

# MERCANTILISM AND THE NAVIGATION ACTS: SOURCES OF THE AMERICAN REVOLUTION?

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"In 1765 the thirteen American colonies were a part of the second largest colonial empire in point of area, and largest in point of wealth, population, and material resources" (Dick. 5). For over a century the British had constructed an overseas dominion ruled by economic prosperity, yet in just a decade its possessions would be engulfed in the flames of a revolution, one waged to efface the oppression and decadence of the British regime. What transformation occurred in ten years that could so upset the stable, lucrative economic policies of the British crown? Were the ancient institutions themselves merely outdated and in need of sweeping change, or was there indeed a corruption of the old commercial order? An examination of British economic theory provides a lucid account of its evolution.

Britain's overseas empire in the 17th century was governed by the establishment of mercantilism, the predominant theory of European commercial policy. It contended that every nation in the world was engaged in a perpetual competition for a fixed amount of resources; the growth and expansion of a sovereign's empire would inevitably lead to the acquisition of more wealth. The newly-gained territory, subdivided into individual colonies, was essential to the function of mercantilist rationale. Those colonies provided a bulk supply of raw materials to their mother country in return for a guaranteed, steady demand base and the protection of merchant flotillas by armed galleons. The monopolization of the colonies' product output would eliminate threatening competition from foreign powers and consolidate power in the hands of the imperial power (Dick. 5-7).

As a rapidly expanding power in North America in the 17th century, Britain quickly took advantage of such prospective opportunities. Desiring to replenish its royal coffers, emptied by the Civil War and Interregnum periods, the restored Stuarts and Parliament manifested such wants in the Navigation Acts of 1651-1673. The Navigation Acts consisted of four provisions, purely mercantilist in philosophy. The first provision stated that only ships of colonial or British origin could participate in trade within the colonies. The second clause restricted certain commodities to sale only in Britain; these "enumerated" goods included indigo, tobacco, and rice, the leading staple crops of the Americas. The third provision forced foreign goods bound for the colonies to be shipped via England; the Crown could therefore control colonial imports and profit from them through duties and tariffs. The last provision disallowed the overseas export of such goods as woolens, hats, and iron from the colonies; they were basic economic institutions of Britain, and harmful domestic competition was to be avoided (Dick. 7-22).

Though seemingly restrictive, the Navigation Acts were quite beneficial to colonial society. The great market that England provided for crops and raw materials, as well as the carefully-monitored exportation of the same goods from the mother country to foreign

markets, assured farmers and craftsmen in the colonies continued and growing prosperity. Significantly, those goods that were enumerated were being produced for a world market. In contrast, the products prohibited from export, namely, woolens, hats, and iron, under the fourth clause were a grassroots industry that were in no way oppressed by the restrictions of the Navigation Acts. First, under the condition of limited textile resources, there was no effort to compete with the mother country in their production; this was due to the fact that "The back country clothed itself. There was very little cloth made for the market... Textile production was still in the handicrafts stage" (Dick. 46). The same held true for hatmakers; they were itinerant craftsmen who sold their wares in the locale with the highest demand rather than to merchants who would sell the hats abroad. In addition, hatmaking became one of America's most prosperous industries; indeed, Alexander Hamilton, in his Report on Manufactures in 1791, listed hatmaking as the one mature industry of America. The last major trade that the Navigation Acts never tampered with was iron production; "most of the iron works were relatively small and were designed to supply a neighborhood market" (Dick. 47). No mill was ever prosecuted for improper sales; its development was rapid and continuous, in keeping with the evolution of the aforementioned industries (Dick. 31-48).

The Navigation Acts thus brought more prosperity to the Americas than the British could ever have countenanced. The colonial population increased exponentially due to the emigration of skilled working peoples from the British isles, resulting in a quite rapid growth of per capita wealth and the general standard of living. The onset of the Seven Years' War (1756-63) provided colonists with the opportunity to truly display their prosperity to the British; they furnished much of the soldiery and armaments that were used to combat and defeat the French. Yet their devotion to the English cause was also an affirmation of the genuine loyalty that colonists felt to their monarch. Nevertheless, "The wealth acquired by American(s)...was a real cause of jealousy on the part of residents in the mother country" (Dick. 52-53). Economic predictions had been made that the colonies would become wealthier than their sovereign ruler in 50 years. It was these predictions that caused certain British leaders to ultimately reform and usurp the stable mercantilist system that had prospered for nearly a century, and in doing so to lay the foundations for the American Revolution (Dick. 52-54).

The policy of salutary neglect that Britain had adopted toward the colonies, allowing them to burgeon domestically, was abruptly halted in 1763, after a 100 year establishment. The financial leadership in England passed to George Grenville, a man whose was convinced that too much power had fallen into the hands of the colonial assemblies; therefore, he proposed sweeping commercial reforms that would make North America completely subservient to the policies of the Crown. His proposals, in effect, destroyed the

old mercantilist ideology; what was substituted "became a policy of exploitation of America for the personal profit of a ruling minority of 'king's friends' who were seeking to use the resources of America to retain power in England" (Dick. 167).

The first measure instituted under Grenville's reform plans was the Sugar Act (1764). The higher taxes imposed on all sugar-related items, such as molasses, wine, etc., did indeed hurt domestic consumption of the respective goods; more importantly, however, the forty additional sections laid the foundations for the injudicious taxation acts that followed. Harsher regulations were established for merchant vessels regarding both the acquisition of licenses that authorized goods transportation, as well as the severity of punishment for violation of the Sugar Act articles. Most significant, however, were the powers granted to the new colonial court system.

The last provision of the original Navigation Acts had established a circuit of vice-admiralty courts in the British colonies in 1696. The original intent of these courts had been to combat illegal smuggling and piracy; their powers had been limited, however, to "offenses on the high seas or at least cases involving high seas commerce" (Dick. 183). The new jurisdiction of the vice-admiralty courts was extended to "all cases against imperial commercial and revenue laws" (183). The establishment of an imperial court system within the colonies posed a significant threat to the infallibility of colonial mercantilism, for each vice-admiralty court operated without a jury. As the courts were closely tied to the prosecution of allegedly errant seaman, it was inevitable that they would become a vehicle for the corrupt seizure of wealth from such merchants by the army of placemen soon sent to maintain order in the colonies (Dick. 183).

The high-seas corruption of the British Customs Commissioners, those charged with confiscating the goods their unfortunate victims, became marked with the passage of both the Stamp Act (1765) and Townshend Acts (1767). If the actual tax burdens thus instituted were debilitating to colonial trade, the penal provisions were worse yet. "Seizures by the navy were to be divided: one-half to the crews making the capture and one-half to the treasury" (Dick. 202). The prospect of significant financial gain was indeed appealing to the Customs Commissioners; they therefore purposefully endeavored to confiscate merchant goods illegally. Their methods of racketeering included "hovering", whereby British vessels could seize colonial ships that stood idle offshore for a certain period of time; often there was no question as to the legality of the seizure during vice-admiralty court procedure. "It was...the duty of the person whose vessel was seized to produce evidence that no statute had been violated, while the customs official merely refuted the points which the claimant raised" (Ubbel. 50). The costs of the trial even fell on the defendant, yet another method of

exacting money from the harassed merchant class. Finally, if probable cause for confiscation were established by the vice-admiralty court, then no counteroffensive action could be taken by the victim of such corruption (Ubbel. 60).

The wanton looting of colonial ships by British customs officials was the hallmark violation of the principles of the old system of mercantilism, that which the original Navigation Acts had stood for. Their clauses had provided for a mutually beneficial relationship between the colonies and the mother country; as long as the Customs Commissioners and viceadmiralty courts exercised their powers judiciously, honest merchants could reap the benefits of royal fleet protection and the stable growth that had flourished for over a century. That widespread interrogation and seizure of merchant ships by the customs officials brought about the downfall of such stability as existed for two reasons. First, the confiscations represented a violation of the liberty that seamen so revered. "This invasion of the ancient rights of seamen created feelings of personal injustice and group animosities toward the customs officials that rapidly dissolved the cement of loyalty" (Dick. 219). Thus the repeated transgressions by the British swiftly allowed any extant loyalty amongst the powerful merchant class to wane; indeed, the unrest displayed by them was portentous of the Revolution to come (Dick. 218-219).

The second fallacy of the actions of the Customs officials must be examined within the light of the reformed British economic system as a whole. Once again, the searches and seizures made upon colonial ships were wholly for the personal profit of the customs officials and the Crown. Such violations are directly related to the broader purposes of the taxation acts that made their abuses of power possible, for the Sugar Act and all subsequent measures were known as revenue acts. Their sole purpose was to place within the private treasure chests of the British monarch the funds collected from the colonies. Such an intent was therefore entirely synonymous with the reprehensible extortion of the customs officials. Thus, whether clearly corrupt or disguised under the facade of reform legislation, the machinations of the British financiers, courts, and navy "shifted (their) proper function of protecting colonial commerce to a position of open warfare upon that commerce" (Dick. 169-170). The reciprocal advantages of the venerable mercantile system had been destroyed; therefore, no vestige of the capital absorbed by England was ever reinvested in the colonies. Out of jealousy and desire for the colonies' growing prosperity, the Crown chose to topple a century of stable mercantilist policy and substitute for it a reform system that benefited only a select few employed within the ranks of the British colonial administration (Dick. 220-256).

In merely a decade, the misappropriation of colonial funds committed by the rapacious economic reforms of Britain irreversibly tainted what had once been a beneficial

and uncorrupted commercial system. The Navigation Acts in their pure form "were...nowhere a cause of complaint, serious irritation, or widespread agitation, either in the laws or for separation from the mother country" (Dick. 291). Indeed, the colonists had little to complain about; for over a century they had enjoyed the unparalleled prosperity brought by both the grassroots and worldwide demand for their products. The Navigation Acts never hindered resource production; as stated previously, they provided both an assured market and militaristic protection for colonial merchant ships. They therefore were not responsible for the commencement of the American Revolution. It was, rather, both the anti-commercial reforms and the callous encroachments upon the free will of merchant vessels by the British government that ultimately incited the colonists to rise up in arms against their tyrannical potentate (Dick. 290-298).

The downfall of a once proud and harmonious economic commonwealth was now imminent: "this vast commercial and colonial Empire was disintegrated and dissolved in ten years by a policy that undertook to substitute trade taxation for trade protection and encouragement...by a new race of customs officers who sought to operate the customs service for their own personal profits" (Dick. 287-298). It was indeed the blight of envy and avarice on the part of the British that ultimately doomed their authority over their possessions; one century of mutual economic triumph was thus overshadowed by a single decade of growing hostility and the base plunder of the colonies' surpassing wealth. When such infractions were made against colonial life and liberty, righteous Revolution in the tradition of Locke was the ultimate impetus for American economic freedom and prosperity.

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