

Case Studies in Colonial Entrepreneurship

Case Study #1: The Virginia Company

In 1606 the Virginia Company was formed by a charter from King James I. The company was a **joint stock corporation** charged with settling the area of North America referred to as Virginia. A **joint stock corporation** is a company owned by a group of investors who contribute money to fund a project. The objective is to fund a successful investment that will return a profit to the investors. The Virginia Company **investors** risked their capital betting that the settlement at Jamestown would provide riches and wealth.



Providing wealth to the Virginia Company created a pressing mission for the first settlers. Merely surviving in an

unknown location was an accomplishment and the land did not contain the gold or material wealth hoped for by the investors. Although the **stockholders** were disappointed in the lack of gold, they realized the potential of the abundance of other natural resources found in Virginia.

Early industries sought to capitalize on the resources found in Virginia. Glass manufacturing, pitch and tar production, beer and wine making and most importantly tobacco cultivation, took advantage of the resources and fertility of the land. However, these potential sources of income were limited due to the challenges provided by survival in a new environment. The lack of profit frustrated the stockholders of the Virginia Company, causing them to seek remedies to make the colony more successful.

One strategy the Virginia Company used to increase the likelihood of success in Virginia was to recruit more settlers. They published brochures, plastered streets with advertisements, and even convinced the clergy to preach the values of colonization. The company reorganized several times in an effort to increase profitability. It tried to require the settlers to diversify their crops but to no avail. The company's debts continued to increase.

As a result of its failure to turn a profit, King James I dissolved the company in 1624 and established Jamestown as a royal colony. During the seventeen years that the Virginia Company controlled the colony it never produced a profit. As an entrepreneurial venture, Jamestown was interpreted as a failure but its legacy would be evident later in the establishment of representative government.

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Case Study #2: Anthony Johnson

Anthony Johnson was one of the African colonists who were among the first to achieve the American dream. He arrived in Virginia from Africa in 1621 as either a slave or an indentured servant for the Bennett Plantation working in the tobacco fields. He did not allow his low status in the New World to discourage him. On March 22, 1622, the Indians of Tidewater Virginia led a widespread attack on the colonists, killing fifty-two at the Bennett plantation alone. Luckily, Anthony Johnson was one of few survivors, and he took advantage of this opportunity to gain freedom for himself and later his wife. Although it is unclear how they gained their freedom, by 1635 both Anthony and Mary were free and had established their first farm.



Through hard work and determination the Johnson family acquired a substantial estate during the 1640s. This was a great achievement for any colonial family white or black. The raising and selling of cattle and hogs became the family's main source of income. Their hard work paid off; in July 1651 Johnson increased his estate to 250 acres. Johnson's success was reflected in the fact that his wife and daughters were declared "untithable." This meant that they didn't work outside of the home and thus were not able to be taxed. This was a sign of

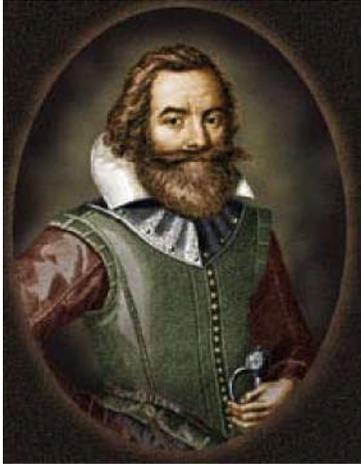
prosperity in seventeenth century Virginia.

Sometime in the mid-1660s the Johnson clan risked a move to Maryland in search of more productive land, where they leased 300 acres from another planter. Anthony's sons were also successful in their own right, especially his eldest, John, who had by this time acquired 450 acres of his own land in Virginia. Shortly after the move to Maryland, Anthony died, his wife Mary took control of the property, and his son John assumed the role of head of the family.

Even after Anthony's death, the Johnson family saw continued financial success. John increased the family holdings, and gained significant economic standing within the community. He was even asked by a white planter to give testimony on his behalf in court, which he did willingly. Despite the odds against them, the Johnson family competed on even ground with the white community. By the time Johnson died, he had become a freeman, formed a large and secure family, built up a sizable estate, and in the words of one admiring historian, established himself as the "black patriarch" of Pungoteague Creek.

Breen, T.H. and Innes, Stephen. *Myne Owne Ground*. Oxford University Press: New York, 1980. pp 7-18.

Case Study #3: Captain John Smith



An Englishman, John Smith was born in 1579, the son of a yeoman farmer. He was educated in a boarding school, and served as an apprentice to a local merchant. Near the end of the 16th century, he joined a volunteer army and fought for Dutch independence from Spain. His next wartime adventure was with Austrian forces that were fighting against the Turks. Allegedly, he was captured by the Turks, but was determined to gain his freedom and escaped from his captors.

In his search for further opportunities, he became involved with the Virginia Company's efforts to colonize Virginia for profit. On December 20, 1606, he set sail with the other colonists to Virginia. Upon arriving at Jamestown he was appointed to the governing body of the colony. This was surprising because he arrived under custody because of supposed mutinous behavior on the sea voyage. The Jamestown settlers faced a myriad of problems upon their arrival in Virginia. Harsh weather, disease, starvation and a lack of understanding about their Indian neighbors made survival an unlikely possibility for the colonists.

John Smith quickly took on a leadership role within the colony. His resourcefulness and determination led the colonists to rely on him for their survival and as such he was elected president of the colony in 1608. John Smith implemented policies that provided incentives for the colonists to work. By organizing the colonists he was able to increase food production and create trade partnerships with the Powhatan that prevented them from starving. Smith enforced a tough work ethic within the settlement. "He who does not work, will not eat" was his motto.

In addition to his role within the colony, Smith recognized that exploration and communication with the Indians would be vital to turning a profit in the New World. He was sent by the colony to establish trade with the Powhatan Indians. John Smith made meticulous maps and notes of the some thirty tribes within the Powhatan chiefdom. He believed in the superiority of European power and wanted to force the Indians into providing labor, supplies and materials for English consumption. His strong-armed tactics involved threatening the Powhatan by training his soldiers in the methods of Indian warfare. His tactics provided a brief period of calm between the Jamestown colony and the Powhatan.

In 1609 an injury sent John Smith back to England, thus ending his adventures in Virginia. Upon his return he recorded his adventures in a book, *A True Relation of Virginia* in which he described himself in terms of heroic proportions. It is suggested that he embellished the story of his capture by the Powhatan in which Pocahontas (the daughter of Powhatan) saves his life in an attempt to glorify his experiences.

Morgan, Edmund. *American Slavery, American Freedom*. W.M. Norton : New York, 2003. pp. 71-79.

<http://www.virtualjamestown.org/jsmith.html>

<http://www.apva.org/history/jsmith.html>

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Case Study #4: John Rolfe

In May of 1609, John Rolfe set out for Virginia from England as part of the Virginia Company's effort to colonize and make a profit from the region. On the way to Virginia, the ship he was traveling on was shipwrecked in the Bermudas, and the colonists had to construct new ships before they could continue their voyage.

Prior to Rolfe's arrival, the Virginia Company had not been successful in turning a profit despite several experiments. After observing the Indians harvesting and smoking tobacco, Rolfe decided to experiment with it. Beginning in 1612 he



began to work with creating a tobacco that would appeal to European tastes. Since the taste of the Virginia Indian tobacco did not appeal to the English, he obtained sweeter tobacco from somewhere in the Caribbean and began to cultivate it in Virginia. His venture was wildly successful and tobacco became the first profitable export for the colony. In 1630, 1.5 million pounds of tobacco were exported from the

colony. The growth of the tobacco industry created a need for greater tracts of land leading to a conflict with the colony's Indian neighbors.

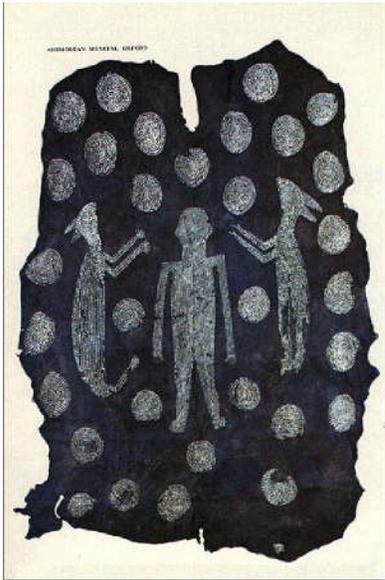
In 1614 Rolfe married the Powhatan Princess Pocahontas. Their marriage eased tensions between the Powhatan and the English temporarily. Rolfe traveled with his son and wife (Pocahontas) to England, but sadly, Pocahontas died before they could return to Virginia. When Rolfe returned to Virginia, he became even more involved in the colony as a strong leader, serving as a councilor and a member of the House of Burgesses. He also continued to promote the export of tobacco, and improve upon its quality. In 1617, 20,000 pounds of Virginia tobacco were exported to England. The following year, the export more than doubled.

<http://www.virtualjamestown.org/jrolfe.html>

<http://www.apva.org/history/jrolfe.html>

Case Study #5: Chief Powhatan

In the late 1500s, Chief Wahunsonacock of the Pamunkey, or Chief Powhatan, unified more than 30 tribes forming the Powhatan Confederacy. This confederacy included tribes such as the Pamunkey, Rappahannock, Nansemond, and the Mattaponi, all concentrated in the coastal areas of Virginia, around the Chesapeake Bay. Powhatan created his empire to prevent the loss of his lands by both other Indian groups and the English. By uniting the tribes could live together in peace as a unified nation, allowing for trade and greater productivity. Powhatan was a powerful leader who dressed like the common man in deerskin breeches, moccasins, and a mantle or cloak he made for himself of raccoon fur. (See picture)



The tribes of the Powhatan Confederacy were much more capable than the English in working the land and in hunting. Their method of agriculture has been shown to produce more food per man-hour than any other method. After using an area of land for a certain number of years, the Indians stopped farming it for decades, allowing its natural state to flourish. This technique allowed the land to re-fertilize, and increased its productivity. Each werowance, or tribal leader, within the empire was required to pay a yearly tribute to Powhatan. These tributes took the form of furs, copper, pearls, game and corn. Powhatan distributed the wealth among the citizens in return for their loyalty and support.

Trade was very important to the Indian economy long before the English arrived. The Powhatans, for example, traded with the Monocan Indians for copper. It is suggested that the Potomac, part of the confederacy, traded with tribes in upstate New York. The Indians within the confederacy were not in competition with one another through Powhatan's leadership they were able to become more productive. They believed trade was a generous process, practiced to share the gifts of the Earth with all people equally. In contrast with the English who sought to gain more from a transaction than they were willing to pay.

Chief Powhatan was a ruler who provided incentives for his citizens to follow his lead. Each werowance, or tribal leader, within the empire was required to pay a yearly tribute to Powhatan. These tributes took the form of furs, copper, pearls, game and corn. Powhatan distributed the wealth among the citizens in return for their loyalty and support. When the English arrived in Virginia Powhatan viewed them as an opportunity to be exploited. Fearing their expansion into Powhatan territory he wanted them to settle on the James River where he could keep an eye on them. Powhatan also sought to act as a middleman between the English and tribes further west negotiating agreements on trade and establishing truces. The English dependency on the Powhatan Indians would then allow the acquisition of prized goods, such as metal tools and glass beads. This fragile trade relationship with the English continued until Chief Powhatan's death in April of 1618.

Axtell, James. *Natives and Newcomers: The Cultural Origins of North America*. Oxford University Press: New York, 2001.

Gleach, Frederic W. *Powhatan's World and Colonial Virginia : A Conflict of Cultures*. University of Nebraska Press: Lincoln, 1997.

<http://www.virtualjamestown.org/Powhat1.html>

http://www.virtualjamestown.org/essays/kupperman_essay.html

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Case Study Comparison

Case Study	Achievements	Entrepreneurial Characteristics	Importance to the Development of American Democracy
The Virginia Company			
Captain John Smith			
Anthony Johnson			
John Rolfe			
Chief Powhatan			

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