

ECONOMIC HISTORY

The Lessons of Jamestown

BY STEPHEN SLIVINSKI

When British royalty and men of commerce looked westward to the New World in the late 16th century they saw the benefit that a permanent colony could provide. Yet they had different notions of why such a settlement could prove worthwhile.

Queen Elizabeth, and her adviser Sir Walter Raleigh, had an interest in establishing a colony in North America for the sake of keeping Spanish outposts there in check. In 1587, Raleigh attempted to settle a colony on Roanoke Island in the Outer Banks area of present-day North Carolina. The ongoing sea war with the Spanish empire, however, tied up the ships that would have replenished the colony. It would be three years before a resupply voyage was made to Roanoke. Upon arrival, the captain of the resupply vessel discovered that the settlement was deserted. Historians today still debate what caused the colony's demise.

The next effort at starting a permanent colony in North America had its roots in 1606, under the reign of James I. This time the colony was not seen as a launching-off point to conquer and plunder the outposts of England's rivals. That was strictly forbidden by the new king, in fact, as he had recently made peace with Spain.

Instead, it would be an endeavor that was privately funded and motivated mainly by commerce. As historian Edmund Morgan described it, the investors had "hopes of finding precious metals or minerals, of discovering valuable plants for dyestuffs and medicines, and perhaps of opening a northwest passage to the Pacific. But they were prepared to settle for glass, iron, furs, potash, pitch, and tar, things that England needed and mostly had to import from other countries."

They knew generating a profit

would take time and were taking a long view of the investment. After all, this new settlement wasn't meant to resemble the trading posts that England had established in other countries where English goods were unloaded in exchange for native products. Instead, the settlers would have to produce original articles of trade that could not or would not be produced at home.

Thus, the Virginia Company of London came into existence in 1606, composed of a group of investors led by well-known merchant, Sir Thomas Smythe. The company was granted a charter by the king that awarded them the right to establish a colony of 100 miles square somewhere approximately between Cape Fear and Long Island Sound.

In December 1606, three ships — the *Susan Constant*, the *Godspeed*, and the *Discovery* — left England carrying the first settlers, just over 100 mariners and adventurers in all, to the shores of Virginia. When the captains of those vessels looked for a proper place to drop anchor, they used a formula devised by Richard Hakluyt, a writer and geographer who was an adviser to King James and an investor in the Virginia Company. It was a simple recipe: Find a place near the entrance of a navigable river that could be easily defended.

They found a preferred spot on May 14, 1607, along what is called the James River today, about 60 miles from the opening at the Chesapeake Bay, placing it at a great enough distance to give the settlers ample warning of any invasion by sea. The settlement was also situated on a peninsula that made it defensible by land, and the river was

How land privatization benefited one of the earliest British colonies



Archaeological excavations of the Jamestown colony have identified a severe drought as a problem that beset this early British settlement. Economists and historians point to the collective ownership of farm land as another.

navigable for another 75 miles into the interior of Virginia — as far as present-day Richmond.

Jamestown seemed as if it was off to a good start. The land was hospitable to farming, and two of the colony's leaders, John Smith and Christopher Newport, were relatively successful at opening initially cordial relations with the nearby Powhatan Indian tribe. By the end of June, Newport was able to return to England with some of the exports the colonists had already created.

Yet, by Newport's return in January 1608, nearly two-thirds of the settlers were dead. For the entire official life of the colony, an average of one out of every four settlers would survive. Part of the hardship was beyond the direct control of the colonists. But another element — the labor and land policies of the colony — exacerbated the difficulties the settlement faced during the first 10 years of its existence.

In 1624, the Virginia Company would lose its charter. Historians are often quick to refer to Jamestown as a failed settlement: Until the rapid revenue growth generated by tobacco farming that started around 1613, the colony didn't turn a profit. Yet, the years before then were an important learning experience for the residents of Jamestown.

A Grim Beginning

Although it was not meant to be primarily an agricultural endeavor, the Jamestown settlers anticipated the need to establish a strong agricultural output. But that would take time. So they initially based their sustenance on the trade that would result from maintaining a good relationship with the Indian tribes in the area. While they did trade for food with the nearby Powhatan tribe, it was a sporadic and unreliable arrangement as the relations with the Indians were often tense and occasionally broke down.

In any case, the trading activity would not likely have yielded enough to sustain the settlers for a long period of time. Instead, they tended to rely on supplies sent from England. It could not be assured that the supply ships would always arrive on schedule, however, especially since the vessels sometimes encountered harsh weather. (In 1609, for instance, one of the supply ships was temporarily shipwrecked in Bermuda. The incident became the inspiration for William Shakespeare's play *The Tempest*.)

Malnutrition was one of the biggest drivers of the high mortality rate in those early years. Weather patterns had a profound effect on the rate of malnutrition. An analysis of 800-year old bald cypress trees at the colony site conducted in 1997 indicated that lack of sufficient rainfall in the period of 1606 to 1612 produced a severe drought that has not been matched since. Historians and scientists note that not only did this put a large strain on the Jamestown crops but it also made the food harvested by the Powhatan more valuable to the tribe itself and most of it was not traded to the settlers.

Additionally, the colony didn't have a freshwater well until 1609. This forced them to rely on water from the James River. That water was much too salty and consumption of it surely contributed to the deteriorating health of the

colonists. The lack of rainfall during the drought only exacerbated this problem.

Beginning three months after the landing at Jamestown, historian Philip Bruce explains that until the fall "hardly a day was unmarked by death." New York University historian Karen Kupperman notes that virtually every letter written during this period by colonists from Virginia speaks of "the helplessness the colonists felt before the phenomenon of widespread deaths." Of the 104 people who had left London in 1607, all but 38 were dead within six months of arriving in Jamestown.

The winter of 1609 was particularly hard. Although the Virginia Company had sent 500 new recruits to the colony that summer, the population was reduced to about 60 only six months later. The period is known in the histories of the colony and first-hand accounts as the "starving time."

The Problem of Adverse Incentives

The drought and harsh winters, while dealing a massive blow to the settlers' ability to sustain themselves, were not the only contributors to the colonies' low agricultural productivity. The legal status of workers and property — and the adverse incentives this created for the colony's workers — played a role in the colony's failures through 1619.

University of Chicago economist David Galenson explains that the Virginia Company treated workers "as bound servants of the company for lengthy terms." This indentured servitude worked in a very specific way. The laborers would sign a contract that pledged them to work for the recruiting agent — in this case, the Virginia Company — for a specified period. The company then paid for the servants' transportation to Jamestown, housed them in barracks, provided them with rations and clothes, and put them to work.

The incentive this created for the workers seems obvious, at least in retrospect. Once arriving at the colony, there wasn't necessarily a reason that the servants wouldn't be better off trying to escape. The company realized this and instituted martial restraints on the servants. That did not, however, stem the frequent escape of a servant to the countryside to start his own settlement or even to live within the protection of the nearby Indian tribes.

Additionally, even those who remained under contract saw little reason to be productive. The contracts were set for a period of seven years and the terms were rigid. A servant was unlikely to be able to terminate his contract early if he worked hard. As Morgan describes it, "The work a man did bore no direct relation to his reward. The laggard would receive as large a share in the end as the man who worked hard." Thus, the general tendency of the servants was to work less or less efficiently.

By 1611, the company thought simply providing more manpower might solve many of the problems the colony was facing. (The colony, for instance, was still relying on corn obtained from the Powhatans, something the investors thought would not bode well for the long-term prospects

of the colony.) The company sent Sir Thomas Dale, a British naval commander, to take over the office of colony governor in 1611.

Yet, upon arrival in May — a time when the farmers should have been tending to their fields — Dale found virtually no planting activity. Instead, the workers were devoted mainly to leisure and “playing bowls.” “[T]he settlers did not have even a modified interest in the soil, or a partial ownership in the returns of their labor,” explains historian Philip Bruce.

Another fundamental problem built into the Virginia Company’s original plan for the colony was its treatment of property. All land was owned by the company and farmed collectively. The lack of private property in that case encourages people to use up a resource faster because nobody has an incentive to preserve it for future use. Instead, the collective property of the Jamestown colony reinforced the adverse incentive structure of the indentured labor arrangement: The workers would not hope to reap more compensation from a productive farming of the land any more than the farmers would be motivated by an interest in making their farming operations more efficient and, hence, more profitable.

Seeing this, Dale decided to change the labor arrangements: When the seven-year contracts of most of the original surviving settlers were about to expire in 1614, he assigned private allotments of land to them. Each got three acres, 12 acres if he had a family. The only obligation was that they needed to provide two and a half barrels of corn annually to the company so it could be distributed to the newcomers to tide them over during their first year.

Dale left Jamestown for good in 1616. By then, however, the new land grants had unleashed a vast increase in agricultural productivity. In fact, upon returning to England with Dale, John Rolfe — one of the colony’s former leaders — reported to the Virginia Company that the Powhatans were now asking the colonists to give them corn instead of vice versa. A letter written from one stockholder to another at the time noted that “the worst of that colony is past” because the colonists “were well victualled by their own industry.”

The reform was so successful that the company decided to further expand the land grants in 1618. Those who had arrived before 1616, referred to as “Old Planters,” were awarded 100 acres apiece whenever their terms of service were up. (If a colonist had paid his own way to the colony, he

would immediately receive his 100 acres.) Shareholders in the company also received 100 acres for every share they owned. Settlers who arrived after 1616 got 50 acres. The reform was also used as an enticement to attract settlers to the colony: Anyone who came on his own thereafter would receive the “headright” of 50 acres, as would anyone who had paid for the transportation of a new settler.

The labor arrangements were also modified to attract more workers, particularly impoverished English laborers who could be persuaded to take a chance in the New World: Anyone sent to the colony at company expense would be assigned some land to work then as sharecropping tenants and turn over half of his earnings to the company for seven years. At the end of those seven years, the laborer would also receive 50 acres of his own.

Colonial Parallels

The experience of Jamestown seemed to have a parallel in the Plymouth colony farther north. That settlement was founded in 1620 and financed by the Plymouth Company, a joint stock company that was granted an identical charter by James I as was granted to the Virginia Company for the mid-Atlantic zone.

It soon became obvious that the Cape Cod colony could hardly feed itself. The governor, William Bradford, diagnosed the problem as a lack of incentive to produce efficiently resulting from the common property restriction. “For this community (as far as it was),” he wrote in his memoirs, “was found to breed much confusion and discontent and retard much employment that would have been to their benefit and comfort. For the young men, that were most fit and able for labour and service, did repine that they should spend their time and strength to work for other men’s wives and children without any recompense.” Private property was allowed in the Massachusetts Bay colony in 1623, only three years after the settlers landed on shore.

In Jamestown, tragedy struck in 1622 when an attack by a Powhatan tribe destroyed the settlement and killed many of the colonists. For the next two years, the company officials and the British government were at odds over whether the colony could survive as a commercial endeavor. In 1624, King James decided to revoke its charter to the Jamestown settlement, after which it came under direct control of the crown. But it is in Jamestown that the general presumption of private land ownership as being a key to prosperity in the New World had its earliest roots. **RF**

READINGS

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