

A Sticky Business

COLONIAL SMUGGLING

If you walked along the docks of colonial cities like Boston, New York, or Charleston in the mid-1700s you would see the tall masts of many wooden trading ships. Sailors and longshoremen would be busy at work in the brisk salt air. In some cases, especially in Boston, you might see a British warship at anchor. Here and there small groups of people might be intently whispering. You might feel an ugly tension. You might even see an angry mob yelling at officials and hurling stones at them.

This hostility was mainly a result of England's attempt to enforce laws against smuggling. It was illegal to bring certain goods into the colonies without paying a fee called a *duty*. Many colonial merchants tried to avoid paying the duty because they could make more money if they didn't pay it. Sneaking dutied goods into the colonies was smuggling, and the British attempt to control it was a factor that led to the American Revolution.

England and other colonial powers like Spain, Portugal, France, and Holland practiced an economic policy called *mercantilism*. Simply put, this policy meant that a colony could trade only with its corresponding colonial power and its orbit of other colonies. Colonies were to supply raw materials to the colonial power and buy from it manufactured goods and other products. They were supposed to exist for the benefit of the colonial power. In return, the colonial power would provide protection for the colonies. Mercantilism was the accepted policy of the times.

Colonial merchants were interested in making money. It was highly profitable to trade with the islands in the West Indies. Ships carried lumber, flour, and other goods to the British colonies there in return for sugar, molasses, and other products. Back in New England the molasses was distilled into rum. The rum was then sold or taken to Africa where it was traded for slaves. Slaves were brought to the West Indies or the southern colonies where they were sold or traded. This trade route, from New England to West Africa to the West Indies and back to New England, is an example of what is known as *triangular trade*.

According to mercantile laws, the colonial traders were only to deal with the British islands, such as Jamaica. The traders, however, found it more profitable to get molasses from other islands such as those owned by the French. The products of these foreign islands were often 25 to 40 percent less expensive than those of the British islands. Also, the foreign islands were eager to get all the American products they could get.

To prevent American trade with the foreign islands, Parliament passed the Molasses Act of 1733. According to this law, any foreign molasses brought into the colonies would be charged a sixpence per gallon duty. It was believed that this duty would make trade in foreign molasses too expensive for the Americans and force them to deal only with the British islands. In fact, the law was not well enforced and many merchants smuggled in the foreign molasses.

When a ship entered a colonial harbor, the captain was supposed to tell customs officials what products were on board. If dutied goods were on the ship, the duty would have to be paid before the cargo could be delivered. Because the law was poorly enforced, shipowners found many ways to avoid paying. Cargo reports would be falsified to indicate few or no dutied goods on board. Packages would be mislabeled. Customs officials were often bribed or threatened with violence to keep them from inspecting cargoes. Also, because of the extensive American coastline, it was often possible for captains to unload their ships away from the main harbors.

Because it was easy to avoid paying the duties, smuggling was widespread. To many, smuggling was the normal way of doing business. The French and Indian War changed all that.

From 1754-1763, thousands of British soldiers fought in America in an attempt to safeguard the westward expansion of the colonies and to end the colonists' conflict with the French and their American Indian allies. The war was extremely costly for the British in both lives and money.

During the war, American smugglers continued to trade with the French islands. In fact, some new routes were opened. The British were outraged because such trade helped the enemy get food and other supplies. Some claimed the trade helped prolong the war. It certainly increased its costs. For example, the large amounts of flour shipped to the French made the cost of colonial bread very high. At one point the British army found it cheaper to bring supplies all the way from England than to buy them in the colonies.

Prime Minister William Pitt, usually sympathetic to the concerns of the colonists, believed the colonies should help pay for the costs of the war and their own protection. When George Grenville became prime minister in 1763, a series of policies were adopted intended to get the colonies to pay. The Sugar Act of 1764 was, in part, an attempt to raise money and to cut down on colonial smuggling by reforming the old Molasses Act.

According to the Sugar Act, a threepence per gallon duty on foreign molasses would be strictly enforced. More customs officials would be sent to the colonies and the British navy would be authorized to help in enforcement. There would also be rewards for colonists who informed officials about smugglers. The money raised by this law was to help pay for the cost of military protection in the colonies.

Strict enforcement of the law decreased the smuggling of molasses. Smuggling in other goods, such as tea, continued. Tension between the colonists and the officials increased as additional laws were passed and enforcement stiffened. A Rhode Island customs official Jesse Saville, was beaten severely and then tarred and feathered. One night a Massachusetts official was awakened at gunpoint and forced to reveal the name of an informer.

Resentment against the new British laws made smuggling seem like a noble act to some. When the colonial trading ship *Liberty* was seized by Boston custom officials in June of 1768, a dockside mob threw stones at the British sailors who were towing it away. The mob then rioted, causing substantial damage to the homes of the customs officials. In 1772, the British ship *Gaspee*, which had been patrolling for smugglers, ran aground near Providence, Rhode Island. A group of colonists, led by the wealthy merchant John Brown, seized the crew and burned the ship. It was estimated that at least a thousand local residents knew the names of those who attacked the ship but, when British investigators arrived, not a single witness would identify the attackers.

The early British laws had been designed to regulate trade according to the principles of mercantilism. At first there had been no significant or widespread objection from the colonies. After the French and Indian War, however, the flurry of new laws was resented. To many, the new duties seemed like taxes levied on the colonies without their consent. Colonial boycotts, petitions, and riots brought no major change in British policy. A revolutionary struggle was to come.

The major sources for this story were:

McClellan, William S. *Smuggling in the American Colonies*. New York: Moffat, Yard 1912.

Schlesinger, Arthur M. *Colonial Merchants and the American Revolution* New York: Frederick Ungar, 1957.

THE COLONIAL ECONOMY

The next article is from *The Papers of Benjamin Franklin*, Vol. 13, p. 133, edited by Leonard W. Labaree (Yale University Press, 1969).

The West Indian Connection (1766)

Serving as a colonial agent in England in 1766, many-sided Benjamin Franklin was summoned to testify about American commerce before a Parliamentary committee. What does the following excerpt from his testimony reveal about the economic relationship between the colonies and the mother country, and about the importance of the West Indian trade?

- Q. What may be the amount of one year's imports into Pennsylvania from Britain?
 A. I have been informed that our merchants compute the imports from Britain to be above 500,000 Pounds.
- Q. What may be the amount of the produce of your province exported to Britain?
 A. It must be small, as we produce little that is wanted in Britain. I suppose it cannot exceed 40,000 Pounds.
- Q. How then do you pay the ballance?
 A. The Ballance is paid by our produce carried to the West-Indies, and sold in our own islands, or to the French, Spaniards, Danes and Dutch; by the same carried to other colonies in North—America, as to New—England, Nova-Scotia, Newfoundland, Carolina and Georgia; by the same carried to different parts of Europe, as Spain, Portugal and Italy. In all which places we receive either money, bills of exchange, or commodities that suit for remittance to Britain; which, together with all the profits on the industry of: our merchants and mariners, arising in those circuitous voyages, and the freights made by their ships, center finally in Britain, to discharge the ballance, and pay for British manufactures continually used in the province, or sold to foreigners by our traders.
- Q. Have you heard of any difficulties lately laid on the Spanish trade?
 A. Yes, I have heard that it has been greatly obstructed by some new regulations, and by the English men of war and cutters stationed all along the coast in America.

The next article is from *The Papers of Benjamin Franklin*, Vol. 13, pp. 368—71, edited by Leonard w. Labaree (Yale University Press, 1969).

The Pattern of Colonial Commerce (1766)

Gottfried Achenwall was a distinguished German scholar whom Benjamin Franklin visited at Gottingen, in Germany, in July, 1766. At that time few Germans had any reliable knowledge about America, so Achenwall seized the opportunity to interview the immensely knowledgeable Franklin. What does Achenwall's analysis, as inspired by Franklin, suggest about the colonists' situation in the British imperial system?

Certainly it will in time be necessary to establish some manufacturers in the colonies. For with the growth of the North American colonies lasting for centuries, Great Britain and Ireland, as islands of limited resources (e.g., their wool production cannot be increased proportionately or without limit) will in the future find it beyond their power to supply from their output, the quantity of goods required by the colonies.

The three largest cities, centers of trade and seaports, in British America, are Boston in New England, New York in the province of that name, and Philadelphia in Pennsylvania. About 1720, Boston was as large as the other two cities together, but since that time New York and Pennsylvania have grown far more than Boston. For in New England there are many seaports, but the other two are the only ports in their respective provinces, as these have only a small coastal area. So both these cities are the common markets for their whole province and grow more in proportion to the province and have the hope in consequence of becoming the largest cities in America. Philadelphia has more than 3000 houses and more than 20,000 inhabitants. The city is regularly laid out, the streets are all at right angles; they are extended every year and new houses are always being built beyond the first boundary. The houses are almost all of brick, like most of those in London.

All the American colonies have their cities and villages; but Virginia has the fewest villages and only one small city, Williamsburg, where the governor resides and the provincial Assembly and the courts meet. In this province the colonists are scattered and distant from each other, each on its own tobacco plantation. This is because of the nature of the country. Chesapeake Bay runs deep into the land, and many navigable streams flow into it. By these streams the colonists send down their tobacco in barges to the Bay, where the seagoing vessels load it. This transport is the easiest and cheapest, especially for a product taking up as much room as tobacco. Virginia is cut up by as many naturally navigable streams, as Holland by artificial canals.

New York has excellent advantage for the trade with the savages. It ships its goods up the Hudson River, to the city of Albany. Hence they are sent by other streams, and because of waterfalls, here and there partly by land several English miles, on to Oswego on Lake Ontario. Here the fairs for Indian trade are held. Lake Ontario is connected by water through the greater lakes lying inland with the *Obersee* (Lake Superior). The savages easily bring their skins and hides from the interior in their boats to Oswego. In this trade Pennsylvania has no share, as New York would not allow it. On the other hand, the trade of Pennsylvania profits by the commerce of New Jersey, as this by the convenience of the Delaware River is mostly directed to Philadelphia.

The English colonies lack salt and rarely make it for themselves. They import it from Spanish South America. There it is produced naturally, as in the Cape Verde Islands and Senegal. When the tide is high, it flows over the sand banks in certain valleys, and the heat of the sun makes salt. The colonies import it in 50 or 60 ships a year.

The colonies are generally restricted in all their foreign trade, and even more in their shipping in all sorts of ways. Nevertheless the continental colonies particularly maintain a considerable shipping trade of their own. Many products, particularly those for ship building and raw materials suitable for manufactures: mast trees, ship timber, iron, copper ore, hemp, flax, cotton, indigo, tobacco, ginger, tar, pitch, rosin, potash, skins and furs, they may not export. These are reserved for the British realm, must be bought by British merchants, and carried by British ships and sailors. In areas where an English company has the exclusive trade, they may not trade, for example, the East Indies. In 1765, trade also was prohibited with the West Indies colonies of the French and Spanish. But this prohibition had bad results, and has been lifted. To the Portuguese Sugar Islands they may carry all sorts of food stuffs, such as grain, flour, butter, meat, and cattle for butchering, wood and timber for house building and farm use, and in return bring back chiefly molasses, from which rum is made. Trade with the Spanish in America is a mere contraband trade; the Spanish government requires the confiscation of the goods and enforces the law by its coastguard ships. But the colonist risks it because he can bring back specie, which is so rare in the colonies.

Great Britain has now, 1766, established two free ports in the West Indies, one in Jamaica and

one in Dominica. Other nations had formerly done so, the French a port in St. Domingo, the Dutch in St. Eustatius, an unproductive island, the Danes in the island of St. Thomas. Great Britain has done so to enjoy the same advantages, and particularly to reduce the contraband trade with the Spanish. Yet there are restrictions on this new arrangement: all foreigners can buy all goods there duty free, but for cash, not in exchange for goods.

That the shipping trade of their own which the colonies carry on, is so important rises partly from the trade referred to with the Spanish and French West Indies, partly from the intercolonial trade by exchange of their marketable over-production, especially between the continental colonies and the English Sugar Islands, partly from their great off-shore fisheries.

After the West Indies, the chief trade of the colonies goes to the regions lying south of Cape Finisterre. They traffic directly (in their own products and in their own ships) to Africa, the Canaries, and other islands in the ocean; as also in their own wares but in British ships to Portugal, Cadiz, Malaga, Marseilles, Leghorn, and Naples. They can in this way even trade to Turkey, but up to now have not. Hither they export their surplus, especially fish, grain, and flour, timber, also sugar and rice, and bring back their price partly in hard cash. The trade with Portugal has special restrictions. They can export their products there, but cannot bring back Portuguese wine for that must be carried by way of England. So they usually in return bring back salt as ballast. Sugar is the only product which the colonist can export as his own property, though in British ships, to all Europe and sell directly.

The greatest part of American goods are taken by the English, as they ship their manufactures to America. In general, no foreign nation is permitted to go to the colonies to buy their products and carry them away, much less to send their own goods over; both export and import remain a privilege for British subjects or especially for inhabitants of England. The import of English goods into the colonies increases as they grow. England sells annually to the colonies in North America and the West Indies more than three million pounds sterling of its own products, chiefly manufactures, and including Scotland and Ireland over five million pounds sterling

The next article is from w. w. Hening, *The Statutes at Large ...of Virginia ... (1823), II, 515-16.*

PROLOGUE: The British Empire was erected on the then-popular theory of mercantilism, which held that colonies existed for the benefit of the Mother Country. British regulations imposed burdens and conferred benefits, but on balance the advantages to the colonials probably outweighed the disadvantages. After the Seven Years' War had saddled Britain with a staggering debt, the Ministry decided to tax the colonies for a portion of their defense upkeep. The result was the Stamp Act of 1765, which stirred up such a furor that Parliament was forced to repeal it the next year. A renewed attempt at taxation in 1773 goaded the colonials into destroying a number of tea cargoes, notably at Boston. Parliament retaliated by passing legislation which was directed at Massachusetts and which, among other restrictions, closed the port of Boston. The other colonies rallied to the defense of their beleaguered sister; tensions increased; and the first overt fighting erupted at Lexington in 1775.

THE BURDEN OF MERCANTILISM

Virginia Resents Restrictions (1671)

The foundation stones of British mercantilism in America were the Navigation Acts of 1651 and

1660. They decreed that all commerce with the colonies had to be carried on in English-built and English-owned ships (a blow at Dutch competitors), and that certain “enumerated articles,” such as sugar, tobacco, and indigo, could be exported only to England. To the English mainland colonies, tobacco was by far the most important “enumerated” product, and Virginia was especially hard hit. The Virginians, to be sure, were guaranteed a monopoly of the English market, but they were denied the profits of direct sales to Spanish and other European customers. As early as 1671 the testy Governor Berkeley of Virginia (see p. 12) lodged the following bitter protest with the London officials in response to specific questions from them. How did mercantilist restrictions hamper the development of Virginia?

Question: What obstructions do you find to the improvement of the trade and navigation of the plantations within your government?

Answer. Mighty and destructive, by that severe act of Parliament which excludes us the having any commerce with any nation in Europe but our own, so that we cannot add to our plantation any commodity that grows out of it, as olive trees, cotton, or vines. Besides this, we cannot procure any skillful men for one now hopeful commodity, silk; for it is not lawful for us to carry a pipe stave, or a barrel of corn, to any place in Europe out of the King’s dominions. If this were for His Majesty’s service or the good of his subjects, we should not repine, whatever our sufferings are for it; but on my soul, it is the contrary for both. And this is the cause why no small or great vessels are built here; for we are most obedient to all laws, whilst the New England men break through, and men trade to any place that their interest lead them.

Question: What advantages or improvement do you observe that may be gained to your trade or navigation?

Answer. None, unless we had liberty to transport our pipe staves, timber, and corn to other places besides the King’s dominions.

The LAST article is from Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1904), 11, pp. 82—84

Adam Smith’s Balance Sheet (1776)

The Navigation Laws, as perfected in the 18th Century, bore most harshly on the Southern colonies, with their staple enumerated products. To strengthen the Royal Navy, the London government paid bounties for the production of pitch, tar, rosin, turpentine, hemp, masts, yards, and bowsprits, but the Northern colonies came off with a lion’s share of the bounty payments. The whole system was reviewed in 1776, the year the colonies declared independence, by the Scottish philosopher-economist Adam Smith in his monumental *Wealth of Nations*. As a declaration of independence from current mercantilistic restrictions, it ranks as one of the great books of all time. Smith, who has been dubbed “the Father of Modern Economics,” was a liberal-minded exponent of the greatest good to the greatest number. In the passage here reproduced from his *Wealth of Nations*, what British restrictions were viewed as most galling, and why were they tolerated as long as they were?

The most perfect freedom of trade is permitted between the British colonies of America and the West Indies, both in the enumerated and in the non-enumerated commodities. Those colonies are now become so populous and thriving that each of them finds in some of the others a great and extensive market for every part of its produce. All of them taken together, they make a great internal market for the produce of one another.

The liberality of England, however, towards the trade of her colonies has been confined chiefly to what concerns the market for their produce, either in its rude state or in what may be called the very first stage of manufacture. The more advanced or more refined manufactures,

even of the colony produce, the merchants and manufacturers of Great Britain choose to reserve to themselves, and have prevailed upon the legislature [Parliament] to prevent their establishment in the colonies, sometimes by high duties, and sometimes by absolute prohibition....

While Great Britain encourages in America the manufactures of pig and bar iron, by exempting them from duties to which the like commodities are subject when imported from any other country, she imposes an absolute prohibition upon the erection of steel furnaces and slit-mills in any of her American plantations. She will not suffer her colonists to work in those more refined manufactures, even for their own consumption; but insists upon their purchasing of her merchants and manufacturers all goods of this kind which they have occasion for.

She prohibits the exportation from one province to another by water, and even the carriage by land upon horseback or in a cart, of hats, of wools and woolen goods, of the produce of America—a regulation which effectually prevents the establishment of any manufacture of such commodities for distant sale, and confines the industry of her colonists in this way to such coarse and household manufactures as a private family commonly makes for its own use, or for that of some of its neighbors in the same province.

To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind.

Unjust, however, as such prohibitions may be, they have not hitherto been very hurtful to the colonies. Land is still so cheap and, consequently, labor so dear among them that they can import from the Mother Country almost all the more refined or more advanced manufactures cheaper than they could make them for themselves. Though [even if] they had not, therefore, been prohibited from establishing such manufactures, yet in their present state of improvement a regard to their own interest would probably have prevented them from doing so. In their present state of improvement those prohibitions, perhaps, without cramping their industry, or restraining it from any employment to which it would have gone of its own accord, are only impertinent badges of slavery imposed upon them, without any sufficient reason, by the groundless jealousy of the merchants and manufacturers of the Mother Country. In a more advanced state they might be really oppressive and insupportable.

ACTIVITIES FOR "A STICKY BUSINESS"

Answer all questions on a separate sheet of paper.

Historical Understanding; Answer briefly:

1. Define the following: *duty* and *mercantilism*.
2. Why was smuggling profitable?
4. Why, did the British try to enforce the Sugar Act after the French and Indian War?
5. What was *triangular trade*?

Reviewing the Facts of the Case; Answer briefly:

1. Why did some merchants trade with the French colonies in the West Indies even though it was illegal?
2. Why was the Molasses Act passed?
3. What were two ways shipowners could avoid paying duties?
4. What was the purpose of the Sugar Act?
- 5.. What happened after the ship *liberty* was seized by customs officials?
6. What happened when the British ship *Gaspée* ran aground?
7. Was mercantilism accepted by most colonials 1700-1750?
8. Was it a good idea for Parliament to enforce the Molasses Act?
9. Did colonial smuggling prolong the French and Indian War?

West Indian Connection. (p.3)

- 1 what is the relative importance of the West Indies and the 13 colonies to England?

The Pattern of Colonial commerce (pp. 3-4)

- 1 What does Achenwall suggest about the colonist's situation in the British imperial system.

The Burden of Mercantilism (pp. 5-6) and Adam Smith's Balance Sheet (pp 6-7)

1. List the advantages and disadvantages of Mercantilism to the various colonial region.