

## Colonial Economics

1. When the colonists first arrived in the New World, they faced many hardships. In addition to harsh winters, diseases, and their lack of survival skills, colonists were often poor, having spent most of their money for the passage to the New World.
2. Money, which is a medium of exchange that includes paper bills and coins, was not commonly used in early agricultural societies. It was also in short supply in the colonial period. Few people had paper money and coins to use to buy goods and services. One reason for this was that England would not allow the colonies to print bills or make coins. This lack of money forced the colonists to barter. Bartering is trading goods and services without the use of money. Throughout the colonial period, colonists traded goods with England, the Indians, and their neighbors.
3. Many different forms of exchange, or money, were used during the colonial period. Some of these included tobacco, rice, corn, animal skins, gunpowder, and livestock.
4. Tobacco was a very popular form of exchange in the colony of Virginia. Tobacco farmers could use their tobacco to pay for the goods and services their families needed. Farmers and consumers could also buy goods and services on credit. Credit is buying a good or service now and paying for it later. When the farmers' crops were harvested and sold, they would pay their debts. A debt is a good or service that you owe to another.
5. With very little paper money or coins being used, colonial Virginia had no banks. This lack of money and banks made saving money very difficult for the colonists. To save means to put money away to spend at a later time.