

MARYLAND COLONIAL ERA HISTORY 1607-1776

4. Economics and Trade

The following largely verbatim excerpts are taken from Brugger, Robert J., *Maryland A Middle Temperament: 1634-1980* (Baltimore: Johns Hopkins University Press, 1988), and cited as Brugger [page #]. Reprinted with permission of Johns Hopkins University Press.

The land yielded so much grain in the first year [1634] that the *Dove* carried a full load to Massachusetts in trade. But tobacco was the crop that the Virginia enterprise recommended and for which a marketing system already extended from the Chesapeake to London *** . While King James had denounced its use, he finally seized upon its popularity as a revenue source. Without doubt the exportation of tobacco after 1619 had saved the Virginia colony from ruin. Just as clearly, the economy that linked itself to changing tobacco prices in England laid itself open to merciless market fluctuations. Virginia planters, after reacting to towering prices in the early 1620s by planting as much acreage as possible, suffered hard times during the ensuing tobacco glut. By 1635 the market had returned to a more profitable level, four to six pence a pound, and Maryland settlers wasted no time getting into it. They eagerly sought patents on lands that faced onto the rivers and creeks of the western shore, thus accommodating the annual visits of tobacco vessels. *** Tobacco was so valuable that it became common currency. As early as 1639 the province produced 100,000 pounds of “sotte weed,” and within a generation tobacco growing had become a way of life.

Brugger 16

With mortality rates leaving gaps to be filled, tobacco (despite price fluctuation) bringing profits, wages holding at fifteen to twenty pounds of tobacco per day, and land abundant, luck and industry could pay high dividends in mid-seventeenth-century Maryland. The province developed a reputation, partially deserved, as “a fine poor man’s country.”

Brugger 28

While responsibility for building forts and organizing a militia lay with Lord Baltimore, the charter did not specify who would shoulder the costs. Able-bodied men in the province over the age of sixteen served in the militia, which mustered four times a year in each county. To pay the salary of the militia supervisor, the mustermaster general, taxable persons paid four pounds of tobacco annually. To house provincial arms and ammunition, the assembly in 1664 appropriated funds for a public magazine. In 1670 Cecil Calvert’s son Charles, then in his early thirties and provincial governor since 1661, submitted a proposal for port duties. Approving a tax of two shillings on each hogshead exported, delegates in the lower house stipulated that half the revenue go toward maintenance of the militia and related government expenses. Delegates demanded that taxes for the mustermaster general’s support and public magazine cease at once. They demanded further that the governor accept proprietary fees like quitrents and alienation fees in tobacco at the rate of two pence per pound – at the time a rate double tobacco’s “farm price” or real market value. [Later] the burgesses doubted Calvert’s word that one shilling per exported hogshead did in fact support defense.

Brugger 33-35

After 1660 overproduction in Maryland and Virginia had led to a drop in tobacco prices and talk of public measures to cut the supply, Governor Berkeley of Virginia approached Maryland leaders about a “stint” – a one-year moratorium on tobacco growing. The leading planters who sat in his assembly supported the plan. While Governor Calvert and large growers in Maryland leaned toward it, Virginians complained that Maryland delegates refused to step into line. Indeed many of them, having humble origins, noted that such a measure would fall hardest on small planters. Lord Baltimore opposed the plan for his own reasons. While he preferred a diversity of crops, the proposed stint encouraged long-range tobacco growing. Schooled in human nature, he also predicted disobedience; if adopted, the measure would force servants to spy on masters, divide families, promote corruption, and “wholly ruin the poor, who are the generality of the Provinces.” With Governor Calvert’s prodding the assembly in 1666 nonetheless passed a bill “to encourage trade” by outlawing tobacco culture for the year following February 1667. Virginia provided for its own stint. Then, to Berkeley’s sputtering disbelief, Baltimore vetoed the Maryland law. Virginia leaders considered the episode proof of Calvert perversity. As it turned out, nature imposed an unexpected stint: during the summer of 1667 a devastating hurricane swept through the region and leveled almost every tobacco field in its path.

Brugger 35

In 1688 the governor’s council offered several bills that the lower house regarded with understandable distaste. The measures would have helped to increase the supply of coin in the province by ending the use of tobacco as money and making all proprietary fees payable in hard currency. *** Members of the lower house accused Baltimore of being in league with the Lords of Trade, who in the late 1680s requested the Maryland assembly to cooperate in outlawing tobacco shipments in bulk. Besides an aid to smugglers, the practice promoted the shipment of poor grade, “trashy” tobacco to England. But shipmasters who brought the manufactured tools and other commodities that Marylanders imported from Western England preferred carrying in bulk. More importantly, many Maryland planters, growing Orinoco tobacco on inferior soils, loudly protested efforts to impose standards of quality, especially in hard times.

Brugger 37

While tobacco prices for many years remained less than a penny a pound, land prices more than doubled between 1680 and 1700. During those years and later, war-related trade disruptions kept the cost of imported goods and other planters’ necessities high. The price of servants stood beyond the reach of many freed men *** . Under these conditions freed white servants found it difficult to establish themselves in tobacco planting and indeed could foresee little profit in it. While in 1660 only about 10 percent of the householders in Maryland did not own the land they lived on, that proportion had tripled by the first of the eighteenth century. In 1705 one-third of the households in Charles, Prince George’s and St. Mary’s counties had formed on rented land. On the Eastern shore – where a new county, Queen Anne’s appeared in 1706 – land eastward, away from creeks, rivers, and the bay, offered hope for some would-be planters, and the small planter’s share of the wealth remained the same from 1680-1700. Yet the poorest people, often ex-servants, tended to leave tobacco-growing counties and become permanent tenants. Many of them left Maryland altogether.[fn omitted]

Brugger 61-62

Indebtedness was nothing new in Maryland, but it reached a new level between 1759 and 1763, when Maryland planters and merchants acquired a long-term trade imbalance: they imported far more than they produced or could pay for, made purchases far in excess of the value of their crops or sales.*** [In] 1761, oversupply led to a fall in the Continental tobacco market, a drop in prices paid Maryland growers, and the failure of many Glasgow trading houses. Similar problems beset the West Indies grain trade. Believing the former belligerents overextended, Dutch bankers after the peace of 1763 tightened credit. London firms called in their own debts to meet demands, and soon the shock wave struck Maryland debtors.

Brugger 103

Even patriots could be swayed by self-interest, and the market for American staples reached record-high levels after 1766. As opportunity knocked, Maryland merchants had moved quickly to gain advantages that would satisfy creditors and build profits. Net returns from tobacco in this period reached 6 [pounds] to 10 [pounds] a hogshead; short wheat crops in Europe lifted the value of grain so high that little went to the West Indies. Baltimore Town had risen accordingly.

Brugger 107

What were the dominant industries and sources of wealth for the colony?

Tobacco, grain and iron

Economic vitality on the Patapsco also owed something to the home-financed iron mills of the Baltimore Company, located on the south branch of the river not far from the village. Formed in 1731, the company exploited Baltimore Town's location as a shipping point and a variety of resources. It planned to turn local hardwoods into charcoal for the furnaces, and to make use of the abundant waterpower at the site. Iron deposits were so rich that they littered the surface of the ground. Still, the business involved risk. An earlier iron venture in Maryland, the Principio Company, had received the backing of British investors; the Baltimore enterprise, requiring more than thirty-five hundred pounds *** to put it in operation, necessarily drew on some of the colony's wealthiest men who considered the risk worth taking. The company did not disappoint them. Between 1734 and 1737 it shipped 1,977 tons of pig iron to England, usually in and among the hogsheads aboard tobacco ships***. By the 1740's, equipped with a forge, the Patapsco firm manufactured bar in addition to pig iron. Eventually it consisted of several furnaces, three forges, [and] thirty thousand acres of land * * * . By 1756 there were six ironworks in Baltimore County.

Brugger 66-67

Promoting diversified agriculture, [a] rise in grain markets [around 1740-1760] also encouraged Maryland shipping. Using Chesapeake Bay as a highway and sporting ground from the days of earliest settlement, Marylanders of all ranks considered themselves boatmen whom Nature had intended to be amphibious: except for the upper Potomac and lower Susquehanna, the rivers were fairly free of strong currents, and the pines, mulberries, chestnuts and oaks required for shipbuilding rose in abundance not far from the navigable arms of the bay. *** [After Lord Baltimore's settlers entered the Chesapeake] – so many planters having their own wharves or piers – shallops, flat-bottomed barges, canoes, skiffs, and pinnaces (like the *Dove*) became common on the bay, doing much of the day-to-day work that wagons or

carriages did in neighboring Pennsylvania. Marylanders fished and transported cargoes in small boats that evolved from practical experience.

Chesapeake shipwrights applied similar trial and error in designing larger vessels, which they began to fashion in earnest by the earliest eighteenth century. Maryland shipyards in those years produced a few large and bulky ships, some for sale in England, displacing several hundred tons and well suited for tobacco transport. Other craft, mostly between twenty and fifty tons and gaily trimmed, appeared as Maryland merchants and skippers entered the New England and Caribbean trades. In the West Indies, where colonists often sailed without the protection of British convoys, circumstances placed a premium of speed and maneuverability. Pirates, French privateers (who nearly wiped out the Maryland merchant marine during Queen Anne's War), and then the attractions of illicit commerce with non-British islands urged Maryland shipbuilders to modify traditional rigging to build speed. Single-masted sloops and particularly two-masted schooners emerged as distinctive Chesapeake designs and became the envy of foreigners. Shipyards at Third Haven and Island Creek in Talbot County, at Chestertown in Kent, and at West River near Annapolis earned high reputations for their work – especially after they began using white oak at about mid-century. Shipbuilding attracted skilled British sailmakers and developed reliable sources of rope and duck. Seafarers of the period considered ship chandlers at Annapolis and Chestertown equal to those of Norfolk for the quality of their equipment and repairs (sailing into northern Chesapeake ports also helped to rid hulls of the boring worms that accumulated in saltwater). Well fitted, the graceful craft of Maryland began a wider search for markets. In 1731 an assembly report to [Governor] Benedict Leonard Calvert mentioned a few Maryland ships sailing across the Atlantic to the Azores and Madeira. They carried homegrown products like grain, lumber from the Pocomoke River region, naval stores, pork, beef, and tobacco in trade for fruit, wines, and salt. By the 1750s Maryland vessels had reached Lisbon, Cadiz, and other ports of southern Europe.

Brugger 64-65

Grain exports also stimulated the town growth that had eluded Maryland – despite legislative encouragement – since its founding. Tobacco marketing called for seasonal activity on the part of a few factors or ships' supercargoes at villages like Oxford, Joppa Town, and Port Tobacco – each serving a locality with its own name for leaf quality. In 1747 the Maryland assembly passed a tobacco inspection act that established dozens of points in the colony, roughly fifteen miles apart, each with a warehouse and complement of inspectors. At least from early April until the end of August, when inspectors had to be on duty, these places became important; they seldom led to new towns. By contrast wheat, corn and livestock brought year-round economic activity that fed itself. General farming called for wagons, and they for teamsters and craftsmen who created a demand for goods and services. Since wheat shipments usually left in the fall, surplus corn in the spring, tavernkeepers and small merchants established themselves permanently along the routes to Philadelphia, at headwaters and transfer points like Elkton, and at ports like Chestertown. Furthermore, wheat traveled best to the Caribbean as flour (during the tropical summer, grain could grow "hot" and spoil). Wheat exports encouraged mills and they, too, gave rise to town life.

Brugger 65

Contributions of planter-merchants

Whatever their beginnings, *** planter-merchants [in the colony] had gained considerable economic advantage by the late seventeenth century, and the rich promised to grow richer in the eighteenth. With family or business connections in England, friendly contacts with shippers, and additional income from dealing with local planters, they reaped the richest profits when tobacco prices were high. When, in addition to war, satisfied demand and leveled-off production meant lean years for tobacco growing, they weathered the storm most comfortably. Their uncollected debts and outstanding loans gave them assets they could use in parlaying for credit with London firms [.] * * * During Queen Anne's War they may also have profited from outfitting the royal warships that patrolled the Atlantic for French privateers and put into the Chesapeake for provisions. On the return of peace these planter-merchants stood poised to capture the lion's share of the market, which fattened in 1723 when the [Prime Minister Robert] Walpole ministry took mercy on the languishing tobacco trade and removed reexport fees. In the same year, the French government restored the tobacco monopoly there to a company whose directors decided to import Chesapeake Orinoco [tobacco] from England.

Brugger 58

Baltimore investors promote economic diversification and development.

Planters never hesitated to buy in the spring against the late summer's crop, so that Maryland indebtedness was scarcely confined to tenants or the poor. According to time-honored patterns, small and middling planters borrowed from Maryland merchants or the large merchant-planters. After the 1730s Scottish factors, representing the Glasgow firms most aggressive in the Continental tobacco market, prospered in the Potomac and Patuxent regions by selling on credit. Large planters and merchant-planters often shipped their hogsheads on consignment to British firms, to whom they usually were indebted. Some of them dealt with Maryland merchants who handled large quantities for export. A growing number of these merchants established themselves in Baltimore Town, where falls and harbor opportunities begged for investors *** . During the 1760s Baltimore flourished as never before. The French and Indian War spurred demand in the British Empire (and elsewhere, making illegal trade attractive) for Chesapeake products and drew talented newcomers to the town *** . Scots Irish from Pennsylvania and Delaware *** moved to Baltimore, mostly attracted to the lucrative wheat and flour market. Ships of Baltimore registry, always entering and clearing through the customhouse at Annapolis, engaged in coastal trading with Virginia, North Carolina, Boston, and Newfoundland; they carried tobacco, iron, and wheat to British ports, and grains to Spain and Portugal. From England they imported dry goods, hardware, servants, or convicts. From southern Europe, if they obeyed the law, they returned either in ballast or with Madeira wine.

Brugger 102

Establishing partnerships that spread risk, intermarrying, and drawing younger members of their families into business, these first Baltimore merchant-investors laid a firm foundation for later moneymaking. Their credit arrangements, though vulnerable, enabled them to act as wholesalers of British imported goods. They diversified their holdings *** . Other ambitious merchants put money in rum distilling, shipbuilding, and town lots. While property at Fells Point and Baltimore Town varied in value, one could reasonably expect a rise.

Brugger 102-103

What were the familial and trade relations with British possessions in the Caribbean?

Hoping to encourage Marylanders to trade more adventurously in rum [and] sugar *** the assembly in 1704 waived all duties on these imports when they arrived in Maryland-built and -owned vessels. [This act] clarified the role of government and aimed to achieve a stable economic order.

Brugger 51-52