Mercantilist Warfare*
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ABSTRACT

Warfare is an important and common subject in discussions on mercantilism. However, the idea of a mercantilist (type of) warfare rarely appears in the specialized literature. This article begins with a historiographical review of the uses of mercantilist warfare. It identifies mercantilist warfare has been used mostly as a name and not as a proper concept for social scientists. In the final section, I make the case for the usefulness of mercantilist warfare as a concept by providing an explicit definition and identifying four historical periods that highlight how mercantilist warfare changed over time: emergence (c.1500-c.1650), consolidation (c.1650-1815), hegemonic stability (1815-1871), and crisis (1871-1914).

KEYWORDS: Mercantilism, gunboat, naval warfare, violence

INTRODUCTION

The idea of Mercantilism has had a pervasive impact in historians’ account of the early modern period, histories of international relations and economic thought, and public debates over a wide set of themes ranging from protectionist tariffs to declarations of war. Despite being widely employed throughout history, mercantilism was and still is an ambiguous term without a universally accepted definition.


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Thus, any investigation of ‘mercantilist warfare’ must first cope with the ambiguity the ‘mercantilist’ adjective adds to proper analytical and historical accounts of different types of warfare. In the next section I offer a historiographical review on how historians have addressed mercantilist warfare. The lack of an explicit use of mercantilist warfare as a concept and not just a name or term is one of the main problems found on this review and that this paper seeks to address.

In the last section, I develop an innovative conceptual definition of mercantilist warfare that does not differ radically from previous uses, but advances a few steps in the generalization of its defining characteristics. It offers an exploratory analysis based on this definition to understand the peculiarity of war and international trade in the early modern period. I propose a timeline of how mercantilist warfare changed from early 16th century until late 19th century, dividing it in four phases.

**THE HISTORIOGRAPHY ON MERCANTILIST WARFARE**

Despite its wide range of academic uses, there has been scarce agreement over what mercantilism really is (if it exists) and what it implies. Nevertheless, in the last couple of years we have witnessed a rising interest on mercantilism and more than one profound reappraisal over its meaning and significance. These recent works have increased our understanding of mercantilist thought and practices, but not without critical receptions. While rightly stressing their undoubtful historical quality, some critics consider they may have fallen short of making a convincing argument for why mercantilism should be regarded as a useful, coherent concept for historians. Emphasis on discourse, controversy, and political debate have positively stripped mercantilism from the dogmatic view it once had, but it is not clear what solid ground

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remains in defending the concept.\(^3\)

I argue mercantilism and ‘mercantilist’ are probably best understood as pertaining to the class of concepts that Gallie classified as “essentially contested”.\(^4\) Today, outside academia or even in some academic circles, it is commonly used as a term to express derogatory notions (i.e., bunked economic theory, primitive accounts of balance of trade, aggressive economic measures, rent-seeking, beggar-thy-neighbor politics and worldviews, among others).\(^5\) Its qualifications are always full of internal complexities, such as whether it is an explicit theory or fruit of pragmatic decisions undertaken by men of action; or if it causes international conflict or only presupposes international conflict as inevitable. Qualifying as ‘mercantilism’ or ‘mercantilist’ can assume very different meanings as circumstances, time, and place change, and most of these different meanings seem to have some grounds for justification. The ‘mercantilist’ adjective has been pervasive and recurrent through the last hundred years or more and it will probably remain a subject of debate in the future.\(^6\) And finally, most uses of the term involve a certain defense or critique of what the term implies compared to other uses.

As Gallie argues, a productive approach to diminish ambiguity and provide clarity when dealing with essentially contested concepts is to uncover their conceptual history. A review of the vast literature on mercantilism would go beyond the limited pages of this chapter. On the other hand, the idea of mercantilist warfare has been explored much less extensively, despite mentions to warfare when discussing mercantilism being very common, so it may prove itself useful to review the authors that have so far employed the term in their analysis.


\(^5\) That’s a tradition dating back to the 19\textsuperscript{th} century. See Joseph Alois Schumpeter, History of Economic Analysis (Oxford University Press, 1954)., Part II, Chapter 7, The ‘Mercantilist’ Literature.

Its origins can be traced back to J. H. Dales  *The Discoveries and Mercantilism.* In a discussion about the strategic superiority of bilateral agreements over free trade policies, Dales states “mercantilist warfare was not always merely economic” to emphasize how regulatory disputes were only part of a broader context of European political and military conflict. The author does not develop nor clarifies the meaning of mercantilist warfare, but we can infer he is using it to address a type of legal bargaining over terms of trade that can be more aggressively pursued to make other states commit to it, instead of depending on reciprocity and cooperation as the unilateral adoption of a free trade policy would implicate.

Dales’ arguments follow the lines of Charles H. Wilson general view of mercantilism as a guideline rationally well-suited to answer problems of early modern economic and military realities. Wilson made no use of the term ‘mercantilist warfare’, but he establishes at least one causal chain linking warfare to mercantilism. War increases the need for large numbers of basic and strategic resources while simultaneously decreasing the potential number of trustable sellers of such resources. Policies inspired by economic nationalism such as higher than normal protectionist tariffs, and extensive laws on the operations of markets, point towards improved autarchy capabilities that may prove decisive for sustaining war efforts for long periods of time.

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8 “The query of the Discourse mus must have been repeated by a long line of succeeding generations of men concerned with matters of national defence. ‘…if both war and dearth should come together… how should we do? Surely we should be in a very hard case, and much in danger of strangers.’ Now by the time Mun’s work was printed in 1664 (almost certainly as part of the deliberate propaganda campaign against the Dutch which preceded the outbreak of war in 1665) some changes had overtaken the Baltic trade. Dearth was less a danger, war a greater one… The strategic importance of the Baltic trade was unquestioned: control of the Baltic – *dominium* Maris Baltii – was a prime issue in the Dutch wars.” Charles Wilson, “Treasure and Trade Balances: The Mercantilist Problem,” *The Economic History Review* 2, no. 2 (1949): 152–61, doi:10.1111/j.1468-0289.1949.tb01118.x, p. 154.
Except for Dales premature mention, uses of ‘mercantilist warfare’ in the last 30 years come almost single handedly from the influential work of economic historian Patrick O’Brien. There are reasons to believe O’Brien may have been influenced by Dales, but if he did it was an indirect influence at best. O’Brien first papers using the concept in 1988–9 had among its references Wallerstein magnum opus, The Modern World System I. Wallerstein was aware and made extensive use of Charles Wilson and E. E. Rich discussions cited by Dales. And finally, he also

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references Rudolph Blitz, an author that directly follows Dales’ and Wilson’s general approach to reflect on the reality of mercantilism.\(^\text{12}\)

Mercantilist warfare first appearance in O’Brien’s texts is in his treatment of the costs and benefits of British Imperialism. He mentions it when he says his article will not focus on “some three centuries of mercantilist warfare for the control of the seas and of territories beyond western Europe”.\(^\text{13}\) The period he probably refers to ranges from c.1500 to the end of Napoleonic Wars (1815), a date that is restated in some of O’Brien later works.\(^\text{14}\) He makes only brief mentions to warfare and mercantilism before 1650, so it is hard to know what exactly is he referring to when he says mercantilist warfare begun circa 1500. The fact O’Brien discussions on mercantilist warfare are mostly situated in a concern with British history also adds to the challenge of inferring a general concept of mercantilist warfare from his works.

A more generalist hint can be found in The Cambridge Economic History of Modern Europe.

> “Trade profited merchants, but also yielded revenues to the state; while the state needed revenues to secure trading opportunities for its merchants, by force if necessary. Trade and empire were thus inextricably linked in the minds of European statesman during the early modern period, which explains the incessant mercantilist warfare of the time.”\(^\text{15}\)

The authors later emphasize bilateral trading restrictions as a defining

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\(^{15}\) Kevin H. O’Rourke, Leandro Prados de la Escosura, and Guillaume Daudin, “Trade and Empire,” in *The Cambridge Economic History of Modern Europe*, vol. 1, 2 vols. (Cambridge University Press, 2010), 96–120.
aspect of the mercantilist age, but mercantilist warfare itself is not explained and there is no indication it is meant to be an organizing concept. Past historiography thus leave us with little ground to develop a concept of mercantilist warfare. In the next section, I define the concept hoping it proves itself useful for historians and social scientists.

MERCANTILIST WARFARE THROUGHOUT HISTORY

Even though most authors have emphasized trading agreements and regulatory disputes as defining aspects of mercantilist warfare, these accounts give much greater emphasizes to the ‘mercantilist’ aspect than to the underlying aspects of warfare. The conceptual definition of mercantilist warfare proposed here will address these regulatory disputes considering North, Wallis, & Weingast theoretical approach. It understands rent-seeking grants to elite groups tend to occur because of their privileged access to violence capabilities and the governmental need to compensate them from refraining from using their power in organized violence. As the state attempts to establish a monopoly over the legitimate use of violence, there is an interest in paying and/or giving privileged rights to groups with access to violence so they become partners in state affairs. That is a crucial insight to understand the causal chain that begins in sociotechnical capabilities, goes through organizational structures and arrives at institutional forms.

Mercantilist warfare can be defined as warfare that is strictly dependent of dispersed organized groups controlling an asset that simultaneously fulfills three characteristics: (1) It is the most expensive and complex military asset available; (2) It is one of the most expensive and complex fixed capital investment available; (3) It is the only cost-effective mean of provisioning large-scale transportation services.

If a conflict would depend on how to mobilize groups controlling assets with these three characteristics, it is a clear case of mercantilist warfare. If these conditions appear to be too restrictive, it is even more amazing

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16 Ibid, p. 100.
that such conditions were met for centuries.

Accepting this definition means improvements in European vessel and gunnery technologies in late 15th century must account for the rise in mercantilist warfare and its importance for geopolitical conflicts for the next three centuries. Starting in Portugal and Spain, European maritime vessels became significantly more complex than past trading vessels.

Gunpowder, cannons, metallurgy, sails, and a specialized workforce became mandatory for long-distance trade and new tactics in maritime battles by late 16th century became decisive to guarantee access to maritime lines of communication. These vessels could be used for cost-effective large scale transportation and trade, but also for private and governmental uses of violence and warfare. Merchants and captains had to be prepared to defend their assets from pirates, privateers, and foreign vessels, meaning trade could hardly be thought of as an enterprise distant from military concerns.

Moreover, since the means employed in mercantilist warfare were both military and capital investments, stimulating opportunities of profitable trade was also an intelligent way of diminishing the huge costs of maintaining an operating fleet in the seas. It was not mercantilist thought that created an artificial, bunked symbiosis between political, military, and economic goals. The materialist foundations of mercantilism were themselves a symbiosis between these different rationales and mercantilist thought was just an intellectual reflection upon this reality.

A navy incapable of conducting profitable trade was doomed to drain more tax resources and, most importantly, to spend less time deployed overseas. A merchant marine incapable of engaging in violent activities was bound to have its property confiscated, or lose access to foreign ports and communication lines. European navies in the early modern period were thus “mercantilist” by nature and the type of war waged between the groups involved in maritime affairs can adequately be named “mercantilist warfare”.

The regular waging of mercantilist warfare did not just destroy military assets. It also destroyed extremely expensive fixed capital goods, thus targeting enemy economies just as much as it targeted its military capabilities. Specific strategies of targeting enemy economies like the
ancient practice of burning agricultural lands or modern strategies like the aerial bombing of enemy industries were not needed in mercantilist warfare. The normal conduct of war was also an actual targeting of important enemy economic capabilities, especially in international trade and the tax revenues thereof. At the very least, it reduced enemy chances of accessing markets overseas and further expanding pathways to trade.

We can clearly see one of the very peculiar, mercantilist, characteristics of such type of gunboat warfare. To lose position in the commerce of any commodity was not merely a change in GDP, import, or export, but was also lost territory – maritime routes, to be specific. Long distance maritime trade was a national and corporate enterprise responsible for a substantial share of diplomatic influence, power projection, resource denial, tactical support, military deployment, and resource transportation.

However, mercantilist warfare underwent important changes over the centuries. We can briefly distinguish four different phases in mercantilist warfare spanning from c.1500 to the First World War: emergence, consolidation, hegemonic stability, and crisis. There is not enough room here for a complete account of these phases, so I will emphasize only their most fundamental aspects.

Emergence (c.1500-c.1650)

Permanent navies controlled by states were rare before the late fifteenth century. The emergence of mercantilist warfare occurs slowly between late 15th century and middle 17th century as naval innovations improve on previous European technologies for maritime transportation. Portuguese innovations like the Nau, Caravel, Galleon, Naval Gunnery, Oceanic navigation, and the concept of an oceanic base network were all necessary steps for the upcoming maritime and regulatory conflicts.

State attempts to establish monopoly of violence at sea was a slow process of bargaining that involved asserting property rights, legal rights and duties, patents, legal contracts, etc. In the seas, private agents access

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to violence cannot be directly compared to the access to violence that bandits, criminals, and other armed groups still had inland. That is because merchants, pirates, privateers, and corsairs also played an important role in disrupting enemy vessels, trade, access to maritime communication lines, and overseas markets. Thus, active and self-conscious rent-seeking behavior by organized groups involved in maritime affairs was more likely to be accepted by governments in search of legitimatizing their flags at the sea than non-elite violent landed groups.

During the period when mercantilist warfare was emerging, attempts to establish a monopoly on the legitimate use of maritime violence were made by Portugal, Spain, England, France, and the Netherlands. However, for all of them it would be impossible and self-defeating to do so counting only with their own state navies. There were huge economic benefits in negotiating a public-private solution to the provisioning of violence and security overseas.

These first 150 years are characterized by a decentralized organization of violence at sea. A lack of formal, bureaucratic, hierarchical, and permanent navies forced every European state to heavily rely on merchant fleets and privateers to win maritime conflicts and attrition wars. Merchants, pirates, privateers, and incipient state navies disputed maritime communication lines, access to foreign markets, provision of protection services and the active use of violence to open ports overseas. It was a period marked by a series of wars between European states and royal dynasties, with important naval wars that had decisive consequences for the shift of the center of the world economy from the Mediterranean to Northwestern Europe.

As Figure 1 shows, the long period when mercantilist warfare emerged saw profound shifts in the distribution of power overseas. The fall of Spain and Portugal dominance, the ascent of the Netherlands as a global power, and, by middle 17th century, the rise of the English naval might.

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20 An important discussion over maritime sovereignty took place, *mare liberum* (defended by Hugo Grotius) versus *mare clausum* (defended by Selden). Downing was not slow to remark, that *mare liberum* might be the rule in Europe, but *mare clausum* ruled in the tropics. See Wilson, *Profit and Power*, p. 146.

21 Glete, *Warfare at Sea, 1500-1650*. 
Private merchant vessels also followed this pattern. The first half of the 17th century witnessed the decline of the Portuguese and Spanish Navies, and the ascent of the Netherlands, France and England. Wars against Spain greatly reduced its powers overseas, specially the Dutch-Spanish Wars in late 17th century. The first trading company was created shortly after, the Dutch East India Company (1602). Innovations in financing and governance in this period tried to cope with difficult issues in the growing costs and complexities of these risky and expensive capital investments, like limited liability companies and joint-stock companies.

Figure 1 Proportional distribution of global power warships, 1494–1654

Consolidation (c.1650-1815)

Mercantilism had a strong reciprocity with naval power development, as the histories of Sir George Downing, James Duke of York and Jean-Baptiste Colbert attest. Providing the reasons for why mercantilist practices, policy and “theory” were suited for its underlying reality does


not equal saying they were always well-guided, adequately executed, nor yielded good consequences. Successful attempts to create permanent, bureaucratic, hierarchical, and formal navies make this period fundamentally different from the previous 150 years of dispersed power in the oceans. The period is characterized by a marked dispute between three European great naval powers England/Great Britain, the Netherlands, and France. Despite recurrent warfare between these great naval powers, increased transportation and security capabilities made it possible to increase trade networks far beyond the pre-1650 limits.24

Figure 2 Proportional distribution of global power warships, 1655-181525

This verticalization process in state navies relate to common liberal and Marxist accounts that link the Absolute State with mercantilist policies and mercantilist economic thought. Statist attempts to balance a consent between rising merchant elites with traditional landed aristocracy mark the distribution of rights during this period.

The amount of profits a given war might render is not a necessary nor

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24 O’Rourke, Prados de la Escosura, and Daudin, “Trade and Empire.”
a sufficient condition to make this association between merchants and navies probable nor productive. Merchants do not refuse the help of an official navy and are willing to collaborate with efforts to defend property rights overseas and open ports to European trade. Maritime warfare was nothing short of a territorial dispute over who controls major transportation and communication lines. Any immediate expectation of profits would be met with great risk and uncertainty, whereas guaranteeing the long-term safe access to a foreign port or a navigation line was a much more feasible objective for navies and merchants alike.

Britain made the necessary complements to organized mercantilist warfare by institutionalizing an improved system of public debt finance. Industrial development in Britain, itself related with the doors opened by mercantilist warfare and institutional development, did not change the extraordinary cost and complexity of the assets controlled by the Royal Navy, the East India Company and other British merchants. The British mercantile corporations were managing most of the country interactions around the globe, organizing hundreds of thousands of workers and soldiers, with innovative long distance ship maintenance warehouses, millions of pounds in value and more than twenty thousand vessels that could cost up to 10 times more than a complete textile factory of the period. As Daniel Baugh stated, “A new 74-gun ship fully outfitted might typically cost almost £50,000 in the 1780s; the largest factory in Britain in the 1790s cost £5,000.”


Britain obtained its dominance over mercantilist warfare by winning the long rivalry first against the Netherlands, and then against France, at Trafalgar (1805) and decisively in 1815. These victories did not change the material basis of mercantilist warfare, but pseudo-monopoly over mercantilist warfare capabilities guaranteed relative European peace.

**Hegemonic stability (1815-1871) and Crisis (1871-1914)**

The ending date in 1815 does not mark neither a shift in technology nor a shift in the institutional framework around warfare itself. What it does mark is an end to the Anglo-French rivalry, with Great Britain established as the hegemonic power in Europe and the world oceans (see Figure 3).

**Figure 3 Proportional distribution of global power warships, 1816-1915**

![Proportion of global power warships](image)

Conceptually speaking, mercantilist warfare itself did not change at all in 1815 and some instances of it still appeared, like trade disputes in the

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30 O’Brien stated mercantilist wars ended in 1815. They certainly subsidized in the European theater, but its technological and institutional determinants remained and made themselves felt in much of the world periphery.

31 Data source: Modelski and Thompson, *Seapower in Global Politics, 1494–1993*. 
Middle East, India, China, and Japan. And mercantilist wars did continue to happen in the world periphery, like the first and second Opium Wars. Favorable nation trade deals were applied whenever possible (China is once again a paradigmatic exemple) during most of the post-1815 period and even in Britain free trade policies were adopted after 1846, with the Navigation Acts being revoked in 1849 and the neutrality of trade in the oceans granted in 1858.

While mercantilist warfare was still being actively employed in the periphery of the world economy after 1815, its importance for global conflict does diminishes alongside the 19th century. After the 1860s, new technologies in shipbuilding progressively weaken the dual role of merchant navies in supporting power projection overseas. The worldwide surge in railway building also broke the relative monopoly of waterways for large scale cost-effective transportation. By the time the Franco-Prussian War broke out, landed armies with new, industrialized weapons and logistics indicated the patterns of war were changing.

The crisis in mercantilist warfare coincided with the relative decline of the British Hegemony. Having ascended as a world power by coordinating the largest merchant marine and largest state navy in the world, Great Britain suffered the costs of the relative decline in other great powers dependence in its provision of maritime trade and security services. From 1870 until the First World War, a historical period of continental protectionism, followed by a new wave of colonization in the Scramble for Africa and the partition of Asia, marked the final decades of mercantilist warfare. Formal annexation by quick, extensive, and specialized military landed imperial annexations became the conventional answer to cope with increased uncertainty in international affairs.

By the times of the First World War, there was no relevant dual-use merchant-military navies, state navies dominated the provision of

33 Thomas Victor Conti, “Guerras Capitais – um estudo sobre as transformações na competição econômica e na rivalidade política internacional: a Hegemonia da Grã-Bretanha, os Estados Unidos e a Alemanha de 1803 a 1914” (Dissertação de Mestrado, Universidade Estadual de Campinas, 2015).
security services, expensive and complex capital and military investments were specialized in different assets, and new means of large scale cost-effective transportation were invented (railways, cars and trucks, airplanes). 20th century warfare was a specialized enterprise very different from the mercantilist warfare system of security and trade that was born circa 1500 and lived through most of the 19th century.