

THE VIRGINIA COMPANY OF LONDON

By the early 17th century, England was one of the leading European powers involved in trans-oceanic trade and was beginning to build a colonial empire. Wealthy merchants, eager to find investment opportunities, established a number of companies set up to trade in various parts of the world. Each company, made up of individuals who purchased shares of company stock, was given a monopoly to explore, trade or settle a particular region of the world. Profits were shared among the investors according to the amount of stock they owned. Between 1575 and 1630, more than 6,300 Englishmen and women invested in joint stock companies trading with Russia, Turkey, Africa, the East Indies, the Mediterranean and America.

England's first successful colony in America was not established by the English government, but by one of these privately-owned businesses called the Virginia Company of London. Investors in the Virginia Company hoped to profit from the wealth of the New World. In 1606 King James I granted the Company organizers exclusive rights to settle in Virginia. Their mission was to extend the bounds of English civilization by finding wealth, converting the Virginia Indians to Christianity, creating jobs for England's unemployed, seeking a route to the Orient, and tapping the resources of the New World. The first leader of the Virginia Company in England was its treasurer, Sir Thomas Smythe.

A charter granted land to two branches of the Company—the London branch was to settle a colony near the Chesapeake Bay, while the Plymouth branch was granted land in the New England area. The Company paid all the costs of establishing each colony, and in return controlled all land and resources there and required everyone to work for the Company.

Investors, called “adventurers,” purchased shares of stock to help finance the costs of establishing overseas settlements. Money from the sale of stock was used to pay for ships and supplies and to recruit and outfit laborers. A single share of stock in the Virginia Company cost 12 pounds 10 shillings, the equivalent of over six month's wages for an ordinary working man. In an extensive publicity campaign, the Company circulated pamphlets, plays, sermons and broadsides throughout England to raise interest in New World investments. Shareholders could buy stock individually or in groups. Almost 1700 people purchased shares, including men of different occupations and classes, wealthy women, and representatives of institutions such as trade guilds, towns and cities. The largest single investor was Thomas West, Lord de la Warr, who served as the first governor of Virginia between 1610 and 1618.

The idea of colonization appealed to all classes of English society. Members of the gentry were interested in the glory of having overseas colonies, hoping to spread England's fame abroad and frustrate Spanish ambitions in the New World. Merchants hoped to develop new industries that would provide essential goods and resources and eliminate England's dependence upon imports from European countries. They also hoped that colonies could provide a market for English goods. Poorer members of the population hoped to improve their lot, with the possibility of jobs and the opportunity to acquire land.

Supplying an overseas colony with food, materials and laborers was an expensive venture for the Virginia Company, and it depended upon the sale of stock to raise money. The idea of owning shares of stock in a Company to get wealthy is not a new idea. But when not enough people were willing to take the risk and buy stock, Company officials turned to another money-making idea that is not new either—running lotteries. The Company organized lotteries in London and outlying towns, with prizes of up to 5,000 pounds sterling. These lotteries soon became the primary source of investment income for the Virginia Company, raising more than 29,000 pounds sterling before they ended in 1621.

Recruiting laborers willing to settle and work in Virginia, and obtaining supplies for them, were other challenges. The Virginia Company promised food, clothes, tools, housing and transportation to Virginia, all at Company expense.

However, supplies for the colonists, bought in London and surrounding areas, often were insufficient or of poor quality. The laborers had to work for the Company for up to seven years, and then they would be released from service, with the possibility of acquiring their own land.

The Company tried to maintain its colony by obtaining several new charters from King James I that reflected changes that its management was making to more efficiently run the colony. It also continued to work on raising funds and recruiting people to go to Virginia. But the costs were always high. Selling stock and running lotteries could not keep the Company out of debt. When no profit was raised to pay those who had bought stock, the Company gave them land in Virginia.

In England, the Company went through a number of reorganizations. In 1618 a new treasurer came to power, Sir Edwin Sandys. In the next few years the leadership argued over the proper focus for the colony. Bankruptcy and mismanagement of funds by Company leaders took their toll. Fewer people were willing to go to Virginia after a devastating war with the Powhatan Indians in 1622. At that point, King James I sent commissioners to investigate the Company and the colony and decided to revoke the Company's charter. In 1624 Virginia became a royal colony, answerable to the monarch's privy council.

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