

# **Was Mercantilism a Reaction Against Muslim Power? A Discussion on The Origin of Mercantilism**

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Mercantilism which developed in early modern period, was the dominating current of economic thought during two and half centuries before the emergence of physiocracy in mid eighteenth century and subsequently the classical economics.

## **1. Essence of mercantilism**

Mercantilism regarded bullion as money and foreign trade as the source to obtain it. This focus on reserves of gold and silver was because of their importance during times of war. Armies, which often included mercenaries, were paid in bullion, and navies were funded by gold and silver. The complicated system of international alliances of the period also often required large payments from one state to another.

European rulers never forgot the loss of Jerusalem. Their war against Mamluks of Egypt in early sixteenth century and their war with Ottomans (the custodian of holy places) in the later period required unity of forces, regional and states, and gold for war expenditure. The mercantile system emphasized, among other things, these two essential elements of winning a war. Professor W.R. Shepherd summed up all the motives for expansion neatly as the three Gs "Gospel, Glory and Gold". Of these, only gold is, strictly speaking, an economic end (Clough and Cole, 1967, p. 99). Even the third one was to serve the first two objectives.

Mercantilist writers pleaded for strong central government – a nation-state. Apart from war with other countries, strong national governments were also necessary to achieve other goals such as, nationalism, protectionism, colonialism, and internal trade unhampered by tolls and excessive taxes which were necessary elements of mercantilism.

Attainment of 'economic power' assumed form of a movement that spread in many European countries at the same time. It proved the starting point of modern capitalism and provided base for industrial revolution. It enriched the economic thought with a number of new concepts such as, 'nation-states', 'protectionism', 'balance of trade', 'quantity theory of money', 'free trade', 'internationalization of the economy', 'self-reliance', etc. It has been subject of criticism starting from Physiocrats, and Adam Smith up to our own age. But still many ideas of mercantilism, openly or under disguise of certain institutions, are adopted.

## **2. Changing attitude of medieval Christians towards trade**

Perhaps the greatest influence of Muslims on Medieval Europe that appeared in the form of change in the outlook of scholastic scholars and European entrepreneurs, was towards commerce and trade. Trading was a manifestation of this influence as well as one of the channels through which economic ideas of Muslim scholars reached the West.

Aristotle, who is considered the first teacher of scholastic scholars, equated trade with war. 'Prosperity gained through trade is like the fruits gathered from war and conquest' (Gordon, 1975, p. 41). The Christian tradition also discouraged engagement in trading activities. With this background, how and why a movement of trading activities – mercantilism – emerged in Europe may be a relevant question.

The changing attitudes of Medieval Europe towards trade as a result of encounter with Muslim scholars and rulers and as a result emergence of Mercantilism was a turning point in the history of economic thought. However, one must remember an important difference. While Muslims believed in trade as a source of mutual benefit, early Mercantilist intellectuals believed like Aristotle that trade was a war because they held that one nation's gain would be at the cost of others. One man's gain is another man's loss. The French essayist Michel de Montaigne wrote in 1580: "The profit of one man is the damage of another.... . No man profiteth but by the loss of others" (Oser and Blanchfield, 1975, p. 9). Even one hundred years after him, Colbert (d. 1683) reiterates that 'one nation can become rich only at the expense of another.....Commerce is therefore a continual and a bitter war among nations for economic advantage' (ibid., p.21) Mercantilists realized the mutual benefit from trade only after discovery of the theory of comparative cost advantage.

### **3. Motive behind the explorations**

In the rise of mercantilism, discovery of new world is considered a significant factor. Columbus and Vasco de Gama played leading role in discovery campaign, that was done in search of gold or means for gold.

**But why gold?** "In Columbus' mind gold was important as a means of furthering his sovereign's crusade to capture Jerusalem". (Hamdani, 1994, p. 281). The statement is based on a direct quotation from Columbus' writing in which he addresses the Catholic Sovereign: "I declared to your Highness that all the gain of this my Enterprise should be spent in the conquest of Jerusalem." (Morison, 1963, p. 139).

'Gold, said Columbus, 'is a wonderful thing! Whoever possesses it is master of everything he desires. With gold, one can even get souls into paradise' (Roll, 1974, p. 65, In a letter from Jamaica of 1503, quoted by Marx in *Zur Kratic der politischem Oconomie*, 1930, p. 162).

### **4. Mercantilism: A Reaction against Muslim Powers**

Whenever we study the history of Mercantilism, certain questions come to our mind such as what was the reason behind the rise of mercantilists *per se*; what caused the change in their thinking and why they felt the need to strengthen the national state. This, of course, needs a thorough study of the background and circumstances in which 'mercantilism' developed. This writer has a considered opinion that behind the rise of mercantilism lies the motivation that the scholastic writers, and through them the mercantilist writers, received from the work of Muslim scholars. For Muslims, trading has been a praiseworthy commercial activity since the very beginning of Islam. European activists, defeated in Crusades, thought that the trade was the major source of Muslim strength. Thus, their attention was drawn to monopolize it. They might have

arrived at the conclusion that for defeating Muslims, they must pay attention to unity and strengthen the national government. Heckscher has rightly assigned to the second part of his work the title "Mercantilism as a system of power". According to Heckscher (1955), this power goal appeared under two guises: power *per se*, especially in a military sense, as well as the power to be achieved via national economic prosperity.

Examples of fund raising for this purpose are also not uncommon. 'Portugal's King Diniz sent an ambassador to Pope John XXII to solicit funds for the construction of fleet to be used against Muslims' (Hamdani, 1994, p. 286).

Disappointed from the conquest at the battle field, mercantilists tried to block the Muslim power on economic front: "If one takes this trade of Malacca out of their [*Mamluks*'] hands, Cairo and Mecca will be entirely ruined, and to Venice no spices will be conveyed, except what her merchants go to buy in Portugal". This was declared by Portuguese governor Alfonso de Albuquerque after conquering Goa and Malacca in 1511. (*ibid.*, p. 288).

Perhaps Montgomery Watt also realized this when he said: "When the advancement to Jerusalem through the Mediterranean or eastern Europe was proved to be impracticable, a few men began to wonder if the Saracens (Muslims) could be attacked in the rear. ....Certainly some of those who sponsored or participated in the exploring expeditions regarded these as Crusading enterprise, and the members of the expeditions bore the Crusaders' cross" (Watt, 1972, p. 57).

Stripling is right when he declares that, 'The war of the Portuguese against the Mamluks has sometimes been regarded as merely a continuation of the crusade and only secondarily a trade war' (Stripling, 1977, p. 35).

According to Moreland (1974, p.25), by adopting the sea route through the Cape of Good Hope the Portuguese did not only aim at enriching themselves and striking 'a heavy blow at the prosperity of Moslem States, which were still regarded as the enemy of the Christendom, but at the same time they hoped to secure a position whence the Christian religion could be propagated, and thus their enterprise was at once commercial and missionary in its nature'.

Here are some additional evidences that support the fact that the main objective before explorers and pioneers of mercantilism was to strengthen their governments to regain their holy places, defeat their enemy, check the expanding power of Muslim rivals and spread Christianity. According to George Kirk, Prince Henry the Navigator (1394-1460) on whose inspiration Portuguese seamen began to explore the Atlantic coast of Africa southwards, 'was evidently to carry on the Crusades by an attempt to outflank the Darul-Islam both strategically and commercially; to divert the trade in the gold and other products of West Africa from Muslim hands; to make contact south of Sahara with the Negus of Ethiopia ('Prester John') and jointly assail the Muslims from the south; and he may also have planned in his later life to win control for Portugal of the Indian trade which was now the main source of wealth of the Muslim world' (Kirk, 1964, pp. 63-64).

Herbert Heaton, the famous economic historian writes: "Columbus talked of making converts, securing the gold, pearls and spices of the Orient and using part of this fortune to equip an army that would free Jerusalem from the Turk" (Heaton, 1968, p. 238).

"Columbus' peer Vasco de Gama who sailed towards East and reached Indian coast, declared that he had come 'in search of Christians and spices' (ibid.). Heaton further writes: "the issue was not destined to be settled by economic factors alone, ... Portugal went east as crusader and trader, determined to get a monopoly of the westward flow of goods and also to wage the holy war on new battle fields" (ibid, p. 241).

That the economic gain was not their main objective and that they aimed at defeating Muslims and destroying their lands and shrines, is clear from the fact that Albuquerque, initially commander of the Portuguese fleet and after 1509 governor general of the Portuguese Indies 'laid plans to capture Aden, establish a base inside the Red Sea, burn the Egyptian navy in harbor and destroy the Moslem holy city of Mecca. He even suggested that engineers be brought from Europe to divert the upper Niles from its course, thus turning Egypt into a desert' (ibid, p. 241). 'When Vasco da Gama arrived in Calicut, he explained that he came in search of Christians and spices. It was a fair summary of the motives that sent the Portuguese to Asia – as indeed also, suitability adjusted, of the *jihad* to which, in a sense, their voyages were a long-delayed reply. The sentiment of religious mission was very strong among the Portuguese who went to the East. The voyages of discovery were seen as a religious struggle – a continuation of the Reconquest and the Crusades, and against the same Islamic enemy, (Lewis, 1976, p. 203; 1982, pp. 33-34). They had full support of pope and his blessing which shows the religious character of their campaign.

## **5. Crusading movement transformed**

Certainly the crusading movement underwent great changes and so its organizers. During the thirteenth and fourteenth centuries it had as its chief emphasis the relief of the Holy Land. In the fifteenth century it took the form of boycott of Mamluk product and ban on trading with them. Then in the sixteenth century it transformed mainly to containment of the Ottoman Turks and then fighting for the economic interest. 'But it would be inaccurate to conclude from this that the ideal of recovering Jerusalem had ceased to play any role in crusading; for while the active planning of recovery crusades came to an end in 1370, the re-conquest of the Holy Land continued for centuries to exercise the imaginations of at least some Catholics' (Housley, 1992, 45). After citing a number of instances from the sixteenth century rulers, religious leaders, social thinkers and humanists who equally appealed or preached for recovery of Holy Lands, Housley writes: "These instances, which could easily be multiplied, illustrate what was clearly an important impulse to look beyond the crusade against the Turk (and occasionally the Moors of Granada or North Africa) towards the liberation of the Holy Land' (ibid. p. 47). He supports the view that 'although the crusade remained an inspirational ideal, commanding consistent interest and respect, it gradually ceased to be associated with military action' (ibid. p. 419). Thus, the exploration and commercial enterprises that started with the objective of financing crusades for recovery of Jerusalem and re-conquest of the Holy Lands, ended up in apparently economic movement (Hamdani 1994, p. 289).

It may be said that as against the practices of Portuguese and Spanish invaders, the later phase of mercantilism was to avoid open confrontation with the 'host' country. Rather they tried to get capitulation and win 'friendship' of natives and then occupy them through creating confrontations among the rival factions and siding one of them or use the policy of divide and rule. This proved a more effective and successful strategy. It enabled Britain to enslave a huge country like India and put an end to the Mughal rule erstwhile one of the greatest Muslim states in the history.

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