

## No Taxation Without Representation

The settlers who migrated to and/or resettled in the colonies of Plymouth, Massachusetts, Maine, New Hampshire, Rhode Island and Connecticut paid little to nothing in taxes during the first few decades of their establishment. The English government imposed almost no taxes.

For example, the charter for the Massachusetts Bay Colony granted an exemption from all royal taxes, subsidies, and customs for seven years and from all taxes for 21 years, except a 5 percent duty on imports into England.

The chartered companies that established the colonies initially collected only quitrents, a land tax originally paid by freemen to the Crown or to the company that held a charter from the Crown. The quitrent, an annual payment of a fixed rate of several shillings for each hundred acres of land, secured a freeman's title to his land; it was paid in lieu of the services traditionally required by feudal custom.

The early colonies were sparsely settled and even more sparsely administered. The few officials who served did not receive official salaries until sometime in the 1640s. Their compensation came from fees for services rendered. These included issuing court papers, keeping records, arresting and punishing criminals, and issuing licenses.

In the early years, voluntary contributions supported spending on civic activities and church ministers. Too many free riders induced leaders to make contributions compulsory.

Taxpayers were recognized for their contributions; in Dedham, for example, the largest taxpayers received the best seats in church. The small sums collected by colonial governments were spent largely on roads, churches, and schools.

Reflecting the values of the day, a prominent nineteenth-century historian, Richard T. Ely, wrote that "one of the things against which our forefathers in England and in the American colonies contended was not against oppressive taxation, *but against the payment of any taxes at all*" (emphasis added).

Those who braved the hardship of travel across the Atlantic and who tamed a wilderness on their own did not relish paying taxes to any government.

But taxes were not long in coming.

Growing populations in the colonies necessitated defensive measures against Indians and other European intruders, along with the need to build and maintain roads, schools, prisons, public buildings, and ports and to support poor relief. A variety of direct and indirect taxes was gradually imposed on the colonists.

The corporate colonies in New England enjoyed the legal right to levy direct taxes on their residents, which stemmed from the right of trading corporations to levy assessments on their stockholders.

In 1638, the General Court in Massachusetts required all freemen and non-freemen to support both the commonwealth and the church. Direct taxes took two forms: (1) a wealth tax and (2) a poll, or head tax, which in some instances evolved into or included an income tax.

## Wealth Tax

The wealth tax was based on what was known as the country “rate,” which amounted to a property tax. Government officers carried out assessments, or sometimes the process involved self-assessment subject to audit, on the value of raw and improved lands (meadow, plowed, and hoed land), goods, stock used in trading, boats and other vessels, mills, and other visible assets.

Each year, the three units of colonial government — the province, the county, and the town or village — drew up a list of proposed expenditures. To support these governments, a rate of tax was applied to the assessments to generate the requisite funds, resulting in a colony rate, a county rate, and a town or village rate.

While the methods of assessment and the rates of tax varied among the New England colonies, the evidence suggests that effective tax rates on land and other real assets were below 1 percent. Government expenditures were low, which minimized the need to impose high rates. In addition, the colonists evaded, avoided, and resisted even these low rates by trying to conceal assets and have land classified as least developed.

The country rate was initially levied as a lump sum in the form of quotas among towns, which assessed and collected taxes to meet their quotas. Massachusetts switched to direct taxation of individuals several years later. Magistrates and clergymen were generally exempt from payment of rates.

In Rhode Island, the rate ranged between a farthing (a quarter of a penny) and a penny in the pound, which amounted to a tax rate ranging from 0.1 percent to 0.4 percent of assessed farmland and goods. In Massachusetts, the tax was a penny in the pound, a rate of 0.4 percent.

## Poll Tax

A second direct tax was the poll, or head, tax. The Massachusetts law of 1646 served as a model for the New England colonies. Every male 16 years and older, the year of registration for potential military service, was required to pay an annual tax of 1s. For administrative simplicity, the tax was often combined with the country rate.

Although the modern income tax dates from the adoption of the Sixteenth Amendment in 1913, an income-like tax, known as a “faculty” tax, appeared very early in the New England colonies.

A Massachusetts Bay law of 1634 provided for the assessment of every man’s assets and the product of his abilities. In 1643, assessors were appointed to rate inhabitants on their estates and their faculties, which included personal abilities. Further definition three years later specified the taxation of “laborers, artificers, and handicraftsmen” on their “returns and gains.”

It is possible to estimate roughly the effective rates of the poll and faculty taxes. The text of the Massachusetts law stipulates that artificers who were paid 18d. per day in the summer should pay 3s. 4d. a year in faculty tax in addition to their poll tax (day laborers, engaged in sporadic work, were exempt).

Assuming 78 days of work (13 six-day weeks during the summer season), an artificer would earn £5 17s. during the summer. If he earned at least that much in other work during the rest of the year, which was not subject to additional income tax, his annual income would be in the neighborhood of £12.

A tax of 4s. 4d. (poll tax plus faculty tax) on an annual income of £12 amounts to an effective total tax rate of 1.8 percent on labor income. Higher annual earnings imply a lower tax rate.

If total annual earnings reached £20, his total tax rate would be 1.1 percent. At that time, public officials received annual stipends ranging from £20 to £50. On an annual income of £12, by itself the one shilling poll tax rate represents a rate of 0.4 percent. The Connecticut, New Haven, and Rhode Island colonies incorporated the faculty tax into their codes.

Two rules governed colonial budgeting: (1) limited expenditure and (2) fiscal balance. The level of country rate and poll tax was set to meet annual requirements, and no more, which rarely required more than a penny in the pound on property and the basic poll tax.

From the very beginning, assessments and levying of taxes were democratic. Inhabitants of colonial towns chose a freeman from among themselves to serve as commissioner. It was his responsibility to identify all eligible males and estimate the value of their assets.

### **Duties**

Direct taxes were supplemented by several import and export duties in the New England colonies (save in Rhode Island). For several brief periods, Massachusetts imposed a “tonnage duty” of 1s. per ton on vessels trading, but not owned, in the colony, which was earmarked to maintain fortifications.

In 1636, Massachusetts launched the system of customs revenue in New England when it imposed import duties of one-sixth ad valorem on fruits, spices, sugar, wines, liquors, and tobacco. A low 2 percent ad valorem duty was subsequently levied on silver plate, bullion, and merchandise in general.

Plymouth placed export duties on such products as boards, barrel staves, tar, oysters, and iron. Salt was exempted from most duties as it was an important ingredient in the preservation of codfish, an important export. Indirect taxes were modest and focused largely on the “sins” of drinking and smoking.

The New England colonies resorted to tax exemptions on numerous occasions to encourage the development of specific industries. In 1645, Massachusetts gave land, a ten-year tax exemption, and a monopoly to a company engaged in iron making; by 1648, it was producing a ton of iron a day.

In 1665, Connecticut granted a seven-year tax exemption to anyone setting up a forge. (Although these early companies failed, by the time of the Revolution, the colonists produced annually about 30,000 tons of wrought and cast iron, one-seventh of world output. The number of forges and furnaces in the colonies probably exceeded the number in England and Wales combined.)

Fisheries were deemed especially important. Massachusetts exempted vessels and equipment from all country rates for seven years, and ship carpenters, millers, and fishermen were excused from military training. Codfish and shipping became engines of growth in New England. (Hoover)

### **Taxation from the British Parliament**

Many authors credit the phrase “No Taxation without representation” to the Boston lawyer and legislator James Otis, Jr. (1725-1783), based on how John Adams recalled Otis’s argument in the writs of assistance case in 1761.

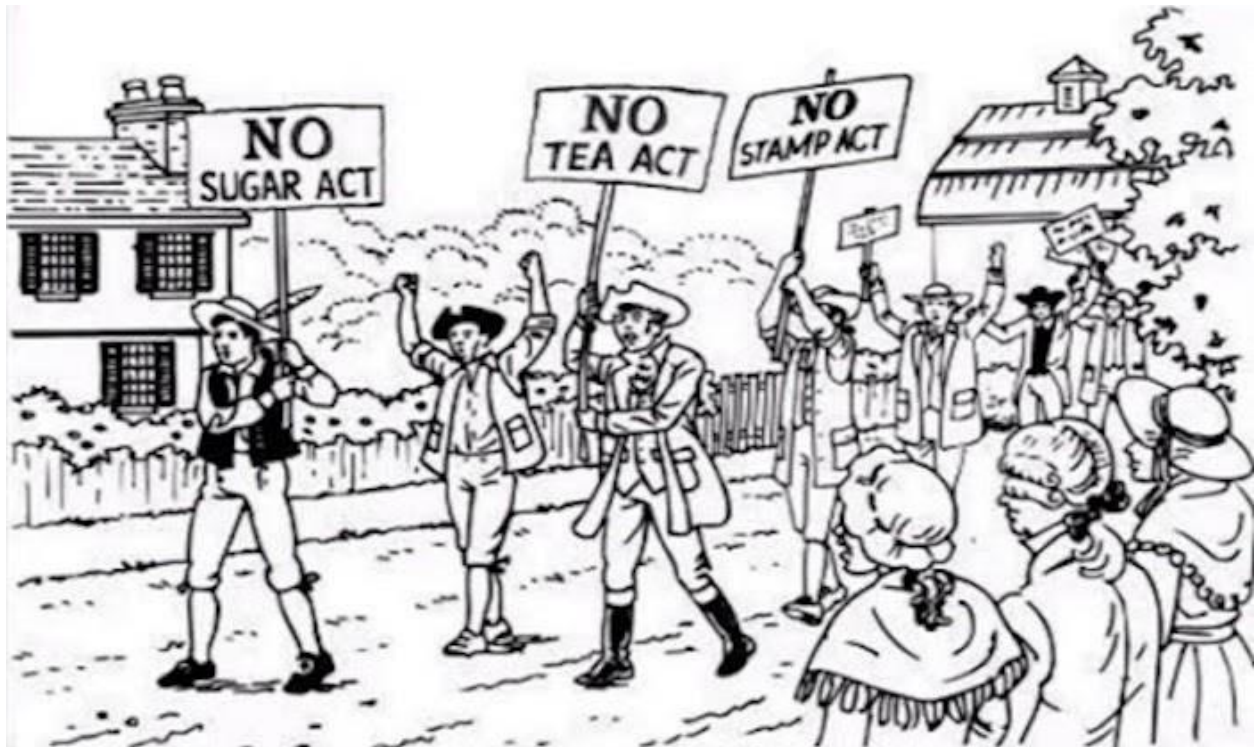
Adams wrote a letter to Otis's biographer William Tudor, Jr., in 1818. After quoting that letter at length Tudor wrote in his book:

From the navigation act the advocate [Otis] passed to the Acts of Trade, and these, he contended, imposed taxes, enormous, burthensome, intolerable taxes; and on this topic he gave full scope to his talent, for powerful declamation and invective, against *the tyranny of taxation without representation*. (Emphasis added)

From the energy with which he urged this position, that taxation without representation is tyranny, it came to be a common maxim in the mouth of every one.

And with him it formed the basis of all his speeches and political writings; he builds all his opposition to arbitrary measures from this foundation, and perpetually recurs to it through his whole career, as the great constitutional theme of liberty, and as the fundamental principle of all opposition to arbitrary power.

(As noted, Otis did raise the issue of where legislatures could fairly tax subjects - but he didn't use the memorable words "no taxation without representation.")



The first of the reported context references to this rallying cry of the Colonists is found in correspondence from Benjamin Franklin in 1754,

That it is suppos'd an undoubted Right of Englishmen not to be taxed but by their own Consent given thro' their Representatives. That the Colonies have no Representatives in Parliament.

That to propose taxing them by Parliament, and refusing them the Liberty of chusing a Representative Council, to meet in the Colonies, and consider and judge of the Necessity of any General Tax and the Quantum, shews a Suspicion of their Loyalty to the Crown, or Regard for their Country, or of their Common Sense and Understanding, which they have not deserv'd.

That compelling the Colonies to pay Money without their Consent would be rather like raising Contributions in an Enemy's Country, than taxing of Englishmen for their own publick Benefit. That it would be treating them as a conquer'd People, and not as true British Subjects. (Benjamin Franklin to William Shirley, December 4, 1754)

This was followed up by declarations at the Stamp Tax Congress in New York in October 1765. The Stamp Act Congress passed a 'Declaration of Rights and Grievances.' This claimed that American colonists were equal to all other British citizens, protested taxation without representation, and stated that, without colonial representation in Parliament, Parliament could not tax colonists. In addition, the colonists increased their nonimportation efforts.

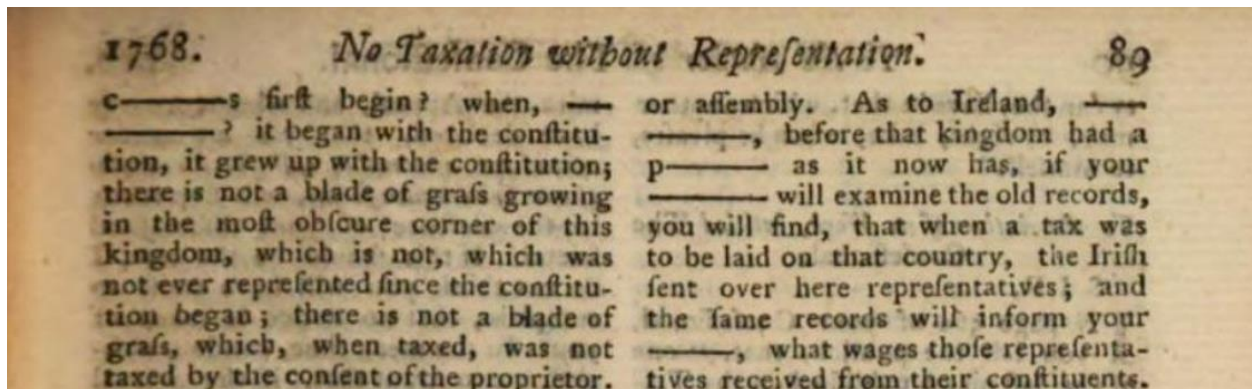
In part, they declared,

That it is inseparably essential to the freedom of a people, and the undoubted right of Englishmen, that no taxes be imposed on them, but with their own consent, given personally, or by their representatives. (Article III)

That the people of these colonies are not, and from their local circumstances cannot be, represented in the House of Commons in Great-Britain. (Article IV)

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. (Article V)

"No Taxation Without Representation," in the context of British American Colonial taxation, appears in the February 1768 London Magazine's headline, on page 89, in the printing of Lord Camden's "Speech on the Declaratory Bill of the Sovereignty of Great Britain over the Colonies."



London Magazine, February 1768, page 89 (Google Books)

## **Taxation Without Representation Led to War**

The American Revolutionary War (1775-1783) was sparked after American colonists chafed over issues like taxation without representation, embodied by laws like The Stamp Act and The Townshend Acts. Mounting tensions came to a head during the Battles of Lexington and Concord on April 19, 1775, when the “shot heard round the world” was fired.

It was not without warning; the Boston Massacre on March 5, 1770 and the Boston Tea Party on December 16, 1773 showed the colonists’ increasing dissatisfaction with British rule in the colonies.

The Declaration of Independence, issued on July 4, 1776, enumerated the reasons the Founding Fathers felt compelled to break from the rule of King George III and parliament to start a new nation. In September of that year, the Continental Congress declared the “United Colonies” of America to be the “United States of America.”

France joined the war on the side of the colonists in 1778, helping the Continental Army conquer the British at the Battle of Yorktown in 1781. The Treaty of Paris ending the American Revolution and granting the 13 original colonies independence was signed on September 3, 1783. (History-com)

Information here is primarily from Hoover Institute, History-com.

In an effort to provide a brief, informal background summary of various people, places and events related to the American Revolution, I made this informal compilation from a variety of sources. This is not intended to be a technical reference document, nor an exhaustive review of the subject. Rather, it is an assemblage of information and images from various sources on basic background information. For ease in informal reading, in many cases, specific quotations and citations and attributions are often not included – however, sources are noted in the summary. The images and text are from various sources and are presented for personal, noncommercial and/or educational purposes. Thanks, Peter T. Young