

Polly Chen

Professor Shovlin

Paper 1

Capitalism and Geopolitics, 1200~2050

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The American Revolution can be seen as a consequence of the long-standing struggle between Britain and France for dominance over overseas colonies and trade profits. For decades, these two powers had engaged in repeated conflicts, driven by their desire to gain more profit and to outcompete one another. At the same time, one of the key causes of the American Revolution was Britain's economic restrictions on its thirteen colonies, preventing them from developing independent industries. This is because Britain sought to maintain its colonies as mere suppliers of raw materials, an endless "blood supply", rather than allowing them to build self-sufficient economies, fearing they would be a competitor with its domestic industries. Over time, colonial resentment grew: this aligned with France's interest in weakening Britain by supporting colonial independence. With French assistance, the American colonies won their Independence War.

However, from the past hundreds years of endless conflicts and wars, European nations had begun to recognize the flaws in their past economic and military strategic model. The so-called Venetian model, where nations sought to enrich themselves by suppressing their rivals through monopolization, trade restrictions, and war, had proven unsustainable. They realized that endless conflicts and wars would always drain national treasuries, and eventually the war debts would lead to economic collapse. In response, people like James Anderson proposed alternative models for international trade and colonial governance, having the aim to replace destructive rivalry by incorporating a collaborative system that could benefit all nations involved.

The core of James Anderson's plan arrangement is by making the American colonies completely neutral, ensuring that European conflicts do not interfere with them and vice versa, while establishing equal, duty-free trade for all treaty signatories and enforcing penalties against violators. He argues that this system would work because monopolies and trade restrictions have historically proven to lead to higher prices and endless wars; he believes that if every country acknowledges that this protective regime is unsustainable, they would be willing to agree with a more beneficial plan where open trade would remove the incentives for conflict and create lasting stability.

First of all, what is the Venetian Model and why would it be adapted by almost all the European nations by the 18th century? To understand this, it is essential to examine the Venetian Model and its deep connection to capitalism and geopolitics. Capitalism is a system in which the power of states and the wealth of business people grow together: state power is used to advance the interests of business; and business gains feedback to increase the power of states. This nature of capitalism shaped European geopolitics: it led nations to structure their policies around the pursuit of profit. And the Venetian Model is a product of this profit-driven system, a strategy based on suppressing competitors in order to dominate trade. Nations that adopt this model aimed at protecting their overseas colonies and commercial interests by actively weakening their rivals, often through war, naval blockades, and monopolization. The reason why it got its name "Venetian Model" is because Venice during the 14th century was a typical representative of it during its dominance over Mediterranean trade. Later on, as the Age of Exploration arrived, the model was adapted by Spain, Portugal, the Netherlands, France, and Britain as they aimed to maximize their control over trade in the Americas and Asia. First came Spain, whose rise made European capitalism more "extroverted"; it encouraged European capitalism to expand outward.

In the 1500s, a massive influx of silver flooded into Spain, prompting this newly unified nation, which had just completed the Reconquista, to rise rapidly in an incredibly short period. Against this backdrop, Spain's success pushed its European rivals to emulate this model which strived them to establish their own colonies and build naval power. After Spain, Portugal emerged as a major player, followed by the Dutch, and then France and Britain.

At this point, a dilemma surrounding the Venetian model gradually emerged. Once one nation adopted this model, others were pushed, and even forced, to do the same if they wanted to maintain their status in Europe. As long as one country had less, another would have more. This led to countries putting massive efforts to block rivals' trade, destroy their ships, impose protection fees, and establish monopolies. At its core, capitalism was driven by an endless desire to acquire more trade, more income, and more taxation, which turned the entire state into a machine for generating profit. However, this expanding, aggressive model came with an inevitable flaw: military conflicts required massive financial resources, which led to rising debts. As each nation accumulated debt to sustain its colonial and naval dominance, there occurred a point where there were too many conflicts and the costs eventually became unsustainable, bankruptcy followed. Over time, states that had once dominated under the Venetian Model collapsed: Spain declined first, followed by Portugal, then the Netherlands, and eventually France; the collapse of one nation led to the rise of the next. Britain, by the late 18th century, faced the same looming crisis: maintaining its monopolistic empire through war and economic restrictions, such as the Navigation Act, was no longer realistic. More and more people were aware of this dilemma: James Anderson, being one of them, wrote this document for an alternative approach.

James Anderson's peace plan was built on the idea that European nations should cooperate in trade rather than fight over control of American territories. Instead of relying on war and monopolies to maintain power, he argued that fair trade agreements would provide economic benefits to all participating nations, reducing the incentives for conflict. By structuring American trade under a set of shared rules and ensuring mutual enforcement of those rules, Anderson envisioned a more stable and prosperous international order.

At the core of the arrangements of Anderson's proposal was the elimination of Britain's monopoly over American trade. He argued that rather than restricting trade to benefit only Britain, it would be more advantageous to allow all European maritime nations equal access to American markets. Anderson criticizes that monopolies are harmful to economic growth, stating that "To avoid all these evils, and obtain the blessings required, nothing more seems necessary than to lay open the trade to America to all the maritime states in Europe. (17)" Anderson believes that monopolies can only "raise the price of goods coming from the monopolizing states, and thus favoring the commerce of its rival. (28)" By opening free trade and eliminating monopoly, European nations could avoid unnecessary wars while maintaining economic prosperity.

Another key component of Anderson's plan was the neutrality of the American colonies. According to his proposal, European conflicts should not spill into the Americas, and likewise, no European power should interfere in American affairs unless they had direct colonial authority over a region. Anderson makes this clear by stating: "none of the confederated powers above, shall in anyway interfere in any internal disputes that shall arise in any of the American settlements. (22)" By ensuring that no single power dominates America, Anderson aimed to prevent future wars over colonial possessions. This neutrality of America would stabilize the

region, and hence prevent European rivalries from turning American trading routes into battlegrounds.

Anderson also advocated for fair and uniform trade policies among treaty members. He proposed that all imports to the Americas “shall be admitted duty-free, (18)” ensuring that no country had an unfair trade advantage. Similarly, export taxes could be set by local governments, but they had to apply equally to all signatory nations. This is explicitly being stated in articles 3, 4, and 5: “but whatever these duties are, they shall be exactly the same.” Anderson emphasizes this need for equal trade access by stating: “In return for this favour, the whole maritime powers in Europe should become guarantees of the articles of convention, in as far as they regarded America. (17)” Anderson believes that if all nations could participate fairly, and had the benefits share, then there would be no reason for war over trade access.

Finally, Anderson proposed strict enforcement measures to prevent any nation from violating the treaty. If a country attempted to break the agreement (whether by trying to monopolize trade, interfering in another nation’s colonies, or engaging in acts of war) the other treaty members would be obligated to punish the violator through economic or military actions. Anderson explains this mechanism in article 9: “the offending party shall...be put under the ban of the confederacy, and shall be proceeded against, by all its members, as a common enemy. (22)” This collaborative enforcement mechanism guarantees accountability, making it costly for any nation to break the treaty. Through these arrangements, Anderson aimed to replace competition with cooperation; he argued that past attempts to dominate trade through monopolies had only led to higher prices, smuggling, and war. By establishing a shared economic system based on fair access and mutual protection, he believed that European nations could reduce

military conflicts, promote economic stability, and create a long-lasting peace in the Atlantic world.

In summary, Anderson believed that his plan would succeed because of its economic benefits. As Anderson states: “By voluntarily granting them a participation in our trade, we grant them a favor in return for which we receive another of the most essential importance, and that without diminishing our own trade in the smallest degree. (28)” The profits that Britain and other countries had once gained from trading with America would only remain the same and even increase, and the costs of maintaining a monopoly or fighting wars would be eliminated. Wouldn't it be better to invest those resources into domestic economic development instead?

However, at this point, another question arises: if this approach was so effective, why wasn't it proposed earlier? Anderson addresses this in his writings: “To think that man will ever be induced to pursue steadily any other object than what seems to promote his own interest, is, in my opinion, highly chimerical: and the same observation may be applied to states. (25)” The fundamental logic is simple: self-interest above all else. As Anderson suggests, any action not driven by self-interest is naive and unrealistic. The same applies to states. For decades, centuries, even millennia, European nations have operated under this principle, following what can be described as the Venetian strategy: destroying rivals' possessions to secure their own dominance. This leads to a more fundamental question: why did the Venetian model emerge in the first place? The answer lies in Europe's political fragmentation and scarcity of resources. Europe has always been geographically limited; its land and wealth were finite. Hence, the struggle for resources was inevitable. This arrival of a new “game-changer”, the New World, naturally triggered intense competition among European nations.

Before, in reality, most nations and individuals prioritized their own short-term interests over a greater collective good. Without an external mechanism, such as international agreements or alliances, to enforce coordination, disorder and conflict would always exist. The feasibility of his plan depended on whether such a mechanism could be established: if the principle behind it was fair and reasonable, the plan had every chance of succeeding: like the Hanseatic Confederacy he mentioned, operated in 14th & 15th century Europe. Therefore, it deserved serious consideration and review, rather than being dismissed as mere idealism.

At the same time, by this point, every nation had witnessed the downfall of countries adapting the Venetian Model such as Spain and Portugal. They had realized that the old model was unsustainable. Fundamentally, there was a shared fear of elimination in the long run: a realization that prevented nations from easily breaking the peace. Much like nuclear deterrence in modern society, this collective fear of destruction forced states to reconsider their strategies.

James Anderson's peace plan presents a visionary alternative for the model that shaped the European colonies and geopolitic for hundreds of years.. His proposal, a structured system of fair trade, neutrality, and collective enforcement. Anderson understood that if countries could share in the benefits of trade, they could avoid the self-destructive cycle of war and economic collapse.

However, history has demonstrated that "free trade" is rarely truly free. In the 19th century, Britain actively promoted free trade, not out of ideological commitment, but because it was confident that its industrial supremacy would allow it to dominate global markets: the reality of free trade has often been shaped by power imbalances. Ultimately, Anderson's plan had no direct impact on peace negotiations following the American Revolution, but it remains significant because it reveals that even in the late 18th century, some thinkers had begun to

recognize the flaws of the Venetian Model. His ideas reflect an early awareness that economic cooperation, rather than military dominance, could be the foundation for long-term stability.

Anderson, James. *Interest of Great Britain with Regard to Her American Colonies Considered.*

1782.