capitalism was strongly advocated by a rising middle class in the 18th century. The middle class saw laissez-faire capitalism as a way to rise in society and gain more political power. During the Industrial Revolution, especially, industrialists and factory owners gained increased wealth as a result of laissez-faire economics.

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Mercantilism and laissez-faire capitalism are two very different economic policies that influenced Europe in a profound way, although at different times. Jean-Baptiste Colbert and Adam Smith offered very different recommendations to increase the wealth of their nations. Colbert advocated the expansion of his country to foreign territories as a source for raw materials. In contrast, Adam Smith frowned upon colonization and exploitation of foreign territories because he believed it inhibited free trade ~~and~~ ~~that~~ ~~that~~ ~~was~~ ~~not~~ ~~beneficial~~ ~~to~~ ~~the~~ ~~nations~~. These economic policies were put into effect at different times, but in different countries but both sought to increase the wealth of their individual nations.

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Jean-Baptiste Colbert and Adam Smith, one as the 'father of mercantilism' and other's 'Wealth of Nations' as the 'Bible of capitalism', both sought to increase the wealth of their respective countries, but their recommendations ^{were} totally opposite from each other as one was controlling and the other was letting it go.

Jean-Baptiste Colbert, the financial minister of the 'Sun King' Louis XIV, was considered 'the father of mercantilism'. He suggested that the nation's wealth was come from firm government control on the trade. Through colonialism, the colony must served as markets for the mother country and keep sending raw materials to the mother country for its industrial development. Colbert claimed Canada as France's colony in order to fulfill the mercantilist goal. In order to be wealthy, a nation's export must greater than its import. This balance of trade served as the main key of mercantilism, and in order for this balance, the nation must have a specialized products to compete with other countries. In the system of mercantilism, the individual merchants were put to the lowest and were to obey the government. France ^{Hitler's point} under Colbert did develop its economy to its

Adam Smith, who pioneered in the Enlightenment ideal of natural law, disagreed with the mercantilist idea totally. In his book of 'the Wealth of Nations', Adam Smith attacked the mercantilism and pointed out that in order to develop economy, the control from the government was not needed and there was always an invisible hand controlling instead. The

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best idea was ~~the~~ free trade. Adam Smith idea was supported by the laissez-faire and would develop into the capitalism, in which everyone does his own investment and trade freely between one other. The Industrial Revolution fulfilled Adam Smith's ideas and actually made Britain and many Continental countries wealthy, leading to a liberal and free society.

Colbert and Adam Smith, had been successful in making each of their respective countries economically developed in different time periods. This means mercantilism and capitalism both have their reasons to give wealth even though they are totally different.

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was distributed between the king and the members of the Parliament. Though other factors such as culture, religion, geography and economy also come in play, political differences were largely a cause for the different paths the two countries took.

During the period from 1640 to 1780, two distinct forms of government; absolute monarchy and constitutional monarchy developed in the two major European nations, France and Britain. Perhaps from these two ^{fundamental} political theories formed other political ^{models} ~~the~~ ~~of~~ ~~modern~~ ~~times~~.