

Tea Launches the Final Crisis

The duty on tea—a modest levy of threepence per pound—was the only Townshend duty not repealed in 1770. The American boycott on British tea continued after 1770. Although the boycott was only partially observed in most of the ports, it *was* strictly maintained in the two major tea-buying ports of New York and Philadelphia, which shifted to buying smuggled tea from Holland and the Dutch West Indies. Here was a happy marriage of principle and economic self-interest, for the price of smuggled tea was considerably lower than that imported from Great Britain. During 1771 and 1772, the Americans imported 580,000 pounds of British tea, of which Boston imported 375,000 pounds and the southern ports most of the remainder. In contrast to this average annual import of dutiable tea of 290,000 pounds, total American consumption per year was estimated at six and a half million pounds. Even reducing the sum to half, British tea was not in these years able to capture over eight percent of the vast American tea market.

The British tea price could have been far more competitive with Dutch tea, even with the three-penny burden, because the Townshend Act had removed the shilling tax on imports of tea into England for all tea reexported to America. In 1769, however, the East India Company, to which Britain had granted a monopoly on the import of tea (the tea was imported from China), followed the typical path of monopoly and raised the upset price it charged at auction from about two shillings threepence a pound to three shillings. Since tea in Holland sold for less than two shillings, the uneconomic status of British tea in the colonies became evident.

The structure of the English tea trade was as follows: the East India Company monopoly imported tea from Canton, China, using its full governmental

powers to rule India as the trading base for the lucrative China commerce. The company sold the tea at public auction, setting the minimum, or upset, price. English merchants bought it at auction and sold the tea to American importing merchants who in turn sold it to the retailers. American purchase of British tea was discouraged not only by the high price, but also by the irregular timing of the East India auctions, which did not permit proper advance planning by American merchants.

The price-raising by the East India Company was a reflection as much of its growing financial difficulties as of its privileged monopoly status. The East India Company did not enjoy prosperity during the widespread economic boom of 1769–72. Its high price, coupled with the American tea boycott, caused millions of pounds of tea to pile up unsold in East India warehouses. Moreover, a powerful clique of speculators in East India stock insisted on paying a high dividend, thus hazardously running up the stock far above what was justified by the actual operations of the company. They paid the high dividend even though this burdened the company further by legally obligating it to pay an annual sum of four hundred thousand pounds to the Crown. Furthermore, the company was legally liable for reimbursing the Crown for revenues forgone from exempting it from duties on tea reexported to America; the loss of the American market caused the unpaid liability to pile up, reaching over seven hundred thousand pounds by September 1772. The company's dwindling sales, its overpurchase of tea in relation to the actual American market, and its heavy expenses in running the government of Bengal all contributed to making its position precarious.* An act of June 1772 eliminated any further need for company reimbursement of the government for loss of tax revenue; it also replaced two-fifths of the former import duty levied on the company's reexported tea. But since little tea was being reexported to America anyway, this extra burden proved to be academic.

Finally, in mid-June, the great economic boom of 1770–72 followed the usual path of booms based upon credit expansion: financial crash and depression. A wave of failures of leading banks in London and Scotland brought about distress and a stock market crash (the stock boom had been fueled by bank credit expansion) in London, Amsterdam, and Paris. The general credit crash of mid-1772 hit particularly at the heavily overinflated East India shares, the price of which fell by sixty percent in the month of July alone. The crash of East India stock was also aggravated by attacks in Parliament upon the company in the spring of 1772, attacks because of its tyranny, plunder, and rapacity as a private monopoly vested with state power in India. Neither the Whig calls for vigorous reform of the monopoly nor the Crown's drive for tight governmental control over its own creature was calculated to aid its financial fortunes. In September, the company passed its dividend and

*The East India Company lost money in Bengal, but the company bureaucrats there were able to garner large personal fortunes by plundering the natives.

also defaulted on customs payments to the Treasury. Since these payments were important to the Treasury, the British government itself was now in deep financial trouble.

The Crown then decided to effect a twofold plan: to relieve the affairs of the East India Company and save it from imminent bankruptcy, and to move as a kind of *quid pro quo* to take over control of its unruly creature. The best way to relieve the company, in addition to a large parliamentary loan, seemed to be to sell some of the seventeen-million-pound surplus inventory of East India tea to the long-lost American market. And what better way to dump the tea than by lowering its price and expanding East India Company operations to direct sales to the colonies? Hence the Tea Act of May 1773. The Tea Act, first, restored the full exemption (or "drawback") of duties paid on tea imported into England and then reexported to America. Second, it continued the old threepence duty on American tea imports, despite the pleas of the East India Company, in order to gain some revenue and to preserve the principle of parliamentary taxation of American trade. But these provisions were relatively unimportant, as they merely continued policies that had prevailed since 1767 and had provoked little clamor. The radical innovation—the deed that alarmed and provoked the Americans—was to extend the hated and feared East Indian monopoly to American shores. For the Tea Act authorized the East India Company to obtain a license from the Treasury and to export tea to America on its own account and from its own warehouses. These sales, on all inventory of tea over ten million pounds, could be made either to merchants it designated or to branch houses of its own in America.

Here was a grievous threat indeed to the merchants of America. The East India Company could now employ its monopoly power to cut prices even below smuggling prices, and to arrogate the entire American tea trade to a new vast network of its own agents, branches, and favored merchants. New York and Philadelphia merchants, in particular, feared imminent ruin of their flourishing trade in smuggled Dutch tea. But the fears of American merchants were hardly confined to tea; they knew full well that the East India Company imported into England vast quantities of other commodities: silks, calicoes, spices, chinaware, etc. And if now the East India Company were to take over the American tea business, could these commodities be far behind? Indeed, such a scheme was already being proposed to England by the Tory merchant of Philadelphia, Thomas Wharton. Philadelphia had already had bitter experience with East India Company machinations in other commodities than tea. In 1771, when chinaware first began to be manufactured successfully in Philadelphia, the East India Company—monopoly importers of chinaware into England—managed to manipulate the price to fall by one-fourth in order to destroy its newfound American competition.

It is the curious position of some historians that to focus on mercantile opposition to the East India monopoly means to charge such hostility to the

Tea Act with lacking principle, with being confined to economic self-interests, and with lacking the support of the bulk of the people. On the contrary, there is no necessary contradiction between political principle and economic self-interest. Opposition to a governmentally privileged monopoly is itself a high principle, which can be and was upheld by the American populace as well as by the merchants. The fact that the competing merchants would also have been driven to the wall by the East India monopoly was certainly a compelling reason for mercantile opposition to the Tea Act; but it did not conflict with the libertarian principles that generally animated American opinion. Quite the opposite. Defense of one's property and commerce against a privileged monopoly is *required* by libertarian principle. Liberty *implies* property rights and free trade; it does not contradict them.*

Another vital factor in the colonists' opposition to the East India invasion was their horror at the brutal and rapacious record of East India Company government in Bengal—its depredations, monopoly, and ruinous taxation—a record that had led directly to the disastrous Bengal famine of 1769–71. One of the most terrible famines in history, it killed millions, eradicating a full one-third of the population of Bengal. The specter of that famine and of the East India Company tyranny that had brought it about was in the minds of the American people as they confronted the prospect of the East India Company extending its tentacles to America. This horror at the record of the East India Company was expressed most forcefully and eloquently in the widely circulated pamphlet of Pennsylvania's eminent liberal leader, John Dickinson:

Their [the East India Company's] conduct in Asia, for some years past, has given ample proof, how little they regard the laws of nations, the rights, liberties, or lives of men. They have levied war, excited rebellions, dethroned princes, and sacrificed millions for the sake of gain. The revenue of mighty kingdoms have centered in their coffers. And these not being sufficient to glut their avarice, they have, by the most unparalleled barbarities, extortions and monopolies, stripped the miserable inhabitants of their property, and reduced whole provinces to indigence and ruin. Fifteen hundred thousand . . . perished by famine in one year, not because the earth denied its fruits,

*Historians as disparate as Robert E. Brown and James Truslow Adams agree in upholding this spurious contradiction. Thus Adams, generally pro-British, sneers at the antimonopoly focus as involving "absolutely no principle," presumably since defense of one's economic rights can never be conjoined with high principles. Brown, determinedly anti-British and accepting this fallacious dichotomy, tries oddly and unsuccessfully to assert that the main focus of American opposition to the Tea Act was on the tea tax and not on monopoly. In this way he hopes to salvage democratic principle in what would otherwise be a supposedly narrow, selfish economic ground for American resistance. But his attempt ignores the fact that the tea tax had been quietly on the books since 1767, and that no new tax—or even more rigorous enforcement—was here being imposed. See Brown, *Middle-Class Democracy*, p. 312n. Contrast this discussion of the tea crisis with Arthur M. Schlesinger's in *The Colonial Merchants and the American Revolution, 1763–1776* (New York: Ungar, 1917), pp. 244–51, 262–304.

but this company and its servants engrossed all the necessaries of life, and set them at so high a rate, that the poor could not purchase them. Thus having drained the sources of that immense wealth . . . they now, it seems, cast their eyes to America, as a new threat, whereon to exercise their talents of rapine, oppression and cruelty. The monopoly of tea is, I dare say, but a small part of the plan they have formed to strip us of our property.

In coming to the aid of the near bankrupt East India Company, the British government did not neglect its *quid pro quo*. In two companion acts to the Tea Act, it took care to grant itself control of East India affairs and patronage. Thus, the top governors of India were now to be named by the government. This takeover, too, had grave repercussions in the colonies. For this involved a violation of the East India Company charter by Great Britain, and the Americans feared nothing more than a threat of tampering with their precious colonial charters. **Yet here was clear precedent for large-scale intervention.**

American opposition, particularly New York opposition, to the new tea policy was whipped up by the brilliant theoretician of the Rockingham Whigs, Edmund Burke. Burke was appointed New York's London agent in late 1770 and his correspondence had great influence in forming opinion in that colony. Opposed to the record of the East India Company and especially to the Crown's takeover, Burke bitterly attacked the King's Friends and the Tories who were behind the Tea Act. He urged Americans to resist, pledging the full support of the English Whigs in that effort.

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The Boston Tea Party

The first concrete step of the East India Company to invade the American market came at the end of August 1773, and was published in the American press in September. Aiming eventually to construct a factory in Philadelphia and its own warehouse in each of three leading American ports, the company decided to begin by shipping six hundred thousand pounds of tea to a few favored merchants as agents, or consignees, in the four leading ports of America.

The merchants of the four ports quickly mobilized against this threat and were backed by the press and the bulk of the populace. It was clear to the resisters that the best way to meet the tea invasion was in the same way that the hated stamps had been repulsed—by revolutionary mob violence or the threat thereof against the few favored distributors of the commodity. In 1765 the appointed stamp distributors had been “persuaded” by force to resign their posts; now it was the few consignees designated by the company to receive the tea. After securing their resignation, the next step was to prevent the East India tea from landing on American shores. The British government had no idea that the Tea Act would cause any particular stir, much less that violence against its agents, direct or indirect, would be resumed.

Not surprisingly, matters came to a head in Boston. That great center of Anglo-American confrontations faced a British fleet and troops stationed offshore; moreover, it had as governor the flint-hearted Tory Thomas Hutchinson. Opinion had been inflamed against Hutchinson the previous spring when the wily Benjamin Franklin, to ingratiate himself with his employers, the Massachusetts Assembly, secretly sent them old letters of Hutchinson and of his henchman Andrew Oliver expressing Tory views and calling on Britain

for tough policies against the colonies. Sam Adams' publication of the letters in June polarized the silent conflict between Massachusetts and its governor, and provoked him to be more intransigent than ever. Three of the Boston tea consignees, by no coincidence, turned out to be two sons and a nephew of Hutchinson, in a firm of which the governor himself was a member and probable partner. Hutchinson's personal interest in East India tea simply strengthened his Tory resolve to give not an inch to the colonists. Thus, whereas the executive officials of the three other colonies, lacking specific instructions to the contrary, were happy to look the other way while mob pressure was put upon the consignees, Hutchinson resolved to back the consignees to the hilt.

On November 3 a Boston mob gathered at the Liberty Tree to witness an expected resignation by the consignees. Thwarted by their refusal, the mob stormed the store of Richard Clarke (Hutchinson's nephew) and was only driven off after a prolonged struggle by a group of friends of the consignees. Two days later, on November 5 and 6, a Boston Town Meeting was assembled and presided over by John Hancock. The meeting unanimously adopted resolutions demanding that no merchants import any British tea, and appointed a committee including such radical leaders as Sam Adams, William Molineux, and Dr. Joseph Warren to pressure the resignation of the consignees. But the consignees were emboldened by Hutchinson's support and repeatedly refused to resign. When the tea arrived, they, along with the harassed customs commissioners, took secure refuge with the British troops at Castle William.

With the consignees refusing to resign, stopping the landing of the tea became ever more important to the Americans. Transcending the bounds of Boston, Sam Adams called a joint meeting of the committees of correspondence of the towns of Boston, Roxbury, Brookline, and Cambridge for November 22. The meeting resolved unanimously to prevent the landing and sale of the tea, and the Boston committee was instructed to raise the town to "immediate and effectual opposition." The Boston Town Meeting, furthermore, was now superseded by the unofficial, flexible, and more powerful revolutionary institution: the "body meeting"—a recurring mass meeting of the body of all inhabitants of Boston and Roxbury, Brookline, and Cambridge.

The first tea ship, the *Dartmouth*, arrived at Boston harbor on November 27; two other East India tea ships followed a few days later. Promptly, two great mass meetings of the "body" met through November 29 and 30, presided over by the eminent merchant Jonathan Williams. The mass meeting adopted unanimously the resolution of Sam Adams that the tea be shipped back by the East India Company and that no duty whatever be paid on the tea. The latter demand represented an advance in American goals. Hutchinson sent the sheriff to disperse the "unlawful" assemblage, but he was hissed down by the meeting. While the consignees discreetly repaired to Castle William, Hutchinson responded to the popular demand by refusing the ships per-

mission to leave the harbor unless duty were paid. Thus the East India ships were caught between two swords.

On receiving word of the situation from their committees of correspondence, town after town in Massachusetts resolved to back the Boston mass meeting to the hilt, including Cambridge, Brookline, Roxbury, Charlestown, Marblehead, Plymouth, Malden, Gloucester, Lexington, Groton, Newburyport, Lynn, and Medford.

The deadlock at the port could not continue indefinitely. The tea ships' entry into port made the vessels liable to seizure by the customs officers after twenty days for nonpayment of duty. The rebels were afraid that once the customs officers had the tea, they could land it, sell it secretly to the people, and use the money to pay the salaries of the appointed officials of the colony.

Meanwhile, the Boston Committee of Correspondence provided a military guard on the tea ships to make sure that the tea was not landed in secret. Clearly the tea must be destroyed before its confiscation by customs, and the period of grace for the *Dartmouth* was up on December 17. The last chance for the colonists was therefore on December 16. That day, the 16th, a great mass meeting of the "body" of eight thousand people learned of Hutchinson's refusal to allow the *Dartmouth* to sail home. The meeting heard the news with great restiveness and anger. Several angry speeches ensued. The prominent merchant John Rowe asked meaningfully: "Who knows how tea will mingle with salt water?" Finally, Sam Adams arose to give the signal that angry words must now give way to deeds: "This meeting can do nothing more to save the country." Thereupon, a remarkably disciplined ginger group of Sons of Liberty, disguised as Mohawk Indians, rushed to Griffin's Wharf, boarded all three tea ships, and spent several hours of the night dumping every bit of East India tea into Boston harbor. No other property and no person was at all harmed. This was the famous and electrifying Boston Tea Party. The heroic band of "Mohawks" that defied British armed might numbered over a hundred and represented a cross section of the populace: from leading merchants to farmers, carpenters, and blacksmiths. The band also probably included such prominent radical leaders as the merchants William Molineux and Henry Bass, the engraver Paul Revere, the young clerk and writer James Swan, the old South End gang leader Ebenezer Mackintosh, and the ardent radical theoretician Dr. Thomas Young, who had previously made the first public suggestion for dumping the tea overboard.

The "Mohawks" had done their work well, and Hutchinson soon found that no Americans, whether the Council, grand juries, justices of the peace, sheriffs, or the militia, would help to track down the culprits. Only one witness to the Tea Party was willing to testify—but only if the trial took place in England. John Adams hailed the Tea Party as "an epoch in history" and as "the most magnificent movement" of all the actions of the "patriot" forces before the outbreak of the Revolution.

Many Massachusetts towns leaped to the support of the Tea Party. Many were sufficiently radicalized by the occasion to deny Parliament's rights to legislate for and to tax the colonies, and to pay for the salaries of colonial officials. These included the towns of Hadley, Braintree, Sheffield, Andover, and Worcester. On the other hand, a few towns were frightened by the radical deed and dissolved their committees of correspondence.