Continuity of the English Tax Experience in Early Pennsylvania History

Financial historians have paid little attention to colonial Pennsylvania and the degree to which its tax legislation paralleled or departed from the mother country. Although Davis Dewey briefly surveyed the tax structure of the colonies and maintained that the roots of American finance lay in the colonial period, he omitted any discussion of Pennsylvania tax legislation and made scant references to the English experience. E. A. J. Johnson discussed with greater detail than Dewey the connection between England and America, but because his study was primarily an assessment of economic ideas of the seventeenth century, there were infrequent references to Penn's colony. On the other hand, specialized studies of Pennsylvania finance, such as Benjamin Nead's *A Brief Review of the Financial History of Pennsylvania* merely mentioned the English origins of local taxes and for the most part failed to adequately examine the subject at hand—the Pennsylvania tax structure. This imprecise knowledge of Pennsylvania's tax history has led other scholars to misinterpret the early tax system.¹

In order to redress our lack of understanding of provincial finances in the early decades of its existence and the degree of similarity with the English tax structure at that time, a comparison will be made of the principal taxes in each place: custom duties, excises, polls, and property taxes. In addition, an effort will be made to go beyond the traditional recitation of tax laws to review the public discussion on the topic of taxation, its relationship to tax policy making and economic development, and the consequences, advantages, and disadvantages of particular taxes.  

**Custom Duties**

One of the earliest English taxes was the custom duty. During the Tudor era it had been considered a special charge on imported and exported goods for services required by the Crown for the protection of trade and commerce. In the point of fact, customs were not used for the purpose of defending the carrying trade, and by the time of the early Stuart monarchs they were regarded as a source of general revenue from duties on foreign wines, imported merchandise, and numerous commodities exported from England.

This role of customs as a revenue measure was in turn modified by mercantilist writers. Although the concept of encouraging exports over imports had been expressed as early as 1381 by Richard Leicester, the deliberate and sustained channeling of the resources of the state was a seventeenth century development. Parliament

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3. Earlier customs duties were granted in the Tudor era to Henry VII, VIII, Edward VI, Elizabeth I, and Queen Mary. See Stevens, p. 264. For a discussion on the uses of customs as a special charge see Kennedy, pp. 10-15, 28-38. A typical custom duty of this period can be seen for the year 1660 in *The Statutes at Large From the First Year of King James the First to the Tenth Year of the Reign of King William the Third* (London, 1763), 3:147-48. A book of rates for the 1660 act on merchandise was by this time so detailed that fifteen pages were required (pp. 149-164) in the statute book to list the myriad of dues.

4. Mercantilism had its origins in earlier times, but was not viewed as a precise set of doctrines as much as it was the application by legislation of the needs expressed by those who wanted to promote trade and commerce. See Eli Heckscher, *Mercantilism* (London, 1935), 2:175-79 and Jacob Viner, *Studies in the Theory of International Trade* (New York 1965, reprint of 1937), pp. 51-55.
actively promoted the mercantilist position of the need to develop an efficient labor force and increase the quality and quantity of exports. Custom duties assisted this philosophy by means of modest duties on goods bound for sales abroad, greater levies on foreign commodities imported into the nation, and in the eighteenth century through a policy of gradually reducing or eliminating duties on most goods destined for export.5

Despite the reduction of duties on exports and the assertion by mercantilists that this policy led to greater economic development, it did not satisfy all its critics. A number of commentators alleged that import fees were excessive, hindered trade, impaired the economic development of the nation, and in effect rationalized a policy for those who benefited from such measures. Furthermore, merchants in general were frequently singled out for public criticism. They were depicted by their detractors as self-serving men who did not demonstrate sufficient concern for the nation as a whole.6

Colonial Pennsylvania followed the lead of the mother country. Foreign rum, wine, and other "strong waters" imported into the colony and all other imported merchandise were likewise taxed to meet the needs of the colony for general revenue. But unlike the English experience, they were on occasion sought for specific purposes, such as to deal with the interruption of trade which the colony experienced during wartime.7

As in England, custom duties were seen as more than revenue measures. Mercantilist writers discussed the need for economic growth and the relationship of customs to that development. As early as 1685, Thomas Budd, in his pamphlet Good Order Established...

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in *Pennsylvania and New Jersey in America* predicted that in a few years the colony would export beer, wheat, flour, and other products to the Barbados and Jamaica. He pointed out that because Pennsylvania products had a shorter distance to travel to the islands, and thus bore a lesser cost than British goods, they had a competitive advantage. In the 1720s a well-to-do landlord named Francis Rawle linked Budd's concern for the development of the provincial economy with the role that the customs duty should play in this matter. Rawle addressed himself to the need for improving Pennsylvania's balance of trade. He urged the development of new trade connections, encouragement of domestic manufactures, and the use of provincial ships to transport commodities to distant ports. Rawle also called on the colony to follow England's example and discourage the purchase of foreign liquors and wines through high customs on those products. 

In line with this concern for the promotion of domestic growth, the assembly placed duties on imported flax, butter, cheese, and hops. But in March 1722-23 they ignored the pleas of such men as Rawle to maintain customs on foreign commodities, when it moved to reduce the duty on rum from three pence to two pence and admitted molasses without any fees. Then in December of 1723 the legislature removed all customs and thereby initiated an era of free trade.


While the elimination of duties satisfied those who favored unrestricted trade, another factor to be considered was the revenue the assembly received from the emission of paper money. Several months before custom duties were ended, the assembly established a loan office which authorized the printing and disbursement of £11,000 worth of paper money as loans to citizens of the province payable in eight years at an annual rate of interest of five percent. The interest received by the general loan office was used by the province, after deducting administrative expenses, for the cost of government. The act also enabled the treasury to utilize additional paper currency to provide for the immediate need of government in the anticipation of future taxation. Thus the income received from this issuance of paper money permitted the reduction of taxes as well as the initiation of a period of free trade which lasted until the pressure for more revenue, necessitated by the Great War for Empire, led to the enactment of a custom duty in 1758.  

Sentiments for repeal of customs also were promoted by those engaged in the import business. Prior to repeal, the assembly received a number of petitions which called for elimination or modification of customs. In addition, the Lieutenant Governor, Charles Gookin pointed out that mercantile opposition was so great that he doubted they could be collected. On the other hand, repeal did not necessarily mean that the assembly or the inhabitants of Pennsylvania were sympathetic with mercantile interests. On the contrary, as in England, they were often the topic of public criticism. Merchants were portrayed as avaricious men who made material possessions their God. In addition, they were admonished to curtail selfish practices and exchange goods honestly for the benefit of the common good.  

10. Mitchell, Statutes at Large, 3:324–25. In addition to the use of paper currency to finance the cost of government, it was also seen as a means of stimulating trade. Benjamin Franklin reasoned that a certain proportionate quantity of money was necessary to freely carry on trade and commerce within the province. See Benjamin Franklin, *A Modest Enquiry into the Nature and Necessity of a Paper Currency* (1729). Also see arguments on the effects of paper money on trade and commerce in John Webbe, *A Discourse Concerning Paper Money in which Its Principles are Laid open*. . . (Philadelphia, 1742–43).  

11. A petition was submitted as early as 1684. See Pennsylvania Archives, 8th ser., 1:319, 2:1150–31, 1141. There is also an interesting petition from the inhabitants of Chester County which expressed their concern that the consumption of foreign liquors was detrimental to the economic well-being of the area and suggested that the inhabitants be encouraged to make beer and distill spirits “out of our own Country Produce,” in ibid., p. 1161. Also see Lieutenant Governor Charles Gookin to the Assembly concerning imposts in George Edward Reed, ed., *Pennsylvania Archives* (Harrisburg, 1900–02), 4th ser., 1:323–24. On the character of merchants see Joseph Morgan, *The Nature of Riches, Shewed From the Natural Reasons for the Use
At the same time that the purposes of customs and the kinds of commodities subject to taxation were discussed, England experimented with the excise. This levy evoked a great many comments about the social implications of the measure, what commodities should be taxed, and finally whether the excise should be sump
tuary. The excises also prompted public protests in both England and America over the burden of the tax.

First introduced in 1643, Parliament called on all brewers, ale house keepers, and cider and perry makers who manufactured ale, beer, cider, or perry, along with all private houses which brewed and retailed such, to report all commodities and pay a duty upon them. Every barrel of beer or ale and hogshead of cider or perry was subject to an excise as well as every tun of retailed wine over and above previously paid custom duties. 12

This excise corresponded with seventeenth century English ideals of the social functions of taxation that an acceptable tax should have a broad incidence based on the ability to pay, while at the same time not unduly burden the poor. The pamphleteer and theorist William Petty concurred with this viewpoint. Petty pointed out that the incidence of taxation should be broad enough—if at all possible—to include every citizen and that expenditure was a good test of an individual’s ability to pay. Another well known writer, Charles D’Avenant agreed with Petty’s assumptions on the need to have the general populace contribute to the functions of the government according to their resources. He explained that the commodities most frequently taxed were those which served mere luxury, and that since the poor had few resources, they would be least likely to purchase goods beyond subsistence levels and there escape heavy taxation. Thus the excise on alcoholic beverages fulfilled these goals.

12. C. H. Firth and R. S. Rait, collectors and editors, Act and Ordinances of the Inter
tegnum, 1642–1660 (London, 1911), 1:205–08 and Cobbet’s Parliamentary History of England From the Norman Conquest, in 1066, to the year 1803 (London, 1807–09), 3:114–15. For later excises of 1660 and 1690 see Statutes at Large from the First Year of King James, 3:187–88, 464. As a point of information it should be noted that the term perry refers to a beverage made from pears and served as a liquor which was rather a common drink in England and also appears in the eighteenth century in Pennsylvania. Also, the word tun refers to a large cask used to measure liquid, usually wine, which is frequently the equivalent of two pipes or 252 gallons.
EARLY PENNSYLVANIA TAXES

But as the price of spirits decreased and became more accessible to the general populace, the functions of the excise tax expanded to include a sumptuary role. Although Parliament responded to pleas for a curb on excessive consumption of alcoholic beverages by increasing the excise, it encountered such vociferous opposition that it was compelled to enact a more moderate levy.13

Opposition to the excise was not confined, however, to alcoholic beverages. Critics charged that excises on foodstuffs, for example, unfairly burdened those least likely to be able to pay and that the excise was not English, but a foreign system that had to be "established by the point of the sword." There also were protests with respect to the proviso for excise officers to enter private homes and public establishments. It was maintained that this aspect of the act was particularly offensive to English liberties. Indeed, in the face of sustained opposition to specific measures, Parliament modified or rescinded a number of them.14

As in England, the first Pennsylvania excises were levied on alcoholic beverages. Wines, rum, other distilled spirits, ale, beer, and cider retailed, sold, or bartered in the province were subject to an excise. To enforce the levy, excise officials were likewise authorized to enter homes, cellars, and vaults to insure accurate reporting of the sale and consumption of the commodities in question. Furthermore, Pennsylvania excises generally coincided with contemporary English practices on the subject of taxes falling on the general populace, but that they be based on the individual's ability to pay.15

Also paralleling the English experience was the concern expressed by the Lieutenant Governor Patrick Gordon of the need for sumptuary legislation to arrest the tendency of the general populace


14. An interesting commentary at the end of the seventeenth century on the excise by Marquis of Halifax, "An Essay upon Taxes, calculated for the present Junction of Affairs in England" (1693) can be found in Cobbet's, appendix no. XII, 5:xxxii-xxxv. Another account written at this time is equally worth consulting in ibid., John Hampden, "Some considerations about the most proper way of Raising Money in the present Conjecture" (1692), in ibid., appendix no. VI, 5: lvi-lvii, liii. Also see Dowell, 2:101. On unrest over the excise see George Radé, The Crowd in History (New York, 1964), pp. 51-52, 229, Dowell, 2:8-10, 140-41. There was also vehement hostility against another tax on hearths which was not transplanted to Pennsylvania in Max Beloff, Public Order and Popular Disturbances (London, 1938), pp. 92-93.

15. For the two earliest excises of 1700 and 1712-13 see Mitchell, Statutes at Large 2:105-109, 3:26-27.
towards an increase in the consumption of alcoholic beverages. Gordon pointed out that the "debauchery introduced by the vast Consumption of it (liquor) is the crying Sin and disease of the Country; not only Numbers of Single Persons but Families are ruined by it." He concluded that it was imperative that the excise be sumptuary because it was "of much greater importance to the welfare of the Country, than the raising of Money from It." Although there were alterations in subsequent acts, the Assembly evidently was not convinced of the need for stringent regulatory measures to moderate the consumption of alcoholic drinking in the colony.16

Contrary to the unrest related to the English excises, there does not appear to be much of this type of activity in Pennsylvania. This could be due to the fact the English taxed foodstuffs, while in Pennsylvania the excise did not extend beyond intoxicating beverages. There were, however, evasions of payment and calls for alterations in the excise. In December of 1723, the Assembly noted that it was the practice of many inhabitants who were not retailers to draw off quantities of wine, rum, and other spirits and distribute them to their neighbors so as to elude payment of the excise. Several years later a Lancaster County petition urged the Assembly to allow the inhabitants to have the right to distill corn, apples, peaches, and other commodities raised on their farms for their own use and for consumption of their families and neighbors. The assembly pointed out that it could not grant this request because it would "tend to elude the good Designs and Purposes of the Excise Bill."17

THE POLL TAX

As the excise generated more controversy in England than in Pennsylvania, the same was true of the poll. This tax satisfied the criteria that it have a broad incidence, while at the same time usually exempted the poor. It was also a tax which was modest in the amount of revenue received into the treasury.

The earliest English poll tax was enacted in the fourteenth century as a fixed sum of one shilling per person over fourteen years of age. It was not long, however, before polls became graduated and by

16. Lieutenant Governor Patrick Gordon's speech to the Assembly of December 18, 1733 in Pennsylvania Archives, 4th ser., 1:532-33 and in ibid., 8th ser., 3:2190. With respect to the control of the consumption of alcoholic beverages, the Assembly did enact legislation prohibiting the retailing of liquor within two miles of iron works. See Mitchell, Statutes at Large 4:65.
17. Pennsylvania Archives, 8th ser., 3:2196 and Mitchell, Statutes at Large, 3:2196.
the seventeenth century were based upon rank, office, and occupation. Although paupers and children of the laboring poor were exempt from paying the poll, it was not uncommon for polls to include the poor. But the persistent unpopularity of the poll and its low revenue yield, led to its demise during the reign of William and Mary. As D'Avenant pointed out, "when a tax yields no more than half what in reason might be expected from it, we may plainly see it grates upon all sorts of people, and such Ways and Means of raising money should be rarely made use of by any government."18

Shortly before England enacted its last poll tax, the Pennsylvania Assembly levied its first. In 1693 all freemen sixteen years of age out of servitude for six months who were not taxed by levies on property and were not worth £100 paid a fixed poll. This was subsequently modified to specific freemen twenty one years of age whose estate was not above £30 or £50—depending on the particular act. Thus all were expected to contribute to the well-being of the colony. But whereas in England the poll tax precipitated public discontent, and was discontinued, in Pennsylvania there was little evidence of widespread unrest, nor was there a movement to drop the poll.19

**Property Taxes**

Unlike the poll, the property tax proved to be controversial in both England and Pennsylvania. While the legislatures paid careful attention to the administration of the levy, that it be equitable as possible, and not unduly burden the poor, the tax also incurred charges of partiality.

Throughout the seventeenth century, Parliament assessed and taxed lands, goods, annuities, rents, offices, and other real and personal property. Although there were considerable variations with respect to the methods of assessment, by the reign of William and Mary it was well established that property was appraised at a specified rate per pound value of each estate. But it was assumed that the only way to tax income from property was to secure the active cooperation of the propertied class. Thus the administration of the act was handled by a substantial number of commissioners

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18. D'Avenant, 1:29; Petty, 1:61-64; Kennedy, pp. 21, 39, 50; Dowell, 2:45-46; Ogg, pp. 86, 401-02.
drawn from each borough and county, that in some cases totalled over one hundred commissioners from a given area.  

Theoretically, income became the professed standard of equitable distribution of the burden and of the view that property taxes best fit that conception. On the subject of whether the poor were to be assessed, the law was ambiguous. The English tax historian William Kennedy pointed out that the tradition of exempting the poor was in all likelihood the accepted practice of the tax commissioners in determining not only the amount of assessment, but also who should be taxed. Yet despite efforts to be equitable, there were charges of partiality by assessors and of an unequal burden for taxpayers in parts of England. It was repeatedly pointed out by critics of those who administered the property tax, that north and west England paid less than the south and east parts of the island.

In Pennsylvania, the Assembly made use of the property tax for provincial affairs and county needs. Property owners were required to pay a fixed rate for every pound clear value of all real and personal estate. From then until 1724 the Assembly drafted and approved several bills which ultimately established a method of assessment that provided for considerable county autonomy. This satisfied the demand for decentralized administration of the tax as well as the belief that it was easier to collect through locally selected officials than by officers appointed by the assembly. But unlike the English practice of authorizing a relatively large number of individuals with the responsibility of administering the provisions of the act, in Pennsylvania, comparatively few men were involved from any one locality. There was also the same concern that the tax "be laid with as much equality and indifference as may be upon all lands within this Government . . . " and that those persons who had a "great charge of children and become indignant in the world and are so far


21. On the equity of the property tax the Marquis of Halifax noted that it was the most reasonable of all taxes which followed the accepted idea that "equality should be observed in the imposition" See in Cobbet's 5:xxii. Also see D'Avenant, 1:38; Dowell, 1:98; and Kennedy, p. 48.
in Debt, that the clear value of their Real and personal estate does not amount to thirty pounds" be exempt.22

Irregardless of these efforts at equity, the provincial assembly encountered criticism of this tax. In 1692 a petition signed by several hundred inhabitants questioned the necessity of raising a sum so great as to demand what they felt was a substantial burden on their estates. The petitioners also expressed the fear that if property taxes were enacted at a time when there was little necessity for such a levy, as the population and wealth of the colony grew, so would the burden on its citizens. Less than two years later a committee of the Governor's Council investigated a report of 26 May 1694 which alleged that there were a number of errors and partiality displayed by assessors in undervaluing their own and other estates. Thus charges of inequities were perhaps as common as in England, where reports of partial assessments existed in various parts of the realm.23

In cataloguing the discontent with taxes in England and Pennsylvania, we could scarcely conclude that the English speaking peoples on either side of the Atlantic Ocean were unique in their disdain for parting with their own resources for the benefit of the state. Yet it is obvious that Pennsylvania's experiments in the area of taxation are imitative of developments in England. In both places custom duties generated revenue and to some extent promoted domestic industries and discouraged excessive consumption of imports. The belief that taxes fall on the general populace, be equitable,

22. For early property taxes which expressed the wishes of the Assembly that the money raised be for the good of the province as well as early county assessments of 1693, 1696, 1700, 1705-06, 1715 in Charter to William Penn & Laws of the Province of Pennsylvania, pp. 222-23, 233-34, 254-57 and in Mitchell, Statutes at Large, 2:114-16, 281; 3:53-84. Also see Myers, passim for legislation and explanations of changes in the method of assessment. For an analysis of the significance of the county commission system see Clair W. Keller, "The Pennsylvania County Commission System, 1712-1740." Pennsylvania Magazine of History and Biography (July 1969), 93:372-82.

23. "An Early Petition of the Freemen of the Province of Pennsylvania to the Assembly, 1692," Pennsylvania Magazine of History and Biography (1914), 38:495-98; "The First Tax List for Philadelphia County, A.D. 1693," with introductory note by William Brooke Rawle, Pennsylvania Magazine of History and Biography (1884), 8:84; Pennsylvania Archives, 8th ser., 2:1388; William Keith, Chronicles of Pennsylvania (Philadelphia, 1917), 1:266. Gary Nash points out that opposition in the 1690s may have been due more to the struggle between the proprietary faction and those in disagreement to those men than the actual tax. On the other hand, members of the Assembly who voted for new taxes several years later, according to Nash's citation of Isaac Norris, may have lost their seats in the legislature in part because of the resentment on the part of their constituents of the tax burden. See both in Nash, pp. 143-44, 310. For tax delinquencies see Bronner, p. 167.
and yet not excessively burden the poor was prevalent, to a greater or lesser degree, in the excise, poll and property taxes. While in England the excise was relatively universal with regard to those subject to the tax, concern that the poor not be unfairly taxed kept the excise modest, the poll was discontinued, and the property tax did not appear to fall on people of modest means. In Pennsylvania, continuance of the poll tax insured that all were taxed, but a selective excise and exemption of the very poor from property taxes insured that burdens would not be great on those least able to pay.

We need to be careful, however, not to see more social planning in tax legislation than contemporaries did. Indeed, taxes were not viewed as a whole system, but as individual levies. The crucial test of any tax seemed to be how it could least affect the general population, rather than the merits of a particular tax. The economic historians E. A. J. Johnson and William Kennedy have noted that despite theoretical concerns for equity and the needs of the poor, expediency seemed to rule. Thus for two peoples averse to taxation, this may be a fitting commentary on their experiences.


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**Introduction to a DICTIONARY for 1785**

*Beauty*, a commodity in high esteem, and generally sold at a very high price by the perfumers.

*Love*, that desire which people have for a haunch of venison, a dish of turtle, or a landed estate.

*Drunkenness*, a princely virtue, and very commendable in men of high rank.

*Whore*, any woman entitled to respect from her public character.

*Rape*, that which is done by mutual consent.

*Sunday*, formerly the Lord's day, now generally understood to be the space of time betwixt Saturday and Monday.

*Watchman*, persons afflicted with a lethargy, or sleepiness in the night time.

*Public Good*, certain family advantages.

*The Pennsylvania Packet, and Daily Advertiser, 7 October 1785*

**Contributed by Ernest H. Schell, Temple University**