Colonies for a Profit

Royal charters, private investors, and the land that wasn't theirs to give

Imagine receiving permission to govern an enormous territory, recruit settlers, and collect money from their landholdings. For well-connected English investors and aristocrats, colonization offered that possibility. For Indigenous nations already living there, those same arrangements threatened their homelands and authority.

The colonies that became the United States began under several governing arrangements. Understanding those differences reveals how closely colonial government, private ambition, and land acquisition were connected.

Royal colonies: government through the Crown

A royal colony operated under the monarch's direct authority, usually through an appointed governor. Many also had elected assemblies, although voting rights were restricted.

Virginia became a royal colony in 1624 after the Virginia Company lost its charter. Royal government did not end private enterprise; settlers and merchants continued pursuing profits under Crown supervision. A colony's classification could change as England reorganized its empire. [National Park Service]

Proprietary colonies: power granted to private owners

In a proprietary colony, the monarch granted governing powers and extensive land claims to an individual or group. Proprietors could distribute land and appoint officials, subject to their charters and English authority.

Cecil Calvert, the second Lord Baltimore, received Maryland's charter in 1632. The arrangement combined political power with opportunities for income from settlement. Maryland also reflected the Calvert family's interest in establishing a refuge for English Catholics. Maryland State Archives

Carolina's eight Lords Proprietors received their grant in 1663. Their recruitment proposals offered land and other inducements while establishing *quitrents*: recurring payments associated with landholding. More settlers could mean more income for proprietors. Carolina proprietors' proposals

Charter and corporate colonies: authority through a charter

A charter was a legal document defining powers and privileges. Proprietary colonies also had charters, so the terminology can be confusing. "Charter colony" generally describes arrangements allowing substantial government through a corporation or colonial community.

Rhode Island's 1663 charter, for example, provided for elected colonial officers and an assembly. Such self-government still operated within England's empire and did not mean equal political participation for everyone. Rhode Island State Archives

The investors behind expansion

Joint-stock companies supplied another important structure: investors pooled money and shared financial risks. This was a business arrangement, not simply a separate, permanent category of colonial government.

The Virginia Company financed Jamestown with hopes of shareholder profits. Treasurer Sir Thomas Smith emphasized commerce; later leader Sir Edwin Sandys promoted permanent settlement. Land became a recruitment tool. Under the headright system, paying for someone's passage could earn the sponsor a land grant, encouraging wealthy colonists to accumulate holdings. Despite these efforts, the company failed financially. National Park Service

William Penn's Pennsylvania combined religious ideals with proprietary enterprise. His 1681 charter helped settle a royal debt inherited from his father and authorized him to sell land. His colony could provide a haven for Quakers while generating revenue. Pennsylvania Historical and Museum Commission

Not every founder followed the same model. Georgia began under trustees with charitable and defensive goals, illustrating how imperial strategy and social reform could accompany settlement. Library of Congress

"Free land"—for whom?

Land offered to settlers was neither empty nor automatically free. Settlers might owe purchase payments, fees, or quitrents. More fundamentally, royal grants asserted authority over territories already inhabited and governed by Indigenous peoples. English paperwork did not establish Indigenous consent. National Park Service

Some colonial leaders recognized a need to negotiate purchases. Penn acquired land through agreements with Native residents before reselling parcels. But negotiations did not eliminate dispossession. In the fraudulent Walking Purchase of 1737, his successors manipulated a claimed agreement to obtain a vast tract of Lenape land. [Pennsylvania Historical and Museum Commission]

These colonies were political experiments and investment projects built on contested claims. To understand their founding, ask who issued the grant, who expected a return, and whose homeland became someone else's business opportunity.