“Grenville's Sugar Act”

**The Sugar Act, which was passed in 1764, led to increased colonial concern about the intent of the British Parliament.**

KEY POINTS

* The Sugar Act, also known as the American Revenue Act or the American Duties Act, was a revenue-raising act passed by the Parliament of Great Britain in April 1764. Taxes from the earlier Molasses Act of 1733 had never been effectively collected due to colonial evasion.
* By reducing the rate by half and increasing measures to enforce the tax, the British hoped that the tax would actually be collected.
* These incidents increased the colonists' concerns about the intent of the British Parliament and helped the growing movement that became the American Revolution.

The Sugar Act, also known as the American Revenue Act or the American Duties Act, was a revenue-raising act passed by the Parliament of Great Britain on April 5, 1764. The earlier Molasses Act of 1733, which had imposed a tax of six pence per gallon of molasses, had never been effectively collected due to colonial evasion. By reducing the rate by half and increasing measures to enforce the tax, the British hoped that the tax would actually be collected “These incidents increased the colonists' concerns about the intent of the British Parliament and helped the growing movement that became the American Revolution.

Background

The earlier Molasses Act of 1733 was passed by Parliament largely at the insistence of large plantation owners in the British West Indies. Molasses was used in New England for making rum, and a large trade had been growing between New England, the Middle colonies, and the French, Dutch, and Spanish West Indian possessions. Sugar from the British West Indies was priced much higher than its competitors, and there was no need for the large quantities of lumber, fish, and other items offered by the colonies in exchange. Colonists would sometimes pay Molasses Act taxes because they were rather low depending on which area they lived in and how much money they had. In the first part of the eighteenth century, the British West Indies were Great Britain's most important trading partner, so Parliament was attentive to their requests. However, rather than acceding to the demands to prohibit the colonies from trading with the non-British islands, Parliament passed the prohibitively high tax on the colonies on molasses imported from those islands. If actually collected, the tax would have effectively closed that source to New England and destroyed much of the rum “industry. Soon, smuggling, bribery, and intimidation of customs officials effectively nullified the law.

During the French and Indian War, the British government substantially increased the national debt to pay for the war. In February 1763, as the war ended, the ministry headed by John Stuart, the Earl of Bute, decided to maintain a standing army of ten thousand British regular troops in the colonies. Shortly thereafter, George Grenville replaced Bute. Grenville's most immediate task was to restore the nation's finances. Grenville supported his predecessor's policy of keeping troops in the colonies, even more so after the outbreak of Pontiac's Rebellion in May 1763.

Grenville did not expect the colonies to contribute to the interest or the retirement of the debt, but he did expect the Americans to pay a portion of the expenses for colonial defense. Estimating the expenses of maintaining an army in the continental colonies and the West Indies to be approximately £200,000 annually, Grenville devised a revenue-raising program that would raise an estimated £78,000 per year.

Passage

The Molasses Act was set to expire in 1763. The commissioners of customs anticipated greater demand for both molasses and rum as a result of the end of the war and the acquisition of Canada. They “believed that the increased demand would make a sharply reduced rate both affordable and collectible. When passed by Parliament, the new Sugar Act of 1764 halved the previous tax on molasses. In addition to promising stricter enforcement, the language of the bill made it clear that the purpose of the legislation was not to simply regulate trade but to raise revenue.

The new act listed specific goods, the most important being lumber, which could only be exported to Britain. Ship captains were required to maintain detailed manifests of their cargo and the papers were subject to verification before anything could be “unloaded from the ships. Customs officials were empowered to have all violations tried in vice admiralty courts rather than by jury trials in local colonial courts, where the juries generally looked favorably on smuggling as a profession.

Effect on the American Colonies

The Sugar Act was passed by Parliament on April 5, 1764, and it arrived in the colonies at a time of economic depression. It was an indirect tax, although the colonists were well informed of its presence. A significant portion of the colonial economy during the Seven Years' War was involved with providing food and supplies to the British Army. Colonials, especially those affected directly as merchants and shippers, assumed that the highly visible new tax program was the major culprit for their economic struggles. As protests against the Sugar Act developed, it was the economic impact rather than the constitutional issue of taxation without representation that was the main focus for the colonists.