

Lotteries in Colonial America

Neal E. Millikan

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For Rachel Millikan, Dean Millikan, and Anna Millikan

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Introduction

On Christmas Day in 2002 West Virginian Jack Whittaker made national and international headlines by becoming the world's biggest lottery winner. Whittaker received \$170 million in a lump-sum payout from the multi-state Powerball lottery, and said he planned to share the winnings with his family, a sentiment that has historically been given by American lottery winners. Exactly 230 years earlier, in the 1772 English State Lottery, the winner of the £10,000 prize was a New York merchant named Thomas Fisher who it was said "generously gave" a quarter of his earnings to his brother and nephew.¹

In 2001, the South Carolina General Assembly enacted an Education Lottery to help raise funds for "educational expenses and scholarships" in the state. South Carolina's lottery legislation states that "proceeds of lottery games must be used to support improvements and enhancements" in education, and that the net proceeds from lotteries should "supplement, not supplant, existing resources for educational purposes and programs." Some critics argue that the lottery is morally wrong and hurts the poorest South Carolinians, but the lottery remains popular among participants. Utilizing lotteries to fund education dates back to the colonial period, when several schools including Columbia, Dartmouth, Harvard, Princeton, and the University of Pennsylvania held lotteries during their formative years to help pay for everything from start-up costs to new academic buildings. Most of these lotteries were one-time propositions, but the secondary academy that eventually became the University of Pennsylvania relied on a string of lotteries in the 1750s to keep the school fiscally afloat, much like the way South Carolina uses the education lottery today.²

As the above examples show, Americans' utilization of lotteries is clearly not a twenty-first century phenomenon. The ways current Americans use lotteries and the pro- and anti-lottery arguments of today are similar to those of eighteenth-century colonists. Lotteries, for good or ill, have been present in America since the first attempts at colonization, and although always somewhat controversial, lotteries have provided an important source of revenue for three centuries.

Between 1721 and 1783, private citizens and public officials held lotteries in the British North American colonies and offered prizes of money,

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land, slaves, animals, and a variety of other goods to those colonists willing to purchase a ticket. The practice of raising money for public and private purposes by means of a lottery to aid in the growth and development of the colonies began with the Virginia Company in 1616, and lotteries continued to be regularly held throughout America until the late nineteenth century. From the founding of Jamestown to the financing of the American Revolution, lotteries played a role in the economic life of the colonies. Lotteries had been used in England since 1567, and colonists saw lotteries as both a part of British life and as an important means of raising revenue for public and private projects.³

In seventeenth- and eighteenth-century England, lotteries aided the empire-building of the nation by allowing both the national government and private joint-stock companies to finance wars fought, among other things, over the right to claim territory and to promote colonization in the New World. When British colonists came to America, they brought lotteries with them as a proven means of underwriting economic development. Lotteries played a pivotal role in the colonies by subsidizing the construction of churches and schools, financing internal improvements, and providing land owners and merchants with an effective means of disposing of possessions. And at least initially, the Crown and colonial governments granted colonists free reign to establish public and private lotteries.

The majority of the primary source data for this book came from an examination of lottery advertisements in colonial American newspapers and broadsides. In order to make accurate assumptions about the prevalence and importance of lotteries in colonial America, I needed to determine approximately how many lotteries were held between 1721 (the earliest lottery advertisement I found) and 1783 (the end of the Revolutionary War). I examined at least one newspaper from each colony and the broadsides that were part of the Evans Early American Imprints collection to form the basis of my research data. According to the advertisements in these newspapers and the Evans collection, approximately 392 lotteries were held during those years.⁴

A few of the terms used by colonists involved in lotteries warrant a note of clarification: the word “raffle” was sometimes used to refer to lotteries in colonial America, particularly in the *South-Carolina Gazette* where the word “lottery” was not mentioned in the advertisements I examined. During the eighteenth century, “raffle” was a synonym for a type of lottery where an item was assigned (by drawing) to one person among a number who had each paid a certain part of its real or assumed value. In raffles, usually the prizes were in the form of goods rather than money. The term “billet” was a synonym for ticket, and was often used to refer to tickets in lotteries with multiple classes.⁵ An “adventurer” was someone who purchased a lottery ticket, a “scheme” was a written plan explaining a lottery, and a lottery was “drawn” when the winning tickets for a lottery were finally selected.

This monograph is structured around three concepts that deal with the issue of lotteries as they relate to human activity and how these issues impacted the frequency with which colonists held lotteries and the ways colonists responded to lotteries in their communities. The following chapters examine three areas in relation to lotteries: the role of government in terms of taxation, the consumer revolution, and changing ideas about fortune and chance. This book acts as a lens through which these three unrelated forms of human activity can be viewed simultaneously in terms of their effects on lotteries and colonists' decisions to participate in these events.

Public lotteries played an important role in financing colonial activities. The first American bank was not established until 1781, yet the absence of a central bank meant a constant lack of capital for economic endeavors.⁶ Colonial legislatures did not have the benefit of using banks as potential lenders for funding public projects, and throughout the colonial period the lack of adequate currency plagued colonists. To further complicate matters, issuing bills of credit were either forbidden by England or quickly depreciated in value. Lotteries, as a form of "voluntary taxation," proved invaluable to communities who needed to raise money, and were usually approved by legislatures who resisted enacting new taxes to pay for such activities.

Along with public lotteries held by colonial governments, private individuals also established lotteries in America for their personal causes. Without ready capital and currency, colonists turned to lotteries as a means of financing projects and getting ready cash for items offered as lottery prizes (like houses or tracts of land) that most colonists did not have enough currency on hand to purchase outright. Private lotteries proved especially important during the decade of the 1760s when many individuals were forced to hold lotteries in an attempt to accumulate enough money to pay off their debts to British creditors.

Colonial American lotteries were also tied to trends in individual consumption that had already revolutionized purchasing practices throughout Europe. Historians researching the consumer revolution have shown that during the eighteenth century, the middling classes in Great Britain and the American colonies had disposable income that they used to purchase goods that went beyond mere necessities. Colonial lotteries became a part of this consumer revolution as colonists had the opportunity to become an "adventurer" and risk a small sum of money in the hopes of winning a valuable prize. An examination of lottery schemes helps explain how this eighteenth-century consumer revolution combined tenets of emulation (where the lower ranks in society imitated the elite) and pleasurable consumption (purchasing goods to fulfill imagined pleasures and anticipated emotions).

Lotteries were also tied to eighteenth-century ideas about fortune and chance. The development of the colonial outlook on fortune and religion stemmed from advancements in human understanding of probability theory that coincided with Christians' decisions to see the outcome of gambles

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as events that were still controlled by their god. The secularization of chance began in the mid-sixteenth century in Europe, where mercantile capitalism—with its inherent risks—flourished, and the scientific calculation of probability transformed chance from the will of the gods to an epistemological category. The emergence of probability theory helped replace providential belief with scientific understanding, and helped create a theoretical foundation for games of chance. Yet colonists regularly reconciled the decision to participate willingly in lotteries with expressions of giving thanks to a higher power for winning. Fortune was a prevalent aspect of colonial lotteries, and participants had no problem merging their own free will to purchase a lottery ticket with the will of the Christian God to select a winner.

1 “City and Country Run Mad After Riches”

English Lotteries from the Sixteenth to Eighteenth Centuries

Lotteries were well known in England by the time the first English colonist stepped foot in Virginia. The American practice of holding colonial lotteries was rooted in the English lottery tradition dating back to the sixteenth century, which was in turn built on European practices of holding lotteries during this same time period. Colonial lotteries, although not on the same scale as English lotteries, in most other ways followed the customs of the mother country in terms of how lotteries were advertised and drawn. The first lottery held in England occurred in 1567 when Elizabeth I instituted the Elizabethan Lottery to help defray the costs of internal improvements, including the development of harbors. However, the drawing of this initial English lottery was postponed several times and was ultimately unsuccessful as it failed to sell many tickets. Even so, the Crown granted charters for several other private and public lotteries throughout the seventeenth century. The first English State Lottery, held in 1694, helped to raise part of the funds required by the government for that year, and after 1694 lotteries became a regular means of raising necessary funds in England for public and private causes.¹

THE LOTTERIES OF THE VIRGINIA COMPANY OF LONDON

The Virginia Company, founded in 1606, began as a joint-stock company and hoped to raise money by selling shares of stocks in order to send men to Virginia in search of mineral resources. The Company's sole purpose was to make a profit for its investors, and the Company hoped that its colonists would be able to locate gold and gemstones in the New World and send them back to England to sell. The initial joint-stock arrangement that funded the Virginia Company led to many of its early problems. Individuals invested £12 in each share of the Company they bought, and these investors wanted to see quick and substantial returns. The Company prospered financially during its early months, and by 1607 it had sent its first group of colonists to Virginia. This early group of settlers had the daunting task of establishing a fort and surviving on a piece of land on the coast of Virginia

they named Jamestown Island. But in addition to surviving, these colonists also faced pressure from the Virginia Company to make a profit for the shareholders. The colonists tried several different schemes in Virginia to produce goods that could be shipped back to England including making glass, pitch, tar, beer, and wine. All of these early manufacturing exploits either failed or resulted in the production of goods that could be acquired much cheaper in England. The early years of the Virginia Company reaped no quick profits, and the Company went into debt paying for more colonists and goods to travel to Jamestown to join the initial group.²

The first few years of the Jamestown settlement proved especially difficult for the colonists as well as the Company. Disease and Native American raids plagued the colony, poor leaders provoked in-fighting among the group, and the ever-present scarcity of food left the colonists physically weak. When Captain John Smith became the third president of the colony in 1608, things started to improve in Virginia. Smith organized the colonists in a way that his predecessors had been unable to do, and soon the colony seemed to be making a comeback. Thus, the Virginia Company of London decided to send another 600 colonists to join the original group.³ But even with the improvements sanctioned by Captain Smith (who left the colony in 1609, never to return to Virginia), the young colony suffered badly during the “starving time” of 1609–1610. Many of the colonists perished, and any moneymaking activities that had been started in the colony ceased. As news of the colony’s difficulties reached England, the Company’s members had a hard time convincing new investors to purchase their stock. Yet the Company needed to send more colonists to America to help the original settlers, so it again incurred huge debts trying to pay for the necessary provisions for another voyage to Jamestown.

During this period of financial hardship, the Virginia Company wisely decided to change its marketing strategy. Instead of trying to lure investors with claims of a quick profit, the Company now appealed to patriotic sentiment and national pride. The Virginia Company stressed the fact that the colonists were taking English culture, language, and religion to the New World, and were sharing with the natives they encountered there the importance of England. This new marketing scheme employed by the Virginia Company proved to be successful. The middle classes, newly encouraged by the Company’s fresh marketing strategy, now believed that by purchasing stock in the Company, they were both helping themselves and the mother country. But even with this new crop of investors, the Virginia Company remained in debt to many of its creditors. The Company realized that another means of gaining profit besides the selling of stock would be necessary to help alleviate the debt.

As part of its third charter in 1612, James I authorized the Virginia Company of London to organize lotteries to benefit the young North American colony at Jamestown. The Virginia Company quickly used this authorization to establish several lotteries in cities throughout England to help

support Virginia. The Company also used the lottery as a means of finding new potential members for their business endeavor, offering membership to any adventurer who bought a ticket and waived their winnings back to the Company. So vital were these lotteries to the continued existence of the early colony that Captain John Smith referred to them in 1621 as “the reall and substantiall food” by which Virginia had grown and flourished.⁴

Soon after obtaining its new charter, the Virginia Company began to develop a strategy for organizing the standing and running lotteries it could now hold. Standing lotteries, based in London, were conducted over several months, and lucky adventurers received prizes in the form of silver plate and money. Running lotteries were held throughout England to appeal to as many potential adventurers as possible. In order to expedite the lottery process, the Virginia Company constructed a “Lotterie House” at the west end of Saint Paul’s Churchyard in London to provide a location from which to conduct the lottery activities of the Company. The fact that the Virginia Company established the Lotterie House in this location shows that the church supported the lottery and was willing to aid the Virginia Company in what it believed to be a noble economic pursuit.⁵

Running lotteries, similar to the scratch-off lottery tickets of today, moved from city to city throughout England and became extremely beneficial to the Company. From 1616 to 1621 agents traveled around England, usually heralded by letters of introduction from the Company, to set up the running lotteries in a church or other public building. These running lotteries produced the profits the Virginia Company so desperately needed. Unlike a standing lottery, a running lottery did not culminate with one large drawing after all the tickets had been sold; instead, it allowed each adventurer to immediately know the outcome of the ticket’s success or failure. These lotteries operated by having an adventurer purchase a ticket that consisted of a small piece of paper rolled into a ball and sealed. After buying their sealed ticket, the adventurer would unroll the ball to see if their paper contained the term “prize” or “blank.”⁶

Running lotteries proved immensely popular and successful throughout England: the instant gratification attracted potential adventurers to buy tickets while watching others engage in the lottery. And unlike in London, where most lotteries originated and were subsequently conducted, the residents of the outlying cities and towns enjoyed the novelty of running lotteries as a public attraction that quickly captivated the populace. In 1620, the Virginia Company records show that of the £9,830 brought in that year, £7,000 came from lotteries.⁷

The Virginia Company publicized the running lotteries that occurred throughout England as facilitating the glory of God and the honor of King and country through a grand and noble adventure—the colonization of a distant land. The running lotteries allowed any Englishman, whether merchant or tradesman, to be part of the great work of the Virginia Company for just a small wager which might also bring an individual good