

Solving britain's economical problems after the american revolution: pitt's refor...

[History](#), [Revolution](#)



How successful was Pitt's reform of government administration and finance, 1784-93?

Pitt's reforms of government and finance were much needed and ahead of his time. He was able to make strong positive changes, without losing the support of the King. Pitt was faced by many financial problems as well as administration problems following the American Revolution. He needed to recover Britain's economy following the loss of power in America. Given what he achieved I think his reforms were successful.

Pitt's reforms and Acts against the smuggling trade were very effective and helped Britain to recover from the economic depression. Pitt aimed to reduce the profitability of smuggling and therefore reduce the frequency of it in the UK. Every year the country was losing out on huge sums of money through goods that were being illegally smuggled into the country. The import duty on tea was 119 per cent so smugglers were able to make huge amounts of money by bypassing this duty. Pitt decided to reduce the duties on tea to just 25 per cent; this meant that more people were willing to pay for goods that were brought into the country legally. Smuggling became less profitable and therefore less profitable as the element of risk also increased. The Hovering Act of 1787 allowed customs officers to search ships 12 miles off the shore doubling the previous limit and ultimately preventing smuggling. He also introduced similar reductions for tobacco and wine. We can see the successes of this policy from the amount of increased money for the country from the duties. Destroying the profitability of smuggling made an extra £1 million, the yield from duties on wines increased 29%, on spirits 63% and on

tobacco 39%. Even though it did reduce the profitability of smuggling, it still was profitable just not as much as before. Pitt was able to effectively attack the smuggling trade, which significantly reduced government income. We can see the adverse effects that these changes had, showing the obvious success of Pitt's actions against smuggling.

William Pitt introduced policies that raised taxes in order to help the country recover from the economic depression after the American Revolution.

His main taxation policies included indirect tax on luxury items. The idea was that these items would only be bought by the richer people who could afford to buy them so it wouldn't affect the lower earning citizens. Some of the goods that were included in this tax were hats, wig powder and servants. With the introduction of these tax policies Pitt aimed to relate the taxes to the ability to pay. This was relevant to the window tax introduced by Pitt. People were taxed for the number of windows they had, so if you could afford a large house you would have a lot of windows and therefore pay more tax than someone who had a smaller house. Some people tried to get around paying this particular type of tax by boarding up their windows. As Pitt was a reformer at heart he aimed to impose higher taxes on those who earn more, he did not want to leave the already struggling lower classes out of pocket. He was making small changes that had big effects so as not to seem too radical and keep the support of the King. Pitt's policies on taxation were highly successful; the only avoidance of the taxes came from boarding up windows and more seriously a riot against the shop tax, which was

repealed in 1789. But otherwise there were no issues and the government had a much-increased income.

Arguably one of Pitt's least successful financial policies was the sinking fund, which Pitt reintroduced during his time as Prime Minister.