**Economic history of Colonial Maryland**

[Maryland](http://en.wikipedia.org/wiki/Maryland)'s colonial [economic history](http://en.wikipedia.org/wiki/Economic_history) is marked by a heavy reliance on the [tobacco](http://en.wikipedia.org/wiki/Tobacco) crop. Though it would remain a slave state until the end of the [Civil War](http://en.wikipedia.org/wiki/American_Civil_War), it was not until the 1700s that [labor](http://en.wikipedia.org/wiki/Contract_labour) began to drive agricultural production in the colony. The colonial era would also see Maryland begin early [industrialization](http://en.wikipedia.org/wiki/Industrialization) and [urbanization](http://en.wikipedia.org/wiki/Urbanization), experiment with different monetary system, and make efforts to diversify its economy.

**Early days of the Colony (1633-1633)**

Landing initially on [St. Clement's Island](http://en.wikipedia.org/wiki/St._Clement%27s_Island_State_Park) on March 25, 1634, Maryland’s first settlers would establish their colony around [St. Mary’s City](http://en.wikipedia.org/wiki/St._Mary%27s_City%2C_Maryland). Nearly as soon as they arrived in St. Mary’s, the colonists successfully grew enough food to prevent starvation and to export back to Britain.

In these early days, the majority of settlers were [indentured servants](http://en.wikipedia.org/wiki/Indentured_servants). Though [Lord Baltimore](http://en.wikipedia.org/wiki/Cecilius_Calvert%2C_2nd_Baron_Baltimore) initially hoped to establish a “landholding aristocracy” through the provision of affordable land, the colony’s land system promoted the creation of many small farms.

Many were owned by former indentured servants. By the late 1600s, more than two-thirds of farmers in the colony held estates worth less than $1000. They practiced a form of agriculture that employed twenty-year crop rotations that preserved the viability of the land.

**Depression and regulation (1640s to 1660s)**

In the second and third decades of the colony, Maryland increased its reliance on tobacco, suffered through economic depression, and instituted a series of reforms to try to limit the impact of fluctuations in tobacco prices on the colony’s economy.

When Maryland farmers first began growing tobacco in the 1630s, production totaled 700 pounds per farmer. In the 1650s, each farmer averaged 1,300 pounds of tobacco. As production grew, the total value of tobacco exported from the colony reached between £800 and £1200, while the average tobacco planter earned £5 to £10 per year.

In the middle of the 1600s, Maryland experienced a series of depressions, as a result of a drop in tobacco prices and farmer profits fell during this period.

The colonial legislature of Maryland attempted to create strategies to diversify the economy. [Corn](http://en.wikipedia.org/wiki/Corn) regulations mandated that farmers grow two acres of corn. To limit further decline in prices, the colonial assembly ordered the destruction of low-quality tobacco in 1640 The assembly also sought unsuccessfully to develop port towns to serve as centers of trade.

**Emergence of a slave economy (1670s to 1730s)**

In the period following [Oliver Cromwell](http://en.wikipedia.org/wiki/Oliver_Cromwell)'s fall in England, the colony grew and transitioned to a slave economy. It saw the beginnings of industry and urbanization.

After a series of colonial wars between England and France, Maryland fell into economic depression again as European demand for tobacco decreased sharply. As a result, many poorer farmers began to diversify their efforts, adding [cattle](http://en.wikipedia.org/wiki/Cattle) and [grain](http://en.wikipedia.org/wiki/Grain) to their fields and adopting [crafts](http://en.wikipedia.org/wiki/Crafts)

Despite the economic troubles, [indentured servants](http://en.wikipedia.org/wiki/Indentured_servants) arrived in large numbers until the end of the seventeenth century. With the dawn of the 1700s, however, farmers shifted to slave labor for their fields. Between 1704 and 1720, the slave population shot from 4,475 to 25,000.

During this period, the slave population was increasingly concentrated in estates with more than ten slaves.  Some historians consider this transition to a slave economy to be the start of greater social stratification in the colony, as wealthier Marylanders were then able to increase their farms’ productivity through the increasing returns to scale that slave labor enabled. The wealthiest farmers in the colony held 36 percent of the wealth prior to 1708. By 1742, they held 58 percent.

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1. What are the dangers of having a single crop for your economy?

2. What crop did Maryland rely on for their economy?

3. How did farmers preserve the viability (good soil) of their land?

4. When the prices of tobacco changed, the economy of Maryland had a depression. What steps did they take to prevent this from happening again?

5. What caused European demand for tobacco to drop sharply?

6. How did Maryland farmers try to diversify their crop?

7. What happened to the social structure of Maryland once slavery became popular?