

# **Economic Transformations of the Colonial Era**

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Throughout the years fourteen ninety two to seventeen seventy six, America experienced economic transformations. Even before it was a country the United States was changing into a market economic, transcontinental, and world power. The economy was first shaped by the various countries exploring the continent for trade. These countries caused sectional differences in the economy of the later colonies. Also the vastness of the colonies allowed different sections to build their economic identity. Once England had gained control of the eastern coast, that country's policies had great influence on the colonies. Another major factor on the English colonies' economy was the plethora of diplomatic conflicts between countries and natives.

The first corporations were formed exploring the economic wonders of the New World. Europe was demanding African and Asian luxuries. Once Columbus had set foot on the Americas, he set into motion a process known as the Columbian Exchange. Most of the Exchange includes plants and animals. For example sugar and horses were introduced to the Americas while Europe gained tobacco. But this expansion came with a deadly price. Diseases such as measles, typhus, influenza, malaria, and smallpox were transferred to America while syphilis was given to Europe. This one sided disease exchange had genocide like effects on the Native American population. Later on in time a new process was created named the Atlantic Web of Exchange. This was comprised of the "triangle trade" economy with resource rich America sending raw materials to Europe, exploited Africa sending slaves to the Americas, and industrious Europe sending manufactured goods to America and Africa. Traders in the New World found that the traditional role of a "cosmopolitan" merchant was turning into the rugged Western trader who only followed his home country's laws. This economic growth was the beginning of a consumer society in the Americas.

Like the Dutch West India Company, mother countries started an anonymous attitude of business by separating ownership of a company from

control. These companies also started conflict in the New World by raiding each other's trading posts. Thanks to the Dutch, sugar was introduced to Barbados, eventually reaping a huge profit. Consequently this boom in the sugar industry in the Caribbean caused the English field owners to look to Africa for labor and slaves. The Spanish were unique in their model of early colonization. The royal authorities of Spain kept a weather eye and a tight grip on their colonists. These mostly male colonists heavily enslaved both peoples of Africa and native America. Once the colonies were established a society reliant on foreign trade was created. The French created colonies in the north and Louisiana areas looking for mostly fur and trade. English colonies were either founded by trading companies or separatists. Jamestown was the first colony founded by the Virginia Company. The Massachusetts Bay Company with the help of John Winthrop helped found New England. An example of a separatist is Roger Williams who founded Rhode Island. All mother countries learned three things about the economics of their colonies; crops and livestock could be successfully produced in the Americas, native peoples are easily conquered, and slavery is a very lucrative way to produce crops.

Slavery produced a lot of conflict and controversy in the early colonies. Although Bacon's Rebellion was between aristocrats and Indians, the result was to affect slavery. In 1677 some Indian Territory was opened for settlers. This allowed major purchases of slaves to happen by crop growers moving into this plentiful land. Slaves ran away to Florida and resisted because mostly they were separated from their families. Another conflict was the Stono Rebellion by South Carolina slaves. These slaves took guns and killed slave owners before they themselves were killed. This created stricter laws for slaves who were already oppressed enough.

This economic powerhouse known as slavery caused a division in the English colonies that will still ring during the time of the Civil War. The two sides were societies with slaves and slave societies. Slave societies include

colonies with heavy amounts of slave labor and usually contain many plantations. These colonies include Virginia and Maryland in the late sixteen hundreds with more southern states joining later. Societies with slaves included the more northern, middle colonies that allowed slavery but were not as infatuated with it as the southern areas. The indentured servants of early settling were replaced by cheaper, longer lasting slaves imported from Africa. While the south contained rich, fertile soil, the north had other market opportunities. New England was known for its industries of shipbuilding, logging, and fishing.

Until the American Revolution England's most important and vital control over the colonies was its economic policies. These were put in place by many acts of Parliament. These were encouraged by the monetary system of the time. This consisted of limiting the amount of hard currency available in the Americas. Before the mid-seventeen hundreds the colonies were mainly left alone in their economic pursuits. An attitude of looking the other way known as salutary neglect was practiced by the mother country. As long as the colonies supported England loyally, they were given much freedom in their daily lives. Another example of the decentralization of the colonies from England is the creation of the Board of Trade and Plantations in sixteen ninety six. Although meant to create more control in America it was not effective. The first effective set of policies put in place was the Navigation Acts starting in seventeen fifty one. These incorporated orders that only English ships could trade in the colonies and that all imports had to pass through England first. Wool, sugar, tobacco, indigo, and ginger were only permitted to be sold in England. This caused an increase in smuggling and consequently the creation of vice-admiralty courts to try smugglers. The next installment of regulations was ordered by the English statesman Grenville. The first is the Revenue Act, also called the Sugar Act. It raised customs regulations, laid taxes on foreign imports, and established more vice-admiralty courts for the prevention of smuggling. The second is the Currency Act. This outlawed paper money in the colonies, ordering the colonists instead to pay in sterling or hard

currency. Because the consumer colonists imported more than they exported, they had little hard currency to use. This hit an already depressed economy and made matters worse. The final creation of Grenville's was the Stamp Act. This required a stamp tax to be paid on all printed materials including newspapers, wills, land transfers, playing cards, and even borrowed money. This affected the more wealthy class and showed how England could impose taxation without representation. The third generation of economic politics saw the birth of the Townshend Acts. These were extensions of the Navigation Acts and required a tax on tea, glass, and paper. The Board of Customs Commissioners was created too to enforce these rules. The final type of economic policy directed toward the colonies was through the Coercive Acts. These were known as the Intolerable Acts in the colonies because of their unfairness. The Coercive Acts closed the port of Boston, a major shipping area, because of the colonists' actions with the Boston tea party. Also the in place elected council of Massachusetts was replaced by an appointed council from England. The results of the act led almost directly to the American Revolution. The colonists had had their rights to a fair market snatched away.

All of the previously mentioned policies were not received kindly in the colonies. James Otis protested the Sugar and Stamp Acts with his pamphlet "The Rights of the British Colonies Asserted and Proved". Otis proclaimed that representation was required for taxation. Another protest of the Stamp Act was written by Patrick Henry. In response to the Townshend Acts John Dickinson adapted "Letters from a Farmer in Pennsylvania". A multitude of small economic protests like these provided a great percentage of the basis for a revolution.

Before the American Revolution there were many smaller scale conflicts battled out in the colonial areas. The first diplomatic act concerning the New World was the Treaty of Tordesillas. This gave Spain the right to America and Portugal the right to Brazil. Early in the formation of the English colonies there were great cultural misunderstandings between native peoples and settlers.

Conflict started with the English and the Algonquians. Then in the Pequot War skirmishes broke out in the Massachusetts area. Even though they were defeated, the Native Americans started learning European trades such as livestock raising, broom-making, basket-weaving, and shingle splitting. In sixteen twenty one during King Phillip's War the Pokanokets attacked New England. This caused New England's economy to enter a slump that lasted for forty years for lack of labor. Finally in the Yamasee War Native American slaves revolted in South Carolina.

Other conflicts in the colonial period were based stemmed from European conflict. These conflicts were mostly over land and resources. Early on King William's War featuring New England and France set hostile tensions on the border of Canada. During King George's War England fought Spain. In order to fund the war New England was taxed heavily. Immediately this did not affect the northern colonies because also during the war their shipbuilding economy was flourishing. However as soon as the war was resolved the need for ships was dissolved and New England entered a depression.

In a relatively short period of time, the United States of America went from colonial exotic place to economic superpower. As a country it experienced early triangular trade of raw materials, a transition to market economy, the responsibility of being a food producer, expansion, financial arguments, and the sectionalism of different economies. All these led to the American Revolution. All these led to the America we know today.

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