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Table of Contents:

1. Introduction and Scope	5
2. Political Institutions and their Discourse	11
2.1. The Political System in Britain and in the American Colonies	11
2.2. The Natures and Powers of Provincial Assemblies	15
2.3. Introduction to the Constitutional Discourse	19
2.4. Virtual Representation vs. Colonies' Consent in Tax Matters	21
2.5. The Discourse between "Internal" and "External" Taxation	23
3. Overview of Major Events and Personalities	25
3.1. George Grenville	28
3.2. Thomas Whatley	31
3.3. James Otis	33
3.4. Daniel Dulany	35
4. The Colonies before 1763	36
4.1. Salutary Neglect vs. Imperial Control	36
4.2. Trade and Taxation	40
5. The changes in Economic and Fiscal relations	48
5.1. The Proclamation Line	48
5.2. The Currency Act	52
5.3. The Sugar Act	55
5.4. The Stamp Act	60
5.5. The Stamp Act Congress	64
5.6. The Repeal of the Stamp Act and the Declaratory Act	66
5.7. The Quartering Act	69
5.8. The Townshend Duties	70
6. Wealth and Poverty in the Colonies	74
7. Findings, Analysis and Conclusions	78
7.1. The Decision in favor of a Standing Army in the Colonies	79
7.2. The Economic Relation under British Restrictions	84
7.3. The Impact of the Stamp Act and its Repeal	88
8. Selected Bibliography	94

Maps and Tables:

Map 1. Geographical expansion of population in the American colonies, 1660-1760	8
Map 2. British era in North America and the Proclamation Line in 1763	51
Map 3. The cleavage of the 13 American colonies	89
Table 1. American population growth 1700-1800	7
Table 2. Chronology 1763	25
Table 3. Chronology 1764	25
Table 4. Chronology 1765	26
Table 5. Chronology 1766	27
Table 6. Chronology 1767	27
Table 7. Balance of payments for the 13 colonies, average 1768-1772	41
Table 8. Estimates of colonial exports for the period 1768-1772	42
Table 9. The five most valuable commodities during 1768 -1772	42
Table 10. Comparison of British importations in 1700 and 1773 per region	43
Table 11. Balance of trade per region, 1768-1772	43
Table 12. Types of domestic taxes in the American colonies, 1763-1775	46
Table 13. Imports of molasses per region, 1768-1772	58
Table 14. The revenue of the Sugar Act between 1765 and 1767	59
Table 15. The distribution of wealth in the American colonies	74
Table 16. Distribution of physical wealth	75
Table 17. Rateable Polls in Boston 1728-1771	76
Table 18. Percentage of colonial volunteer soldiers requested	79
Table 19. Overview of decisions and Acts and their major impacts	80
Table 20. The Distribution of the British troops in colonial America	81
Table 21. The impacts of the changes in trade regulations	85

1. Introduction and Scope

Eliga H. Gould begins his book¹ with a simple question: “When did the American Revolution begin? Was it the commencements of hostilities on Lexington Common or the imperial reforms of the 1760s?”

The author of this thesis sees the period between 1763 and 1767 as the crucial phase in the “Prologue to Revolution”, when significant changes in British policies took place. Most scholars see the Treaty of Paris as the turning point in relations between the British Empire and its North American colonies because of changing priorities in British politics and policies.

Jack P. Greene² characterizes the imperial-colonial relationship as “an uneasy connection” as the North American colonies used the advantage of their freedom to develop their own dynamic political culture and by this they acquired all the conditions necessary for a self-governing state.

As M. Beloff³ already stated in 1949, this transatlantic relationship was mostly seen as a prelude to American history rather than a crucial part in British history. These relations between Britain and its American colonies were not only the problem of laying the foundations of a new state but the problem of a necessary adaptation of the imperial organization and constitutional framework for the British Empire, more aligned with the political realities of the age. In addition, this period of time is closely connected with the George Grenville who became First Lord of the Treasury in 1763. It was his main intention “to bring order and system to the management of financial and colonial affairs.”⁴

In this short period the American colonists first formulated clearly their ideas about local and central authority in a representative government – a problem that has not arisen to that extent ever since.

The main reasons for this change were the rapid growth of the population, a rapidly expanding economy, the appearance of well educated and skilled local elites – strongly

¹ Gould, Eliga H. et al., *Empire and the nation: the American revolution in the Atlantic world*, Johns Hopkins University Press, Baltimore 2005, p. 1.

² Greene, Jack P., *An uneasy connection*, in Kurtz, Stephen and Hutson, James (eds.), *Essays on the American Revolution*, Chapel Hill 1973, pp. 32-36.

³ Beloff, Max, *The Debate on the American Revolution*, Nicolas Kaye, London 1949, p. 2.

⁴ Derry, John, *Government Policy and the American Crisis*, in: Dickinson, Harry T., ed., *Britain and the American Revolution*, Longman, New York 1998, p. 48.

supported by the local population – and in correlation, the political rise of the legislative assemblies.

This period under analysis ended with a tactical concession: the repeal of the Stamp Act to appease the Stamp Act Crisis and to clarify the authority of Parliament through the Declaratory Act for “presence and future”, which in turn asserted Parliament’s authority over the colonies.” In the words of Cogliano, it provided the “authority to make laws and statutes of sufficient force and vitality to bind the colonies and people of America, subjects of the Crown of Great Britain, in all cases whatsoever.”⁵ The bills repealing the Stamp Act and the Declaratory Act passed the Parliament on March 4, 1766, a milestone in a coherent phase of growing political contradiction and discourse.

The rise of Atlantic history allowed scholars to transcend traditional national approaches and to analyze the broader context and impact. Jack P. Greene describes the American Revolution “as the first step in the still incomplete process of dismantling the imperial structures created during the early modern era to bring newly encountered areas of the globe into political, economic, and cultural association with the new nation-states of Europe.”⁶

With regard to the various root causes of the revolution, scholars offer a range of consistent explanations: was it the reaction of the colonial elites, defending their power and influence in the existing colonial assemblies? Was it the change in economic policies, taxation or the limitation on the territorial expansion in a period of rapid growth of population and trade? Was it the unsettled question of constitutional authority Britain possessed and asserted in its colonies, the discourse about the “virtual representation” which finally led to the “no taxation without representation” dispute? Was it the resistance of the colonists against a standing army and the admiralty court after the Peace of Paris? Finally, was it the ideological background of the colonists, as B. Baylin⁷ described in his book “The Ideological Origins of the American Revolution”? In this seminal publication he sees the intellectual traditions of the colonial elite to create a libertarian and political ideology – which he has been calling the “Real Whig Ideology” – taken from the English opposition to British rule in

⁵ Cogliano, Francis D., *Revolutionary America 1763-1815*, Routledge, New York 2009, p. 59.

⁶ Greene, Jack P., *The American Revolution*, American Historical Association, Vol. 105, Washington 2000, p.93.

⁷ Baylin, Bernard, *The Ideological Origins of the American Revolution*, President and Fellows of Harvard College, Harvard 1992.

America during the eighteenth century. This ideological position predisposed Americans to develop an extraordinary sensitivity toward all threats to liberty.

As Cogliano⁸ also points out, the colonists believed that by history and the Bill of Rights of 1689 they enjoyed the right to self-government, to petition for redress of grievances, a trial by jury, freedom of speech and religious toleration, somehow limited to Protestants.

In the following chapters the author describes the given social, economic, political and administrative situation in the American colonies before 1763 and outlines the numerous constraints for the British imperial strategy to regain metropolitan authority after the French and Indian War by ending the British policy of “salutary neglect”, when marginal Imperial interference allowed the colonists to ignore British laws and to develop their own political institutions.

These political developments in the colonies had been backed by a remarkable demographic and economic expansion. The population of the thirteen British colonies grew from 250,000 in the year 1700 to roughly 1,600,000 in the year 1760. The reasons for this remarkable growth were 600,000 immigrants between 1700 and the American Revolution.

Table 1. American population growth, 1700-1800⁹

<i>Year</i>	<i>Population</i>
1700	250,888
1710	331,711
1720	466,185
1730	629,445
1740	905,563
1750	1,107,676
1760	1,593,625
1770	2,148,076
1780	2,780,368
1790	3,929,625
1800	5,297,000

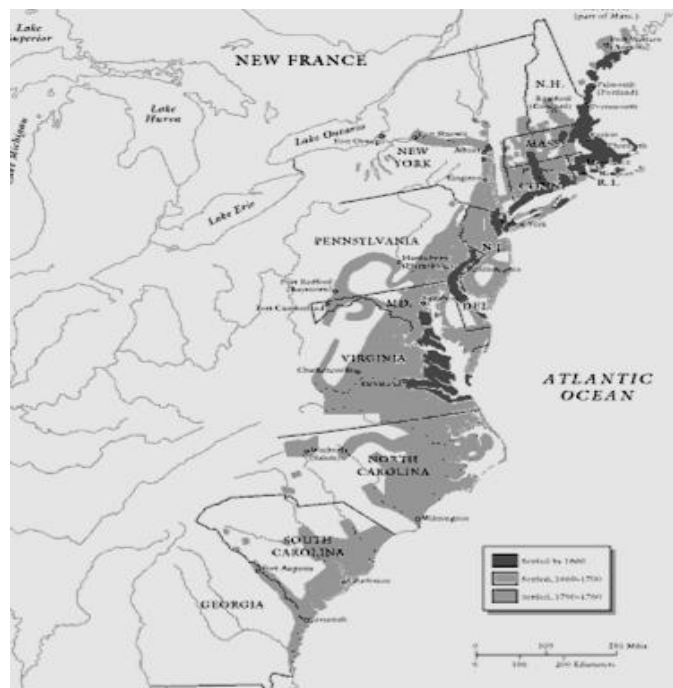
Source: U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, 2 vols. (Washington: U.S. Bureau of the Census, 1975), 2: 1168.

⁸ Cogliano, Francis D., *Revolutionary America 1763-1815*, Routledge, New York 2009, p. 47.

⁹ *Ibid*, p. 32.

Map 1 shows the areas of expansion: in 1660 the settlements were close to the shoreline of New England and the Chesapeake Bay area, whereas in 1760 the expansion took place in the Southern colonies and the backlands between the Atlantic coast and the Appalachian Mountains.

Map 1. Geographical expansion of population in the American colonies, 1660-1760¹⁰



Dark grey: settled by 1660
Light grey: settled by 1760

Cogliano explains the cause of the numerous immigration waves by citing the “relatively large amounts of land and a shortage of labor. Since the family was the essential economic unit, as well as social unit, large families were a valuable source of labor. Thus economic necessity combined with demographic factors – an increase in life expectancy by comparison with the seventeenth century as well as early marriage – to produce a high birth rate.”¹¹ As a result, the American colonies became increasingly important to Britain, in both economic and strategic respects.

As a result of this increase in population, “the colonial economy expanded at a rate three or four times faster than that of Britain during the seventy-five years before American independence.”¹²

¹⁰ Murrin, John M. et al., *Liberty, Equality, Power*, Thomas Wadsworth, Boston 2008, p. 177.

¹¹ *Ibid*, p. 33.

¹² Dickinson, Harry T. (Ed.), *Britain and the American Revolution*, Longman, New York 1998, p. 31.

The Peace of Paris in February 1763 concluded a series of wars among the European powers in North America and extended the British possessions apart from the thirteen Old Colonies by vast new territories acquired in the French and Indian War: from Canada to Florida and from the Atlantic coastline to the Mississippi river.

These new possessions offered a commercial and strategic transatlantic benefit. However they also imposed huge financial burdens resulting from the recent fighting and ongoing military presence of fifteen battalions of about ten thousand soldiers.

Presence of and pacification by the army was still needed: by May 1763 the Indians under Chief Pontiac rebelled against the illegal appropriation of Indian land and challenged the British imperial authority to limit political settlement. Britain now had to expand its governance to 60,000 French Canadians, mostly Catholics, 3,000 Spanish subjects in Florida and 150,000 western Indians¹³. The political decision and its consequences were discussed under military constraints – twenty battalions to control a vast territory and no intention to send more troops – and led to a restriction of American colonial expansion into these new territories beyond the Appalachian Mountains. George III approved the creation of three additional colonies - Quebec, East Florida and West Florida and the remaining land remained Indian territory. These new frontiers were laid down in the Royal Proclamation of 1763. The colonists distrusted a standing British army as the French force had been removed from the continent. The colonists suspected that the British maintained the garrisons and troops in the colonies as a means of control rather than for defense purposes. In 1763, the Treasury reported an estimated minimum cost of 250,000 pounds to maintain the garrisons in North America, which led to an irresistible political and public demand that a parliamentary tax in the colonies should go toward covering these expenses.

John Derry¹⁴ describes this era of conflict as Britain's reasonable short-term need to reduce the huge financial burdens as the consequence of the Seven Years War and to gain control of the immense commercial and strategic potential. In 1763 the British army was scattered across a vast territory and was by far too small to perform the control tasks required of it. The Royal navy was also too small even to prevent the widespread smuggling and evasion of trade laws by the colonists. Although

¹³ Mason, Keith, *Britain and the Administration of the American Colonies*, in: Dickinson, Harry T., ed., *Britain and the American Revolution*, Longman, New York 1998, p. 41.

¹⁴ Derry, John, *Government Policy and the American Crisis*, in: Dickinson, Harry T. (Ed.), *The American Colonies*, W.W. Norton, New York 1976, p. 45-48.

Middlekauff¹⁵ warns against trying to reduce the problems to one word, which is “deficit”, given that taxation became a crucial question in relations between Britain and the colonists.

Trade was depressed in Britain and the British taxpayers had to foot most of the bill for the war. B. Donoghue¹⁶ describes the concurring political issues: the British country gentry had to bear most of the war-time expenditure and expected a reduction in taxation. The aristocracy and land-owning gentry endured levies that peaked at 25 percent of their annual income.

British debts had climbed up to 132 million pounds, of which a huge amount had been used to protect the British Colonies in America. This huge amount of debt caused annual interest of 4.4 million pounds out of an annual budget of 8 million pounds. Because of these extraordinary fiscal facts a reduction of the Land Tax from its peak of four shillings in England seemed impossible, but it became a political and economic objective that the American colonies should contribute significantly to their own defense and administration.

Until 1763, there was no focused fiscal awareness of the Treasury and thus of multiple responsibilities and involvement for the colonies – King, Prime Minister, Secretary of State for the South [formal responsibility], Privy Council, the Board of Trade and Plantations, Admiralty – and a status of traditional fiscal autonomy was attained which existed until 1763. As long as the colonies exported cheap raw materials to Britain and imported finished goods from Britain, the mercantilist function of this colony was fulfilled.

Salutary neglect policy allowed the colonists to ignore existing acts such as the Navigation Act or the Molasses Act, which created a sort of self-government in the colonies. Besides, few British ministers and politicians had a good overview and understanding of the complex nature and situation in the colonies. The ones with a detailed knowledge had either little influence or were often critical of the colonies and colonists as they did extensive trading with the enemies during the war.

The research question of his essay will analyze the growing divergence of economic, constitutional and social positions from 1763 until 1767. Starting with the execution of the already existing Navigation Act, which secured a monopoly for English shipping,

¹⁵ Middlekauff, Robert, *The Glorious Cause*, Oxford University Press, New York, 1982, p. 57-58.

¹⁶ Donoghue, Bernard, *British Politics and the American Revolution*, Macmillan, London 1964, p. 3.

the restriction of colonial economic development was continued by the Proclamation Line in 1763 and the Currency Act in 1764. It will be followed by the constitutional and political dispute about taxation without the consent of the colonies, their reactions and the final repeal of the Stamp Act in 1766.

These interactions between Britain and the colonies were also the consequence of the relationship between the King and the Prime Ministers and in the Parliament of the differentiated but opposing standpoint of the Whigs.

“Although the conflict between Britain and the American colonies involved economic rivalries and social antagonisms the only coherent and articulate means of carrying on the debate lay in the fields of constitutional theory and legal argument”¹⁷.

The outcome of this multidimensional discourse in terms of political, economic, social and constitutional results of 1767 will become classified either as colonial progress or setback, compared to the initial situation before 1763.

With regards to the economic and social taxonomies, quantitative overviews will deliver the results, for the political and constitutional discourse the content and effect of pamphlets and Acts will be qualified and rated as colonial benefit or drawback, compared to the status quo of 1763.

The author will finally review the controversial positions and will work out an aggregated summary of the major findings and root-causes of colony’s responses and resistance to British measures and positions.

2. Political Institutions and their Discourse

2.1. The Political System in Britain and in the American Colonies

B. Donoghue¹⁸ describes the framework of political power in eighteenth-century Britain, which was divided between Parliament – Lords and Commons – and the Crown by the Constitution. This eighteenth-century British constitution since the Glorious Revolution of 1688 was admired “by such distinguished commentators as Voltaire, Montesquieu and De Lolme.”¹⁹ This mixed government had defined privileges and

¹⁷ Derry, John, *English Politics and the American Revolution*, J.M. Dent & Sons, London 1976, p. 27.

¹⁸ Donoghue, Bernard, *British Politics and the American Revolution*, Macmillan, London 1964, p. 10-15.

¹⁹ Dickinson, Harry T., ed., *Britain and the American Revolution*, Longman, New York 1998, pp. 86-101.

distinct functions for each institution. On the one side the King's prerogative of choosing and dismissing Ministers, on the other side the right of the House of Commons to reject the King's choice. Consequently, the effectiveness of the Government was dependant on a reasonable cooperation between these two institutions.

Besides this pragmatic balance, the king was above law and the head of the executive, whereas the Lords formed the highest court of justice. The Commons "represented the people" and worked out proposals for legislation and had control of public spending.

All three institutions together formed the approving body for legislation: no bill could become law without first being approved by all three institutions in the same session of British Parliament. The British structure of balanced constitution and government had created independent roles, but in the process of passing legislation all three were dependant on each other and formed a sophisticated system of checks and balances to ensure the political goals of a well regulated state: liberty and stability.²⁰

"Early in George III's reign there was no real party system operating in England to give a readily understandable pattern or framework to political debate."²¹ Donoghue describes three basic types of House of Commons Member: the politicians, the "Court and Treasury" supporters and the independents. The category "politicians" could be characterized by "their interest in power and their ambition for high office" and they did group around leaders as Grenville or Rockingham who owned the prestige but also had the necessary connections to make the way into Administration.

The second category, the "Court and Treasury members", were mostly lawyers, army officers or civil servants, offering their support to any Ministry of the King's own choice, expecting "some sign of favor". This faction numbered roughly one third of the Commons, whereas the independents were the largest section. They consisted of the country gentry and urban constituencies and "since they were obliged to nobody for their seats or their incomes, none of them could be called upon to vote in a certain way, or even to attend a debate."²²

J. P. Greene characterizes the political system as "...a game between a small number of players; the kings, who were participants and not referees, much less spectators; the heads of connections which were in office; and the leaders of those who were struggling

²⁰ Blackstone, William, Commentaries on the laws of England, 4 vols, 7th edition, Oxford 1771, pp. 154-155.

²¹ Dickinson, Harry T., ed., Britain and the American Revolution, Longman, New York 1998, p. 10.

²² Ibid, p. 13.

to get in.”²³ Under the given division of power between the King and Parliament and the heterogeneous composition of the House of Commons, two essential conditions became the prerequisite for a stable and consistent Administration in eighteenth-century Britain: The leader of the Administration - the Prime Minister - needed the confidence of the King but also the support of the majority in the Commons. This complexity of the political structure also played a role in the malfunctioning of the administration of the colonies.

Therefore, little interference of the British policy in the colonies’ internal affairs until the beginning of the 60s had allowed the colonists to establish their own political institutions – the elected colonial assemblies – which were supported by the absence of an accepted constitutional relationship that clearly defined the rights of the colonies. The very first legislative body in the colonies was the House of Burgesses, founded already in 1619 as the elected lower house in the Colony of Virginia. The executive head of the colonies was the governor, who was appointed by the King, by the proprietors of Pennsylvania, Maryland and Delaware or popularly elected as in Rhode Island and Connecticut. The governor was assisted by a council whose members were appointed by the governor or elected by the assembly as in Massachusetts. The governors had no police force and rarely had sufficient troops at their disposal except during wartime.

“Although colonial governors had considerable power in theory – they could veto acts adopted by the colonial assemblies; they determined when and where the assemblies could meet and they could dissolve assemblies and call new elections – in practice they were hamstrung by the assemblies that controlled their budgets, including their salaries. The result was a persistent conflict between local and imperial authorities.”²⁴ “By the mid-eighteenth century the colonial assemblies had become the principal vehicles through which the provincial elites could exert their authority and the colonists could protect their rights and privileges. These assemblies increasingly took over procedures and practices of the British House of Commons, such as election practices and the debates and legislation. Like the Westminster parliament, the colonial assemblies held two crucial levers of power: the right to vote on taxes and expenditure, and the right to initiate legislation.”²⁵

²³ Greene, Jack P., Pole J. R., *A Companion to the American Revolution*, Blackwell, Malden 2000, p. 6.

²⁴ Coglianò, Francis D., *Revolutionary America 1763-1815*, Routledge, New York 2009, p. 45.

²⁵ Dickinson, Harry T., ed., *Britain and the American Revolution*, Longman, New York 1998, p. 4.

As Jack P. Greene asserts, the colonial political culture had acquired “virtually all the conditions necessary for self-governing states.”²⁶

Consequently, this conflicting issue of sovereignty was raised on both sides of the Atlantic: the crucial question was whether the Provincial Assemblies were separate and sovereign under the Crown, or whether they were subordinate to the British legislators at Westminster. The local elites also extended their power and influence into local government institutions and also became legitimized by a high proportion of colonists who possessed the voting rights.

“It has been estimated that between fifty and eighty per cent of adult white males in the various American colonies were qualified to vote, a far higher proportion of the adult male inhabitants than was the case in Britain.”²⁷

The right to vote for members in the assemblies always required a property qualification, but varied from colony to colony. “In most places it was equivalent to the English forty-shilling freehold, that is, ownership of a property with a rental value of forty shillings.”²⁸

This difference between the formal and actual powers of the colonial governors clearly showed the limits of central authority within the American colonies up to the 60’s of the eighteenth century. The responsibility for the imperial administration and supervision in trade matters fell to the Lords Commissioners for Trade and Plantations – mostly called Board of Trade – reporting to the Parliamentary Committee on Plantation Affairs, which made recommendations to the Privy Council, and which finally exercised the operational authority over the colonies. In addition, the Secretary of State for the Southern Department was the principal minister responsible to Parliament for American colonial government until 1768. Besides, the colonies were of course subject to legislation adopted by Parliament. To follow the ongoing discussions and developments of colonial affairs, the colonies employed agents, either Members of Parliament or prominent colonists such as Benjamin Franklin and special interest groups like the West Indian planters. The outcome of this complex and sometimes controversial structure was an inefficient complex of institutions, worsened by the long distance between the imperial center and the colonies during the age of sail.

²⁶ Greene, Jack, P., *An uneasy connection: an analysis of the preconditions of the American Revolution*, in Kurtz, Stephen, Hutchinson, James eds, *Essays on the American Revolution*, University of North Carolina Press, Chapel Hill 1973, p.35.

²⁷ Dinkin, Robert, *Voting in Provincial America*, Greenwood Press, Westport 1977, p. 86.

²⁸ Middleton, Richard, *Colonial America*, Blackwell Publishers, Oxford 2002, p. 349.

2.2. The Natures and Powers of Provincial Assemblies

An early publication of L. Labaree already summarized the persisting disparity of views about the role and legislative power of the provincial assemblies:

“The colonists felt that, as Englishmen, they had a right to share in making law and laying taxes through agents of their own election. They believed that the summoning of an assembly by a royal governor in accordance with his commission and instructions was nothing but the recognition of this right could not be denied them. Therefore, the assembly, though called into being by a royal act, was just as fundamental and essential a part of the provincial constitution as the King’s own representatives....But they [the ministers and the agents of the crown] would not concede that the only means to accomplish that end was a local assembly exercising powers equivalent to those of parliament....Therefore the British officials vigorously opposed the tendency of the assemblies to exercise freedom of action equal to that of parliament.”²⁹

Based on the imperial structure, the appointed Royal Governor and the council were intended to be the superior authority in the colony, whereas the elected assembly was relegated to a subordinate role vis à vis the Governor. It was the governor who was expected to initiate the law-making process and the assembly had the role of advice and consent, but no inherent right to legislate. In practice, the initiative in legislation was taken over by the assemblies whereas the governor’s role became limited to that of consenting to bills.

This gravitation was significantly exercised by the assemblies in matters of local finance. Until the 1760’s it was accepted status of the crown’s law officers that the power of taxation was entirely left to the provincial assemblies, whereas Parliament refrained from taxing the colonies.

But in the middle of the eighteenth century the provincial elites exerted their legitimate authority in the colonial assemblies. As a higher proportion of adult males could vote in the colonies, compared to approximately twenty percent in Britain, “the colonial assemblies therefore had the means and the moral authority to place effective limits on the power of the crown’s agents and officials in the colonies.”³⁰

²⁹ Baree, Leonard W., *Royal Government in America: A Study of the British Colonial System before 1783*, New Haven 1930, pp. 174-175.

³⁰ Dickinson, Harry T. (Ed.), *Britain and the American Revolution*, Longman, New York 1998, p. 4.

The upcoming political culture progressively empowered the elected over the appointed institutions, causing a polarization and increasing resistance.

The emergence of the colonial elites was clearly related to the growth of population and wealth, and by the 1760's the provincial assemblies had become the de facto centers of the political structure in the colonies, whereas the positions of the governors steadily declined.

Royal governors were dependant on the goodwill and financial support of the assemblies and their imperial authority was finally based on the consent and approval of the elected colonial representatives. In practice, it was the assembly which took over the political control and forced the governor to accept a passive and dependant role.

This deadlock situation raises a crucial question: could Britain ever have met the demands of legitimized elites of the colonies?

Tucker and Hendrickson³¹ argue that the imperial administration had never reflected this basic question and consequently did not work on a strategy that might have responded to this problem. The absence of an accepted constitutional relationship defining the rights and duties of the colonies and the authority of the imperial power might also explain why colonists considered their elected assemblies as possessing similar powers in all cases of internal governance. It is important to mention that the privileges of the colonial assemblies were merely privileges and not rights in a legal sense.

Francis D. Cogliano describes the colonial perception of their "Rights of Englishmen". "Before the 1760's few colonists actually attempted to enumerate precisely what those rights were, but most would have agreed that they included the right to self-government, petition for redress of grievances, trial by jury, freedom of speech, and a measure of religious toleration as delineated in the Bill of Rights of 1689."³² After 1689, the Imperial authorities accepted the assemblies as a necessary element for local legislation and taxation. Step by step, the assemblies "expanded their powers over public accounts and expenditures, the issue of paper money, and the salaries and fees of royal officials. Assemblies also eroded gubernatorial power to nominate or appoint revenue officials,

³¹ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 150-152.

³² Cogliano, Francis D., *Revolutionary America 1763-1815*, Routledge, New York 2009, p. 47.

colonial agents, public printers, and judges, and to manage the Indian trade, military affairs and local courts.”³³

After the Seven Year’s War, the imperial officialdom had two theoretical political options to choose from. For one, they could allow the colonial elites to become involved in the political center of the empire – a move which would have been step toward colonial representation in Parliament.

The second option would have been to bring the emerging colonial elites under their control – a move which would have been tantamount to a complete transfer of legislative power over “internal affairs”. This would entail “internal” taxation issues and retaining the right to deal with external matters of general imperial concern, based on an Imperial constitution.

In relation to this question of “internal” taxation by Parliament, the original contract connoted that the first settlers of the colonies “undertook and affected the settlement of America, with an assurance that they could not be divested of their property and liberty without their consent given in their respective assemblies.”³⁴

But British governments refused to make any formal concessions of power to the colonies.

On the contrary, the assertion of imperial supremacy had been reaffirmed on a number of occasions, starting with the Royal Proclamation in 1763. Tucker and Hendrickson characterize it as “a system of government by instruction, which in its rigidity was incapable of adjusting to a rapidly changing colonial reality, or rather because from the outset the system was too permissive in practice, however strict it may have appeared in theory.”³⁵

The design of the imperial constitution was drafted in critical respects as non-federal in theory and in fact even it had some federal features such as a “national Parliament”. The dilemma was the missing or unclear distinction between imperial and provincial purposes, between “internal” and “external” objects. Since the assemblies took over the commanding role in this imperial, non-federal design – regional governments are dependent on the general government through the powers of disallowance and veto –

³³ Marshall, James P., *The Oxford history of the British Empire: The eighteenth century*, Oxford University Press, Oxford 1998, p. 111.

³⁴ Reid, John, Ph., *Constitutional History of the American Revolution*, Vol. 2. The University of Wisconsin Press, Madison 1987, p. 58.

³⁵ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p 153.

the evident American federal structure challenged the British “centralized legislative omnipotence”.³⁶

It was the essential basis of imperial control that Parliament hold the right to determine the limits of its own power. A matter of fact which was not compatible with the colonial assemblies with their privileges and an opposition by an emerging federal scheme.

McLaughlin³⁷ defined federalism as a system “in which powers of government are separated and distinguished and in which these powers are distributed among governments, each government having its quota of authority and each its distinct sphere of activity.”

The constitutional conflict, which arose after 1763, was caused by the Grenville reforms which initiated a partial abandonment of federal practices and a significant cut-back of the assemblies’ privileges.

“Salutary neglect” had laid the foundation for these self-governing institutions which finally formed the prerequisite for an increasing autonomy in terms of economic, political and social independence. In the mid-sixties the colonies had reached a level of political maturity and economic power whilst the Grenville ministry still treated the colonies as weak dependencies and thought, as Tucker and Hendrickson characterized, “that the clock could be turned back to an earlier time, and that the colonists could somehow be made to accept a reform of the imperial relationship which set distinct limits to the ever-growing claims of provincial assemblies.”³⁸

The author will finish this chapter by quoting Edmund Burke who brilliantly characterized the British dilemma: “An Englishman must be subordinate to England, but he must be governed according to the opinion of a free land. Without subordination, it would not be one Empire. Without freedom it would not be the British Empire.”³⁹

In brief, the dispute was the conflicting claims of subordination and freedom. Grenville’s coercive policy had been the opposite to a theoretical solution, a “federalist empire”, based on equal and independent legislature and bound by the common allegiance to the Crown.

³⁶ Ibid, p. 173.

³⁷ McLaughlin, Andrew C., *The Background of American Federalism*, American Political Science Review 12, 1918, p. 215.

³⁸ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p 181.

³⁹ Thomas, P.D.G. (ed.), *The Parliamentary Diaries of Nathaniel Ryder, 1764-1767*, Camden Fourth Series vol. 7, London Royal Historical Society 1969, p. 273.

2.3. Introduction to the Constitutional Discourse

Jack P. Greene raises the basic question in his book “Peripheries and Center” namely “what these colonies were?”⁴⁰

None of the colonies had ever denied that they were dependent upon the English Crown, but they also insisted on their rights as Englishmen, which they had claimed on the basis of royal charters.

Greene quotes the assertion of the Maryland Assembly already in 1638 “that all the inhabitants of this Province...shall have and enjoy all such rights liberties immunities priviledges [sic!] and free customs within this Province as any naturall [sic!] born subject of England hath [sic!]....in the Realm of England.”⁴¹

As long as Parliament played a very limited role in colonial affairs until 1763, the legitimacy of Parliament’s authority was not questioned before.

Greene argues that there was a constitutional crisis after the Seven Years’ War “because the metropolitan government never explicitly admitted in theory what had developed in practice, however, the authority of the assemblies in the peripheries vis-à-vis that of the crown and the Parliament at the center remained in an uncertain state as late as the 1760s.”⁴²

To limit the considerable power in the executive institutions granted by the eighteenth-century constitution, the American colonists based their “political theory” on the ideas of John Locke, that is the governmental contract between subjects and Crown, between the ruler and the ruled. This reciprocal relationship was a quid pro quo relationship: the subject paid allegiance to the Crown and the King was obliged to protect the subjects as person, property and rights.

John P. Reid⁴³ argues in the introduction to his book “Constitutional History of the American Revolution” that the definition of the word “constitution” remains unclear. When analyzing the eighteenth-century, three distinctions should be kept in mind: constitutional, legal and political. During the 1760s, law and the legal system were embraced in varying degrees by the word “constitutional” defining the rights of citizens and the limits of government power, the public law of today. The third source for this

⁴⁰ Greene, Jack P., *Peripheries and Center*, The University of Georgia Press, Athens 1986, p. 1.

⁴¹ *Ibid*, p. 15.

⁴² *Ibid*, p. 76.

⁴³ See: Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 3-21.

chapter will be Tucker's and Hendrickson's book – two political scientists from Johns Hopkins University – “The Fall of the First British Empire”.⁴⁴

“The traditional, or Whig, view emphasizes the essentially defensive character of this response [to the larger purposes of imperial rule] : the Americans asked for no more, and no less, than to be placed again in the position they enjoyed before the Grenville administration embarked on its campaign to extinguish the traditional rights of the British American colonies.”⁴⁵

It was William Pitt (the Elder) who articulated a constitutional theory and announced his opposition to the Stamp Act, as the colonists were not represented in the Parliament. “Pitt's theory was based on four premises: the definition of property, the logic of federalism in the British Empire, the terms of the commercial contract; and the contention that under British constitution taxation and legislation were distinct and separate government powers.”⁴⁶

His definition of property was connected with the doctrine that taxation needs the consent of the taxed. His second position about the nature of federalism was related to the supreme authority of Parliament, but this supremacy was not absolute; it excluded the “internal taxation” from the scope of parliamentary sovereignty.

The discourse about “internal taxation” on behalf of revenue and “external taxation” on behalf of the regulation of trade started with the Sugar Act and escalated during the Stamp Act crisis, as the American colonists then asked for a return to the status quo of the pre-Grenville era, summed up by “salutary neglect”. Pitt emphasized the commercial contract, too: “Let this distinction, then, remain forever ascertained, Taxation is theirs; commercial regulation is ours.”⁴⁷

Pitt's last premise was the distinction between authority to tax and the authority to legislate. In his famous parliamentary speech on January 14, 1766, he expressed fierce opposition to the Stamp Act:

“This House represents those Commons, the proprietors of the lands; and those proprietors virtually represented the rest of the inhabitants. When, therefore, in this House we give and grant, we give and grant what is our own. But in an American tax,

⁴⁴ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 133-140.

⁴⁵ Morgan, Edmund S., *The Birth of the Republic, 1763-1789*, University of Chicago Press 1956, p. 27.

⁴⁶ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, pp. 85-104..

⁴⁷ *Ibid*, p.86.

what do we do? We, your Majesty's Commons of Great Britain, give and grant to your Majesty, what? Our own property? No. We give and grant to your majesty, the property of your Majesty's commons in America. It is an absurdity in terms."⁴⁸

Pitt's formula was the constitutional taxation-representation connection, whereas the second opponent, Baron Camden, stressed the principle of taxation-only-by-consent-of-the-taxed.

In contrast to the fundamental American position, British opponents to the Stamp Act insisted that Parliament was absolutely sovereign over the colonies except in the field of taxation, a position which was rejected by the colonial Whigs. They denied Parliament's authority both to tax and to legislate because they were not represented.

As we will see in Chapter 2.6., this radical Whig position followed an earlier moderate position, denying just internal taxation.

2.4. Virtual Representation vs. Colonies' Consent in Tax Matters

In Britain there was a general agreement at that time that the Stamp Act was right in principle as Grenville had the support of constitutional and legal experts and was convinced of the constitutional validity of the Stamp Act. Grenville defended the familiar concept of virtual representation as the Parliament of Great Britain represented the whole kingdom and its status did not depend on the degree of direct participation and the colonies were subject to the laws made by the British Parliament. Tucker and Hendrickson⁴⁹ describe the affirmed British position: the Parliament's right to tax the colonies depended upon the representative character of this legislative body and Grenville did not deny the principle of representation: "The objection of the colonies is from the general right of mankind not to be taxed but by their representatives. This goes to all laws in general. The Parliament of Great Britain virtually represents the whole Kingdom....Not a twentieth part of the people are actually represented."⁵⁰

Indeed, many of the urban areas in England were totally underrepresented, but there was some actual representation in England, however inadequate but in place; the American colonies were not represented at all.

⁴⁸ Ibid, p.86.

⁴⁹ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 170.

⁵⁰ Thomas, P.D.G. (ed.), *The Parliamentary Diaries of Nathaniel Ryder, 1764-1767*, Camden Fourth Series vol. 7, London Royal Historical Society 1969, p. 254.

Thomas Whately, who drafted the Stamp Act bill, defended this constitutional position in a pamphlet in 1765 titled “The Regulation lately made concerning the Colonies and the taxes Imposed upon Them [sic!]”.⁵¹

“The Colonies are in exactly the same Situation: All British Subjects are really in the same; none are actually, all are virtually represented in Parliament; for every member of Parliament sits in the House, not as Representative of his own Constituents, but as one of that august Assembly by which all the Commons of Great Britain are represented.....The parliament of Great Britain not only may but must tax the Colonies, when the public Occasions require a Revenue there: the present Circumstances of the nation require one now; and a Stamp Act, of which we have had so long Experience in this, and which is not unknown in that Country, seems a eligible Mode of Taxation.....it must appear proper to charge certain Stamp Duties in the Plantations to be applied towards defraying the necessary Expenses of defending, protecting, and securing the British Colonies and Plantations in America.”

His defense of the virtual representation rested on the proposition that the interests of all British “were given due consideration by Parliament and not sacrificed to partial advantage.”⁵² The doctrine of Thomas Whateley was the assumption that the role of Parliament was to balance the interests of the various parts of the whole empire and, because of Parliament’s responsibility “for the greater good of the whole”, there would be no difference between virtual and physical representation in terms of resulting legislation.

This position was also supported by the Lord Chief Justice Mansfield who linked representation with effective authority. He asserted that representation first arose by the favor of the crown and qualified the notion “that every subject must be represented by a deputy, if he does not vote in Parliament himself, is merely ideal.”⁵³

At no time was physical colonial representation in Parliament seriously considered.

Apart from the questions of distance and time, the colonists would form a small minority in Parliament for the time being.

During the debate on the Repeal of the Stamp Act, one speaker rejected colonial participation, because “they grow more numerous than we are, and then how

⁵¹ Morgan, Edmund (1959): Prologue to Revolution. Sources and Documents on the Stamp Act Crisis, 1764-1766. University of North Carolina Press, Chapel Hill, p. 17ff.

⁵² Tucker, Robert W., Hendrickson, David C., The Fall of the First British Empire, The Johns Hopkins University Press, Baltimore 1982, p. 171.

⁵³ Ibid, p. 169.

inconvenient and dangerous would it be to have representatives of 7 millions there meet the representatives of 7 millions here.”⁵⁴

It was Virginia which started to prepare a resolution, followed by most other colonies and they offer the most widely approved statements of the American position in 1765.

In the Rhode Island Resolves, September, 1765⁵⁵ the colonies’ standpoint was clearly stated:

“4. That, therefore, the General Assembly, of this Colony, have, in their representative capacity, the Only exclusive Right to lay Taxes and Imposts upon the Inhabitants of this Colony: And that every Attempt to vest such Power in any person or Persons whatever, other than the General Assembly aforesaid, is unconstitutional, and hath a manifest Tendency to destroy the Liberties of the People of its Colony.”

A second fact attacked by the colonies was the executive authority for the Stamp Act, as evidenced by the Pennsylvania Resolves, dated September 21, 1765⁵⁶:

“That the vesting and Authority in the Courts of Admiralty to decide in Suits relating to the Stamp Duty.....foreign to their proper Jurisdiction....contrary to Magna Charta...”

This dispute about the Sugar Act and the Stamp Act was the beginning of a more determined American opposition movement. The cabinet had acted on the belief that the resolves were the work of a small, intellectual minority in the colonies.

2.5. The Discourse about “Internal” and “External” Taxation

“From the Restoration to the Great War for the Empire, the authority of Parliament to legislate for the colonies, an authority that evidently implied the supremacy of Parliament over the colonies went unquestioned.”⁵⁷

Up until 1763, trade restrictions and prohibition were dictated by the strategic requirements of the Seven Year’s War to cut support for the French enemy, but under the Grenville administration the regulation of trade became driven by revenue requirements.

⁵⁴ Thomas, P.D.G. (ed.), The Parliamentary Diaries of Nathaniel Ryder, 1764-1767, Camden Fourth Series vol. 7, London Royal Historical Society 1969, pp. 151-152.

⁵⁵ Morgan, Edmund (1959): Prologue to Revolution. Sources and Documents on the Stamp Act Crisis, 1764-1766. University of North Carolina Press, Chapel Hill, p. 51.

⁵⁶ Ibid. p. 52.

⁵⁷ Tucker, Robert W., Hendrickson, David C., The Fall of the First British Empire, The Johns Hopkins University Press, Baltimore 1982, p. 76.

The American constitutional doctrine in the 1760s “admitted the right of Parliament to levy customs duties (external taxes), but denied the right of Parliament to levy excise taxes (internal taxes) on them.”⁵⁸

The distinction between internal and external taxation was an English one, because there was no constitutional distinction between the two. According to the American position, expressed by Franklin in his testimony to the Commons, the distinction “was not between unconstitutional internal taxation and constitutional external taxation. It was between unconstitutional taxation without consent and the constitutional regulation of commerce, in which customs duties were applied for purposes of regulation, not for purposes of raising revenue.”⁵⁹

The American colonist’s position failed to clarify their position how they regarded duties on trade for the single purpose of revenue, as the Sugar Act foresaw.

Randolph G. Adams⁶⁰ draws the constitutional line between the Sugar Act and the Stamp Act: “The Sugar Act was constitutional, according to this understanding of the colonial position, the Stamp Act was not. In the aftermath of the 1767 Townshend Revenue Act, which was clearly fiscal in intent, the colonies then conceded the right of Parliament to regulate the Trade of the Empire, and hence exercise a legislative authority over the unrepresented colonies, but denied the right of Parliament to levy taxes of any kind whatever, internal or external.”

The Sugar Act was the original precedent for an ambiguous discourse and the colonial position, and the Sugar Act was not explicitly seen as unconstitutional by the colonists.

In his pamphlet, Daniel Dulany (see Chapter 2.6.) admitted a right of Parliament to regulate trade without consent, even accepted the constitutionality of revenue taxes on external commerce, which was clearly given by the Sugar Act.

Another – and possibly the major – “purpose for calling taxes internal was to draw attention on the division of government power we now refer to as federalism. To say that authority was internal was to say it was local and properly within the jurisdiction of the separate colonial legislature.”⁶¹

⁵⁸ Ibid, p. 134.

⁵⁹ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 37.

⁶⁰ Adams, Randolph G., *Political Ideas of the American Revolution*, 3rd ed., New York 1958, p. 91.

⁶¹ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 38.

3. Overview of Major Events and Personalities

The first part, the Chronology, is taken from Steven Sarson's⁶² compilation table in "A Companion to the American Revolution" because of the most appropriate structure. Harry T. Dickinson on the other hand, provides the more compressed but concise overview.⁶³

Table 2. Chronology 1763.

Political and legal events	Military Campaigns, civil order and Western settlement	Social, cultural, economic, scientific and religious developments
April 8. Resignation of the Earl of Bute. Beginning of Grenville ministry.	February 10. Peace of Paris. Britain gains Quebec, Florida, and all North America east of the Mississippi. Military presence of 15 regiments under Gage, based in New York, estimated 225,000 pounds. Bute suggests colonists should pay.	April 19. Customs board reveals 1,800 pounds annual revenue. Parliament passes "An Act for the further Improvement of His Majesties Revenue of Customs" for inspections of ships below 50 tons.
	May 7-November 28. Pontiac's uprising.	April-September. Earl of Shelburne serves as President of the Board of Trade.
	October 7. Royal Proclamation Line forbids settlement west of line marked by Alleghenies.	September. Earl of Hillsborough is appointed President of the Board of Trade.

Table 3. Chronology 1764.

Political and legal events	Military Campaigns, civil order and Western settlement	Social, cultural, economic, scientific and religious developments
April 5. American Duties Act creates new Vice Admiralty Court in Halifax	July 10. Board of Trade issues "Plan of '64" for cooperation with Amerindians.	April 5. Sugar Act replaces Molasses Act, extends number of goods enumerated under Navigation Acts and

⁶² Sarson, Steven, Chronology, in: Greene, Jack P., Pole J. R., (ed.) A Companion to the American Revolution, Blackwell, Malden 2000, p. 719-721.

⁶³ Dickinson, Harry T., British Pamphlets on the American Revolution, 1763-1785, Pickering & Chatto, London 2007, p. lix-lx..

		makes duties and fines payable in sterling.
June 13. To combat British policy the Massachusetts House establishes the first Committee of Correspondence.		April 19. Currency Act extends prohibition of paper money to colonies south of New York; all paper money in circulation withdrawn.
		August. Boston merchants agree on non-importation to counter Sugar Act.

Table 4. Chronology 1765.

Political and legal events	Military Campaigns, civil order and Western settlement	Social, cultural, economic, scientific and religious developments
March 22. Parliament passes Stamp Act; opposition is led by William Pitt the Elder and Earl Camden.	March 24. Mutiny/Quartering Acts require colonists to provide billeting for British troops.	October 28. New York agreement on non-importation. Colonists continue to conduct business without stamp.
April. Publications against the Stamp Act by J. Otis, J. Adams.	August 14. Bostonians burn the houses of Stamp Collector Oliver and Hutchinson. Sons of Liberty organized. Protests render the Stamp Act unenforceable.	
June 8. Massachusetts General Court urges colonies to join in a Stamp Act Congress.		
July 10. Resignation of Grenville. Beginning of Rockingham ministry.		
October 7-25. Stamp Act Congress in New York, attended by eight colonies. Ratifies J. Dickinson's "Declaration of Rights and Grievances".		

Table 5. Chronology 1766.

Political and legal events	Military Campaigns, civil order and Western settlement	Social, cultural, economic, scientific and religious developments
March 18. Repeal of Stamp Act. Declaratory Act asserts Parliament's right to legislate for colonies.	January. Second Quartering Act billets troops in taverns and unoccupied dwellings. Violent opposition in New York.	January 17. Petition of British merchants affected by boycotts reaches Parliament.
July. Resignation of Rockingham. Beginning of Pitt ministry.	May. Settlers occupy Monongahela Valley of Pennsylvania without Amerindian consent or purchase.	September. Charles Townshend begins devising external taxes for America.
September. Charles Townshend becomes de facto Prime Minister because mental health of Pitt deteriorates. Lord North becomes Chancellor of the Exchequer.		November 1. American Trade Act reduces duty on Molasses and creates two free ports in the Caribbean.
September. Ch. Townshend begins consideration of new external taxes on the American colonies.		
December 18. Robert Nugent appointed President of Board of Trade.		

Table 6. Chronology 1767.

Political and legal events	Military Campaigns, civil order and Western settlement	Social, cultural, economic, scientific and religious developments
September 4. Death of Charles Townshend; the Duke of Grafton becomes the real head of ministry, though Chatham remains the nominal head.		June 29. Townshend Duties Act passed and the Board of Customs Commissioners established in Boston.
	December 31. Non-importation agreements spread through the colonies.	December 30. Massachusetts General Court condemns the Townshend Duties.

The author will complete this chapter with an overview of four personalities who contributed most to the controversy and discourse between Britain and the colonies between 1763 and 1767: George Grenville and his “mastermind” Thomas Whately as

the driving strategic forces on British side and James Otis and Daniel Dulany as intellectual colonial opponents and pamphlet writers.

3.1. George Grenville

“George Grenville was a man of ability, with long experience in the House of Commons and administrative experience as secretary of the navy and secretary of state.....But he had long been over-shadowed in politics by his brother Lord Temple and even more so by his brother-in-law, William Pitt the Elder.”⁶⁴

Grenville entered the House of Commons in 1741, supported by his uncle Viscount Cobham, and became a lord of the admiralty in 1744, where he gained the reputation “as a thorough-going administrator with a head for figures and a scrupulous desire to limit government expenditure.”⁶⁵

When he was appointed First Lord of Treasury he wanted to change a system of inefficiency in fiscal and colonial affairs. His further intentions were to create the position of the prime minister and to clarify the supremacy of the British Parliament.

At this point it is worth mentioning that we have to make a necessary differentiation. J. P. Marshall puts it as follows: “George Grenville, first minister from 1763 to 1765, is usually linked with these measures, not least because of his personal commitment to the Stamp Act. But any temptation to think in terms of a “Grenville programme” for the colonies should be avoided. The decision to base an army in North America and to make the colonists pay for its upkeep was taken by the King and Grenville’s predecessor, the Earl of Bute. And Grenville’s forthright views on Parliament’s role as an Imperial legislature, complete with taxing powers, were widely shared.”⁶⁶

This first intention had impacts on the prerogative of the Crown and the second should weaken the power of the colonial assemblies.

To begin with his more favorable fundamental qualities: he was incorruptible, resolute, devoted to duties, and endowed with a strong sense of public responsibility.⁶⁷ These skills and abilities brought him into the Treasury, but his less favorable qualities could

⁶⁴ Dickinson, Harry T. (Ed.), *Britain and the American Revolution*, Longman, New York 1998, p. 48.

⁶⁵ Lawson, Philip, *George Grenville: A political Life*, Clarendon Press, New York 1984, p. 18.

⁶⁶ Marshall, James P., *The Oxford history of the British Empire: The eighteenth century*, Oxford University Press, Oxford 1998, p. 328.

⁶⁷ Clark, Dora M., *George Grenville as First Lord of the Treasury and Chancellor of the Exchequer*, *The Huntington Library Quarterly*, Vol. 13, No. 4 (Aug. 1950) p. 383-397.

not keep him there. Dora Clark mentions his arrogant personality and suspicious disposition which created very formal and mistrustful relations among the ministers and his relationship to George III deteriorated progressively. George III found him very pedantic and tiresome: “His own forte lay in financial matters, and he had the King’s support in his desire for public economy, although George III later stated that his minister had the mind of a clerk in a counting house.”⁶⁸

His dismissal in July, 1765 was the result of the unwillingness of the ministers of the inner cabinet to work with him and the King’s increasing disfavor and loss of royal confidence.

His very ambitious program of imperial taxation and reorganization of the colonial administration was motivated by more fundamental reasons than a temporary concern about tax revenues and defence issues.

It was Grenville’s character to study the subject matter carefully before taking a decision and it was once said about him that “he lost America because he read the American despatches, which his predecessors had never done.”⁶⁹

In his article, T. Barrow gives a comprehensive overview of the influential role of reports from 1757 on, issued by the Customs Commissioner and concluded later by the Board of Trade.

These reports⁷⁰ give a very strong indication of the “salutary neglect” policy of the British colonial administration, when two Governors forwarded evidence of “pernicious trade” between the colonists and the French islands in the Caribbean: “By this indirect Way his Majesty’s Enemies are supplied.” After receiving this information, the Board of Trade ordered an investigation into illegal trade and smuggling in the colonies from the Commissioners. In 1759, the report – a compilation of 26 reports from the colonies – was delivered and by this time the Treasury became interested and increasingly involved in the question how to enforce the commercial Acts in the colonies and started to put pressure on the Board of Trade and its Commissioners.

The Commissioner’s report, dated May, 10, 1759⁷¹ can be grouped under three quoted categories:

⁶⁸ Simmons, R.C., *The American Colonies*, W.W. Norton, New York 1976, p. 295.

⁶⁹ Barrow, Thomas C., *Background to the Grenville Program 1757-1763*, *The William and Mary Quarterly*, Third Series, Vol. 22, No. 1, Jan. 1965, p. 102.

⁷⁰ *Ibid*, p. 94.

⁷¹ *Ibid*, p. 100.

1. The illicit Importation of Rum and Molasses from the French Islands into the British Northern Colonies.
2. The importation goods from different parts of Europe (particularly Holland and Hamburg) into North America, and of the carrying Enumerated goods from thence to the said places, and others in Europe, contrary to law, whereby all such imports and exports are restrained to Great Britain only.
3. The pernicious practice of supplying the French Colonies and plantations with provisions from his Majesty's Colonies, or from Ireland.

In 1765, Thomas Whately, the secretary at the Treasury and assistant to G. Grenville, estimated⁷² that the value of goods smuggled into the American colonies was around seven hundred thousand pounds and expected they would climb even higher. As the mercantile system was based on direct trade between motherland and colonies, this “salutary neglect” of the Acts of Trade and Navigation Acts was a major threat to the colonial tax revenue. Put into relation to the total value of imported commodities in Table 1. (as total 3,920,000 pounds) this estimated volume of wholesale smuggling represented a share of approximately 18%.

These documents and reports showed G. Grenville the poor effectiveness of the colonial commercial restriction. He concluded in his letter to the Privy Council, “that the revenue in America was very small and inconsiderable, having in no degree increased with the Commerce of those Countries, and is not yet sufficient to defray a fourth part of the Expense necessary for collecting it.”⁷³

T. Barrow raises the question whether the Grenville ministry, “following the advice of that particular colonial official, consciously used the problem of imperial defense and finance, which were in themselves legitimate issues, to screen their efforts to establish effective controls over colonial commerce. But it is true that the end of the war presented the English government with both an opportunity and an excuse for undertaking a general reorganization of the imperial machinery.”⁷⁴

Grenville recognized the ongoing undermining of the dependence of the colonists in relation to the mother country by the “salutary neglect” policy, which was the outcome

⁷² Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 118.

⁷³ Barrow, Thomas C., *Background to the Grenville Program 1757-1763*, *The William and Mary Quarterly*, Third Series, Vol. 22, No. 1, Jan. 1965, p. 101-102.

⁷⁴ *Ibid*, p. 103.

of a non-sufficient colonial control system. Ostensibly, the “Grenville program” did tackle the problem of financing the imperial defense by colonial taxes, but the author argues that the underlying strategy of G. Grenville was to restore effective subordination in commercial, political and constitutional terms.

3.2. *Thomas Whately*

Closely related to G. Grenville was his private secretary and advisor, Thomas Whately, a sort of “political mastermind” since May 1762, when Grenville was appointed secretary of state.

In October 1762 he followed G. Grenville who was transferred to the Admiralty and again in April 1763, when Grenville became head of the Treasury. In this position, Whately became key person among the British junior-ministers. Among historians writing about the early stages of the American Revolution, Whately is seen as a pamphleteer who “set out to provide a broad general defense of British colonial policy as a coherent system, outlining the leading considerations...”⁷⁵

Grenville had the highest confidence in Whately and delegated to him extensive responsibilities for preparing and executing major decisions and consequently he became highly involved in colonial policy. Because of this involvement he actively maintained a network of prominent colonists to gather information, and B. Baylin sees him as “the best informed person in England on the intricacies of the laws and regulations governing the colonies.”⁷⁶

As H. Dickinson⁷⁷ points out, his pamphlet *The Regulations Lately Made Concerning the Colonies, and the Taxes Imposed upon them, Considered*⁷⁸ is the most methodological and detailed defense of G. Grenville’s colonial policy before the Stamp Act crisis. This paper is an important source of information about ministerial thinking in which he defended the unity of the British Empire and had two main views: revenue and even more so: legislative and commercial control. At the beginning of the pamphlet he

⁷⁵ Christie, Ian R., A Vision of Empire: Thomas Whately and The Regulations Lately Made Concerning the Colonies, English Historical Review April 98, p. 300.

⁷⁶ Baylin, Bernhard, Pamphlets of the American Revolution, 1750 – 1776, vol. 1, Cambridge 1965, p. 601.

⁷⁷ Dickinson, Harry T., British Pamphlets on the American Revolution, 1763-1785, Pickering & Chatto, London 2007, p. 1-2.

⁷⁸ Whately, Thomas, The Regulations Lately Made Concerning the Colonies, and the Taxes Imposed upon them, Considered, J. Wilkie, London 1765.

blamed the former administration: “There have been Ministers ignorant of the Importance of the Colonies; others, have impotently neglected their Concerns; and others again have been diverted by meaner Pursuits from attending to them: But happily for this Country, the Real and Substantial, and those are the Commercial Interests of Great Britain, are now preferred to every other Consideration: And the Trade from whence its greatest Wealth is derived, and upon which its Maritime Power is principally founded, depends on a wise and proper use of the Colonies.”⁷⁹ This paragraph was a clear message in order to end the salutary neglect of the former administrations and to put a strategic focus on the colonies. In addition, he clearly stated that this empire needed a single authority which was, in this case, the Westminster Parliament, based on his concept of the unitary nature of the empire as “one nation”. Consequently, he is convinced of Parliament’s constitutional right to impose duties on the colonies and denies any legitimate distinction between internal and external taxes.

This distinction became a very fundamental – even ideological issue – and controversial in terms of representation, sovereignty and lawful taxation.

“In the arguments occasioned by the Stamp Act, a distinction had been taken between internal and external taxes; by the former were meant taxes on things out of the immediate power of commerce; by the latter, taxes on such as were within it. These (being paid at the ports) were more generally called duties. The former had been denied upon the principle (among others) that such a power of taxing subjected the whole of every American’s property to the power of Parliament; by which means he could not be said to have any that was absolutely his own.”⁸⁰

Cristie summarizes the aim of this pamphlet as follows: “As appears from the balance of the discussion in Whately’s pamphlet and from his own expressed opinion, regulation of trade was in his view a far more important object of the legislation of 1764 than revenue.”⁸¹

This discourse about virtual and physical representation, the different views on sovereignty and the in-depth analysis of taxation will be discussed in Chapter 8 of this thesis.

⁷⁹ Ibid, p. 3-4.

⁸⁰ McRee, Griffith J., *Life and Correspondence of James Iredell*, New York 1857, p. 287.

⁸¹ Christie, Ian R., *A Vision of Empire: Thomas Whately and The Regulations Lately Made Concerning the Colonies*, *English Historical Review* April 98, p. 308.

3.3. *James Otis*

Otis gained prominence during the controversy over the Sugar Act and the Stamp Act in 1764 and 1765. His most famous pamphlet *The Rights of the British Colonists Asserted and Proved* was published in 1764 after Otis – a Massachusetts lawyer, educated at Harvard – took on a leading role as constitutional advocate for the colonists. He was a successful politician as opposition leader in Massachusetts from 1761 until 1770 and he can be characterized as a practical political thinker, more than as a theorist. Basically, Otis was educated as a patriotic Briton and always wished to remain British. At the same time he criticized the fact that the British constitution did not secure Anglo-American rights and concluded the need for a reform to keep Anglo-America free and British.

His major pamphlet, *The Rights of the British Colonists Asserted and Proved*, was published during the controversy over the Sugar Act and Stamp Act, leaning heavily on natural rights, natural law and the ideas of John Locke. Consequently he denied the right of Parliament to tax British colonists because “the supreme power cannot take from any man any part of his property without his consent in person or by representation.”⁸²

Richard A. Samuelson⁸³ entitles his essay, “James Otis: Resistance and Loyalty” to express his differentiated legal position: on the one hand he regarded taxation of unrepresented colonists as a violation of the law of nature, denying the right to do so and regarded such acts as void, on the other hand he accepted the Parliament’s power to tax the colonies. This differentiation between Parliament’s power and the right ended in his legal conclusion: “we must obey; they [the members of Parliament] only can repeal their own acts.”⁸⁴ This position was his preferred option: “when a government exceeded its legitimate scope or acted unjustly, a subject had only three options: quit the country, revolt and try to institute a government that will better uphold rights, or submit to the bad law and work to change it through regular channels.”⁸⁵

By this, Otis expressed his belief that the constitution was superior to Parliament and that Parliament was superior to the law and sought to reform the imperial constitution

⁸² Otis, James, *The Rights of the British Colonists Asserted and Proved*, Edes and Gill, Boston 1764, p. 37.

⁸³ Samuelson, Richard, *The Constitutional Sanity of James Otis, Resistance Leader and Loyal Subject*, *The Review of Politics*, Vol. 61. No. 3, Cambridge University Press 1999, p. 493 – 523.

⁸⁴ *Ibid*, p. 501.

⁸⁵ *Ibid*, p. 502.

“to end the dispute by reconciling “three separate constitutions”, the “British constitution for the central state”, the “separate provincial constitutions” and the “as yet undefined, even unacknowledged, imperial constitution.”⁸⁶

This dispute escalated in August 1765 during the Stamp Act riots, which were regarded as a constitutional means of protest by the colonists: “if Parliament was under the law, but acted contrary to it, then popular uproar was a legitimate, if somewhat extreme way to remind Parliament of its place, and to correct this error.”⁸⁷ According to the colonist’s view, resistance to illegitimate acts did not imply rejection of legitimate authority.

From 1765 onwards, Otis tried to find an imperial structure to formalize the relations between the mother country and her American colonies and to secure equality throughout the empire. Hence, his idea was an imperial Parliament to integrate periphery and center in order to also guarantee the rights of the subordinate colonies – with representation of the American colonies. “Parliament could rightfully legislate for Americans on all issues – including taxation.”⁸⁸

In so doing, Otis tried to find a constitutional solution by guaranteeing not only the supremacy of Parliament but also the equality of American Britons with those of Great Britain: a fair American representation in an imperial Parliament which would grant to the colonies’ laws the same legitimacy as laws relating to Great Britain, which would have become another subordinate state equally under an imperial Parliament.⁸⁹

Otis failed to overcome the practical impossibility to create a functioning system of representation because of 3,000 miles distance between the mother country and the colonies.

In addition, Otis called for economic reforms: “The first steps towards it [reform] must be forming an entire new system of commercial laws, the demolition of all monopolies great and small, and throwing open all the ports of the world to the colonists, under proper restrictions.”⁹⁰

James Otis tried to prevent the imperial Stamp Act crisis as early as 1765 and the later revolution by working hard on a reasonable solution to the imperial problem and to overcome the ideological tensions latent in the Whig tradition.

⁸⁶ Greene, Jack, P., *Peripheries and Center*, W. W. Norton, New York 1986, p. 67-68.

⁸⁷ Otis, James, *The Rights of the British Colonists Asserted and Proved*, Edes and Gill, Boston 1764, p. 510.

⁸⁸ *Ibid*, p. 515.

⁸⁹ Johnson, Richard, *Parliamentary Egotism*, *Journal of American History* 1987, p. 341.

⁹⁰ Otis, James, issued under the synonym “John Hampden”, *Boston Gazette*, 30. December 1765.

3.4. *Daniel Dulany*

John E. Alden gives the following assessment of Daniel Dulany, a lawyer and politician in Maryland, educated at Eton and Cambridge. He writes: „Of all the controversial writings provoked in the American colonies by the passage of the Stamp Act, Daniel Dulany’s “Considerations on the Propriety of Imposing Taxes in the British Colonies” was undoubtedly the most significant and influential....the pamphlet went through two editions in Maryland, where it was first published, and was reprinted both in New York and London. Setting forth the thesis that the American colonists, since they could not have virtual representation in Parliament, could therefore not be taxed by that body without violating a fundamental concept of English law, Dulany developed an argument which was to be more than popular in the minds of colonial radicals.”⁹¹

Dulany has often been cited as a source who distinguished between internal and external taxes, but his pamphlet focused on more general constitutional arguments against the Parliamentary taxation.

In this pamphlet, Dulany’s position was that internal taxation was not part of the authority of the Parliament, it was the jurisdiction of representative bodies. Dulany argued that taxation and legislation were separate matters and had always had been treated as such in the past. The only representative bodies in America were the colonial assemblies, so that an American could “give his Consent in no other Manner than in Assembly.”

He argued: “It appears to me that there is a clear and necessary Distinction between an Act imposing a Tax for the single Purpose of Revenue, and those Acts which have been made for the Regulation of Trade, and have produced some Revenue in Consequence of their Effect and Operation as Regulation of Trade.”⁹²

“A Right to impose an internal Tax on the Colonies without their consent, for the single Purpose of Revenue, is denied; a Right to regulate their Trade without their Consent is admitted.”⁹³

⁹¹ Alden, John E., The Boston Edition of Daniel Dulany’s “Consideration on the Property of Imposing Taxes, The New England Quarterly, Vol. 13, No. 4 (Dec., 1940), pp. 705-711.

⁹² Dulany, Daniel, Considerations on the Propriety of Imposing Taxes in the British Colonies, Annapolis 1765, pp. 30-35.

⁹³ Ibid, p. 35.

Dulany's position on taxation remains somehow unclear, as he rejected internal taxes as unconstitutional, but admitted duties on trade in general without the contrasting differentiation "for the purpose of regulation" and "the purpose of revenue".

As he never used "external taxation", Dulany agreed to the imposition of duties – the external taxation – also for the single purpose of revenue and not only for trade regulation, which he rejected for internal taxes.

Dulany also quoted the principle of The Common Law and clearly opposed Whatley's position on virtual representation and admitted that taxation was not a function of sovereignty but rather the prerogative of a physical representative body: "that no Part of their Property shall be drawn from British Subjects without their Consent, given by those whom they depute and to represent them;The Colonies claim the Privileges of British Subjects – It has been proved to be inconsistent with those Privileges, to Tax them without their own Consent and it hath been demonstrated, that a Tax imposed by Parliament, is a Tax without their Consent."

In this first stage of Dulany's – and colonial – resistance, "they still admitted the authority of Parliament to regulate trade and to legislate in other ways for the whole empire; they still denied that Parliament had the right to tax them. These views they continued to affirm until the 1770's when they advanced to the more radical position of denying the authority of Parliament to legislate as well as to tax."⁹⁴

4. The Colonies before 1763

4.1. Salutory Neglect vs. Imperial Control

The subject matter of this chapter is twofold: it analyzes the structure of the colonies' administration and political institutions and evaluates the conflicting issues between local elites and the British intentions. The second section is a review of the execution of trade laws during and after the "salutory neglect" period.

It had led to colonial distrust but also created a united national identity in the colonies as Edmund Burke asserted in 1757: "Nothing of an enlarged and legislative spirit appears in the planning of our colonies."⁹⁵

⁹⁴ Morgan, Edmund S., *Colonial Ideas of Parliamentary Power 1764-1766*, *The William and Mary Quarterly*, Third Series, Vol. 5, No. 3 (Jul., 1948), pp. 339-341.

⁹⁵ Greene, Jack, P., *Negotiated Authorities*, University Press of Virginia, Charlottesville, 1994, p. 43.

The dispute and the interactions started when London's view of the colonies changed radically after the French and Indian War (1754 – 1763), when George Grenville formed his ministry in April 1763 and put an end to the Salutary Neglect policy. Britain's imperial authority was very weak and Royal governors could only do little without the support of the colonial assemblies. Grenville realized the need to bring the colonies under closer supervision and to strengthen the imperial authority by reducing their autonomies and to impose internal taxes on the colonies in order to finance the ongoing costs of imperial defense. There were no doubts that the British parliament possessed the constitutional authority to pass such a bill. "His own forte lay in financial matters, and he had the King's support in his desire for an austerity policy, although George III later stated that his minister had the mind of a clerk in a counting house."⁹⁶

The administrative structure on which Britain relied to govern the colonies was never really adequate for the vast territory in the New World. In fact, there was no centralized authority at Westminster with effective control over Britain's relations with the American colonies and too many overlapping interests. "The only relatively steady hand in this structure was provided by the Board of Trade, which funneled information received from the colonies to the Secretary and relayed his instructions to governors and other officials in America."⁹⁷ The Board of Trade existed since 1696 at Westminster to supervise the commercial relations with the American colonies. It also advised on laws passed in the colonies and provided some small customs services there. This board was headed by a president and seven active commissioners. The members of the Board of Trade did not have sufficient authority to steer the government's colonial strategy, while ministers such as the head of Treasury had little or no experience with the situation in the colonies, and communication between the royal governors and government ministers across the Atlantic was slow. Until the Earl of Halifax became President of the Board in 1748, it had minor influence and authority. When he resigned in 1761, "the Board lost influence and the colonies lost an intelligent administrator."⁹⁸

In this period, the Board tried to establish a much closer supervision and to tackle the many outstanding problems such as the issue of colonial paper money, to review the colonial legislation carefully and to secure metropolitan approval, but colonial assemblies heavily opposed these Board's activities to defend their established

⁹⁶ Simmons, R.C., *The American Colonies*, W.W. Norton, New York 1976, p. 295.

⁹⁷ Middlekauff, Robert, *The Glorious Cause*, Oxford University Press, New York, 1982, p. 23.

⁹⁸ *Ibid*, p. 24.

constitutions and local authority. When the Currency Bill was issued in 1749, a clause was amended which declared any colonial legislative enactments being in contrary to this Bill as null and void.

The opposition rejected this clause and ultimately forced the administration to postpone this amendment. Indeed, the amount of circulating paper money in the colonies⁹⁹ increased by 355 percent from 1754 to 1764.

It was of course the role of Parliament to define the economic relations between England and the colonies, but H. Dickinson¹⁰⁰ sees the root cause of “salutary neglect” in a “laissez-faire” attitude of the Westminster Parliament, which lacked effective imperial control over the growing number of colonies.

It was the Secretary of State for the Southern department who directed the governors and other officials in the colonies and who could order the use of military or naval power in the colonies. It was the Secretary of State who reported to the Cabinet, but as he was also responsible for Britain’s continental relations, such as those with France or Spain, the colonial matters were mostly of minor priority.

A further body, the “Committee for the Plantations” of the Privy Council, advised the King to approve or veto colonial legislation, accept appeals, petitions and complaints from the colonies.

But there were two further institutions, the Treasury and the Admiralty, which dealt with the colonies, too. Whereas the Treasury did manage all revenue collection and the national debt, the Admiralty’s duty was to control all operations related to the Navigation Acts and to combat the smuggling of the colonists. Given the length of the colonies’ coastline the Admiralty could not effectively fulfill this enormous task.

England’s and later Britain’s American colonies were acquired under the authorization of the Crown over a long period of time – from Virginia in 1607 to Florida in 1763. Immigrants came to the colonies with grants of colonial charters, rights of proprietorships, and trading privileges, and with the permission to establish local legal and governmental institutions. In the seventeenth and eighteenth centuries, the British Parliament released in typical mercantilist fashion some trade acts, such as the Navigation Acts of 1651 and the Molasses Act of 1733.

⁹⁹ Greene, Jack P., Pole J. R., (ed.) *A Companion to the American Revolution*, Blackwell, Malden 2000, p. 115.

¹⁰⁰ Dickinson, Harry T., *British Pamphlets on the American Revolution, 1763-1785*, Pickering & Chatto, London 2007, p. 14.

The Navigation Acts were passed to establish England's commercial monopoly over trade with the colonies and to generate customs revenue out of a self-contained economic system that spanned the Atlantic and which served the interests of the mother country. This Act was the first substantive effort to define the economic relationship between England and the colonies and to engage the competitive European powers. It stipulated that Americans could ship their goods in an enumerated category only to British ports and only on British vessels. However, proprietors or charter colonies ignored or even flouted the acts because of privileges granted. Cogliano¹⁰¹ shows the dimension of smuggling: under the terms of the Molasses Act of 1733, Americans should have paid approximately 200,000 pounds in duties on imported sugar and molasses, as 113 rum distilleries existed in British North America that used molasses as their main raw material. Due to inefficiency and corruption the actual total of the raised customs duties was 700 pounds.

The Navigation Acts cost the colonists an estimated 1.8 percent of their income from exports and anywhere from 0.25 up to 1 percent in the case of imports. Thus this was an additional fiscal burden with low economic effect.¹⁰²

Tucker¹⁰³ addresses the economic impact when he writes: "The consensus now is that the net burden on the colonies did not exceed 1 to 2 percent of total income in any given year."

Consequently, one major issue after the defeat of the French in Canada in 1759/1760 was to end "salutary neglect" and to execute longstanding restrictions on their economic autonomy imposed by the British legislated commercial system. But Dickinson¹⁰⁴ points out that there was a growing and robust colonial economy which was already 40 percent of the size of the British economy around the middle of the eighteenth Century. This booming economy also strongly supported the rise of local elites.

They were well-educated and their striving for political influence was a major factor in weakening the authority of the royal administration in the colonies.

¹⁰¹ Cogliano, Francis D., *Revolutionary America 1763-1815*, Routledge, New York 2009, p. 49-51.

¹⁰² Greene, Jack P., Pole J. R., *A Companion to the American Revolution*, Blackwell, Malden 2000, p. 27.

¹⁰³ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 18.

¹⁰⁴ Dickinson, Harry T., *British Pamphlets on the American Revolution, 1763-1785*, Pickering & Chatto, London 2007, p. XVII-XVIII.

4.2. *Trade and Taxation*

Theories of imperialism state that colonies had to produce raw materials for export to the mother country, which, in turn would deliver finished goods to its colonies. Within the British Empire, trade was regulated by the Navigation Acts, which forced the colonists by law to trade certain enumerated staple products using British ships within the Empire. The aims of the Acts were twofold: first to exclude the Dutch from the colonial trade and second to raise the customs revenue and to reap the material benefits of the colonies.

Keith Mason¹⁰⁵ quantifies the volume of this British overseas trade between 1700 and 1750: the value to Britain and West Indian commerce showed an increase of 120%, from 1,855 million pounds per annum at the beginning of the eighteenth century to 4,100 million pounds per annum at mid-century. The North American colonies became the fastest growing part of the British Empire before 1750. It was during this period that merchants trading with mainland America became organized, lobbying the Board of Trade, ministers and Parliament.

Generally speaking, the English merchants tended to support the demands of their American correspondents and – as Jack P. Greene argues – “possessing firsthand information about American trade that the government needed, the merchants were instrumental in shaping the government’s decisions about America.”¹⁰⁶

Economic historians have raised the question about the advantages or disadvantages of the colonies to Britain. Did the colonies generate a loss instead of a profit?

The main advantages were the significant growth of England’s export to the colonies – from a 10 percent share in 1700 to 37 percent in 1772 – and the imports of raw material at a favorable price provided inexpensive consumer goods for the British public – something which had led to rising per capita income in the motherland.¹⁰⁷

Walton and Shepherd¹⁰⁸ offer very interesting snapshots of the post-war balance of payments between the colonies and Britain which shows the annual deficit of about 40,000 pounds which had to be covered by the British taxpayers.

¹⁰⁵ Mason, Keith, *Britain and the Administration of the American Colonies*, in: Dickinson, Harry T., ed., *Britain and the American Revolution*, Longman, New York 1998, p. 36-37.

Jack P. Greene confirms these data in “A Companion to the American Revolution”, p. 21-22.

¹⁰⁶ Greene, Jack P., Pole J. R., *A Companion to the American Revolution*, Blackwell, Malden 2000, p. 22.

¹⁰⁷ *Ibid*, p. 27.

Table 7. Balance of payments for the 13 colonies, average 1768-1772, in 1,000 pounds

		Debit	Credit
Commodities	Exports		2,800
	Imports	3,920	
Invisible earnings	Ship sales		140
	Shipping earnings		600
	Merchant commissions		220
Trade balance		160	
Payment, persons	Indentured servants	80	
	Slaves	200	
British tax & expenditures	Taxes and duties	40	
	Salaries British Administration		40
	Military expenditure		230
	Naval expenditure		170
Capital flow/Deficit			40

This table shows on the one side a positive trade balance in favor of the British, the cost for tax collection equaled the tax revenue and the cost for British defense and administration turned the British trade gains into negative colonial returns. It is important to mention that the commercial benefits of the Navigation Acts in favor of the British commerce are not included and will be discussed later.

To understand the impact of imposed taxes and duties during the years 1763-1767, the author will break down the value of imported and exported commodities of the colonies to provide the needed data for the later analysis of the severity of Grenville's economic program.

The table below shows a subset of the estimated export volume of the North American colonies in terms of value and destination.

¹⁰⁸ Walton, Gary, Shepherd, James, The economic rise of early America, Cambridge University Press, London 1979, p. 101-112.

Table 8. Estimates of colonial exports for the period 1768-1772¹⁰⁹

Destination	Value in pounds
Great Britain	1,528,000
Ireland	87,000
Southern Europe	406,000
West Indies	759,000
Africa	21,000
Total	2,801,000

To analyze the patterns of trade, the composition of the exported goods offers additional insight.

Table 9. The five most valuable commodities during the years 1768 -1772¹¹⁰

Commodity	Value in pounds
Tobacco	766,000
Bread and flour	410,000
Rice	312,000
Fish	154,000
Indigo	113,000

Viewed in relation to the total exports, these five goods comprised more than 60%.

Besides the commodity production, Walton and Shepherd quantify the “invisible earnings” of trade; the provisioning of shipping and distribution services generated significant revenues of 600,000 pounds in the period between 1768 -1772.

In the course of the eighteenth century, colonial trade became an increasing economic factor in the British economy as the comparison shows.

¹⁰⁹ Ibid, p. 79.

¹¹⁰ Ibid, p. 81.

Table 10. Comparison of British importations in 1700 and 1773 per region¹¹¹

Imports from	1700 in %	1773 in %
Northern Europe	34,2	22,4
Southern Europe	26,6	14,4
Other British Isles	7,4	10,7
America	18,9	37,4
East India	12,9	15,1

Perkins provides a more detailed analysis, based on the colonies' three regions: the northern region of New England (Massachusetts, New Hampshire, Connecticut, Rhode Island), the Middle Colonies (New York, Pennsylvania, New Jersey and Delaware) and the Southern Colonies (Virginia, Maryland, North Carolina, South Carolina, Georgia). This differentiation helps to break down imports and exports and to analyze the impact of duties and taxes, based on this regional mix of commodities.

Table 11. Balance of Trade per Region¹¹², 1768-1772, mean average in pounds.

Region	Exports to Great Britain	Imports from Great Britain	Trade Balance
Northern Colonies/New England	77,000	670,000	- 593,200
Middle Colonies	66,600	822,200	- 755,600
Southern Colonies	1,213,600	1,336,300	- 122,700
Total	1,357,200	2,828,500	- 1,471,500

Compared to Table 8. – which is based on Walton's and Shepherd's figures – a difference of 170,000 pounds arises which can be explained by immaterial “invisible earnings” of the Northern Colonies.

From this regional point of view, the Middle Colonies and Northern Colonies were most valuable to England – generating a positive trade balance of more than 1,300,000

¹¹¹ Ibid, p. 76.

¹¹² Perkins, Edwin J., *The Economy of Colonial America*, Columbia University Press, New York 1980, p. 25-28.

pounds for the mother country. The northern colonies had no products which were unique to the western hemisphere and direct trade to Great Britain consisted largely of whale oil, potash and ship masts. The royal navy valued the northern colonies as a secure source of masts. They were important for military reasons and from an economic view point, they were a source of modest revenues.

In contrast to timber exports, the whaling industry of the northern colonies showed a rapid expansion: in 1770 some 250 vessels had been in search of whales. Before the rise of petroleum, whale oil was needed for lighting. Exported whale oil generated a value of 40,400 pounds, followed by potash, representing an export value of 22,400.

The major destination for exports from the New England region were the West Indies with an export value of 278,000 pounds – mostly fish, horses and cattle – but there were also significant imports of molasses, rum and sugar valued at roughly 250,000 pounds, since alcohol consumption per capita was very high. With regards to these huge imports, customs duty on sugar and molasses played a significant role in regulating these competitive markets and curbing smuggling.

The Middle Colonies were least important in terms of exports to Great Britain – iron and potash generated most of the export value – but their imports from Great Britain exceeded 800,000 pounds and created a negative trade balance of more than 750,000 pounds versus Great Britain.

Being the largest importer of British goods and at the same time the major exporting region of the American colonies, the Southern Colonies show the most “mercantilist profile”. The economic expansion of the Southern Colonies went hand in hand with the rising demand for tobacco in England and on the continent. Following the Navigation Acts, nearly all colonial tobacco shipments, 99.6%, went to Great Britain, where merchants re-exported about 90 percent of the tobacco to continental buyers. Furthermore, 52 percent of rice was exported to Britain, of which 79 percent was re-exported to Northern European markets.¹¹³

Roger Ransom¹¹⁴ has calculated the impact of the Navigation Acts on the Southern Colonies under the assumption of direct export to continental ports and estimated that the revenues of the Southern Colonies would have increased substantially. The impact

¹¹³ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 108.

¹¹⁴ Ransom, Roger L., *British Policy and Colonial Growth: Some Implications of the Burden from the Navigation Acts*, *The Journal of Economic History*, Vol. 28, No. 3 (Sep., 1968), Cambridge University Press, pp. 431-435.

on tobacco (326,000 pounds) and rice (120,000 pounds) exports might have been in total 446,000 pounds higher than the realized revenue under the constraints of the Navigations Acts. For all enumerated staples – mostly tobacco, rice and indigo – this “theoretical loss” of the Southern Colonies accounted for 90% of the total colonial shortfall, associated with the regulations of the Navigation Acts, of 565,000 pounds for all American colonies.

The purpose of the enumeration was to monopolize the trade in colonial staples for Great Britain’s commerce and to realize a high trade margin when re-exporting these crops mostly to the continent.

Consequently, the Southern Colonies contributed twofold to the mercantilist strategies: first, as the largest market for imported British goods within the American colonies and second, as the major provider of staples within the trade regulations of the Navigation Acts. The British mother country exercised its monopoly rights in purchasing staples below the continental market price, generating additional revenue for Britain’s economy when applying the market price for the re-exported quantities.

As a result, the Southern Colonies as a whole were near a trade equilibrium and “The extension of credit to southern planters was a device employed by British merchants, operating in a highly competitive market, to attract business. British merchants earned commissions and profits first on the sale of a planter’s produce in the home market and then on the return shipment of finished goods ordered by the planter. Indeed, some scholars believe that the main source of profits for British merchants serving the Chesapeake area came not from tobacco transactions per se but rather from high markups on textiles, hardware, and luxuries sent back to the colonies.”¹¹⁵

On the other hand, the level of domestic taxation in the colonies was very low and approached 20 percent of the tax rates prevailing in England.

“Until 1764, the British had inadvertently encouraged this attitude, for Parliament had not only asked for little colonial revenue for over one hundred years, it had also regularly sent substantial taxes from the pockets of Englishmen overseas to finance a series of military campaigns on the North American continent. With their defense costs largely subsidized by the mother country, and without a sitting monarch, an idle

¹¹⁵ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 32-33.

aristocracy, or a large court establishment to support, the colonies incurred modest governmental expenses at the provincial level.”¹¹⁶

The colonists gained substantial reimbursement from Parliament for recruited soldiers and their supplies throughout the military campaigns: in the period from 1757 to 1767 Parliament reimbursed 800,000 pounds to the thirteen colonies to cover their expenses during the French and Indian War.

Consequently, the major items in the annual budget of a colony had been the salaries of the governor, the judges and the coverage of the legislative expenses. Perkins indicates the range of this annual budget: in Massachusetts the average yearly expenditure from 1765 to 1774 was 27,000 pounds, New Hampshire spent only 2,000 pounds in 1772.¹¹⁷

By the late colonial area, the domestic taxes represented no more than 1.5 percent of the estimated per capita income, whereas the English tax rate ranged from 5 to 7.5 percent of per capita incomes. Thus it is not surprising that the per capita incomes of colonial households were higher than those in Britain.

Each colony had implemented different methods of taxing its inhabitants, mostly based on assessed values of land, livestock, import taxes on slaves, liquor, imports and exports and mercantile profits. Besides, aid to the poor had become a large financial item: Boston allocated up to 60 percent of its local taxes to charity.

These domestic taxes, following the definition and explanations of Chapter 2.1., were “internal” taxes, based on differing methods, mostly based on personal property, imports and exports or a poll tax for males, mostly over sixteen.

To give an overview of the different taxation methods¹¹⁸, the types of domestic taxes are grouped for the New England Colonies, the Middle and the Southern Colonies.

Table 12. Types of Domestic Taxes, 1763-1775.

Region	Domestic Taxes
New England	land, unimproved and land, assessed value other property, assessed merchant profit poll, linked to wealth excise, liquor (New Hampshire)

¹¹⁶Perkins, Edwin, *The Economy of Colonial America*, Columbia University Press, New York 1980, p. 123.

¹¹⁷ Ibid. p.125-127.

¹¹⁸ Becker, Robert A., *The Politics of Taxation in America, 1763-1783*, Ph.D. dissertation, University of Wisconsin, 1971.

Middle Colonies	land, assessed value (Pennsylvania only), land per acre import, finished goods, other property, assessed import, slaves (New York) excise, liquor (New York)
Southern Colonies	land, per acre excise, liquor import, finished goods, slaves export tobacco poll tax, flat poll tax on free blacks (South Carolina, Georgia)

As we can see in this table, taxes on land, either per acre or ad valorem, had been applied in all colonies, imposed by the Colonial Assemblies. The Stamp Tax – in a later chapter in more detail – provided two major reasons for rejection: it was closely linked to land transactions, such as contracts or grants and deeds for land and was perceived as an additional burden, and second, it was an “internal” tax, applied on private property by British Parliament and not by the elected, and thus representative, Colonial Assemblies.

Poll taxes had been mostly imposed in the Southern Colonies on slaveholders who were also liable for their slaves, whereas the poll tax in Georgia and South Carolina had been imposed exclusively on free blacks as a means of racial discrimination. Tobacco became a significant source of tax revenue in the Southern Colonies, as for example in Maryland and Virginia, whereas in urban areas of New England and the Middle Colonies imports of finished goods and the merchants’ profit had been targeted for taxation.

Whereas land tax in England jumped from 10 to 20 percent during the war – the British tax was almost certainly the highest in the Western world – the colonial contribution, in terms of “external” taxes, was nil¹¹⁹ except for some quitrent in Virginia and Maryland. In Massachusetts, the tax rate for the income of merchants from trade and money lending was 5 percent in 1773.

The “internal” taxes were very low in all the colonies and the net tax burden “was rarely more than 4 or 5 percent of family income, and in rural counties the figures were much lower.”¹²⁰

¹¹⁹ Perkins, Edwin, *The Economy of Colonial America* Columbia University Press, New York 1980, p. 129.

¹²⁰ *Ibid*, p. 128.

5. The changes in economic and fiscal relations

5.1. The Proclamation Line

The Royal Proclamation was issued on October 7, 1763 to structure and integrate the newly acquired land after the French and Indian War into the British Empire.

This Proclamation firstly regulated the colonial expansion by drawing a temporary western boundary line – roughly speaking along the Appalachian Mountains – to separate the British colonies from the Indian Reservation which can also be seen as a state-building attempt of the British Crown but also based on a given promise¹²¹ in 1758 to motivate the French-allied Delawares to change sides. The responsibility to maintain law and order was left to the British army; the Board of Trade issued an Ordinance, dividing the West into two regions, where trading was put under control of two civilian Indian superintendents, but not provided with a civil government. The cost seemed too much for the British budget for the time being.

Simmons quotes a comment on the Proclamation line of s Connecticut man: “Great Britain possesses all the advantages and not an American entitled to an inch of land.”¹²²

The main concern of this Proclamation was to avoid conflicts between expanding colonies and the Native Americans and to protect their interests. It also addressed the purchase of land by the colonists and can be regarded as a first legal recognition by the British Crown of Aboriginal rights. However, the British, for their part, believed that all native land ultimately belonged to the Crown.

The considerations of this geographical limitation of western settlement were the peace and security of the frontier in order to maintain “cordial relations with the Indians and protecting their hunting grounds from settlement.”¹²³

There was still fear at Whitehall that Indian uprising would allow the French to regain influence and hold on Indian and Quebec support and would resume their old position as a threat to the British colonies. Indian grievances came to a head in Chief Pontiac’s Rebellion (1763-1765) when Pontiac led a loose confederation of Indian tribes, attacking British forts and settlements along the western frontier of the colonies.

¹²¹ Jennings, Francis, *The creation of America, through revolution to empire*, Cambridge University Press, New York 2000, p. 78.

¹²² Simmons, R.C., *The American Colonies*, W.W. Norton, New York 1976, p. 332.

¹²³ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 28.

This assault was a reminder of the complexity and sensitivity of the Indian problem and taken as further evidence of the need to establish imperial control over the frontier and the interior. “In the eyes of the Indians, the French (and Spanish) had no right to cede the lands of the great interior to the British since these lands had never been theirs to cede...Their apprehensions were sharpened when the British occupied the forts in the interior abandoned by the French, and, in several instances, strengthened these forts while building settlements around them.”¹²⁴ Furthermore, the idea of land ownership was completely different to the cultural perspective of the Indians, where the use of land had been seen as for survival purposes only.

Pontiac’s Rebellion reinforced the British policy makers in their belief that responsibility for the West could no longer be left to the colonists because there was the strong perception in Britain that the conflict had occurred because of unscrupulous trading activities and illegal appropriation of Indian land.

As 2,000 Americans died during this Indian uprising, royal authorities became convinced of the need to keep regular troops in the colonies.

Therefore the Royal Proclamation also declared that in future, “no private person would be allowed to purchase lands from Indians on either side of the line....Colonial officials were forbidden to authorize White men to purchase or otherwise acquire Indian lands.”¹²⁵

There was also a clause in the Royal Proclamation about soldier settlement “to testify our Royal Sense and Approbation of the Conduct and bravery of the Officers and Soldiers of our Armies, and to reward the same.”¹²⁶ The Rank of a Field Officer got granted 5,000, a Captain 3,000, a Staff Officer 2,000, a Non-Commission Officer 200 and finally every Private Man 50 acres of land at the expiration of ten years and after this period based on the common quit-rent of the province.

Even the Act made a clear distinction between the Indians to the west and to the east of the Appalachian Mountains; it was only applied to the first group whereas the status of the Indian population east of the Proclamation line was based on agreement and treaties between the various governments and the Indians.

¹²⁴ Ibid, p. 92.

¹²⁵ Proclamation of 1763, in: Commager, Henry, Cantor, Milton, (eds.) Documents of American History, 10th ed., Englewood Cliffs, NJ 1988, p. 48-49.

¹²⁶ Royal Proclamation of 1763, Paragraph: Soldier Settlement.

“In effect, the king was taking the Indians under his paternal protection for their own good.”¹²⁷ Many colonists were angered by this act because it set a limit to the western frontier. After all, many Americans believed that the interior of the vast continent should be explored and settled, too.

B. Knollenberg¹²⁸ had uncovered other motives for limiting the expansion into western territories: he argues that a “hidden agenda” of the Indian boundary line was the British intention to discourage settlement to the west in order to keep the colonial market for British exports. Imperial officials feared that expanded colonies beyond the mountains could soon develop economic self-sufficiency and – in addition – lead to the loss of political control.

In addition, the British perceived the colonial response to the call for additional colonial troops during Pontiac’s Rebellion as totally insufficient. Although some colonies did respond, the inadequacies of the colonial requisition system became obvious and the British conclusion was to garrison the frontiers by a standing army. The consequence of this decision had led the Grenville administration to impose molasses duties and stamp taxes to cover the cost of this protective military force, which had been estimated between 250,000 and 400,000 pound.

There was a possible second “hidden agenda” of the decision to keep a contingent of about 10,000 soldiers in America “apparently for their defense, but also to keep them in proper subjection to the Mother Country.”¹²⁹ This critical view on the “pure defense purpose” was also shared by William Knox in 1763 in his memorandum when he wrote: “one great purpose of stationing a large Body of Troops in America was to secure the Dependence of the Colonies on Great Britain.”¹³⁰

On the contrary, this proclamation was not intended to be an irrevocable obstacle to further westward expansion.

“Once the imperial government acquired Indian property by fair purchase, the frontier could be extended westward.”¹³¹ As there was no central imperial administration to execute this Proclamation and the Trading Regulations, all regulations were persistently

¹²⁷ Pieper, Renate, Pitschmann, Horst, *Latin America and the Atlantic World*, Böhlau Verlag, Köln 2005, p. 70.

¹²⁸ Knollenberg, Bernhard, *Origin of the American Revolution, 1759-1766*, Liberty Fund, New York 2002, pp. 101-102.

¹²⁹ Greene, Jack P., *The Seven Years’ War and the American Revolution*, pp. 93-94.

¹³⁰ Barrow, Thomas C., *Hints respecting the Settlement for our American Provinces*, *William and Mary Quarterly*, 3d ser. 24 1967, p. 113.

¹³¹ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 91.

undermined by illegal trade and ongoing settlements of the colonists and widely disregarded. It took until 1768, when British government agreed to move the Proclamation line westward “to accommodate Anglo-American speculators and their lobbyists. For a large number of land companies emerged in the 1760s as they had in the 1740s, and their organizers were careful to recruit leading American and British politicians as members.”¹³²

In addition to the existing British colonies the opening paragraphs of this proclamation divides the acquired territory into four new colonial provinces: Quebec, East Florida, West Florida and the Island of Grenada as shown on Map 2.¹³³

Map 2. British area in North America and the Proclamation Line in 1763.



This consolidation of the northern part of Old French Canada within the Proclamation of 1763 was based on an elected Assembly for the Province of Quebec under English laws and furthermore, Roman Catholic religion was guaranteed.

The process to implementation the Assembly was clearly defined in the Proclamation: “...that so soon as the state and circumstances of the said Colonies will admit thereof,

¹³² Simmons, R.C., *The American Colonies*, W.W. Norton, New York 1976, p. 323.

¹³³ The University of North Carolina, Index of Maps: <http://www.unc.edu/wrc/maps/10-Map.png>, dated 18.6.2010

they shall, with the Advice and Consent of the Members of our [Privy] Council, summon and call General Assemblies within the said Governments respectively, in such a Manner and Form as is used and directed in those Colonies and Provinces in America which are under our immediate Government.”¹³⁴

Donoughue¹³⁵ argues that in 1763 the British had hoped that rapid immigration would anglicize Quebec, but the French continued to be in a vast majority.

Tucker and Hendrickson have given a concise characterization of the Royal Proclamation: “A policy dominated by fear of renewed French intrigues on the frontier and in Canada gradually changed into one that recognized the importance of the French Canadians and the Indians as allies to be used against the Americans.”¹³⁶

5.2. The Currency Act

One significant difficulty in the economic relationship was the unregulated issue of provincial paper money in large amounts to finance the colonial support in times of war, and this in turn caused a volatile relation to the British pound.

The terms of currency issues differed in all thirteen colonies, different in the backing – in other words security – of the issued bills, the retirement and the length of the issue.

As in Great Britain, the legal tender in the American colonies was denominated in pounds, shillings and pence, but the actual value varied from colony to colony and the exchange relation of a Massachusetts pound to the British pound was different compared with the Pennsylvania pound.

As the output of the colonial economy began to grow significantly, a convenient medium of exchange such as paper money was needed to balance trade deficits, and already in 1690 the Province of Massachusetts issued their “bills of credit”.

To generate a continuous demand for the paper bills, most of the colonies made the legal tender valid for taxes, public fees and for repayment of government loans, and the acceptance of the bill at full nominal value was the major factor in keeping them in a corridor of exchange rate to the British pound.

¹³⁴ Royal Proclamation of 1763, Paragraph: New Governments to have General Assemblies and Make Laws.

¹³⁵ Donoughue, Bernard, *British Politics and the American Revolution*, Macmillan, London 1964, pp. 108-110.

¹³⁶ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 54.

A problem arose when some colonies also allowed the use of paper money currency as legal tender for private transactions. At the same time the amount of paper money in circulation continued to increase.

Problems arose when settling old debts, as for example when the colonial paper money had suffered depreciation over the year or even years. Creditors consequently demanded specie or a fixed exchange rate between colonial paper money and the pound to avoid a loss in the transaction.

The British merchants took this issue of the increasing exchange risk to the Board of Trade and ministers and asked for a complete ban on all paper currency, public as well as private.

Parliament's reaction were two acts – the first Currency Act in 1751 – restricting new emissions and prohibiting the bills as legal tender in all private transactions in the New England colonies, where depreciation had been heaviest. The second act was the Currency Act of 1764, when the crown and Parliament began to show more interest in having greater administrative control over the mainland colonies.

The Currency Act of 1764 thus prohibited the issue of any further paper currencies “to be legal Tender in Payment of any bargains, Contracts, Dues or Demands whatsoever” after September 1, 1764.¹³⁷

At the end of Seven Years' War, the problem of rising colonial exchange rates had heavily affected the interests of the British creditors and was worsened by the economic depression in Britain.

It was the currency of Virginia which steadily depreciated in relation to the pound and caused ongoing losses of British merchants. “The most visible manifestation was the rising price of local Virginian currency in relation to pound sterling.

The consequences of the growing indebtedness of the Chesapeake tobacco planters strongly affected the exchange rates, which moved above par (125) in 1756 and hovered around 140 until early 1762, when they shot up to 160.”¹³⁸ This rise in the exchange rate represented a devaluation of the Virginian paper bills of nearly 30 percent within six years. Because of the long periods of debt settlement, the trade margins of the tobacco merchants became affected accordingly by this depreciation.

¹³⁷ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 114.

¹³⁸ *Ibid*, p. 115.

The Parliament responded with the Currency Act, which outlawed the issue of further colonial currency outside of New England.

“The Currency Act of 1764 applied only to the colonies outside of New England. The law expanded the previous ban on legal-tender provisions [the first Currency Act of 1751] to include not only private debts but inexplicably public obligations as well. Whereas the four northernmost provinces had adjusted readily to the earlier act, the remaining colonies were in a more combative mood by 1764, and they resisted.”¹³⁹

At the beginning of the decade, no colonist questioned the right of Parliament to interfere and regulate currency matters for the colonies since this was not an act of colonial taxation.

It was the intention of the British merchants to lower sterling exchange rates to keep their expected profits, because within a few years the volume of the circulating paper money grew and the British creditors asked the Board of Trade either to eliminate or to assert effective control over the currency systems, especially in Virginia.

The Currency Act of 1764 had little impact in the short term because attempts by the Crown to limit the issue of paper money was not new at all and did not affect existing emissions. On the contrary, it had much impact due to the provision which forbade the use of paper money to pay taxes. It was the outspoken intention of G. Grenville to raise the tax revenue significantly and this in turn would have multiplied the demand for species. This amendment was an economic threat especially for the poor who had to pay the Stamp Tax for their needed loan contracts in pound sterling they hardly possessed.

This specific hardship among colonists was soon recognized by Parliament and this amendment was repealed after 1765, following a petition of British merchants.

For the time being, the Currency Act did not represent a challenge to the colonial status quo and did not evoke protests based on constitutional objections. However, the Currency Act created some tension between the colonies and the mother country as this act was considered as a major grievance by the colonists.

As the postwar depression in the colonies lengthened, the colonial economic elites felt a need for a relief program for trade and credit issues in order to adapt the British economic legislation to the realities of changing commercial relations by implementing a greater degree of economic sovereignty.

¹³⁹ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p. 114.

5.3. *The Sugar Act*

The Sugar Act, sometimes called American Revenue Act, was the first tax laid upon the American colonists “to which they objected on constitutional grounds.”¹⁴⁰

After settling the military and Western policies, the government’s major task was to re-allocate the financial burden of the colonies’ cost for defense and administration.

The British country gentry expected a reduction in taxation once the Seven Year’s War was over, but faced with a national debt of 133 million pounds in 1763, Grenville was unwilling to reduce Land Tax.

His first act to raise the colonial revenue was the Sugar Act (Revenue Act) of 1764, an amendment to the Molasses Act from 1733, when British West Indian planters became alarmed by the increasing trade of the New England colonists with the French sugar Islands and the imports of French molasses. From the early 1700s onwards the commercial relations between the American colonies and the foreign islands of the West Indies had been well established. To protect themselves, the British planters of the West Indies urged Parliament to regulate the trade with the competing French islands in order to keep French molasses out of North America.

Tucker and Hendrickson¹⁴¹ point to an additional background: “The interest of the British in maintaining a favorable balance of trade between the continental colonies and the French islands became plainly subordinate to the strategic objective of depriving the French islands and French military forces of their sources of supply.”

The Molasses Act of 1733 heavily taxed foreign produce when imported into the American colonies: rum and spirits at 9 pence per gallon, molasses and syrup at 6 pence per gallon and sugar at 5 d per hundred pounds.

“It was less a tax than a prohibition, an attempt to give the sugar planters of the West Indies a monopoly on the North American trade at the expense of molasses that could be purchased more cheaply in French islands.”¹⁴²

Even this Molasses Act generated some revenue which did not even cover the cost of the collection. This prohibitive duty led to smuggling and illicit trade, which could not

¹⁴⁰ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, pp. 28-29.

¹⁴¹ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 121-123.

¹⁴² Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 28.

be prevented because of the long coastline of the colonies and the lack of navy surveillance, so the law remained unenforced from the very beginning.

Pitman argues “that by 1748 the prosperity and standard of living of New England and the Middle Colonies were intimately connected with the existence of illicit trade with foreign markets.”¹⁴³

Grenville’s secretary at the Treasury, Thomas Whately, estimated the value of smuggled goods into the American colonies at about seven hundred thousand pounds, Grenville himself estimated the illegal imports from northern European ports at over five hundred thousand pounds.

“Instead of paying a bribe of about a penny per gallon, merchants got French molasses certified as British. By 1760, more than 90 percent of all molasses imported into New England came from the French islands.”¹⁴⁴

Because this duty was rarely collected due to poor enforcement, Parliament decided that it would more likely be paid if they cut the tax in half and increased enforcement.

The decision to station a squadron of twenty one ships in Halifax to patrol and to put a stop to illicit traffic and appoint twenty-five additional customs comptrollers to supervise the work of the customs authorities was aimed at ensuring correct and effective controls on the sugar and molasses trade.

When George Grenville tabled the Sugar Act in Parliament, he simply stated: “The great object is to reconcile the regulation of commerce with an increase of revenue.”¹⁴⁵ Consequently, the wording of the text showed that the sugar and molasses duty was intended as a tax and in so doing, he went beyond the regulation of trade.

The preamble to the Act¹⁴⁶ makes reference to “defending, protecting and securing” the American colonies. This Act was received with hostility, and some portent was given of the constitutional discourse to come when the lawyer John Otis on behalf of the Massachusetts Bay House of Representatives declared to the Governor that the Sugar Act deprived “the colonies of some of their most essential rights as British subjects and particularly the right of assessing their own taxes.”¹⁴⁷

¹⁴³ Pitman, Frank W., *The Development of the British West Indies 1700-1763*, New Haven 1917, pp. 295-296.

¹⁴⁴ Murrin, John M. et al., *Liberty, Equality, Power*, Thomas Wadsworth, Boston 2008, p. 185.

¹⁴⁵ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 117-118.

¹⁴⁶ *Ibid*, p. 4.

¹⁴⁷ Gipson, L. H., *The Coming of the American Revolution, 1763-1775*, The American Nation Series, New York 1954, p. 68.

Basically, the Sugar Act was an adaptation of an existing trade regulation aimed at raising additional revenue, but it also launched Grenville's combat against smugglers and the widespread "salutary neglect" and "was initially perceived by American Whigs to have been the same constitutionality as the Sugar Act of 1733, the statute that the act of 1764 replaced."¹⁴⁸

The crucial difference between the two acts laid in the fact that the Molasses Act of 1733 imposed duties on foreign molasses in order to protect the North American market for the British West Indies planters whereas the Sugar Act of 1764 had been imposed on all molasses imported by the American colonies. This clearly shows that the purpose was to generate revenue.

The Sugar Act tried to balance the economic development of the American colonists as well as that of the West Indian planters.

The lowered duty on molasses was intended to stimulate the economy of the British West Indies islands, while the import ban for rum was supposed to help the American distilling industry. This significant reduction of the tax was intended to create larger mutual trade volume, supported by tightened enforcement and control.

It was expected that this tax would raise 25,000¹⁴⁹ pounds per year for "defending, protecting, and securing the same". J. Derry writes about expected and anticipated yearly revenue from the Sugar Act of 45,000 pounds¹⁵⁰, in other words significantly more than Ritcheson's numbers.

To analyze the impact of the Sugar Act compared to the previous "salutary neglect" period, we have to look at the regional distribution of foreign molasses imports in pounds per American colonial region.¹⁵¹

McCusker¹⁵² based his calculations for 1768-1772 on an average price of 10.67d per gallon of molasses: if we take the 3d per gallon as the tax amount and put it in relation to this average price, 28% is the imposed percentage of tax.

¹⁴⁸ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 199.

¹⁴⁹ Ritcheson, Charles (1954): *British Politics and the American Revolution*. University of Oklahoma Press, Oklahoma, p. 19.

¹⁵⁰ Derry, J. (1976): *English Politics and the American Revolution*. J.M. Dent & Sons, London, p. 55.

¹⁵¹ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, pp. 25-28.

¹⁵² McCusker, John J., Menard, Russell R., *The Economy of British America*, The University of North Carolina Press 1991, pp. 160-163.

Taking the import value of E. Perkins per region and applying Murrin's information that 90% of imported molasses came from French islands, the impact of the Sugar Act per colonial Region is shown in Table 6.

Table 13. Imports of molasses per Region, 1768-1772, mean average in pounds.

	New England	Middle Colonies	Southern Colonies
Import Molasses	141,300	42,000	15,500
o/w 90%	127,170	37,800	13,950
New Tax Burden	35,600	10,600	3,900
Minus Bribe	-11,900	-3,500	-1,300
Net Burden	23,700	7,100	2,600

When we apply this 28% tax rate on imported foreign molasses, then the result is theoretical revenue of about 50,000 pounds. This correlates with the revenue expectations of 60,000 pounds by the Grenville administration and the calculations of the expected tax revenue by J. Derry.

Following J. Murrin, the average bribe before the Sugar Act amounted to one pence, so the Net Burden shows the additional cost impact for the American colonies. The Sugar Act clearly affected the New England Region and its numerous rum distilleries and the Middle Colonies to a certain degree, but it had little impact on the Southern Colonies. A fact which should not be disregarded was an economic recession following the adaptation to a peacetime economy both in the colonies and in Britain.

The strategy of the Sugar Act was twofold: it lowered the duty on molasses to 3 pence per gallon, but new duties were laid on indigo, coffee and wines, previously free of tax.

The different approach compared to the Molasses Act and "salutary neglect" was the clear commitment of the Grenville government that this duty would now be collected.

To execute this Act, the navy and the customs authority were strengthened and the jurisdiction of Vice-Admiralty Courts was extended. A new vice-admiralty court with extensive jurisdiction, but not appellate, was set up in Halifax to prosecute violators in "all America", but in reality the new court was mostly utilized for suits against New England, whose reputation for smuggling was the worst in the colonies. The judges did not receive any salary, but were instead paid small fees granted by the colonial assemblies.

Parliament had also authorized the use of military staff and navy ships to support customs authorities.

The Sugar Act had an ambiguous result: the acceptance of the Sugar Act made Grenville complacent about the acceptance of another tax, namely the Stamp Act, which he started to prepare in 1763. It had a different significance for the American colonists: it was the Sugar Act which created a sense of victimization and prompted an outburst of colonial opposition to the Stamp Act, causing a much more intense public dispute about fundamental questions of constitutional principles.

Secondly, it is possible to quantify the economic impact resulting from the change from “salutary neglect” to an enforced collection of this tax, from the bribe of one penny to three pence per gallon – a move which reduced the margin of the New England distilleries.

Table 14. The revenue of the Sugar Act¹⁵³ between 1765 and 1767 in pounds.

Year	Tax Revenue
1765	14,091
1766	26,696
1767	33,844

Table 14 shows the steep increase in revenue and thus the Sugar Act can be described as the first act of the Grenville administration with the clear purpose to tax the colonies rather than to regulate trade.

Reid¹⁵⁴ argues that most protests against the Sugar Act were based on economic considerations, especially objections to the new statute because of the impact on the cost of doing trade. Indeed, there were a number of protests by the provincial assemblies but most of their petitions dealt with the economic issues and hardships.

As far as constitutional objections are concerned, Reid describes a nontax provision in the Sugar Act, namely “the enforcement of the law’s criminal parts in the court of vice-admiralty.” This section had replaced the jurisdiction of the colonial judiciaries with an imperial tribunal of judges appointed by the Crown.

¹⁵³ Rabushka, Alvin, *Taxation in colonial America*, Princeton University Press 2008, p. 755.

¹⁵⁴ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 203-205.

A further conclusion on the constitutional issue was the existing confusion among the colonial elite as to how to react to this act - a majority of whom had interpreted it as a regulatory statute having economic and commercial impact on the colonies. Whilst Daniel Dulany accepted the authority of Parliament to regulate trade, James Otis denied the right of Parliament to tax British colonists without their consent.

“As early as June 1764, after realizing that their failure to have raised constitutional objections had been interpreted as conceding authority to tax the colonies for purposes of revenue, members of the Massachusetts House of Representatives made clear what they thought was the issue: [T]he Silence of the Province should have been imputed to any Cause, even to Dispair, rather than be construed into a tacit Cession of their Rights, or an Acknowledgement of a Right in the Parliament of Great-Britain to impose Duties and Taxes upon a People, who are not represented in the House of Commons.”¹⁵⁵

It can be argued that the Sugar Act highly sensitized the colonial elite and laid the foundation for the eruptive reaction of the American colonies when the Stamp Act was put into effect in March 1765.

As James Otis aptly put it: “One single Act of Parliament...has set people a thinking in six months, more than they had done in their whole lives.”¹⁵⁶

5.4. The Stamp Act

The British decision to station an army and the idea to tax the American colonies to pay for their defense was a sort of a “legacy” from the former Bute administration and marked a milestone in and significant departure from previous parliamentary and assemblies’ behavior. The option to subsidize local voluntary troops for colonial peacetime protection was never evaluated by the Imperial administration because of widespread desertion during the Seven Year’s War; no alternative was seen to regular British troops.

The Stamp Act can be characterized as Grenville’s attempt to lessen the disparity between the power and the responsibility between the colonies and the Empire and to gain the assistance of the colonies in making a contribution to the cost of the British standing army. The Stamp Act was clearly a levy on internal revenue in the colonies,

¹⁵⁵ Ibid, p. 206.

¹⁵⁶ Middleton, Richard, Colonial America, Blackwell Publishers, Oxford 2002, p. 450.

and the most significant aspect was the fact it had been imposed by British Parliament in which the colonists were not represented.

This dispute was caused by a constitutional and political contradiction: “that although only Parliament could constitutionally tax British subjects, Parliament could not constitutionally tax British subjects in North America due to the doctrine of consent.”¹⁵⁷

The position of the Grenville administration was twofold: taxation was part of the sovereign power of Parliament and absolute sovereignty could not be restrained or limited. Thus there were no grounds for the claim that the doctrine could not exist in the British constitution.

Secondly, George Grenville did believe that the doctrine of consent to taxation did not require representation as he regarded Parliament as the representative legal body, based on his principle that “the supreme legislature represents all the subjects of the state.”¹⁵⁸

Tucker and Hendrickson describe the crucial impact of the Stamp Act crisis, which is somehow seen as “one of several” successive disputes in transatlantic relations: “If the decade long crisis that was to lead from resistance to rebellion is considered as a drama, the opposition to the Stamp Act appears as the first act. ...The Stamp Act crisis was not merely one act in a much larger drama; it was very nearly the drama itself.”¹⁵⁹

As “this subject was new to none”, the Bute ministry already devoted much time to deliberating the matter and collecting information before presenting this new tax to the House of Commons.

Following these preliminary deliberations, this tax matter was deferred until the following session. When the Earl of Bute had to resign and Grenville became first Lord of the Treasury and Chancellor of the Exchequer, it became his task to put this tax measure through legislation and finally to implement and execute the Stamp Act. As stamp duties had been a common means to raise taxes in Britain since the end of the seventeenth century, Grenville did not expect this tax matter to be controversial or difficult to execute. There was, after all, a legal precedent – the Sugar Act – which seemed to have been accepted in the colonies. In addition, in New York and Massachusetts the colonists were already paying stamp duties levied by their colonial assemblies.

¹⁵⁷ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 118.

¹⁵⁸ Ibid, p. 119.

¹⁵⁹ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 215.

Perkins points out a basic difference between the Sugar Act and the Stamp Act: “Unlike the duties on imports, the stamp levies were not hidden in the prices of consumer goods. They were instead highly visible taxes.”¹⁶⁰

During the summer of 1763 G. Grenville asked his personal secretary Thomas Whately to prepare such a bill. Whately contacted several colonial agents and discussed at first an option which was intended to let the colonies raise a tax among themselves: a sum appropriate to that expected from the stamp tax to avoid being taxed by Parliament. Grenville gave the colonists a year to make suggestions for raising appropriate internal revenue. Several colonies indicated their willingness to contribute to the British Treasury – if called upon to do so in a regular, constitutional manner – but such a clearly defined request was never made by Grenville.

On May, 17, 1764, a conference took place between Grenville and colonial agents which can be seen as a tactical maneuver: by withholding necessary information, the colonies would not be in a position to raise an “equivalent” sum but Parliament would reward this offer to the colonies.

Besides the political tactics of Grenville, the inadequacy of the British approach was to perceive and treat the thirteen colonies as one political unit with common political interests, but the assemblies were incapable of finding a common formula for making contributions on the scale Britain expected to raise.

Massachusetts made an attempt to prevent a parliamentary taxation and Governor Bernard described the main obstacle of finding an appropriate tax rate per province in a letter, dated August 18, 1764 as follows: “That it was impossible at present to proceed to an actual taxation, until the demands of the ministry should be further explained. That if every province was to be left to raise the Money in what manner they pleased, the particular sum expected from each province as their proportion must be first ascertained.....That neither of these things can be done by the provinces themselves, they must be settled by some authority that can mediate between the provinces and moderate their partialities for themselves.”¹⁶¹

It was unrealistic to suggest that the colonies should fix the proportions of taxation themselves and hence giving the colonies the opportunity to make alternative suggestions was bound to fail from the very beginning.

¹⁶⁰ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p 133.

¹⁶¹ Morgan, Edmund, *Stamp Act Crisis*. The University of North Carolina Press, Williamsburg 1995, p. 62f.

What Grenville had given to the colonies was not an opportunity to tax themselves but an opportunity to refuse to tax themselves.¹⁶²

The “hidden agenda” of the Stamp Act was also to weaken the emerging position of the colonial assemblies: if Parliament were to collect taxes, the assemblies could run the risk of losing the power of the purse entirely and the governors would have been glad to regain power and political influence again.

A conference took place on February 2nd, 1765 where the colonial agents had to realize that the option of letting the colonies tax themselves just was a rhetorical gesture and Grenville was already determined to impose a stamp tax.

On February 6th, the debate on the Stamp Act started and emphasized the Parliament’s right to levy the tax. The second reading took place on February 15th and the opposition had prepared a petition against the bill. But the petition was refused to be considered: first, because it was contrary to the custom of the House of Commons to hear petitions against money bills and second because it would cast doubt on the authority of Parliament. When receiving petitions of the Massachusetts House, Thomas Whately clearly denied any acknowledgement of these documents, explaining the Parliament’s position: “The House of Commons would not receive any petitions, however expressed, that implied a doubt of the right of Parliament to lay taxes. To receive the petitions would have been an acknowledgement that the right was questionable, which we cannot admit.”¹⁶³

On March 22, the Stamp Act passed the third reading and was put into effect.

This bill consisted of 25 pages and prescribes taxes for fifteen classes of documents.

Papers to file at court, for clearing ships, diplomas, appointments, bonds, grants and deeds for land, pamphlets, newspapers, playing cards, contracts, mortgages, latest wills. All these documents had to carry a stamp, embossed by the Treasury Office.

The highest tax – 10 pounds – was imposed on attorneys’ licenses. Papers related to court proceedings were taxed between 3 pence and 3 shillings, land grants up to 100 acres 6 pence, then 2 pence per incremental 120 acres, newspapers 1 pence per page and pamphlets 1 shilling per sheet.

¹⁶² Ibid, p.68.

¹⁶³ Reid, John, Ph., Constitutional History of the American Revolution, The University of Wisconsin Press, Madison 1987, pp. 210.

The Stamp Act revenue was expected to raise 40,000 pounds, about 10 percent of the annual cost of the British garrisons, payable in gold or silver cash – a fact which aggravated the crisis.

On the one hand the Stamp Act fees produced a highly visible tax, but in economic terms it was a sort of “quantité négligeable” as the cost for an average tax payer was 5 pence a year, or 0.2 percent of per capita incomes¹⁶⁴. The logical conclusion was that objections could not be based on economic impact, so they had to be of a constitutional nature.

Jack M. Sosin¹⁶⁵ points to an important decision by G. Grenville to calm the alarmed colonists, who feared that they could be drained of money by the new taxes as there was an ongoing shortage of specie. To avoid harming the colonial economy, the ministry issued definite instructions “to ensure that money raised in the colonies by the new revenue would not leave America.”¹⁶⁶ Thus it was the basic intention of the Stamp Act to defray the expenses of the British army in the American colonies, but the revenue for this purpose would have remained in the colonies.

John P. Reid raises an important question: why did the American colonists perceive the Sugar Act and the Stamp Act so differently?

“An obvious answer, based on the eighteenth-century jurisprudence, is that the Sugar Act of 1764 was perceived as a continuation of the Sugar Act of 1733, an adaptation of an existing, long-accepted system, changed from a law exclusively regulating trade to one both regulating trade and raising incidental revenue; as such it was sanctioned by constitutional custom. The Stamp Act, by contrast, was a new tax without precedent; it was, therefore, an unconstitutional innovation.”¹⁶⁷

¹⁶⁴ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p. 134.

¹⁶⁵ Sosin, Jack M., *A Postscript to the Stamp Act*, *The American Historical Review*, Vol. 63, No. 4 (Jul., 1958), pp. 918-923

¹⁶⁶ *Ibid*, p. 922.

¹⁶⁷ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 196.

5.5. *The Stamp Act Congress*

“On June 6, 1765, the Massachusetts House of Representatives, initiated by James Otis, resolved to propose an inter-colonial meeting to resist the Stamp Act. On June 8, it sent a circular letter to the assemblies of the other colonies inviting them to meet at New York the following October to consider a general and united, dutiful, loyal and humble Representation of their Condition to His Majesty and the Parliament; and to implore Relief.”¹⁶⁸

Of the thirteen colonies which later took part in the Revolution, nine responded to the invitation. New Hampshire declined but formally approved the proceedings after the congress was over. Virginia, North Carolina and Georgia did not participate because their governors refused to convene the assemblies to elect delegates. Twenty-seven delegates took part in the congress – in Britain this congress was widely regarded as an illegal assembly including its outcome - the petition itself denied Parliament’s right of taxation.

Under the headline of the “rights and privileges of the British American Colonists” the Stamp Act Congress met in New York in October 1765 and worked out a declaration which tried to balance the denial of Parliament’s authority to tax the colonies with an acknowledgement of what authority it did have, namely subordination. As in the previous discourses, the question was not about the inexpediency of the Stamp Act; this Act was seen as unconstitutional and therefore contrary to the rights of the colonies.

After the congress had written down their official position in “The Declarations of the Stamp Act Congress”¹⁶⁹, three committees drafted a petition to be presented to the King, a memorial to the House of Lords, and a petition to the House of Commons, expressing the Parliament’s authority to pass legislation to regulate trade but denying the right to tax:

“3rd. That it is inseparably essential to the freedom of a people, and the undoubted rights of Englishmen, that no taxes should be imposed on them, but with their own consent, given personally, or by their representatives.

4th. That the people of these colonies are not, and from their local circumstances, cannot be represented in the house of commons in Great Britain.

¹⁶⁸ Morgan, Edmund, *Stamp Act Crisis*, The University of North Carolina Press, Williamsburg, 1995, p. 108.

¹⁶⁹ Morgan, Edmund, *Prologue to Revolution. Sources and Documents on the Stamp Act Crisis, 1764-1766*, University of North Carolina Press, Chapel Hill 1959, p. 62-69.

5th. That the only representatives of the people of these colonies are persons chosen therein by themselves; and that no taxes ever have been, or can be constitutionally imposed on them, but by their respective legislatures.”¹⁷⁰

In this document of 1765 the colonists had clearly drawn the line where they believed that British Parliament should stop and stated clear denials of Parliament’s right to tax the colonies.

5.6. The Repeal of the Stamp Act

The colonial resistance¹⁷¹ to the Stamp Act started in early 1765 and lasted for nearly a year until the legislation was repealed. At first, Patrick Henry, a member of the Virginia House of Burgess, introduced five resolutions, as Virginia had taken the most radical position among the colonies to fight the Stamp Act.

In addition to the non-importation agreement of colonial merchants and the Stamp Act Congress – detailed in a later paragraph and in Chapter 6.1., – agitation by a group of Bostonians¹⁷², who called themselves The Loyal Nine and later, the Sons of Liberty had led to an outbreak of street violence on August 14, 1765, when the angry crowd hanged an effigy of the appointed stamp distributor Andrew Oliver, demolishing his newly built Stamp Office. Later in August, the mansion of Chief Justice Hutchinson was devastated, too.

The starting date to execute the Stamp Act was November 1, 1765 and from that date on, no ships would be cleared until the Stamp Act was accepted. The opposing parties, the governor and the protesters had become caught in a deadlock situation. If the ports were to be closed, a famine would have been the result, but if the imperial administration were to accept business transactions without stamps, in violation of the Stamp Act, they would have acted unlawfully.

George Grenville made a mistake by appointing native Americans as stamp masters for they were unable to withstand the public pressure of their fellow countrymen and resigned even before the Stamp Act went into force. The imperial administration had to

¹⁷⁰ Ibid. p. 63.

¹⁷¹ Murrin, John M. et al., *Liberty, Equality, Power*, Thomas Wadsworth, Boston 2008, p. 187-190.

¹⁷² Morgan, Edmund, *Stamp Act Crisis*, The University of North Carolina Press, Williamsburg, 1995, pp. 125-149.

face up to the fact that no one dared to act as a stamp distributor; as a consequence, the Stamp Act could not be implemented.

It was now up to Britain to respond to the colonists' resistance.

In Britain, insurmountable tensions between George III and George Grenville – over matters which had nothing to do with the colonies – had led to the resignation of the Prime Minister in July 1765. The following government under the Duke of Cumberland and the Marquis of Rockingham as head of treasury had inherited this dilemma with the Stamp Act: the problem was to balance economically and politically the ongoing complaints of the English merchants about the colonies' drastic boycott of British goods, but also to uphold the unquestioned authority of British Parliament for all parts of the empire.

To increase public pressure on government drastically, two hundred colonial merchants signed the "The New York Agreement"¹⁷³ on October 31, 1765, the day before the Stamp Act was to go into effect:

"First. That in all orders they send out to Great Britain for goods or merchandise of any nature, kind, or quality whatsoever, usually imported from Great Britain, they will direct their correspondents not to ship them unless the Stamp Act be repealed.

Secondly. It is further unanimously agreed that all orders already sent home, shall be countermanded by the very first conveyance; and the goods and merchandise thereby ordered, not to be sent unless upon the condition mentioned in the foregoing resolution.

Thirdly. It is further unanimously agreed that no merchant will vend any goods or merchandise sent upon commission from Great Britain that shall be shipped from thence after the first day of January next unless upon the condition mentioned in the first resolution."

To make matters worse, the Prime Minister, the Duke of Cumberland, died on October 31, 1765 and Rockingham was in charge of the government.

Rockingham had few options to terminate the Stamp Act crisis and he preferred amending the Stamp Act, but at the end of 1765 he decided to repeal it.

"To Rockingham, the only alternative to repeal seemed to be a ruinous civil war in America, but as the king's chief minister, he could hardly tell Parliament that the

¹⁷³ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p. 106.

world's greatest empire must yield to unruly mobs. He needed a better reason to repeal.”¹⁷⁴

Rockingham started to mobilize British merchants who traded with the colonies by encouraging them to send petitions to Parliament to repeal the Stamp Act in order to end Grenville's “economic disaster”. By doing this, Rockingham got the political momentum he needed to act.

The Stamp Act was politically seen as the cause for the economic depression in colonial and British trade; therefore repeal was seen as a step to resettlement of the Anglo-American relations in terms of exports, and the Declaratory Act (see Chapter 5.1.) was an appropriate political means affirming the supremacy of the British Parliament. The non-importation strategy of the colonists had fully achieved the desired effect. The London merchants sent a petition to the Lord Mayors in England during March 1766 following a petition to the House of Commons in which they called for the legislation to be repealed. In it, they complained that “Acts...granting and applying certain Stamp Duties...have so far interrupted the usual and former most fruitful Branches of their Commerce, restrained the Sale of their Produce....”¹⁷⁵

Trying to balance the interests of the merchants with those of Parliament, Rockingham brokered a compromise even though the opponents of Parliament's right to tax represented no more than a small minority. The leading opponent besides Pitt, Lord Camden – described by a contemporary as “the people's lawyer” – insisted during the Parliament's session that taxation and representation were inseparable and “whoever attempts to take what is a man's own without his consent commits a robbery”.¹⁷⁶

To Camden, the British constitution was derived from natural law and he claimed “taxation and representation are inseparably united; God hath joined them, no British Parliament can separate them.”¹⁷⁷

In response to Camden's claim of “robbery”, The Lord Chief Justice Mansfield argued that “consent” was a very general term with no precise meaning and furthermore, Mansfield found no evidence of colonial response to parliamentary acts, where the

¹⁷⁴ Murrin, John M. et al., *Liberty, Equality, Power*, Thomas Wadsworth, Boston 2008, p. 190.

¹⁷⁵ Ibid. p. 130.

¹⁷⁶ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 167-169.

¹⁷⁷ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 88.

colonies claimed “unqualified authority of Parliament to legislate for the colonies” until the Stamp Act had been issued.

“The ministry’s attitude was succinctly summarized at the time by General Conway, the secretary of state for the Southern Department, who declared that he never was nor ever shall be a friend to internal taxation in America, as he did not deny the legal right, but he thought “in point of policy and justice this ought not to have been attempted.”¹⁷⁸

He secured the repeal of the Stamp Act, but issued a Declaratory Act reaffirming that Parliament “had, hath, and of right ought to have, full power and authority to make laws and statutes of sufficient force and vitality to bind the colonies and people of America, subjects of the Crown of Great Britain, in all cases whatsoever.”¹⁷⁹

As a result, colonists could not take exception to any Parliamentary law, including those authorizing taxation. Thus, the Rockingham ministry reaffirmed the supremacy of Parliament generally, based on two principles laid down by Lord Chief Justice Mansfield¹⁸⁰:

1st, That the British legislature, as to the power of making laws, represents the whole empire, and has authority to bind every part and every subject without the least distinction, whether such subjects have a right to vote or not, or whether the law binds places within the realm or without.

2nd, That the colonists, by the condition on which they migrated, settled, and now exist, are more emphatically subjects of Great Britain than those within the realm; and that the British legislature have in every instance exercised their right of legislation over them without any dispute or question the 14th of January last.

Mansfield’s argument for the first principle was based on the existing architecture: in Great Britain the legislative power is lodged in parliament, the executive power in the crown.

From the beginning of the Stamp Act crisis to its termination by the Declaratory Act there was a given consensus in the British political establishment about the authority of Parliament to legislate “on any and all matters affecting the colonies.”¹⁸¹

To quote the “Act Repealing the Stamp Act”, dated March 18, 1766:¹⁸²

¹⁷⁸ Ibid, p. 165.

¹⁷⁹ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p. 155.

¹⁸⁰ Cobbett, William, Hansard, Thomas (ed.), *The Parliamentary History of England from the Earliest Period to 1803*, London 1806-1820, vol. 16, p. 173.

¹⁸¹ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 165.

“...whereas the continuance of the said act would be attended with many inconveniences, and may be productive of consequences greatly detrimental to the commercial interests of these kingdoms.....shall be, and is and are hereby repealed...”

5.7. The Quartering Act

In 1765 the Parliament passed the Quartering Act which committed colonial residents to provision quarters and food to British soldiers serving in America. This act again outraged the colonists who believed the regulations were against the law and also questioned why a standing British army needed to remain in North America. Like the Stamp Act of the same year, it also was an assertion of British authority over the colonies, in disregard of the fact that troop financing had been exercised for 150 years by representative provincial assemblies rather than by Parliament in London.

The Quartering Act¹⁸³ of 1765 imposed an “unfunded mandate” on colonial government: ” ...such constables, tithingmen [parish officer], magistrates, and other civil officers as aforesaid, are hereby required to quarter and billet the officers and soldiers, in his Majesty’s service, in the barracks provided by the colonies;”

The colonists opposed the Quartering Act claiming it breached the Bill of Rights¹⁸⁴ (1689):

“By raising and keeping a standing army within this kingdom in time of peace without consent of Parliament, and quartering soldiers contrary to law;”

The Third Amendment to the United States Constitution¹⁸⁵ can be seen as a reaction to the regulations of the Quartering Act:

“No Soldier shall, in time of peace be quartered in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.”

The reaction of the colonists was largely negative and was rooted in two issues:

Traditional antipathy towards standing armies: There was a clear colonial preference to rely on a flexible militia system for temporary military service to settle a particular conflict.

¹⁸²Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p. 155.

¹⁸³ From: http://ahp.gatech.edu/quartering_act_1765.html date 30.12.2008.

¹⁸⁴ From: http://www.constitution.org/eng/eng_bor.htm date 30.12.2008

¹⁸⁵ From: <http://www.law.cornell.edu/constitution/constitution.billofrights.html> date 30.12.2008.

Cost: The expenses for the British standing army were approx. 350,000 pounds for 10,000 soldiers per year. In the mid-1760s the risk of an attack by the French appeared to be unlikely. Many colonists concluded that the purpose of British troops in America was to assure the execution of the coercive British program and to keep control on the American colonies.

5.8. *The Townshend Duties of 1767*

The intention of the repeal of the Stamp Act was to reconcile the political crisis between the colonies and the mother country in order to restore the status quo before Grenville's Stamp Act. As noted earlier, Grenville had already been dismissed on July 10, 1765 by King George III – some months before the Stamp Act crisis became resolved.

The second reason for imperial appeasement was to end the colonial boycott of British goods and in so doing, to restore the commercial relations.

This very pragmatic repeal of the Stamp Act did not provide any long-term solution to the complex issue of colonial administration and a consensus on the rights of taxation as Parliament had only made a tactical concession. Quoting Middleton in this respect: "The belief remained that Parliament had the right to tax and that the Americans ought to make a greater contribution to the costs of empire. Many Britons were concerned that this wider competence of Parliament to legislate had been implicitly questioned. Hence it was only a matter of time before an attempt was made to assert the claims laid down in the Declaratory Act."¹⁸⁶

The Rockingham ministry fell in July 1766 and William Pitt the Elder became prime minister. King George III, who hoped to have founded a stable ministry, was willing to work on conciliation with the colonists – Pitt was very popular in the colonies as he had opposed an American tax from the very beginning. From the very outset, Pitt argued it would be foolish to provoke strong denial of the colonies or even a potential revolution over 100,000 pounds a year when colonial trade exceeded two million pounds.

Pitt was elevated to the peerage as the Earl of Chatham when he decided to go to the Lords. Dickinson¹⁸⁷ argues that Pitt's decision to go to the Lords was a mistake as "his great strength had been in the House of Commons, where his powerful rhetoric and

¹⁸⁶ Middleton, Richard, *Colonial America*, Blackwell Publishers, Oxford 2002, p. 462.

¹⁸⁷ Dickinson, Harry T. (Ed.), *Britain and the American Revolution*, Longman, New York 1998, p. 54.

imposing personality could sway opinion.” As a result of his decision, he was no longer able to control the Commons from the Lords.

Pitt appointed the Duke of Grafton as First Lord of the Treasury and Charles Townshend as Chancellor of the Exchequer in the Commons.

An acute depression, followed by a long-lasting illness of William Pitt, terminated Chatham’s ministry and Charles Townshend took advantage of his absence and assumed leadership of Parliament, but also took charge of colonial policy in the spring of 1767.

In early 1767 Parliament decided to reduce the land tax in England drastically, reducing home revenue by as much as half a million pounds a year¹⁸⁸ and in addition, the repeal of the Stamp Act had significantly cut the expected revenues of the Crown.

Charles Townshend returned again to Grenville's fiscal policy for the colonies and reopened the financial demands on the colonies to raise revenue in the colonies in order to reduce the deficit and – even more important – to break the power of the colonial assemblies, which used “the power of the purse” to control the expenses for governors and judges and to make them independent of them.

To compensate for the deficit of reduced property tax, Charles Townshend proposed legislation that would raise revenue from various taxes directed at the colonists and in addition, he wanted to pay the salaries of governors, judges and other imperial officials in the colonies from taxes raised by the British parliament, but he did not intend to use these duties to cover the costs of defending America. As a former member of the Board of Trade he had experienced the dependence of royal officials on salaries paid by the local assemblies.

Townshend exploited the distinction between “internal” and “external” taxation and declared the Act valid for the sole purpose for the control of trade – in the guise of a Navigation Act – by levying custom duties on tea, paints, glass, paper and lead and he expected 40,000 pounds on the selected items. All these enumerated goods had to be imported from Britain on British ships, and by taxing at source, the evasion of taxes and duties was nearly impossible. The financial burden imposed by the Townshend duties can be regarded as “a nuisance”, therefore the colonies realized the real threat posed by the Townshend Acts – it was not the economic issue, it set a the precedent for further taxes.

¹⁸⁸ Aptheker, Herbert, *The American Revolution, 1763-1783*, International Publishers, New York 1960, p. 39.

As the general committee of Charles Town, South Carolina, explained, the Townshend tax “is only designed to be a precedent, whereon the future vassalage of these colonies may be established.”¹⁸⁹ The Townshend Acts also reorganized the American customs administration and established a board of customs commissioners. Before the administration was implemented, the American customs revenue yielded about 2,000 pounds a year at a cost of 9,000 pounds, after the reorganization they yielded 30,000 pounds at a cost of 13,000 pounds. To support the proper enforcement of these Acts, Parliament reaffirmed the power of the admiralty courts to issue writs of assistance – general search warrants – throughout the colonies. As the court in Halifax had proved too remote, additional Admiralty Courts were established at Halifax, Boston, Philadelphia, and Charleston. After the Stamp Act crisis, Townshend strongly believed that executive authority had to be strengthened and that the colonies had to be brought more in line with British direction and governance.

Townshend regarded this distinction between the internal and external taxation as nonsense, “but by taking the Americans at their word he would be able to achieve what he wanted without repeating the mistakes which Grenville had made with his Stamp Act.”¹⁹⁰

In his pamphlet “Considerations on the Propriety of Imposing Taxes in the British Colonies”, published in 1765 – and thus before the Townshend Acts – Daniel Dulany, an influential spokesman in the colonies, made the distinction between the two different forms of taxation: “A Right to impose an internal Tax on the Colonies without their consent, for the single Purpose of Revenue, is denied; a Right to regulate their Trade without their Consent is admitted.”

Consequently, Townshend could claim that his newly imposed duties were in line with the colonial view of taxation.

The American reaction to the Townshend Duties was “initially muted, and for a short while it seemed that his ploy might work.”¹⁹¹ The Massachusetts House of Representatives started the protests, sending a circular letter to all colonial assemblies, arguing that this Act was violating the colonists’ fundamental rights.

The discussion over strategies of resistance divided the colonists. “A policy of non-importation would be easier to implement, but British trade played a bigger role in the

¹⁸⁹ Reid, John, Ph., *Constitutional History of the American Revolution*, The University of Wisconsin Press, Madison 1987, p. 130.

¹⁹⁰ Dickinson, Harry T. (Ed.), *Britain and the American Revolution*, Longman, New York 1998, p. 55.

¹⁹¹ Middleton, Richard, *Colonial America*, Blackwell Publishers, Oxford 2002, p. 463.

colonial economy than North American trade did in the British economy. To hurt Britain a little, the colonies would have to harm themselves a lot.”¹⁹²

6. *Wealth and Poverty in the American Colonies*

This chapter is predominantly based upon Gary B. Nash’s essay about pre-revolutionary urban radicalism¹⁹³.

Before analyzing the urban area of Boston, an overview of the distribution of wealth in the 13 colonies shows an uneven distribution, ranging from 38 pounds in the New England colonies to 137 pounds in the Southern colonies, mainly caused by the ownership of slaves and an oppressive labor system in the South. This slave-based economy which started at the end of the seventeenth century caused this asymmetric distribution, compared to merchant-based economy of New England. Through the use of slaves, an expansion of cultivated land in the Southern colonies enabled structural transformations in terms of “economies of scale”.

Table 15. The distribution of wealth in the American colonies¹⁹⁴

	New England	Middle colonies	Southern colonies	Total 13 colonies
Land	27	28	55	38
Servants and slaves	0	2	58	21
Livestock	3	5	9	6
Farm tools and house- hold equipment	1	1	3	2
Crops and perishables	1	3	5	3
Consumer durables	4	4	6	5
Other	2	3	1	2
Total	38	46	137	76

Source: Alice Hanson Jones, Components of Private Wealth per Free Capita for the 13 Colonies by Region, 1774, in: US Bureau of Census, Historical Statistics, Colonial Times to 1970, Washington D. C., Government Printing Office, 1976, Series Z, 169-212, p. 1175.

¹⁹² Murrin, John M. et al., *Liberty, Equality, Power*, Thomas Wadsworth, Boston 2008, p. 193.

¹⁹³ Nash, Gary B., Social Change and the Growth of Prerevolutionary Urban Radicalism, in: Young, Alfred F. (ed.), *The American Revolution*, Northern Illinois University Press, DeKalb 1976, pp. 5-36.

¹⁹⁴ Walton, Gary, Shepherd, James, *The economic rise of early America*, Cambridge University Press, London 1979, p. 142.

As shown in Table 15, the New England colonies can be characterized as the colonial “problem area” in terms of poverty, compared to the mean values and the other two regions.

But how was the distribution of wealth within the New England colonies?

Table 16. Distribution of physical wealth in New England, 1770, and in the Middle colonies, 1774.¹⁹⁵

This table presents the relation between selected segments of the population and their share of wealth. The poorest 50% of the New England colonies had an accumulated share of wealth of 11%.

Cumulative proportion of wealth held by	New England	Middle colonies
Poorest 10%	less than 1	less than 1
Poorest 20%	1	2
Poorest 50%	11	23
Richest 20%	60	47
Richest 10%	40	32

Source: Alice Hanson Jones, “Wealth Estimates for the New England Colonies about 1770”, *Journal of Economic History*, XXXII (1972), p. 119 and “Wealth Estimates for the American Middle Colonies, 1774, *Economic Development and Cultural Change*, XVIII (1970), part 2.

The cumulative Table 16 clearly shows very distinctly that there was an uneven distribution of wealth in the New England colonies. Such was also the case based on the lowest wealth among all colonial regions (Table 15).

These figures show us a complex and diverse society in New England, one which “facilitated the formation of group identity and increased the prospect of organized and social conflicts.”¹⁹⁶

Nash describes the visible changes in social structures and a generally recognized trend toward “a less even distribution of wealth”, as evidenced by the tax lists for Boston, Philadelphia and New York.

¹⁹⁵ Ibid, p. 147.

¹⁹⁶ Henretta, James A., *Wealth and Social Structure*, in: Greene, Jack P., Pole, J. R., *Colonial British America*, The Johns Hopkins University Press, Baltimore 1984, p. 279.

“By the early 1770s the top 5% of Boston’s taxpayers controlled 49 percent of the taxable assets of the community, whereas they had held only 30 percent in 1687. In Philadelphia the top twentieth increased its share of wealth from 33 to 55 percent between 1693 and 1774. Those in the lower half of society, who in Boston in 1687 had commanded 9 percent of the taxable wealth, were left collectively with a mere 5 percent in 1771. In Philadelphia, those in the lower half of the wealth spectrum saw their share of wealth drop from 10.1 to 3.3 percent in the same period.”¹⁹⁷

Supported by urban growth, a wealthy upper class appeared, owning personal estates worth up to 5,000 pounds sterling in 1730, whereas in 1750 the wealthiest dwellers owned 20,000 pounds sterling, some even 50,000 pounds.

This social disparity in terms of wealth and the rapidly changing economic conditions in America clearly interacted with the two colonial mainstream ideologies: For one there was the Whig ideology, which was borrowed from England, appealed to the upper levels of the colonial society and defended constitutional rights and liberty.

In contrast, the popular ideology went beyond the discourse about constitutional rights and also addressed the substantial social issues of wealth distribution and the social system of the colonial society. This popular ideology initiated the politicization of the artisan and laboring classes, which organized strong urban resistance and became politically involved in the closing decades of the colonial period.

The basic changes in the Atlantic economy – the colonial recession and the credit crisis of 1762-1764 – caused a competitive situation between merchants and artisans.

An increasing number of colonial merchants served as agents for British manufacturers and imported expanding volumes of relatively cheap goods on favorable credit terms.

This unfavorable trend of a highly competitive economic environment led to a lower generation of margins and profit, and one result was a declining number of taxpaying populations.

¹⁹⁷ Nash, Gary B., Social Change and the Growth of Prerevolutionary Urban Radicalism, in: Young, Alfred F. (ed.), The American Revolution, Northern Illinois University Press, DeKalb 1976, p. 7.

Table 17. Rateable Polls in Boston, 1728-1771¹⁹⁸

YEAR	POPULATION	POLLS
1728	12,650	c3,000
1733	15,100	c3,500
1735	16,000	3,637
1738	16,700	3,395
1740	16,800	3,043
1741	16,750	2,972
1745	16,250	2,660
1750	15,800	c2,400
1752	15,700	2,789
1756	15,650	c2,500
1771	15,500	2,588

Table 17 shows the declining number of taxable persons, compared to a relatively static number of inhabitants of Boston. Between the peak of 1735 and mid-century, the city lost approximately one thousand taxable persons. In terms of percentage, the number of people paying taxes fell from 23% in 1735 to 16% in 1750.

Nash sees this downward trend of the urban artisan and lower class as a consequence of widespread economic frustration, which became manifest when George Grenville began to tighten the control over and increase fiscal contributions of the colonies.

Boston was struck first by long-lasting poverty after the Seven Year's War and there the link between the vast increase in the number of poor and rising political radicalism became most obvious. As already mentioned, Boston allocated 60 percent of the local tax revenue to charity.

The growing discrepancy between wealth and related power as well as the large class of the poor in Boston society had brought an evolving radical mode to the urban centers of the American colonies. Gary B. Nash¹⁹⁹ characterizes this transformation by the activation of previously quiescent lower-class poor, the emerging public influence of political clubs and literature and an involvement of the clergy and the churches in politics and – as an additional element – the organization of mobs and violence for political purposes.

This rising political antagonism in Boston between the Whig and the popular ideology is closely related to two personalities: Thomas Hutchinson and James Otis.

¹⁹⁸ Nash, Gary B., Urban Wealth and Poverty in Pre-Revolutionary America, *Journal of Interdisciplinary History*, Vol. 6, No. 4, *Interdisciplinary Studies of the American Revolution* (Spring, 1976), p. 564.

¹⁹⁹ Nash, Gary B., The Transformation of Urban Politics 1700-1765, *The Journal of American History*, Vol. 60, No. 3 (Dec., 1973), p. 606.

In the 1760s, Hutchinson took over the leadership of a small group of conservative merchants and lawyers, known as the “Junto”. This movement stood for fiscal conservatism, but also for their attempt to limit popular participation in government and transfer control of Boston to the elite, in order to improve order and efficiency of the town meetings. Besides this, the members of this group were close friends with the newly appointed Royal governor Francis Bernard.

Hutchinson failed in his attempt to manipulate the elections for town government on May 13th, 1760. Immediately after this election, James Otis started his political rise with the “popular” party in Boston, reflecting the perceptions and interests of ordinary Bostonians, fighting the Hutchinson circle and the Royal governor and his allies.

“Only by understanding the long animosity that the common people of Boston held for Thomas Hutchinson and his clique can sense be made of the extraordinary response to the Stamp Act in Boston in August 1765 – the systematic destruction of the house of Hutchinson and other wealthy and conservative Boston officials – and of course of revolutionary politics in the city in the years that followed.”²⁰⁰

And Nash calls the Stamp Act riots an example of the “moral economy of the crowd” in that early stage of the revolutionary movement and the culmination of resistance against rising wealth and oligarchic power in Boston.

The conclusion of the ideological background of the pre-revolutionary period shows a layering of colonial society along economic lines: the established, rich and powerful elite, for which additional taxation did not mean any material threat; they entered the intellectual and theoretical discourse with British officials in order to expand self-government.

The second layer was the majority of poor people who expressed their antipathy to wealth and privilege on both sides of the Atlantic and developed an emerging class consciousness because of their economic hardship. This inner-colonial disparity laid the foundation for resistance against and pressure on the governing elites, and this emerged when George Grenville asked for an increase of tax revenue - something which was definitely a material threat to the urban poor.

²⁰⁰ Ibid, p. 27.

7. Findings, Analysis and Conclusions

When the Peace of Paris was settled in 1763, British statesmen needed to develop a new post-war concept for a colonial empire which had largely extended by territory and population and had already developed into a self-sufficient society with mature political institutions.

The author set about to analyze three questions which had a major impact on transatlantic relations. These three areas are:

- The decision to establish a standing army in the colonies with all related consequences of this initial decision,
- The economic relations under trade restrictions,
- The prejudicial impact of the repeal of the Stamp Act on Parliament's supremacy.

7.1. The Decision in favor of a Standing Army in the Colonies

Having conquered vast new land on the North-American continent, an appropriate military force was needed for the effective occupation and protection of this large territory.

Since the French military threat had been removed, the need for British military protection was no longer felt by the colonists. However British Government still feared possible wars with hostile Indians – the Pontiac Rebellion was a strong indication and left a deep impression on the imperial officials – or even with the French and furthermore, the obedience of ninety-thousand Catholic Canadians could not be taken for granted.

It was Lord Bute who took the first decision on continuous military presence in March 1763 for the post-war period. Following the inadequate military support and of the requisition system of the colonies during the Seven Year's War, he believed in the military incompetency of the American colonies: he agreed to keep fifteen battalions in the mainland colonies and five in the West Indies, in total ten thousand soldiers.²⁰¹

²⁰¹ Robson, Eric, *The American Revolution in its Political and Military Aspects 1763-1783*, W. W. Norton, New York 1966, p. 48.

Anderson disagrees with the contention that there was “inadequate military support” and shows in Table 18 that the colonies did indeed supply a high percentage of the volunteers requested.

Table 18. Percentage of colonial volunteer soldiers requested, by province²⁰²

	% RAISED, 1759	% RAISED, 1760	% RAISED, 1761	% RAISED, 1762
N.H.	87.5	99.5	82.0	100.0
Mass.	88.5	90.3	81.9	92.9
R.I.	69.4	95.2	59.3	98.0
Conn.	72.8	67.9	86.9	100.0
N.Y.	83.9	92.0	86.6	82.5
N.J.	92.8	93.5	—	89.3
Pa.	76.7	50.0	0	0
Md.	0	0	0	0
Va.	80.0	100.0	100.0	65.7
N.C.	—	—	45.0	0
S.C.	—	80.0	50.0	—

Source: Jeffery Amherst, *The Journal of Jeffery Amherst*, ed. J. Clarence Webster (Chicago, 1931), App. A-D, 327-30. Blanks indicate missing or imperfect data.

Table 18 shows the fulfillment rate of requested volunteer soldiers according to province – the figures represent in total 81.4 percent in 1759 (16,835 servicemen out of 20,680 requested soldiers) , a slight reduction to 75.3 percent (15,942 out of 21,180) in 1760, 80.1 percent (9,296 out of 11607) in 1761 and finally a high of 90.5 percent (9,204 out of 10,173) in 1762, as parliamentary subsidies helped to meet the Crown’s call for soldiers. British political leaders received misleading reports from colonial officials and these tended to distort the view of conditions on the ground in America and thus British perceptions.

Jack P. Greene²⁰³ argues that the decision to station regular troops in the colonies “was apparently for their defense, but also to keep them in proper subjection to the Mother Country.” The proclamation line also supported the political and economic control function over the old colonies as they could not found new settlements beyond this boundary. The cost of this standing army forced the Grenville administration to impose new duties on the American colonies for co-financing. Fierce opposition in the American provinces finally led to the Stamp Act crisis.

Britain regarded the old and new territories in America as a strategic asset which would generate significant future revenue for the motherland.

²⁰² Anderson, Fred, *Crucible of War*, Vintage Books, New York 2001, p. 806.

²⁰³ Grenne, Jack P., *The Seven Years’ War and the American Revolution*, in: *The Journal of Imperial and Commonwealth History*, Volume 8, Issue 2, January 1980, pp. 93-94.

This military presence was embedded in a system of colonial restrictions:

Table 19. Overview of decisions and acts and their major impacts.

	Impact on American Colonies	Impact on Britain
Keeping a post-war standing army	Fear of military control and suppression of civil protest.	Cost of 250,000-350,000 p.a.
Proclamation Line	Restricting westward expansion of the colonies. Regulating trade with Indians. Ending “salutary neglect” and tighter control of the execution of existing law.	Keeping the 13 colonies geographically under control. Protection of Indian land to avoid further conflicts between colonists and Indians because of limited military resources.
Stamp Act	Imposing a new tax on colonists: target 40,000 pounds p.a. to contribute to the British expenses.	Reducing British Land Tax and securing the supremacy of British parliament.
Quartering Act	Colonists challenged this coercive measure as an unconstitutional tax.	Providing suitable accommodations for British soldiers in urban areas

Even before the peace treaty of Paris, Lord Ligonier as the British commander-in-chief asked for a peace-time army of eighty-five regiments. Parliament objected because of the worsening budgetary situation in Britain, but finally agreed on seventy-five regiments under a unified command in New York – 8,050 officers and men – which were distributed as follows²⁰⁴:

Table 20. Regional distribution of British troops in the American colonies, 1762.

Region	Troops
Canada	3,650
Nova Scotia, Cape Breton Island, Newfoundland	1,700
Upper New York Posts	1,250
Western Pennsylvania	400
Michigan	350
South Carolina and Georgia	450
New York City Area	200

²⁰⁴ Dunn, Walter S., *Opening New Markets: The British Army and the Old Northwest*, Praeger Publishers, Newport 2002, pp. 150-160.

Compared to the number of troops at the end of the Seven Years' War – 17,000²⁰⁵ – this number of remaining post-war troops in the colonies was approximately half of the military force during wartime. The minimum recurring cost per year for twenty battalions in the colonies amounted to at least 225,000 pounds, a sum which could not become added to a budget deficit of 146,000,000 pounds.²⁰⁶

When the British government refused the colonial demand for a return to the requisition system, the British government saw no alternative but to discharge the responsibility for the security of the American colonies – which they had clearly assumed in 1754 – to regular British troops.

According to Tucker and Hendrickson²⁰⁷, a colonial conference at Albany in 1754 already envisaged a plan for a unified colonial defense policy which was based on a new council which would take over central responsibility. The delegates to this council were to be nominated by the lower houses of the provincial assemblies and this central institution was to have the power of taxation to finance the common colonial defense system.

This plan failed because of unanimous rejection: the British would lose power and control over the colonies and had no formal assurance that this colonial institution would follow the intentions of the mother country. The provinces rejected it because of a lack of common – even conflicting - interests in matters of defense.

The failure of the Albany conference illustrates the ongoing dilemma and ambiguous position of the British Empire: on the one side, the political intention that the colonies should provide the financing for their own security, on the other side the fear of an increasing “challenge to imperial authority”²⁰⁸. Thus, the issue of how to distribute the burden among the colonies remained unresolved. Already in this conference in 1754, the Board of Trade devised the formula that taxation could be based on “the number of inhabitants, trade, wealth and revenue of each Colony”²⁰⁹, but a system designed for wartime became irrelevant for the period of peace. It had been already initiated by Lord Bute, but G. Grenville ultimately realized that no other way than parliamentary taxation

²⁰⁵ Prete, Roy A., Ion, H. Amish, *Armies of Occupation*, Wilfrid Laurier University Press, Waterloo/Ontario 1984, p. 20.

²⁰⁶ Anderson, Fred, *Crucible of War*, Vintage Books, New York 2001, pp. 562-571.

²⁰⁷ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 80-84.

²⁰⁸ Ibid, p. 82.

²⁰⁹ Ibid, p. 99.

could ensure a fair and executable distribution of the cost for the British soldiers in the colonies. These financial considerations led to a stamp tax, the Stamp Act and finally to the Stamp Act crisis and its repeal, a subject the author will return to in chapter 7.3.

Fred Anderson adds another strategic fact to keep a reduced British peacetime force in place: to demobilize the British army would force hundreds of officers and thousands of ordinary soldiers into retirement on half pay. Whereas the social fate of the suddenly unemployed lower ranks caused little concern, the dismissal of more than a thousand officers was seen as a major issue.

The solution was to keep the higher ranks and to reduce the number of enlisted men by one half. This decision maintained a structure of trained officers, whereas the lower ranks and recruits could become filled up at short notice. This in short explains the King's offer to grant land – laid down in the Royal Proclamation of 1763 (see also Chapter 4.1.) – in accordance to their ranks, ranging from five thousand down to fifty acres.

The Royal Proclamation had some impact as westward expansion would inevitably lead to conflicts with the Indians. This issue had higher priority than limiting the western frontier of the colonists, but it cannot be characterized as the sole root-cause of the future conflicts between the mother-country and the American colonies.

The administration of Indian affairs through commercial and political regulations was set forth in the 1763 proclamation and designed to eliminate the influence of the 13 colonies by curbing land speculation and westward expansion for the time being.

A further grievance for the colonists was the Quartering Act, which was highly unpopular in America and had led to strong resistance in New York. The Quartering Act was rather perceived as a coercive piece of legislation and an additional tax burden rather than a protective measure and therefore the colonists refused to fund the full cost requested by the British Army.

In October 1767 this conflict escalated and as a consequence of this act of resistance the New York assembly was suspended until they accepted to fully fund the quartering. Before and during the Stamp Act riots of 1765 and early 1766, many colonists became suspicious about British intentions of the Quartering Act, which enabled the transfer of British troops from outpost garrisons into urban area.

To conclude this chapter and to resume the findings:

- Britain's government based its decision for a standing British Army in the colonies during peace-time on the negative war-time experience of the requisition system.
- Britain still believed there was a risk of a new war, as the French had maintained friendly relations with the Indians as they had controlled the fur-trade. Furthermore, the Canadian population of about 60,000 people, mostly Catholics, had to become integrated in this emerged empire.

This basic decision had three financial or emotional effects, ranked according to their impact:

- This decision created a huge financial burden which had to be financed and shared between Mother Country and the colonies.
Together with the end of "salutary neglect", Grenville's attempt to implement a fair sharing of the cost of the standing army – the Stamp Act - created the most critical confrontation in transatlantic relations and was even worsened by the repeal of the Stamp Act. This central conflict will be discussed later.
- The ambiguous position taken by the colonists, indeed even their opposition to imperial protection in the form of a standing army was perceived as a coercive measure. The Quartering Act intensified this colonial fear, as this act enabled the deployment of British troops within urban areas.
- The Quartering Act was expressed as a grievance but looking at the number and geographical distribution of the troops, it affected mostly Canada and New England. The Middle and the Southern colonies were hardly challenged by this Act.

The British decision to maintain a standing British army of 10,000 officers and soldiers in the American colonies was a root-cause of the imperial crisis: on the one hand the resulting financial burden and its fair distribution between the metropolis and the colonies and on the other hand the different perception of existing threats.

Because the French had been defeated, the colonists did not feel the need for ongoing protection by the mother country, whereas British government still feared the danger of a renewed coalition of the French power and Indian tribes.

The dilemma of the British administration was to avoid any post-war vacuum in the security system and no alternative to a British detachment existed in the short term, because colonial assemblies insisted on raising troops in their own way and restricting the deployment and length of deployment of their troops.²¹⁰

7.2. *The Economic Relation under British Restrictions*

Structuring such an expanded colonial empire in North America, a new concept for Britain's post-war imperial policy had to become implemented as the policy of the past was seen as inappropriate. After the Seven Year's War the pending problems of the empire were taken more seriously than in the period of "salutary neglect" and the vast North American colonial possessions had become much more important than ever before.

In the words of Charles Andrews²¹¹, "the discontinuity between the traditional policy of salutary neglect and the policy pursued in the 1760's reflected a shift from a mercantile to an imperial outlook."

This radical change in the political paradigm changed from commercial relations, based on some trade laws which regulated the growth of the colonial commerce to a framework of centralization, control and authority.

There was still much British concern about the role of the colonies as a crucial element in the balance of power between Great Britain and a revanchist France. The metropolis therefore felt the urgent need to retain the colonies under their control by a tightened relationship and a strong imperial authority.²¹²

²¹⁰ Ibid, pp. 85-86.

²¹¹ Andrews, Charles M., *The Colonial Background of the American Revolution*, New Haven 1924, pp. 121-128.

²¹² Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, p. 197.

Table 21. The impact of the changes in trade regulations.

	Impact on American Colonies	Impact on Britain
Currency Act	Restricted the issue of paper money outside the New England colonies	Mitigation of currency exchange risk for British merchants
Sugar Act	Fighting the widespread smuggling of molasses. Reduction of molasses tax by 50% on all molasses imports. Strict enforcement of this trade law and establishing vice-Admiralty courts. First trade law not only to regulate trade but also to raise internal revenue.	Amendment to the Molasses Act of 1733, which was clearly a trade regulation (external tax) Raising revenue of expected 25,000-45,000 pounds. First colonial objection on constitutional grounds, complaining internal taxation.
Townshend Duties	Moderate duties to raise external duties to pay imperial officials. Institutional reform of the American customs services and new vice-Admiralty courts.	Raising revenue in colonial America to relief land tax in England. Imperial officials, especially customs officers, became less dependent to colonial assemblies being paid out of this revenue.

This raises the question how to explain the sudden rupture of a “laissez faire” relation and the move to a coercive policy from 1763 onwards. The substitution of methods of the old colonial policy was a core element of the imperial crises. The sudden change of the mercantilist goals to Grenville’s measures provoked the known escalation: the colonists first protested, then resisted and finally open the rebellion against the mother country.

It was the British attempt to change some basic features of the status quo to secure its imperial rule by tighter controls whilst the colonists simply asked to regain their traditional rights they enjoyed before Grenville’s innovations.

The Currency Act was a significant change in the transatlantic economy as British officials tried to secure the investments of the mother country in the colonies. During wartime, most assemblies had authorized the – from the British perspective – uncontrolled issue of paper money. The colonial grievance of the Currency Act was the interdiction to use paper money for tax payments as species was scarce in the colonies.

The impact of the Currency Act can be rated as low, as the Parliament’s right to regulate currency matters was seen as legitimate and the exclusion of paper money for tax payments was repealed.

Unlike the Currency Act, the Sugar Act had much more far-reaching importance because of a very basic change in the trade laws in America: from a commercial strategy to fight the French to fiscal objectives, from neglecting the laws of trade to a reform of the customs establishment, leading to efficient supervision and collection of revenue. The Sugar Act – also called American Duties Act – can be best described as “a prelude to the Stamp Act”, because both can be clearly rated as internal taxation. The difference between these two acts was the perception of the American colonists: they accepted the Sugar Act while in form this act was presented as a replacement for the Molasses Act, which definitely was external taxation. The main objectives of the Sugar Act were threefold: to make customs enforcement more effective, to raise duties on commodities widely consumed in the American colonies and finally to cut the rate but to apply it on all imported molasses to maximize the revenues. In contrast to the Molasses Act of 1733, no regulation of trade was put in place.

The articles of the Sugar Act were intended to end smuggling, to implement new structured customs procedures and collections, and to provide enforcement. Many colonists viewed the measure as oppressive, particularly in New England where smuggling was widespread. As already discussed in Chapter 4.3., the reduced tax on molasses was still higher than the “bribery rate”, but the New England colonies were mainly hit by the stricter enforcement of the Molasses Act. Table 13 shows a theoretical impact of nearly 24,000 pounds per year for the New England colonies, if smuggling would have been curbed completely. At any rate, the steep increase of the tax revenue – starting 1765 from 14,000 to 34,000 pounds in 1767 (Table 14) indicates the effectiveness of this act for the New England colonies. Given the total volume of imported molasses, the effect for the Middle and Southern colonies can be considered negligible.

The American colonists acknowledged the right of Parliament to regulate trade, but the underlying trade regulation principles varied from import and export prohibition because of strategic considerations during the Seven Year’s War to raising revenue with no further background of trade regulation issues. Second, the American colonists accepted the right of Parliament to regulate trade, but at the same time they wanted enforcement left up to the colonies.

After the fierce opposition of the American colonies against George Grenville’s Stamp Act and its repeal in 1766 –a closer analysis follows in the next chapter because of its

outstanding impact on the British-American relations – the Townshend period was driven by the wish to avoid any further controversy with the Americans, because of fear.²¹³ The previous trade boycott of the American colonists for the repeal of the stamp Act had found a receptive target in Rockingham, who always kept an eye on the commercial interests of the British merchants.

When the New York and New Jersey assemblies protested and refused to provision quarters according to the Quartering Act, the New York Restraining Act became law in June 1767. It stated that “the governor, Council and Assembly [of New York were] respectively restrained and prohibited from passing or assenting to any Act of Assembly for any other purpose whatsoever”, but it never was put into effect, when the American colonies renewed non-importation.²¹⁴

There was fear in Britain that the colonies would become united in their opposition to Britain and that this would strengthen their resistance and disobedience. In other words, there was a fear that all the colonial provinces would unite their opposition to Parliament’s supremacy over taxation. The trade boycott during the Stamp Act crisis and the threat to continue this strategy had demonstrated the economic power of the American colonies and the dependency of Britain in terms of exports – nearly four million pounds or 37 percent of the British export volume went to the American colonies.

The outcome of this ambiguous British position was the Townshend Revenue Act and it shows a change in British attitudes toward the American colonies: They wanted to appease the colonies and indeed avoid any controversy with them. Tucker and Dickinson come to the following conclusion: “Within the space of a year, the principles on which the commercial legislation of Townshend had been based went from having no opponents to having no supporters.”²¹⁵

With the repeal of the Stamp Act and the reduction of the duty on molasses by the modified Sugar Act, the problem of sharing the financial burden of imperial defense remained unresolved. In March 1767, Townshend presented his plan to withdraw the army from the American interior to the seaboard and to cut the Indian superintendants as an economic measure and also to resolve the financial dependency of the British officials in the American colonies on the provincial assemblies.

²¹³ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 221-248.

²¹⁴ Ibid, p. 236-238.

²¹⁵ Ibid, pp.239-240

In conclusion, one significant and inherent root-cause for an increasing resistance must be mentioned: the Sugar Act, which finally made the Americans sensitive as this bill went beyond any previous trade regulations within the status quo mercantilist policy. The rationale on the part of the American colonist was the fact that the molasses duties were cut by one half and thus this duty had lost its function to regulate and direct strategic trade relations.

The Sugar Act and the related enforcement showed a decreasing willingness in the colonies to comply with “innovative” legislation, compared to the status quo before the reform projects of George Grenville.

7.3. The Impact of the Stamp Act and its Repeal

To analyze the impact of the Stamp Act it is necessary to spotlight the economic, political and legal complaints of the American colonists and, in addition, the counter-position of the British government and officials which was based on two imperatives: first, the political solution of a repeal should not be seen as a compromise over Parliament’s supremacy, but second, to position the repeal, above all, as being in the British interest.

To begin with the economic impact of the Stamp Act: in short, there would have been no impact.

Not surprisingly, the American colonists emphasized the poverty of the colonies and the shortage of specie to raise the annual payments of approximately sixty thousand pounds – “if divided amongst 1,200,000 people, [the tax] would be only one shilling per head a year; which is but a third of the wages usually paid to every labourer or manufacturer there for one day’s labour [sic!]...”.²¹⁶ As already discussed in chapter 4.4., Perkins calculated the cost to an average tax payer of 0.2 percent of per capita income or 5 pence a year.²¹⁷ The difference between 5 pence (Perkins) and one shilling/12 pence (Tucker) is readily explained: Perkins bases his calculation on the overall population while Tucker uses the working population as his basis.

At any rate, the two indicators of the tax burden show a strong correlation in terms of percentage, based on the realistic assumption that two thirds of the productive

²¹⁶ Ibid., p. 226-232.

²¹⁷ Perkins, Edwin, *The Economy of Colonial America*. Columbia University Press, New York 1980, p. 134.

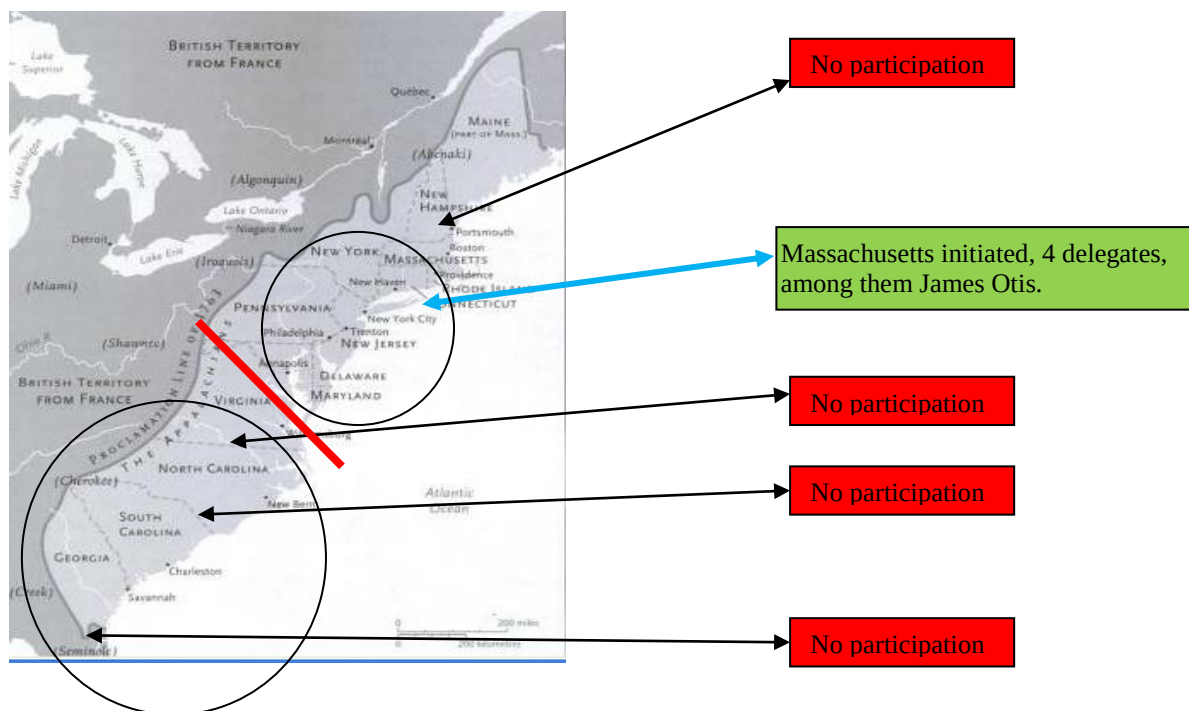
population out of the total population were working and receiving payments for 300 days in a year.

As demonstrated in this short quantitative overview, the colonial complaints about the Stamp Act were without foundation.

The political impact was rather ambiguous as the Stamp Act Congress did not result in a strongly unified colonial position. There were also objections because only nine out of the thirteen colonies with twenty-seven delegates met at New York's city hall.

The following four colonies did not send delegates to the Stamp Act Congress: New Hampshire, Virginia, North Carolina and Georgia.

Map 3: Division within the 13 American colonies²¹⁸.



Map 3 shows a significant split between the Southern colonies and New England and the Middle colonies because of different “levels of grievances”. The reasons for this were as follows:

1. A significant, asymmetric distribution of wealth (see Table 15)
2. Widespread smuggling of molasses in the New England colonies

²¹⁸ Nellis, Eric G, The long road to change: America's revolution, 1750-1820. Broadview Press, Ontario 2007, p. 52.

3. Organized protest movement and structured political discourse in the urban areas of New England and the Middle colonies
4. The high volume of imports from Great Britain – 1.5 million pounds (see Table 11.) – to the New England and Middle colonies.
5. The balanced import/export volume of the Southern colonies would have been hit by British economic retaliation measures.

The resulting declaration of the Stamp Act Congress was addressed to the House of Commons in order to make it clear that the House of Commons should not try to tax the colonies directly without the consent of the taxed. In addition, the document made claim to the fundamental English rights such as trial by jury: in the Sugar Act, Parliament granted the vice-Admiralty court non-appellate jurisdiction over violations of the trade laws to curb the widespread smuggling.

The Stamp Act Congress basically failed to send a clear message in this very moderate and loyal document, but in September 1765 anti-Stamp Act activists among the merchants decided to begin a non-importation boycott and demanded the repeal of the Stamp Act.

The British government was left with three options as to how to react to the given political and economic deadlock:

- a. To meet the colonial objections through an amendment to the Stamp Act, respecting the grievances of specie shortage, the vice-Admiralty courts and the alleged stamp duties as a reason for an economic downturn.

This option was the preference of King George III, but he finally accepted Rockingham's position that the only political choice was between enforcement and repeal. An amendment would only appease the Stamp Act crisis in the short term, but would leave the underlying fundamental constitutional and political antagonism unresolved.

- b. To enforce the Stamp Act

Was this option a realistic one?

No; the first reason was the sudden change of the political actors. In 1765 “a government was in office composed mostly of men inclined to conciliate the colonies”.²¹⁹ This is in sharp contrast to the position taken by Grenville and the Duke of

²¹⁹ Christie, Ian R., Labaree, Benjamin W., *Empire or independence, 1760-1776*. W. W. Norton, New York 1976, p. 64.

Cumberland. Both wanted to pursue a “get tough” policy when the first signs of resistance to the Stamp Act became apparent in October.

P. D. G. Thomas²²⁰ and P. Langford²²¹ describe the period between October 1765 and December 1765, based on the correspondence between the secretary of state for the Southern Department, Conway, and General Gage, who succeeded General Amherst in 1763 as commander-in-chief of the British forces in America. Conway instructed Gage to employ force – after having exhausted all other measures – to suppress violence. On the other hand, Gage’s lack of widely dispersed troops was evident (see also Table 19.) and in New England, where the riots against the Stamp Act started, there were no troops at all. Conway was also aware of this military weakness. The Duke of Cumberland summoned a cabinet meeting on October 31 to discuss and to decide on the next steps – “presumably the dispatch of troops.”²²² But the sudden death of the Duke of Cumberland on that decisive day, October 31, 1765 – the day before the Stamp Act was to take effect – finally stopped all further theoretical exercises to use military power to enforce the law in the American colonies.

At any rate, this rationale weakened the position of the British officials in the American colonies who took a firm position against resistance and for the execution of law.

- c. The repeal of the Stamp Act and the reaffirmation of Parliament’s supremacy.

Rockingham saw the import boycott of the American colonies as the most fundamental threat: a sharp decline in exports would cause a steep rise in domestic instability through unemployment and failing debt collection, followed by financial instability and social disorder. But he also understood “that Britain confronted not one crisis in America, but a set of interrelated problems that only conciliation could resolve.”²²³

The first and most pressing set of interrelated issues was the Stamp Act itself. The colonists’ protests and social pressure on the British officials in the American colonies made the Stamp Act unenforceable and thus they effectively denied Parliament’s superiority over the colonies.

The political dilemma of Rockingham was twofold: first, there was a political split between an existing consensus which supported enforcement on the one hand and the

²²⁰ Thomas, P. D. G., *British Politics and the Stamp Act*, Oxford 1975, p. 138.

²²¹ Langford, Paul, *The First Rockingham Administration, 1765-1766*. Oxford 1973, p. 81.

²²² Anderson, Fred, *Crucible of War*, Vintage Books, New York 2001, p. 692.

²²³ *Ibid*, p. 694-695.

policy of steady concession on the other. The second reason was the failure to deal with the imperial issues in a manner which did not ultimately lead to a true settlement of the numerous pending issues. Since 1763 governments acted under the pressure of circumstances as well as under the constraints of a political order that could not adapt to change.

The repeal of the Stamp Act reduced these “pending issues” to one crucial problem: the assertion of sovereign authority over the colonies could only be put into practice if there was a political will to enforce this authority.

Tucker and Hendrickson²²⁴ describe this dilemma in brief as a consequence of the fact “that the insistence upon exercising Parliament’s supremacy over the colonies was matched by the insistence upon avoiding the consequences”. The debate over the “political package”, in other words the repeal of the Stamp Act combined with the Declaratory Act, clearly showed the British fear of economic consequences in the short run but also the cost and also the consequences of a military confrontation with the American colonies.

There was still a profound British concern that Bourbon troops could enter this struggle which could lead to the economic ruin of both parties.

The psychological effect of repealing the Stamp Act should not be disregarded, either: it gave the American colonists a new and a strong confidence in their economic power and importance within the imperial economy, but it also created a sort of “zero tolerance” attitude on the part of the British in the ongoing confrontations.

A crisis had been appeased and the positions, as they had existed in 1763, had been restored but a comprehensive imperial policy still did not exist. Frank O’Gorman²²⁵ interprets the strategies as an attempt to “improve and streamline the old mercantilist structure of an Empire”. The major questions remained unresolved: the need for a far-sighted political framework for colonial emancipation and the need to make progress on the issue of economic and fair payment of compensation. The exclusive focus on parliamentary supremacy resulted in parliamentary intervention in internal and external American affairs. When the elite among the American colonists started to challenge that authority, the King and Parliament strongly defended the status quo of overall supremacy, ignoring the existing mature structure of political institutions in the

²²⁴ Tucker, Robert W., Hendrickson, David C., *The Fall of the First British Empire*, The Johns Hopkins University Press, Baltimore 1982, pp. 229-232..

²²⁵ O’Gorman, Frank (1975): *Rise of Party in England*, Allen & Unwin, London, p. 155.

American colonies and, in so doing, making a sustainable settlement of the political, constitutional and economic issues absolutely impossible.

At any rate, the Americans took the initiative in the process of colonial emancipation and the following decades showed the results of it.

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Abstract

Diese Arbeit untersucht die Ursachen, Differenzen und Wechselwirkungen in den wirtschaftlichen, politischen und konstitutionellen Beziehungen zwischen Grossbritannien und seinen nordamerikanischen Kolonien in der Zeit von 1763 bis 1767. Das Forschungsinteresse ist eine analytische Verdichtung und Begründung der eskalierenden Spannungsverhältnisse zwischen einem auf dem status quo beharrenden Mutterland und seinen sich rasch emanzipirenden Kolonien in Nordamerika.

Nach dem Ende des Siebenjährigen Krieges und mit dem Frieden von Paris 1763 hatte Grossbritannien unter der Regentschaft von George III. die politische und ökonomische Kontrolle über einen stark erweiterten und heterogenen Kolonialbesitz in Nordamerika wieder zu gewinnen und neu zu ordnen. Grundvoraussetzung dafür war die konsequente Durchsetzung von britischem Recht in Hinblick auf die Steuereinhebung, da der Krieg und die militärische Sicherung des Kolonialbesitzes ein enormes Defizit von 132 Millionen Pfund – bei einem durchschnittlichen Jahresbudget von 8 Millionen Pfund – akkumuliert hatte.

Mitte 1764 begann Kanzler Grenville sein ehrgeiziges Reformprogramm mit dem Sugar Act, der auf dem Molasses Act aus 1733 basierte und importierte Molasse und Zucker besteuerte. Die Strategie von Grenville war es, den Steuersatz zu halbieren aber gleichzeitig die Einhebung dieser Abgabe durch verstärkten Einsatz von Marine und Seegerichten (Admiralty Courts) konsequent durchzusetzen. Dieser erste Reformschritt Grenville war von aufkommender Kritik aus den Kolonien begleitet, denn der Sugar Act diente nicht der akzeptierten Wirtschaftslenkung im Rahmen der Navigation Acts sondern war eine Steuer zur Finanzierung der britischen Garnisonen in den amerikanischen Kolonien. Die mit Offizieren besetzten Seegerichte ohne Berufungsmöglichkeit zur Rechtdurchsetzung verstießen gleichzeitig gegen das konstitutionelle Rechtsverständnis der Kolonisten.

Die Spannungen zwischen dem Zentralparlament und den kolonialen politischen Eliten eskalierten mit der Verabschiedung des Stamp Acts gleich auf mehreren Diskurs-Ebenen.

Die politisch-konstitutionelle Auseinandersetzung betraf die Grundsatzfrage, ob das Parlament ohne politischer Repräsentation der Kolonisten das Recht hat, neue Steuern für sie zu beschliessen, welches in der kolonialen Kurzformel „no taxation without representation“ ihren Niederschlag fand.

Die zweite Ebene war die ökonomische: die stark steigende Bedeutung britischer Exporte in die amerikanischen Kolonien und der monopolistische Nutzen der Navigation Acts für den britischen Handel machte ein koloniales Handelsboykott zu einer wirksamen Waffe gegenüber den steigenden Handelshemmnissen und monetären Eingriffen (Currency Act) des Mutterlandes. Der resultierende Druck britischer Kaufleute führte zur Zurücknahme dieses Gesetzes bei gleichzeitiger formaler Festschreibung, dass das Parlament weiterhin die exklusive, uneingeschränkte („in all cases whatsoever“) legislative Macht über alle Teile Britanniens ausübt.

Die dritte Ebene ist jene der politischen Institute und behandelt das unregelmäßige Spannungsfeld lokaler, repräsentativer Assemblies und dem Zentralparlament. Durch die geografische Distanz und unterschiedliche konstitutionelle Interpretationen bedingt, entwickelten sich zwei realpolitisch legitimierte, konkurrierende wie auch divergierende Parallelwelten.

Die zentralen Ursachen einer Entwicklung, die ab 1775 zum amerikanischen Unabhängigkeitskrieg führten, werden ausführlich beschrieben und analytisch zueinander in Beziehung gesetzt.