

Mercantilism in Social Development

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Abstract: The term “mercantilism” was introduced into scientific circulation by French Enlightenment philosophers. In economic science, it is used, firstly, to determine the historical period within which the decomposition of the natural economy and the formation of a system of market relations took place.

Keywords: development, economic development, mercantilism, foreign markets.

This term characterizes a certain ideology that expressed the interests of royal power and nascent capital. Interested in the development of the internal market and the formation of an independent national state, these two social forces, fighting feudal lords and external competitors, brought to the fore non-market ways of realizing their goals. Within the framework of this ideology, the state was considered as the only representative of the economic interests of all members of society. Thirdly, mercantilism is a certain economic government policy aimed at increasing the influx of precious metals by maintaining a positive monetary and, later, trade balance. For its practical implementation, various tools were proposed: state protection of large trading companies and, accordingly, limiting competition in the domestic and foreign markets; strict protectionist policies; strict regulation of workshop production; levying high taxes on the peasantry, low wages. Fourthly, the term “mercantilism” means the first scientific direction in the history of the development of economic thought within the framework of an independent scientific discipline - theoretical economics. Mercantilism as an ideology and policy arose before the first scientific understanding of the economic sphere. Therefore, it is advisable to first turn to the policy of mercantilism. In specific countries, the transition to this policy occurred at different times. In Britain it began in the 16th century, in France - in the 17th century, in Russia - at the beginning of the 18th century. It was certainly influenced by the historical conditions of the transition to capitalism in each country. But regardless of its nationality, two stages can be distinguished in the development of this policy: A) The first stage (early mercantilism).

Economic postulates:

- a) wealth is identified with precious metals, which by their nature act as money;
- b) resources necessary for the economic development of the region; are limited, therefore, in foreign trade, the gain of one side always means the loss of its other participant;
- c) the main source of wealth and its growth is the development of foreign trade, provided that export revenues exceed import costs;
- d) high population growth is a necessary condition for economic development;
- e) low wages are considered as an important factor in the growth and supply of labor and the competitiveness of national exports;

f) saving was condemned, since it was believed that it restrains the growth of consumption, without which the development of production and the reduction of poverty are impossible.

Behavioral postulates of mercantilism:

Due to the weak development of the market and, accordingly, an extremely fragmented theoretical understanding of the principles of its development, the views of mercantilists regarding human behavioral motivations were based on their philosophical understanding by thinkers of the 17th century - supporters of the concept of natural order and law (primarily, as interpreted by the English philosopher Charles Hobbes (1588 -1679). According to this concept, the principles of economic development are determined by human nature. Observing his own behavior, Hobbes came to the conclusion that it, like the behavior of any individual, is selfish and has a hedonistic nature. a person's own (economic) interest. Believing that all people are physically and mentally equal from birth, Hobbes concluded that acute contradictions between private economic interests are inevitable, the development of which leads to the struggle of all against all. Developing these ideas in his works "On. citizen" (1642), "Leviathan" (1651), etc., Hobbes substantiated the need to conclude a social contract between each citizen and the state. The state, in his opinion, is the only representative of national interests. By subordinating private economic interests to national ones, it thus positively solves the problem of the "war of all against all." The outstanding economist of the 20th century J. Schumpeter, studying the theoretical views of the mercantilists, emphasized their connection with Hobbes's views on human nature and on the state as the only possible exponent of national interests. Speaking about the mercantilists, he noted that they "<...> not only allowed for the possibility of a clash of private interests with the interests of society, but also considered such clashes to be normal, and the coordination of interests to be an exceptional phenomenon. That is why most of them considered the need for government regulation to be a given, discussing only its tasks and methods." Noting that the mercantilists realized the specificity of human interests and behavior in the economic sphere, it is worth paying attention to the fact that only in the work of the later mercantilists this specificity itself and its significance for understanding the principles of the economic policy carried out by a statesman are clearly formulated.

Numerous works of mercantilists are devoted primarily to the problems of the state's economic policy. Among the authors of these works one can find university teachers, government officials, lawyers, and various kinds of projectors - supporters or opponents of specific political measures in the economic sphere. Traditionally, these authors are divided into consultant-administrators and pamphleteers. Their work is far from a systematic and holistic understanding of economic problems. At the early stage of the development of mercantilism (late 15th - 16th centuries), their attention was focused on the problem of wealth, its essence, and sources of growth. Wealth is identified with money. Money is treated within the framework of the nominalist monetary theory, according to which precious metals are by their nature money; their functions are reduced to a measure of value, a means of accumulation and world money. Analysis of the relationships between economic phenomena and their interdependence, as a rule, is replaced by a statement of certain dependencies in the economy, and first of all we are talking about the connections between the growth of national wealth and the active monetary balance, which is considered as the main condition for this growth.

Representatives of late mercantilism (XVII - first half of the XVIII century) expand the range of economic problems included in their analysis and deviate from some of the ideas of their predecessors. Thus, by identifying wealth with money, they make adjustments not only to the interpretation of this concept, but also to the very mechanism of its growth. The commodity essence of money is recognized, and its connection with the real sector is interpreted on the basis of the quantitative theory of money. New concepts are introduced into scientific circulation. But the main difference between the economic works of this period and the previous one is the presence in them of elements of economic analysis, which is characteristic primarily of the literature of administrators and consultants. This is evidenced primarily by the interpretation of the trade balance in the works of the late mercantilists. Considering the active trade balance as

the primary condition for the growth of national wealth, the authors and supporters of this idea tried to comprehend the chains of interdependencies between economic phenomena on the basis of which they are carried out. By specifying one of these chains, they substantiated the interdependence between the active trade balance and industrial development. On the one hand, its growth expands industrial exports. On the other hand, trade, by increasing the flow of money into the country, itself stimulates the growth of industry. This position was first expressed by the Englishman Thomas Man (1571-1641) in his work “The Wealth of England in Foreign Trade” (1630). By the end of the 17th century, the connection between population dynamics, trade surpluses and, accordingly, the growth of national wealth was actively discussed. High population growth, according to the mercantilists of the late period, solves problems that are relevant for industry: it provides both the influx of workers it needs and an increase in its competitiveness (the abundance of workers makes it possible to keep wages low), thus acting as a factor contributing to the growth of positive trade balance.

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