

RS#05: Tobacco and the Economy

In 1612 John Rolfe, an Englishman sent with the Virginia Company, found that tobacco would grow well in Virginia and sell profitably in England. This was wonderful news considering that their farming efforts had been relatively unsuccessful. Throughout Virginia and the greater Chesapeake, colonists quickly realized the potential cash value of tobacco. They began to plant it in every available clearing, from fields to the forts and streets of Jamestown, and eventually to much of Tidewater Virginia.

As gold and silver became scarce, and wampum was no longer used, the Chesapeake colonies were able to rely on tobacco as a means of currency. Tobacco was the safest and most stable currency that the Chesapeake colonies had.

As the desire for tobacco grew in England, and the need for supplies grew in the colonies, the colonists were able to trade equally for goods from England without having to worry about the scarcity of the product.

In addition to being employed for purchasing goods, the tobacco currency was also used to pay fines and taxes.

Tobacco provided the colonial governments of Virginia and Maryland with one of their primary sources of revenue (income). A duty (tax) of two shillings, or about 20 cents, levied on each hogshead of tobacco exported from those colonies yielded Virginia 3,000 pounds, or \$4,541 in 1680, and 6,000, or \$9,082, a year during 1758-1762. In Maryland the proceeds were steady at 2,500 pounds, or \$3,784, a year from 1700.

As the tobacco colonies' populations increased, so did their production of tobacco. With the rise in production of the staple crop, exports to England rose drastically. Imports of tobacco into England increased from 60,000 pounds in 1622 to 500,000 pounds in 1628, and to 1,500,000 pounds in 1639. By the end of the seventeenth century, England was importing more than 20,000,000 pounds of colonial tobacco per year.