

E. The “American System” of Mercantilism

1. Agrarianism was more popular than mercantilism in early America for a few reasons:
 - a) When America was first created, it was still a set of colonies in the *pre-industrial* chapter of technology. More agriculture meant more agrarianism.
 - b) Mercantilist taxes by the British government has obviously hurt the colonies, and were part of the reason for the American Revolution, so mercantilism was viewed negatively by Americans.
 - c) Mercantilism is not compatible with liberty. It is basically laws that stop people from making and trading of things the way that they would if left free to choose.
 - d) Mercantilism is always found in nations that fight many wars. Monarchies—and other mercantilist governments—make laws to help their own merchants so they can tax those merchants in times of war. Since America intended to be politically separate from Europe, however, this didn’t seem to be as important.
2. But then Britain attacked America! To get sailors for its navy against France, Britain would board American ships at sea and seize American sailors. This was intolerable to Americans, and was enough to push America into another war with its mother country.
3. The **War of 1812 (1812-15)** was a painful experience for America, because the British were brutal in their attacks. They no longer intended to rule America, only to punish it. British troops even landed in Washington, and burn the White House to the ground.
4. This made Americans resent Britain much more, and taxes on British goods—called “*the Tariff*”—were raised. This was what Alexander Hamilton had wanted in the first place.
5. The Tariff went from 15% all the way to 60% (see the chart on the next page). Imagine being used to buying a suit of clothes from Britain at \$115, and then in a few short years, seeing the price of that same suit rise to \$160.
6. The Tariff was supposed to **encourage** “American industry” but most of it was only in the North.

Southern farmers were angry about higher prices.

7. Since the North and South were already arguing about *abolitionism*, the Tariff made them argue more and was part of the reason for the Civil War.

