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A contractor empire : public-private partnerships and overseas expansion in Habsburg Portugal (1580-1640)

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EDGAR PEREIRA

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Abbreviations

AGI: Archivo General de Indias
    IG: Indiferente General
AGS: Archivo General de Simancas
    CCA: Cámara de Castilla
    CJH: Consejos y Juntas de Hacienda (CJH)
    CMC: Contaduría Mayor de Cuentas
AHU: Arquivo Histórico Ultramarino
    CU: Conselho Utramarino
ANSL: Arquivo Nossa Senhora do Loreto
ANTT: Arquivos Nacionais Torre do Tombo
    MSLI: Manuscritos da Libraria (MSLIV)
    MMCG: Miscelâneas Manuscritas do Convento da Graça (MMCG)
    ADL: Arquivo Distrital de Lisboa
BA: Biblioteca da Ajuda
BGU: Biblioteca Geral da Universidade de Coimbra
BNP: Biblioteca Nacional de Portugal
FA: Felix Archief, Antwerpf
        N: Notariaat
VOC (Vereeningde Oostindische Compagnie)
WIC (West Indische Compagnie)
EIC (English East India Company)

lib.: Libro
leg.: legajo
fl. Folio

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Introduction

At the start of the seventeenth century, friar Baltasar de Faria Severim, canon and precentor (*chantre*) of the Cathedral of Évora, the most important city in the Southern Portuguese region of Alentejo and one of Southern Europe's wealthiest archdioceses, reprised a conventional critique of the Portuguese Crown's near constant resort to tax-farming.[1] Faria Severim warned against the short-term gains of anticipating revenues by means of receiving the lump sums, claiming that the royal treasury could pocket greater revenues if only the Crown would make the effort to collect its taxes, demesne rents and exploit its patrimonial assets itself. Faria Severim also posited that, if the Crown continued down that path, it risked jeopardizing its political legitimacy in the eyes of its subjects. In his estimation, the subjects came to grips with the king's authority first and foremost when they paid their taxes and other dues to the royal treasury and, therefore, their obedience to the sovereign decreased the more they fulfilled their fiscal obligations to private businessmen rather to Crown officials. Faria Severim also directed his attention to the tax-farmers (*rendeiros de rendas)* themselves. According to him, neither the Crown nor the public should be mistaken about the true loyalty of these men to the king and their devotion to public interest. These private tax collectors were greedy folk who showed no scruples in taking advantage of the royal purse and stopped at nothing to squeeze every possible drop of revenue from the vulnerable tax-payer.[2]

Around the same time, in 1607, Francisco da Costa, the treasury controller (*vedor* da *fazenda*) of the Portuguese factory in Cochin, and, therefore, the senior official in charge of overseeing the acquisition of pepper in Southern India, sent a report to Madrid where he described the spice trade of Southwest India in great detail. In this account, Costa not only provided an overview on India's production outlets and the commodity chains linking the subcontinent to other markets along the Indian Ocean Rim, he also lambasted the monopolistic concessions leased by the government in Lisbon to a retinue of merchant bankers. Similarly to the criticism levelled against tax-farmers in Portugal's domestic economy, the *vedor da fazenda* consider the monopoly leaseholders to be extremely hazardous to the financial and the economic sustenance of the Crown's offshoots east of the Cape of Good Hope.[3]

These two examples from early seventeenth century Portugal and its overseas empire refer to a longstanding controversy about the executive capabilities of the state and the inadequacy or pertinence of allowing private economic interests to interact with central bureaucracies and replace them in the performance of functions of public utility. The criticisms of Faria Severim and Costa were by no means exclusive to the Portuguese case. They were echoed all through the early modern period, continued to be voiced during the nineteenth and twentieth centuries, and still are a point of contention today.

This dissertation looks beyond the past and present controversy between those who bemoan the outsourcing of key government functions and those who, more or less begrudgingly, support the delegation of public interest tasks to private enterprise. It takes

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[1] Liam Matthew Brockey, 'An Imperial Republic: Manuel Severim de Faria Survey's the Globe, 1608-1655', in *Portuguese Humanism and the Republic of Letters*, ed. Maria Louro Berbara and Karl A. E. Enenkel, Intersections: Interdisciplinary Studies in Early Modern Culture (Leiden: Brill, 2012), 265–85.

[2] ANTT, Manuscritos da Livraria (henceforth MSLIV), no. 1821: Baltasar de Faria Severim, *Os Advertimentos dos meios mais efficazes e convenientes que há, para o desempenho do Património Real e restauracão do bem público destes reinos de Portugal, sem opressão do povo e com commuã utilidade de todos*. This book and its propositions are tackled in Diogo Ramada Curto, *Cultura política no tempo dos Filipes, 1580 -1640* (Edições 70, 2011), 70, 201.

[3] Diogo Ramada Curto, 'A Cultura Imperial e Colonial Portuguesa', in *A Expansão Marítima Portuguesa. 1400-1800*, ed. Francisco Bethencourt and Diogo Ramada Curto (Lisbon: Edições 70, 2010), 338–40; A. R. Disney, *Twilight of the Pepper Empire: Portuguese Trade in Southwest India in the Early Seventeenth Century* (Cambridge-London: Harvard University Press, 1978), 30ff.

stock of the history of the polarizing financial and administrative instrument that enabled needs of the state to be (even if only temporarily) aligned with the financial and social-economic ambitions of private businessmen. By looking at the final two decades of the sixteenth and the first half of the seventeenth century, this dissertation questions the reasons for the apparent ubiquity and the longevity of the resort to private contractors in matters of governance. Public-private partnerships are understood here as an administrative practice, a financial tool, but equally a binding socio-political mechanism, as well as a particular form of investment for the firms that undertook them. For that reason, this dissertation is also interested in the people and the business networks that made possible for government contracts to be enacted and its lucrative potential exploited.

An Enduring Debate: Scholarly Views on government contracting

At the start of the Early Modern Period, most Western European states attempted to strike a delicate balance between raising the necessary revenue to fuel their political and military ambitions, without imposing a financially unbearable, or at least a politically unpalatable fiscal burden on the body politic.[4] The head of state, be it the governing elite of a Republic or the sovereign of a kingdom or a monarchy, that failed to reach a compromise between its political ambitions and the fiscal-financial means to sustain them risked losing legitimacy in the public eye and could expect to face fiscal uprisings and, in the worst case, attempts at regime change. In order to achieve this so often precarious equilibrium, proto-centralized polities were faced with the dilemma of how to best organize the collection of taxes and other sources of income and how to spend them to accomplish the most fundamental tasks of governance, primarily the sustenance of the armed forces. Which administrative solution was deemed more appropriate for fiscal, commercial and military governance? Was it the underwriting of government contracts to private businesses or the assignment of the state's own administrative branches and their respective personnel?

Generations of politicians, state bureaucrats and scholars (not to mention public opinions) have reflected on the pros and cons of relying on profit-driven business organizations to harness capital and supplies and to handle logistics for the state. Historians, for their turn, have long taken notice of the historical roots of this phenomenon, and have written extensively about it. Still, despite the many books and articles on the topic, no consensus has yet been reached regarding the impact of public-private partnerships in state formation and performance. Were these connections instrumental to the strengthening of centralized polities eager to project military and colonial power beyond their borders, that sought to impose a monopoly on violence, enforce legislation, collect taxes, and in some cases even impose religious orthodoxy? Was the input of private businessmen under contract merely incidental and, hence, central bureaucratic apparatus could perfectly do without the input of these "market-forces", or worse, did they drastically hinder the formation of centralized political structures and economic development in the long run?

An unmissable contributor to this discussion is Max Weber. The eminent German scholar distinguished two broad types of political systems, each endowed with distinct institutions, practices and personnel responsible for enforcing the directives of the central

[4] For two recent revisitations of this familiar topic; Marjolein 't Hart, Pepijn Brandon, and Rafael Torres Sánchez, 'Introduction: Maximising Revenues, Minimising Political Costs – Challenges in the History of Public Finance of the Early Modern Period', *Financial History Review* 25, no. 1 (2018): 1–18; Regina Grafe and Alejandra Irigoin, 'Bounded Leviathan: Fiscal Constraints and Financial Development in the Early Modern Hispanic World', in *Questioning Credible Commitment: Perspectives on the Rise of Financial Capitalism*, ed. D'Maris Coffman, Adrian Leonard, and Larry Neal (Cambridge ; New York: Cambridge University Press, 2013), 199–227.

authority. According to Weber, in order to rule over their polities, rulers had throughout history relied on two different approaches: a salary-based or-bureaucratic approach, on the one hand, and a contractual one, on the other. The first approach saw the state's salaried personnel being directly responsible for the performance of governance operations, such as tax collection and the ensuing allocation of the revenues to different governmental branches. This administrative system was based on the opposition between the "public" nature of the post and the private-person of its incumbent, who, by receiving a salary, was banned from using his office and the authority it bestowed upon him for his own personal gain. It goes without saying that public office was "commissarial" in nature, therefore precarious and reversible. Once the tenure came to an end, or in case the recipient failed to meet the standards of appropriate conduct and performance he was hold to, he was stripped of his office. In line with these principles, behind the appointment of a given official was first and foremost technical proficiency and merit. Office was professionalized (or on the verge of becoming so), meaning that it was not granted to provide the recipient with a source of income and personal authority, and also that it could not be traded off to the highest bidder. To direct-bureaucratic administration, Weber opposed the resort to tax-farming, the concession of state monopolies and the sale of public offices. He considered the first model to be the appanage of more robustly centralized political authorities, whereas those lacking a fully stretched bureaucratic apparatus linking the political centre to the peripheries, and where a bureaucratized administrative culture had not won over corporative logics, had greater incentives to contract-out several administrative tasks to business entrepreneurs. The decision to pursue direct administration over contracting depended to a large extent on the central power being able to impose its will over tax-paying subjects, but even more so over its own officials.[5]

Although Weber did not entirely dismiss tax-farming and the resort to entities outside the sphere of state administration for certain contexts, he considered state-run salaried bureaucracy to be the most forward-looking, political and economically virtuous of the two approaches. In his estimation, if used in a non-parsimonious way, tax-farming could be seriously detrimental to domestic production and trade, and impinge on civic rights and liberties, notwithstanding the fact that an expanding state could also trample all over them. This line of reasoning is by now quite familiar. Operating under a temporary contract, tax-farmers would naturally attempt to squeeze as much revenue as possible from their leases, and, without the prospect of them being renewed for a second term, they would not show much concern for the state in which they left the economic sectors related to their contracts. Left to their own designs, contractors would not restrain themselves from imposing arbitrary charges, overtax the population and under-report their actual earnings to the authorities. Weber considered that if the authorities' monitoring was frail, tax-farmers would take every opportunity to go beyond the limits of their contracts and abuse their position.[6] As a result, any government that failed to come up with checks and balances to revenue farming and did not kick-start a centralized bureaucracy would eventually end up being plundered from within by a retinue of financiers and speculators.

Fernand Braudel and the *Annales* School, for their turn, emphasized how the pressures and challenges faced by the two biggest powerhouses of the Mediterranean basin in the 1500s, Habsburg Spain and the Ottoman Empire, pushed them into the arms of

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[5] Max Weber, *Economy and Society: An Outline of Interpretive Sociology* (Berkeley, Los Angeles, London: University of California Press, 1978).

[6] Weber's line of reasoning is revisited and expanded with the insights of the 'principal-agent problem' in Noel D. Johnson and Mark Koyama, 'Tax Farming and the Origins of State Capacity in England and France', *Explorations in Economic History* 51 (1 January 2014): 1–20; Eugene N. White, 'From Privatized to Government-Administered Tax Collection: Tax Farming in Eighteenth-Century France', *The Economic History Review* 57, no. 4 (2004): 637–40; Edgar Kiser, 'Markets and Hierarchies in Early Modern Tax Systems: A Principal-Agent Analysis', *Politics & Society* 22, no. 3 (1 September 1994): 284–315.

financiers and state contractors. The challenges experienced by these two empires included the lack of a uniform fiscal system encompassing all imperial territories, the absence of an efficient system of allocation of funds across great distances, the inexistence of a central bank, as well as the costs of sustaining continuous warfare in theatres in Europe and elsewhere. The financiers in the Habsburg and Ottoman empires advanced and allocated funds quicker and less onerously than the royal exchequer could collect, assign and spend its scattered revenue streams. In return for these services, moneylenders received a profitable interest rate or a share of the ruler's might. They were bestowed with either symbolic rewards or regal streams of revenue, in the shape of land, tax-collection or monopolistic rights. Braudel's views on these business-moguls who secured the right to collect taxes in return for extending credit was ultimately dismissive. In *La Mediterranee,* these "capitalists" are portrayed as cunning specialists in usury, opportunists who took advantage of cash-strapped large polities, financially-decaying aristocracies and fiscally-burdened popular classes to squeeze as much returns as possible from a farming-out venture.[7] Pairing up the revenue farms with a vibrant market for the sale of public offices, Braudel placed the accent on the "progressive dispossession of the state for private gain".[8]

Braudel also considered that financiers and merchant-monopolists best embodied the "betrayal of the bourgeoisie", alluding to the temptation faced by affluent businessmen to retrieve from active investment and risk-taking initiative, taking a new lease in life as rent-seekers and would-be aristocrats. Instead of productive reinvestment they fell for the allure of purchasing land, marrying their daughters to sons of the nobility and purchasing offices in the state administration. As a result, rather than being the transformative source that would shake the foundations of agrarian and dynastic societies underpinned by privilege and absenteeism made possible by ownership of land they fell for its allure.[9]

Focusing on Spain, Braudel's example par excellence of the pernicious effects of government contracts underwritten with wholesale merchants and financiers, I. A. A. Thompson also considered early modern state contracts ill-advised policy. The virtues and vices of government concessions, in this case the Spanish military contracts (*asientos*) from the turn of the sixteenth century to the early decades of the seventeenth, were weighted against those of direct administration. Thompson concluded that recurring outsourcing of military logistics undermined the monarch's authority and weakened the state apparatus in two ways. Firstly, by introducing "a virtual separation between governmental authority and executive control" over the Crown's economic assets and fiscal revenues, and second because the *asiento* entailed "an abrogation of sovereignty" between subject and his sovereign. The monarch became accountable to one or more of his subjects (the principals of the contracting consortium), because the signing of a written agreement imposed a reciprocal set of demands and rights that were legally binding. Thompson went as far as to claim that the contracting solution was "a sort of administrative feudalism, a bureaucratic appanage that interposed the *asentista* like a vassal-in-chief between the prince and his people" and that it was a sign of "financial indigence and administrative failure".[10] Like other authors before him, he too acknowleged the short-term advantages of "public" contracting that made it so attractive to the monarchy. In the end, it came down to financial imperatives. The state needed money, needed it quickly and needed to allocate it as swiftly and at the lower possible effort across long distances. In a nutshell, the contracting system gained traction thanks to

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[7] Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II*, vol. 2 (Berkeley: University of California Press, 1995), 693–97.
[8] Braudel, 2:668.
[9] Braudel, 2:729–34.
[10] I. A. A. Thompson, *War and Government in Habsburg Spain, 1560-1620* (London: Athlone Press, 1976), 257–73.

the financial weakness and administrative lenience of an overblown, inefficient Spanish Empire.[11]

In contrast to Thompson's focus on a specific European power (Spain), Charles Tilly's expansive account of Modern state formation across Western Europe in the course of the last millennium acknowledged the pivotal role played by private enterprises in providing the financial and logistic resources that fuelled the development of the state's apparatus between the fifteenth and the mid to late eighteenth centuries. He saw these three centuries as an age of "brokerage". This stage of development of centralized government had been preceded by an era of "medieval" patrimonialism, defined by the traditional hereditary-patrimonial prerogatives of princes and lords and their political endeavours in the battlefield. On the other end of the spectrum laid a phase of "nationalization". In turn, the phase of "brokerage" marked, according to Tilly, the heyday of entrepreneurs and brokers specialized in providing organizational, supplying and financial solutions to states: the contractors.

Not content in sketching these developmental stages, Tilly also put forward a model explaining how the transitions between these stages came about. The shift from patrimonialism to brokerage and from brokerage to nationalization was triggered by the polities' unprecedented need to amass capital, goods and manpower to sustain an increasingly militarized apparatus. Tilly identified three different approaches to raise the necessary resources to sustain the expansion in military and administrative capacity concomitant with longer and more destructive wars: coercive intensive, capital-intensive and an in-between approach, "capital-coercion", which was in fact the most typical, since the nascent states selected and combined elements of the other two methodologies.[12] Despite its wide scope, as several scholars have pointed out, Tilly's model is rather rigid in some regards.[13] The shift from sovereignty tasks contracted out to private firms to the employment of the state's own bureaus and the respective civil servants was not linear, nor did it follow a fixed timeline. It is now clear that government outsourcing was employed everywhere until much later than what was previously assumed, certainly beyond the conventional benchmarks. Also, as David Parrott has argued and Thompson had already showed for late sixteenth century Spain, the "nationalizing" (to borrow from Tilly's concept) momentum could be reversed and the outsourcing arrangements brought back. In addition to that, Tilly's model fails to acknowledge that centralized apparatus reached the various stages at different times and at their own paces (sometimes even jumping over stages).[14] Furthermore, specific states had their own particular ways to go about "brokerage" or "nationalization", which developed from their own institutions and culture beliefs. These idiosyncrasies, in turn, render the generalizations, usually based on the one or two emblematic cases (generally Britain and France), problematic.[15]

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[11] Thompson, 262.

[12] Charles Tilly, *Coercion, Capital and European States: AD 990 - 1992* (Oxford: Blackwell, 1992).

[13] Jeff Fynn-Paul, Marjolein 't Hart, and Griet Vermeesch, 'Entrepreneurs, Military Supply, and State Formation in the Late Medieval and Early Modern Periods: New Directions', in *War, Entrepreneurs, and the State in Europe and the Mediterranean, 1300-1800*, ed. Jeff Fynn-Paul (Leiden: Brill, 2014), 1–12.

[14] David Parrott, *The Business of War: Military Enterprise and Military Revolution in Early Modern Europe* (Cambridge University Press, 2012), 199; A similar point has been raised regarding the way central apparatuses raised and coordinated the revenues they needed to expand their capabilities. Several authors have rightfully pointed out that the vision of an incremental transition from the so called 'domain state' to 'fiscal state' was teleological, arguing instead that this evolution was not linear, but rather the result of discontinuous series of outcomes. Bartolomé Yun-Casalilla, 'Introduction: The Rise of the Fiscal State in Eurasia from a Global, Comparative and Transnational Perspective', in *The Rise of Fiscal States: A Global History, 1500-1914*, ed. Patrick O'Brien and Bartolomé Yun-Casalilla (Cambridge-New York: Cambridge University Press, 2012), 1–35; Richard Bonney, ed., *The Rise of the Fiscal State in Europe c.1200-1815* (Oxford: Oxford University Press, 1999).

[15] Historians of the Ottoman empire, in particular, have made this point quite forcefully for the past couple of decades. Nadir Özbek, 'Tax Farming in the Nineteenth-Century Ottoman Empire: Institutional Backwardness

The examples above show how historians have long frowned upon the contracts involving delegation of public utility prerogatives or monopolistic concessions awarded by Western European states since the sixteenth century through the 1700s.[16] They were seen as the perfect conduit for rent-seeking, opportunistic and non-enterprising strategies of capital accumulation, and singled out as the consummate non-inclusive political institutions. Tax-farming and monopolies impinged on property rights and were, hence, major coercive tools employed by central governments against tax-payers, consumers and economic actors.[17]

Government contracts have for the past couple of years been analysed in relation to the armed forces and the allocation of resources needed to expand a permanent military apparatus. Although the lion share of state's expenses was devoted to its forts, troops and navy, war tended to be seen as unequivocally detrimental to a country's economy, with the exception of a few rent-seekers and speculators who were able to grow immensely rich from the misery and misfortune of the population. The verdict was clear, aside from the destruction of lives and the exhaustion of resources, wars brought uncertainty and turmoil to the lives of people and to markets.[18] While this view is still shared by many, over the past couple of years several scholars have argued that not only the economic impacts of war were more complex than hitherto argued, but that the input of private businessmen could be economically "virtuous" too. For one, notwithstanding the human toll and the economic turmoil caused in the short-run, war generated business opportunities which could benefit the economy at large. Other than the war profiteers, armed conflict could bring about non-destructive and in the long run more favourable outcomes.[19] For the victors at least, war could spur technological innovations, improvements in administrative organization, and

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or the Emergence of Modern Public Finance?', *Journal of Interdisciplinary History* 49, no. 2 (2018): 219–45; Ariel Salzmann, 'An Ancien Régime Revisited: "Privatization" and Political Economy in the Eighteenth-Century Ottoman Empire', *Politics & Society* 21, no. 4 (December 1993): 393–423; In turn, the distinctive features of the political economy of the Iberian early modern empires, along with the particular constellation of institutions and practices they spawned, have been stressed in Regina Grafe and Alejandra Irigoin, 'A Stakeholder Empire: The Political Economy of Spanish Imperial Rule in America', *Economic History Review* 65, no. 2 (2012): 609–651; John H. Coatsworth, 'Political Economy and Economic Organization', in *The Cambridge Economic History of Latin America*, ed. Victor Bulmer-Thomas, John H. Coatsworth, and Roberto Cortés-Conde (Cambridge: Cambridge University Press, 2005), 235–74; Francisco Bethencourt, 'Political Configurations and Local Powers', in *Portuguese Oceanic Expansion, 1400-1800*, ed. Francisco Bethencourt and Diogo Ramada Curto (Cambridge: Cambridge University Press, 2007), 197–254.

[16] As Grafe and Irigoin recalled for the case of seventeenth century England, "The Stuarts employed high levels of coercion not just in the form of tax-farmers but, more importantly through forced loans, monopolies, and similar measures which carried high enforcement costs and reduced compliance. Because the ruler's power to coerce, or in the preferred terminology of political economy, predate, was unconstrained, the ruler turned into the main threat to economic activity"; Grafe and Irigoin, 'Bounded Leviathan', 203.

[17] Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (Crown Publishing Group, 2012), 187–90, 221, 396–97.

[18] For a more sceptical view on the thesis of the creative power of inter-state warfare in the early modern period, Peer H. Vries, 'Governing Growth: A Comparative Analysis of the Role of the State in the Rise of the West', *Journal of World History* 13, no. 1 (Spring 2002): 67–138; Yun Casalilla, on the other hand, warns against extrapolating too much from the Dutch and English cases as far as economic spin-offs from war were concerned. He argues that the correlation between international armed conflict, the fiscal and institutional reforms needed to sustain war, and economic growth was not uniform, varying from country to country. Yun-Casalilla, 'Introduction: The Rise of the Fiscal State in Eurasia from a Global, Comparative and Transnational Perspective', 17.

[19] This has been argued in the field of global history in: Philip T. Hoffman, 'Why Was It Europeans Who Conquered the World?', *The Journal of Economic History* 72, no. 3 (August 2012): 601–33; The notion that international warfare, especially in the competitive 'European state system', was a catalyst for economic and political development, chief among which the consolidation of centralized states, was always at the core of the literature on the Fiscal Military state. See, for instance: Jan Glete, 'Warfare, Entrepreneurship, and the Fiscal-Military State', in *European Warfare, 1350-1750*, ed. Frank Tallett and D. J. B. Trim (Cambridge: Cambridge University Press, 2010), 300–321; Jan Glete, *War and the State in Early Modern Europe: Spain, the Dutch Republic and Sweden as Fiscal-Military States, 1500-1660* (London-New York: Routledge, 2002).

could even have a positive impact on the labour market, by creating new jobs in the ancillary sectors of the war-effort. Secondly, aside from an exclusive retinue of rent-seekers, there was a myriad of private enterprises who were involved in the organization and expansion of the war machine.[20] Thirdly, although wars were often fought to further the dynastic ambitions of rulers, they were also be motivated by the desire to protect the property rights of their subjects' (for instance, from seaborne attacks against ships and cargos in transit in deep sea waters) and to expand their economic opportunities (for example, by gaining access to new markets or production outlets, both in Europe or overseas).[21]

If the impact of armed conflict in economic growth has been reappraised as of late, so too has the role of provisioning contracts underwritten with private businessmen. This new scholarship coined a new banner concept (the "contractor state") and has put forward a fresh research agenda. Rather than focusing on the central power's coercive "sticks" or obsessing about "nationalization" of tax-collection and other administrative operations, scholars have now started paying more attention to the "carrots" of mutual economic gain, portraying public-private partnerships not as symptoms of devolved authority, but as pragmatic, logical solutions for the state's executive shortcomings. By partnering with certain economic groups on terms considered mutually beneficial, central powers could actually strengthen their operational capacity.[22]

This new scholarship, spearheaded by the work of Roger Knight and Martin Wilcox on the British navy victualling board during the Napoleonic wars, drew attention to the pivotal role of negotiation and cooperation between state and the "market". Their work stressed the ability to co-opt merchants, financers and industrialists to bear on the hardships of administration, and ensure a more efficient allocation of resources to the war machine.[23] These authors are in agreement with David Parrott, who unequivocally demonstrated that the input of the private sector made it possible for states to push their military efforts for much longer and with a level of organization finesse that would have been unattainable had it relied solely on its administrative agencies and salaried personnel. At the same time, the reliance on private entrepreneurs for military purposes in no way curtailed the state's centralization momentum, quite the opposite.[24] The "military entrepreneur", a concept that Parrott put forward and which a recent edited volume by Jeffrey Fynn-Paul has fleshed out further, came to personify the dynamic accommodation of private business interests with the service to the ruler. From the late middle ages and all through the early modern period, military entrepreneurs proved instrumental in the wagging of war, either by forwarding capital to certain locations at specific moments, by supplying victuals, ammunitions, equipment and foodstuffs, or by engaging in all these activities in a short span of time.[25]

The revisionist agenda, spearheaded by the so called 'Contractor State Group', has turned the tables of the debate, arguing that the most successful states were no longer those that could do without victual and equipment-suppliers or paymasters or, in 'Tillyan' terms,

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[20] Rafael Torres-Sánchez, Pepijn Brandon, and Marjolein 't Hart, 'War and Economy. Rediscovering the Eighteenth-Century Military Entrepreneur', *Business History* 60, no. 1 (2018): 5, 8.

[21] Patrick K. O'Brien, 'The Nature and Historical Evolution of an Exceptional Fiscal State and Its Possible Significance for the Precocious Commercialization and Industrialization of the British Economy from Cromwell to Nelson', *The Economic History Review* 64, no. 2 (2011): 408–46; Glete, 'Warfare, Entrepreneurship, and the Fiscal-Military State'; David Ormrod, *The Rise of Commercial Empires: England and the Netherlands in the Age of Mercantilism, 1650-1770* (Cambridge: Cambridge University Press, 2003); Michael N. Pearson, 'Merchants and States', in *The Political Economy of Merchant Empires. State Power and World Trade. 1350-1750*, ed. James D. Tracy (Cambridge, New York: Cambridge University Press, 1991), 41–116.

[22] H. V. Bowen, 'The Contractor State, c. 1650–1815', *International Journal of Maritime History* 25, no. 1 (2013): 239–274.

[23] Roger Knight and Martin Howard Wilcox, *Sustaining the Fleet, 1793-1815: War, the British Navy and the Contractor State* (Woodbridge: Boydell & Brewer, 2010).

[24] Parrott, *The Business of War*.

[25] Jeff Fynn-Paul, *War, Entrepreneurs, and the State in Europe and the Mediterranean, 1300-1800* (Leiden: Brill, 2014).

those who made a swifter transition from "brokerage" to "nationalization". As it became clear that central polities relied on contracts well beyond the Age of Revolutions, the notion of what defined a forward-looking fiscal-military state between 1500 and 1800 has changed. Efficient governments were not those who could dispense with the "market" for administrative purposes and took such matters solely into their hands, but rather those who could better tap into private capital, agricultural and industrial output, as well as logistics.

Despite proposing a new interpretative agenda, the "Contractor-State" movement is only in its infancy. Some noteworthy exceptions aside, this stream of scholarship has centred its attention mainly on the eighteenth century and almost strictly on partnering efforts involving the military and naval sectors. These included the provisioning of ammunitions and firearms, shipbuilding and repairing, victualing, the making of uniforms and payment of troops. Contracting in earlier centuries, in other areas of the governance and beyond continental theatres of war remains, for the most part, uncharted territory.[26] As a result, scholars have not paid enough attention to the origins of the system, which stretch back to the Middle Ages, nor tho the fact that it extended beyond the procurement of resources for war, into other sectors of the state administration, such as the collection of taxes and the logistics of overseas exploitation.

A revision of the contractual interactions between polities and business-oriented actors should also include revenue-farming, given that, similarly to the historiographic turn on military contracts, they are now seen in a much more positive light by the scholarship. For instance, historical research has nuanced many of the negative assumptions about tax-farming, making a strong and empirically grounded case for its in use in pre-industrial, *Ancien Régime* polities. Scholars have thrown light on the rationale for opting for this technology of collection over the direct-bureaucratic approach we almost take for granted today. To a large extent, tax-farming stemmed from the fragmented and heterogeneous nature of those fiscal systems, the high costs of monitoring the performance of salaried treasury officials (due to their lack of technical proficiency and untrustworthiness), and the information asymmetries regarding the taxable output of a certain region or economic sector (especially in the case of indirect taxes).[27] As highlighted above, before such scattered-brained fiscal landscapes, scholars showed how the ruling powers were able to devise forms of revenue-farming that

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[26] Some noteworthy exceptions are: Ivan Valdez-Bubnov, 'Shipbuilding Administration under the Spanish Habsburg and Bourbon Regimes (1590–1834): A Comparative Perspective', *Business History* 60, no. 1 (2018): 105–25; Helen Julia Paul, 'Suppliers to the Royal African Company and the Royal Navy in the Early Eighteenth Century', ed. Jeff Fynn-Paul (Leiden, Boston: Brill, 2014), 131–50; Aaron Graham, 'Public Service and Private Profit: British Fiscal-Military Entrepreneurship Overseas, 1707-1712', in *War, Entrepreneurs, and the State in Europe and the Mediterranean, 1300-1800*, ed. Jeff Fynn-Paul (Leiden, Boston: Brill, 2014), 87–110; H. V. Bowen, 'Sinews of Trade and Empire: The Supply of Commodity Exports to the East India Company during the Late Eighteenth Century', *The Economic History Review* 55, no. 3 (1 August 2002): 466–86.

[27] The outsourcing of revenue collection to private actors paid dividends (for the state) across very different tax systems. Tax-farming's popularity among rulers owed a lot to its adaptability of tax-farming to very different social-economic and political contexts, which enabled these contracts to take on many different forms. These leases ranged from concentrated-centralized (i.e. underwritten at the court of or at the administrative centre, involving the lease of a great number of taxes and fiscal rights as a package) to decentralized-fragmented (i.e. specific taxes underwritten at peripheral fiscal agencies); from competitively adjudicated to a monopsonistic cartel, to lengthy to short-term, and all possible combinations in between. This is one of the reasons why a crude dichotomy between direct administration and devolution of 'public' functions often obfuscates more than it clarifies. For an overview on the myriad ways tax-farming was employed, its rationale and the benefits it brought to sovereigns across Eurasia, see: Özbek, 'Tax Farming in the Nineteenth-Century Ottoman Empire'; Johnson and Koyama, 'Tax Farming and the Origins of State Capacity'; Noel D. Johnson, 'Banking on the King: The Evolution of the Royal Revenue Farms in Old Regime France', *The Journal of Economic History* 66, no. 4 (December 2006): 963–91; White, 'From Privatized to Government-Administered Tax Collection'; Marjolein C. 't Hart, *The Making of a Bourgeois State: War, Politics and Finance During the Dutch Revolt* (Manchester-New York: Manchester University Press, 1993), 193.

were not only not at odds with the efforts to centralize the tax system, and even ensured more secure property rights in government borrowing.[28]

Analysing Portugal's reliance on contractors during the transition from the sixteenth to the seventeenth century and to the first half of the 1600s, allows for the analytical scope of the contractor state to be enlarged. This dissertation will do so by asking the following question: To what extent and to what ends were contracts underwritten by the Crown and business entrepreneurs, and how dependent was the financing, exploitation and defence of the prized overseas ventures on the input of contractors?

Government Contracts in Portugal and the Empire

In a forum published by the International Journal of Maritime History in June of 2013, which provided a state of the art and offered a retrospective look at the first years of the Contractor-State model, Roger Knight and Martin Wilcox, pioneers of the historiographical turn that rehabilitated government contracting, acknowledged the specificity of the Portuguese Contractor State. In their words:

"If […] contractor and fiscal-military states co-exist 'in the manner of a Siamese twin,' this seems to imply that the concept is limited to the military realm. Yet as the essay from Portugal points out [they are referring to the essay of Ana Cristina Moreira *et al* in that same forum], the contractor state had a civilian dimension as well".[29]

This quote addresses a salient feature of the Portuguese empire which makes it a relevant case study for a more complete understanding on the input of the 'private sector in the functioning of early modern states. The feature in question is the overseas and fiscal component, the latter corresponding to the "civil" dimension referenced by Wilcox and Knight. In Portugal, as elsewhere, the government contract was the prime means for aligning royal and private enterprise in a theoretically symbiotic fashion. And yet, despite various invaluable studies on specific partnerships over the years, and the widespread acknowledgement that contracts were at the core of the Portuguese merchant elite's business portfolios, Portugal remains, with one notorious exception, side-lined in the scholarship on the 'contractor state'[30] This omission is particularly striking given that this administrative solution was extensively used in the Lusitanian world from the early days of overseas expansion, in the fifteenth century, until well into the modern period.[31] By exploring Portugal, not merely as a Southwestern European contractor state, but as an early modern 'contractor-empire', in the sense that colonial public private partnerships were recurrently used for the exploitation and management of the overseas offshoots, it becomes clear how the 'contractor state' reached far beyond Europe's battlefields and the continent's adjacent sea-lanes. In Portugal and its multi-continental empire, private contractors were extensively

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[28] Johnson, 'Banking on the King'.
[29] Bowen, 'The Contractor State, c. 1650–1815'.
[30] That exception being the work of Maria Cristina Moreira. Maria Cristina Moreira, Margarida Vaz do Rego Machado, and José Manuel Lopes Cordeiro, 'Forum. The Contractor State, c. 1650-1815. The Portuguese Empire (1760-1815) The Contractor State in Peace and Wartime', ed. H. V. Bowen, *International Journal of Maritime History* XXV, no. 1 (June 2013): 265–70; Maria Cristina Moreira and Jari Eloranta, 'Contracts and the Role of the State. Portuguese Military Provisions Supply System in the Early Nineteenth Century', in *The Contractor State and Its Implications, 1559-1815* (Las Palmas de Gran Canaria: Universidad de Las Palmas de Gran Canaria, 2012), 193–215.
[31] Maria Filomena Mónica, 'Negócios e Política: Os Tabacos (1800-1890)', *Análise Social* 116–117 (1992): 461–79.

employed to allocate material and financial resources across continents and were instrumental in the logistics of defending the Crown's coastal trading nodes, as well as territorial holdings in the Atlantic and the Indian Oceans. Furthermore, the lucrative fiscal revenues and marketable commodities provided by overseas enterprise were often used to service the credit and military provisioning contracts underwritten by the state apparatus.

The proliferation of these colonial contracts cannot be dissociated from the fact that the yields brought by the empire were, by and large, the main source of public wealth in Portugal. The streams of income generated by maritime and territorial overseas expansion endowed the monarchy with a litany of fiscal resources and lucrative commercial assets, many of which fell under the royal domain.[32] Because the overseas holdings contributed so greatly to the royal purse,[33] the Crown was, for the most part,[34] not confronted with the daunting task of appropriating as much revenue as possible from the domestic tax-payer, while trying to keep the political costs to a minimum. Going back to the sixteenth century 'pepper empire', all through the golden age of the Brazilian mineral (gold and diamonds) and tobacco cycles of the eighteenth century, the Crown was, overall, unwilling to and uninterested to devise the sort of fiscal innovations that allowed other European countries to develop into full-blown 'fiscal states'. Instead, pioneering overseas expansion was an incentive for the

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[32] The comparison to Spain is, in this regard, instructive. In Portugal, like in neighbouring Spain, trade with the overseas dependencies played a significant role in the economy and royal finances. But in Spain, the royal purse still derived a large share of its revenue from taxing the more urbanized domestic economy, meaning that the Crown was required to bargain for fiscal funds with the body politic, especially with its Castilian subjects. Yun-Casalilla, 'Introduction: The Rise of the Fiscal State in Eurasia from a Global, Comparative and Transnational Perspective', 4–5; However, what truly distinguished Portugal from Spain and other Western European polities was the Crown's "entrepreneurial attitude toward business opportunities and wealth accumulation" in the colonial sphere. This mind-set led the Portuguese kings to claim many of the riches of overseas commerce as their patrimonial monopoly. As Macedo, Silva and Sousa recall: "It was the monopoly assumed by the Crown over some trades and goods rather than the importance of taxes on overseas trade [which was significant in the Portuguese case] that set the Portuguese fiscal system apart from other European cases". Jorge Braga de Macedo, Álvaro Ferreira da Silva, and Rita Martins de Sousa, 'War, Taxes, and Gold: The Inheritance of the Real', in *Transferring Wealth and Power from the Old to the New World. Monetary and Fiscal Institutions in the 17th through the 19th Centuries*, ed. Michael D. Bordo and Roberto Cortés-Conde (Cambridge: Cambridge University Press, 2001), 187–228.

[33] Not only the state, though. Although many (but by no means all) of the most lucrative overseas assets were part of the king's domain, the economy at large also reaped the benefits of centuries of overseas trade and colonization. Recent studies have shown that, conjectural fluctuations aside, throughout the early modern period the Portugal's per capita growth increased consistently between 1630 and 1750, and only started to diverge from Europe's leading economies in the second half of the eighteenth century. According to the latest calculations, the empire added nearly 20% per capita income in the kingdom. Nuno Palma and Jaime Reis, 'From Convergence to Divergence: Portuguese Economic Growth, 1527–1850', *The Journal of Economic History* 79, no. 2 (June 2019): 477–506; Leonor Freire Costa, Nuno Palma, and Jaime Reis, 'The Great Escape? The Contribution of the Empire to Portugal's Economic Growth, 1500–1800', *European Review of Economic History* 19, no. 1 (2015): 1–22.

[34] One of the emergency periods when the Portuguese Crown was forced to push the existing fiscal constitution to the limit was precisely the chronology of this dissertation, and equally the following twenty-eight years of war against Dutch overseas trading companies and Spain. Peace with Spain was only reached in 1668. Together with attempts to revoke some of the aristocracy's political entitlements, the imposition of tax hikes and the introduction of new impositions aimed at sustaining the expenses with the defence of the empire lead to the expulsion of the Habsburgs from the Portuguese throne in 1640. These political developments showcased, not only the limits of the fiscal status quo in times of military and financial emergency, but also the jurisdictionally fragmented nature of power. In addition to that, it became clear that the traditional elites with whom the shared power remained a force to be reckoned with. The changes that were introduced by the Braganza after 1640 were inevitably the outcome of negotiations with the body politic and the acquiescence of the monarchy's powerful stakeholders. Leonor Freire Costa, 'Fiscal Innovations in Early Modern States: Which War Did Really Matter in the Portuguese Case?', *GHES, Gabinete de História Económica e Social* Working Paper no. 40 (2009): 36; António Manuel Hespanha, 'Os Poderes Do Centro. A Fazenda', in *História de Portugal. O Antigo Regime (1620-1807)*, ed. António Manuel Hespanha, vol. 4 (Lisbon: Editorial Estampa, 1998), 181–213.

patrimonial and rentier features to linger on.[35] Empire building thus worked as a deterrent to a comprehensive fiscal reform that could have lead, in the long run, to the standardization and centralization of the tax system and to the royal exchequer penetrating deep into Portuguese society.[36]

Generally speaking, in early modern Portugal an *assento* or *contrato* was an agreement underwritten by two parties, the Crown and a principal (or a consortium of investors), through which the latter performed an administrative operation on behalf of the former. To flesh out the concept's different meanings and permutations, the Portuguese case benefits from a comparison with Spanish government borrowing and its fiscal system, with which it shares many similarities, but also some notable differences.

In his monumental study published in the early 1900s, on the juridical and diplomatic aspects of the Spanish Slave *asiento (*the *asiento the negros*), Georges Scelle defined the concept of *asiento* as: "a term of Spanish Public law which designates every contract made for the purpose of public utility, for the administration of a public service between the Spanish Government and private individuals: the administration of a tax, an enterprise of colonization, of public works, of recruiting the militia, of providing manual labour or materials was done by *Assiento*".[37] Under this deep-rooted "system of mixed government and private enterprise"[38] an array of royal exclusive prerogatives and monopolies were farmed out, including the licensing of colonial trades, the management of customs and fiscal agencies in Europe and overseas, the material supplying and victualing of garrisons, shipbuilding and outfitting of fleets, as well as the procurement and allocation of funds for international payments.[39] More than a century after Scelle put forward his classic definition, Drelichman and Voth reminded that the Spanish *asientos* `were used for a variety of purposes, including lending, transferring money, farming out tax-revenues and chartering monopolies. A single contract would often involve two or more of these transaction types; the lending and transferring combination was particularly widespread".[40]

The question is then, whether the Spanish term *asiento* meant the same as the Portuguese *contratos* or *assentos,* the latter being a direct translation of the Spanish term. The answer to this question is, not exactly. In Portugal, the term was less specific and was more broadly used than elsewhere in Iberia. Historians of Spain's fiscal system normally tend to reserve the term *asiento* for short-term sovereign credit contracts. The most politically

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[35] In this case rentier means that the bulk of the state revenues did not came from the penetration of a fiscal apparatus deep into the heartland of the country, but from the yields of overseas expansion in the form of monopolies over overseas goods and trade routes. The taxation of the country's external trade was also a part of this equation, since the flow of goods in and out of the kingdom was to a large extent fuelled by the re-export of colonial goods to consumption markets abroad and imports to the overseas dependencies. This dissertation will demonstrate, particularly in chapter 5, that these were not purely extractivist, risk-exempt and on all cases profitable enterprises, as the term 'rentier' might indicate. During the period under study, in particular, they required complex logistics, information, sizeable investment, and managerial ability to be profitably exploited.

[36] Maria Eugénia Mata, 'From Pioneer Mercantile State to Ordinary Fiscal State: Portugal, 1498-1914', in *The Rise of Fiscal States: A Global History, 1500-1914*, ed. Patrick O'Brien and Bartolomé Yun-Casalilla (Cambridge-New York: Cambridge University Press, 2012), 215–32; Jorge Pedreira, 'Costs and Financial Trends in the Portuguese Empire, 1415-1822', in *Portuguese Oceanic Expansion, 1400-1800*, ed. Francisco Bethencourt and Diogo Ramada Curto (Cambridge-New York: Cambridge University Press, 2007), 49–87.

[37] Georges Scelle, 'The Slave Trade in the Spanish Colonies of America: The Assiento', *The American Journal of International Law* 4, no. 3 (1910): 614–15; Georges Scelle, *La traite négrière aux Indes de Castille, contrats et traités d'assiento;* (Paris: L. Larose & L. Tenin, 1906), 24.

[38] Barbara H. Stein and Stanley J. Stein, *Edge of Crisis: War and Trade in the Spanish Atlantic, 1789–1808* (Baltimore, Md: The John Hopkins University Press, 2010), 169.

[39] Coatsworth, 'Political Economy and Economic Organization', 243–44.

[40] Mauricio Drelichman and Hans-Joachim Voth, *Lending to the Borrower from Hell: Debt, Taxes, and Default in the Age of Philip II* (Princeton, Oxford: Princeton University Press, 2014), 100–101.

sensitive and challenging were the *asientos de las provisiones generales*. These were a complex form of government borrowing that entailed, on the one hand, a short-term provision of credit, a remittance of funds from one place to another, and currency exchange whenever the destination of the transaction was outside Castile. Spain's Council of the Exchequer (*Consejo de Hacienda)* calculated the Crown's aggregated expenses for the year ahead and estimated how much it needed to borrow to meet the needs of the royal treasuries during a calendar year. Instead of borrowing from a myriad of lenders, the general provisions were normally negotiated with a reduced number of bankers, an elite of financiers who had a proven track-record of being able to advance and allocate the large amounts of funds needed by the Crown.[41]

Scholars have distinguished these financial public-private partnerships on several grounds: the value of the principal, the destination of the funds (domestic or foreign), the involvement of currency exchanges or the inclusion of bullion in the repayments. Following these criteria, different subtypes of government contracts appear. For instance, the general provisions differed from other incidental, extraordinary or simply less sizeable loans meant to bridge cash flow gaps and offset smaller and/or short-term expenses.[42] The term *asiento* was also used for the commandeering of raw materials and of finished products (army and naval stores) and for the deployment of funds to pay the armed forces. Unlike the monetary government contracts aimed at bankrolling Spain's involvement in the chief international conflicts of the day, this other type of *asientos* was used to provision specific garrisons or naval stations located not only, but mainly within the Peninsula.[43] Excluded from this definition of *asiento* is tax-farming. Notwithstanding the fact that leaseholders of royal revenue streams and of the king's patrimonial monopolies were also supplying the state with funds through lump-sums, and that these farms were related to the provisioning contracts in more than one regard, these *arrendamientos* (*arrendamentos* in Portuguese) tend to be considered as something different than *asiento*. An altogether similar comparison can be made with France's royal finances during the *Ancien Regime*, where state loans, military provisioning concessions and tax-farming were distinguishable, as were the profiles of the investors who underwrote these government concessions.[44]

The distinction between revenue-farms and short-term loans and between the myriad types of credit arrangements is not particularly adequate to analyse the Portuguese case. These operations, all of which relied on the input of private capital and organization, were designated as government contracts: *assentos* or *contratos*. The institutional primary sources often employed the term *assento* for contracts that dealt with the advancement of funds to the royal treasury or the amassing of some designated commodities and equipment for the state machinery, while c*ontrato* tended to refer to revenue collection. This was not, however, a fixed rule, as *assento* at times appears in the very same sources referring to tax and monopoly farming. Furthermore, the term *assento* appears less and less frequently in the primary sources as the seventeenth century drew to a close and the influence of Spanish fiscal models on the

[41] Carmen Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640* (Madrid: Marcial Pons Historia, 2013), 24; James C. Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650* (New Brunswick, New Jersey: Rutgers University Press, 1985), 1–2, 217–18; Miguel Artola, *La Hacienda Del Antiguo Régimen* (Madrid: Alianza/Banco de España, 1982), 18–19, 67–69.

[42] Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*, 27.

[43] Carmen Sanz Ayán, *Los Banqueros de Carlos II* (Valladolid: Universidad de Valladolid. Secretariado de Publicaciones, 1998), 89–93; Thompson, *War and Government in Habsburg Spain, 1560-1620*, 256–73. Among the locations abroad were Flanders, Italy and central Europe, as well as Castile's outposts in Northern Africa.

[44] Guy Rowlands, *Dangerous and Dishonest Men: The International Bankers of Louis XIV's France* (Springer, 2014); Françoise Bayard, *Le Monde des Financiers au XVIIe siècle* (Paris: Flammarion, 1988).

Portuguese treasury waned.[45] By the 1700s, *contrato* had become the term used to describe public-private partnerships and forms of short-term credit to the Crown.[46]

The specificity of Portugal's case, where government contracts took on an array of forms and do not fit a clear-cut typology, has lead me to adopt an all-encompassing definition of *contrato* that is different from its Spanish and French counterparts. Although Portuguese government contracts can be defined, divided and grouped according to several criteria, in this dissertation I adopt a broad two-fold typology that distinguishes between what I have designated as "contracts of revenue" and "contracts of expenditure/provisioning".

Contracts of revenue entailed the temporary, and therefore reversible, transfer of the right to collect specific taxes or to operate and exploit the king's patrimonial monopolies by the State to a private party. Those who were awarded these contracts secured exclusive prerogatives to trade in colonial commodities and to access coveted routes and markets overseas.[47] On the other hand, the contracts of expenditure/provisioning involved executive operations otherwise performed by the Crown, including the disbursement of funds, victuals, equipment, labour in different locations of the kingdom and in the overseas offshoots. Although the reciprocal rights and obligations differed between these two types of contracts - in tax-farming the leaseholder paid the royal treasury for the opportunity to exploit the state's fiscal assets, whereas in provisioning it was the Crown that remunerated the contractor for the services he provided - this dichotomy was never quite so clear cut in practice. Two reasons explain why this was the case. In the first place, it was typical of the modus operandi of the merchant-banking elite to spread risk across different investments. They pursued commercial and financial ventures (wholesale trade, private loans, collection of landed rents for the nobility) in the private sector, while also doing business with the state.[48] Contractors did not limit their dealings with the state to one particular public-private partnership, such as the farming of a particular tax or exploitation of a given monopoly, or the supplies of funds, raw materials and equipment to a specific garrison or government store. Instead, risks could be mitigated by securing royal contracts involving a wide range of operations and by not specializing in one particular service.[49]

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[45] On the influence of Castillan models of administration and public finance in Habsburg Portugal, Peter Thomas Rooney, 'Habsburg Fiscal Policies in Portugal. 1580-1640', *The Journal of European Economic History* 23, no. 3 (1994): 545–62; Sanjay Subrahmanyam and Luís Filipe Thomaz, 'Evolution of Empire: The Portuguese in the Indian Ocean during the Sixteenth Century', in *The Political Economy of Merchant Empires. State Power and World Trade. 1350-1750*, ed. James D. Tracy (Cambridge: Cambridge University Press, 1991), 298–331; António Manuel Hespanha, 'O Governo dos Áustrias e a "Modernização" da Constituição Política Portuguesa.', *Penélope: revista de história e ciências sociais*, no. 2 (1989): 49–74.

[46] Jorge Pedreira, 'Os Homens de Negócio Da Praça de Lisboa, de Pombal Ao Vintismo (1755-1822): Diferenciação, Reprodução e Identificação de Um Grupo Social' (Unpublished PhD Dissertation, Lisbon, Universidade Nova de Lisboa, 1995), 65.

[47] As confirmed by a string of recent studies on eighteenth century revenue farmers; J. Bohorquez and Maximiliano Menz, 'State Contractors and Global Brokers: The Itinerary of Two Lisbon Merchants and the Transatlantic Slave Trade during the Eighteenth Century', *Itinerario* 42, no. 3 (December 2018): 403–29; João Paulo Salvado, 'The Rise and Fall of a Lisbon Family Business, 1710–1773: The Case of the House of Torres', *Itinerario* 43, no. 1 (April 2019): 146–72; Thiago Alves Dias, 'O negócio do pau-brasil, a sociedade mercantil Purry, Mellish and Devisme e o mercado global de corantes: escalas mercantis, instituições e agentes ultramarinos no século XVIII', *Revista de História*, no. 177 (3 May 2018): 01.

[48] To contain the risks surrounding large commercial investments, especially in a period defined by slow communications, "imperfect" markets and the lack of international regulatory instances, merchants preferred not to specialize in a particular trade and line of business. This point is made, for instance, in Nuala Zahedieh, *The Capital and the Colonies: London and the Atlantic Economy 1660-1700* (Cambridge; New York: Cambridge University Press, 2010); Milja van Tielhof, *The 'Mother of All Trades': The Baltic Grain Trade in Amsterdam from the Late 16th to the Early 19th Century* (Leiden-Boston: Brill, 2002); Richard Grassby, 'English Merchant Capitalism in the Late Seventeenth Century. The Composition of Business Fortunes', *Past & Present* 46, no. 1 (1 February 1970): 87–107.

[49] Gordon Bannerman, 'The Impact of War: New Business Networks and Small-Scale Contractors in Britain, 1739–1770', *Business History* 60, no. 1 (2 January 2018): 23–40.

In the second place, the Crown consciously structured the whole edifice of government borrowing in a way that makes it hard to disentangle the two types of contracts and pin-point where expenditure-related concessions ended and revenue-raising partnerships began. The two types of partnerships could not help but be linked, given that supplying contractors were paid from the lump sums generated by revenue leases and not from the yields that the state collected. It was not infrequent for the Crown to use the prospects of a tax or monopoly-farm to persuade merchant-bankers to provide specific services, credit or commodities. A royal farm served simultaneously as collateral for the contract and for repayment. Instead of receiving funds from tax receipts levied by a fellow tax-farmer, a supplying-expenditure contractor was allowed to collect the means of repayment himself, without the intervention of a third party. Contracts became thus means to redeem the state's outstanding debts to lenders and suppliers. Unable to clear floating public debt directly, the government granted the contractor the opportunity to obtain payment through potentially lucrative revenue-farms.[50]

The large number of public-private partnerships involving the kingdom and its overseas offshoots makes it impossible for this dissertation to delve deep into every single contract. Therefore, in order to give an idea of the broad scope and diversity of the Portuguese Contractor Empire, choices had to be made.[51] The focus is placed on the

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[50] Rafael Torres Sánchez, 'In the Shadow of Power: Monopolist Entrepreneurs, the State and Spanish Military Victualing in the Eighteenth Century', in *War, Entrepreneurs, and the State in Europe and the Mediterranean, 1300-1800*, ed. Jeff Fynn-Paul (Leiden-Boston: Brill, 2014), 279.

[51] Despite the lack of a bird's-eye study on the Portuguese contracting system, there are several sectorial contributions, each focusing on a specific colonial contract. As this list shows, the public private partnerships involving the Portuguese slaving offshoots on the Western African coast have sparked the most interest among historians. More recently, the lease contract of the tobacco monopoly, which only rose to prominence after the period covered in this dissertation, has also been studied in some detail. João Paulo Salvado, 'O Estanco Do Tabaco Em Portugal: Contrato Geral e Consórcios Mercantis (1702-1755)', in *Política y Hacienda Del Tabaco En Los Imperios Ibericos (Siglos XVII-XIX)*, ed. Santiago de Luxán Meléndez (Madrid: Centro de Estudios Políticos y Constitucionales, 2014), 133–53; Margarida Vaz do Rego Machado, 'Contratos e Contratadores Régios: Açores. Segunda Metade Do Século XVIII', *Arquipélago-História (2ª Série)*, no. 8 (2004): 37–46; Miguel Geraldes Rodrigues, 'Between West Africa and America. The Angolan Slave Trade in the Portuguese and Spanish Atlantic Empires (1560-1641)' (Unpublished PhD Dissertation, Firenze, European University Institute, Department of History and Civilization, 2019); Filipa Ribeiro da Silva, *Dutch and Portuguese in Western Africa: Empires, Merchants and the Atlantic System, 1580-1674* (Leiden-Boston: Brill, 2011); Maria Manuel Ferraz Torrão, 'Rotas Comerciais, Agentes Económicos, Meios de Pagamento', in *História Geral de Cabo Verde*, ed. Maria Emília Madeira Santos, vol. 2 (Lisbon; Praia: Instituto de Investigação Científica Tropical and Instituto Nacional de Cultura de Cabo Verde, 1995), 17–124; Zelinda Cohen, 'Subsídios Para a História Geral de Cabo Verde: Os Contratos de Arrendamento Para a Cobrança de Rendas e Direitos Reais Das Ilhas de Cabo Verde (1501-1560)', *Stvdia*, no. 53 (1994): 317–64; Walter Rodney, 'Portuguese Attempts at Monopoly on the Upper Guinea Coast, 1580–1650', *The Journal of African History* 6, no. 3 (November 1965): 307–22; José Gonçalves Salvador, *Os Magnatas Do Tráfico Negreiro* (São Paulo: Pioneira-Edusp, 1981); Leonor Freire Costa, 'Portuguese Resilience in Global War: Military Motivation and Institutional Adaptation in the Sixteenth and Seventeenth-Century Cape Route', in *A Global History of Trade and Conflict since 1500*, ed. L. Coppolaro and F. McKenzie (Basingstoke: Palgrave Macmillan, 2013), 38–60; Leonor Freire Costa, *Naus e galeões na ribeira de Lisboa: a construção naval no século XVI para a Rota do Cabo* (Cascais: Patrimonia Historica, 1997); Stefan Halikowski Smith, '"Profits Sprout like Tropical Plants": A Fresh Look at What Went Wrong with the Eurasian Spice Trade c. 1550–1800', *Journal of Global History* 3, no. 3 (November 2008): 389–418; James C. Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640* (Baltimore, Md: John Hopkins University Press, 2008); Vitorino Magalhães Godinho, *Os Descobrimentos e a Economia Mundial*, 2nd ed., vol. 3, 4 vols (Lisbon: Editorial Presença, 1983); Leonor Freire Costa, 'State Monopoly or Corporate Business: Warfare in Early-Modern Europe', *Journal of European Economic History* 38 (2009): 219–61; Leonor Freire Costa, 'Tax Farming and Uncertainty: Making Profits from War', in *Growing in the Shadow of an Empire: How Spanish Colonialism Affected Economic Development in Europe and in the World (16th-18th Centuries*, ed. Giuseppe De Luca and Gaetano Sabatini (Milan: Franco Angeli, 2012), 43–58; Frédéric Mauro, *Portugal, o Brasil e o Atlântico, 1570-1670*, vol. 1 (Lisbon: Editorial Estampa, 1997); Myriam Ellis, 'O Monopólio Do Sal No Estado Do Brasil. 1631-1801: Contribuição Ao Estudo Do Monopólio Comercial Português No Brasil, Durante o Período Colonial' (Unpublished PhD Dissertation, São Paulo, Universidade de São Paulo, Faculdade de Filosofia, Ciências e Letras, 1955).

contracts negotiated, ratified and monitored by the central government apparatus in the Iberian Peninsula during the period of the Union of the Crowns (1580-1640). Among the institutions with decision making power over the public-private partnerships were those based in the Portuguese capital, like the Council of the Exchequer (*Conselho da Fazenda*) and the realm's viceroys and governors, but also high-courts and bureaus based at the Spanish court, such as the Council of Portugal and a series of had-hoc committees (*juntas*). The contracts analysed in this dissertation were, therefore, those that the political center deemed either financially significant and/or politically sensitive. In turn, choosing this sample meant that the various contracts adjudicated in different parts of the empire, in the overseas dependencies themselves, are excluded from this dissertation.[52] The same can be said for the government concessions ratified in Portugal or at the court in Madrid that pertained to the domestic revenue streams located within the realm. These included, for instance, the salt tax-farm, the lease of the royal fisheries along the southern coast of the country, or the right to collect tariffs at the kingdom's landed and coastal customs.

So far, I have only addressed one of the parties involved in the public-private partnerships, the state, and the institutional figure it created in order to involve private interests laying outside the royal apparatus in governance tasks. The following section will address the role played by the businessmen who negotiated with and secured contracts from the Portuguese Crown.

Agents, Organization of Private Enterprise and Networks

For the past few decades, the scholarship has emphasised the role of individuals' ingenuity and informal collective organization in the shaping of early modern European overseas empires. As a result, it has become fashionable to see those inter-oceanic enterprises not as national and centralized-bureaucratic constructs, but as a patchwork of self-organized networks that cut across national and political allegiances, as well as the boundaries of ethnicity and religion.[53]

Notwithstanding a long and illustrious tradition of studies on merchant networks operating in European port-cities, these new accounts tend to put the spotlight on the peripheries, distant colonial outposts or in the interstices of empires.[54] These contributions have drawn attention to the limited authority exerted by European powers, be it charted companies or governmental structures in the Asian, Pacific, African and American maritime frontiers. Rather than arriving, seeing, trading or conquering as they saw fit, the European commercial and military machineries had no alternative but to act in accordance to the terms laid down by the autochthonous authorities if they hoped to remain in a certain area. While Europeans proceeded to encroach into local commercial circuits and in the process link-up

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[52] This was the case of the revenue farms that were auctioned, underwritten and monitored by colonial governments along the Indian Ocean rim, in Brazil and, for brief period in the 1650s and 1660s, also in Angola. These overseas governments would later have to keep the metropolitan institutions updated on the latest developments involving these contracts. In the seventeenth century, these public private partnerships from the "periphery" included, for example, the farm of the royal tithes in Brazil, in the *Estado da India,* the Mozambique royal contract and the custom farms in Asian ports*,* or the aforementioned Angola slaving farm.

[53] Cátia Antunes and Amélia Polónia, eds., *Beyond Empires: Global, Self-Organizing, Cross-Imperial Networks, 1500-1800* (Leiden; Boston: Brill, 2016).

[54] Jeppe Mulich, 'Microregionalism and Intercolonial Relations: The Case of the Danish West Indies, 1730–1830', *Journal of Global History* 8, no. 01 (2013): 72–94; Eliga H. Gould, 'Entangled Histories, Entangled Worlds: The English-Speaking Atlantic as a Spanish Periphery', *The American Historical Review* 112, no. 3 (2007): 764–786; Jeremy David Cohen, 'Cultural and Commercial Intermediaries in an Extra-Legal System of Exchange: The Prácticos of the Venezuelan Littoral in the Eighteenth Century', *Itinerario* 27, no. 2 (July 2003): 105–24.

disparate commodity chains in the Atlantic and the in Indian Ocean, they often found themselves playing second fiddle to pre-existing economic networks. Even in the instances when violence and sheer brute force were employed, and with the exception of Latin America (and even there with many regional nuances), the Caribbean and few occasional cases in East Africa and across the Indian Ocean, Europeans found themselves unable to sub-due local populations and impose sovereignty based on the control of land, labour and production until rather late in the eighteenth century. The historiography has also emphasized exchanges across formal imperial allegiances, to which company officials or state delegates acting far away from decision centres in Europe showed little qualms to disregard their supposed allegiances,[55] trading and fraternising with their supposed sworn enemies, and engaging in clandestine trade and unauthorized settlement.[56] The same could be said about the recurrence of cross-cultural connections between individuals of different ethnic, linguistic and religious backgrounds, often leading to the integration of these agents in local societies and the eruption of dual and multiple identities and creolization.[57]

This dissertation will make a case for the importance of looking at human agency, interpersonal networks of exchange and the pursuit of self-interest, not far away from the European centres of decision but at the metropolitan axis of overseas empires. The negotiations and chartering of government contracts, as well as their implementation provide a window to look at dynamics of social-economic interaction that are normally spotted in distant overseas offshoots and within maritime networks. I do not, however, want to give the impression that I defend a return to a euro- or national-centric historiography, interested solely on the centralizing agenda of these empires, their economic monopolies and the enforcement of religious conformity.

The fact that the overall majority of the individuals and social groups covered in this dissertation were European born and operated from within the Iberian Peninsula (or appointed others to represent them far away), does not mean that government contracting was an eurocentric affair, occurring solely in the European capitals and exclusive to the white man. Autochthonous powers and local merchants were instrumental in the running and up-keeping of certain colonial contracts. Without the input of these actors, for example of African brokers and Asian business networks, overseas concessions entrusted to metropolitan businessmen could not be effective and profitably implemented. Moreover, in the case of Portuguese Asia, commercial networks without a formal allegiance to the royal apparatus, and whose members did not share the Christian faith, could become the recipients of government contracts. The way these players were brought into the logistics of empire, notwithstanding limits to inclusion in the Portuguese societies in the tropics, is a fascinating topic of research but one which will not be tackled in this dissertation.[58]

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[55] The Portuguese are singled out as being particularly prone to changing allegiances and offering their services to autochthonous rulers, both in West Africa and across the Indian Ocean rim. On this not so peculiar phenomenon; Maria Augusta Lima Cruz, 'Exiles and Renegades in Early Sixteenth Century Portuguese India', *The Indian Economic & Social History Review* 23, no. 3 (1986): 249–62; Maria João Soares, 'Para Uma Compreensão Dos Lançados Nos Rios Da Guiné, Séc. XVI-Meados Do Séc. XVII', *Studia*, no. 56/57 (2000): 147–222.

[56] On the tacit cooperation between company officials and monarchical delegates serving far away from the domiciliary centres of decision Richard Drayton, 'Masked Condominia: Pan-European Collaboration in the History of Imperialism, c. 1500 to the Present', *Global History Review* 5, no. 31 (2012): 308–31.

[57] Peter Mark and José da Silva Horta, *The Forgotten Diaspora: Jewish Communities in West Africa and the Making of the Atlantic World* (Cambridge: Cambridge University Press, 2013); Stefan Halikowski Smith, *Creolization and Diaspora in the Portuguese Indies: The Social World of Ayutthaya, 1640-1720* (Leiden ; Boston: Brill, 2011); Leonard Y. Andaya, 'The "Informal Portuguese Empire" and the Topasses in the Solor Archipelago and Timor in the Seventeenth and Eighteenth Centuries', *Journal of Southeast Asian Studies* 41, no. 3 (2010): 391–420.

[58] Michael N. Pearson, 'Banyas and Brahmins. Their Role in the Portuguese Indian Economy', in *Coastal Western India. Studies from the Portuguese Records* (New Delhi: Concept Pub. Co, 1981), 93–115; Michael N. Pearson, 'Indigenous Dominance in a Colonial Economy: The Goa Rendas, 1600-70', *Mare Luso-Indicum* 2 (1973): 61–73.

The goal of this dissertation is to show how self-organized networks were at work at the administrative centres of the Portuguese empire, where colonial policies were (only partially and tentatively at best) defined and economic and social-symbolic resources borne out of overseas endeavours were distributed. In administrative capitals, such as Lisbon and Madrid, and leading ports of overseas trade like Seville, the state relied on private investors for governmental purposes, such as tax-collection, transfer of capital and goods across long distances (often continents), ship-building and the import and manufacturing of naval wares. The brokerage of these financiers, wholesale merchants and logistic handlers was of paramount importance for the shaping of empire in Iberia, as it was elsewhere in Europe,[59] the Atlantic and across Asia.[60]

Notwithstanding the symbiotic relationship that gradually developed between contractors and the state, they were not pawns in the hands of monarchs. This relationship was never one-sided or unproblematic, and tensions arose frequently. The interaction between Crown and contractors was based on the binomial of maximum extraction on the side of the contractor and securing as much leverage as possible from the side of the state.[61]

Historical sociologists and economic historians have often pitted informal interpersonal networks against formal institutions, usually to chronicle the triumph of the latter at the tail end of the early-modern period. This process is usually described in a linear and sequential manner whereby formal institutions that upheld property rights, such as courts of law, replaced the convenience of trading within one's circle of kin and coreligionists.[62] By offering more effective answers to the fundamental problems of exchange, such as opportunism, uncertainty and high transaction costs, these inclusive institutions trumped traditional solutions, such as reputational control mechanisms.[63] They

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[59] For transnational Sephardic business networks empowering European states; Jonathan Israel, 'Diasporas Jewish and Non-Jewish and the World Maritime Empires', in *Diaspora Entrepreneurial Networks: Four Centuries of History*, ed. Ina Baghdiantz McCabe, Gelina Harlaftis, and Ioana Pepelasis Minoglau (Oxford: Berg, 2005), 3–26.

[60] Bhaswati Bhattacharya, Gita Dharampal-Frick, and Jos Gommans, 'Spatial and Temporal Continuities of Merchant Networks in South Asia and the Indian Ocean (1500-2000)', *Journal of the Economic and Social History of the Orient* 50, no. 2 (1 June 2007): 91–105; Ina Baghdiantz McCabe, 'Trading Diaspora, State Building and the Idea of National Interest', in *Views from the Edge. Essays in Honor of Richard W. Bulliet*, ed. Neguin Yavari, Lawrence G. Potter, and Jean-Marc Ran Oppenheim (New York: Columbia University Press for The Middle East Institute, Columbia University, 2004), 3–18; Sanjay Subrahmanyam, 'Iranians Abroad: Intra-Asian Elite Migration and Early Modern State Formation', *Journal of Asian Studies* 51, no. 2 (1992): 72–95.

[61] Antunes and Polónia, *Beyond Empires*, 3, 5, 8.

[62] The strand of literature on trading diasporas is quite prolific and its output is simply too large for me to address all relevant contributions in one footnote. Mention to a few tittles that emphasize the role of shared culture, religion and kinship in the selection of business partners and commission agents shall suffice. Sebouh David Aslanian, *From the Indian Ocean to the Mediterranean: The Global Trade Networks of Armenian Merchants from New Julfa* (Berkeley; New York; London: University of California Press, 2011); Daviken Studnicki-Gizbert, *A Nation upon the Ocean Sea: Portugal's Atlantic Diaspora and the Crisis of the Spanish Empire, 1492-1640* (New York: Oxford University Press, 2007); Ina Baghdiantz McCabe, Gelina Harlaftis, and Ioana Pepelasis Minoglau, eds., *Diaspora Entrepreneurial Networks: Four Centuries of History* (Oxford: Berg, 2005).

[63] Strategies to contain opportunism through someone's reputation were extensively used in human collectives that revolved around kin and co-religionists. Reputation worked in such contexts because group sanction was extremely powerful and information about transgressors flowed easily. Avner Greif, 'Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies', *Journal of Political Economy* 102, no. 5 (1994): 912–950; It has also been argued that reputation played a role in stabilizing cross-cultural networks. One of the most effective ways to assess the trustworthiness and honourability of a partner or agent was by means of regular epistolary correspondence; Francesca Trivellato, *The Familiarity of Strangers: The Sephardic Diaspora, Livorno, and Cross-Cultural Trade in the Early Modern Period* (New Haven; London: Yale University Press, 2012).

ultimately paved the way for the emergence of impersonal markets, where information was evenly distributed.[64]

However, the ontological opposition between formal official institutions, either market-oriented or bureaucratic, and interpersonal forms of collective agency (i.e. networks) is problematic, to say the least, for the period under study.[65] Empires such as Portugal were structured like a network, or to be more precise, as a bundle of networks. More than the top-down directives of higher-up government boards, the interests of a plethora of stakeholders, ranging from the urban elites, magistrates and office holders, the religious orders and the aristocracy, but also of monopolistic traders and financiers on contract with the Crown, shaped the empire.[66] Even within the decision making centres where Crown officials could in principle be more closely monitored and controlled, the royal bureaucracy was permeated by *esprit de corps* and percolated by patronage.[67] Moreover, the political culture of the period did not see the use of office to further one's personal interests as a problem, and encouraged the king to be gracious to his vassals by rewarding them with posts in the royal administration and other sinecures. When it came to appoint someone to a post in the government apparatus, competence and technical preparation often took a back seat to the need to secure the loyalty of an influential stakeholder and reward individuals (and their lineages) for their services.[68]

This logic is seen at work in government contracting too. Contracts were not always adjudicated on the basis of strictly economic rationales; i.e. those who offered more money for a tax-farm or pitched to supply credit or goods at lower rates. Instead, the decision on who would be the recipient was at times made with the intent of creating a long-lasting bond between the Crown and a certain group of contractors. The repeated interactions between business syndicates and the royal administration would allow for further credit to be extended and additional services to be performed, if the circumstances so demanded.[69] Moreover, prolonged business intercourse allowed for pending debts to contractors to be partially cleared by the sovereign's gracious grants, or by providing them with new opportunities to invest in royal farms and supplying contracts. Such a quid-pro-quo was much harder to enforce with new-comers on the contracting scene, who were inexperienced in the inner-works of royal contracting and court banking, and who had not yet build a track-record at the king's service.

While the full-extent of the employment of public-private partnerships by the state and rationale behind adopting this organizational form of state-building and overseas undertaking is starting to become clearer to historians, the perspective of the contractors, particularly their strategies and organization, remains elusive. Aside from the reconstruction of the intricate family trees around which firms were constituted, and one or two exemplary case studies of individual entrepreneurs, historians have not yet come to grips with the impact of government contracting in the development, triumph and demise of business enterprises. Further, they remain oblivious to the ways firms organized themselves to embark on and

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[64] Avner Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade* (Cambridge University Press, 2006); Avner Greif, 'The Fundamental Problem of Exchange: A Research Agenda in Historical Institutional Analysis', *European Review of Economic History* 4, no. 3 (2000): 251–284.

[65] Regina Grafe, 'On the Spatial Nature of Institutions and the Institutional Nature of Personal Networks in the Spanish Atlantic', *Culture & History Digital Journal* 3, no. 1 (30 June 2014): 1–10.

[66] Grafe and Irigoin, 'A Stakeholder Empire'; Bethencourt, 'Political Configurations and Local Powers'.

[67] Sharon Kettering, *Patrons, Brokers, and Clients in Seventeenth-Century France* (Oxford University Press, 1986); Antonio Feros, *Kingship and Favoritism in the Spain of Philip III, 1598-1621* (Cambridge ; New York: Cambridge University Press, 2006), 121–28; António Manuel Hespanha and Ângela Barreto Xavier, 'As Redes Clientelares', in *História de Portugal. O Antigo Regime (1620-1807)*, vol. 4 (Lisbon: Editorial Estampa, 1993), 339–50.

[68] António Manuel Hespanha, *As Vésperas do Leviathan: Instituições e Poder Político : Portugal, séc. XVII* (Coimbra: Livraria Almedina, 1994).

[69] Fernando Dores Costa, 'Capitalistas e Serviços: Empréstimos, Contratos e Mercês No Final Do Século XVIII', *Análise Social* XXVII, no. 116–117 (Autumn 1992): 441–60.

operate these undertakings.[70] It is thus important to start by unveiling who were the social actors that normally bid for the overseas contracts. Fredric Mauro developed a social typology of the Portuguese mercantile class in the seventeenth century[71] that set the standard for the more ambitious works that followed. These later works included the prosopographic study of Lisbon and Bahia merchant groups during the apex of the Brazilian sugar trade by David Grant Smith,[72] the thorough mapping out of lineages and activities of the Portuguese merchant-banking families of the Habsburg period by James Boyajian,[73] or the profiling of Portuguese mercantile elites during the 1500 and 1600s by Leonor Freire Costa, are cases in point.[74]

Mauro, Grant Smith, Boyajian and Costa identified three sub-groups within Portugal's merchant class before the eighteenth century. At the bottom was the "medium merchant" specialized in a specific commercial sector, or taking part in small credit-giving operations. The members of this sub-group were either wholesale or retail merchants, who distinguished themselves from shopkeepers by the scale of their investments and the geographic scope of the goods and commodities they traded in. The second group were the "large merchants", who managed more financially burdensome (but more profitable) enterprises and were deeply integrated in international flows of capital and transcontinental commodity chains. They dealt in a vast array of products and staples, and were reluctant to stick to the trade of a fixed set of commodities. Some members of this group regularly engaged in private credit operations too. Finally, the third-group, the top-tier of the Portuguese mercantile world was populated by the "merchant-bankers". While they took part in all types of commercial and financial ventures in the "private sector", as the second group, they set themselves apart by first and foremost by contracting tax-farms and dabbling in public credit. This group evolved from private investment in long distance trade of commodities and staples, the majority of which from the empire and international European markets, into the management of royal monopolies and government affairs. Mauro's typology, although accurate in many regards, is, as some historians have pointed out, ultimately too functionalist. It downplays some important features of the merchant-banker strata, particularly the strategies aiming at upward social mobility followed by the merchant-bankers, which involved mimicking the aristocratic ethos.[75]

Jorge Pedreira also discerned a similar internal hierarchy within the mercantile elite of Lisbon during the second half of the eighteenth century and first quarter of the nineteenth century, not only in terms of the strategies of capital accumulation, but also in terms of the group's self-representation *vis à vis* the rest of society. Pedreira argues for a distinction between the few merchant houses that monopolized the farming out of royal contracts as a

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[70] The study of the operations of royal contractors of the Portuguese Crown has made important strides recently, albeit beyond the chronological limits of this dissertation. Susana Münch Miranda, 'Risk and Failure in Tax Farming: De Bruijn & Cloots of Lisbon and the Portuguese Tobacco Monopoly, 1722–1727', *Itinerario* 43, no. 1 (2019): 122–45; Salvado, 'The Rise and Fall of a Lisbon Family Business, 1710–1773'. It must be said that the lack of internal records of firms during the early modern period seriously impairs this type of research.

[71] Frédéric Mauro, 'Marchands et Marchands-Banquiers Portugais Au XVIIème Siècle', *Revista Portuguesa de História*, no. 9 (1960): 63–78.

[72] David Grant Smith, 'The Portuguese Mercantile Class of Portugal and Brazil in the Seventeenth Century: A Socioeconomic Study of the Merchants of Lisbon and Bahia, 1620-1690' (Austin, University of Texas at Austin, 1975).

[73] Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*; James C. Boyajian, 'New Christians and Jews in the Sugar Trade, 1550-1750: Two Centuries of Development of the Atlantic Economy', in *The Jews and the Expansion of Europe to the West, 1450-1800*, ed. Paolo Bernardini and Norman Fiering (New York, Boston: Berghahn Books, 2001), 471–84; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*.

[74] Leonor Freire Costa, 'Elite Mercantil Na Restauração: Para Uma Releitura', in *Optima Pars. Elites Ibero-Americanas Do Antigo Regime*, ed. Nuno Gonçalo Monteiro, Mafalda Soares Cunha, and Pedro Cardim (Lisbon: Imprensa de Ciências Sociais, 2005), 100–127; Leonor Freire Costa, *Império e grupos mercantis: entre o Oriente e o Atlântico (século XVII)* (Lisbon: Livros Horizonte, 2002).

[75] Some of these criticisms were made already pointed out in Smith, 'The Portuguese Mercantile Class'.

result of their closeness to the court and the monarch, and those who made their (comparatively smaller) fortunes in purely commercial endeavours, particularly in colonial trade.[76]

The upper echelon of the Portuguese business class as defined by current historiography shares many similarities with Sanjay Subrahmanyam and Christopher Bayly's concept of "portfolio capitalism". Although it describes a specific type of economic and political agent of the Hindustan Peninsula and the Indian Ocean, I find it easily translatable to the early modern Iberian world and I consider that it lends itself particularly well to the Portuguese Crown contract-holders.[77]

A portfolio-capitalist was simultaneously a major business entrepreneur and an influential political actor. He used his economic and financial prowess as a political tool, while relying on his proximity to the centres of decision to achieve a significant accumulation of capital. He was able to marshal, through international networks of credit, great amounts of capital, which he and his associates channelled to a multitude of financial and commercial activities. His mercantile house was proficient in credit operations and currency exchange practices, well versed in the use of bills of exchange and in the employment of complex systems of account keeping. Politically speaking, the port-folio capitalist developed tight bonds with the sovereign power. Firstly, by gravitating near the centres of power, the court and its councils, as well as the informal decision-making circles, where he or his associates were in a position to influence decision making. Furthermore, he recurrently supplied credit to the hard-pressed state finances, either through an important participation in short-term forms of government borrowing, or by acquiring government-bonds, or advancing lump-sums in exchange for concessions of exclusive state prerogatives. Aside from financial returns on their investments, his services to the sovereign were expected to be rewarded with symbolic grants and titles, which would allow him to come nearer the traditional military and landed elites, among whom he aspired to be.[78] Last, but not least, the proximity to royal power could also work as a shielding strategy against business rivals and political foes who took advantage of less flattering social background to undermine the portfolio-capitalist's upward trajectory.

The characterization of the prototypical government contractor as a portfolio-capitalist does not, however, mean that only merchant-bankers with access to the court secured outsourcing deals from the government. As explained above, government contracts were underwritten at different levels of the state (empire's) administration and there were various sorts of royal concessions, each involving different requirements and levels of difficulty to fulfil, and each promising different returns on the investment made by

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[76] Pedreira, 'Os Homens de Negócio Da Praça de Lisboa, de Pombal Ao Vintismo (1755-1822): Diferenciação, Reprodução e Identificação de Um Grupo Social'.

[77] Sanjay Subrahmanyam and C. A. Bayly, 'Portfolio Capitalists and the Political Economy of Early Modern India', *Indian Economic & Social History Review* 25, no. 4 (1988): 401–424.

[78] The notion that economic resources could also be allocated to obtain social status and prestige, and that such investments were "rational" in the context of the values system of a particular society has been stressed in numerous works on pre-industrial aristocracies and business-oriented groups all over Eurasia. See for example; Oscar Gelderblom and Francesca Trivellato, 'The Business History of the Preindustrial World: Towards a Comparative Historical Analysis', *Business History* 0, no. 0 (12 February 2018): 1–35; David Washbrook, 'Merchants, Markets, and Commerce in Early Modern South India', *Journal of the Economic and Social History of the Orient* 53, no. 1–2 (1 January 2009): 266–89; The influence of Bourdieu's theory of different and convertible types of 'capital' on this literature has been far-reaching. Pierre Bourdieu, *La Distinction. Critique Sociale Du Jugement* (Paris: Les Éditions de Minuit, 1979); An example of the use of Bourdieu's framework in historical analysis is: Bartolomé Yun-Casalilla, 'Reading Sources throughout P. Bourdieu and Cyerth and March. Aristocratic Patrimonies vs. Commercial Enterprises in Europe (c. 1550-1650)', in *Dove va La Storia Economica? Metodi e Prospettive. Secc. XIII-XVIII/ Where Is Economic History Going? Methods and Prospects from the 13th to the 18th Centuries*, ed. Francesco Ammannati (Firenze: Firenze University Press-Fondazione Instituto Internazionale di Storia Economic 'F. Datini', 2011), 325–37.

contractors. For instance, a middle merchant, to borrow from the typology described above, could enter into a business agreement with the local town council to collect municipal rents or to supply goods to the urban administration, relying on regional networks of producers and suppliers to achieve those goals. Other merchants could, from time to time, be granted very politically sensitive supplying contracts by the central apparatus, which could involve international purchases and the freighting of merchant vessels abroad. However, only the upper echelon of the business class was in the position to take part in the most demanding, and therefore most potentially lucrative, public-private partnerships. While economically (and politically) rewarding, these were often the riskiest state contracts, capable of inflicting serious financial damage to the contractor if things did not go as planned.[79] These type of contracts were at the core of this dissertation. Unlike other groups who dabbled in trade and related activities, only the merchant-bankers operating in the shadow of the political centre had the financial muscle, the international operational structure, and also the political clout, to pursue these contracts on a regular basis.

Sources

This dissertation draws from the analysis of three types of primary sources. The first and more familiar are the institutional sources produced by the government agencies that oversaw fiscal-financial, commercial and military matters. These reveal the "posturings in print" of the contracts, the names, durations and dates of the different concessions, as well as the appraisal of the tenders and decision making process on who would be the recipient of the concession. These primary sources also reveal whether public-private partnerships were fulfilled by the concessionaires or if they were terminated before their due conclusion date. To be more precise, these sources reveal whether or not concessionaires were punctual with the lease payments or deliveries of funds and materials, and careful about the quality of the goods and services they provided.

This first type of sources is the consultations (*consultas*), that is, the dispatches summarizing the different opinions, objections and recommendations of viceroys, governors and the royal councils on matters of state. These consultations were composed by the Portuguese Council of the Exchequer (*Conselho da Fazenda)*, the government board with jurisdiction over financial and military affairs in the kingdom and the empire, but also the minutes and correspondence issued by the kingdom's governors and viceroys. In addition to these materials, which are kept for the most part at the *Arquivo Histórico Ultramarino,* the archival collections of the *Biblioteca Nacional de Portugal* and the *Biblioteca da Ajuda*, the recommendations of the Madrid-based Council of Portugal and informal deliberative committees (*juntas*) that were created from time to time at the Spanish court were also analysed. Many invaluable primary sources were destroyed during Lisbon's 1755 earthquake, such as the customs' records for Lisbon, or the records of the House of India (*Casa da Índia*), the agency that oversaw overseas trade and taxation and where the books of contracts ratified between the Crown and the private contractors kept. To make up for these irreparable losses, I was left with the sources kept in the *Archivo General de Simancas*. The books of the section *Secretarias Provinciales*, where the paperwork produced by the Portuguese-related agencies based at the Spanish court is to be found, contained manuscript and printed copies of the actual contracts, as well as copies of the bids made by the merchant-bankers. Although some of these sources also existed in the Lisbon archives, they are few and far between, and the

[79] Salvado, 'The Rise and Fall of a Lisbon Family Business, 1710–1773'; Edgar Pereira, 'The Ordeals of Colonial Contracting: Reactions to and Repercussions of Two Failed State-Private Ventures in Habsburg Portugal (1622–1628)', *Itinerario* 43, no. 1 (2019): 63–87; Miranda, 'Risk and Failure in Tax Farming'.

collections from Simancas revealed many public-private partnerships I could not trace back in the Portuguese archives. Finally, as far as the archive of Simancas is concerned, valuable complementary information on public-private partnerships involving the Portuguese Crown can be found in the collections of the *Contaduría Mayor de Cuentas,* the general account-auditing board of the Hispanic Monarchy, and the *Consejo de Hacienda,* the Castilian counterpart to the Council of the Exchequer. These collections provided crucial information about the activities of Pedro de Baeça, the man that stands as an example of a major merchant banker, during his brief stint at Spanish court in the late 1620s and early 1630s.

The second type of primary source is the records of the Portuguese Inquisition kept in the *Arquivos Nacionais da Torre do Tombo* in Lisbon. The trials held by this ecclesiastic court and the investigations that preceded them are an extremely rich source of biographical information on contractors, revealing their origins and their family background. For the purposes of this dissertation, the inquisition records are not relevant as sources of evidence for the religious beliefs and day to day habits of the contractors, their partners and agents, but rather as a window into their allegiances, personal and business, as well their enmities. Regarding the latter, the list of the denunciations in the *livros do Promotor* (records of the inquisitorial district attorney), as well as the replies by those on trial when accused and informed of their accusers, are invaluable. They provide biased clues, but clues nonetheless, on the rivalries between different merchant-monopolists and reveal the high-levels of competitiveness between people who made a living and fortune bidding for government contracts. The documentation produced by the three military orders, Santiago, Avis and Christ, whose membership served as a vehicle for social-upward mobility by the mercantile class, also provides revealing insights on the relationships between tax-farmers and purveyors under contract and the state. Applicants for the insignia and commanderies of these prestigious orders were subject to an examination by a royal council, the *Mesa da Consciência e Ordens*. These examinations involved not only the candidates, but also their living and deceased relatives. They were meant to clarify whether the applicants were free from blood taints (if they descended from Jewish converts, Muslims or blacks) or if they had been involved in manual labour occupations, two criteria that would in theory disqualify them from these royal grants. The fact that numerous royal contractors were New-Christians and were nonetheless able to secure these symbolic rewards demonstrates how contracts offered avenues for social promotion by affluent, but politically underprivileged groups in society.

The last type of primary sources I analysed are notarial contracts. They offer a glimpse at the inner-works of the contractors' operations, shedding light on how individual recipients and consortia of merchants were organized to run and exploit their business deals with the monarchy.[80] I have looked at three notarial archives for three different port-cities, Lisbon, Antwerp and Amsterdam. Given the convoluted present day state of the Lisbon's notarial archives and, even more importantly, the paucity of merchant account-books and correspondence, Antwerp and Amsterdam notarial contracts were essential to probe into the intra-imperial and international practices of the contractors. In Antwerp, I plough through the deeds issued by the notarial office of Gilles van den Bosch, who worked closely with the city's Portuguese community and with Northern European merchants who had business in Iberia.[81] As far as the Amsterdam notarial archive is concerned, I relied extensively on the

[80] A select few scholarly works have relied on notarial contracts to prove into the implementing of Portuguese royal contracts by their recipients. Cátia Antunes, Rob Post, and João Salvado, 'Het omzeilen van monopoliehandel: Smokkel en belastingontduiking bij de handel in brazielhout, 1500-1674/Circumventing monopolized trade: Contraband and tax evasion in the brazil wood trade, 1500-1674', *Tijdschrift voor Sociale en Economische Geschiedenis* 13, no. 1 (2016): 23–52; Torrão, 'Rotas Comerciais, Agentes Económicos, Meios de Pagamento'.

[81] These notarial deeds have already been utilized in the studies by Pohl and Goris, on Antwerp's Portuguese nation. These and other authors made allusions to the marketing of colonial monopolies in Antwerp and to deals involving the Portuguese Crown, and as such, I used their works as entry-door into the original materials,

English summarizes composed by Koen on the activities of the Portuguese Nation before 1639.[82]

The Structure of the Dissertation

My dissertation aims to make an overall assessment of government contracting in Portugal and its overseas empire, during the first decades of seventeenth century and clarify to what extent and to what end were contracts leased-out by the Portuguese state to business networks who wished to pursue a venture of this sort. The dissertation is divided in two parts, each containing one or more chapters devoted to a specific aspect of the Portuguese contractor empire and its contractors.

The Portuguese contractor empire is fleshed out in the first five chapters, which can be said to comprise part one of the dissertation. Each chapter delves into a specific type of public-private partnership and offers insightful case studies on the different governance tasks the Crown entrusted to merchant-bankers. Chapters 1 to 3 devote attention to how public-private partnerships underpinned the up keeping of the state sponsored inter-oceanic shipping linking Portugal to Asia, whereas chapter 4 tackles how the bastions located at the Northern African frontiers of the Spanish monarchy largely depended on these contracts for their survival. After analysing these military provisioning and logistics contracts, chapter 5 looks into tax-farming and monopoly leases. It assesses how the king's monopoly over one of his prized colonial staples, brazilwood, was leased-out and exploited by private parties. This chapter will illustrate how the Crown relied on the lease of revenue yielding economic assets to achieve four goals: obtain up-front and relatively stable revenue inflows, be relieved from the nuisance of running the trade of a (re)exportable colonial commodity, contain the contraband of that same commodity, and use it as trade-off for military provisioning operations.

All the chapters in part one are structured along similar lines. Following a contextualization of the geographical area or sector of the empire's economy that the contracts pertained to, their clauses are analysed, the way the Crown serviced them in case of the provisioning contracts is clarified, and it is outlined how the recipients of these royal concessions implemented them. It will be shown how the individuals who put their signatures on the contracts never ventured into these endeavours on their own, since they relied on an array of partners, commission agents, suppliers and skippers, without whom these challenging yet potentially lucrative investments could not be brought to fruition.

While the chapters on part one allow for an x-raying of the morphology of this contractor empire, they do not say much about the place that public-private partnerships occupied in the portfolio of the leaseholders and recipients. Why did they take part in these form of investments, and why did merchant-bankers tried to secure royal contracts for long stretches of time? The contractors will be explored in part two of the dissertation, which focuses on a portfolio-capitalist who made a career advancing funds, exploiting the Crown's monopolies, collecting its taxes and providing an array of services and commodities. The business pursuits of Pedro de Baeça da Silveira are considered as illustrative of the longstanding involvement of merchant-bankers with the finances and military operations of the Portuguese Crown. In Baeça's case, as in the case of most of his counterparts,

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which I have consulted. Hans Pohl, *Die Portugiesen in Antwerpen (1567 - 1648): zur Geschichte einer Minderheit* (Wiesbaden: Steiner, 1977); J. A. Goris, *Etude Sur Les Colonies Marchandes Méridionales (Portugais, Espagnols, Italiens) à Anvers de 1488 à 1567*, Librairie Universitaire (Lovain, 1925).

[82] E. M. Koen, "Notarial Records relating to the Portuguese Jews in Amsterdam up to 1639", *Studia Rosenthaliana"*, vol.1, no. 2 (1967) up to vol. 33, no. 1 (1999).

government contracting was conduit to social upward mobility and enabled political ties between the recipients and influential decision-makers, namely members of the king's (or his favorites') retinue to be deepened. Moreover, Baeça's case provides an illuminating account of the political ramifications of government contracting and of how far established *contratadores* could go to ensure that a relationship of credit, business and political favor continued undisturbed by political events and regime changes. In the case of this case study, it included plotting and directly financing a coup to bring back Phillip IV of Spain onto the Portuguese throne a mere couple of months after John, Duke of Braganza had claimed the Crown and taken Portugal out of the Spanish Monarchy.

Chapter 1: Building and Fitting-out Ships: Logistics under Contract for the India Run

Every year, in March or April, an armada left Lisbon to undergo a more than a half a year long journey to the Western coast of India, setting anchor at either Cochin or Goa (and prior to 1641, at times at Malacca too). These were the designated ports of arrival for the outward-bound India Run voyage, known in Portuguese as the *Carreira da Índia*. The annual oceanic voyage was officially established in 1503, when the Cape of Good Hope route pioneered by Vasco da Gama in 1498 started being used on a regular basis to reach and trade along the Indian Ocean.[83]

While the Portuguese spread across the Indian Ocean and set up a political and administrative apparatus to oversee the export trade with the motherland and their intra-Asian economic, military and missionary endeavors, the annual voyage remained one of the foundations on which the Portuguese ambitions east of the Cape of Good Hope rested.[84] The importance of this shipping and commercial artery linking Europe and Asia was felt at different levels. The *Carreira* allowed for specie to be remitted to lubricate the trade conducted by the king's factors in Asia (and private merchants too), and likewise to bankroll administrative actions of the government of the *Estado da Índia*. It also made possible for troops, officials, missionaries and the average immigrant to travel from the Portuguese kingdom to Asia. On the returning leg of the voyage, the Crown's naval squadrons brought passengers and their respective belongings back to Portugal, as well as the coveted riches from the Asian trade, which included the assets of investors who traded with Asia but who never actually travelled there.

Despite the Crown's best attempts, at the start of the seventeenth century, the *Carreira's* best days were behind it and the Portuguese 'pepper empire' was fast approaching its twilight.[85] One of the most glaring problems experienced by the Crown's inter-oceanic trade and military expansion was the alarming increase in ship losses at high sea. These were caused less by enemy plunder than by an unprecedented degree of exposure to the risks of long distance travelling at sea and by technical problems with shipbuilding.[86] The growing number of unsuccessful intercontinental voyages had serious consequences for the political and financial welfare of the Portuguese Crown and to the social and economic aspirations of its subjects.[87] For the private merchants, inadequate shipping in the Cape Route could put

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[83] Paulo Guinote, 'Ascensão e Declínio Da Carreira Da Índia (Séculos XV-XVIII)', in *Vasco Da Gama e a Índia* (Lisbon: Fundação Calouste Gulbenkian, 1999), 7–39; T. Bently Duncan, 'Navigation between Portugal and Asia in the Sixteenth and Seventeenth Centuries', in *Asia and the West: Encounters and Exchanges from the Age of Explorations*, ed. E. J. Van Kley and C. K. Pullapilly (Notre Dame: Cross Cultural Publications, 1986), 3–25; Charles R. Boxer, 'The Carreira Da Índia (Ships, Men, Cargoes, Voyages)', in *From Lisbon to Goa, 1500-1750. Studies in Portuguese Maritime Enterprise* (London: Variorum Reprint, 1984).

[84] Bethencourt, 'Political Configurations and Local Powers'; Francisco Bethencourt, 'A Administração Da Coroa', in *História Da Expansão Portuguesa. A Formação Do Império (1415-1570)*, ed. Francisco Bethencourt and Kirti Chaudhuri, vol. 1 (Lisbon: Círculo de Leitores, 1998), 340–411; Luís Filipe Thomaz, 'Estrutura Política e Administrativa do Estado da Índia no século XVI', in *De Ceuta a Timor* (Carnaxide: Difel, 1994), 207–43.

[85] Disney, *Twilight of the Pepper Empire*.

[86] André Murteira, 'A Navegação Portuguesa Na Ásia e Na Rota Do Cabo e o Corso Neerlandês, 1595-1625' (Unpublished PhD Dissertation, Lisbon, Universidade Nova de Lisboa-Faculdade de Ciências Sociais e Humanas, 2016), 206.

[87] It must be pointed out that the decline of Portuguese *Carreira* shipping was not immediately ushered in by the Union of the Crowns. While the Portuguese naval forces suffered major losses in the disastrous 'Invincible Armada' of 1588, the 1580s and the 1601-1610 period were the decades when more tonnage was allocated to the inter-oceanic artery. According to Duncan, close to 77,000 tons of shipping were launched from Lisbon, representing an increase of nearly 40% from the second busiest period in *Carreira's* history, the 1580s. These figures show the Crown making a significant effort to keep up with the English and Dutch ventures in the Cape

them on the brink of bankruptcy because, although the rich trades of Asia generated handsome returns, they demanded high levels of capital and left investors highly exposed to risks at high-sea: shipwreck, damaged cargo and plunder.[88] As far as the interests of the Crown were concerned, a dysfunctional *Carreira da India* jeopardized its monopoly over Lisbon's imports of pepper[89] and the levying of tariffs on the cargoes brought from the Orient by private investors, the two main sources of revenue it derived from the India Run. If the outward-bound voyage was not launched or if the ocean-going ships were lost at sea on their way to India, along with the bullion they carried, the cherished Asian trades would be encumbered by the lack of means of payment.

While the sale of Southwest Indian pepper in Europe and the duties levied on the merchandises imported from Asia by private investors[90] brought wealth and prosperity to the Portuguese kings during the 1500s, at the start of the seventeenth century the dwindling returns from this trade[91] were almost entirely spent on the preparation of the next year's follow-up voyage.[92] These sources of revenue were by that point earmarked to service the government contracts underwritten for the construction, delivery and fitting-out of ships, as well as for the supplying of the soldiers and seafarers on board. These contracts were often negotiated against the king's pepper, either by handing-out the commodity itself or the proceeds of its sale by royal officials, or against receipts generated by taxing the merchandises imported from Asia. While the golden age of the pepper empire had certainly come to an end by 1600, taxing the trade between Lisbon and Asia still ranked among the most

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Route, only to collapse under the weight of its deteriorating financial position and of imperial overstretch. The irreversible downfall of royal shipping occurred in the following decade, and was compounded by the frequent losses at sea, on both legs of the annual voyage. A 21% loss rate on the outward-bound voyage was surpassed by a nearly 40% loss rate on the return voyage in the period between 1591 and 1630. Duncan, 'Navigation between Portugal and Asia in the Sixteenth and Seventeenth Centuries', 10, 16–18.

[88] On the changing composition of the cargoes during the period under consideration, and the growth in market value of textiles and non-monopolized cargoes: Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*; Subrahmanyam and Thomaz, 'Evolution of Empire: The Portuguese in the Indian Ocean during the Sixteenth Century', 308–10; Niels Steensgaard, 'The Return Cargoes of the Carreira Da India in the Sixteenth Century', in *Indo-Portuguese History: Old Issues, New Questions*, ed. Teotónio R. de Souza (New Dehli: Concept Publishing House, 1984), 13–31.

[89] The average batch of pepper shipped from Cochin to Lisbon rarely exceeded 30,000 *quintais* between 1570 and 1595. This amounted to a mere 1/8 or 1/10 of the combined output of the three main producing regions, Malabar, Kanara and South East Asia. This import average was a decrease from 35-40,000 *quintais* per annum of the first half of the sixteenth century. On the last quarter of the 1500s, the average yearly batch had dropped to 15,000 *quintais*. From 1595 to 1617, the average of safely arrived pepper batches into Lisbon oscillated from 7,500 to 10,000 *quintais*. Sanjay Subrahmanyam, *The Portuguese Empire in Asia, 1500-1700: A Political and Economic History*, 2nd ed. (Oxford: Wiley-Blackwell, 2012), 106; Vitorino Magalhães Godinho, 'A "revolução Dos Preços" e as Flutações Económicas No Século XVI', in *Ensaios. Sobre História de Portugal*, 2nd ed., vol. 2 (Lisbon: Sá da Costa, 1978), 244.

[90] The price differentials between purchase outlets in Asia and the European consumption markets for non-monopolized goods were so staggering they kept private investors engaged in the Cape trade. The freights and duties they paid upon arrival of these goods in Lisbon, provided the Crown much needed financial resources to sustain the annual voyages, albeit in an undoubtedly diminished capacity.

[91] Considering pepper alone, although paling in comparison to the two most successful periods of the *Carreira trade* in the sixteenth century, the 1510s and the 1540s, when cargoes of the monopolized luxury import were valued between 258 and 265,000,000 *réis* respectively, in the first decade of Habsburg rule shipments still amounted to 234,000,000 *réis*. However, with the entrance of the English and Dutch in the Cape Route and not excluding the much discussed end of century revival of the Levant import circuits, the value of pepper batches in Lisbon plummeted to 136,000,000 *réis*. Leonor Freire Costa, Pedro Lains, and Susana Münch Miranda, *An Economic History of Portugal, 1143-2010* (Cambridge: Cambridge University Press, 2016), 82–83. The authors summarize data gathered by Godinho and Boyajian.

[92] The fact that the receipts generated by the trade of Asian goods were earmarked to the outfitting of future *Carreira voyages* was not a novelty, since the *Casa da Índia'* revenues covered between 75 and 92% of the works carried out at Lisbon's royal shipyard in the heyday of the Portugal's trade with Asia. Costa, *Naus e galeões na ribeira de Lisboa*, 298.

formidable sources of income of the Portuguese Exchequer, even if not the most secure due to increasing risks and uncertainties surrounding the Cape Route.[93]

If the royal treasury, Lisbon merchants and international business syndicates suffered heavy losses as a result of the increasing unreliability of the India Run journey, and due to the decreasing numbers of galleons and carracks dispatched to the South Asian seaboard, there was equally a lot at stake east of the Cape of Good Hope. Notwithstanding the local sources of income at the disposal of the Exchequer of the *Estado da Índia*, including taxing the lucrative intra-Asian trade and the possibility to borrow from affluent local merchants and the municipal councils of Portuguese towns,[94] the government of the Portuguese East Indies was could do without the material support and financial input of the metropole. As the commercial and military rivalry with the Dutch and English chartered companies and equally with enemy Asian states ramped up, the financial situation of the *Estado da Índia* became more precarious. At a juncture when the revenues from the intra-Asian trade shrank and local expenses skyrocketed, Goa and the other official Portuguese settlements were bound to grow increasingly dependent on monetary remittances and dispatches of men and military means from Lisbon. Without enough ready funds or means to service debt contracted locally the *Estado da Índia* inevitably, but often to no avail, looked west, towards Lisbon and Madrid, in search of the financial, material and human resources it so desperately needed.[95]

This chapter elaborates on some of the main logistical problems affecting the up keeping of the *Carreira* and demonstrates how, despite them, the goal of launching an armada from Lisbon every year was pursued tenaciously. Already during the 1500s, a century when the Portuguese did not face the competition of the chartered trading companies in the Cape Route, the organization of the armadas depended on complex logistics and required a considerable financial effort.[96] In the period under study, those halcyon days were over, meaning that the challenges of sustaining intercontinental fully-rigged shipping was much harder to overcome. As the revenues that could be used to bankroll state-sponsored shipping and military aid to Asia plummeted, expenses grew exponentially and became increasingly harder to bear. Moreover, the fleets themselves became financially harder to assemble, partially due to the rising costs of construction materials and naval wares. The inflation was felt both domestically (particularly in the case of wood, as a result of deforestation) and internationally because of the Habsburg embargos against the Dutch skippers and traders.

Despite the formidable yields that both the state and merchants could still secure when the *Carreira da Índia* armadas returned safely from Asian waters, the navigation between Lisbon and Goa or Cochin was increasingly becoming a drain on the royal treasury. The dispatching of armed fleets and the maintenance of a fiscal-military apparatus in the Indian Ocean were no longer subordinated to the prospect of reaping the economic benefits from the export of bullion to Asia and the import of spices and luxury goods in the opposite direction. Instead, by the first quarter of the century these roles had been reversed. The yields that the *Estado da Índia* still provided to the kingdom were mainly used to sustain the mounting costs of the *Carreira*'s logistics, as well as the dispatching of reinforcements and material aid to the Asian offshoots. It will be argued in this chapter that public-private

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[93] Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*, 8–10.

[94] George Bryan de Souza, 'Iberian Cities and Colonial Cities in the Tropics: Imperial Defense and Finance and the Senado Da Câmara de Cochin, 1587-1598', in *Portuguese, Dutch and Chinese in Maritime Asia, c. 1585-1800: Merchants, Commodities and Commerce*, ed. George Bryan de Souza (Farnham (Surrey) & Burlington: Ashgate, 2014), 1–27.

[95] Susana Münch Miranda, 'Fiscal System and Private Interests in Portuguese Asia under the Habsburgs, 1580-1640', *Journal of the Economic and Social History of the Orient* 60, no. 3 (2017): 202–232.

[96] Costa, *Naus e galeões na ribeira de Lisboa*; Carlos Alberto Caldeira Geraldes, 'Casa Da Índia - Um Estudo de Estrutura e Funcionalidade (1509-1630)' (Unpublished MA Dissertation, Lisbon, Faculdadade de Letras da Universidade de Lisboa, 1997); Godinho, *Os Descobrimentos e a Economia Mundial.*

partnerships became a major tool in the Habsburg authorities' ill-fated attempts to jettison the Northwestern chartered companies (the EIC and especially the VOC) from Asian waters and reinstate Portuguese leadership in the navigation and trade through the Cape Route. Although these objectives were at no point close to being achieved, the entanglement of state and private interests allowed for Portugal to stay in the race as a commercial and settlement power in the Asia.

1.1 Shipbuilding

The hybrid character of the Portuguese Asian enterprise, half commercial-half military, was epitomized by its ships. The two main ships of the India Run, the carracks (*naus*) and the galleons (*galeões)* borrowed as much from the cargo-carrying merchantmen as they did from the cannon-yielding warmen.

A lot has been written by naval historians on the differences and similarities between the carracks and galleons. Both were sizeable ships, great in length and height, with high castles fore and aft, and with holds deep and wide enough to accommodate voluminous cargoes. It was their superstructures, the towering castles, one set up at the front of the ship and the other at the back, that gave the Portuguese Indiamen their distinctive appearance from other fully-rigged ships of the period, setting them apart, for instance, from the lighter Spanish galleons employed in the trade and waterborne defense of Spanish America. In the castles fore and aft, a multitude of liberty-chests were piled up for the inbound-ward voyage due to the policy of allowing officials and recipients of royal grants to carry their own merchandises (pepper included) free of charge in the *Carreira's* ships (*agasalhados* or *quintaladas*).[97]

As far as the differences between the two ships are concerned, naval specialists agree that the galleon was nominally a war-vessel, whereas the carrack was primarily a storage and goods-transportation ship.[98] The carrack tended to have a slightly greater tonnage than the galleon (600 to 500 tons on average), which had in turn a narrower hull, as a result of having at same time a longer keel and lower quarterdecks. The galleon had also better sailing capabilities than the carrack, and was not employed exclusively for the India Run. More often than not this type of sea-craft made up the naval contingents that patrolled the Portuguese coast and sailed westwards into open sea to escort incoming vessels from the overseas offshoots.[99] Although primarily a war vessel, employed to protect other vessels and engage in battle, the galleon could also serve commercial purposes when needed. In turn, it had less cargo carrying capacity that the carrack.[100] This is, however, mostly a theoretical distinction, since the Portuguese Indiamen often combined both functions. Even when a ship was launched with a specific purpose (to serve as cargo carrier, for instance), it could be re-assigned the other functions in a subsequent voyage.

This lack of functional specialization of its fully-rigged ships, put Portugal's Cape route marine out of step with the evolving trends of Western European shipping of the

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[97] Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*, 38–40; Boxer, 'The Carreira Da Índia (Ships, Men, Cargoes, Voyages)', 53–54.

[98] Francisco Contente Domingues, *Os Navios do Mar Oceano: teoria e empiria na arquitectura naval portuguesa dos séculos XVI e XVII* (Centro de História da Universidade de Lisboa, 2004), 243–59; Costa, *Naus e galeões na ribeira de Lisboa*, 42–47.

[99] Augusto Alves Salgado, *Portugal e o Atlântico. Organização Militar e Acções Navais Durante o Período Filipino (1580-1640)* (Lisbon: Unpublished PhD Dissertation, Faculdade de Letras - Universidade de Lisboa, 2009).

[100] Francisco Contente Domingues, 'The State of Portuguese Naval Forces in the Sixteenth Century', in *War at Sea in the Middle Ages and the Renaissance*, ed. John B. Hattendorf and Richard W. Unger (Woodbridge: The Boydell Press, 2003), 189, 193.

sixteenth century. Contrary to the *Carreira da India's* crafts, large ocean-going vessels elsewhere in Europe were slowly but steadily becoming more specialized, resulting in the distinction between the cargo-carrying merchantmen and the warmen becoming clearer as time went on.[101] While the Portuguese Indiamen might not have excelled as merchant-carriers nor as warships, for one century at least, these seagoing ships were able to strike an at least appropriate balance between the two functions.[102]

Regardless of the blurred-lines between the two main ocean-going vessels, the *Carreira da* Índia's large and voluminous ships were theoretically better able to withstand the many months spent at high-sea, whereas, at least until the 1600s, their height and size increased both the offensive and defensive capabilities of the crafts. More heavy guns could be brought onboard, as well as a greater number of soldiers to fight on the upper decks and towers against boarding attempts by enemy forces.[103] But despite their robustness, heavier firepower and their merchandise carrying capabilities, a fully-rigged Portuguese Indiamen was sluggish and hard to maneuver, and hence prone to steering accidents, leakages, not to mention easily pursuable by enemy vessels.

In the first decades of the *Carreira da Índia,* ships built in the royal shipyards, the *Ribeira das Naus,* weighted in at 300 and 400 tons on average, but as the sixteenth century drew to a close, larger vessels of more than 600 tons became the norm, while even bulkier ships above 1,000 tons were often employed.[104] The steady increase in the size of ships and their overstuffing, when the dispatching of a greater number ships with a smaller tonnage would have been preferable, has been blamed for the growing number of losses at sea. According to this perspective, popular in some courtly circles at the time, the rapaciousness of Crown officials and the greed of a myriad private investors led to ships being overloaded on the inward-bound voyage.[105] Leaving aside these moral considerations, it seems clear that the addition of new decks (without expanding the framework of the hull), while allowing for the transportation of more passengers and soldiers and for economies of scale in commercial shipping, came at a cost. The reliance on the 'floating fortresses' meant the Portuguese were sailing the Cape Route in slower (hence more easily perusable by enemies), and less maneuverable cruisers.[106] These shortcomings ultimately outweighed the gains in fire-power that employing larger ships allowed for, since the precision and stopping power of the artillery mounted on board was still far from ideal at the turn of the sixteenth century and the early decades of the seventeenth.[107] The Crown acknowledged these problems and several laws were passed in an attempt to reel-in the size increase of the inter-oceanic ships. For example, a law from the reign of King Sebastian, issued in 1570, set up a 450 tons cap on the

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[101] The transition towards functional specialization was kicked into gear by the use of heavy artillery on the broadside, which lead to cargo space being sacrificed for added firepower. This shift was encouraged by governments in Western Europe, who began to favour military capabilities over commercial ones as a response to a more bellicose international context. Richard W. Unger, 'Warships and Cargo Ships in Medieval Europe', *Technology and Culture* 22, no. 2 (1981): 233–52; Richard W. Unger, *The Ship in the Medieval Economy, 600-1600* (Croom Helm, London: McGill-Queen's University Press, 1980), 21, 251–78.

[102] Carla Rahn Phillips, *Six Galleons for the King of Spain: Imperial Defense in the Early Seventeenth Century* (Johns Hopkins University Press, 2007), 40; John F. Guilmartin Jr, *Galleons and Galleys* (London: Cassell & Co, 2002), 87–88; Unger, *The Ship in the Medieval Economy, 600-1600*, 259.

[103] Louis Sicking, 'Naval Warfare in Europe, c. 1330-c. 1680', in *European Warfare, 1350-1750*, ed. Frank Tallett and D. J. B. Trim (Cambridge: Cambridge University Press, 2010), 248; Jan Glete, *Warfare at Sea, 1500-1650: Maritime Conflicts and the Transformation of Europe* (London: Routledge, 2000), 25–26.

[104] Domingues, 'The State of Portuguese Naval Forces in the Sixteenth Century', 193; Duncan, 'Navigation between Portugal and Asia in the Sixteenth and Seventeenth Centuries', 7–8.

[105] Costa, 'Portuguese Resilience in Global War', 49.

[106] Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 84; Carlo M. Cipolla, *Guns, Sails and Empires: Technological Innovation and the Early Phases of European Expansion, 1400-1700* (New York: Minerva Press, 1965), 83.

[107] Francisco Contente Domingues, 'A Arte Da Guerra. A Guerra No Mar', in *Nova História Militar de Portugal*, ed. António Manuel Hespanha (Lisbon: Círculo de Leitores, 2004), 151–69.

maximum tonnage of the Indiamen, but the higher-relative cost of smaller ships coupled with the military imperatives and the need to make available as much cargo space as necessary for a broad spectrum of investors meant that this law was never truly enforced.[108]

When, during the Dual Monarchy, the Crown found it necessary to add new fully-rigged ships to the India Run, it could theoretically alternate between building its own ships or outsource construction to private shipwrights.[109] This clear-cut dichotomy between contracting and direct administration does, however, obfuscate more than it illuminates the true range of options the Crown had at its disposal. The main issue was not whether or not contracts with private shipwrights and providers of naval services were underwritten, but rather which tasks would be performed and by whom. As far as direct handling of construction was concerned, the most comprehensive approach saw the royal officials procuring the necessary construction materials and equipment, pay the work force who built the ship and overseeing themselves the construction works. On the other hand, when contracts were underwritten for shipbuilding, they could involve several different operations, some very specific, others all-encompassing. For instance, public-private partnerships could merely concern the disbursement of funds to the royal shipyards, or the procurement of specific raw and semi-transformed materials, leaving it to the Crown's own shipwrights to assemble the hull and furnish the future ship. On the other extreme, they could encompass all the functions at the same time, sometimes for years in a row. In any case, whenever a contract was underwritten, royal officials were expected to monitor the progress, keeping a watchful eye for infringements to the contract provisions.[110]

The authorities were faced with this dilemma in 1613, as they realised the India-bound fleet needed renewal. In June that same year, the Council of Exchequer and the Council of India appraised a tender by Duarte Gomes and Francisco Lopes Carrasco, who proposed building six new carracks in his majesty's shipyards.[111] Despite the jurisdictional feud between the two councils, both agreed that the proposal should be declined. The Council of the Exchequer, acquainted with Duarte Gomes, considered him a man "lacking in [financial] substance and talent",[112] and therefore unfit for an enterprise of that magnitude. But more importantly, given the state of the royal finances at the time, the state could not possibly service such a costly contract. The price asked by the two men was considered too high and both councils were of the opinion that compared to the offer that was on the table, the Crown would save money by building the ships itself. According to the Council of the Exchequer, in this case direct administration would be 25% cheaper than putting construction out on contract, and if the Crown decided to build those ships in the *Estado da Índia* they would cost two thirds less than Carrasco and Gomes's proposal.

This was an instance when direct administration was preferred over contractual outsourcing, not because the direct handling of this task was preferable in principle, but simply because it was thought to be cheaper. In reality, however, there was much less room to choose between the two approaches and the sheer weight of the circumstances ended up

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[108] Costa, *Naus e galeões na ribeira de Lisboa*, 83–84, 145.

[109] Despite the Crown's *de jure* monopoly over Euro-Asian shipping, the reliance on the expertise of private shipwrights, who were themselves merchants and part owners of ships, to build the India Run crafts to the Portuguese king stretched back to the early days of the *Carreira da Índia*. Costa, 137, 196.

[110] There was still another option, which will not be covered in this chapter as it was rarely pursued during the period under consideration: the resort to privately owned merchantmen. With minor alterations (adding of defensive apparatus typical of the battle ships) and under the proviso they would transport Crown personnel and means, such vessels were allowed to take part in the royal fleet and return with their holds filled with the coveted Eastern goods. This reliance of public authorities on the ships of merchants and private investors for the launching of naval expeditions was a key feature of late medieval warfare at sea, but remained instrumental into the 1600s in many parts of Western Europe, and Portugal was no exception. Sicking, 'Naval Warfare in Europe, c. 1330-c. 1680', 238–39.

[111] AGS, SSP, lib. 1472, fl. 201, 201v.

[112] "*homem falto de substancia e talento*".

forcing the contracting option on the Crown. Moreover, a mixed system was also employed, meaning, for example, that the assembly of the hull was contracted out, while the placing of the masts, sails and ropes was done through direct administration.[113] On the other hand, even when the Crown assigned its own personnel with the responsibility of equipping the ships, the necessary raw materials and semi-transformed goods were often obtained by means of contracts with suppliers from the private sector.

Even though one could argue, as royal officials did from time to time, that putting construction out on contract ended up not being that much cheaper than direct administration, there is no doubt that it made the costs of expanding and renewing the naval squadrons easier to bear.[114] In some instances, public-private partnerships helped dodging (although not altogether solving) the exchequer's liquidity crunches. It was not so much the case that government concessions allowed the Monarchy to incur expenses it could not afford otherwise, but rather that in some cases (but not in all) contracts bought the cash strapped royal treasury valuable time, as contractors absorbed some of the initial costs of purchase and transportation. The contract putting-out formula allowed, therefore, for the risks of procuring naval stores and building ships to be transferred to the contractor, and in some cases also (a share of) the initial investment required to set the construction procedures in motion.

As with other government concessions involving supplying, be it of monetary funds, commodities or, in this case, ocean-going ships, the Crown partially downpaid the tasks performed by the recipients. This was the case when the contractor was allowed to start collecting the revenue streams earmarked for their contract even before his first delivery deadline. One of the implications of this type of arrangement was that if the royal exchequer lagged behind in paying the stipulated tranches it was depriving the contractor of means to carry out the agreed-upon tasks, even if he could (and it was expected he would) resort to his own capital. The conclusion to draw is that more than the inability to put forward the necessary funds to undertake the construction or repairing works, the rationale behind contracting was the authorities' belief that contractors ensured, at that particular juncture, more efficient construction works, cheaper acquisition and transportation of construction materials and better monitoring of the work force.

There is evidence that a well-informed deliberation on whether to contract out shipbuilding or to directly administer the process could be compromised. One obvious mistake was the miscalculation of the comparative costs of outsourcing and self-administration, or the misjudgment of the financial means available to cover the costs of each option. The same can be said about the barrage of contradictory opinions that so often paralyzed decision-making. The unreliable information provided by Crown officials could be just as detrimental to the outcome of the fleet preparations, as the most ill-intended or incompetent contractor, or the oversight of royal shipwrights.

However, ascertaining the cost-benefit of each approach was no easy task for the royal apparatus, as shown by an example from 1638. On that year the officials of the *Ribeira das Naus* were asked to calculate the costs of building a new vessel, to which the carpenters and caulkers confidently replied that for 8,000,000 *réis* they could build a ship of small dimensions (*naveta*). Their optimism was, tempered by the purveyor of the Castilian fleets in Lisbon, the Monarchy's specialist for all naval matters in the Portuguese kingdom, the *vedor* (inspector) Tomás Ibio de Calderon. Ibio de Calderon claimed that 8,000,000 *réis* was a gross underestimation as, in his expert opinion, a new *naveta* would never cost less than 12,000,000

[113] Costa, *Naus e galeões na ribeira de Lisboa*, 172.

[114] When preceded by a public auctioning, contracting should ensure diminishing construction costs for the Crown.

*ré*s, and he was still leaving out possible unexpected expenses.[115] Whether the carpenters and the caulkers simply miscalculated the construction costs or whether they knowingly did so to increase their chances of the new ship being commissioned to them it is uncertain, but there is no doubt that they were an interested party in the decision making process.

A close monitoring of the construction works by royal officials and controllers was critical to ensure that the contracts' specifications were followed and potential irregularities detected before it was too late. As David Goodman as argued for Spain's naval forces, the Crown's difficulties to monitor its own administrative personnel help explaining why contracts were normally favoured over direct administration of construction and provisioning of ship-building materials.[116] In Goodman's view, royal shipwrights lacked incentives to deliver ships on time, while the Crown struggled to monitor construction works under direct administration and reel-in their mismanagement of funds by its own shipyard officials.[117] Plus, while their judgement on how to build the ocean going-ships as cost-effectively as possible often left to be desired and the quality of the work was not always adequate, unlike with contractors, the state could not reject ships delivered by their own shipwrights and abstain from meeting the construction expenses. Contractors, and this was true for Portugal and any other European state of the period, were only paid if the service they performed was considered satisfactory.[118] In extreme cases, such as when serious deficiencies were detected, the contractor could even be arrested under charges of gross misconduct and of compromising the Monarchy's political goals with their incompetence. For instance, in 1607, the Portuguese merchant-banker Manuel Gomes da Costa, a seasoned naval and military purveyor, was in the process of renewing the fleet that patrolled the western façade of the Iberian Peninsula, the *Armada del Mar Oceano*,[119] but ended up in jail, accused of delivering the newly built ships with major deficiencies, and of wasting the Crown's funds on a poor construction job.[120] The fiscal of the Exchequer had to assess whether or not royal officials in Vizcaya, or the chief of the royal warehouses (*provedor dos armazens*) and other officials in Lisbon had been aware of the problems with the delivery and if so, whether or not they had colluded with the contractor to defraud the Crown.[121] As an alternative to a legal suit (and potential imprisonment), the contractor could opt to start over the construction works, except that this time the vessels would be built at his own expense.[122] Unsurprisingly, this option was not often pursued because most contractors were unable to marshal the financial resources and acquire the labour and raw materials needed to start the construction works immediately after the failure of the previous contract.

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115 On this individual and its importance in the Portuguese naval and fiscal matters; Jean-Frédéric Schaub, *Le Portugal au temps du comte-duc d'Olivares (1621-1640) : Le conflit de juridictions comme exercice de la politique*, Bibliothèque de la Casa de Velázquez (Madrid: Casa de Velázquez, 2001), 271–78.

116 Early in the sixteenth century, the *provedor dos armazéns* (the purveyor of the royal stores) had already argued to king Manuel (1495-1521) that outsourcing allowed for savings in the monitoring costs of ship-building. Nearly a century later, this principle still applied. Costa, 'Portuguese Resilience in Global War', 41.

117 Compare Goodman's point of view with that of Thompson, who considered that ships built by private contractors "would not be as seaworthy as those laid down by the king's ministers". David Goodman, *Spanish Naval Power, 1589-1665: Reconstruction and Defeat* (Cambridge University Press, 2003), 30–31, 155; Thompson, *War and Government in Habsburg Spain, 1560-1620*, 189.

118 Gordon Bannerman, *Merchants and the Military in Eighteenth-Century Britain: British Army Contracts and Domestic Supply, 1739-1763* (London: Pickering & Chatto, 2015), 11.

119 Divided in three squadrons, the armada's contingents were based in Lisbon and patrolled the coast from Cape St. Vincent to Finisterra. At times they also sailed to the Azores to escort the inward-bound Castillian *Carrera da Indias* safely back to the Andalusian ports.

120 Salgado, *Portugal e o Atlântico. Organização Militar e Acções Navais Durante o Período Filipino (1580-1640)*, 59–60; Thompson, *War and Government in Habsburg Spain, 1560-1620*, 196–97.

121 AGS, SSP, lib. 1466, fl. 250-251v.

122 Goodman, *Spanish Naval Power, 1589-1665*, 127.

A situation occurring during the last years of the Dual Monarchy illustrates the financial exposure of the Crown to the misjudgement of its shipwrights. In 1638, it came to the attention of the vice-queen, Margarita of Mantua, that the *Nossa Senhora do Rosário,* a sea craft bought from Manuel Maciel Rote, a private ship owner, was being repaired at *Rio da Telha,* one of the naval stores of *Ribeira das Naus,* in the southern bank of the river Tagus. The *Nossa Senhora do Rosário* was, according to reports, in a deplorable condition just three months away from its schedule departure to India. The ship's wood was rotting beyond repair and the careening undertaken had been to no avail. The purveyor of the royal stores, Vasco Fernandes César, the chief shipwright of the *Ribeira das Naus,* and Pedro Ferraz Barreto, master carpenter, were told to inspect the vessel and see it with their own eyes.[123] After thorough inspection, the rumours about the *Nossa Senhora do Rosário* were found to be unfounded and, with the exception of the prow, the ship seemed to be in adequate condition to sail. However, if the rumours were true, the monitoring would have prevented the Crown from dispatching a vessel that was unfit for sailing, and the risk of losing lives, goods and bullion averted. The case of the *Nossa Senhora do Rosário* is telling on three accounts. Firstly, the information on the production costs of a ship was seldom grossly inaccurate; secondly, the Crown feared the oversight, carelessness and collusion not only of contractors, but of its own royal officials; and thirdly, that deciding between contracting and state management was not the most pressing question, but rather the kind of control the Crown held over the procedures, including when construction was outsourced to the private sector, and how effectively it could detect incompetence or fraud.

According to Carla Rahn Phillips, the Spanish monarchy did no entertain long theoretical discussions on the merits and pitfalls of direct administration and contracting, nor did it sort out a general and consistent policy on who built ships for the royal navy, whether private contractors or the Crown's employed shipwrights and carpenters.[124] Instead, the government decided what the best course of action was on a case by case basis. To the state what mattered most was to have the new ships ready when it needed them, preferably costing as little as possible and involving as little uncertainty about the outcome.[125] More fundamentally than the binary choice between building ships through contract or by direct administration, was deciding between different types of public private partnerships, or reaching a conclusion about the specific tasks that should be commissioned to contractors and those that should be entrusted to the royal apparatus. During Habsburg rule, both in Portugal and in present-day Spanish territories, there were numerous permutations and variants to the contractor system, depending on which tasks were entrusted to private actors.[126]

When it was decided that ship-building should be done through contract, the authorities still had to determine how contracts would be financially sustained and to what extend the Crown would aid the contractor financially and materially in fulfilling his obligations. The expectation was that the more resources and means the Crown put at the disposal of the recipient, the lower the final cost of the contract would be for the state, and greater the likelihood of it being completed successfully and on time. For instance, in a contract from 1613, the state put all its infrastructures and personnel at the disposal of the contractor, who covered the costs with the work force and the procurement of raw-materials

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123 AHU_CU_058 (Índia), cx. 22, doc. 111, 126.

124 This did not mean that royal officials and others did not voice complaints against the system of *asientos* for the construction of ships to the royal naval squadrons. During this period under study, in Portugal at least, the criticism against contracting is came from bellow, from the lower echelons of the Crown's chain of command. By comparison, criticism was less audible in the royal councils where the decisions on whether to contract or not were discussed. For some of these criticisms, Costa, *Naus e galeões na ribeira de Lisboa*, 172–74.

125 Phillips, *Six Galleons for the King of Spain*, 26–27.

126 Valdez-Bubnov, 'Shipbuilding Administration under the Spanish Habsburg and Bourbon Regimes (1590–1834)', 108.

and manufactured goods. The construction of a new 600 tons' carrack would be carried out on the *Rio do Seixal,* an ancillary site of Lisbon's royal shipyard, on the southern bank of the Tagus. The facilities, its workers and whatever was left in the Crown's stores was put at the disposal of the person(s) who reaped the contract, whilst the fees of the concessionaire were set at 15,000 *réis* per ton*,* meaning that the Crown would pay a total of 9,000,000 *réis* for the gauging of the hull.[127] The remuneration of the contract was hence calculated on the basis of a flat rate per ton, as was customary whenever shipbuilding was outsourced to private businessmen.

The tradition of putting facilities and means of production at the disposal of contractors was equally set forth in a shipbuilding concession from 1615, although this time the contractor had agreed to acquire the construction materials from the Crown. The contract involved the construction of two new India carracks for 25,500,000 *réis* each. Instead of securing raw materials and equipment and billing the royal exchequer for those costs, contractor Manuel Gomes Galego was given the opportunity to purchase timber and pine lumbers from the Crown's stores. One of the competing bidders for this contract, Cosme Dias, not only put forward a price reduction (which Gomes Galego counterbid and surpassed), but offered to procure the construction materials himself, without needing to obtain them from the Crown's stores. Although the Council of the Exchequer acknowledged the merits of Ferreira's proposal, it ultimately preferred to hand over the materials to Gomes Galego and deduct them from the final price, a recommendation the Monarch agreed with.[128] By doing so, the Crown was ensuring that the contract's final price was reduced, since the contractor would not make any returns on the investment of acquiring construction components, often from foreign and distant markets. This case also raises the question if the state, in moments of more acute financial stringency, constrained contractors to supply themselves from the royal stocks at prices higher than those to be found on the market. Although it seems clear that by handing-over its own ship-building material to contractors, the Crown was also increasing control over the construction process, a contractor who was knowledgeable of prices of these commodities on the domestic market and in the international outlets would certainly quickly realise that the Crown was taking advantage of him and would request a price reduction. If the state was indeed trying to make liquid invested stocks, fostering competition for contracts was key, as it forced applicants to accept more eagerly the Crown's proposed prices out of fear that another bidder might take the contract instead.

This contract from 1615 dealt solely with the construction of new-cruisers and did not entail the acquisition of raw materials, which the Crown had either procured itself[129] or had commissioned to different contractor.[130] Not infrequently, Iberian monarchs were the suppliers of their contractors, assisting them financially to kick-off their shipbuilding contracts by allowing them to start collecting compensatory revenue streams just as the contract was about to begin.[131] To foster efficiency and save costs the Monarchy preferred

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127 AGS, SSP, lib. 1472, fl. 257-259.

128 AHU, CU, cod. 1192, fl. 83v-84. The fact that Cosme Dias had contracted the making of new galleons for the royal fleet and had fallen behind schedule also convinced the authorities he was not to be trusted with new ship-building opportunities.

129 On the other hand, the king was in an ambivalent position, since most of the domestic wood used in the ship-building came from forests that were part of the royal demesne. In this regard, it was in the king's best interest as a patrimonial lord to keep prices as high as possible, restricting imports from Northern Spain, or from Scandinavia and the Baltic. As head of state, however, the monarch was responsible for facilitating the use of his royal preserves as sources of wood for ship-building to the up keeping of the empire and the fight against the enemies of the monarchy and Catholicism. This aspect of the king's personal gain is hardly ever considered in the historiography.

130 AHU, CU, cod. 31, fl. 36V, 37; 107-108v; ibid. cod. 32, fl. 96; ibid. Cod. 35, fl. 102-107; AHU, Reino, cx. 2, pasta 56; Costa, 'Portuguese Resilience in Global War', 54–55.

131 Goodman, *Spanish Naval Power, 1589-1665*, 127.

to entrust private contractors with the financial resources and material resources it still had at its disposal upfront over having its ships built on credit and delaying expenses by paying for ships only after they were fully operational.

Table 1. Construction costs of a brand new carrack (1606)

Operation	Price per Unit (*reins*)	Cost (in *reins*)
Hull		13.200.000
Launching the ship		95.000
Extra Roping		630.000
New roping (650 *quintais*)	3800/*quintal*	2.470.000
Re-used ropping (130 *quintais*) to tie down the cannons	2000/*quintal*	260.000
Labour costs with the assembly of the roping		530.000
Ballast		180.000
Setting up the masts and related appliances		440.000
Daily wages for carpenters (after the hull was gauged)		120.000
Daily wages for caulkers		150.000
Building rooms and chambers		150.000
Flat boat and skiff		80.000
Unspecified costs		35.000
Iron monger		215.000
Unknown		95.000
Additional ropes and mast appliances		1.210.000
Sails		1.030.000
Unspecified cost		145.000
Polisher		130.000
Crow's nest		35.000
6 linen hawsers		653.500
6 anchors		310.500
Wages of the seamen		631.440
Victuals of 125 people	23.600/person	2.950.000
Unknown		120.000
Spare appliances		980
Drugstore		1.289.020
Weaponry		936.000
Total		**28.091.440**

Source: BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 2.

As show by table 1, in 1600 the cost of building and outfitting an Indiamen averaged 28,000,000 *réis*. This is in line with James Boyajian's calculations,[132] and just slightly above Freire Costa's (25,000,000 *réis*). According to her, shipbuilding for the Cape Route became costlier in the course of two decades and, by 1620, a carrack of the same tonnage cost nearly 52,000,000 *réis*. The same inflationist trend can be discerned for galleons. An average 500 tons' displacement galleon cost the royal treasuries 13,200,000 *réis* at the start of the century,

[132] Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*, 125–26.

and twenty years later the cost had risen to nearly 30,000,000 *réis*. This increase in the cost-per ton of the fully-rigged ships goes a long way to explain the preference for larger ships, which allowed for savings in building and outfitting.[133]

In order to throw some light on the different types of ship-building contracts adjudicated by the Portuguese Crown, it is necessary to revisit the different operations that went into the construction of the Indiamen. The main task of building a ship was to gouge the hull, a procedure that amounted to 68% of the construction costs in the first half of the 1500s.[134] The deployment of the masts, another crucial part of the construction process, was for all intended purposes a separate operation, and amount to less than 10% of the construction costs.[135]

Indiamen were most frequently built in the Lisbon royal shipyards, the *Ribeira das Naus*, the institution expanded and reformed by the Crown early in the sixteenth century to meet the demand for robust high-seas vessels created by the opening of the Cape Route. In the royal shipyards smaller vessels used by the non-royal seaborne transport sector were also built. The facilities and its work force, comprised by the corporately organized guilds of master carpenters and caulkers, were put at the disposal of royal contractors, who ensured the procurement of construction materials, the payment of the workers and the monitoring of the construction works.[136]

Construction works were also carried out in other places in the kingdom and the empire. Since the sixteenth century, Indiamen were regularly built in the Oporto shipyards, the *Ribeira do Ouro,* and then made their way to Lisbon were they were equipped with artillery and other naval wares.[137] This was the case of the vessels commissioned to the company of Brás da Maia and his relatives in 1620.[138] Porto was home to some trading families who got rich and politically influential through ship-building contracts with the state. This was the case of Simão Vaz, a merchant with an extensive network of contacts in Castile*,* namely with the renowned banking house of Simon Ruiz, and in France, from where he was hired to procure naval wares and fitting-out equipment.[139] Simão Vaz was the father of the aforementioned Manuel Gomes da Costa, who was arrested in 1607 for grossly failing to meet the quality requirements of his Atlantic fleets' contract. As their examples show, naval public-private partnerships could remain in a merchant family's portfolio for generations and define, albeit not exclusively, the business trajectory of its different members.[140]

The shipyards of the *Estado da Índia*, in Cochin or at *Ribeira* in Goa produced cheaper vessels and of better quality than those built in the kingdom, thanks to the abundance of high quality of teak from the forests of Southwestern India. Ships arriving in the Western coast of India from Portugal were also repaired in these naval sites, so they could be in the right condition to undertake the returning *Carreira* voyage.[141]

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133 Costa, 'Portuguese Resilience in Global War'.
134 Phillips, *Six Galleons for the King of Spain*, 51–54.
135 Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 75.
136 Costa, *Naus e galeões na ribeira de Lisboa*, 166–68, 253–86.
137 Amândio Barros, *Porto: a construção de um espaço marítimo no início dos tempos modernos* (Lisbon: Academia de Marinha, 2016), 218–32.
138 AGS, SSP, lib. 1474, fl. 473.
139 The most extensive study on the business operations of the Burgos merchant-banker Simon Ruiz Embito and the cooperative networks that underpinned them is: Ana Sofia Ribeiro, *Early Modern Trading Networks in Europe: Cooperation and the Case of Simon Ruiz* (Routledge, 2017).
140 Barros, *Porto*, 252–56.
141 Murteira, 'A Navegação Portuguesa Na Ásia e Na Rota Do Cabo e o Corso Neerlandês, 1595-1625', 254–58; Patrícia Catarina Sanches de Carvalho, 'Os Estaleiros Na Índia Portuguesa (1595-1630)' (Unpublished MA Dissertation, Lisbon, Universidade Nova de Lisboa, 2009); René. J. Barendse, 'Shipbuilding in Seventeenth-Century Western India', *Itinerario* 19, no. 3 (November 1995): 175–95; Duncan, 'Navigation between Portugal and Asia in the Sixteenth and Seventeenth Centuries', 8.

The Indiamen, like the deep sea Atlantic ships, were also built outside the Portuguese empire, in foreign European shipyards.[142] Construction orders were placed abroad and ships were deployed at the designated delivery points. For example, in 1607, twelve new vessels were commissioned from Hanseatic shipyards, which agreed to deliver the fleet in Lisbon, fully operational and fit for the ocean-going voyages.[143] Commissioning fully-built ships was sometimes a less costly option for the Crown given that the Low Countries' and Hanseatic shipyards were located closer to the continent's main supplying market for wood, Norway and the Baltic. This meant they could access construction materials cheaply, leading to a decrease in the ship's final price. By comparison, assembling a new ocean-going vessel in the Portuguese shipyards was encumbered by the costly wood imports from Northern Europe.[144]

Aside from building new long-hauled ships, public-private partnership also took up the tasks of careening, replacing old wooden parts for new ones and adapting older vessels to new functions *(see table 3)*. This was also the case with the aforementioned *Nossa Senhora do Rosário*, which had originally been part of the Brazil-bound armada led by the Count of Torre in 1637.[145] Upon its return, after deploying soldiers and military resources for the fight against the WIC in the Northeastern captaincies, the Crown intended to turn this ship into a suitable member of the India Run.[146] The repairing, replacement of certain parts of the ship and its adaptation to its new functions were successfully undertaken and the ship was ultimately ready to sail to the Indian Ocean by 1638.

Table 2. Fitting-out costs for four carracks sailing in the outward-bound voyage of 1620

Items	**Price per unit (*réis*)**	**Total cost (*réis*)**
Victuals for 1600 military personnel	12.400/person	19.840.000
Victuals for 560 seamen	17.000/man	9.520.000
Wages (*soldos*) of 560 seamen	550.000/carrack	2.200.000
6 months of wages for 1600 military personnel, including knights of the royal household and soldiers		7.000.000
Allowances for knights and petty noblemen		1.600.000
Wages of the captain major and other captains + loan made with the captain major		1.300.000

Source: AGS, SSP, lib. 1474, fl. 44-46.

[142] The convenience of acquiring ships made in Low Countries' and Hanseatic shipyards was voiced by prominent Spanish decision-makers, and become a popular opinion in court circles in the 1620s and 1630s. R. A. Stradling, *The Armada of Flanders: Spanish Maritime Policy and European War, 1568–1668* (Cambridge: Cambridge University Press, 2003), 170–71.

[143] BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 23, 23v; Salgado, *Portugal e o Atlântico. Organização Militar e Acções Navais Durante o Período Filipino (1580-1640)*, 68.

[144] Unger, *The Ship in the Medieval Economy, 600-1600*, 269.

[145] For further details on this fleet, see chapter 8.

[146] AHU_CU_058 (Índia), cx. 22, docs. 111, 126. The ship was bought from captain Manuel Maciel Rote, after having been requisitioned for the Brazil-bound armada.

Table 3. Assembling Equipment for the galleon São Bento in 1640 (including workforce costs)

Task	Cost (*réis*)
Carpentry work	150.000
Caulking work	360.000
Mast Making	140.000
Nails and tacks	150.000
Assembly of the cordage	150.000
Total	**950.000**

Source: AHU_CU_058 (Índia), cx. 23, doc. 91.

Royal shipyards needed supplies and contractors often took up the task of procuring them, resulting afterwards in the Crown taking direct responsibility in the building of the ships. Aside from being in principle cheaper, or at least easier to service, this type of contract spread the risk inherent to supplying each construction material by turning to different contractors, whereas a single, all-encompassing concession would tie the Crown to one single contractor. However, there might be another reasoning to this contractual option. Concentrating the provisioning of raw materials and manufactured goods in one concession allowed for wholesale buys, which meant savings in the final bill, while at the same time it facilitated the coordination of revenues to servicing the contract. A greater number of contracts meant, on the other hand, that the Crown had to negotiate with and monitor the activities of a greater number of shipbuilders, careeners and timber suppliers, and monitor the activities of a greater number of private entrepreneurs.

In Habsburg Portugal compartmentalizing the provisioning of the naval forces, in different contracts for different specific tasks, and even on a ship by-ship basis, became the most frequent way of contracting as time went on. This was especially clear during the last two decades of the Union of the Crowns, when the economic climate became harsher, the number of capital-strong investors operating in Portugal was reduced, and the Crown's financial position worsened. This trend of breaking tasks apart in separate public private partnerships contrasted with what happened in Spain, particularly in contracts involving strategically sensitive military campaigns. It has been argued that large-scale *asientos* tended to be preferred because they allegedly ensured the desired outcome with less uncertainty, and the debt the monarchy contracted with the suppliers was more easily serviceable. According to David Goodman, in the seventeenth century the Crown preferred to concentrate naval provisioning around a select few agents, under the guise that it reduced the volume of revenues earmarked to the service of the contracts, while it also reinforced the Monarchy's control over the quality of the service and the administrative conduct of its contractors.[147] But it even though bundling provisioning operations together became a more popular option, this did not become the sole or even default approach to mobilizing resources to the naval forces and other branches of the armed forces. For instance, while the purveying of Spain's army garrisons in the Iberian peninsula and in Northern Africa were, in the 1630s, centralized under a variant of the government contract (the *factoría*), in charge of a single business entrepreneur appointed by the Crown,[148] in the first half of the eighteenth century

147 Goodman, *Spanish Naval Power, 1589-1665*, 52.

148 Carlos Álvarez Nogal, 'Centralized Funding of the Army in Spain: The Garrison Factoría in the Seventeenth Century', in *War, Entrepreneurs, and the State in Europe and the Mediterranean, 1300-1800*, ed. Jeff Fynn-Paul (Leiden ; Boston: Brill, 2014), 239–40.

compartmentalization was still the norm in other supplying operations involving the armed forces, such as the clothing of the armies.[149]

1.1.1 Supplying Timber under contract

It goes without saying that timber was the single most important component of shipbuilding. The planking of the hull normally required heavy oak timber, whereas pine wood was needed for the ships' masts. Large pieces of oak, on the other hand, were used to make the keels and ribs of the bulky Indian ocean-going ships and Portugal had relied on its own domestically grown cork oak for most of the 1500s.[150]

By the turn of the century, and the early decades of the 1600s, the pine demands of the royal navy were met through purchases with several retailers. The provisioning of pine wood was often arranged years in advance. At the start of 1607, when the annual *Carreira da Índia* fleet had not even set sail for Asia, the Crown had already initiated the preparation for the armada of 1608. A royal decree ordered new vessels to be built and instructed the *Junta da Hacienda de Portugal*, to estimate the costs and set aside the necessary revenues.[151] In order to increase the accuracy of the budget, the *Junta* commissioned a comprehensive inventory to Vasco Fernandes César, the purveyor of the Crown's stores (*provedor dos armazéns*). This inventory, which is reproduced on table 4, supposedly contains all the timber that was procured and delivered in Lisbon under both contract and direct administration during the course of that year. This timber was used to build from scratch three new Indiamen and complete two more, whose construction works were still ongoing. The timber needed amounted to more than 15,000,000 *réis*.[152]

[149] Sergio Solbes Ferri, 'The Spanish Monarchy as a Contractor State in the Eighteenth Century: Interaction of Political Power with the Market', *Business History* 60, no. 1 (2018): 72–86.
[150] Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 75.
[151] AGS, SSP, lib. 1466, fl. 149-151v.
[152] AGS, SSP, lib. 1466, fl. 152- 156: 'Folha das Madeiras q se contratarao p[era] as tres naos novas e p[era] as duas q se amde comcertar o preso das coais foi menos que te oje se fes'.

Table 4. Wood Procurement Contracts for the India Run, 1606

Manuel Dinis, Duarte Fernandes de Alcácer	**Unspecified wood from Pederneira**	**100 dozens *taboado de costado***	**9.900/dozen**	**1.605.000**
		100 *d'aliaixa*	**5.500/unit**	
		100 *calimes de costado*	**400/unit**	
		100 *calimes de foros*	**250/unit**	
Tomé Antunes	**Different assortments (to be delivered at *Ribeira das Naus* in Lisbon)**	**40 dozens *taboado de costado***	**10.900/dozen**	**696.000**
		40 dozens de liana	**6.500/dozen**	
Baltazar Jorge	**Pine wood (*pinho marco*)**	***Cintas* and *virotes* (undisclosed amounts)**	**727** **407**	**?**
Simão Roiz, Manuel Roiz da Costa Brandão, António Delgado	**Cork oak wood *("Paos de Sobrero de toda a sorte")***	**6.600 *paos d'armacao***	**836/per wood?**	**6.712.200**
		1.400 new pieces of wood	**671**	
		200 pieces for tamboretes 1.276?	**1.276**	
Diogo Lobo, João Fernandes Lobo	**Different assortments of wood *"Madeiras da Pederneira"***	**200 dozens – *taboado de costado***	**9.900?**	**3.506.000**
		100 dozens *de leames*	**5.500**	
		300 dozens *de folho*	**2.420**	
		15 wood pieces for rudders	**16.666**	
Duarte Araújo (factor of the royal pine forests)	**Different assortments of wood (pine)**	**1.900? *Latas***	**627/? 627.000**	**2.095.300**
		600 dozens *taboado de cuberta*	**2.310? 1.386.000**	
		24 mensas de guarnicao	**1.320/mesa 31.680?**	
		16 *apresticas?*	**1.320? 21.120**	
		10 *bombas*	**715/unit 7.150**	
		8 *braços* for rudders	**2.750**	
Miguel Afonso	**Different types of woods for repairs (including oak, ash tree and pine)**	**No specification**	**No specification**	**330.000**
António de Freitas Lobo	**Pine wood form the town of Pederneira**	**21 dozens *taboado de costado***	**9.900/dozen**	**1.605.000**
		35 dozens *dalcaixa*	**5.500/dozen**	

Source: AGS, SSP, lib. 1466, fl. 152- 156.

Table 4 shows that seven of the eight contracts dealt with the commission of pine wood. The sole exception was the contract for the supply of oak held by Simão Rodrigues and associates estimated at almost twice as high as the contract with João Fernandes Lobo and Diogo Lobo, the largest of the other seven contracts. All the pine mentioned in table 4 came from the forests of Western Portuguese Estremadura. After being chopped, the wood made its way to the village of Pederneira, in the outskirts of Nazaré, a fishing community with a shipyard specialized in the transhipment of wood. This town served as a gathering centre for timber, given its proximity to the royal pine forest of Leiria, a traditional provider

of timber for royal shipping since the Middle-Ages.[153] In the sixteenth century, pine wood was also brought to the Lisbon shipyards from places like Aldeia Galega and Charneca, in the Northwestern strip of Estremadura, the central region of the country.[154]

As far as the financial settlement of the contracts was concerned, most of them were paid in different instalments, except for António de Freitas Lobo's, whose accounts had already been settled in March of 1606. As Lobo's concession was the cheapest, it is possible that the suppliers were even paid on sight upon delivering the materials. For the Crown, securing an entire year's worth of wood supply through contracts cost the royal treasuries up to 15,000,000 *réis*. In the first trimester, the instalment came up to 5,000,000 réis, to which would later be added what was owed to Baltasar Jorge, because the terms of his contract had not yet been announced. At that point, the payment of the first instalment was already in arrears, as the monarchy had only paid half of the total amount due for the first instalments combined by March 24. Men like Tomé Antunes, supplier of *madeiras de costado,* had not yet received payment by the Crown, whereas the Simão Rodrigues, the largest supplier had only received 2,237,400 *réis* out of the almost 7,000,000 he was owed to for his deliveries. As a matter of fact, besides the full instalment paid to António de Freitas Lobo and Baltazar Jorge, all remaining six contracts suffered from payment delays, demonstrating the recurring difficulties of the Portuguese finances in honouring financial commitments to contractors.[155]

It is worth considering the social profile of the timber suppliers, since they were a group apart from other royal contractors. By comparison to the public-private partnerships for ship-building and wholesale deliveries, the supplying of retail timber was an activity of smaller scope and scale, which could be carried out by contractors of more modest means. With the exception of the factor of the royal pine forests, Duarte de Araújo, an individual of higher social standing and with some political clout, the wood suppliers on tables 4 and 5 were provincial, middle-sized merchants. This was the case of Simão Rodrigues (or Roiz), the head of the consortium Simão Rodrigues and his associates, to which the Crown commissioned wood supplies worth more than 6,000,000 *réis*. Simão Rodrigues was a trader from Chamusca, a small town in the central region of Ribatejo, not far away from the city of Santarém. In turn, indirect evidence identifies the Lobos, a series of merchants who supplied wood as local merchants from the town of Pederneira.[156]

The supply of timber brought into the sphere of royal contracts a different profile of contractors to that of the large merchant bankers that lived in Lisbon and even in Porto. These men were regional traders that operated on a geographically narrower scope, and, doubtless, lacked the international network of contacts and financial muscle of the magnates from the two largest cities in the kingdom. The highest valued contract of table 4 involved the procurement of corkwood, a natural commodity that Portugal had in abundance, meaning that the suppliers did not have to tap into far-flung commodity chains. With the exception of the royal factor Duarte de Araújo, these wood contractors also lacked of political connections in the political centre (or they were at least unfamiliar with the capital's high-councils of government), as they would not figure amongst the recurring bidders for

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153 Koldo Trápaga Monchet, 'El Estudio de Los Bosques Reales de Portugal a Través de La Legislación Forestal En Las Dinastías Avis, Habsburgo y Braganza (ca. 1435-1650)', *Philostrato. Revista de Historia y Arte*, 2017, 5–17; Cristina Joanaz de Melo, *An Analysis of the Royal Preserves in Portugal. Issues of Privilege, Power, Management, and Conflict* (Sheffield: Wildtrack Publishing, 2015); António Rocha Santos, Rosa Varela Gomes, and Mário Varela Gomes, 'Forest Management on Portugal during Early Modern Ages - Analysis of Historical Documents Belonging to the Kingdom of D. Manuel I (15th and 16th Centuries)', in *The Management of Iberian Forest Resources in the Early Modern Shipbuilding: History and Archaeology* (Lisbon: Instituto de Arqueologia e Paleociências-Universidade Nova de Lisboa, 2015), 87–92.

154 Costa, *Naus e galeões na ribeira de Lisboa*, 317–22.

155 AGS, SSP, lib. 1466, fl. 154, 154v.

156 For the social background of these individuals, see the inquisition trial of Pedro Fernandes Lobo, a New Christian wood merchant from Pederneira. ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 03314.

provisioning or revenue farming contracts. These men were thus specialized traders, who made use of their local expertise to perform tasks like cutting and delivering wood to the Crown's naval stores, tasks that were less financially demanding and easier to accomplish than most of tax-farming contracts adjudicated to merchant bankers. Despite not being as financially robust as the merchant elite, the wood retailers were still able to pool their resources together and draw from local and regional creditors to ensure deliveries of wood worth several millions of *réis,* as in the case of Simão Rodrigues and partners. Moreover, it is unthinkable that they would be able to provide services of this magnitude (for middle-sized, regional traders that is), if they did not have the financial security to wait, at times for long periods of time, for the Crown to paid them for their contracts.[157]

Despite the existence of internal sources of supply, during the Dual Monarchy, more so than in the first eighty years of the sixteenth century, Portugal could not rely solely on the construction materials procured within the realm, and imports were often necessary. For instance, fine-quality oak used to assemble the hull of the Ocean-going ships was hard to come by in the domestic market. Fortunately for the Portuguese shipbuilders, oak was abundant elsewhere in the Iberian Peninsula, particularly in Northern Spain, in the forests of the regions of Vizcaya, Quatro Villas de la Mar (more or less equivalent to the present day province of Cantabria) and Portugalete.[158] Next to the use of Northeastern Spanish timber, Portugal had been historically linked with the trade in wood from neighboring Galicia, a business conducted by specialized retailers.[159] André Lopes Franco and Francisco Lopes were two of those specialized buyers living next to Lisbon's *Cais da Madeira,* a royal facility that supervised the wood trade in the capital*,* who bought several hundreds of charts of wood from João de Castrilho and Lanzarote Misia Alfeirão, local suppliers from Santa Marta, Galicia. The original contract signed between the two parties stipulated that the suppliers ensured the transport from Galicia into Lisbon.[160]

As far as pine-wood was concerned, ensuring a steady provisioning to the Portuguese naval stores and to private shipwrights was a more complicated matter. Although pine-wood logs were obtained from the royal preserves in Leiria and other forests in Estremadura, as shown by table 4, the Iberian Peninsula was not particularly well endowed with pine-trees, especially the larger, more robust ones used to make the masts of the India carracks and galleons. Due to this scarcity of large pine timber in the period under study imports from

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[157] There is little information about the participation of provincial elites, both affluent notables and local high-ranked office holders, in Portuguese government contracts. By contrast, the phenomenon is well document for other western European states and the Ottoman Empire. The fact that the kingdom of Portugal was not a composite polity (during this period the kingdom was one among a series of disparate polities sharing a same ruler within the Hispanic Monarchy) or a federal structure like the Dutch Republic, coupled with the over-inflated political and economic importance of Lisbon, where the main government contracts were advertised, might explain the relative absence of these actors. Another possibility is simply that there is a bias in the sources against the middle and provincial tier of the country's merchant class and a greater focus on the capital's merchant-bankers who negotiated public-private partnerships in Lisbon and Madrid. Further research is needed to clarify this issue. Provincial-peripheral contracts in different European states and their recipients are tackled in; Irfan Kokdas, 'Land Ownership, Tax Farming and the Social Structure of Local Credit Markets in the Ottoman Balkans, 1685–1855', *Financial History Review* 24, no. 1 (2017): 53–81; Rafael Torres Sánchez, *Military Entrepreneurs and the Spanish Contractor State in the Eighteenth Century* (Oxford: Oxford University Press, 2016), 57, 78; Pepijn Brandon, *War, Capital, and the Dutch State (1588-1795)* (Leiden: Brill, 2015); White, 'From Privatized to Government-Administered Tax Collection'.

[158] John T. Wing, *Roots of Empire: Forests and State Power in Early Modern Spain, c.1500-1750* (Leiden ; Boston: Brill, 2015); Phillips, *Six Galleons for the King of Spain*, 51–60, 79; Goodman, *Spanish Naval Power, 1589-1665*, 66–67.

[159] María del Carmen Saavedra Vázquez, 'La formación de armadas y sus efectos a nivel territorial: el ejemplo de Galicia 1580-1640', *Cuadernos de Historia Moderna. Anejos*, no. 5 (2006): 55–76.

[160] ANTT, ADL, 1º Cartório Notarial de Lisboa, cx. 1, livro de notas no. 4, fl. 32v-3. For the Galician wood trade to Portugal in the late sixteenth century; Ana Sofia Ribeiro, 'Trans-National Cooperation: An Asset in the Portuguese Overseas Trade. Foreigners Operating in the Portuguese Overseas Trade, 1580-1590', *Storia Economica* Anno XVIII, no. 2 (2015): 431.

Scandinavia and the Baltic were instrumental for the needs of the Iberian naval forces to be met.[161] Supplies of Nordic timber were regularly ensured by Dutch carriers in three distinct periods: before 1605, when a decree by Phillip III closed the Iberian ports to them, again during the truce of 1609-1621, and, despite the resuming of the trade embargo, all through the 1620s and 1630s, albeit by that point in a clandestine capacity.[162] During the periods when embargoes were in effect, merchantmen chartered in the United Provinces continued to visit Portuguese and Spanish ports, for instance by changing their flags to give the idea they had been charged in the Southern Low Countries or the port-cities of the Hansa.[163]

In 1619, the tax-farmer and provision contractor André da Fonseca was hired to procure seventy two pine logs which were to be turned into masts for the Indiamen.[164] Since the Twelve Years' Truce (1609-1621), Iberian ports were open to Dutch merchantmen, and as such the contractor could rely on shipping from Amsterdam to fulfill its contractual obligations. Conversely, at the very end of the Union of the Crowns, when Dutch freightage was officially banned, the Southern Netherlander merchant Luís de Bem supplied, among other products from the Baltic, seventy pine logs for the ships of *Carreira da Índia*.[165] De Bem's business connections to the Northern European outlets still formally open to the Monarchy's contractors, and potentially to the Dutch staple market, proved instrumental in the procurement of timber and other related naval wares.

Political and human barriers, such as the trade embargoes and privateering, were highly detrimental to the steady import of timber into Iberian markets, especially the large amounts needed for the royal armadas. The dependency on these distant markets and on foreign carriers immediately became a problem if war broke out. To provision itself with foreign timber, the Crown could either stockpile its stores with masts during peace time or allow for a selective application of the trade proscriptions targeting enemy states in times of war to account for those needs. David Goodman remarks that despite the more forceful enforcement of the embargos by the *almojarifazgo* officials, in Portugal and elsewhere in Iberia, an exception was made for mast-imports. While other merchandises were effectively banned and any apprehended cargoes were treated as contraband, shipments of large pine logs from the Norwegian, Finish and other Baltic forests were not subjected to as many restrictions at Spanish and Portuguese ports, even if brought in by Dutch vessels.[166] Carmen Sanz-Ayán goes even further, suggesting that the commandeering of masts was outsourced to private businesses precisely so that the Crown would not lose face by importing Nordic and Baltic pine timber from exporters and skippers hailing from an enemy state.[167]

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161 Goodman, *Spanish Naval Power, 1589-1665*, 138–40, 255.

162 The trade between the Northern Low Countries and the Iberian Peninsula during this period is studied in great detail in Kernkamp's classic study. J. H. Kernkamp, *De Handel Op Den Vijand*, 3 vols (Utrecht: Kemink en Zoon, 1934).

163 An example of these imports from late in the sixteenth century, was the shipment of 130 *last* of wood entrusted to Jan Boelsen, skipper of Enkhuizen, who after unloading the merchandise in Lisbon, proceeded to the port of Setúbal to fetch salt for the return voyage to Amsterdam. Cátia Antunes, 'The Commercial Relationship between Amsterdam and the Portuguese Salt-Exporting Ports: Aveiro and Setubal, 1580-1715', *Journal of Early Modern History* 12, no. 1 (2008): 28.

164 AHU_CU_058 (Índia), cx. 15, doc. 204.

165 AHU_CU_058 (Índia), cx. 22, doc. 140.

166 Goodman, *Spanish Naval Power, 1589-1665*, 138.

167 Carmen Sanz Ayán, 'Los Negociadores y Capitales Holandeses En Los Sistemas de Abastecimientos de Petrechos Navales de La Monarquia Hispanica Durante El Siglo XVII', *Hispania* LII, no. 3 (1992): 915–45; The story of a certain Pedro de Capella, who, in 1623, was instructed to secretly acquire a brand new vessel for the Spanish armada of Flanders in Schoonhooven, a port near Rotterdam, illustrates that naval purchases did continue, albeit with the utmost discretion. Not only did the Spanish Monarchy not want it be known it did business with shipwrights from enemy states, but the purchase would not be possible if the Dutch authorities found out that the customer was in fact the Habsburg navy. Stradling, *The Armada of Flanders*, 197–98.

1.2 Fitting-out the *Carreira*'s Ships of the Line

The scale and complexity of fitting out the *Carreira's* fleets forced the administrative and financially overwhelmed Crown to lean heavily on contractors, albeit to different degrees depending on the contract. As with shipbuilding, the Crown alternated comprehensive, larger-in-scope contracts with more specific and circumscribed provisioning operations.[168] Some of these concessions required only the advancement of funds and did not preclude the acquisition of equipment or raw materials, leaving these responsibilities to the royal administration or to another contractor. Certain public-private partnerships referred to the deployment of specific products or services for one or two individual ships in an armada, whereas others encompassed the entire fleet, in some cases, for several years.[169] The Crown decided to promote concentration when it auctioned a few public private partnerships to a small number of magnates, in some cases for several years/voyages, and fragmentation by underwriting a bigger number of contracts, which were individually less costly and easier to operate. On the other hand, fragmentation generated smaller economies of scale and raised the costs of monitoring the activities of the various contractors.

In August 1607, Madrid ratified a contract between the *Junta de la Hacienda de Portugal* and Jorge Rodrigues Solis. This savvy merchant-banker with a long track record of logistic and financial intermediation was chosen to careen and fit-out the carrack *Nossa Senhora da Palma* for the Lisbon-Cochin 1608 voyage.[170] The limited scope of this contract arose because the contract was an extension or a spin-off of a larger, still ongoing contract. Jorge Rodrigues Solis had been, since 1602 the man behind the concession for the outfitting of the India fleets, and by 1607 he was also in charge of repairing and mobilizing resources for the other ships that sailed in that year's expedition. It so happened that on short notice the Crown decided to add one last ship that was not initially scheduled to take part on the voyage.[171] The *Nossa Senhora da Palma* had returned from India and the lengthy journey had obviously taken a toll on the ship. Several officials expressed doubts whether the vessel was seaworthy for two consecutive voyages in the India Run. Rodrigues Solis guaranteed he could have it repaired and fitted out on time. Being of the opinion that all available ships should be dispatched for the relief of the *Estado da Índia,* the *Junta* was inclined to believe in Rodrigues Solis when he said he was able to repair and fit out the *Nossa Senhora da Palma,* and that the risks of dispatching the ship to Asia were minimal.

The contract made with Jorge Rodrigues Solis reveals how public-private partnerships were dynamic bounds between the Crown and concessionaire and not arrangements entirely set in stone. As long as both parties involved were in agreement, the contracts could always be extended, updated and its terms renegotiated. The most important terms of the *Nossa Senhora da Palma* concession included the provision of all necessary equipment for the ship, as well as food-supplies for the seamen. All provisions had to be delivered and ready to be loaded onto the carrack by the last days of February 1608. Although no clause specified the items nor the amounts that had to be delivered, the contract clearly stated the commodities and products that were outside of its scope, singling out weaponry

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168 Thompson, *War and Government in Habsburg Spain, 1560-1620*, 222.
169 Thompson, 223.
170 AGS, SSP, lib. 1466, fl. 272 – 278.
171 AHU, CU, cod. 31, fl. 44-46. For instance, for the 1606 voyage, Rodrigues Solis was expected to fit-out a total of seven Indiamen, five bound for Goa and two for Malacca. BA, 51-VIII-42, fl. 94, 94v.

and munitions, which points at the existence of specific contracts for these supplies with other merchants.[172]

This concession to Rodrigues Solis lays bare the fragmented handling of the logistics that at certain moments defined the India Run. The feeding and payment of troops *en* route to Asia, and the procurement of weaponry and ammunitions had to be arranged separately, as they were not included in this contract. The contract also put forward the penalties that the contractor woul incur in case he was unable to honour his commitments to the state. In case Rodrigues Solis failed to meet all the supplying requirements, he should not expect to receive compensation from the revenue streams that had been specifically assigned to his contract beforehand and he still ran the risk of being fined 8,000,000 *réis*. An exception was made for the delivery of masts, whereby he was exempted from having to acquire them abroad. If lengthy single pieces of pine wood could not be found in Lisbon or in any other port of the realm, and if for that reason the carrack was held back in Lisbon, the contractor would be excused from the fine.

Moreover, Rodrigues Solis was to receive 16,857,143 *réis* for equipping and handling the manning requirements of the *Nossa Senhora da Palma*, the same sum he was to be paid for every Indiaman during his multiple-year concession. Setting the price meant that the contractor and the royal officials had agreed on the costs of the contracted commodities. This was often problematic for while the Crown wished to keep the price as low as possible, the contractor tried to have it at least at market price, preferably above.[173]

Finally, the payments to Rodrigues Solis for his supplies for the *Nossa Senhora da Palma* were to be paid in 1,500 *quintais* of pepper as soon as the spice batches arrived from India. Assuming the inward-bound fleet did in fact reach Lisbon without incidents or delays, the contractor would be paid three months before deliveries were due.

The partnership between the Crown and Jorge Rodrigues Solis follows the template described above, in the sense that it was less about carrying out a certain task (in this case, fitting-out ships) for which the contractor was paid upon completion. Instead, the assumption that underpinned this public-private partnership was that the revenues generated from the sale of the pepper would be enough to pay the contractor. By surrendering funds to Rodrigues Solis as he was just beginning to fulfil his contractual obligations (i.e. acquire the necessary commodities on time for the delivery deadline) rather than afterwards, the Crown was providing him with the financial means to carry out his duties effectively. While the contractor found a way to be the preferential receiver of a batch of pepper, which in the case of Rodrigues Solis, a veteran wholesaler of pepper, represented an added incentive to bid for the contract, the Crown was spared from marketing the commodity to generate enough earnings to pay for the contract. The assignment of the king's exclusive spice was a welcoming prospect for the contractor, since it exempted him from taking part in the public auctions, allowing him to secure the prized commodity at a lower price. For the Crown, the pepper was a ready-made receipt which could be allocated to service the contract, relieving its treasury officials from having to go through all the other revenue streams and see which ones were not already earmarked to the service of the consolidated debt, the payment of salaries, pensions and grants, as well as the settlement of other provisioning contracts. Moreover, by promising part of the pepper consignment to a contractor, the royal Exchequer avoided the potentially disappointing outcome of public tenders, given that by 1608, the interest for pepper among wholesale buyers had waned.

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[172] Notwithstanding the exclusion of masts from the contract, its provisioning was a particularly sensitive issue because the failure to provision them on time would prevent the *Palma* from departing alongside the rest of the armada. With both parties well aware of this risk, the contract specified the contractor was exempted from the heavy fine if delays or if the ship was held back in Lisbon Indiamen because it had not yet received masts.
[173] AGS, SSP, lib. 1466, fl. 279v.

Four months after the last *quintal* of pepper had been paid - assuming the inward-bound armada reached Lisbon by November - the outward bound fleet would depart and then Crown and contractor would settle their accounts. The difference between the market value of the pepper at the time it was surrendered to the contractor and the agreed-upon price of the contract was calculated and bridged. The contractor would either reimburse the Crown in up-front cash, or he received extra funds from the royal treasury, depending on who was running at a loss. In order to ensure a timely implementation of the contract, the Monarchy promised to offer the concession holder all the administrative collaboration necessary for the completion of the tasks at hand. For example, all the timber in the royal warehouses should be surrendered to Rodrigues Solis and its cost would be subtracted from the price of the contract. The expenses with the work force were equally transferred from the royal treasury to the contractor, who hired the carpenters, caulkers and other craftsmen, including the employees of the royal shipyards. This fact notwithstanding, the contract stated that they should be placed at the contractor's disposal (as long as he paid them, of course) along with the public infrastructures. Therefore, by outsourcing ship-building to private entrepreneurs, the Crown was exempted from the payment of salaries of highly specialized workers during long-periods of time, even if these costs were reflected in the final price of the contract.

Even if the contract with Rodrigues Solis only provides a general outline of the clauses, richer evidence on the intricacies of naval public private partnerships exists for other cases. A multi-tasking contract for which there is much more qualitative and quantitative information was signed between the months of July and August 1620 with the Lisbon merchant-banker Antonio Fernandes Pais. In this public-private partnership, the terms for the provisioning of three ships for the 1621 *armada*, as well as the victualing of five thousand seamen and military personnel were settled. The terms of this contract are reproduced on table. 6 bellow. By comparison with the contract of Jorge Rodrigues Solis, this was a comprehensive, all-encompassing partnership.[174] It included not only construction materials and other infrastructural resources, but also weaponry, munitions and rations. The supply of weapons and foodstuffs will be analysed in the next chapter, by looking at other contracts, as I focus here on the fitting-out clauses.

[174] The same could be said about the 1602-1606 contract to rig the India fleets leased out to Rodrigues Solis. On how Rodrigues Solis would be compensated for this multiannual partnership with the Crown; AHU, CU, cod. 31, fl. 44-46.

Table 5. The naval provision contract of António Fernandes Pais (the India fleet of 1621)

Supply	Quantities	Price per unit (*réis*)	Total cost (*réis*)
Victuals	3.760 people (seamen and soldiers)	16.000/person	60.000.000
Iron cast artillery (from England)[175]	6.000 *quintais*	2.000/*quintal*	12.000
Anchors	48	2.700/anchor	129.600
Roping	4.600 *quintais*	3.300/*quintal*	15.180.000
***Pelouros* (two types: *cadea* and round**[176]	1.250 *quintais*		3.000 (*cadea* for 1000 réis; the round ones for 2000)
Murrão	150 *quintais*	2.200/ *quintal*	330.000
Sailing canvas			3.800
Masts	50 masts	23.000/mast	1.150.000
Tin	400 *quintais (300 "q nao seja cabeca de negro";* 100 tin paste	"*q não seja cabeça de negro*" = 1 600 *réis*/quintal Tin paste = 2200 réis/quintal	700.000 (480.000 + 220.000)
Estopazes[177]	200.000	800/1.000 *estopas*	160.000
Pikes	700	300/pike	210.000
Money for additional purchases			800.000
Total cost of the provisions			**78.678.400**

Source: AGS, SSP, lib. 1473, fl. 227-236v.

The contract required Pais to supply victuals for 3,760 people, seamen and soldiers alike, within the period of eight months, for 16,000 *réis* per person or (12,000) per ration. Taking the number of people in the carrack as the variable under consideration, the total costs of feeding the crews would be higher than 60,000 *réis*. The victuals to be provided and the respective amounts were left unspecified in the contracts' general clauses, only to be later discussed by the Council of the Exchequer and the contractor. This was crucial to both parties, since they helped determining how costly the public-private partnership would be for the Crown and the potential returns it could yield the contractor. In addition to foodstuffs, this contract included the procurement of iron cast artillery, rigging and 48 anchors, with different weights, ranging from 12-17 *quintais*. The price was not specified for the different weights, instead it was simply stated that the average cost was set at 2,700 *réis* (at a total cost of 130,000 *réis* approximately for the forty-eight anchors).[178] Next to anchors, the contract also put forward the acquisition of good quality sails. Although the sail canvas used by the Indiamen were made primarily from Flemish and French linen, particularly from Brittany and Rouen, Portugal's own linen production was also employed.[179]

Part of a crop diversification trend that defined the Portuguese agriculture in the sixteenth century, the cultivation of flax picked up steem in several regions but especially in the North-western region of Minho, whose more humid climate and irrigated soils were well

175 "*artelheria de ferro coado da fundição de Inglaterra de cem livras cada quintal*".

176 *Pelouros* were the small metallic piece used to reload firearms. The *vocabulario portuguez & latino* by Rafael Blutheau's defined it as "*Pequeno corpo metallico, & esférico com que se carregaõ mosquetes & outras armas de fogo";* Raphael Bluteau, *Vocabulario Portuguez e Latino,* vol. 6 (Coimbra: Collegio das Artes da Companhia de Jesus, 1712-18), 383-384.

177 Probably a linen cloth used to cover up equipment and appliances on the deck. The word had according to Blutheau English origin Blutheau's dictionary, "Estopa. Derivase de *stoup* palavra Celtica, que significa o mesmo, *cude stuppare,* que na baixa Latinidade quer dizer Tapar, ou de *tupa* (..) He o grosso do linho", Bluteau, *Vocabulario Portuguez e Latino,* vol. 3, 327.

178. AGS, SSP, lib. 1473, fl. 232-232v.

179 Costa, *Naus e galeões na ribeira de Lisboa*, 359–62.

suited to the flex and where there was plenty of man power to spare to work the land.[180] In order to make the canvas with the appropriate length and width, smaller strands of sail cloth were sown together.[181] Vila do Conde, was internationally renowned in the sixteenth century for the quality of its sail canvas and the Crown issued several decrees with the intent of standardizing the final product, ensuring quality control and steady supplies to the royal shipyards. Behind this legislative initiatives was the desire to contain imports and spur domestic production.[182]

Table 6. Fitting out expenses with the India Fleets (1596)

Commodities	**Amounts**	**Price per unit (*réis*)**	**Total cost (*réis*)**
Biscuit	4250 *quintais*	2.400/quintal	10.200.000
Wine	490,5 casks	5.600/pipa	2.746.800
Beef	1.700 *arrobas*	450/arroba	765.000
Bacon	1.909 arrobas	960/arroba	1.832.640
White fish	355 dozens	720/dozen	255.600
Olive oil	93 pitchers	40.716/tonel	446.647
Vinegar	34 casks	4.000/pipa	136.000
Casks	2200	1.200/pipa	2.640.000
Canister	100	700	70.000
Iron Hops	6.000	100/arco de ferro	600.000
Vegetables and green stuffs			505.600
Medicinal drug			384.000
Pine cupboards for storage			380.000
Pantry cabinet			700.000
Weaponry handed over to the provisioning contractor			964.600
Candles, sails, etc.			195.240
Expenses with equipping a small accompanying vessel			123.660
TOTAL			**22.945.787**

Source: BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 24-25

[180] Susana Münch Miranda, 'Coping with Europe and the Empire, 1500-1620', in *An Agrarian History of Portugal, 1000-2000 : Economic Development on the European Frontier*, ed. Dulce Freire and Pedro Lains (Leiden-Boston: Brill, 2017), 91.
[181] Phillips, *Six Galleons for the King of Spain*, 82.
[182] Costa, *Naus e galeões na ribeira de Lisboa*, 362–65.

Another key naval store was rigging (in Spanish *jarcia,* in Portuguese *enxárcia*), which like sail cloth was made of vegetable fibres. Rigging was used to bind the masts to the ship by ensuring lateral support, to hoist and lower the sails, to hold the heavy artillery from recoil whenever fire was opened, as well as to moor the ships to the docks upon arriving at a dockyard.[183] Bundled together to make sailing ropes, flax and hemp threads were manufactured in places like Santarém, Golegã or Coimbra. Throughout the sixteenth century, royal officials placed orders with local producers, but at the start of the seventeenth century the Crown took steps towards controlling the production process and better articulate it with the needs of its naval squadrons. In 1617 and 1625, royal factories were set up in Santarém and Coimbra to oversee all stages of production and ensure transportation of the linen-treads to Lisbon where they were finished.[184] Nevertheless, the prime supplier in the kingdom was the Northeastern town of Moncorvo, where a particular linen thread was produced, the so-called *fio de moncorvo*, a product in high demand in the larger shipbuilding centres on the coast. To oversee the growing of hemp and coordinate the putting-out of the raw material to domestic spinners and weavers scattered throughout the vicinities, a royal factory was equally established in Moncorvo.[185] Not infrequently, the exploitation of Torre de Moncorvo's linen-tread cluster was farmed out to private businessmen.[186] Regardless how cultivation and weaving were ran, whether by the royal factor or a contractor, after having been processed in the different Crown factories, the threads were sent to Lisbon's royal rope factory (*cordoaria)* to be braided.[187]

Despite the existence of a capable domestic sector for rope and sail cloth-making, procurement ensued beyond the Pyrenees, particularly from the Eastern Baltic and White seaboards.[188] Table 7 (see bellow) describes such a transaction, the 1,200 *quintais* of hemp fiber supplied by Abrão Estrenicq (Abraham Steenwijck), a merchant from Kampen, in 1609. If in this case, the delivered vegetable fibres still had to be transformed into ropes at the royal factory, on other occasions rigging was imported fully-finished. In June 1620, Luís Cado,[189] a longstanding member of Lisbon's Flemish merchant community, agreed with the Council of the Exchequer to deliver by December an unspecified amount of ropes worth 6,000,000 *réis*, 1,800 *quintais* of shroud[190] (at a rate of 3,400 *réis* per *quintal*), 250 *quintais* of hemp (at 2,700 réis per *quintal*), and an unspecified amount of mooring. To maximize the shipment of imported wares from Scandinavia and the Baltic sea regions, Cado also bid for the procurement of fifty masts, raising the cost of the whole delivery to circa 10,000,000 *réis.*[191] Luís Cado was paid with the revenues of the tariffs and freights levied on the privately owned merchandises brought in the arriving carracks later that year, although this particular revenue

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183 *canhâmo*, *linho canimo* in portuguese. Goodman, *Spanish Naval Power, 1589-1665*, 140–41; Phillips, *Six Galleons for the King of Spain*, 82–84.

184 Costa, *Naus e galeões na ribeira de Lisboa*, 346.

185 A set of general instructions (*regimento*) were issued in 1656. Jorge Pedreira, *Estrutura Industrial e Mercado Colonial. Portugal e Brasil (1780-1830)* (Lisbon: Difel, 1994), 26.

186 Sources on the *Torre de Moncorvo* facility contract do not abound. An exeption are the discussions held at the Council of the Exchequer regarding contractor Diogo Henriques Pereira, who ran the government concession in the 1620s, and Diogo Henriques in the following decade. AHU_CU_Reino, Cx. 4-A, pasta 19, AHU, CU, cod. 35 A, fl. 52v-53, 56v-57v; AHU, CU, cod. 39, 139.

187 Miranda, 'Coping with Europe and the Empire, 1500-1620', 92; Costa, *Naus e galeões na ribeira de Lisboa*, 349–53.

188 Goodman, *Spanish Naval Power, 1589-1665*; Other European navies also relied extensively on imports of Scando-Baltic vegetable fibres; Ralph Davis, *The Rise of the English Shipping Industry: In the Seventeenth and Eighteenth Centuries* (St, John's, Newfoundland: International Maritime Economic History Association, 2012), 204–5, 209, 211.

189 Eddy Stols, *De Spaanse Brabanders of de Handelsbestrekkingen Der Zuidlijke Nederlanden Met Iberische Wereld 1598-1648* (Brussels: Paleis der Academiën, 1971)"Bijlagen": 13.

190 The shrouds were the webs of rigging which held the mast up from side to side.

191 AGS, SSP, lib. 1473, fl. 25-28.

stream did not seem, at the time at least, to garner much interest in the Lisbon business scene.[192]

As far as shroud was concerned, Luís Cado supplied 1,800 *quintais* in 1620, but the contract did not make clear whether it was to be used for the departing India fleet of the next year or for the Atlantic squadrons based in Lisbon. Three ships of the line that were scheduled to depart in 1621 were provisioned with 4,600 *quintais*, courtesy of António Fernandes Pais. That *armada* comprised ten ships, and two separate contracts to deliver cordage accounted for at least 6,400 *quintais*.[193] In the course of the following decade the two vessels that were normally dispatched to Asia every year required about 2,500 *quintais* of cordage.[194]

Rope was often imported via the United Provinces, Europe's main international outlet for naval wares at the time. Numerous semi-finished commodities and equipment ailing from all over Northern Europe, from the British Isles to Russia, were gathered at the Amsterdam staple market and subsequently re-exported to Southern Europe. At times, they were not even brought to ports and storage facilities in the United Provinces, being exported directly from their production outlets to the sale markets on board Dutch merchantmen. Other times, Dutch suppliers resorted to the merchant marine from other countries, namely from England.[195] One such voyage was outlined on May 6, 1621, when Jerónimo Rodrigues de Sousa, from the Portuguese Nation of Amsterdam, and Andries Horlstone from Sandwich, skipper of the 40 last's ship, the *De Ritzer*, agreed to bring to Lisbon by way of Sandwich a cargo of 30 lasts of cordage. The skipper was to report to Bartholomeys Sijmissen, rope-maker in Amsterdam, under the penalty of being fined 15 pounds sterling or 150 guilders, if he failed to do so.[196] The lay-over at Sandwich was probably meant to conceal the origins of the cargo, given that the Twelve Year's Truce (1609-1621) had just ended and the embargo on ships and goods ailing from the United Provinces had been reinstated.

Even the most robust types of rigging, such as those used for mooring the ship to the docks deteriorated from the exposure to water, temperature and humidity during the long months at sea and the sailing across different latitudes. To insulate the different types of cordage and make them more resistant, pitch and tar were used. A mixture of these same greases was also applied to the ships' hull to protect it against shipworms. Tar and pitch were scarce in Iberia and had to be imported from Scandinavia, the Baltic, or Muscovy by Dutch or Hanseatic skippers.[197] In the early 1620s, Robert Garland, an English merchant supplied the Crown stores with tar (and fish oil), a transaction worth 119,400 *réis*.[198] In 1638, Luís de

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192 In 1619 two ships, the *Paraíso* and the *Nossa Senhora da Boa Nova* returned from Goa to the Portuguese capital, but for some reason Lisbon's financiers did not show interest in the tariff and freight collection farms. The lack of interest of Lisbon's businessmen in leasing the collection of tariff and duties was reported by the Council of the Exchequer to Madrid, as the reason why nobody besides Cado had showed interest in the supply. According to the Council, if the contract would be serviced with allotments of pepper there was good reason to believe that others would make a tender for the contract. The resort to pepper was not up for consideration, given previous instructions by the king to not assign pepper or the proceeds from its sale to any further expenses.AGS, SSP, lib. 1473, fl. 26v.

193 AGS, SSP, lib. 1473, fl. 227v.

194 AHU_CU_058 (India), cx. 19, doc. 210.

195 E. M. Koen, "Notarial Records relating to the Portuguese Jews in Amsterdam up to 1639", *Studia Rosenthaliana*, vol. 33, no. 1, 1999, deed 3477.

196 Koen, "Notarial Records," *Studia Rosenthaliana*, vol. XIX, no. 1, May 1985, deed N. 2400.

197 J. T. Kotilaine, *Russia's Foreign Trade and Economic Expansion in the Seventeenth Century: Windows on the World* (Leiden-Boston: Brill, 2005), 64; Glete, *Warfare at Sea, 1500-1650*, 115.

198 AHU, CU, 35-A, fl. 31v; AHU_CU_058 (Índia), cx. 12, doc. 11. For the early seventeenth century English community in Portugal, Pauline Croft, 'English Mariners Trading to Spain and Portugal, 1558–1625', *The Mariner's Mirror* 69, no. 3 (1 January 1983): 251–66; L. M. E. Shaw, *Trade, Inquisition and the English Nation in Portugal, 1650-1690* (Manchester: Carcanet, 1989), 15–25.

Bem delivered tar for the galleon *Santo António* and the *naveta Nossa Senhora do Rosário*, two of the ships enrolled to sail to India in 1639.[199]

Table 7. Some examples of contracts leased out by the Council of the Exchequer for the provisioning of the royal warehouses in Lisbon (1592-1612)

Date of delivery	Contract	Recipient
1598/03/04	15000 harquebuzes + muskets and match	Jacome Fixer
1592/09/30	4000 *quintais* of *cordage*	João de Bois and Juliao de la Court
1598/08/20	2000 *quintais* of cordage	João Baptista Galo and partners
1598/08/20	500 *quintais* of cordage	Anrique Brazadiq
1598/10/03	Construction of two fully equipped and ready to sail caravels weighting between 30 to 100 tons each	Jorge Roiz Solis & André Ximenes
1602/03/15	Fitting-out of seven armadas bound for the Indian Ocean	Jorge Roiz Solis
1604/12/31	Victualing the military en route to Asia	Cosmo Dias
1604/11/15	Victualing the seamen en route to Asia in the 1605 voyage	Cosmo Dias
1607/10/16	Victualing the seamen en route to Asia in the 1608 voyage	António Fernandes Pais
1608/01/26	Careening of the carrack *Palma*	Jorge Rodrigues Solis
1608/02/27	4000 *quintais* of nails and tacks, 10 anchors	António Fernandes Pais
1608/05/29	3,000 *quintais* of cordage	Alonso de Sisneros
1608/05/18	Victualing the crews of the 1609 Armada	António Fernandes Pais
1609/03/28	4 000 *quintais* of nails and tacks, 30 anchors	António Fernandes Pais
1609/04/03	1200 *quintais* of hemp	Abrão Estreniq
1609/09/08	Victualing the seamen en route to Asia in the 1610 voyage	António Fernandes Pais
1609/10/10	2000 *quintais* of cordage	Luís Cado
1609/11/14	137 masts	Luís Cado
1609/11/14	85 masts	Geraldo Ovade
1610/01/12	300 quintais of nails and tacks + and unspecified number of anchors	António Fernandes Pais
1610/06/05	Carpentry works on the Indian Ocean bound galleons *São Filipe, Santiago* and *São João* Evangelista	Frutuoso João
1610/06/05	Mast making for the vessels of the 1611 voyage, as well as the galeons *São Filipe, Santiago* and *São João* Evangelista	Pero Fernandes & Bernardo do Souto & Simão Gomes
1611/03/01	400 *quintais* of nails and thacks, unspecified number of anchors	António Fernandes Pais
1610/12/22	2,000 *quintais* of cordage	Luís Cado
1611/05/20	Carpentry works on two new India carracks	Frutuoso João
1611/07/15	4,000 *quintais* of cordage, 4,000 muskets, 2,000 harquebuses, 500 *quintais* of match	António Fernandes Pais
1612/07/23	3,000 *quintais* of nails and tacks	António Fernandes Pais

Source: AGS, SSP, lib. 1472, fl. 229-234.

[199] AHU_CU_058 (Índia), cx. 22, doc. 140. He also provided masts and an amount of shrouds worth 1,628,330 *réis*.

Along with the vegetable fibers and rigging materials, metal wares were another key part of an Indiamen's equipment. Ventura de Frias was a recurrent supplier of metal wares to the Crown stores between 1572 and 1579. Considering the scope of his contract, which required him to deploy large quantities of this type of goods over the course of several years, Frias can be seen as a specialized supplier, different from others who provided several different raw materials or appliances for shipbuilding purposes. Among the metal wares he was commissioned were iron in bulk, while in nails and other metal spikes alone, Frias was expected to provide more than 1,500 *quintais*.[200] The Crown's purchase chart differentiated between the nails, depending on the size of the ship they would be used in. Between 160 and 800 *quintais* of medium sized and large nails were ordered, whilst smaller sizes were required only 100 *quintais* worth in these materials. Additional nails and tacks were also commissioned for smaller carracks and *galiotas* that the Crown periodically dispatched to the upper Guinea and Gold Coast.[201]

As far as the origin of these wares were concerned, the role of Vizcaya and Guipuzkoa as a purchase centre for the metal wares employed in the Asia bound ships of the line harkened back to the early decades of Cape Route sailing.[202] Moreover, as in halcyon days of the *Carreira da Índia*, during the period under study the Antwerp connection continued to ensure Lisbon and the Portuguese market were supplied with nails and tacks made in the Southern Netherlands and elsewhere in Northern Europe. An example of such imports was the dispatch of three barrels filled with such appliances from Hainaut, in the Southern Netherlands, by the Francês brothers of Antwerp (Nuno and Diogo) to Nuno Monteiro in Lisbon.[203] Although the notarial deed that confirms this transaction does not mention the Portuguese Crown as the ultimate receiver of the cargo, merchants under contract with the government could make use of these provisioning channels before pitching their sale to the Crown.[204]

Unlike nails and tacks, the other metal objects commissioned to Venturas de Frias, were used to moor the ships of the *Carreira da Índia*. For three years this contractor ensured that one hundred moorings of four different weight categories, ranging from ten to sixteen *quintais*, and twenty five anchors were delivered in Lisbon.[205] His contract also included the supply of eighty *quintais* of smaller anchors, harpoons and hooks to fish objects out of the sea.[206]

In January 1614, António Fernandes Pais, placed an order before Pedro (Pieter) Clamaer, a craftsmen and citizen of Hoorn (Dutch Republic) for an unspecified number of iron bars at the bequest of the viceroy Pedro de Castilho.[207] This merchant possessed the contacts and was already procuring the aforementioned merchandises to high-profile customers and could easily do it for the royal institutions as well.[208] For now these references shall suffice to give an idea of the requirements of metal wares for the fitting out of the India Run ships. The importance of the imports of metals in bulk will be further explored in chapter 3, when the use of iron and bronze cast artillery to provide firepower to the Indiamen is addressed.

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[200] "preguos, pernas, cavilhas"
[201] AGS, SSP, lib. 1472, fl. 238-239.
[202] Costa, *Naus e galeões na ribeira de Lisboa*, 341–42; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:204.
[203] Israel Salvator Révah, 'Une Famille de "Noveaux-Chrétiens": Les Bocarro Francês', *Revue Des Études Juives*, no. 16 (1957): 73–87.
[204] Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3623, fl. 203.
[205] AGS, SSP, lib. 1472, fl. 238-239.
[206] The price per each *quintal* was set at 2,300 *réis* and the total package of *fateixas* weighted in at eight *quintais*. In total, the cost with smaller moorings was set at 184,000 *réis*.
[207] "fazer em frandes huas grades de latão fino com almas de ferro".
[208] FA, Notariaat (Antwerpen, 1480-1810), N#3606, fl. 252-253.

1.3 Concluding remarks

In order to prepare the fleets for the Indian Run journey, a series of complicated logistic requirements had to be met. The most important was the building of robust ocean-going ships capable of transporting a great number of people and voluminous cargoes, followed by the provision of all sorts of hardware and instruments necessary to propel and steer them.

This chapter discusses how construction was, for the most part, outsourced to private entrepreneurs and was only rarely bankrolled directly by the royal exchequer and overseen by the state's shipwrights. More often than not, the Crown's naval stores received and stored raw materials, namely timber, and semi-transformed products, such as rigging, canvas, pitch or tar, all of which were procured by private purveyors. Even in the industrial sites set up by the Crown to ensure the transformation of raw material into naval wares, the actual manufacturing labour was frequently ensured by private contractors.

Similarly, to other European countries that sailed the Cape Route, Portugal lacked all the necessary oak to assemble the hull of its carracks and galleons, but unlike them it could fall back on the abundant sources of timber from Northern Spain, taking advantage of the political integration of the Iberian territories under one crowing head. On the other hand, tart, pitch and masts had to be imported from the Northern Sea and the Baltic,[209] while the traditional domestic sectors for the production of canvas and hemp seem to have been insufficient to cover the demand of the royal wharfs. This dependency on imports in itself did not set Portugal apart from its main competitors for the Cape Route trade and overseas ventures in maritime Asia. Where Portugal lagged behind was on the ability to import supplies with its own merchant fleet, leaving supplies in the hands of foreign carriers, some of whom were from enemy states. It is unclear how expensive naval wares became as a result of the trade embargoes and tense diplomatic relations with some of the leading maritime powers of the age.[210] It is however reasonable to assume that both England and the Dutch Republic spent less to build and fit-out Indian Ocean-going ships, since they had easier access to the naval stores' commodity chains and opted for smaller ocean-going vessels, even if the Portuguese by building larger vessels created economies of scale.

The Portuguese were unable to keep-up with the VOC in terms of the ability to mobilize resources for intercontinental trade and naval warfare in Asia. Relief fleets were dispatched in 1601, then for three consecutive years between 1605 and 1608, this in the first decade of the new century alone.[211] As the Twelve Years' Truce drew to a close, the Crown launched new relief fleets every year between 1619 and 1624 (except in 1620). The result of many of these expeditions was not what the Crown intended, as many ran aground while end route to India, whereas others were forced to abort their voyage and sail back to Lisbon. Rather than improving, matters worsened during the 1630s. By this point the Monarchy struggled greatly to assemble even a modest two-ship contingent, as it had to divert financial, men and material resources to the war against the Dutch in Northeastern Brazil and the protection of its territories in the South Atlantic. It certainly did not help that some of the most prominent investors of the Lisbon business scene left the kingdom for the greener pastures of the Spanish court in the mid to late 1620s, depriving the Crown of some of its most skilled contractors.[212]

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[209] Regina Grafe, 'The Strange Tale of the Decline of Spanish Shipping', in *Shipping and Economic Growth, 1350-1850*, ed. Richard W. Unger (Leiden-Boston: Brill, 2011), 95.

[210] Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 92–93.

[211] Murteira, 'A Navegação Portuguesa Na Ásia e Na Rota Do Cabo e o Corso Neerlandês, 1595-1625', 205–6.

[212] See chapter 6.

Despite a century-long experience in building ships for inter-oceanic trade and warfare, Portuguese Crown lost a much greater number of ships and had a much lower rate of voyage completions than an up and coming new player in the Cape route, the VOC. The Dutch trading company consistently launched more ships and lost much less than the Portuguese, ensuring a more reliable and efficient shipping service to the commodities in transit, as well as to the men and military tools deployed in Asia. The result was that the Dutch chartered company had at their disposal a much larger naval contingent in Asian waters, which it used to prey on the *Estado da Índia* and sideline the Portuguese from several trading circuits.

In a nutshell, it can be concluded that the annual voyages between Lisbon and the Western coast of India depended upon public-private partnerships to a very large extent. These were malleable arrangements that could take on a number forms depending on what best suited the Crown at a certain juncture and, more importantly so, on its treasury restrictions around the time of negotiating the contract. However, despite the competence of contractors operating in Portugal, as the years went by the Crown was unable to put the full weight of their resources behind the maintenance of an effective inter-oceanic shipping service.

Chapter 2: Victualing

Next to paying the salaries of the people on board, the *Carreira's* most crucial provisioning operation involving the fleets human resources was ensuring that the crews manning the Indiamen, the soldiers and administrative officials in transit to India (viceroys, governors, military officers, magistrates or clergymen) were nourished while on open sea.[213]

The recent scholarship on the 'contractor state' has devoted much attention to naval victualing because this logistic operation was beset, perhaps more than any other, by all the main problems of supplying the armed forces before the age of the steam engine and the refrigeration systems.[214] Although procuring certain foodstuffs in bulk could be something of a problem,[215] it was just as big a challenge to preserve produce and other food products once they were brought on board. It had to be ensured that foodstuffs and liquids remained fit for consumption when ships were completely cut off from supply lines ashore during the long months at high sea. Because re-supplying at high sea was out of the question, and ports of call were few and far between, there was little to no margin of error in terms of how rations were stored during the voyage.[216]

The food supplies of the *Carreira da Índia* were carefully picked according to their nutritional value and endurance to perishable elements, even though the two criteria were not always easily compatible.[217] The planning that went into this task required minutia, as even the slightest miscalculation could have serious consequences for the outcome of the voyages. When it came to accommodate these food-supplies on the ship, a balance had to be struck between the optimal use of the space available on board (i.e. how to find space for the victuals without sacrificing space for the navigation equipment and for the tradeable cargoes), safety (i.e. not overload the ship), and meeting the nourishment needs of the people on board.

I. A. A. Thompson has suggested that in the late 1500s and early 1600s Portugal served as a laboratory to try-out victualing contracts before the Monarchy decided if it was worth employing them in other Iberian territories. Until the seventeenth century, in Spain, the purveying of foodstuffs to the armed forces had been directly handled by the state bureaucracy without much outsourcing.[218] Thompson's statement is hard to assess due to the patchy and inconsistent primary sources on Portugal's victualing contracts. Although there is no shortage of mentions to the mustering of rations for the annual voyage, very few contracts detailing the irksome task of feeding crews and soldiers have survived in the archives. Moreover, the few ones that did, do not disclose the list of products to be bought

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213 Unger, *The Ship in the Medieval Economy, 600-1600*, 26.

214 Knight and Wilcox, *Sustaining the Fleet, 1793-1815*.

215 A fleet which spent months at a time at high sea could not be nourished as it moved along with locally amassed goods, as armies could as they marched from town to town. Cut off from productive hinterlands and only stopping at a port of call every so often, food provisions had to be loaded onto the ships in their entirety before the fleet's departure. John Brewer, *The Sinews of Power: War, Money and the English State 1688-1783* (Cambridge: Harvard University Press, 1989), 28–29.

216 Jan Glete, 'Warfare at Sea, 1415-1815', in *War in the Early Modern World*, ed. Jeremy Black, 2nd ed. (London-New York: Routledge, 2005), 32–33.

217 Liam Matthew Brockey, 'Jesuit Missionaries on the Carreira Da Índia in the Sixteenth and Seventeenth Centuries: A Selection of Contemporary Sources', *Itinerario* 31, no. 2 (2007): 111–132; Amândio Barros, 'Vida de Marinheiro. Aspectos Do Quotidiano Das Gentes de Mar Nos Séculos XV e XVI', in *Estudos Em Homenagem a Luís António de Oliveira Ramos*, ed. Francisco Ribeiro da Silva et al., vol. 1 (Oporto: Faculdade de Letras da Universidade do Porto, 2004), 249–64.

218 Thompson, *War and Government in Habsburg Spain, 1560-1620*; According to Knight and Wilcox, England's first ever victualling contract was underwritten in 1565. From that date until the creation of the victualling board in 1683, contracting was the prime mean through which the royal navy was supplied with foodstuffs. Knight and Wilcox, *Sustaining the Fleet, 1793-1815*, chapter 7.

or the costs of each item, but solely the costs incurred by each person on board.[219] One thing seems clear, though. The resort to contracts was consistent throughout the period under study, although the more piecemeal public-private partnerships, involving had hoc supplies of one or two specific commodities became the norm over time. As with other naval logistics, the contractual arrangements to deal with the procurement of foodstuffs ranged from all-encompassing obligations to more specific tasks.

A demonstrative example of the more comprehensive deals involving per capita supplying is the contract drawn up with Manuel Moreno de Chaves on November 6, 1619. Chaves was put in charge of providing for the Portuguese coastal fleet (the *Consulado* fleet) during 1620 and that year's *Carreira da Índia.*[220] The contract included both the seamen and military personnel. The agreed-upon price for each sailor was 12,400 *réis*, whereas the price for each military was estimated at 17,000 *réis*. The victualling contracts followed a standard administrative distinction between crews who manned the ships (*gente da navegação)* and men of arms (the *gente de armas)*. Technically speaking, each branch of personnel was endowed with its own distinctive contract catering to its specific needs, even though both contracts could perfectly end up, as was frequently the case, in the hands of the same contractor. It could also happen that the provisioning of one group was put out on contract while the other was performed through direct administration.

Shortly after the signing of Manuel Moreno de Chaves' contract and its final approval by the king, the contractor received from the purveyor of the Crown's stores a list of the supplies he was to deliver by late January, in just two months' time.[221] The brief time-span between the moment when the list of foodstuffs was presented and the actual delivery was common in naval forces across Europe during the early modern period. For instance, in eighteenth century Britain this was possible because by the time the victualing contracts were negotiated both parties had a good idea about the inventory of goods and the amounts to be delivered. Furthermore, since information about the prices of the main foodstuffs was available to both parties, due to the relatively transparent nature of the English food markets of that period, it was not hard to make an accurate estimation of the aggregate costs of the whole operation.[222] By the same token, in eighteenth century Spain the contractors in charge of victualing naval squadrons were also given between two and three months to deliver their contracts' basket of goods.[223] In Habsburg Portugal contractors were able to fulfil their obligations to the state on such short notice because here too there was predictability about what and how much they would be asked to procure for the Crown. Making such a calculated guess was possible because the merchant-bankers who normally secured the India Run's provisioning contracts witnessed the preparations for the voyages undergoing in the Lisbon shipyards and in the royal stores, and were hence well informed about the size of those armadas. As soon as it was established how large the next armada would be, prospective contractors could make a calculated guess on the amounts they would be asked to procure based on the requirements of past fitting-out contracts for fleets of a similar size. In practice this meant that while the final touches on the government concession were still being put, a merchant banker could already make the necessary arrangements with his suppliers, ensuring

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[219] It must be said that some spreadsheets of the *Carreira da Índia*'s food baskets have survived in the Portuguese and Spanish archives, a few of which are included in this chapter. However, these sources rarely elaborate on how the Crown went about to obtain the goods in question, either by underwriting a comprehensive contract with one sole partnership or entrepreneur, by turning to a multitude of suppliers, each ensuring the provisioning of one or at best a few goods, or through direct administration.

[220] AGS, SSP, lib. 1474, fl. 8-11; AHU_CU_058 (Índia), cx. 15, doc. 186.

[221] For the provisioning of the coastal fleet he was also put in charge of, the Crown's shopping list would be given to him by January the first, just as Moreno de Chaves reached the busiest weeks of the India Run-related deliveries.

[222] Bannerman, *Merchants and the Military in Eighteenth-Century Britain*, 12.

[223] Torres Sánchez, *Military Entrepreneurs*, 49.

that the products would be ready for acquisition and deployment soon after. Whilst I do not claim that late the sixteenth and early seventeenth century Portuguese contractor state was as effective as some of its European counterparts in the following century, the victualing of the *Carreira da Índia*, when it functioned appropriately at least, shows the flexibility and agility of the royal contractors in mobilizing a wide range of foodstuffs to the interoceanic naval forces.

There were several reasons why these supplying operations were not easily brought to fruition. Each was beset by its own particular risks, but also offered distinct profit-making opportunities. Although the public-private partnerships that lasted for several years required contractors to tie-down capital for longer periods of time, they were potentially more beneficial and allowed for costs to be saved. Unlike single year concessions, they allowed the contractor to phase out purchases throughout the year, waiting for periods when the conditions were more favourable, without the urgency (and the cost increases) of one time deals, especially when negotiations were concluded so close to the delivery date. In view of the fact that everyone in the country knew when the India-bound fleets normally departed, the suppliers from whom the contractors provisioned themselves would logically increase prices in the months leading to the start of the voyage. Since multi-year concessions allowed the recipients to acquire slowly perishable goods, such as wine, salted-fish and meat, throughout the year, the purchase costs were reduced. On the other hand, as far as fresh goods were concerned, any contractor, be it a multi-year concessionaire or one-time supplier, was exposed to the price fluctuations that affected them in the months leading up to the start of the outward-bound voyage. Sudden upsurges in prices could occur due to bad crops or to the supplying chains being compromised because of war or due to bad weather's effects on maritime shipping. All these factors and more could seriously undermine his ability to meet contractual obligations and eat away the rates of return of his contracts.

Good record-keeping and good communication between the concessionaire and the authorities was also crucial to a successful implementation of these contracts. To make sure that deployments of provisions did not go unregistered, when a contractor delivered his victuals to the Crown's stores, the official in charge of purchases and deliveries (*Almoxarife dos mantimentos*) issued an invoice attesting that the delivery was made and the value of the goods deposited. The *almoxarife* forwarded a copy of the receipt to the treasurer of the royal warehouses, so that the Exchequer could register the transaction. By the end of the contractual tenure, Crown and contractor revised their respective accounts, crosschecking whether all requirements had been met and, if needed, some final adjustments were made. As far as the financial settlement of these contracts were concerned, in the case of Manuel Moreno de Chaves, the supplies he provided for two fleets were partially paid from the output of tariffs levied on the privately owned cargoes brought from Asia in 1619. The nature of the revenues *ex ante* assigned to the recipient demonstrates once again how the returns of the *Carreira da Índia* were funding the costs of the next yearly fleets. All payments to the contractor were signed off by the general-treasurer of the House of India and remained registered in receipts.[224]

As it was showed in the previous chapter, in section 1.2., victualing taks were often combined in the same contract with other naval supplying operations. For example, it was not infrequent to see food-supplies being contracted along with the deployment of munitions and weaponry, as was the case with the contract negotiated with Jorge Lopes de Negreiros involving the *Santo António* and the *Nossa Senhora do Rosário*, both destined to leave with the 1639 fleet.[225] In contrast to the multi-tasking and bulk-victualing contracts described above, other supplying operations simply required that a specific foodstuff, be it biscuit, meat and

[224] AGS, SSP, lib. 1474, fl. 8-11. For the coastal armada, the contractor would be paid from the yields of the *consulado* collection, in accordance to the purpose for which that indirect tax had originally been created in 1595.
[225] AHU_CU_058 (Índia), cx. 22, doc. 116.

fish, or a particular type of beverage be delivered to the fleet. For example, in 1635, Abraham Volterns, a Flemish merchant, bid for the supplying of biscuit, offering to procure 200 *moios* of grain which would be subsequently baked.[226] Similarly, in 1627, the merchant banker Fernão Lopes Lopes[227] became the recipient of the contract to supply the House of India with wine and olive oil, for which he received 14,500 *réis* for each *tonel* of wine and 10,500 *réis* for each *quarto* of 13 *almudes*.[228]

Table 8. Victualing 1,000 soldiers en route to the Indian Ocean in 1587

Commodity	Amounts	Price per unit (*réis*)	Total cost (*réis*)
Biscuit (*quintais*)	2.625	1.450	3.806.250
Wine (pipes and carradas)	288 pipes + 840 *carradas*	12.000(pipe)+250 (*carrada*)	1.948.000
Olive oil (*quartilhos, toneis or cantaros*)	40 *quartilhos* + 4 *toneis* + 42 cantaros + 10 barrels (in these were also store vegetables)	40.000/*tonel*+500 (for 40 *quartilhos*) + 300 (*barrels*)	194.610
Vinegar (pipes)	19 + 6 *almudes*	4.000	76.930
Beef (*arrobas*)	4.000	400	1.600.000
Dried cod or white-fish (dozen)	832 dozens of "*pescado*"	500	416.000
Water (pipes)	674 pipes (7 months) + some extras	1.000	1.184
Hoops (bundles)	3.020	-	271.800
Pipe hoops (bundles)	150	6.000	900.000
Osiers (*vimes*)	40	1.600	64.000
Chick peas (*alqueires*)	40	180	7.200
Lentils (*alqueires*)	34	280	9.520
Almonds (*alqueire*)	34	260	8.800
Prunes (*alqueires*)	34	200	8.160
Mustard (*alqueires*)	10	300	3.000
Honey (*arrobas*)	25	800	20.000
Sugar (*arrobas*)	25	2.200	55.000
Onions (bundles)	2.000	20	40.000
Garlic (bundles)	2.000	15	30.000
Medicine and drugs (per ship)	5	30.000	150.000
Total			**9.460.454**

Source: BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 26-27.

[226] AHU_CU_058 (Índia), cx. 19, doc. 212; AHU, CU, cod. 504, fl. 164.

[227] Lopes Lopes had a several decades-long run as tax-farmer and contractor. He was, amongst other things, recipient of the royal farms of the *Sete Casas de Lisboa,* the *consulado* and the Brazil Wood monopoly (which he was managing by 1627). The price of the contract was deducted from the concession fee of Lopes Lopes' brazil-wood monopoly farm

[228] BA, 51-VI-28, fl. 79, 79v.

Table 9. Supplies for the 1605 outward-bound India fleet

	Galleon *Nossa Senhora das Mercês*	Galleon *São Nicolau*	Galleon *São Simão*	Galleon *São Salvador*	Carrack *Nossa Senhora da Palma*	Total no. of individuals
Soldiers	**230**	**200**	**220**	**250**	**330**	**1.230**
Seamen	**110**	**117**	**106**	**111**	**131**	**575**
Biscuit (*quintais*)	985	894	960	1.036	1.386	**5.262**
Wine (casks)	104	95	102	110	148	**557**
Olive oils (*quartilhos*)	19	16	18	19	26	**97**
Vinegar (cask)	7	7	7	7	10	**36**
Pork meat (*arrobas*)	660	592	640	700	952	**3.542**
Water (casks)	284	256	276	301	489	**1.522**
Flour (*moios*)	24	19	14	2	2	**61**
Salt (*moios*)	2	2	2	2	2	**10**
Peas (*alqueires*)	16	16	16	16	20	**84**
Lentils (*alqueires)*	12	12	12	12	16	**64**
Plums (*alqueires*)	12	12	12	12	16	**64**
Almond (*alqueires*)	12	12	12	12	16	**64**
Mustard (*alqueires*)	4	4	4	4	4	**20**
Honey (*arrobas*)	8	8	8	8	8	**40**
Sugar (*arrobas*)	8	8	8	8	8	**40**
Onions (bundles)	660	592	640	700	950	**3.542**
Garlic (bundles)	660	592	640	700	950	**3.542**

Source: BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 1 "Follha da gente de mar e de navegação artilheria Polvora moniçois e mantim(entos) q vao embarcados nos tres galiois de malaca e nas naos da india q partiram deste porto de Lisboa em 13 de março de 1605".

With one noteworthy exception, the food rations of the India Run voyages (of which two examples can be found in tables 8 and 9) were obtained either in the Portuguese domestic market or in neighbouring Spain. This exception was grain, the basic ingredient in the making of the staple ration for the India Run's crews and passengers, biscuit. Flour was used to make bread, which was then transformed into biscuit in Lisbon's royal ovens and in the Tagus valley. One of those ovens was located at *Vale do Zebro*,[229] in the Southern bank of the river, and it was there that Manuel Moreno de Chaves was required by contract to prepare his biscuit.[230] As the most essential of all naval foodstuffs, the quality of the biscuit was obviously a matter of great concern to the Crown, especially when the procurement was entrusted to an external party.[231] Tight regulations were included in the contracts, among which the

[229] Isabel M. R. Mendes Drumond Braga, 'A Produção Artesanal', in *Nova História de Portugal. Do Renascimento à Crise Dinástica*, ed. João José Alves Dias, vol. V (Lisbon: Editorial Presença, 1999), 183.
[230] AHU, CU, cod. 34, fl. 129v; ibid., cod. 35, fl.1v.
[231] The provisioning of biscuit and bread to the armed forces, naval and land-bound, was a matter of great concern for governments everywhere in Europe and beyond, thus why central apparatus insisted in maintaining

assignment to a particular facility where all stages of manufacturing would take place under the watchful eye of the royal officials. According to this regulation, the contractor was explicitly forbidden from baking biscuit anywhere else but here. If the recipient baked his biscuit outside the ovens designated by the Crown in his contract, he would not only forfeit financial compensation for his delivery but might actually be taken to court.[232]

Due to the country's chronic inability to grow enough wheat, barley, millet or rye to meet the consumption demands of Lisbon and the kingdom's other urban centres,[233] grain needed for the *Carreira*'s armadas had to be imported on a regular basis. In Lisbon in particular, the authorities were under significant pressure to ensure a steady stream of supply given that it not only was, by far, the country's biggest city and the centre of the royal administration, but also the headquarters of a vital naval branch of the Hispanic Monarchy, the *armada del mar oceano,* as well as of the convoys and reliefs for the Portuguese empire.[234]

In a country where the climate and the soil were for the most part ill-suited to grow wheat, the cereal preferred by consumers, the main production areas were the food plains of the Tagus valley and the fields surrounding the city of Beja, in the region of Lower Alentejo.[235] Although locally grown produce was usually enough to meet the demands of rural communities and small and medium-sized towns in the interior of Portugal, imports of flour and grain were instrumental to ensure the provisioning of the larger urban centres on the coast.[236] The reliance on international supplying networks did not mean that an internal market for cereals catered to the needs of the largest towns did not exist in Portugal during the period under study. In Lisbon throughout the 1500s and the first decades of 1600s, grain from the Tagus Valley and Estremadura was regularly dispatched downstream by boat to the capital.[237] These and other remittances of cereals where normally stored at the *Terreiro do Trigo,*

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processing food facilities. Portugal's case was in this regard not exceptional. Torres Sánchez, *Military Entrepreneurs*, 46; Bannerman, *Merchants and the Military in Eighteenth-Century Britain*, 11.

232 In the case of Moreno de Chave's contract, a share of the grain was actually handed to him by the Crown. All the grain that was to be found in several of the Crown's granaries across the country, namely from the royal estate *reguengo* in Benavente and Paul da Seca, as well as the royal ovens of Ribatejo were placed at the contractors' discretion. This grain and the rest that the contractor would procure would then be baked by him. The preferential access to raw materials was a usual caveat of the royal *assentos* but this case was even more significant considering the recipient was required to offer any financial compensation to the Crown for resorting to its stocks.

233 Recently, the topic of Portugal's multi-secular grain shortage and external dependency has been revisited. The new studies have concluded that the country's structural food problem was blown out proportion by both the observers at the time and by most twentieth century historians. Rather than a dormant and subsistence-driven agriculture, new evidence shows entire sub-sectors responding and adapting to the demands of the market, not only at a national level but internationally too, becoming more specialized and export-oriented as a result. The reliance on the grain imports should be seen less as proof of the structural weakness of the Portuguese agriculture, and more as a testament to its market-orientation and of the integration of the kingdom's agricultural hinterlands in international commodity chains. The exports of certain crops were balanced out with the imports of bread-making grains for the coastal urban centres Moreover, these studies also demonstrated how some centuries, for instance in the eighteenth, experienced long periods of positive external food balances. However, the *long-durée* perspective confirmed that the period between the last quarter of the sixteenth century and the first half of the seventeenth was defined by external food deficits, albeit not alarming ones. Leonor Freire Costa and Jaime Reis, 'The Chronic Food Deficit of Early Modern Portugal: Curse or Myth?', *Análise Social* 223, no. LII (2nd) (2017): 416–29.

234 Joaquim Romero Magalhães, 'A Estrutura Das Trocas', in *História de Portugal. No Alvorecer Da Modernidade (1480-1620)*, ed. Joaquim Romero Magalhães (Lisbon: Editorial Estampa, 1997), 297–301.

235 Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 64; Joaquim Romero Magalhães, 'As Estruturas Da Produção Agrícola e Pastoril', in *História de Portugal. No Alvorecer Da Modernidade (1480-1620)*, ed. Joaquim Romero Magalhães, vol. 3 (Lisbon: Editorial Estampa, 1997), 230–31.

236 Margarida Sobral Neto, 'Conflict and Decline, 1620-1703', in *An Agrarian History of Portugal, 1000-2000. Economic Development on the European Frontier*, ed. Dulce Freire and Pedro Lains (Leiden-Boston: Brill, 2017), 109–10; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:217–23.

237 Miranda, 'Coping with Europe and the Empire, 1500-1620', 92; Magalhães, 'A Estrutura Das Trocas', 291, 297–98.

the capital's central granary and the only certified place for the wholesale of grain in Lisbon. This municipal facility was conveniently located by the Tagus, so to allow bulk cargoes of grain brought by the sea to be immediately stored as soon as they had been offloaded.[238]

The dispatching of the annual overseas armadas put significant pressure on Lisbon's grain stocks and drained wheat away from the other cities at specific times of the year, especially from February to April when the *Carreira da Índia* departed.[239] The potential effects were naturally temporary shortages and inflation. Whether it was the Crown requisitioning some of the cereals kept at the *Terreiro do Trigo*, or contractors acquiring significant amounts to meet their provisioning duties, the supply of the yearly India voyages inevitably meant that grain that could be consumed by the urban population was syphoned from the market.[240]

One of the main reasons behind the establishment of a royal factory in Andalusia in the fifteenth century[241] was the procurement of cereals that were either grown in Southern Spain or were brought there from abroad to be redistributed across the Iberian Peninsula. This grain made its way to Portugal through the *portos secos* (dry-ports), the overland customs at the border with Castile, and benefitted from the tax-exemptions on the import of wheat and other cereals introduced during the Union of the Crowns.[242] When a factor was not dispatched by the government in Lisbon, merchants bid for the opportunity to provision the Crown stores in Lisbon with cereals acquired in Southern Castile. For example, in 1635, Antonio Garfião was hired to purchase wheat in Seville for two carracks that would depart for India the following year. After securing a royal license from the local authorities for the grain to be extracted from Castile (*licencia de saca)*, he was instructed to oversee its transportation to the Crown-run ovens in Vale do Zebro, where the transformation into biscuit would be carried out. With the Portuguese government seriously strapped for cash, this purchase was made possible thanks to a line of credit of 6,000,000 *réis* extended by the Lisbon-based merchant-banker Jorge Fernandes de Oliveira.[243] This loan was reportedly made against the king's remaining batches of pepper.[244] Garfião's purchase and delivery of Andalusian wheat shows how foodstuffs for the naval forces were also obtained through the input of financial intermediaries who backed the designated contractor. On the back of a solvent and well informed network of correspondents, and against royal revenue streams or, in this case, a marketable commodity, businessmen made sure that upfront cash was available for purchases in different locations and timings. As long as the Crown was able to earmark receipts to those private credit channels, the provision of food rations to the India voyages could be ensured and private investors could reap a profit.

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238 Francisco Duarte Ferreira Mangas, 'Segurar a Fome. O Terreiro Do Trigo de Lisboa No Século XVI' (Unpublished MA Dissertation, Lisbon, Universidade Nova de Lisboa-Faculdade de Ciências Sociais e Humanas, 2016).

239 The problem of syphoning substantial amounts of grain from the market because of the need to supply the armed forces and depriving the rest of the population of affordable food in the process was a problem that every state in Europe and elsewhere faced; Goodman, *Spanish Naval Power, 1589-1665*, 154–55.

240 Magalhães, 'A Estrutura Das Trocas', 299–300.

241 Virgínia Rau, 'Notas Sobre Feitores Portugueses Na Andaluzia', in *Estudos de História Medieval* (Lisbon: Editorial Presença, 1986), 132–37; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:269–80.

242 Although supressed after Phillip II was sworn king of Portugal, the dry-ports customs were later reintroduced. Some tax-exemptions were, however, maintained for the grain imports from Castile, and the proceeds of the landed customs were allocated to the sustenance of several public granaries across the kingdom. Eduardo F. de Oliveira, *Elementos para a História do Município de Lisboa,* vol. 2, (Lisbon: Typographia Universal, 1888), 100-101.

243 It is no secret that Jorge Fernandes de Oliveira maintained sustained contacts with Seville's mercantile community. It is not unlikely he reached out to his brother living in Seville, Jorge Rodrigues Boino, a leading figure in the city's Portuguese community to represent him in this business. Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*.

244 AHU_CU_058 (Índia), cx. 19, doc. 200; AHU, CU, cod. 504, fl. 161v-163v.

Table 10. Victualing vessels for the 1600 and 1603 India Run voyage

1600				**1603**		
Name unknown (550 Tons)				***São Salvador* (? Tons)**		
Total	**Soldiers**	**Seamen**	**Number of men on board**	**Total**	**Soldiers**	**Seamen**
362	250	112		330	220	110
Amounts of victuals on board			**Commodity**	**Amounts of victuals on board**		
1.074	615	459	Biscuit (*quintais*)	1.000	550	450
115	72	43	Wines (pipes) Wines (pipes-p, *alqueires*-a)	105p+20a	63p+12a	42p+12a
1.086	750	336	Unspecified Meat (*arrobas*) Beef meat (*alqueires*) Porc meat (*alqueires*)	1.320 660	880 440	440 220
150	104	46	Dried cod or White-fish (dozen)	274*	183*	91*
130	80	50	Sardines (*arrobas*)			
31,5	19,5	12	Olive-oil (*quartilhos*) Olive-oil (*quartilhos*-q, *cantaros*-c)	6q+11c	4q+3c	2q+8c
13	9	4	Vinegar (pipes) Vinegar (pipes-p, *cantaros*-c)	7p+6c	4p+6c	3p
244 (half of them iron-bound)	168	76	Water (pipes)	286 (224 with hoops for 7 months and 62 for 2 months)	192 (150 with hoops for 7 months and 42 for 2 months)	94 (74 with hoops for 7 months and 20 for 2 months)
69	48	21	Reserve (pipes) Flour (*moio-m*, *alqueires-a*)	1m+40a	1m	40a
2,5	1,5	1	Salt (*moio*)	2	1	1
8	4	4	Hoops (bundles)	8	4	4
24	12	12	Osiers (vimes)	20	10	10
14	8	6	Peas (*alqueires*)	14	8	6
10	6	4	Almonds (*alqueires*)	10	6	4
10	6	4	Prunes (*alqueires*)	10	6	4
10	6	4	Lentils (*alqueires*)	10	6	4
2	1	1	Mustad (*alqueires*)	4	2	2
724	500	224	Garlic (ropes)	660	440	220
724	500	224	Onions (ropes)	660	440	220
8	4	4	Sugar (*arrobas*)	8	4	4
8	4	4	Honey (*arrobas*)	8	4	4

* White-fish or twice as much in dried cod

Source: Bernardo Gomes de Brito and Charles R. Boxer, *The Tragic History of the Sea, 1589-1622: Narratives of the Shipwrecks of the Portuguese East Indiamen São Thomé (1589), Santo Alberto (1593), São João Baptista (1622) and the Journeys of the Survivors in South East Africa, Works Issued by the Hakluyt Society* (Cambridge: Hakluyt Society, 1959), 276. Appendix (B). 'Provisions of an Outward-bound Portuguese East Indiaman, c. 1600'; BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 13-14, "Roll dos mantim(entos) q os Contratadores hao de embarcar este anno de 1603 na nao salvador as 220 pessoas darmas e 110 de navegação".

As far as grain making its way into Portugal was concerned, the majority came by sea from supplying markets beyond the Pyrenees. There had been a steady inflow of English, French and Baltic grain into Portugal going back to the Middle Ages, coming out of maritime trade centres like Bristol, Saint Malo, La Rochelle and Bordeaux,[245] and equally from Burgundian ports,[246] and Hanseatic and Baltic towns. Among the later stood out Dazing, the terminus of a network that through the Vistula channelled the produce of the fertile grain fields of Poland into the Baltic Sea. During the Union of the Crowns, grain purchases for the Portuguese market were arranged via the main international trade hubs and contractors were often directly involved.

Despite losing much of its former centrality in the articulation of the commercial flows between Iberia and the Baltic, at the turn of the sixteenth century and first decades of the seventeenth century, merchants under contract to the Portuguese Crown still procured German and Baltic wheat, rye and barley via Antwerp.[247] For instance, in April 1606, Nicolas de Lacatoire, a Flemish merchant residing in Lisbon and a royal contractor on several occasions,[248] received power of attorney from Nicolas van Meerstraten, merchant in Dunkirk, to collect from João Soeiro,[249] a wholesaler and tax-farmer, what he was owed for a batch of wheat and other merchandises shipped to Portugal in the vessel *São Pedro*, of Blaes Jansen.[250]. Through his contacts in the Scheldt emporium, Soeiro had commissioned a consignment of cereals but failed to go through with the payment, forcing van Meerstraten to rely on a correspondent in Lisbon to collect the unpaid sums.

Among the Hanseatic entrepôts involved in Portugal's grain imports, Hamburg was arguably the most important. From the merchant republic by the Elbe, merchantmen were freighted to transport bread-making cereals from Baltic ports and the surpluss of German producing areas, such as Brandenburg and Magdeburg, to Lisbon, Porto and other coastal towns.[251] Despite the restrictions imposed by the local authorities on the export of foodstuffs since the Middle Ages, grain was still (re)exported to Portugal, Spain and the Mediterranean via Hamburg in the seventeenth century. In accordance to the staple rights conferred upon the merchant-citizens of Hamburg, the city's government required the members of the

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245 Godinho, *Os Descobrimentos e a Economia Mundial*, 3:223–27. There is little information regarding the imports of French grain during of the Union of the Crowns, although, according to Godinho, they had been recurrent prior to the last quarter of the 16th century.

246 Jacques Paviot, *Portugal et Bourgogne Au Xve Siècle (1384-1482). Recueil de Documents Extraits Des Archives Bourguignonnes* (Lisbon-Paris: Centre Culturel Calouste Gulbenkian, 1995), 55–65.

247 On the re-exports of German grain to Portuguese towns via Antwerp during the sixteenth centuries see; Donald J. Harreld, *High Germans in the Low Countries: German Merchants and Commerce in Golden Age Antwerp* (Leiden-Boston: Brill, 2004), 34.

248 For most of the 1620s, the state's card-games monopoly (*estanco das cartas de jogar e solimão*) was farmed out to him. AGS, SSP, lib. 1473, fl. 199-213; Eddy Stols, 'A «nação» Flamenga Em Lisboa', in *Flandres e Portugal. Na Confluência de Duas Culturas*, ed. John Everaert and Eddy Stols (Antwerp: Edições Inapa, Fonds Mercator, 1991), 119–41.

249 Soeiro is best known in the secondary literature for his royal farm of Cape Verde and the Upper Guinea coast, which was in effect between 1609 and 1614. The Cape Verde contract, which encompassed both the Archipelago and the adjacent mainland, included the licensing of the slave trade on that Western African district and the collection of duties on the coming and going slaving vessels. This contract was terminated prematurely due to accumulated arrears to the royal treasury and in the midst of accusations that Soeiro used his position as tax-farmer to encourage Northern European interlopers to trade in the region in violation to the Portuguese king's monopolies. Soeiro was accused of collusion with his Southern-Netherlands-based brother, Diogo Lopes Soeiro, to foster the Northern European illegal (from the stand-point of the Portuguese Crown) encroachment. See Silva, *Dutch and Portuguese in Western Africa*, 277–78; Mark and Horta, *The Forgotten Diaspora*, 165–72; Torrão, 'Rotas Comerciais, Agentes Económicos, Meios de Pagamento', 29, 36–38, 40–45, 74.

250 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810),N#3585, fl. 110-110v.

251 In the 1630s, the first decade for which consistent custom records exist, grain was Hamburg's number one export into the Portuguese market by leaps and bounds. Grain made for 70% of all exports, far ahead of textiles, metalwares and weaponry with 7% and 3 to 4 % respectively. Jorun Poettering, *Migrating Merchants: Trade, Nation, and Religion in Seventeenth-Century Hamburg and Portugal* (Berlin-Boston: de Gruyter, 2018), 15–17.

Portuguese Nation to supply themselves from a local burgher and arrange for the grain to be shipped through him, and no longer from wholesalers that did not possess that status.[252]

But more than any other Northern European entrepôt, it was Amsterdam that took centre stage in the provisioning of the Portuguese market with Baltic grain during the period under study, albeit at times indirectly. The thousands of merchantmen operating from Holland during the first half of the seventeenth century ensured that goods hailing from different European markets circulated in every direction at very competitive rates, and the trade of Baltic grains against Portuguese salt was one that made the most of their cargo carrying capacity.[253] Although recent studies revealed the existence of a noteworthy direct trade between the Baltic and Portuguese ports in the first half of the seventeenth century, there is no doubt that it was often in the Dutch staple market that the voyages were planned out, financed and insured, even when the ships deploying the grain at the consumption markets were not actually coming from Dutch ports.[254] Amsterdam thus worked as the coordination centre for a carrying trade involving numerous ports and products, which ultimately enabled the Portuguese coastal cities to receive the bread-making grain.[255] Despite the embargos that officially prohibited the imports of grain brought in Dutch bottoms, the trade resumed either through contraband,[256] by means of special licenses issued by the government,[257] or simply by hiring Germanic or Scandinavian crews and hoisting the flags of these jurisdictions.

There are some disagreements about the profile of the Amsterdam investors who ensured the provisioning of the Portuguese coastal towns and the Crown stores with grain. Some scholars have argued that, as opposed to the trade in salt and colonial wares like sugar and brazilwood, entrepreneurs of the Portuguese Nation of Amsterdam played a minor role in the acquisition of Scandinavian and Baltic staples, such as grain, but equally timber and iron.[258] According to them, these trades were left in the hands of Dutch and German-speaking merchants who had visited those ports for decades, had representatives in place at these locations and were knowledgeable of the vagaries of the trade in those outlets. As a result, the expatriate Portuguese merchants who settled in the Dutch Republic at the turn of the sixteenth century and in the early decades of the 1600s allegedly preferred to focus on the trade of Iberian colonial products. More recently, however, Jessica Roitman revealed how several prominent figures of the Portuguese Nation of Amsterdam invested heavily in the

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252 Jorun Poettering, 'The Economic Activities of Hamburg's Portuguese Jews in the Early Seventeenth Century', *Transversal. Zeitschrift Für Jüdische Studien* 14, no. 2 (2014): 17.

253 Jan de Vries, Ad van der Woude, and Ad Van Der Woude, *The First Modern Economy: Success, Failure, and Perseverance of the Dutch Economy, 1500-1815* (Cambridge: Cambridge University Press, 1997), 357–62.

254 Ana Sofia Ribeiro et al., 'Portugal and the Baltic Trade. An Overview, 1634-1800', in *Seaports in the First Global Age. Portuguese Agents, Networks and Interactions (1500-1800)*, ed. Amélia Polónia and Cátia Antunes (Oporto: U. Porto Edições, 2016), 118–20; Cátia Antunes, *Lisboa e Amsterdão. 1640-1705. Um Caso de Globalização Na História Moderna* (Lisbon: Livros Horizonte, 2009), 101–2, 120.

255 Antunes, *Lisboa e Amsterdão. 1640-1705*, 74–79, 100–103, 119–20.

256 For the contraband at Portuguese ports and the response mustered by the Habsburg authorities, Ángel Alloza Aparicio, 'Portuguese Contraband and the Closure of the Iberian Markets, 1621-1640. The Economic Roots of an Anti-Habsburg Feeling', *E-Journal of Portuguese History* 7, no. 2 (2009): 1–18.

257 There are references to these permits all throughout the period under study. For example, due to the near breakdown of Lisbon's grain stocks in 1633, one such extraordinary permit was discussed between the presidente of Lisbon's Municipal Council, Jorge de Mascarenhas, Madrid and the Portuguese viceroy, the count of Basto. Eduardo F. de Oliveira, *Elementos para a História do Município de Lisboa,* vol. 4, (Lisbon: Typographia Universal, 1888),8.

258 Daniel M. Swetschinski, 'The Portuguese Jewish Merchants of Seventeenth-Century Amsterdam: A Social Profile' (Unpublished PhD Dissertation, Waltham, Brandeis University, 1980), 174; Ernst van Veen, *Decay or Defeat?: An Inquiry into the Portuguese Decline in Asia, 1580-1645* (Leiden: Research School of Asian, African and Amerindian Studies, Universiteit Leiden, 2000). Chapter 6. Van Veen's view is the result of him focusing on the turn of the sixteenth century and not looking much beyond that period. By the start of the Twelve Years' Truce, Portuguese merchants in Amsterdam had successfully intruded the Baltic-Southern Europe bulk trades.

export of Baltic grain to Portugal and the coasts near the Strait Gibraltar.[259] The acknowledgement that the Baltic trades were an integral part of the portfolios of the *Nação*'s businessmen in no way diminishes the importance of other merchants operating in the Dutch staple-markets in channelling cereals into Portuguese ports. Nor does it call into question the relevance of cross-cultural partnerships and agency relations in the launching of trade voyages between the Baltic and the ports of Viana, Porto, Lisbon, Faro, and with the salt exporting hubs of Setúbal and Aveiro.[260]

Finally, the regular imports from the Northern Sea and the Baltic regions should not obfuscate the contribution of the Mediterranean, even if this area was also importing Baltic wheat and rye with an increasing frequency. Although comparatively smaller in volume, cereals grown in the Italian peninsula and the fertile fields along the Eastern coast of the Maghreb sporadically entered the Portuguese market, especially when the coastal cities could not be supplied from Northern Europe.[261] There is, unfortunately, little quantitative evidence of this trade to make a qualified assessment about the frequency and volume of this trade.[262]

Compared to cereals, other foodstuffs were easier to obtain, since they could be procured within the Portuguese kingdom. One of the most important items in the diet of the *Carreira da Índia's* crews was wine, a commodity that was produced in nearly every region of the country, including Lisbon's hinterland.[263] By drawing on the vineyards that grew in big numbers in the Tagus valley and the region of Estremadura, the royal fleets could be provisioned with wine at short distance. For instance, for the convenience of 1,000 soldiers in transit to India, in 1587, 288 filled pipes of wine from places in Lisbon's hinterland (Alenquer, Sacavém, and Caparica) were commissioned to a contractor, as shown by table 8.

Another Mediterranean crop that was always included in the diet of the Lisbon-Goa voyages were olives. Olive oil was the main source of vegetable fat on board the ocean-going ships, and it was used for cooking as well as for lighting.[264] The provisioning of the Indiamen with this product was also unproblematic due to the large surpluses of what was one of most dynamic export sectors of the Portuguese agriculture in the sixteenth and seventeenth centuries.[265] Olive groves existed in significant numbers all across south and central Portugal, and during the 1500s they expanded northwards to the region surrounding Coimbra and even north of the river Mondego, responding to the growing domestic and foreign demand.[266]. A good example of this expansion was the penetration of merchant-capital into

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[259] Jessica Roitman, *The Same but Different?: Inter-Cultural Trade and the Sephardim, 1595-1640*, Brill's Series in Jewish Studies ; v. 42 (Leiden: Boston : Brill, 2011), 133. Chapter 4 will further stress this point.

[260] Cátia Antunes, 'Cross-Cultural Business Cooperation in the Dutch Trading World, 1580-1776: A View from Amsterdam's Notarial Contracts', in *Religion and Trade: Cross-Cultural Exchanges in World History, 1000-1900*, ed. Francesca Trivellato, Leor Halevi, and Cátia Antunes (New York: Oxford University Press, 2014), 150–59; Antunes, *Lisboa e Amsterdão. 1640-1705*.

[261] For instance, in August 1630, with Lisbon's Municipal Council in session, it was recommended that in the event that Hanseatic or Southern Netherlandish merchants could not be hired to bring shipments of grain into the Portuguese capital and other port towns, the Portuguese political institutions should request permission to import cereals from other territories of the Spanish Monarchy, such as Andalusia, Oran and Sicily. A similar recommendation had been made seven years prior, when grain to make biscuit for the squadrons patrolling the Atlantic was in short supply. Eduardo F. de Oliveira, *Elementos para a História do Município de Lisboa,* vol. 3, Lisbon: Typographia Universal, 1887: 57, 361.

[262] Godinho, *Os Descobrimentos e a Economia Mundial*, 3:229–31.

[263] Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 65; José Vicente Serrão, 'O Quadro Económico', in *História de Portugal. O Antigo Regime (1620-1807)*, ed. António Manuel Hespanha (Lisbon: Editorial Presença, 1998), 71–72.

[264] Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 65–66.

[265] Costa and Reis, 'The Chronic Food Deficit of Early Modern Portugal: Curse or Myth?', 423; Virgínia Coelho, 'Preços Do Azeite Em Lisboa: 1626-1733. Tentativa de Compreensão Analítico-Sintética', *Revista de História Económica e Social* 4 (1979).

[266] Neto, 'Conflict and Decline, 1620-1703', 115; Magalhães, 'A Estrutura Das Trocas', 299.

the olive oil and wine production, leading to the acquisition of olive-grows and vineyards or the purchase of plots of land where these crops could be grown.[267]

Animal protein was a major part of the *Carreira da Índia's* nourishment and the procurement of different types of meat and fish was contracted out. To meet the animal meat quotas of their contracts, merchant-bankers or traders of more modest means drew on the country's animal husbandry, the country's leading farming sub-sector in terms of output, ahead of grain-crops, wine and olive oil.[268] For instance, Pedro de Baeça da Silveira, one of the leading contractors and bankers of the Portuguese Crown at the end of the Union of the Crowns, owed a ranch with dozens of heads of cattle. Knowing Baeça's involvement in the provisioning of the Brazil-bound armadas at the turn of the 1630s (see chapter 8), it is not surprising to find livestock in his investment portfolio.[269]

Contractors were expected to procure different assortments of meat and fish. Although different types of meat and fish were commissioned, each with a specific amount, the Crown granted some wiggle room to its suppliers, allowing them to make some adaptations to victuals they delivered. For instance, a certain amount of pork to be replaced for twice as much beef, while a batch of hake could be exchanged for half that amount in dried-cod.[270]

Among the fish diet included in the Indiamen's rations, sardines were at times included, as was tuna, which came primarily from the fisheries of the Algarve region, in the South (*Almadravas).* This was a sector of the economy that was under Crown monopoly, meaning that the tuna fisheries were frequently farmed out to private contractors, who exploited them in exchange for the customary flat concession fee of all tax-farming contracts.[271] The farming out of monopolistic contracts over fisheries stemmed from the legal framework regulating the ownership of riverine and seaside economic assets, which reserved to the Portuguese king the exploitation, taxation and equally the prerogative to grant the rights it enjoyed over those patrimonial assets to third parties. The grants could be extended as gracious rewards or as temporary leases against payment of a lump-sum.[272] Another prevalent fish species was dried and salted cod, which should come as no surprise given that it was the main source of animal protein in Iberia for non-elite, lower income social groups.[273] While the Portuguese only very sporadically made incursions to the New-Foundland fisheries before to the period under study, in spite of a conventional nationalist wisdom insisting to the contrary, their involvement in those waters did gain some traction during the Union of the Crowns.[274] This progress notwithstanding, victualing contractors and the overall consumer most likely supplied themselves through the English, French or

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267 Magalhães, 'As Estruturas Da Produção Agrícola e Pastoril', 237.

268 Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 97.

269 ANTT, Miscelâneas Manuscritas do Convento da Graça (hereafer MMCG), 'Livro em que se lançam as Consultas e Decretos tocantes à Junta dos Três Estados', p. 153.

270 BA, 51-VI-28, 'Miscellanea de noticias para a história civil da marinha e do exército de Portugal', fl. 79.

271 These fisheries were part of the king's domain revenues going back to the Middle Ages. For an example of a contract for the Tuna Fisheries of Algarve, see the farm of André Vaz de Resende from the 1620-23 triennium; AGS, SPP, lib. 1474, fl. 203-211.

272 Inês Amorim, 'The Evolution of Portuguese Fisheries in the Medieval and Early Modern Period. A Fiscal Approach', in *Beyond the Catch. Fisheries of the North Atlantic, the North Sea and the Baltic, 900-1850*, ed. Louis Sicking and Darlene Abreu-Ferreira (Leiden-Boston: Brill, 2009), 245–46.

273 Regina Grafe, 'Popish Habits vs Nutritional Needs: Fasting and Fish Consumption in Iberia in the Early Modern Period', *Oxford Discussion Papers in Economic and Social History* 55 (2004).

274 Darlene Abreu-Ferreira, 'Terra Nova through the Iberian Looking Glass: The Portuguese-Newfoundland Cod Fishery in the Sixteenth Century', *Canadian Historical Review* 79, no. 1 (1998): 100–117; Darlene Abreu-Ferreira, 'Portugal's Cod Fishery in the 16th Century: Myths and Misconceptions', in *How Deep Is the Ocean?: Essays on the History, Sociology, Archaeology, and Ecology of the Canadian East Coast Fishery*, ed. James E. Candow and Carol Corbin (Halifax: The Louisbourg Institute, 1997), 31–44.

even Basque export fishing sectors, until English fishing fleets came to dominate the supplying of the Iberian markets later in the seventeenth century.

Although, as in case of codfish, fish and meat were salted so they could be preserved, the sources reveal that in some cases it was only fit for consumption for a few months after departure, as happened in the 1587 expedition when salted beef had to be consumed before four months after departure. Complementary to salted meat, it is known that living animals were taken on board and slaughtered during the journey so that fresh meat could be made available.[275]

As far as vegetables were concerned, chick peas, lentils and dried fruits (almonds and prunes) were important items in the nourishment of the armadas' crews, soldiers and passengers. Sugar, honey and mustard were also added as they were an energy source and were used for medicinal purposes, often reinforced with medicinal chests (*boticas*). In order to ensure the quality of the medical and pharmaceutical supplies on board, the Crown's leading physician (*físico mor*) was responsible for inspecting the contractor's provisions. To ensure vitamin c intakes, which were crucial to prevent an outbreak of scurvy on board, fresh and picked fruits (lemons and oranges) were also included in the food supplies' lists. These could be found in abundance in the orchards of the region of Lisbon, so much so that in the second half of the seventeenth century the surplus started being exported in considerable volumes to supply Northern European fleets. Another thriving export staple, especially in the Southern ports of the Algarve, were dried fruits and figs, which were also consumed by the crews of the India Run.[276]

Having discussed the composition and origin of the rations of the crews and soldiers that sailed to Asia, it is now time to address how they were accommodated and preserved on board. Packaging was of paramount importance for the up keeping of the food supplies during the many months at sea, especially in the tropical or sub-tropical latitudes sailed by the Indiamen. For that reason, contractor Manuel Moreno de Chaves, who supplied the Portuguese coastal fleet (the *Consulado* fleet) during 1620 and the *Carreira da Índia* armada of the same year, was expected to provide, at his own expense, the caskets and containers. Depending on the victual in question, the contract specified the containers where the foodstuffs had to be packed. The contractor stood, however, free to decide whether to make the caskets himself or to purchase them from a third party, as long as he complied to the quality standards set by the royal apparatus. To make sure these were met, the containers were subject to quality control by royal officials jointly with a member of the coopers' guild. For the 1638 voyage, the delivery of pipes and other containers was commissioned to João Hals,[277] whereas Francisco Bresane procured iron hoops.[278] Another examples was the shipment of casks to Goa by Miguel van Bersen, who was no stranger to such activities, having been one of António Fernandes Pais suppliers of naval stores during Fernandes Pais's provisioning contracts for the India Run.[279] As these examples reveal, both German or Southern Netherlands merchants and autochthonous businessmen with contacts in Northern Europe were entrusted with for the procurement of containers in the international manufacturing and shipping centres.

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275 BA, 51-VI-54, 'Papeis varios pertencentes as conquistas da America e India', fl. 26-27

276 Antunes, *Lisboa e Amsterdão. 1640-1705*, 120–21.

277 João Hals would later become the representative of the leading international arms dealers Tripp, de Geer and partners in Lisbon (the members of the partnership were Pieter Trip, Laurens de Geer and Claes Jansz Clopper and Gabriel Marselis Jr.). In that capacity Hals oversaw the delivery of arms and munitions procured in Amsterdam by the firm for the benefit of the Portuguese State. Antunes, 126, 136.

278 AHU_CU_058 (Índia), cx. 21, doc. 80.

279 ANTT, ADL, Cartório Notarial no. 2, cx. 30, livro 147, fl. 21-22, 41-42.

Table 11. Victuals for the 1636 India fleet

	800 Soldiers	400 Seamen
Biscuit (quintais)	1.972	1.660
Wine (pipes)	228	154
water (pipes)	690	193
Pork meat (arrobas)	1200	800
Dried cod (arrobas)	800	400
Rice	-	400
Olive oil (quartos and cantaros)	15 quartos + 5 cantaros	13
Vinegar (pipes)	16	11

Source: Charles R. Boxer, "The Carreira da Índia (Ships, men, cargoes, voyages)". From Lisbon to Goa, 1500-1750. Studies in Portuguese Maritime Enterprise, London: Variorum Reprints, 1984: 72, appendix IV.

The issue of ownership of the casks and barrels was addressed in the contract, given that in the past it had been the source of disputes between Crown and contractors. The clauses made it clear that at no point the containers ceased to belong to the contractor, and as such they were considered on loan by the Crown for the duration of the voyages. As soon as the outward-bound leg ended, the containers were to be returned to the factors or attorneys of the contractor in Goa or elsewhere in Asia. It also meant that the contractor would have to be compensated if the containers were seized or damaged by a royal official or a crew member. Aside from the containers, the contractor was also required to appoint three pantrymen per carrack, two to hand over the rations to the armed sailors and soldiers, and the other to the sailing crew.[280] These men were responsible for the storage, account-keeping and distribution of the daily and monthly rations to everyone on board. The concessionaire also served as warrantor (*fiador*) of the men he appointed before the Crown. Since the pantrymen were liable for the fate of supplies and packages during the voyage, the contractor was held responsible for the risks of perishability and damage which could result from the pantrymen's oversight. Through this requirement the Crown transferred the risk of non-compliance or incompetence in the up keeping of the victuals placed on board to the contractor. The conclusion to be taken is that the authorities found the costs of monitoring the performance of these pantrymen to be so high that they preferred to transfer that responsibility to the concessionaires. As a result, the individuals in charge of overseeing the hand-over of food supplies to the crews and passengers, as well of making sure that victuals were not overspent during the trip or that they did not deteriorate were not salaried Crown officials but an external party who had the contractor's trust and answered to him.[281]

[280] AHU, CU, cod. 1192, fl. 41v.

[281] With the exemption of damage caused by shipwreck or battle. The exact same situation occurred in the contracts for the High-Seas fleet (*Armada del Mar Océano*) based at Lisbon, except that the Crown and contractor took turns in appointing the overseer of supplies. In the years when they were royally appointed, the Crown bore with the risks of depreciation and accommodation. For example, the 1617 victualing and wage-paying contract adjudicated to Manuel Gomes da Costa. See Thompson, *War and Government in Habsburg Spain, 1560-1620*, 232.

2.1 Concluding remarks

In addition to the expensive costs of procuring large amounts of food-supplies, which was in itself a source of hardship for the strained royal treasury, victualling for inter-oceanic shipping was a complicated task for several other reasons. More than being expensive, it was logistically burdensome. It required a higher degree of planning and accounting precision than the victualing the of landed campaigns (since armies could be re-supplied as they marched along) than other naval logistics, such as the acquisition of construction material for the hull and the super-structures of the ships, or the steering and propelling equipment. It pushed the accounting systems of the royal apparatus and those of private contractors to their limits, as well as the Crown's quality control assessment. The same could be said about weaponry, which will be analysed in the next chapter, because even though arms and munitions also had to be provided and assembled before the ships' departure and the chances to renew stocks during the voyage were next to none, they did not deteriorate at the pace that nourishment did. The only way to overcome the problem of short term deterioration was by accommodating the foodstuffs and liquids in solidly built containers be extremely zealous in their up keeping during the many months at high sea.

If calculating the amounts necessary and overseeing their distribution and preservation on board were challenging tasks, the actual procurement of the foodstuffs was even more. As far as the most important component of the rations (bread) was concerned, nothing could be further from the truth. Portugal had to deal with its recurring shortages of grain, despite the country performing better in this department than it was previously thought, and it recurrently relied on imports to supply its ocean-going expeditions with bread rations. A steady supply of grain was ensured by contractors, normally by import-exporters operating at the port of Lisbon, many of whom belonged to the capital's foreign merchant communities, or who otherwise had contacts in the grain markets of Castile. Other foodstuffs were, by comparison, easier to obtain, such as vegetables, liquids and animal protein. Still, there were perennial problems with the diet, which affected all the naval forces of the period, namely the lack of vitamin c on-board the sea-crats.

Victualing contractors were, more than most, dependant on reliable information about market conditions, given that information assymmetries on demand and prices could easily render their contracts unprofitable. This was certainly the case if the prices they paid for produce turned out to be much higher than the price per unit they had negociated with the the Crown. With regards to the foodstuffs that had to be imported, first and foremost grain, contractors had to be able to coordinate information about several markets that they received from their network of correspondents in the kingdom and abroad. This meant that the concessionaires most prized assets were their information gathering and management.[282]

The victualing of the *Carreira's* ships stimulated regional specialization within the Portuguese domestic economy, continuing a trend that was already visible in the sixteenth century, when the annual Lisbon-India voyage was established. As with the supply of pine wood and the sails and rope making sector, the provisioning of food supplies to the crews of the ocean-going ships provided domestic agriculture and certain manufacturing sectors with a secure outlet, even if there could be risks to the consumers. One of the main risks was the surges in the prices of basic food staples in the months leading to the departure of the Indiamen, or whenever wholesalers made large bulk purchases to fulfil their contracts. In turn, for speculators, the business of supplying foodstuffs to the Crown (and its contractors)

[282] Chapter 4 will further explore the importance of maintaining an international network of correspondents that could keep the contractors informed about the evolution of market conditions in far away jurisdictions.

was ripe for profiteering schemes, especially when purchases occurred within a very short period.

Although assessing levels of market integration in early seventeenth-century is beyond the scope of this dissertation, it seems clear that the victualing of the *Carreira*'s armadas knitted Lisbon and different regional markets for produce and livestock together. The annual voyage to India also increased the exposure of the Portuguese capital to the grain surpluses of Northern Europe, the Baltic and Southern Spain. This is at least what historians of the "contractor state" have argued for other countries. They posit that state demand for foodstuffs and the brokerage of government contractors was a driving force for market integration at national and international level. Although this is a plausible argument, future quantitative analysis is necessary to ascertain how important the contractor state was in this process.[283]

[283] Torres Sánchez, *Military Entrepreneurs*; Knight and Wilcox, *Sustaining the Fleet, 1793-1815*, chapter 4.

Chapter 3: Supplies of Armament and Firearms under contract

The rivalry against the English India Company (EIC) and especially the Dutch East India Company (VOC) for the mastery of the Cape Route trade and the riches of the intra-Asian commerce drove Portugal's military expenditure upwards.[284]

In the last quarter of the sixteenth century, the fleets of *Carreira da Índia* became a coveted prize for the enemies of the Hispanic Monarchy, such as the Barbary Coast corsairs, English privateers and, not long after, the Dutch East India Company. While attacks were at first carried out in Atlantic waters against the fleets that returned from Asia laden with luxurious cargoes, in the first decades of the seventeenth century Portuguese vessels and their coastal positions across the India Ocean rim started being targeted too.[285] Although the threat posed by the English and Dutch East India companies was unprecedented, these formidable foes were by no means introducing violence and coercion to the Portuguese enterprise in the Indian Ocean. Although it can be argued that plunder was a novelty along the Cape Route, where the Portuguese fully rigged ships had sailed unopposed until the late 1500s, the same cannot be said East of the Cape of Good Hope. Shortly after their arrival at the Asian seaboard, the Portuguese realized they depended on naval warfare and amphibious campaigns to attain their commercial goals. Violence was employed to exclude competing merchant networks from certain trading circuits and charge traders for sea passes (*cartazes*) in the sea-lanes that the *Estado da Índia* vied to control.[286] The threat of force against certain

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[284] Although this chapter, like the previous one, focuses on the military conflict opposing Habsburg Portugal to the English and especially the Dutch East India companies, it must not be noted that the Northern European trading corporations were not the only powers to contribute to the downward spiral of the *Estado da Índia* in the turn of the seventeenth century. The companies were not even the sole antagonists to launch seaborne attacks against the Portuguese holdings. The Ya'rubi dynasty of Oman, for one, snatched a series of toeholds in the Persian Gulf from the *Estado da Índia* in the first half of the century, in the lead up to the wresting of Muscat in 1650. Among other the Asian states which pushed back against the Portuguese, albeit with varying degrees of success, was Safavid Persia, which seized Hurmuz with the help of the English in 1622, the sultanate of Aceh, and the rulers of Burma, who by conquering Syriam in 1612 seriously hurting Portuguese trade in the Bay of Bengal. The loss of Syriam was compounded in 1632 when the troops of the Mughal governor of Bengal, Qasim Khan, stormed over Hughli reduced Portugal's stake in the commerce of the Eastern coast of India. Last but not least among the autochthonous rivals of the *Estado da Índia* was the Sinhalese kingdom of Kandy, against which the Portuguese declared war in the late 1620s to prevent Kandy's putative allies, the Dutch, from establishing a base in Eastern Ceylon. Tonio Andrade, 'Beyond Guns, Germs, and Steel: European Expansion and Maritime Asia, 1400-1750', *Journal of Early Modern History* 14, no. 1–2 (1 January 2010): 165–86; Subrahmanyam, *The Portuguese Empire in Asia, 1500-1700*, 141–45, 153–86; Francisco Bethencourt, 'Configurações Do Império. O Estado Da Índia', in *História Da Expansão Portuguesa. Do Índico Ao Atlântico (1570-1697)*, ed. Kirti Chaudhuri and Francisco Bethencourt, vol. 2 (Lisbon: Temas e Debates, 1998), 289–94.

[285] Murteira, 'A Navegação Portuguesa Na Ásia e Na Rota Do Cabo e o Corso Neerlandês, 1595-1625'; Peter Borschberg, *Journal, Memorials and Letters of Cornelis Matelieff de Jonge: Security, Diplomacy and Commerce in 17th-Century Southeast Asia* (Singapore: NUS Press, 2015), 23–44.

[286] According to some authors, all early modern European enterprises in the Indian Ocean relied on the use force to further their commercial ambitions and to defend their positions against encroachment by other Europeans and against Asian military powers and traders. Although neither the Estado da Índia nor the chartered companies were in the position to subdue Asian states across the board before the late eighteenth century, it is not entirely appropriate to label the period from Vasco da Gama's arrival in Calicut (1498) to the Battle of Plassey (1757) as primarily an "Age of Partnership" between European apparatuses and most South and Southeast Asian states and commercial networks. These accent on a peaceful commercial coexistence was placed in works such as Holden Furber, 'Asia and the West as Partners, Before "Empire" and After', *Journal of Asian Studies* 28, no. 4 (1 August 1969); Blair B. Kling and Michael N. Pearson, eds., *The Age of Partnership: Europeans in Asia before Dominion* (Honolulu: University Press of Hawaii, 1979); By contrast, the acknowledgement of frequent but non-hegemonic European violence led Sanjay Subrahmanyam to coin the expression "Age of Contained Conflict" to describe the period; Sanjay Subrahmanyam, *The Political Economy of*

coastal states, traders and skippers was used by the Crown to further its monopsonistic goals regarding the outlets of Southwest Indian pepper and other luxuries goods in demand in Europe. The artillery mounted into the Portuguese warmen and the mobility of these ships, which allowed the *Estado's* navy to draw heavy fire at enemy ships from a distance, played a significant role.[287] There is, therefore, no doubt, that the Portuguese commercial ambitions had always been underpinned by coercion, plunder and at times all-out war across maritime Asia. Not only the political survival of the *Estado da Índia* on times of turmoil, but also its feasibility as a commercial project, rested on warfare to a large degree.

The English and Dutch encroachment on Portuguese holdings in the Persian Gulf and South and Southeast Asia, combined with the increasing threats of violence against the Indiamen sailing the Cape Route, occurred against a backdrop of broader transformations in European warfare. These quantitative and qualitative changes in the armed forces of European states were so impactful that historians saw them as part of a veritable 'military revolution'.

The 'military revolution' concept and its main tenets were first put forward by Michael Roberts in the 1950s,[288] and were subsequently expanded and revised by scholars like Geoffrey Parker, Clifford Rogers, Jeremy Black and many others. Although scholars disagree on when exactly the 'revolution' was initiated, the most widely accepted view is that between the mid-sixteenth and the turn of the seventeenth centuries a process was set in motion that enabled western European states to attain an unprecedented degree of proficiency on the battlefield and on naval war-theatres.[289] The new-found preponderance of the European armed forces was based on technological, tactical and institutional developments resulting from nearly a century of sustained interstate conflicts.[290] This string of international disputes put the continent's military powers on the path towards the creation of the first long-standing professional armies, exponentially expanded the number of men who were mobilized, and brought an unprecedented degree of administrative and technical proficiency to the way war was waged. These organizational and institutional changes, which for some historians showcased the growing presence of the central state in the armed forces and society at large, was accompanied by important tactical and technological novelties.[291]

The transformative impact of the use of heavy bronze artillery in siege warfare can also be gauged from another key innovation it spawned, this time in defensive architecture: the adoption, in the late fifteenth century, of a new fortress design, the *trace italiene*.[292] Then, towards the end of the sixteenth century, a new breakthrough in military tactics was reached. Building on the proliferation of firearms among infantry soldiers of the mid to late 1400s, volley-fire was adopted by Dutch and German musketeers, a tactical development that would

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Commerce Southern India, 1500-1650 (Cambridge: Cambridge University Press, 1990) chapter 5; For a brief summary of the different stances and nuances on the balance between trade and violence; Markus Vink, *Encounters on the Opposite Coast: The Dutch East India Company and the Nayaka State of Madurai in the Seventeenth Century* (Leiden-Boston: Brill, 2015), 41–42.

287 Vitor Luís Gaspar Rodrigues, 'A Guerra Na Índia', in *Nova História Militar de Portugal*, ed. António Manuel Hespanha, vol. 2 (Lisbon: Círculo de Leitores, 2004), 198–223.

288 Michael Roberts, 'The Military Revolution, 1560-1660', in *The Military Revolution Debate: Readings on the Military Transformation of Early Modern Europe*, ed. Clifford J. Rogers (Boulder, CO: Westview Press, 1995), 13–35.

289 Geoffrey Parker, *The Military Revolution: Military Innovation and the Rise of the West, 1500-1800*, 2nd ed. (Cambridge: Cambridge University Press, 1996).

290 Frank Tallett, *War and Society in Early-Modern Europe: 1495-1715* (London: Routledge, 1992), 13.

291 As discussed in the introduction, the most compelling criticism to the idea that there was an inextricable relation between stateness and an expanding military capacity has come from David Parrott. Parrott, *The Business of War*.

292 Parker, *The Military Revolution*; Christopher Duffy, *Siege Warfare: The Fortress in the Early Modern World 1494-1660* (London-New York: Routledge, 2013), 8–22; Thomas F. Arnold, 'War in Sixteenth-Century Europe: Revolution and Renaissance', in *European Warfare, 1453-1815*, ed. Jeremy Black (New York: Palgrave Macmillan, 1999), 23–44.

be taken to new heights during the great international conflict of the age, the Thirty Years' War.[293]

All the novelties listed above refer to landed-armies, but the naval forces also took major forward leaps, namely with the creation of the fully-rigged ship and the setting-up of artillery on the broadside of ocean-going crafts.[294] As discussed in the previous chapters, the high-seas navies enabled the European states, starting with Portugal, to project some degree of military power far away from the European theatres where their armies traditionally clashed. The creation of inter-oceanic squadrons, enabling the coalition of European states and merchant interests to engage in the lucrative overseas trades and entertain some territorial ambitions, were, therefore, another tenet of the 'Military revolution'.[295]

One of the most hotly debated topics in military history over the past decades concerns the extent of Europe's alleged superiority in the global arena before the nineteenth century. While some scholars are of the opinion that the *Estado da Índia* and the chartered companies already superseded Asia's gunpowder empires in military technology and organization from the moment they rounded the Cape of Good Hope, for others the 'revolutionary' innovations of the sixteenth century did not tilt the balance of power in favour of the Europeans. According to this new strand of scholarship, the military branch of the European overseas ventures only gained a clear upper hand over the various Asian armies well into the eighteenth century, thanks to a series of incremental changes in technology, training and strategy that occurred after 1660.[296] In-between these extreme positions a third group of authors has more recently proposed a middle-ground stance. They have labelled the period between the 1500 and the 1800s an "age of parity" and posited that, while the Europeans made only minor territorial strides in Asia and failed to subdue any first rank-powers, they were able to carve a lucrative niche in the Asian maritime scene on the back of their superior fire-power at sea, the manoeuvrability of their ships,[297] as well as on their Italian Renaissance style fortifications.[298]

Although the military capabilities of the Portuguese did not give them much of an edge over Asia's leading political entities, as shown by Portugal's defeats in the Persian Gulf, Ceylon and Bengal, in the first half of the seventeenth century, the biggest threat to the survival of the *Estado da Índia* came from the English and Dutch companies. Despite the *Estado da Índia*'s ability to recruit troops in Asia, its functioning shipyards and its exchequer raising revenue locally to sustain the costs with its defence, in the period under study, the government of the Portuguese East Indies was not self-sufficient in man-power and financial and material resources.[299] It was therefore necessary for troops, armament and funds to be sent from Lisbon on the annual voyages with increasing regularity in order to consolidate territorial gains and, especially in this period, to protect markets and commercial routes.[300]

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[293] Geoffrey Parker, 'The Limits to Revolutions in Military Affairs: Maurice of Nassau, the Battle of Nieuwpoort (1600), and the Legacy', *The Journal of Military History* 71, no. 2 (2007): 331–72.

[294] Guilmartin Jr, *Galleons and Galleys*, 161–63; Glete, *Warfare at Sea, 1500-1650*.

[295] This argument had already been made before the 'military revolution' debate gained traction, for instance by Carlo Cipolla. Cipolla, *Guns, Sails and Empires*; Parker, *The Military Revolution*, 115–45.

[296] One of the biggest critics of the 'revolutionary' impact of the sixteenth century warfare innovations is Jeremy Black. Jeremy Black, *Beyond the Military Revolution: War in the Seventeenth-Century World* (New York: Palgrave Macmillan, 2011).

[297] Tonio Andrade, 'Was the European Sailing Ship a Key Technology of European Expansion? Evidence from East Asia', *International Journal of Maritime History* 23, no. 2 (December 2011): 17–40.

[298] Tonio Andrade, *The Gunpowder Age: China, Military Innovation, and the Rise of the West in World History* (Princeton and Oxford: Princeton University Press, 2016), 211–34; Geoffrey Parker, 'The Artillery Fortress as an Engine of European Overseas Expansion, 1480-1750', in *City Walls: The Urban Enceinte in Global Perspective*, ed. James D. Tracy (Cambridge: Cambridge University Press, 2000), 386–416.

[299] Miranda, 'Fiscal System and Private Interests in Portuguese Asia under the Habsburgs, 1580-1640'.

[300] Murteira, 'A Navegação Portuguesa Na Ásia e Na Rota Do Cabo e o Corso Neerlandês, 1595-1625', 83–84, 114–19, 163–72.

Table 12. Arms and munitions for the 1605 India fleet

	Galleon *Nossa Senhora das Mercês*	Galleon *São Nicolau*	Galleon *São Simão*	Galleon *São Salvador*	Carrack *Nossa Senhora da Palma*	Total no. of individuals
Men of Arms	**230**	**200**	**220**	**250**	**330**	**1.230**
Seamen	**110**	**117**	**106**	**111**	**131**	**575**
Artillery (n. of pieces)	22	22	21	21	22	**108**
Gunpowder (*quintais*)	160	120	120	29	38	**467**
Muskets	200	100	200	80	100	**680**
Arquebus	100	100	100	60	80	**540**
Pikes	100	100	50	30	40	**320**
Half-pikes	50	50	50	50	60	**260**
Match (*quintais*)	4	4	4	3	4	**19**
Lead (*quintais*)	30	29	20	6	8	**93**
Pelouros	1.170	1.083	1.050	640	660	**4.603**

Source: BA, 51-VI-54, Papeis varios pertencentes as conquistas da America e India, fl. 1, "Follha da gente de mar e de navegação artilheria Polvora moniçois e mantim(entos) q vao embarcados nos tres galiois de malaca e nas naos da india q partiram deste porto de Lisboa em 13 de março de 1605"

Dispatching reinforcements, arms and ammunitions from Portugal to Asia was a challenging task, consuming every year a great deal of time and energy from the Crown, not to mention significant financial resources. Artillery, portable firearms and munitions were, similarly to foodstuffs, especially thorny to arrange because they had to be commandeered anew for every single voyage.[301] Table 12 gives an idea of the man and firepower employed in a five vessel armada, such as the one dispatched to India in 1605. The almost 1,230 soldiers en route to Asian brought along with them 680 muskets, 540 harquebuses and almost 600 pikes and half-pikes.

In the absence of consistent series on the yearly supply of military wares for the India voyages, the armament of the 1608 fleet, which is summarized on tables 13 and 14 illustrates how the Crown successfully added firepower to its India-bound ships of the line. According to a budget from March of the previous year, the India-bound expedition would be comprised of five Indiamen with four decks each, the type stacked-up floating castle for which the Portuguese ocean-going ships were renowned. Each ship would be mounted with 26 artillery pieces, for a total of 130 pieces for the whole fleet.

[301] Phillips, *Six Galleons for the King of Spain*, 70.

Table 13. Costs with raw materials for the making of ammunitions in 1607

Raw Material	Amount (*quintais*)	Price per unit (*réis*)	Total cost (*réis*)
Copper	3.173	14.000	44.422.000
Tin	209	10.000	2.090.000
Total	**3.382**		**46.512.000**

Source: AGS, SSP, lib. 1466, fl. 157: "folha da artª e monicoens q são necess(arias) comforme o regim(ento) de S(ua) M(agestade) pera se armarem as Sinquo naos d 4 cubertas da armada da India do a(no) q vem de 608"

Table 14. Costs with the provisioning of metal wares and weaponry in 1608

Item/Service	Amount	Weight (*quintais*)	Price per unit (*réis*)	Total cost (*réis*)
Repair	130		10.000	1.300.000
Loading onto the ships	130		500	65.000
Cleaning up	130		240	31.200
Small metallic piece used to reload firearms	4.400	400	2.000	800.000
Crowbars	50		800	40.000
"Sacatrapos"	15		240	3.600
Cleaning and repairing of muskets	1.000			150.000
"*Correas com suas cargas*"	1.000		240/dozen	240.000
Tin		50	1.600	80.000
Pikes and Demi-pikes	600		160/pike, 120/demi-pike	84.000
Darts	500		40	20.000
Special cloths to clean up firearm shell	500		120/vara	60.000
Knitting material				5.000
"*Alcanzia de barro*"	500		4	2.000
"*Peles de carneiro e espeques pera as pecas de artilharia*"				40.000
"*Polles e bargueiros*"				120.000
Gunpowder for light firearms		250	10.000	2.500.000
Barrels	500		300	150.000
Small metallic piece used to reload firearms	500		320	160.000
Total				**5.850.800**

Source: AGS, SSP, lib. 1466, fl. 157: "folha da artª e monicoens q são necess(arias) comforme o regim(ento) de S(ua) M(agestade) pera se armarem as Sinquo naos d 4 cubertas da armada da India do a(no) q vem de 608".

To meet the ballistic requirements of the 1608 squadron, 3,382 *quintais* of copper had to be acquired. The costs of this delivery fell just short of 50,000,000 *réis*. The Crown planned to service this contract through the proceeds from the sale of 2,000 *quintais* of pepper held in the House of India. The royal treasury expected to sell it for around 60,000,000 *réis*, which fell short of the revenues needed to cover the costs with the artillery, munitions and timber for the reading of the fleet.[302]

Gunpowder weapons had been used on board sailing ships going back to the fourteenth century. Smaller semi-fixed guns and portable harm-handling fire-weapons fired from the castles for and aft and from the side of the hull, coexisted with broadside gunports. The transformative character of these below deck guns stemmed from their ability to destroy the hull of enemy ships, whilst the preceding guns allowed at best to stop men from storming into a ship. This old type of firepower was very much in accordance to a medieval paradigm of naval warfare centred around boarding and capturing the adversary's craft instead of destroying it.[303]

As with most naval wares, Portugal did not produce the bulk of the weapons that were set up in the gunports of its ships of the line, although these could in theory be manufactured in a handful of ill-equipped and for the most part technically obsolete foundries operating across the kingdom, such as the royal factory of Barcarena in the outskirts of Lisbon. Established at the turn of the fifteenth century by the Crown, one of the few institutions in the kingdom that was able to sustain fixed capital investments of that magnitude and hire the human capital with the skill to operate such a plant, it was the first infrastructure of its kind to make use of hydraulic power in the country.[304] Despite the Crown's efforts, one century after its foundation the factory's output was not enough to satisfy the demands of the military contingents and the navy, and cannons were recurrently procured in the main international arms dealings hubs in Northern Europe.[305]

By setting up the Barcarena factory, the Portuguese were following the example of England, who resorted to state-sponsored gun-casting facilities to oversee and stimulate cannon-making production. The facility in question was the Weald of Kent and Sussex, whose output was then directed to the kingdom's central Ordnance Office located in the Tower of London.[306] The difference between the two countries was that, while England could draw on a thriving domestic metallurgic sector, one of Europe's finest, Portugal lacked the ideal conditions for the industry to take hold. Raw materials had to be imported, since the Portuguese soil was nearly devoid of metals, as well as equipment and know-how. It is known that the Barcarena factory was run by contractors but little information has transpired on the private management of the plant during the period under study.[307] The available evidence suggests that during the Union of the Crowns neither the private nor royal management of this metallurgic complex was enough to ramp-up production to levels needed for the defence of the overseas empire. Cognizant of these shortcomings the Monarchy considered alternatives, as a contract underwritten in 1627 with Martin Descalsa,

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302 AGS, SSP, lib. 1466, fl. 149-151v.

303 Sicking, 'Naval Warfare in Europe, c. 1330-c. 1680', 248–50; Cipolla, *Guns, Sails and Empires*, 82.

304 António C. Quintela, João Luís Cardoso, and José Manuel de Mascarenhas, 'The Barcarena Gunpowder Factory: Its History and Technological Evolution between the Seventeenth and Twentieth Centuries', in *Gunpowder, Explosives and the State: A Technological History*, ed. Brenda J. Buchanan (New York: Routledge, 2016), 123–41; Pedreira, *Estrutura Industrial e Mercado Colonial. Portugal e Brasil (1780-1830)*, 26.

305 Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 73.

306 Stephen Bull, *'The Furie of the Ordnance': Artillery in the English Civil Wars* (Woodbridge: The Boydell Press, 2008), 38–53; Steven J. Gunn, David Grummitt, and Hans Cools, *War, State, and Society in England and the Netherlands 1477-1559* (Oxford: Oxford University Press, 2007), 23–24.

307 It is known that Jorge Lopes de Negreiros, an *assentista* who was highly engaged in the provisioning of weaponry and munition in the 1630s, was contractor of the Barcarena factory. He referred back to this government concession to justify an exemption from military service in the militia contingents. BA, 51-VI-21, fl. 229.

a private entrepreneur from Bilbao, reveals. Through that contract the Portuguese Crown hired Descalsa to install a new iron foundry in the town of Tomar.[308] The Crown hoped that a new factory would, in conjunction with its Barcarena predecessor, increase manufacturing output and implement new production techniques in the kingdom. Despite the Crown's best intentions, the attempts to set up new manufacturing sites did not amount to much and during the Union of the Crowns the Portuguese foundries still lagged behind when compared to their Spanish and Northern European counterparts.

Table 15. Artillery for the 1608 voyage

Pieces	Amount of "*pelouro*" (small metallic piece used to reload firearms) (*arrateis*)	Weight per piece (*quintais*)	Number per ship	Total weight per type of piece
Half canons	16	30	4	120
Culverin	14	30	6	180
Demi-culverins (type 1)	10	22	6	132
Demi-culverins (type 2)	8	18	6	108
Pedreiros	9	13	4	52

Source: AGS, SSP, lib. 1466, fl. 157: "folha da artª e monicoens q são necess(arias) comforme o regim(ento) de S(ua) M(agestade) pera se armarem as Sinquo naos d 4 cubertas da armada da India do a(no) q vem de 608".

After 1580 Portugal took advantage of the leading iron smelting sites in Spain to stock up its ocean-going ships with cannons and ammunitions.[309] On July 26, 1634, Diogo Soares, secretary of the Council of Portugal, contracted with Jorge de Bande the acquisition of one hundred iron cast guns for different *armadas* stationed in Lisbon and other Portuguese ports from the foundries of Liergánes-La Cavada. The Luxembourg-born De Bande was the head of the Flemish consortium that held *asiento* for the Cantabrian iron foundries between 1629 and 1649.[310]

The general terms of the contract with De Bande stipulated the delivery of several artillery pieces to a Portuguese official dispatched to San Sebastian.[311] The official should receive forty iron-cast cannons of ten pounds each for a price 82 r*eales* in copper coins and sixty artillery pieces of sixteen pounds each, and make the necessary arrangements for the weapons to be shipped to Lisbon. The agreement exempted De Bande and company from ensuring transportation to Portugal. The clauses of the contract were very strict regarding delays and problems with the delivery, holding the contractors responsible and financially accountable for any added costs caused by the manufacturer not meeting the deadline. Payments to the foundry were to be made in *vellon* (copper coins), although Portugal, unlike Castile, lacked a copper currency. In this case the choice of currency was responsible for

[308] BA, 51-VI-28, fl. 78v; AHU, CU, cod. 38, fl.92-92v.

[309] On the arms-making industry in neighboring Spain, and the provisioning of the state through contracts, Agustín González Enciso, 'Asentistas y fabricantes: el abastecimiento de armas y municiones al Estado en los siglos XVII y XVIII', *Studia Historica: Historia Moderna* 35, no. 0 (20 December 2013): 279–92; Agustín González Enciso, 'Buying Cannons Outside: When, Why, How Many?: The Supplying of Foreign Iron Cannons for the Spanish Navy in the Eighteenth Century', in *The Contractor State and Its Implications, 1659-1815*, ed. Richard Harding and Sergio Solbes Ferri (Las Palmas de Gran Canaria: Universidad de las Palmas de Gran Canaria. Servicio de Publicaciones, 2012), 130–52.

[310] José N. Alcalá-Zamora, *Altos hornos y poder naval en la España de la edad moderna* (Madrid: Real Academia de la Historia, 1999).

[311] A certain captain Domingo Gilde was hired to assist in the transportation of the pieces to Lisbon, only to be accused of planning to steal and sell them abroad AGS, SSP, lib. 1469, fl. 253-259.

aggravating the price, since the a premium for the exchange of copper into silver was added (*trueque de vellon*). To pay for the contract, the Portuguese authorities agreed to allocate part of the proceeds of the *consulado* duty[312] levied in Lisbon to the holders of the foundry concession.[313]

Firearms and ammunition were also bought from foreign communities of traders operating in Lisbon. In 1638, João Miles, a prominent English merchant in Lisbon, chartered a ship to import naval artillery and muskets from Vizcaya and Guipuzkoa into Portugal. The freighting contract was negotiated with Tomás Guilherme, to whom Miles paid 690,400 *réis*; an amount he pleaded the authorities to pay him with interest accrued.[314] The reliance on English bottoms to import weaponry from the Basque country at this particular juncture should not come as a surprise in light of the broader changes the trade in Northeastern Iberia underwent during the period.[315] Due to the re-orientation of the traditional Spanish wool trade towards the British Isles and the sector's integration into a triangular circuit encompassing New England and the Newfoundland fisheries and the consumption markets of England, by the late 1620s Englishmen were making headways in the trade with Northern Spanish ports.[316] It was against this changing backdrop that a prominent figure of Lisbon's English Nation hired one of his countrymen, someone likely to operate in the transatlantic circuits linking the Cantabric Sea to England and its nascent American colonies, to ensure transportation of Basque made weaponry into the Portuguese capital.

As this example shows, the main advantage that contractors had over royal officials in the import of weaponry was that they possessed a network of contacts that encompassed the key nodal points of the international arms trade and production. They were also acquainted with the ways of doing business in these nodes, including knowledge on the technical requirements of purchase and transport across long distances. Moreover, in addition to being able to purchase raw materials and finished products at better rates,[317] they could keep an appearance of political neutrality when handling the sensitive trade in arms, a neutrality that royal officials or diplomats evidently lacked.[318]

England and English business actors were not only important as far as the transportation of weaponry was concerned, they were, as I discussed above, at the forefront

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312 The *consulado* was a 3 % *ad valorem* tariff on cargoes coming through or leaving Portugal's littoral customs houses. The proceeds (one of the main fiscal innovations introduced under the Habsburgs) were used to equip a squadron that would patrol the Portuguese coast and defend it against pirates and attacks from enemy states. Hespanha, *As vésperas do leviathan*, 120.

313 BA, 51-VI-28, 'Miscellanea de noticias para a história civil da marinha e do exército de Portugal', fl. 88, 89v.

314 BA, 51-VI-21, fl. 135. The case of João Miles shares many resemblances with that of the Englishman Guilherme Bostoque, son of a metal hardware merchant from Bristol who in the late 1600s and early 1700s, imported firearms and bullets on contract from Sweden into Portugal. The nature of the public-private partnerships which were many decades apart is altogether identical, revealing a consistent pattern for early modern Portugal. Miguel Dantas da Cruz, *Um Império de Conflictos. O Conselho Ultramarino e a Defesa Do Brasil* (Lisbon: Imprensa de Ciências Sociais, 2015), 207–10.

315 Two years earlier, ordnance and several hand-held firearms were purchased on behalf of the Portuguese Crown by the businessmen Domingos Gil da Fonseca in Lierganes and other weapons-making sites in Vizcaya and Cantabria. These weapons were also shipped to Portugal on English sea-crafts. AHU, CU, cod. 504, fl. 194-197.

316 Regina Grafe, 'The Globalisation of Codfish and Wool: Spanish-English-North American Triangular Trade in the Early Modern Period', Economic History Working Paper (London School of Economics and Political Science, Department of Economic History, February 2003).

317 Thompson, *War and Government in Habsburg Spain, 1560-1620*, 224–26.

318 Knight and Wilcox, *Sustaining the Fleet, 1793-1815*, 10ff; Private entrepreneurs were also important in favourable diplomatic conjunctures. The post-1640 period, when Portugal was no longer (at least in Europe) at war with the Dutch Republic, shows that the most efficient way for the Crown's diplomatic agents to acquire military and naval resources on the international market was through the brokerage of seasoned import-exporters. For examples of the role played by these brokers in the economic diplomacy of Braganza Portugal; Virgínia Rau, 'A Embaixada de Tristão de Mendonça Furtado e Os Arquivos Notariais Holandes', *Separata Dos 'Anais'*, 2, 8 (1958); Virgínia Rau, 'O Padre António Vieira e a Fragata Fortuna', *Separata de 'Studia'*, no. 2 (1958).

of production too. Having pioneered the process of iron-cast smelting in the 1500s, England became the undisputed iron-gun founders of Europe during the second-half of the sixteenth century, and remained prominent makers of this type of heavy artillery in the following century, in spite of the Southern Netherlands (in particular Liège) and Sweden's highly successful forays into iron-guns manufacturing.[319] In 1617, the provisioning contract negotiated with António Fernandes Pais and Francisco Duarte de Elvas for the acquisition of iron cast artillery of English design, gunpowder (as much as over the course of three years, at 10,000 *réis* per quintal), portable firearms and rigging encompassed significant imports from Vizcaya and from England. To ensure the transportation of this miscellaneous consignment of military equipment, the contractors requested and obtained permission to freight ships in France.[320] Four years later António Fernandes Pais was asked again to supply the *Ribeira das Naus* with iron cast artillery of English making, worth about 12,000,000 *réis*.[321] In order to help Fernandes Pais navigate through the complicated bureaucratic maze of bringing weaponry from abroad, a special import license was granted so that the delivery of the artillery in Lisbon could be speeded up.[322] Interestingly enough, the acquisition of heavy artillery in England coincided with the mounting pressure of the English East India Company in the Persian Gulf that led to the loss of Ormuz at the hands of an Anglo-Persian coalition in 1622.[323] On this occasion at least, the armed conflicts between the *Estado da Índia* and the commercial company chartered by the English Crown were not an impediment to arms dealings between the two countries, even if there was the distinct possibility that the weaponry in question could be used by the buyer against the overseas enterprises of the seller.

Despite the prominence attained by iron-cast artillery on account of being comparatively cheaper,[324] its bronze counterpart continued to be used by Europe's naval forces after 1650.[325] Given that Portugal lacked the raw materials needed to manufacture both iron and bronze cannons (made from copper and tin), the Crown had no alternative but to reach out to the kingdom's merchant-bankers and their Northern-European connections to ensure their import. After a contractor delivered metals, these would be melted in Barcarena or Tomar to make the cannons for the India-bound and for the coast-patrolling armadas.

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319 Chris Evans and Göran Rydén, *Baltic Iron in the Atlantic World in the Eighteenth Century* (Leiden-Boston: Brill, 2007), 31–33, 49; Glete, *Warfare at Sea, 1500-1650*, 22.

320 AHU, CU, cod. 31, fl. 63v, 64; ibid. cod. 32, fl. 3-5; AHU_CU_058 (Índia), cx. 5, doc. 174. Aside from the iron-cast artillery, the two portfolio-capitalists also procured one 1,000 *quintais* of gunpowder, one 1,000 *quintais* of rigging, 2,000 muskets, 1,000 harquebuses to be provided in different instalment over the course of two years. The price for each musket was set at 2,900 *réis* and at 1,700 *réis* for each harquebuses. On the other hand, the price per each *quintal* of rigging was 3,300 *réis*.

321 The contract stipulated that each *quintal* was worth 2,000 *réis,* and Fernandes Pais was commissioned 6,000 *quintais* in iron artillery.

322 Already in the 1617 *assento*, the ambassador of the Spanish monarchy in England was notified by the Portuguese viceroy to make the necessary arrangements and provide all possible assistance for the contractors to acquire the artillery. AHU_CU_058 (Índia) cx. 5, doc. 174.

323 Graça Almeida Borges, 'The Iberian Union and the Portuguese Overseas Empire, 1600-1625: Ormuz and the Persian Gulf in the Global Politics of the Hispanic Monarchy', *E-Journal of Portuguese History* 12, no. 2 (December 2014): 1–26; Dejanirah Couto and Rui Loureiro, *Ormuz 1507 e 1622: Conquista e Perda* (Lisbon: Tribuna da História, 2007); Niels Steensgaard, *The Asian Trade Revolution: The East India Companies and the Decline of the Caravan Trade* (Chicago: University of Chicago Press, 1974).

324 By the turn of the sixteenth century, iron ordnance cost about a quarter or third less than bronze-cast cannons with the same weight of ball. Sicking, 'Naval Warfare in Europe, c. 1330-c. 1680', 252.

325 Although iron-cast guns were cheaper than their copper counterparts, they suffered from the problem of overheating, which could lead to explosions in the course of prolonged fire-exchanges, resulting in the damaging of ship and injuring and killing of crew members. The risks of overheating were only contained mid-seventeenth century, allowing iron-cast artillery to trump over copper-made heavy guns. Guilmartin Jr, *Galleons and Galleys*, 149–50; Glete, *Warfare at Sea, 1500-1650*, 23–24.

During the period under study, the connections to Antwerp, Amsterdam and Hamburg were inescapable due to these cities deep rooted links to Liège, the Hartz region, Bohemia and Hungary, as well as Scandinavia and the Baltic regions, the main production outlets of raw materials for weapons production in Central and Northern Europe.[326] Portugal's reliance on the international copper and iron trade is laid bare by a bill of landing presented before an Amsterdam notary by Johan Schroeder from Hamburg, skipper of the ship *St. Jan Battista* on December 3, 1621. The bill stated that Schroeder loaded his ship with 597 plates of copper with a weight of 101 ship pounds, from Lucas Bekeman, resident in Amsterdam, for a journey from Hamburg to San Sebastian. The cargo was consigned to Manuel Rodrigues de Elvas' agent in San Sebastian, for the account of Diogo Francês d'Abrantes in Calais.[327] The shipments of copper arranged for the convenience of royal contractor Manuel Rodrigues de Elvas continued in 1622. On that year, he acquired a consignment of copper on the Crown's behalf from Arnald Roelants and Pedro Bensis, traders based in Hamburg. The order was placed in the Elbe entrepôt by Manuel Nunes de Évora of Antwerp, Rodrigues de Elvas' agent.[328]

Portugal's exposure to the evolution of stocks in the international outlets was considerable, and that became painfully clear in 1617. As part of a larger contract to acquire arms and ammunitions to the Crown stores in Lisbon, Francisco Duarte de Elvas was commissioned to deliver 3,000 *quintais* of copper between 1616 and 1617, but ran into difficulties in the second year. He was unable to meet the import quotas of his contract due to the depletion of copper stocks in the Low Countries caused by political and military instability in Poland, a leading supplier of the Flemish and Dutch markets. Aside for a shipment of 600 *quintais* that was due to arrive in Portugal in October, the contractor reported to the authorities in Lisbon and Madrid that he struggled to acquire copper in Northern Europe. Moreover, since the small amounts of copper to be found in Lisbon were in the hands of private merchants, who were only willing to sell it at an exorbitant price, Duarte de Elvas suggested that a permission should be requested for copper surpluses in Spain to be handed over the Portuguese Crown. As soon as the transaction was agreed by the Portuguese and Castillian authorities, he would guarantee the delivery of the copper batches in Lisbon.[329]

In addition to the heavier artillery placed in the Indiamen's gunports, the troops en route to Asian were also fitted with light portable firearms. The Biscayan-Guipúzcoan connection proved once again to be instrumental to accommodate Portugal's firepower needs. In the later years of Phillip II's reign this Northern Spanish region became a force to be reckoned with in the making of these firearms and contractors of the Portuguese Crown often supplied themselves there. This was the case with the delivery of 1,900 muskets and 200 harquebuses commissioned to Francisco Dias Mendes de Brito in 1620. For a sum of 2,800 *réis* per musket and 1,600 *réis* per harquebus, which amounted to a total price of 5,640,000 *réis,* Mendes de Brito agreed to procure these hand-held firearms in the royal gun-making sites of Vizcaya and Guipuzkoa and ensure its transportation to the Lisbon arsenal within four months.[330] The crafting of hand-held personal guns in Northeastern Spain had been organized in guilds since the sixteenth century. The Crown endowed these corporate bodies of manufacturers with special privileges and granted them organizational autonomy, but retained the right to oversee how the works were conducted (a financial superintendent

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326 Poettering, *Migrating Merchants*, 15; Karel Davids, *The Rise and Decline of Dutch Technological Leadership (2 Vols): Technology, Economy and Culture in the Netherlands, 1350-1800 (2 Vols.)* (Leiden-Boston: Brill, 2008), 146–50; H. Ph. Vogel, 'Arms Production and Exports in the Dutch Republic', in *Exercise of Arms: Warfare in the Netherlands, 1568-1648*, ed. Marco van der Hoeven (Leiden-Boston: Brill, 1997), 197–210.

327 Koen, "Notarial Records," *Studia Rosenthaliana*, vol. XX, no. 1, July 1986, nr. 2536.

328 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810),N#3615, fl. 565.

329 AHU, CU, cod. 31, fl. 52, 61-62v, 64v.

330 AGS, SSP, lib. 1474, fl. 187.

was appointed to the effect) and imposed preferential rights over the output. Only after the needs of the Crown had been met, could the guilds sell light firearms to the private sector. These measures were taken a step further in the early decades of the seventeenth century, when a ban on the sale of weapons to private persons was imposed, making the armed forces the sole customer of the arms-making guilds.

Despite the inputs of the present-day Basque Country in the supply of the *Carreira da Índia* with warfare material, contractors still looked to the Northern European markets for imports of these guns and the respective ammunition. Notwithstanding Antwerp's decline as an international commercial hub, the city remained important when it came to channel Northern European military wares into the Portuguese market. In 1613, Felipe Jorge, a member of the Portuguese Nation, bought 1,000 muskets and 500 harquebuses on behalf of the contractor Francisco Duarte de Elvas for the Lisbon arsenal.[331] A few years later, Francisco Godines, consul of the Portuguese Nation of Antwerp on several occasions, procured hand-handle firearms to the Portuguese market.[332] His name appears in the will of Antonio Fernandes Pais as a preferential partner and correspondent in Antwerp for the sale of German firearms to the Portuguese state.[333] Like Antwerp, Hamburg was an outlet for Lisbon's imports of weaponry and munitions, as shown by the partnership between the Nuremberg born entrepreneur Jácome Fixer and his Amsterdam associates Claes Staes and Gaspar Pels, who fulfilled their turn of the century and early 1600s royal contracts through a series of purchases in Hamburg.[334]

Gunpowder was another military resource that required the Portuguese authorities to tap into international trade networks. Along with sulphur, the key ingredient to make gunpowder was saltpetre, a product that was conspicuously absent in Portugal. Although saltpetre could be acquired within Iberia[335] and procured in markets across Northern and Central Europe,[336] the best quality saltpeter available in Portugal and many European states came from Asia.[337] Tried and tested contractors like Manuel Moreno de Chaves were well aware of the advantageous quality-cost relation of making gunpowder from Indian

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331 The following year, Gilles van den Bosche, the Antwerp notary who specialized in the affairs of the Iberian communities, was presented with a statement from a royal clerk at the royal arsenal in Lisbon confirming the delivery, Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3606, fl. 43-44.

332 Florbela Frade, 'As Relações Económicas e Sociais Das Comunidades Sefarditas Portuguesas. O Trato e a Família' (Unpublished PhD Dissertation, Lisbon, Universidade de Lisboa, Faculdade de Letras, 2006), 237.

333 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3622, fl. 399, 399v

334 Hermann Kellenbenz, 'Vicissitutes de Jácome Fixer, Mercador Alemão de Lisboa', in *Separata Do V Colóquio International de Estudos Luso-Brasileiros*, vol. II (Coimbra: Imprensa da Universidade de Coimbra, 1965), 12–15.

335 For example, in Southern Spain. A case in point are the purchases commissioned to António Garfião, who was the Crown's go-to agent for purchases of grain, weaponry and naval stores in the Seville and in the regions surronding Grenada and Murcia in the 1630s. For instance, in 1636 he acquired 1,000 *quintais* of gunpowder in Seville (a purchase worth 7 to 8,000,000 *réis*) and saw that the explosives were brought to Lisbon. As with a previous contract involving grain in Andaluzia, Garfião's purchases were bankrolled by the merchant-banker Jorge Fernandes de Oliveira, who was granted in return preferential rights over the royal pepper batches in a future sale. AHU, CU, cod. 504, fl. 206-206v, 221-223, 226-226v. It is well likely that Garfião was actually Antonio Graffior, a Genoese *asentista* who, in the 1630s, contracted with the Castilian authorities the provisioning of saltpetre the arsenals of several Southern Spanish towns, including Murcia. José Javier Ruiz Ibáñez, *Las dos caras de Jano: monarquía, ciudad e individuo. Murcia, 1588-1648* (Murcia: Editum, 1995), 216–17; Thompson, *War and Government in Habsburg Spain, 1560-1620*.

336 Bogucka, Maria, 'Saltpeter Production and Saltpetre Trade between Gdansk and Amsterdam in the First Half of the Seventeenth Century', in *From Dunkirk to Danzig: Shipping and Trade in the North Sea and the Baltic, 1350-1850 : Essays in Honour of J.A. Faber on the Occasion of His Retirement as Professor of Economic and Social History at the University of Amsterdam*, ed. W. G. Heers, L. M. B. J. Hesp, and Leo Noordegraaf (Amsterdam: Verloren Publishers, 1988).

337 On the imports of South Asian saltpetre by various European interoceanic enterprises, Brenda J. Buchanan, 'Saltpetre: A Commodity of Empire', in *Gunpowder, Explosives and the State: A Technological History*, ed. Brenda J. Buchanan (New York: Routledge, 2016), 67–90; James W. Frey, 'The Indian Saltpeter Trade, the Military Revolution, and the Rise of Britain as a Global Superpower', *Historian* 71, no. 3 (2009): 507–54.

saltpetre.[338] In 1625 he asked permission to bring on the *Carreira's* inward-bound voyage a shipment of 2,000 *quintais* of saltpetre, from which he would produce the gunpowder he was commissioned by contract. To increase the chances of his requested being accepted, he promised to make use of the newly established milling plant at Barcarena to transform the saltpetre into the final product. Although the documentation of the Council of the Exchequer does not reveal the final price, the contract underwritten with Moreno de Chaves represented a 1,000 *réis* decrease on the cost of each *quintal* of finished gunpowder from previous tenders, a price reduction that made the Crown eager to accept the deal. The shipment of the saltpeter would be spread in four different return-leg voyages, the last of which would be at the Crown's expense. In exchange for these shipments, Moreno de Chaves requested to import merchandises worth 2,586,900 *réis* free of duties and freights payable at the House of India, deducting this sum from the final price of the contract. The monarchy accepted the contractor's request and the shipment license was issued and sent to India, instructing the viceroy in Goa to allocate space for the saltpetre in the hull of the ships bound for Lisbon. Another reason why the Crown was receptive to the requests of the contractor is because the tax break equalled an outstanding debt of the Crown to Chaves.[339] This example shows how the arrears of the royal treasury could be turned from a financial liability into new investment opportunities. The arrears could be used as leverage during the auctioning for a royal contract, allowing the creditor to come out the winner over other bidders, even if they offered more financially advantageous terms. The debt was therefore cancelled out by virtue of the contract, which included these lucrative fringe benefits, being entrusted to him.[340] This is one the reasons why, despite the Crown sometimes keeping merchant-bankers waiting to be paid for their provisioning concessions, they continued to take part in public-private partnerships and provide credit, goods and logistics.

Table 16. Costs with some raw materials needed for the making of ammunitions in 1607

Raw Material	Amount (*quintais*)	Price per unit (*réis*)	Total cost (*réis*)
Copper	3.173	14.000	44.422.000
Tin (*estanho*)	209	10.000	2.090.000
Total	**3.382**		**46.512.000**

Source: AGS, SSP, lib. 1466, fl. 157: "folha da artª e monicoens q são necess(arias) comforme o regim(ento) de S(ua) M(agestade) pera se armarem as Sinquo naos d 4 cubertas da armada da India do a(no) q vem de 608"

[338] For a glance on the saltpetre flows from the *Estado da Índia* to Portugal in the sixteenth and seventeenth centuries and the intra-Asian circuits that Goa had to tap into in order to acquire the commodity, René. J. Barendse, *The Arabian Seas. The Indian Ocean World of the Seventeenth Century* (Armonk, NY-London: M.E. Sharpe, 2002), 7–8, 141–42, 201, 317; Subrahmanyam, *The Political Economy of Commerce Southern India, 1500-1650*, 33, 55, 306. AHU, CU, cod. 35, fl. 8, 8v.

[339] AHU_CU_058 (Índia) cx. 15, doc. 186.

[340] After being contractor of Mazagan, Henrique Gomes da Costa was awarded the Angola contract (1624-1627), not because he was the highest bidder in the public tender organized by the Council of the Exchequer, but because the Crown had scores to settle with him regarding his previous concession. AHU_ CU_001 (Angola), cx. 2, doc. 153. For a succinct explanation of the contract for the slaving offshoot of Angola, in Western Central Africa, see footnote 661.

Following Portugal's secession from the Hispanic Monarchy in 1640 and the truce signed (in Europe) with the United Provinces, the Braganza administration went on to rely on Dutch imports of saltpeter and other warfare materials. Cátia Antunes drew attention to the fact that saltpeter was one of the few colonial commodities that the Netherlands placed in the Portuguese markets, when the opposite was the norm in the commercial exchanges between the two countries.[341] There is also evidence of ammunition components made in the British Isles being imported into the Lisbon market. In November 1625, brothers Manuel and Diogo Francês purchased one hundred pieces of gunpowder and six barrels of tin from Lionel Wake and João Covam, English merchants in Antwerp.[342] These products were shipped from England to Hamburg and placed in the care of the brothers agent, who would then arranged for their transportation to Lisbon.[343]

Similarly to what happened with arms manufacturing, the Portuguese kingdom lacked appropriate infrastructures to produce gunpowder. The authorities recognized this problem and tried to solve the country's external dependency, at least in the manufacturing process, since it would always be dependent on the imports of the key raw materials. Among the solutions put forward by the Portuguese authorities and by the Council of Portugal in 1617, was the hiring of Spanish specialists to install a gunpowder factory in the kingdom, oversee its works during its first years in operation and train the work-force. One of the specialists considered was Francisco de Lara, master-engineer of the royal armoury of the kingdom of Navarre. The monarchy also entertained the suggestion made by Leonardo Torriano, the Italian-born chief engineer of the Portuguese Crown, who put forward a plan to build a similar facility for less money. In this case, the Portuguese authorities considered the tenders made, not by private business, but by two officials, albeit serving different kingdoms of the Monarchy, eventually settling for the offer by Torriano, probably because it was the cheapest endeavour of the two.[344] This decision lead to the addition of a gunpowder milling facility to the Barcarena arms producing complex, which relied on hydraulic power for the manufacturing of explosives.[345] Although supplies of saltpetre and other gunpowder-making components were ensured by suppliers under contract with the royal exchequer, it is not clear how the production work was overseen. It is known that no royal monopoly on the making of explosives was in place prior to 1681, when exclusive rights to make gunpowder in the Portuguese kingdom were granted to Carlos de Sousa Azevedo, leading to the closure of a series of other privately run sites operating throughout the kingdom, a dozen of them in the Lisbon region, both *intramuros* and in the outskirts.[346]

As the case of the Barcarena factory shows, Portugal adopted a monopolistic framework to regulate and exploit the gunpowder-making sector later than other Western European monarchies, namely neighboring Castile. Towards the end of the sixteenth century and the start of the seventeenth several European states restricted private ownership of manufacturing sites for explosives and projectiles and subordinated their countries' domestic output to the needs of the central apparatus. For instance, in Castile, Portugal's closest import market, saltpeter became a royal monopoly during the 1580s and gunpowder making facilities were set up by the state in Malaga, Cartagena and Pamplona. Although the Crown ran these

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341 Antunes, *Lisboa e Amsterdão. 1640-1705*, 123.

342 These merchants operated regularly in Antwerp and ensure the transit of goods between the Southern Low Countries, Northern France and Portugal. They were especially active in the transhipment of goods that were remitted overland from Antwerp to Calais to Dover and from there to Iberia. The Spanish commanders in Flanders placed orders for uniforms from these merchants. Besides procuring military equipment, they were involved in the import of Flemish textiles and grain to Portuguese and Spanish ports.

343 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810),N#3627, fl. 251, 251v.

344 AHU, CU, cod. 31, fl.62.

345 Quintela, Cardoso, and Mascarenhas, 'The Barcarena Gunpowder Factory: Its History and Technological Evolution between the Seventeenth and Twentieth Centuries', 126–27.

346 Quintela, Cardoso, and Mascarenhas, 125–26.

sites in the first decades following their creation, during the administration of the Count-Duke of Olivares, they were farmed out to private consortia, who were entitled "to all the saltpeter available and to make and sell all the powder they wanted" in the district of their lease, as soon the needs of the Crown had been accounted for. For the Crown, these monopolistic farms were advantageous as the Exchequer received not only stable income from the contractor several times a year, but remittances of gunpowder manufactured as part of their concession payments as well.[347]

3.1 Concluding remarks

Contracts for the acquisition of warfare materials, similar to those involving shipbuilding and the provisioning and victualing of fleets for the *Carreira da Índia* delayed the unavoidable: Portugal's decline as a commercial and territorial power along the Asian seaboard. The military resources mobilized through merchants and financiers under contract with the government allowed for the maintenance of positions in Asia for longer than the Crown could have managed on its own, that is, if the task was left purely to its salaried administrative personnel. Public-private partnerships were in practice the default approach to muster the arms and munitions required by the state's colonial demands. From reading the royal documentation, it is difficult to imagine how the Crown would have done without its contractors, given the state of financial stringency, the underfunded and under-staffed administrative machine and the gargantuan task that the Portuguese faced in Asia and the South Atlantic against better financed and better armed enemies.

At the start of the seventeenth century, Portugal's arms-making sector stood at a disadvantage when compared to its rivals. For a start, it lacked the mining resources needed for cannon smelting and the sulphur for the production of gunpowder. The chronic shortage of raw materials proved to be a serious shortcoming to the country's military ambitions, at least as soon as competition for colonization and overseas trade became fiercer. Although it was not the only reason, it was partially responsible for holding back the country from developing an arms making industry. In an attempt to solve this problem, the Crown reached out to the private sector, relying on contracts for the procurement of these politically sensitive raw materials and manufactures. Even when it took the initiative to set-up arms, ammunitions and explosives factories, the Monarchy entrusted the day to day management and financing of these sites to private businessmen, while expert-technicians recruited abroad oversaw the works at the factory. Since the output of these proto-industrial complexes never came close to meet the needs of the *Carreira da Índia* and of the imperial defense in general, especially in a period of fierce competition overseas, contracts were underwritten with import-export merchants. They made use of their superior information about the production centres or at least the international outlets, while the fact they were private businessmen and not holders of public office made it easier for them to acquire arms and ammunitions abroad.

Despite the various public private partnerships underwritten throughout the years, the Portuguese were unable to keep up with the sheer number of ships and men sent by their rivals, and the squadrons of Indiamen became a pale shadow of the armadas of the previous century. With minor fluctuations, the number of ships dispatched to Asia declined steadily throughout the period under study, reaching a historical low in 1630. By then the Portuguese empire was under attack in the South Atlantic, and the loss of the Northeast captaincies of Brazil to the Dutch increased the demand for permanent war fleets and convoys. For a

[347] Thompson, *War and Government in Habsburg Spain, 1560-1620*, 250, 254–55.

country with few human means meagre natural resources, and an incipient manufacturing capacity, its too thinly spread-out empire became extremely costly to defend.

The support provided by other territories of the Hispanic Monarchy, namely in terms of production outlets where the Portuguese Crown could supply itself, although important, could only go so far. Castile, a stronger military power and better endowed with human and natural resources, was not in the position to continuously aid Portugal due to its own conflicts in Northern Europe and the Caribbean. Still, the most successful reprisals Portuguese fleets achieved against Dutch forces worldwide were heavily supported by Castilian resources and manpower.[348]

This and the previous two chapters have made it clear that the logistics of state-sponsored shipping were extensively outsourced to profit-seeking and business oriented individuals. Direct administration was incidental. The exception rather than the rule. Only on very few occasions did the Council of the Exchequer or the royal officials who oversaw the naval stores and shipyards recommended direct control over production, the provisioning and transportation processes. These partnerships, although compelling for both parties, did not save the official Portuguese enterprise in Asia from political and commercial decline when it was faced with significant financial and geopolitical challenges. The ability of the Crown to outsource military logistics was constrained by the treasury's capacity to earmark the income streams that serviced the government contracts. For most of the period under study, it was not so much the case that the commercial elite of the kingdom was unwilling or unable to partner up with the Crown in tasks of public utility, such as mobilizing funds and resources to the India Run, but rather that the monarchy struggled to squeeze the funds to pay contractors.

[348] As will be shown in chapters 7 and 8.

Chapter 4: Garrisoning contracts: Provisioning the Portuguese strongholds on the Barbary Frontier (Ceuta, Tangier and Mazagan)

After two centuries of military presence in the Northern Africa, the Portuguese still held sway over three fortified outposts: Ceuta, Tangier and Mazagan (present day El Jadida).[349] These strongholds were a military-commercial hybrid.[350] Unable to hold on to large tracts of land, the areas controlled by the Portuguese were restricted to an ensemble of scattered fortified towns and the close-by hinterlands. These towns and their forts ensured that local garrisons, royal officials and the residing population, comprised of immigrants from Portugal and of autochthonous Maghrebi, could defend themselves, although, at times, they served to launch military incursions in the region. Simultaneously, these outposts were designed to serve as commercial nodes enabling the Portuguese to access the caravan trade crossing the Sahara East-West and South-North.[351]

By 1600 the Northern African forts seemed to be nothing more than a financial and logistic burden.[352] The Portuguese had long stopped entertaining the idea of territorial occupation and settlement in Morocco and had already reduced their presence in the region when they abandoned several of their holdings in the 1540s and 1550s.[353] At the same time, however, Ceuta and Tangier, the two port cities located by the Strait of Gibraltar, were a prized strategic asset to the Portuguese Crown, as they allowed the Portuguese to anticipate Barbary and Ottoman attacks on the ports of the Algarve and Southern Spain, as well as against Iberian ships sailing between the Atlantic and the Mediterranean. In turn, Mazagan, located on the West coast of the Maghreb, served as a logistical base to curb raiding expeditions against Iberian ships arriving from overseas on to the Peninsula.[354]

From a geo-strategic point of view, the continuation of the Iberian military involvement in the Maghreb was meant to keep in check the influence of the Sublime Porte in the Western Mediterranean and the Strait of Gibraltar, while at the same time curbing the growing Dutch interest in the region in the wake of Ahmed Al-Mansour's ambitious military campaigns in the Sahara and the Sahel. The armies of this Saadian sultan of Morocco were equipped with modern weapons imported from the United Provinces and the development of the sultanate's own arms industry at the turn of the sixteenth century owed a lot to the diplomatic brokerage of the Dutch Republic. Moreover, Dutch privateers used the Moroccan ports, such as Larache in the North, as safe havens from where they launched attacks against

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[349] Joaquim Romero Magalhães, 'As Incursões No Espaço Africano', in *História Da Expansão Portuguesa. Do Índico Ao Atlântico (1570-1697)*, vol. 2 (Lisbon: Círculo de Leitores, 1998), 65–66; António Dias Farinha, *História de Mazagão durante o período filipino* (Lisbon: Centro de Estudos Históricos Ultramarinos, 1970).

[350] This same logic was replicated elsewhere in the Portuguese empire. It is, for one, very reminiscent to the dwellings in Angola, which have been described as a "discontinuous territorial space centered on garrisons and markets, organized along a network of land routes", Catarina Madeira Santos, 'Luanda: A Colonial City between Africa and the Atlantic, Seventeenth and Eighteenth Centuries', in *Portuguese Colonial Cities in the Early Modern World*, ed. Liam Matthew Brockey (New York: Routledge, 2016), 254.

[351] Filipe Themudo Barata, 'The Portuguese in the Islamic World', in *Portuguese Heritage around the World. Architecture and Urbanism. Africa, Red Sea, Persian Gulf*, ed. Themudo Barata, Filipe and José Manuel Fernandes (Lisbon: Calouste Gulbenkian Foundation, 2012), 38–40.

[352] Godinho, *Os Descobrimentos e a Economia Mundial*, 3:245.

[353] Themudo Barata, 'The Portuguese in the Islamic World', 38–41; Maria Leonor Garcia Cruz, 'As Controvérsias Ao Tempo de D. João III Sobre a Política Portuguesa No Norte de África', *Mare Liberum* 13 (1997): 123–99.

[354] A. J. R. Russell-Wood, 'Políticas de Fixação e Integração', in *História Da Expansão Portuguesa. Do Índico Ao Atlântico (1570-1697)*, vol. 2 (Lisbon: Círculo de Leitores, 1998), 126–27; Farinha, *História de Mazagão durante o período filipino*.

Iberian vessels passing by the strait.[355] The Dutch-Moroccan rapprochement eventually culminated in the signing of a treaty of commercial and military cooperation in 1610, between Muley Zaydan, Al Mansour's successor to the Marrakech throne, and the States General.[356]

Madrid looked apprehensively towards the alliance between two of its sworn enemies and to the growing Ottoman influence in the region during the civil war that broke out shortly after Al Mansour's death in 1603. The Spanish Monarchy reacted to the changing balance of power in Northern Africa by expanding its military presence in the region through a string of military campaigns. Occupied during the Twelve Years' Truce, Larache and la Mamora became holdings of the house of Habsburg in 1610 and 1614, respectively. These conquests added to the areas that had been under Habsburg control since the beginning of the sixteenth century, in Mazalquivir, Vélez de la Gomera, Oran and Melilla.[357] In a context of political and civic unrest and of greater 'Castilian' involvement, the Portuguese forts ended up playing second fiddle in the Moroccan policies of the Hispanic Monarchy.

Geopolitical considerations aside, the decaying Portuguese fortified towns were also maintained for ideological reasons. In the beginning of the seventeenth century, the centuries' old rhetoric of fighting the infidel still served as an ideological bedrock for the Portuguese military presence in the region.[358] The need to justify the lives lost to conquer and keep the territories acquired in the fifteenth century, including that of a previous king and members of the royal family, also explains why the Portuguese refused to abandon those places.[359]

But perhaps the most compelling reason why elites and common people alike supported the Portuguese presence in the Maghreb were the opportunities for social upward mobility the outposts provided for soldiers, royal officials, squires and noblemen. Repealing attacks by enemy Muslim forces and serving the king in a precarious administrative post made royal clerks and men of arms eligible for pecuniary rewards and honorific grants, whilst sojourning in Portuguese Morocco provided plenty of opportunities for the quick personal gains by participating in raiding and pillage.[360]

For all these reasons, rather than abandoning the three remaining garrison towns, the Crown considered narrowing down the perimeter of the stronghold*s* (especially in Tangier), and reducing the amount of men, weapons and infrastructures it maintained there. However, despite the acknowledgement that the up keeping of the fortified outposts was a drain on the royal finances, during the years of Habsburg rule, no significant steps were taken to scale down the Portuguese presence in Northern Africa.[361]

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[355] Mark and Horta, *The Forgotten Diaspora*, 106, 110, 125–31; Mercedes García-Arenal and Gerard Albert Wiegers, *A Man of Three Worlds : Samuel Pallache, a Moroccan Jew in Catholic and Protestant Europe* (Baltimore, Md: Johns Hopkins University Press, 2007), 28–31.

[356] García-Arenal and Wiegers, *A Man of Three Worlds*, 71–72, 76.

[357] Mercedes García-Arenal and Miguel Ángel de Bunes Ibarra, *Los españoles y el Norte de África, siglos XV-XVIII* (Madrid: Editorial MAPFRE, 1992).

[358] The historiography considers that the first campaigns of occupation in Barbary soil should be seen as an extension of the wars wagged by the Iberian Christian powers against the Muslim rule of the Al-Andalus, which would culminate in the fall of the kingdom of Granada in 1492. The Portuguese and Castilian were, therefore, replicating the so called *Reconquista,* except this time on the other side of the Straight's sea.

[359] The first event that springs to mind was the demise of king Sebastian, who led the Portuguese armies in the disastrous campaign of Ksar el Kebir in 1578. But this was not the first time a member of the royal house perished in the Northern African expansionist enterprise. More than one hundred years before, the failed initial attempt to take Tangier in 1437 ended up with the king's brother, Prince D. Fernando, being captured by the forces of the besieged town. D. Fernando would spend the remaining years of his life in captivity, as a result of the Portuguese Crown refusing to negotiate the surrender of their Moroccan holdings as ransom.

[360] Godinho, *Os Descobrimentos e a Economia Mundial*, 3:248–49.

[361] A. R. Disney, 'Scaling down and Holding on: Life in Portuguese Tangier in the Early Seventeenth Century', in *The Portuguese in India and Other Studies, 1500-1700*, Variorum Collected Studies Series (Farnham (Surrey) & Ashgate (Burlington): Ashgate Variorum, 2009), 147–61.

4.1 The regional context, the frontier and the challenges to supplying

The Portuguese fortified towns in the Maghreb depended heavily on the effective and timely provisioning of victuals, military equipment and means of payment under penalty of local the authorities facing disruption of social order and in the worst case losing control over the strongholds. Matters were further complicated by the fact that there was a civilian population of a few thousands living next to the garrisons, and they too had to be supplied.[362]

Although the Maghrebi coast, especially around Gibraltar and throughout the Mediterranean facade, was well endowed with natural resources and had for centuries been known for its dynamic productive and trading sectors, the immediate surroundings of the Portuguese outposts were in economic decay by the end of the sixteenth century. With the exception of looting, a characteristic occupation of contentious border-areas, the garrison towns and their adjacent hinterlands were devoid of economic activities of significance from which revenue could be generated or extracted.[363] Productive activities like agriculture, live-stocking and manufacturing were overall incipient, since the pockets of land under Portuguese control outside the city walls were too small for the local population to grow their own food. In addition, the constant threat of pillaging discouraged inhabitants from working the land or growing cattle in a sustained manner. In the three garrison towns, manufacturing and trade with the surrounding region had become, by the 1600s, obsolete and impossible to promote.[364]

Garrison commanders and local treasury officials who attempted to borrow from local money lenders or buy supplies on credit had little to offer as security. Local merchants and institutions were reluctant to extend credit to the Crown, as they were aware of the difficulties Madrid and Lisbon had in paying their own military personnel in a timely manner.[365]

The hostile environment surrounding the towns prevented their potential as trading hubs, nodal points for the Portuguese to tap into the Northern African trade networks. The Maghrebi powers, such as the kingdom of Fez to the North, the kingdom of Morocco centred in Marrakesh, and a number of chieftains living in the vicinities, tried to cut off the three fortified dwellings from the surrounding regions and had diverted the main trade routes. This commercial choke prevented the garrison towns from provisioning themselves with foodstuffs and other basic economic resources in the nearest surroundings, leaving them at the mercy of outside support. If external supplies, including wages, rations, arms and

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362 Farinha, *História de Mazagão durante o período filipino*, 218, 226.

363 Luís de Figuiredo Falcão, Phillip III's secretary for Portuguese affairs, estimated the net revenue of the customs of Ceuta in 1607 bellow 3,000,000 *réis*, whereas Tangier's were worth the royal treasury about 1,000,000 *réis*. In turn, a budget of the royal revenues from 1621 grossly overestimated the combined the receipts generated by the customs of the Northern African towns at 52,000,000 *réis*. Luiz de Figueiredo Falcão, *Livro em que se contém toda a fazenda e real patrimonio dos reinos de Portugal, India, e ilhas adjacentes e outras particularidades* (Lisbon: Imprensa nacional, 1859), 30; Hespanha, 'Os Poderes Do Centro. A Fazenda', 198.

364 A. R. Disney, *A History of Portugal and the Portuguese Empire from Beginnings to 1807. Volume 2, The Portuguese Empire* (Cambridge: Cambridge University Press, 2009), 15; Isabel M. R. Drumond Braga, 'Comércio e Abastecimento de Ceuta (1580-1640)', *Cuadernos Del Archivo Municipal de Ceuta*, no. 11 (1997): 128–29; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:248–49.

365 For some reflections on the supplying of military contingents through the personal credit of regiment commanders and the financial assistance of local moneyed-men; Jose Miguel Escribano Paez, 'War, Conquest and Local Merchants. The Role of Credit in the Peripheral Military Administration of the Hispanic Monarchy during the First Half of the Sixteenth Century', in *Working Papers 14* (Department of Economic and Social History, University of Cambridge, 2012); Parrott, *The Business of War*, 203–4.

munitions, were not allocated on a timely and regular basis, the economically decaying fortified outposts would be vulnerable to attacks.

For all these reasons, the military enclaves were not attractive destinations for those considering to emigrate from Portugal to the overseas offshoots, except if they were looking for military action, the rich prizes of looting and for advancement in the imperial administration, preferably with a follow-up commission in Asia. With the exception of a few traders and artisans, as well as the wives and children of the town's soldiers, the Christian population included the civil servants and the men-of-arms, both the sojourning *fidalgos* (the so called *fronteiros*) and the permeant regiment. The towns also hosted a good number of clergymen, who stood for the principle that the Moroccan dwellings were intended to be outposts for the spread of the Catholic faith in the land of Islam.[366]

These challenges faced by the Portuguese in their Northern African enclaves are all in all similar to those faced by frontier settlements elsewhere in the world. Over the past decades, historians and social scientists have discussed the concept of "frontier", fleshing out its many permutations and attempting to do justice to its complexity. Frontiers are nowadays understood as more than just a line on a map demarcating between two or more political units or loosely-defined cultural areas. Instead, they are perceived as zones of exchange rather than of containment and separation. Frontiers were a contentious social-construct, and, hence, could not be further away from being the fated outcome of top-down processes.[367] Approaches to the concept of frontier range from a "middle-ground" for cross-cultural interaction, to comfort zone for "go-betweens" at the crossroads of different ethnic, religious and linguistic groups, or as zone of contact where identity is multiform and ever shifting.[368] Frontiers were thus "negotiated" sociological spaces.

Frontiers, when considered as fringes, did not necessarily imply geographical distance (Northern-Africa was closer to Iberia than any other colonial or overseas trading settlement) but rather the incapacity to project power and stir the course of events on the spot. The reach of the state was here at its shortest and its authority at its most nominal and least effective. Precisely because of these constraints, the officials on the ground were forced to act pragmatically and acquiesce to idiosyncratic polices, which stood, at times, at odds with the empire's official discourse.

Locally, garrison commanders and the people living under their protection could make their own arrangements to ensure some measure of supplies in the vicinity.[369] The cities' inhabitants owned livestock from which they could derive dairy products and some meat and, since these were coastal towns, there was also fish in abundance in the nearby sea. Despite the existence of some orchards and cultivable plots of land outside the cities' walls, the three towns and their surrounding vicinities did not grow their own cereals. Before the Portuguese occupation, Ceuta had been an outlet for the Northern Morocco's agricultural surplus, but after 1415, the grain circuits were quickly moved away from the new Portuguese settlement, which did not become a grain reservoir for Portugal, but rather the opposite.

In the Portuguese and Spanish garrison towns two groups took on the role of brokers; the 'moors of peace' (*mouros de paz*), Muslims who acknowledged the suzerainty of the king of Portugal, who were allowed to reside in areas under Portuguese control and keep their faith in exchange for the payment of tribute, and the Jews. The Sephardim were

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366 Russell-Wood, 'Políticas de Fixação e Integração', 126–27; António Dias Farinha, *Os Portugueses Em Marrocos* (Lisbon: Instituto Camões, 1999), 50–52, 62.

367 Tamar Herzog, *Frontiers of Possession* (Cambridge, London: Harvard University Press, 2015).

368 Alida C. Metcalf, *Go-Betweens and the Colonization of Brazil: 1500–1600* (Austin: University of Texas Press, 2013); Richard White, *The Middle Ground: Indians, Empires, and Republics in the Great Lakes Region, 1650–1815* (New York: Cambridge University Press, 2010).

369 Beatriz Alonso Acero, 'Trenes de Avituallamiento En Las Plazas Españolas de Berbería', in *Guerra y Sociedad En La Monarquía Hispánica: Política, Estrategia y Cultura En La Europa Moderna, 1500-1700*, ed. Davide Maffi and Enrique García Hernán, vol. 1 (Madrid: Editorial CSIC, 2006), 739–66.

particularly well-equipped to play the role of middlemen in the Portuguese forts. They mastered Arabic, Portuguese and Spanish and held contacts outside the Portuguese sphere of influence, a position that provided them with the ability to gather information and conduct secret diplomatic missions.[370] Moreover, their networks had access to credit and trading circuits all over the Maghreb, through which they sometimes acquired merchandises for the Portuguese bulwark-towns. For these reasons, even though the Portuguese Crown was known to be a champion of Catholic orthodoxy, observant Jewish communities were allowed to reside within these frontier outposts and even received legal recognition, through patent letters.[371] Yet, cooperation with members of the Jewish communities was always regarded with suspicion, as authorities could not guarantee that the individuals they hired to spy or procure goods were not double-agents.

Alongside the lawful options to locally supply the forts, there was a multitude of illegal exchanges between Portugal and the Muslim polities that played an important role in the up-keeping of the Portuguese interests in the region. The frontier was, however, an idiosyncratic space. Although this string of bastions was supposed to serve as a zone of containment, designed to keep what was behind it at bay, these towns ended-up as bridges connecting old political and religious enemies.

Among the Maghrebi goods in high demand in the Iberia were wax, lead, tin, gum, ostrich feathers and hides, while Northern African consumers looked, in turn, for tobacco, woolen cloths, and silver specie, although trade in the latter was forbidden. It was even suggested that the reason why the rulers of Algiers refrained from making an all-out assault on the Iberian garrisons was their second-thoughts about losing one of their main sources of bullion.[372] However, the most politically sensitive exchanges between Muslims and Christians was the ransoming of captives.[373] Since the Portuguese fortified towns bordered Muslim territories and empires, the Papacy had granted permission to the Christian inhabitants to trade in non-politically sensitive goods,[374] although grain, wood, iron, and weaponry were forbidden. As far as the official stance of the Portuguese authorities was concerned, these exchanges weakened the Portuguese position and empowered those who were not only their contenders for the control of the *presidios*, but also all enemies of the faith. In order to curb the trade in weapons, the Crown issued numerous proscriptive decrees and went as far as granting the Inquisition jurisdiction over this crime as of 1552.[375]

Religious authorities were equally concerned that the Iberian-Maghrebi trade was championed by the Sephardic Jews. It was believed that they acted in collusion with the New-Christian traders from Portugal and Spain (*conversos*) to take advantage of the trade between the two religious territories without intervention of either Church or State, not to mention

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370 Juan Ignacio Pulido Serrano and Mercedes García-Arenal, 'Consentir Por Necesidad. Los Judios de Oran En La Monarquía Católica Durante Los Siglos XVI y XVII', in *Entre El Islam y Occidente: Los Judíos Magrebíes En La Edad Moderna* (Madrid: Casa de Velázquez, 2003).

371 José Alberto da Silva Tavim, 'In the Shadow of Empire: Portuguese Jewish Communities in the Sixteenth Century', in *Portuguese Colonial Cities in the Early Modern World*, ed. Liam Matthew Brockey (New York, London: Routledge, 2016), 17–39; José Alberto da Silva Tavim, *Os judeus na expansão portuguesa em Marrocos durante o século XVI: origens e actividades duma comunidade* (Braga: Edições APPACDM Distrital de Braga, 1997), 320–30.

372 Jean-Frédéric Schaub, *Les Juifs Du Roi d'Espagne. Oran 1509-1669* (Paris: Hachette, 1998), 172.

373 Wolfgang Kaiser and Guillaume Calafat, 'The Economy of Ransoming in the Early Modern Mediterranean. A Form of Cross-Cultural Trade between Southern Europe and the Maghreb (Sixteenth to Eighteenth Centuries)', in *Religion and Trade. Cross Cultural Exchanges in World History, 1000-1900*, ed. Francesca Trivellato, Leor Halevi, and Cátia Antunes (New York: Oxford University Press, 2014), 108–30.

374 The papal bull *in Coena Domini*, first issued in 1364, but renewed time and time again until 1774, forbade the sale of weapons to Muslim Powers under penalty of excommunication. Giuseppe Marcocci, 'Trading with the Muslim World. Religious Limits and Proscriptions in the Portuguese Empire (ca. 1480-1570)', in *Religion and Trade. Cross-Cultural Exchanges in World History, 1000-1900*, ed. Francesca Trivellato, Leor Halevi, and Cátia Antunes (New York: Oxford University Press, 2014), 91–107; Mark and Horta, *The Forgotten Diaspora*, 108.

375 Giuseppe Marcocci, *A consciência de um império: Portugal e o seu mundo (sécs. XV-XVII)* (Coimbra: Imprensa da Universidade de Coimbra / Coimbra University Press, 2012), 303.

to spread heretical beliefs.[376] The enforcement of the proscriptions on the cross-religious and cross-cultural contraband proved, nevertheless, problematic. The lack of administrative means to enact the proscriptions, not to mention the opportunistic behavior of royal officials, who often turned a blind eye to illegal practices in exchange for a share of the profits, was just the tip of the iceberg. Judging by the evidence of eminent figures of the aristocracy and the royal administration that were implicated in the smuggling of forbidden goods to the Muslim polities, a business that generated handsome profits, stands for the widespread practice of illegality and inadequacy of the royal proscriptions.[377]

The official proscriptive policies did not, however, prevent foodstuffs from being exchanged during periods of appeasement between Portugal and the Moroccan sultans. For instance, in the 1530s and 1540s, the Jews of Fez were authorized by the sultan to ship wheat from his domains to Portugal.[378] During the best period of the Portuguese-Fez relations, a diplomatic agent was even allowed to travel to that Moroccan kingdom to purchase grain for the Portuguese towns. Notwithstanding periods of amicable relations between Ceuta, Tangier and Mazagan and the neighboring Maghrebi powers, and the rivalries between Muslim powers from which the Iberians sought to gain some leverage, peace was precarious and only so much aid could be expected.[379] Ceuta, Tangier and Mazagan could also turn to other Iberian outposts in Northern Africa. Grain from the vicinities of Oran was regularly used to supply Spanish garrison-towns,[380] and was at times allocated to the Portuguese garrisons in the region, and even to Lisbon.[381]

Despite the best attempts by the Portuguese to procure supplies locally and in the surrounding regions, the bulk of the provisions arrived from outside Northern Africa and the Maghreb. In order to acquire all types of goods and especially foodstuffs, the closest and most obvious place to turn to was Southern Iberia. Algarve and especially Andalusia enjoyed commercial proximity to the forts and traditionally played a leading role in exporting wheat, barley and biscuit, as well as guns and ammunition to Ceuta, Tangier and Mazagan.[382]

Before contract leasing became the standard procedure to provision the towns, royal factors were often dispatched to Seville, El Puerto de Santa María, nearby Cadiz, and Malaga,[383] with the specific purpose of buying and dispatching foodstuffs and military supplies to the Northern African garrison towns.[384] The acquisition of grain, weaponry and

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376 García-Arenal and Wiegers, *A Man of Three Worlds*, 14–20; Tavim, *Os judeus na expansão portuguesa em Marrocos durante o século XVI*, 107.

377 Bethencourt, 'A Administração Da Coroa', 387–92.

378 García-Arenal and Wiegers, *A Man of Three Worlds*, 33.

379 Farinha, *Os Portugueses Em Marrocos*, 63.

380 Alonso Acero, 'Trenes de Avituallamiento En Las Plazas Españolas de Berbería', 763.

381 In the early months of 1622, Lisbon's City Council wrote the king calling for aid in the supply of Portugal with grain: "and your majesty ought to write to vice-roy of Sicily and to the governor and captain of Oran, to favor and grant passage to the merchant, who from those parts bring bread into this country "e que V. Mag(estade) mande escrever ao vice-rei de Sicília e ao governador e capitão de Oran, que favoreçam e franqueiem os mercadores que d'aquellas partes trouxerem pão a este reino", Eduardo Freire de Oliveira, ed., *Elementos para a História do Município de Lisboa,* vol. 3, (Lisbon: Typographia Universal, 1988), 31.

382 Joaquim Romero Magalhães, *O Algarve económico, 1600-1773* (Lisbon: Editorial Estampa, 1993), 302–4; Isabel Drumond Braga and Paulo Drumond Braga, *Ceuta Portuguesa (1415-1656)* (Ceuta: Instituto de Estudios Ceutíes, 1998), 88–90; Braga, 'Comércio e Abastecimento de Ceuta (1580-1640)', 129.

383 Godinho, *Os Descobrimentos e a Economia Mundial*, 3:269–85; Tomás García Figueras and Hipólito Sancho Mayi, *Dos Expedientes de Abastecimiento de Mazagán, Tánger y Ceuta, Por Factores Portugueses Del Puerto de Santa Maria (1563-1567)* (Tangier: Instituto General Franco, 1939).

384 Following the end of the Twelve Year's Truce and with the embargos on Dutch exports and freightage reinstated, Santa Maria and other Southern Spanish ports regained their former importance as suppliers of the Portuguese garrison towns in North Africa. In 1622, with Lisbon's granaries nearly empty, a royal official charged with delivering bread cereals to the three towns (the contractors were struggling to meet their contracts' supplying quotas) was advised by the local city council to turn to the town of Santa Maria. Eduardo F. de Oliveira, *Elementos para a História do Município de Lisboa,* vol. 3 (Lisbon: Typographia Universal, 1888), 36-37.

silver, required the procurement of a license (*licencia de saca*) from the Castilian authorities. These permits already issued on a regular basis even before Portugal's incorporation into the Hispanic Monarchy thanks to the amicable relationship between the Portuguese royal house, Charles V and Philip II and their mutual interests in Northern Africa. For example, in the 1560s, Portugal was authorized to import up to 40,000 *fanegas* (bushel) of grain from Southern Castile yearly.[385]

Some procedural simplification aside, the post 1580 status-quo did not introduce major novelties in Portuguese-Spanish cooperation in Northern African affairs. The role of Andalusia as a logistic platform for the Maghreb garrisons was not questioned either, when the provisioning system changed from a factor-run direct administration into contract-adjudication.[386] The strong economic links between the Lusitanian strongholds and Andalusia reached the Duke of Medina Sidonia, head of one the most important aristocratic houses in Andalusia, *capitán del mar océano* for the coast of Andalusia, as well as captain-general of the Portuguese armies. In that capacity, and owing to his influence in the politics and economics of Southern Spain, the Duke often intervened in the provisioning of the garrison towns across the sea, ensuring that key material resources were acquired and shipped there when the royal factory in Andalusia or contractors in Lisbon struggled to do so.

The North African towns were also supported by trading networks that spawned Northern Europe and the Baltic, and extended westwards towards the wide Atlantic Ocean, connecting them to the Portuguese Atlantic archipelagoes and even to Brazil.[387] In the 1400s and 1500s, wheat grown in Madeira was exported to the Moroccan strongholds, as well as part of the grain surplus of the islands of Terceira and São Miguel, in the Azores.[388] It is known that in the fifteenth and sixteenth centuries, grain from Sicily and the Baltic were seldom imported into the towns.[389] Neither of these commercial connections, east- and westwards, come across as surprising, considering the strategic location of, at least Ceuta and Tangier, right by the Strait of Gibraltar, the gateway between the Mediterranean and the Atlantic.[390]

One the structural features of the Portuguese military presence in Northern Africa was that the external supplying of the garrison towns was entrusted more often than not to private entrepreneurs under contract with the Crown. The realization that the fortified posts were by no means self-sufficient and depended on the transfer of financial and material resources from outside the region was, therefore, not a novelty of the late sixteenth and seventeenth centuries. The system of supplying concessions pre-dated the Philippine period, going back many years into the rule of the House of Avis, but the outsourcing of the garrison's provisioning were expanded in scope during the Union of the Crowns.[391]

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385 Braga, 'Comércio e Abastecimento de Ceuta (1580-1640)', 138–40; Manuel Henrique Corte-Real, *A Feitoria Portuguesa Na Andaluzia (1500-1532)* (Lisbon: Instituto de Alta Cultura-Centro de Estudos Históricos, 1967).

386 For example, as late as July 1639, the contractors of Magazan, Pedro Ramires Pereira and Duarte da Silveira, asked for permission to ship 15,000 *fanegas,* that is 1,000 *moios* of grain, from Andalusia into that garrison town. The concessionaires had requested the vice-queen, Duchess of Mantua, to reach out to the Castile authorities and secure a grain export permit (*licensia de saca*) on their behalf. They intended to acquire the grain in several Southern Spanish-ports, such as Cadiz, Sanlucar, Puerto de Santa Maria or Jerez. AGS, SSP, lib. 1471, fl. 237-39v, published by Farinha, *História de Mazagão*, appendix, doc. LXXXIV. Four years prior, other two contractors, Álvaro Fernandes de Elvas and Diogo Fernandes de Sequeira had requested and obtained an identical permit, which allowed for exact same 1,000 *moios* of Andaluzian grain to be shipped off Southern Spanish ports and delivered in Ceuta. AGS, SSP, lib. 1478, fl. 147v.

387 Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel', 38.

388 John Thornton, *Africa and Africans in the Making of the Atlantic World, 1400-1800*, 2nd ed. (Cambridge: Cambridge University Press, 1998), 34.

389 Godinho, *Os Descobrimentos e a Economia Mundial*, 3:250–51.

390 Braga and Braga, *Ceuta Portuguesa (1415-1656)*, 74, 75, 88–90.

391 Braga, 'Comércio e Abastecimento de Ceuta (1580-1640)'.

While before 1580 the bulk of the supplying was ensured by means of the royal factors, the Crown resorted from time to time to incidental outsourcing contracts. Metropolitan merchants and traders residing in the Moroccan towns were expected to deliver one or several specific commodities without the promise or expectation of continuity, although the Crown could agree on a new contract with the same supplier if it was happy with his services. Still, the (sparse) available sources convey the idea that prior to the Union of the Crowns direct administration was the prime *modus operandi* and private contractors, although not infrequently employed, complemented the work of the royal factors. The Crown itself, either through the factors or through the subsidiary branch of the House of India, the *Casa de Ceuta,* freighted merchant fleets to ensure the transportation of grain, manufactured goods, arms and ammunitions to the Moroccan frontier enclaves.

During the rule of Phillip II, concessions to private investors became increasingly more frequent and their scope was broadened. Funds for the payment of wages, foodstuffs and semi-transformed commodities were delivered in Lisbon or other designated ports in Iberia, and the Crown ensured their transport through royal freightage. However, soon thereafter, the Crown also transferred the transport responsibilities to the contractors, who became responsible for the deployment of these resources in the fortified towns.[392]

4.2 The provisioning needs of the Portuguese strongholds

The costs incurred by the furnishing contracts did not undergo much variation, since the prices of the victuals and commodities to be supplied remained relatively stable. What did vary, however, was the reltive weight of the provisioning costs of the Northern African enclaves in the total expenditure of the royal budget. It decreased by virtue of most other expenses, particularly with the debt service and the war effort, undergoing an upward trend since the mid-1620s.[393] The contractors spent close to 100,000,000 *réis* to supply Ceuta, Tangier and Mazagan in the course of the first two decades of the seventeenth century, although, at least in the case of Tangier, the supplying costs marginally dropped by the 1620s, due to a decrease in grain prices.

Moving on to a comparative analysis of the supplying requirements of each town, table 17 bellow shows that Tangier, a town with a larger population than the other two fortified outposts, had much greater consumption and wage paying demands, almost doubling Ceuta's and Mazagan's combined. There are unfortunately no consistent figures for the number of inhabitants and troops stationed in these garrisons for the period under-consideration. Scattered indicators suggest that by 1540, when the Portuguese presence in Morocco was more substantial than forty years later, between 25 to 30,000 people lived in the garrison towns, of which between 3,000 to 5,000 served in the local regiments.[394] Towards the end of the Avis rule, it is known that Mazagan hosted 200 cavalrymen, 500 young cadets (*infantes*) and 50 artillerymen, alongside a number of civilians ranging from 1,500 to 2,000. Therefore, the garrison amounted to 40 to 50 per cent of the inhabitants.[395]

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[392] Braga and Braga, *Ceuta Portuguesa (1415-1656)*, 94; Farinha, *História de Mazagão durante o período filipino*, 69–70.
[393] Hespanha, 'Os Poderes Do Centro. A Fazenda', 201–3.
[394] Jorge Pedreira, '"To Have and to Have Not". The Economic Consequences of Empire: Portugal (1415-1822)', ed. Patrick K. O'Brien and Leandro Prados de la Escosura, *Revista de Historia Económica - Journal of Iberian and Latin American Economic History* 16, no. 1 (The costs and benefits of european imperialism from the conquest of Ceuta, 1415, to the treaty of Lusaka, 1974 (1998): 106.
[395] Francisco Bethencourt, 'Configurações Do Império. As Capitanias', in *História Da Expansão Portuguesa. A Formação Do Império (1415-1570)*, ed. Kirti Chaudhuri and Francisco Bethencourt (Lisbon: Círculo de Leitores, 1998), 344.

Although information about the maintenance costs of Ceuta during the Dual Monarchy is slim, according to some evidence from 1607, its retailing requirements seemed to have been on par with those of Mazagan. Some population figures for Ceuta in the 1660s seem to confirm this impression. In 1607, the combined costs of provisioning the two locations was 72,917,740 *réis*.[396]

Table 17. Requirements and costs of the contracts for Ceuta, Tangier and Mazagan

Town		Year				
		1607	1609-1612	1613	1620	1621-1626
Tangier	Annual consumption (*moios*)	2.160		~ 2.400	2.400	2.400
	Sale Price per unit of wheat (*réis*/moio)	8.700		8.700	8.700	7.800
	Annual costs of Wheat (*réis*)	18.792.000		~ 21.750.000	20.880.000	18.720.000
	Clothing	~ 17.500.000		~ 18.200.000	17.897.333	17.893.333
	Specie	~ 8.700.000		~ 9.100.000	8.948.667	8.946.667
	Weaponry & Amunition	2.245.000				
	Ecclesiastic pension				510.000	510.000
	Total expenditure	47.237.000		49.050.000	48.236.000	46.070.000
Ceuta	Annual consumption (*moios*)	1.300				
	Sale Price per unit of wheat (*réis*/*moio*)	8.700				
	Annual costs of Wheat (*réis*)	11.310.000				
	Clothing					
	Specie					
	Weaponry & Amunition	3.115.474				
	Total expenditure	25.700.474				
Mazagan	Annual consumption (*moios*)	1.416	1.400	~ 1.600		
	Sale Price per unit of wheat (*réis*/moio)	8.850	9.000	8.700		
	Annual costs of Wheat (*réis*)	12.528.060	12.600.000	~ 13.050.000		
	Clothing	~ 7.552.000	8.266.666	~ 7.900.000		
	Specie	~ 3.776.000	4.133.333	~ 3.900.000		
	Weaponry & Amunition	1.824.700				
	Total expenditure	25.680.740	25.000.000	~24.850.000		
Total	Annual consumption (*moios*)	4.876		4.000		
	Annual costs of Wheat (*réis*)	42.630.040		34.800.000		
	Clothing			39.100.999		
	Specie					
	Weaponry & Amunition	7.185.174				
	Total expenditure	98.616.214		73.900.099		

Sources: AGS, SPP, lib. 1466, fl. 1-2v, published in Farinha, *História de Mazagão*, appendix, doc. XLI; AGS, SSP, lib. 1466, fl. 340-343v, published in Farinha, *História de Mazagão,* appendix, doc. XXXIII; AGS, SSP, lib. 1472, fl. 418-419, published in Farinha, *História de Mazagão*, appendix, doc. XLVII; AGS, SSP, lib. 1474, fl. 439-452; BA, 51-VI-54, no. 44, fl. 168.

396 AGS, SSP, lib. 1466, fl. 1-2v, published in Farinha, *História de* Mazagão, appendix, doc. XLII: 226-228.

Luxán Meléndez's calculates that by the mid-1660s, Ceuta, at the time under Spanish rule for two decades, needed about 2,000 *fanegas* of wheat monthly. The town comprised at this point a population of 2,000 people, not counting the 400 men at arms that served in the garrison's four regiments. In the mid-1660s, the average inhabitant of Ceuta consumed about 1,5 kg of bread monthly.[397] By comparison, in 1571, Oran's grain needs were estimated at 30,000 *fanegas* of wheat plus 15,000 *fanegas* of rye, the latter being used as forage to feed horses and mules too. These amounts concerned not only the military in active duty and the veterans, but also their families, but did not include the civil population. Adding to the estimate, the civil servants, ecclesiastics and others, the needs probably reached 50,000 *fanegas*. In 1617, the provision contract for this town, held by Jacinto Corvary and Bartolomé Baldezanos, required a supply of 20,000 *fanegas* of wheat and 5,000 of rye for an unspecified price.[398]

Bread aside, little is known about the consumption patterns of the local populations and the stationed regiments. For Oran, a projection made in 1652 posited that 4,000 *arrobas* of Spanish wine, 2,400 *arrobas* of olive oil, 1,800 *arrobas* of eau de vie (*agua ardiente)*, 1,600 *arroba*s of figs and 500 *arrobas* of dried cod were consumed on average yearly, as well as an unspecified amount of sardines.[399]

4.3 The Legal Framework of the Moroccan Logistics

Manuel da Paiva, André Lopes Pinto and Gabriel Ribeiro were the contractors for the supply to Tangier in the 1610s and early 1620s,[400] and with the exception of a few differences, their respective contracts were almost identical. Unfortunately, it has been impossible to trace the complete contractual provisions for Mazagan and Ceuta, meaning that the contracts underwritten with those three business entrepreneurs for the supply of Tangier will serve as a proxy for an analysis of the public-private partnerships pertaining to the three strongholds.[401]

The contracts took three distinctive provisioning operations: the supplying of the towns with grain; the payment of wages to the garrisons and royal officials; and the payment of pensions to the local clergy, in accordance to the ecclesiastical patronage duties of the king of Portugal.

As far as the grain supplies were concerned, the contracts were not specific about the origin of the wheat, highlighting Germany, Flanders, England and France as possible purchasing markets. The omission of the Netherlands is not surprising, considering the Twelve Years Truce (1609-1621) would come to an end when the contract was still in effect. At the same time, it was stated that the cereals could come from anywhere, as long as the

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397 Santiago de Luxán Meléndez, 'Contibuición al Estudio de Los Presidios Españolas Del Norte de Africa. Las Dificuldades de La La Plaza de Ceuta Para Abastecerse de Trigo (1640-1668)', *Hispania*, no. 130 (1975): 321–42.

398 Alonso Acero, 'Trenes de Avituallamiento En Las Plazas Españolas de Berbería', 763.

399 Jonathan Israel, 'The Jews of Spanish North Africa. 1580-1669', in *Diasporas within a Diaspora. Jews, Crypto-Jews and the World Maritime Empires (1540-1740)* (Leiden, Boston: Brill, 2002), 174.

400 AGS, SSP, lib. 1474, fl. 439-452.

401 Of the three fortified towns, Mazagan was the furthest away from Portugal. Mazagan's needs seem to have been close to those of Ceuta, considering that, according to the government budgets, the cost of maintaining the two towns was about the same. Tangier was the largest, most populated and required the biggest military apparatus, making it the most expensive of the three to maintain by quite some margin.

shipments met the quality requirements.[402] This somewhat enigmatic phrasing opened the door for grain to be potentially imported from more politically sensitive markets and leaves one wondering if this vague formulation was intentional, rather than an inadvertent loophole. It was almost certainly the former.[403] In turn, no mentions were made in the provisions to wheat from Sicily or Sardinia, where the suppliers for the Spanish *presidios,* and also contractors hired by the municipal authorities to supply the Portuguese towns, often procured wheat and rye. Around this time, the price of wheat in those regions was 24 *reales* per *fanega,* whereas French wheat was slightly cheaper, averaging 23 *reales* per *fanega*. A shipment of wheat from the South of Spain, which was arranged by royal officials in Malaga, reached a purchasing price of 21 *reales* per *fanega*.[404] The clauses of the contracts equally stipulated that concessionaires were free to purchase as much as grain in Portugal or in Andalusia as they could, and, to that effect, they could expect all possible cooperation from the local authorities (which in theory included the often uncooperative municipalities) in Iberia and the lands of the king's demesne.[405] This aid included the use of state buildings to store grain and other supplies, as well as the means of transportation (traction animals and ships), provided that contractors covered the usage costs. Contractors also received support from the Crown in other ways. Ships chartered to transport supplies to the bulwarks were protected by royal fleets at sea, for as long as they would sail in the vicinity of such fleets.

The second rubric of these contracts, the payment of wages to military and royal personnel, was divided in two items. One third of the payments was to be carried out in specie, while the other two in kind, by way of victuals like olive oil, wine, vegetables, cheeses, linen and wool cloths. As was customary in this type of governmental concessions, the quantities to be deployed in the town's public stores and the price of each commodity were agreed to *ex post*. Unlike the price of grain, which was discussed during the negotiations and then put in writing in the contract provisions, the price of the other foodstuffs was determined by the local authorities following the ratification of the contract. Still, to prevent speculation, the Crown set a maximum price to pay for all other foodstuffs.[406] The price of cloth was equally set after the ratification of the contract, but, contrary to foodstuffs, it was determined by the Council of the Exchequer, not by the local officials. Unlike the grain instalments, which were due monthly, wages were paid every three months (*quarteis*). These disbursements in specie and kind occurred one trimester in advance, as the contractor only started being paid by the Crown three months after his scheduled delivery. This meant that past three months of the end of his concession, the contactor still had to be pay one last instalment.[407] For formality sake, the payment of wages was carried out in a public setting, in the presence of the captain of Tangier, the local judge (*ouvidor*) and other civil servants. The captain and the factor handed-over the money, foodstuffs and commodities to the *almoxarifes,* from whose hands the garrison corps and the inhabitants received their share of wages and rations.[408] The presence of the factor, next to the captain, embodied the symbolism of royal protection by private outsourcing, a dangerous association as power appeared to be shared, rather than delegated.

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[402] This provision was not always carried out successfully. For instance, in 1615 the Crown instructed her functionaries in Ceuta and Tangier to accept nothing other than Baltic grain, or as the authorities in Lisbon put it, wheat from Hamburg; AGS, SSP, lib. 1512, fl. 79, 79v.

[403] AGS, SSP, lib. 1474, fl. 441-441v.

[404] Alonso Acero, 'Trenes de Avituallamiento En Las Plazas Españolas de Berbería', 758.

[405] AGS, SSP, lib. 1747, fl. 441.

[406] For both André Lopes Pinto and Manuel de Paiva's contracts the cap for the additional victuals was set at 2,000,000 *réis*.

[407] AGS, SSP, lib. 1474, fl. 453v. The corresponding clause for the concession of Manuel de Paiva can be found in ibid., fl. 442,

[408] Braga and Braga, *Ceuta Portuguesa (1415-1656)*, 91.

The third and final operation included in this contract was the supply of the towns' religious institutions. For example, the financial endowment of the monastery of São Domingos of Tangier, comprising fourteen brothers, consisted of 250,000 *réis* yearly in specie, nineteen *moios* of wheat from Alentejo or Castile, eight measures of wine, one barrel and a quarter of vinegar and one barrel and a quarter of olive oil.[409]

Contracts followed a very precise timeline, although the scheduling could be made flexible to the Crown's convenience if contractors were willing to cater to urgent needs. It was not uncommon for deliveries to start before the final approval of the contract. Manuel da Paiva vowed to supply Tangier with 800 *moios* of wheat and ammunition with immediate effect and deliver them before the end of the year, while negotiations were still ongoing in November and December of 1620.[410]

The Monarchy, as it did with all other provisioning contracts, devised quality control mechanisms to guarantee that the suppliers did not take advantage of the royal administration. The textiles and additional victuals were inspected at the House of Ceuta (*Casa de Ceuta*).[411] Only after the supplies had been sealed by the royal officials and the quantities and value registered, António Lopes Pinto and Manuel de Paiva got permission to load the ships and set sail to Tangier.[412] Inspections continued upon arrival, as royal officials had to be present when the agents of the contractor unloaded the ships and before distribution started.[413] All incoming cargoes of the contractors were examined by the captain major and the tax collector (*almoxarife),* who registered the entry and issued a receipt to the agents of the contractors. The same happened when it was time to pay the garrison, the royal officials and the ecclesiastics, as local treasury officials had to issue proof of payment in writing.[414]

There was a great discrepancy between how grain shipments were monitored and those involving other foodstuffs and commodities. This omission is revealing as all foodstuffs could not be exported directly to Tangier and had to be previously inspected at the House of Ceuta, but all imported grain from outside Iberia did not. This looser approach can be explained by the fact that Portugal was recurrently plagued by shortages of grain and the authorities could not afford to relinquish part of the kingdom's domestic production or imports to feed Ceuta, Tangier and Mazagan. A second possible explanation is that since the grain was frequently procured outside Iberia, it made little sense to force a ship to call at Lisbon for inspection, when efficiency and cost determined that a direct journey would be more profitable to all parties. The fact that grain could be potentially coming from enemy states, lead the Crown to overlook inspection to avoid delivery delays in the towns.

As far as the storage of the commodities was concerned, the supplies for Tangier were kept in the town's granaries at the care of the contractor's factor in the cities. The tasks of the factor were all in all similar to those of the pantry men on board the ships of the *Carreira da India* and their liability for distribution and accounting closely related.[415] The

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409 Robert Ricard, *Études sur l'histoire des Portugais au Maroc* (Coimbra: Imprensa da Universidade de Coimbra, 1955), 219–37.

410 AGS, SSP, lib. 1474, fl. 435v.

411 AGS, SSP, lib. 1474, fl, 441v, 442; Francisco Mendes da Luz, ed., *Regimento Da Casa Da Índia. Manuscrito Do Século XVII Existente No Arquivo Geral de Simancas* (Lisbon: Instituto de Cultura e Língua Portuguesa, 1992), 26–27.

412 Before being shipped from Lisbon, these cargoes also paid the *consulado* duty and some additional impositions.

413 As with any public-private partnership of the period, the contractor had to inform the central authorities of the people they appointed as their attorneys in all places where they did not travel to. The Crown would then report this information to the peripheral administrative branches. If the contractor's representatives would not be *de jure* recognized by the local bureaucracy, they would not be able to carry out the obligations of the contract on behalf of their principals.

414 AGS, SSP, lib. 1474, fl. 442, clause 4; ibid. fl. 443, clause 9.

415 See chapter 2.

factors were also in charge of overseeing the storage of textiles. Upon arrival, the textiles were deposited at the contractor's warehouses in the presence of officials, but kept under the scrutiny of the factor until the end of the contract.

Even if the Crown preferred contracts that covered the supply of each of the towns in their entirety, contracts involving the supply of particular commodities in smaller amounts had to be auctioned for lack of investors interested in taking on the all-encompassing contracts. Between mid October 1613 and throughout 1614, Alonso de Cisneiros contracted a delivery of clothing apparels to Mazagan and Tangier. The price was agreed in advance with the Council of the Exchequer, and would be made by delivering in brazilwood from Pernambuco to the contractor. To prevent speculation, the value was agreed at 4,600 *réis* per *quintal*. In the absence of enough brazilwood upon payment, Cisneros would be paid in pepper bound to arrive in the 1615 fleet sailing from India. Unlike other contractors who were given the pepper and sold it themselves, Cisneros requested to be paid from the proceeds of the sales arranged by the Crown.[416]

Next to the regular and supplementary contracts, local inhabitants and travelling merchants who traded in Ceuta, Tangier and Mazagan were also involved in the provisioning of the strongholds. A series of contracts granted for the supply of Ceuta will illustrate how public-private partnerships were also negotiated on the spot.[417] These contracts, some of which are summarized on table 18, lasted between six and eighteen months and included foodstuffs and commodities that were not interesting for the Lisbon based contractors. Moreover, like all other provisioning concessions, the price per unit and the amounts were agreed upon in advance.

Table 18. Some manifests of contracts for the supply of particular commodities to Ceuta

Commodity	Contractor	Price per unit (*réis*)	Date of signature	Duration of the contract
Coal	Juan de Arroyo	4/*arratel*	January 1622	
Pork Meat	João Lopes	34/arratel	December 1624	
Coal	Juan de Arroyo	5/*arratel*	January 1625	
Olive oil	João Rodrigues Calvo	950/ arroba	February 1626	
Whitewash	António Martins Baptista	40/fanega	March 1627	
Coal	Juan de Arroyo	4,5/*arratel*	November 1631	
Olive oil	Domingos Vaz de Mendonca	26/*arroba*	May 1631	18 months
Olive oil	Domingos Vaz de Mendonca	29/*arroba*	November 1632	12 months
Olive oil	Domingos Vaz de Mendonca	30/*arroba*	March 1633	
Olive oil	Domingos Vaz de Mendonca	23/*arroba*	April 1634	12 months
Vinegar	Manuel Ribeiro	12/*quartilho*	June 1631	12 months
Soap	Bartolomeu Rodrigues Colaco	38,5-40/arratel	November 1631	
Salt	Manuel Fernandes Valongo	34/alqueire	May 1633	
Spirits (*agua-ardente*)	João Pere	38/quartilho	August 1635	

Source: Isabel M. R. Drumond Braga, 'Comércio e Abastecimento de Ceuta (1580-1640)', *Cuadernos Del Archivo Municipal de Ceuta*, no. 11 (1997): 148-149.

416 AGS, SPP, lib. 1472, fl. 1-2v published in Farinha, *História de Mazagão*, appendix, doc. XLI

417 Unfortunately, the amounts to be supplied are omitted, and only the price per unit and the names of the concessionaires were disclosed.

Table 18 highlights the importance of the commercial ties with Andalusia, as these contracts were often underwritten with Andalusian merchants. Table 3.2 also suggests a degree of specialization of certain suppliers, like Domingos Vaz de Mendonça(za), supplier of olive oil, and Juan de Arroyo, supplier of coal.[418]

The wholesale provisioning contracts that were negotiated at the highest level of the Portuguese administration also detailied how these public private partnerships ought to be serviced. Payment for supplying Ceuta, Tangier and Mazagan was ensured by earmarked revenue streams collected or attainable in the Portuguese kingdom. Since there were no fiscal receipts of significance in the strongholds, and because most contractors were businessmen operating in Portugal, in 1607 a long-term solution was considered, as the Portuguese Crown could not rely on patchy, improvised arrangements to service its contracts. An ad-hoc committee specialized in matters of Portuguese royal finances (a *Junta)* suggested that the contractors should be paid with the receipts from the duties levied on the salt trade, combined with the lump-sums received for the farming out of the contract for the archipelago of São Tomé and from the revenues of the dry-ports.[419] Three revenues were, however, not enough to meet the expenses of the contracts and in 1607 the royal treasury still had 33,618,214 *réis* to bridge with the contractors. The matter was addressed in 1612 and 1613 by the Portuguese Council of the Exchequer and the Council of Portugal in Madrid, when without a solution in sight, Manuel Gomes Galego opted to drop out from the Mazagan concession in 1613.[420] This incident put pressure on the king to add the revenues from the brazilwood monopoly and the Bull of Crusade to cover the expenses of provisioning the Moroccan outposts.[421]

The efforts by the Portuguese institutions to stabilize the servicing of the Moroccan towns' contracts during the first quarter of the seventeenth century were not exclusive to Portugal. While these discussions were underway in Lisbon and Madrid, the Crown of Castile also took steps towards endowing its *presidios* with predictable sources of funding.[422] Table 19 summarizes the streams of revenue that could be claimed in Portugal to service the contracts.

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418 Alonso Acero, 'Trenes de Avituallamiento En Las Plazas Españolas de Berbería', 756.

419 AGS, SSP, lib. 1466, fl 268-269v., published in Farinha, *História de* Mazagão, appendix, doc. XXXI

420 Following complaints made by the captain of Tangier (and similar ones by its Mazagan counterpart, which was, coincidentally, also being provisioned by Gomes Galego) to the Exchequer Council, Gomes Galego, presented the receipts by the local garrison authorities vouching he had in fact delivered alone, 350 moios e 14 alqueires of grain. AGS, SSP, lib. 1466, fl. 1-2v., published in Farinha, *História de* Mazagão, appendix, doc. XLII, p. 227; AGS, SSP, lib. 1472, fl. 104, 113-114v.

421 AGS, SSP, Lib. 1472, fl. 112-113v.

422 Carlos Álvarez-Nogal, 'Centralized Funding of the Army in Spain: The Garrison Factoría in the Seventeenth Century', in *War, Entrepreneurs, and the State in Europe and the Mediterranean, 1300-1800*, by Jeff Fynn-Paul (Leiden; Boston: Brill, 2014), 240.

Table 19. Revenue streams servicing the Tangier's contract (million réis)

	Manuel Gomes Galego (1613-1615)	André Lopes Pinto (1620-1621)	Manuel de Paiva (1621-1626)	João da Silva (1626-1631)	Pedro de Baeça (1631-1636)
New Duty on Salt		17	29	17	10
Border customs with Castile	20	5	4.326	5	4
Customs of Porto		4	5	2	
Customs of Viana		4	5.	4	4
Almoxarifado of Porto	3				
Almoxarifado of Viana	3				
Almoxarifado of Sintra and Campo de Ourique					1
The Cruzade Bull's income		6	2.84	6	3
Brazilwood	4.6	12.236		12.236	8
Sete Casas de Lisboa	4.2				
Casa dos Cinco					2
King's Pepper					6.750
TOTAL	**34.8**	**48.236**	**46.076**	**46.236**	**38.750**

Sources: AGS, SSP, lib. 1472, fl. 1-2, published in Farinha, *História de Mazagão*, appendix, doc. XLII; AGS, SSP, lib. 1462, 112-113v; AGS, SSP, lib. 1474, fl. 453; AGS, SSP, lib. 1516, fl. 41v; AHU, CU, cod. 31, fl. 107.

The table shows the royal revenue streams earmarked to the servicing of the contract for the retailing of Tangier. They included the income from the Bull of Crusade and the yields from the new duty on salt, which since the 1620s were always earmarked to the contractor. The same could be said about the receipts from the brazilwood monopoly, with the exception of Manuel de Paiva's contract in the early 1620s. However, no other revenue stream came close to the importance of the new duty on salt, as it was from this income that contractors derived the largest share of their payments. The receipts from the salt duty oscillated between 10 and 27,000,000 *réis*, consistently covering more than half of the costs of the contracts. Although not as important as the salt duty, the most regularly assigned receipt were the tariffs levied on the *portos secos,* that is Portugal's inland border customs, while funds from the maritime custom houses of the two most important port-cities in Northern Portugal, Porto and Viana, were often enlisted for the servicing of the contracts too. By contrast, consumption taxes levied in Lisbon (the *Sete Casas*), the collected output from the *almoxarifados*, or the hand-over of royal pepper were only assigned as an extraordinary measure. This was normally the case when the Crown was just a few million *réis* short of reaching the contracts' price. In order to collect payments, contractors relied on a network of correspondents who lived or operated close to the fiscal agencies in question. For instance, in 1601, the contractor Gabriel Ribeiro da Costa gave power of attorney to Fernão Lopes Caminha, a prestigious merchant in Caminha, a Northwestern town in Portugal, to collect the earmarked revenue streams from the *almoxarifados* of Northern Portugal and from other tax-agencies in that region.[423]

Among the operational costs of the contracts, were those of collecting the revenue streams, which included paying commission to the agents who secure those sums on the behalf contractors and subsequently remit them to their principals. It must be stated that, in order to secure the agreed-upon payments, the agents appointed by the contractor were required to interact with tax-farmers, who were often fellow merchants and not rarely their competitors, since tax-collection was more often than not leased-out. Even if the

[423] ANTT, ADL; 1º Cartório Notarial, cx. 1, livro 4, 56v-57v.

disbursement of the instalment money was done by the Crown's fiscal officials, the cash they had at hand likely came from the lump-sums paid by those tax-farmers and not collected by the treasury bureaucracy. This placed the supplying contractors at the mercy, albeit indirectly, of the leaseholders honouring their commitments to the royal treasuries, paying their concession fees were paid on time and were at the disposal of local tax-officials.

4.4 Enacting contractual requirements and the wider-reaching connections of the Portuguese towns in Northern Africa

The most important task of the North African provision contracts was undoubtably the purchase and transportation of grain. Like the victualing of the fleets for *Carreira da Índia*, the supplying of bread was a perennial cause of unrest. As argued before, the importance of Andalusia and other Southern Spanish ports was considerable, and it is only logic that the provisions of the contracts authorized contractors to import grain from those areas. However, Southern Spain did not have the capacity to supply all the commodities and in the amounts needed to fulfil the needs of the Portuguese garrisons on a consistent basis.[424]

Scholarship regarding the provisioning of the North African strongholds has focused almost exclusively on the links between North Africa and Southern Portugal and Spain, particularly with Andalusia. This narrow approach overlooks the fact that by the end of the sixteenth century the Western Maghreb became increasingly exposed to political and economic developments taking place far away from the Western Mediterranean and the Iberian Peninsula. I refer specifically to the successful inroads of English and, especially, Dutch skippers and traders past the Strait of Gibraltar into the Mediterranean basin.[425] Diaspora studies, particularly those dealing with the Sephardim, have raised awareness for the connections and exchanges between Northern Africa, including both the Iberian controlled enclaves and the Islamic controlled territories, with the Northern Atlantic world. Notwithstanding a few exceptions, these works have mostly underlined the interpersonal, intellectual and material-cultural exchanges, and sidelined the economic dimension, which is clearly on display in the case of the provisioning of Ceuta, Tangier and Mazagan.[426]

Although the Portuguese authorities resorted to Northern European and Baltic imports since the fifteenth century, the contractors of the early seventeenth century took advantage of the new economic winds that were blowing in the Maghreb and the western Mediterranean, relying more forcefully on the Northern European markets for the wholesale supplying of the towns. They did so at a time when Dutch merchants and skippers became preferential suppliers of manufactured goods and especially bulk goods across the Strait of Gibraltar, through their burgeoning *Straatvaart*.[427]

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[424] Braga, 'Comércio e Abastecimento de Ceuta (1580-1640)'; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:269–85.

[425] Maria Fusaro, 'After Braudel: A Reassessment of Mediterranean History between the Northern Invasion and the Caravane Maritime', in *Trade and Cultural Exchange in the Early Modern Mediterranean. Braudel's Maritime Legacy*, ed. Maria Fusaro, Colin Heywood, and Mohamed-Salah Omri (London-New York: Tauris Academic Studies, 2010), 10–14; Richard T. Rapp, 'The Unmaking of the Mediterranean Trade Hegemony: International Trade Rivalry and the Commercial Revolution', *The Journal of Economic History* 35, no. 3 (September 1975): 499–525.

[426] García-Arenal and Wiegers, *A Man of Three Worlds*; Eloy Martín Corrales, 'Comercio En La Frontera. Judíos Magrebíes Intermediarios En Los Intercambios Mercantiles Hispano Norteafricanos (Ss. XVI-XVIII)', in *Entre El Islam y Occidente. Los Judíos Magrebíes En La Edad Moderna*, ed. Mercedes García-Arenal (Madrid: Casa de Velázquez, 2003); Israel, 'The Jews of Spanish North Africa. 1580-1669'.

[427] Maartje van Gelder, 'Supplying the Serenissima: The Role of Flemish Merchants in the Venetian Grain Trade during the First Phase of the Straatvaart', *International Journal of Maritime History* 16, no. 2 (1 December 2004):

As the previous chapters demonstrated, one of the most compelling reasons why the Habsburg authorities turned to contractors whenever foreign supplies were needed was their awareness that these individuals maintained steady business relationships with the key trading nodes of Northwestern Europe, Scandinavia and the Baltic. By contracting out the provisioning of the North African towns to these private entrepreneurs, the Crown hoped to benefit from their international contacts, and the information, credit and maritime services they could secure. There is good reason to believe that the provisioning of Ceuta, Tangier and Mazagan was to a great extent (but by no means exclusively) organized around trading networks of "strong-ties" of kin and religious filiation.[428] Evidence strongly suggests that shipments of grain were frequently commissioned to a relative or a co-religionist living and trading in Antwerp, Amsterdam or Hamburg, who would make the necessary arrangements for the cargo to be purchased, loaded and shipped to its final destination. The contractors' agents in Amsterdam could guarantee shipping at competitive freight rates and knew how to best secure commodities from Scandinavia and the Baltic.[429] A few examples will illustrate how the operationalization of the contract drew on kinship ties.

The Baltic connections of Portugal's Northern African outposts and the role played by kinship can be better assessed by looking at André Lopes Pinto and Manuel Álvares Pinto e Ribeiro, father and son, contractors for Ceuta and Tangier during the 1610s. They relied on Bento Osório, one of the wealthiest merchants of the Portuguese Nation of Amsterdam, and Gil Lopes Pinto, André's nephew and their correspondent in Antwerp to have access to cheap and reliable shipping of grain and timber from the Baltic and Scandinavia. The maritime services sector of the Dutch Republic and the bulk commodities that these two well connected representatives facilitated proved instrumental in the fulfilment the contract's supplying quotas.[430] Bento Osorio and Gil Lopes Pinto were also important because André and Manuel farmed the duties of the Portuguese salt exports and the brazilwood monopoly, two activities that relied heavily on the international markets to be successful and could be easily combined with the provisioning of the Moroccan garrison towns.[431]

The preamble of the contract over the salt duty monopoly makes it abundantly clear that taking on the Tangier provisioning contract was a pre-requisite for securing that tax-farm.[432] Through this decision, the Crown temporally granted Lopes Pinto what Drelichman and Voth described as "revenue-yielding assets" to service the remittance contracts for victuals, commodities and means of payment.[433] The revenue yielding asset was, in this case, the contract of the new-duty on salt. A tax-farm, that is, the right to collect one of the Crown's revenue streams, as opposed to receiving payments from a royal treasurer, whose cash more often than not came from the lump-sum payments of another revenue farmer was

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39–60; Jonathan Israel, 'The Phases of the Dutch "Straatvaart", 1590-1713: A Chapter in the Economic HIstory of the Mediterranean', in *Empires and Entrepôts: The Dutch, the Spanish Monarchy and the Jews, 1585-1713* (London-Ronceverte: The Hambledon Press, 1990), 133–62.

428 Xabier Lamikiz, *Trade and Trust in the Eighteenth-Century Atlantic World: Spanish Merchants and Their Overseas Networks* (Woodbridge: The Boydell Press, 2013), 45–46; Studnicki-Gizbert, *A Nation upon the Ocean Sea*; McCabe, Harlaftis, and Minoglau, *Diaspora Entrepreneurial Networks*.

429 Unger, *The Ship in the Medieval Economy, 600-1600*, 267.

430 Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 73–75; Pohl, *Die Portugiesen in Antwerpen (1567 - 1648)*, 151, 158.

431 The importance of these revenue farms in the fortune of the Pintos was acknowledged by the members of the family who decamped from Antwerp to the Netherlands in the late 1640s. "my father's business was augmented by my uncle André Lopes Pinto's contracts in salt and Brazil wood, in which my father was responsible for obtaining a huge profit for my uncle as well as for his father's establishment, by dint of the good management and disposition of the large quantities being delivered both at Antwerp and to the order of Bento Osório in Amesterdam"; H. P. Salomon, 'The "de Pinto" Manuscript. A 17th Century Marrano Family History', *Studia Rosenthaliana* IX, no. 1 (January 1975): 21.

432 AGS, SSP, lib. 1474, fl. 453; Virgínia Rau, *Estudos sobre a história do sal português* (Lisbon: Editorial Presença, 1984); Salomon, 'The "de Pinto" Manuscript. A 17th Century Marrano Family History'.

433 Drelichman and Voth, *Lending to the Borrower from Hell*, 182.

a more convenient mean of payment.[434] This option spared the contractor from interactions with royal officials and from depending on another tax-farmer making disbursements on time to be paid for his own contract. As a result of this policy, when Lopes Pinto was responsible for the salt tax-farming contract, this commodity became closely linked to the deployment of victuals to the Portuguese bastions in Northern Africa.

The connections between Tangier, Lisbon, Antwerp and Amsterdam transpire in a notarial deed from September 1617. Skipper Thijs Janssen Bol, from Hoorn, appeared before a notary in Amsterdam to testify that he had delivered 117 *last* of wheat and rye imported from Danzig, at Tangier on behalf of Marcus Pieter and Abraham Pels, residents in Danzig, who commissioned the contract for Bento Osorio.[435] Abraham Pels was a relative (probably brother) of Marcus Pels, an Amsterdam merchant who partnered several times with Bento Osório and served as his liaison with the Baltic export markets for cereals. Starting a cooperating relation with someone like Pels was inevitable for Osório, given that the Portuguese Nation did not establish a permanent foothold in ports like Danzig, Köningsberg, Reval or Riga, where the Dutch had been trading for many decades.[436]

For instance, in November 1618, Marcus Pels sold to Bento Osório, 24 lasts of the best quality Polish wheat and also assisted him in the purchase of another consignment from a certain Arendt Dirxsz Bosch, amounting to a total of 70 lasts. This wheat was shipped from Danzig to Tangier or Ceuta with the assistance of Abraham Pels, who delivered the cargo to the skipper hired by Osório in Amsterdam.[437] The cargo onboard the *Damsel Wedia,* the ship freighted by Osório, had been insured by Gil Lopes Pinto in Antwerp, and the fact that Osorio mentions the need to supply Gil Lopes Pinto with a proof of delivery, it can be assume that the shipment was chartered on behalf of the Moroccan towns contractor.[438]

In March of the following year, Bento Osório freighted yet another ship under similar terms, although this time to fetch German rather than Baltic grain. Skipper Gerrit Gerritsen from Assendelft, overseeing the *'t Huijs van Assendelft* (100 lasts) was hired to sail from Amsterdam, first to the bay of Hohwacht, near Oldenburg, and then to the port-city of Heiligenhafen, in Schleswig-Holstein, where two shipments of wheat were taken on board. The ship sailed onwards towards the Strait of Gibraltar, to Tangier or Ceuta where the grain would be delivered. The freight rate for voyage was set at 25 guilders per last.[439] One year later, on March 1619, Bento Osório, signed yet another freight contract with Sijmen Lucassen, skipper from Zuiderwoude, to take the *St. Jacob* (120 lasts), armed with eight iron pieces and four stone guns, to sail from Amsterdam to Danzig and from there to Tangier or

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434 The bundling up of provision *assentos* and revenue farms was a recurring strategy, knowingly employed by both the Crown and merchant-bankers in Iberia. In Spain it was used all-throughout the early modern period. For examples of early-modern public-private partnerships "whereby payments would be offset between both activities", provisioning and tax-farming; Torres Sánchez, 'In the Shadow of Power: Monopolist Entrepreneurs, the State and Spanish Military Victualing in the Eighteenth Century', 270, 277; Torres Sánchez, *Military Entrepreneurs*, 157–58; This same procedure, of linking provisioning deals, involving not only the supply of goods and logistical services but also of credit, was also common in seventeenth century France. As Noel Johnson recalls, 'by the seventeenth century, tax farmers were making significant loans to the crown that were hypothecated on the tax revenues they planned to collect.'. Johnson, 'Banking on the King', 965, 976.

435 Pohl, *Die Portugiesen in Antwerpen (1567 - 1648)*, 151. Koen, "Notarial Records," *Studia Rosenthaliana*, XIII, nr. 2 (July 1979): 223 (deed nr. 1565), ibid. : 235 (deed 1570)

436 Koen, "Notarial Records," *Studia Rosenthaliana*, XIII, nr. 2 (July 1979): 238 (deed nr. 1590). It confirms the Pels brothers, Abraham, Marcus and Pieter, as the factors of the Lopes Pinto and Osório in Danzig.

437 Koen, "Notarial Records," *Studia Rosenthaliana*, XX, no. 1 (Jully 1986), (deed no. 2500). The relation between Abraham and Marcus Pels reminds us that the overlap between commercial agency and kinship was absolutely not exclusive to the Portuguese Nation, and also seldom underpinned the long distance trade of Dutch and other Germanic speaking Northerners operating in the orbit of the Amsterdam staple market. Tielhof, *The 'Mother of All Trades'*, 169.

438 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3615, unfoliated.

439 E. M. Koen, "Notarial Records Relating to the Portuguese Jews in Amsterdam up to 1639", *Studia Rosenthaliana*, XVIII, no. 1 (January 1984): 72 (deed nr. 2305).

Ceuta, carrying 110 lasts of wheat. The freight rate was set at 27 guilders for every last, payable at Sanlucar de Barrameda, Seville or Lisbon, where André Lopes Pinto or one of his agents would pay the skipper.[440]

Osório's pivotal role in supplying the North African garrisons continued in 1619. On May 8, he paid Pieter Pauwelsen, Jacob Martsz Botamn and Pieter Cornelisz Van Marcken, burghers of Enkhuizen and owners of the *Ide Jaeger*, Aris Martsz, also from Enkhuizen, 428.9.8 guilders in exchange for 1.602 *reales* of eight. Skipper Martsz had taken is ship from Danzig to Tangier with wheat.[441] Later that year, on August 12, Osório freighted the *Het Bonte Paert*, skipper Willem Pietersz, resident in Rotterdam. Pietersz should load a cargo of 90 lasts of wheat from either the bay of Hohwacht, the Danish island of Laaland in the Baltic (present-day Lolland), or the port city of Fehmarn in Schleswig-Holstein, and then deliver it in Ceuta. The freight rate amounted to 9 cruzados for each last.[442]

Not all the voyages went smooth sailing, as Osório was beset by the typical problems affecting maritime communications during this period. In December 1618, the *Hercules,* skipper Thijs Sijvertsz sailed from Texel to Cadiz and Ceuta. The *Hercules* was loaded with 70 lasts of wheat that sustained damages during a heavy storm in the Bay of Biscay. Not only did the storm cause the wheat to get wet, but the inclement weather sent the ship into Kinsale, Ireland, where the crew stayed for the following six weeks. Once the ship had been repaired, the voyage continued for Cadiz and Ceuta. Since the grain was damaged by sea water, the contractor's agent in Ceuta refused the wheat, leaving Sijvertsz no choice but to sail to Cartagena, where he, once again failed to sell the cargo. The third attempt to sell the wheat at Setubal worked and the ship returned to Amsterdam with a cargo of salt.[443] Piracy was another major threat to the steady provisioning of the garrison towns and Osório was well acquainted with it. Prior to 1618, Osório had lost a cargo of 155 lasts of grain at the hands of Barbary pirates, who seized the ship that was carrying the cereals to Tangier.[444] The losses generated by these misfortunes were contained through insurance policies, which could be undersigned fairly easily on the Amsterdam staple market.

The successful inroads of the Dutch merchant marine across the Strait of Gibraltar raised the issue of what could be loaded into the ships' holds for the return voyage, since the Barbary strongholds lacked bulk cargoes to dispatch to Northern Europe. Portugal, on the other hand, did not suffer from this problem, since it had a commodity with a low value per unit of volume that enjoyed great demand in Northern Europe and the Baltic: salt. The contractors in Lisbon and their agents in Amsterdam made use of the established grain-salt exchange to foster the efficiency of their operations and maximize their returns. Payments in kind (involving overwhelmingly salt) were also frequently used to settle accounts of the freight contracts and in all likelihood a way for André Lopes Pinto, in his capacity as tax-farmer of the salt duties, and Osório to profit from these voyages. The integration of the two royal contracts is clear and reveals that Portuguese salt already served as a hard currency for international payments almost fifty years before it was agreed thatsalt would be paying for the damages suffered by the Dutch West India Company with the fall of Dutch Brazil in 1654.[445] Before a notary in Amsterdam, Osório declared to have freighted more than 200 ships to export salt on behalf of André Lopes Pinto.[446] Since the routes of exports of Baltic grain into the Mediterranean and those of the import of Portuguese salt to Northern Europe

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[440] Koen, "Notarial Records," *Studia Rosenthaliana*, XVI, no. 1 (January 1980): (deed no. 1679).
[441] Koen, "Notarial Records," *Studia Rosenthaliana*, XVI, no. 1 (January 1980): (deed no. 1719).
[442] Koen, "Notarial Records," *Studia Rosenthaliana*, XVIII, no. 1 (January 1984): (deed no.2311).
[443] Koen, "Notarial Records," *Studia Rosenthaliana*, XVII, no. 1, (January 1983): (no. 2155)
[444] Roitman, *The Same but Different?*, 167.
[445] Antunes, 'The Commercial Relationship between Amsterdam and the Portuguese Salt-Exporting Ports'.
[446] Osório himself stated this before an Amsterdam notary, claiming to have freighted hundreds of ships to transport grain from the Baltic to Portugal and Portuguese salt in the opposite direction. Koen, "Notarial Records,", *Studia Rosenthaliana,* XIII, no. 2 (January 1979): 238 (deed nr. 1590).

were usually combined into one single circuit, it is likely that several of these salt voyages were preceded by deliveries in Ceuta or Tangier.[447]

The ventures described above show the diasporic entrepreneurial networks of the Portuguese-Nations at work, but, as David Hancock as suggested, these personal-horizontal and reciprocal networks of kin, community, coreligionists, language and culture were not exclusivist. They were not necessarily designed to keep outsiders at bay and restrict exchanges to those who already found themselves inside the confines of the group. Like the Scottish Madeira wine merchants studied by Hancock, the networks of the Portuguese Nations "cast their nets beyond family and patron connections, first to draw in people to whom they were more distantly connected through shared nationality, religion, and political belief, and then to recruit people even more remotely connected, whom they may not even have known personally".[448]

Bridgeheads like Osório granted the Lopes Pinto access to Amsterdam, "a multicultural city, where language, religion, and cultural particularities did not threaten the host community, which was all too happy to receive the newcomers", and offered a competitive market for services to investors based in Portugal and operating in the Maghreb.[449] The Amsterdam liaison, functioned as the bridge through which the network of the Lopes Pintos was expanded to include "strangers" and outsiders, firstly members of the Portuguese nation with whom Lopes Pinto might not be privy with, then insurers, skippers and suppliers in the Netherlands, the Baltic or Scandinavia.[450] This outreach was indispensable to successfully provision the *assentos*. Men like Osório, knew to whom contractors should turn to in order to meet the contractual clauses. He ultimately served as the broker who enabled an ethnically homogenous/intra-communitarian enterprise, involving the contractor, their factors in Morocco and the Portuguese authorities, both in Lisbon and in the garrison towns, to expand into cross-cultural, trans-religious and inter-imperial ventures. Osório's intervention allowed the Lopes Pinto to tap into supplying markets and freightage that best served his interests in profitably serving the Crown.

Hamburg based merchants also participated in the grain trade with Mazagan during the 1610s and 1620s. In 1614, a shipment of rye was dispatched by Diogo Carlos and António Fernandes Homem (merchants of the Portuguese Nation) of Hamburg to Mazagan.[451] These merchants must have used an authoctonous merchant as their a proxy in this transaction, since the Hamburg authorities reserved the "mother of all trades" for the town's burgomasters.[452] Merchants from the emporium of the Lower Elbe often relied on Dutch bottoms to export grain to the Portuguese enclaves in the Maghreb. Afonso Gil da Costa, a Portuguese merchant in Amsterdam acting on behalf of Rodrigo Álvares, Francisco Vaz de Castro and Gabriel Lopes, merchants in Hamburg contracted skipper Ewout Maertensz to take the *Reus* (a 110 lasts' ship), from Amsterdam to Hamburg and from there with 105 Hamburg lasts of rye, wheat or other bulk goods to Mazagan. The contract set a freight of 9 ducats at 10 reals a last, payable in Seville. The skipper would receive a bonus of 2 ducats if the cargo was of-loaded at the destination without incidents or delays.[453]

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447 Roitman, *The Same but Different?*, 192; Jonathan Israel, 'Spain and the Dutch Sephardim, 1609-1660', in *Empires and Entrepots. The Dutch, the Spanish Monarchy and the Jews, 1585-1713* (London-Ronceverte: The Hambledon Press, 1990), 359.

448 David Hancock, 'The Trouble with Networks: Managing the Scots' Early-Modern Madeira Trade', *The Business History Review* 79, no. 3 (2005): 480.

449 Cátia Antunes and Filipa Ribeiro da Silva, 'Cross-Cultural Entrepreneurship in the Atlantic: Africans, Dutch and Sephardic Jews in Western Africa, 1580-1674', *Itinerario* 35, no. 1 (2011): 54.

450 Cátia Antunes, 'Amsterdam Cross-Cultural Partnerships in the Baltic-Atlantic Link, 1580-1674', ed. Leos Müller, Phillip Robinson Rössner, and Toshiaki Tamaki (Stuttgart: Franz Steiner Verlag, 2011), 113.

451 Koen, "Notarial Records," *Studia Rosenthaliana*, VII, no. 1 (January 1973): (deed nr. 700).

452 Poettering, *Migrating Merchants*. Chapter 2.

453 Koen, "Notarial Records,", *Studia Rosenthaliana,* XVII, no. 1 (January 1983): (deed no. 2134)

The supplies from Northern Europe also included timber. In 1617, Osório freight the *St. Jacop* (55 lasts). Skipper Cornelis Jansen from Hoorn sailed to Trondheim or Romsdal (Norway) and from there to Lisbon with wood logs. There he would get word whether to sail to Tangier or Ceuta. For the route Amsterdam-Norway-Lisbon-Barbary the freight was 13.10 guilders for every 100 boards, payable upon return in Amsterdam. After departing from Northern Africa, Jansen was to sail to Castro Marim, Aveiro or Setúbal load salt at 12 guilders per last and return to Amsterdam, Hoorn or Enkhuizen.[454] This voyage provides further evidence that the royal salt farm and the Morocco garrison contracts were inextricably linked, and that their combination was part of André Lopes Pinto's entrepreneurial strategy to maximize the profits to be made from deals with the Crown.

4.5 Concluding remarks

In Morocco, as elsewhere in Portugal and its overseas dependencies, contracting was not the cure but a palliative to the organizational pains of ruling over a vast and spatially discontinuous empire. The reliance on private entrepreneurs, as an alternative to the involvement of the royal bureaucracy, did not offer miraculous solutions to the problem of having the military enclaves well provisioned at all times.

Although there must have been years when the garrisons where supplied in timely and efficient fashion,[455] the purveying of victuals, weapons, munitions and foodstuffs to the garrisons was often erratic and the quality of the exported grain and textiles could vary.[456]. The same could be said about the payment of wages, which suffered from frequent delays. This scenario is corroborated in the correspondence exchanged between the governors of the three strongholds and Lisbon, and by frequent complaints against the contractors' inadequate services. These testimonies paint a gruesome picture of outposts on the brink of collapse, with payments in arrears for months, local garrisons standing by with broken artillery and no ammunition and soldiers walking in rags and looking for scraps to feed themselves.[457] Hyperbole aside, it seems clear that the militarized enclaves in Northern Africa found themselves lacking in basic material resources with an alarming frequency.

Even with properly serviced government contracts, public-private partnerships for the supplying of the Ceuta, Tangier and Mazagan were far from being ideal solutions. Delays and inconsistencies in the deliveries continued, and they certainly did not allow the Portuguese empire to expand in the region, or even for the fortified dwellings to become self-sustainable.[458] The Crown was partially responsible for the problems affecting of the

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[454] Koen, "Notarial Records," *Studia Rosenthaliana*, XI, no. 1 (January 1977).

[455] This seems to have been the case in 1607. On that year, Ceuta received shipments of grain surpassing 1,271 *quintais*. It also known that both Ceuta and Tangier were well provisioned in 1615, given that on that year the authorities in Lisbon and Madrid could afford to be picky about the origin of the grain. It was decided that no cereals other than imports from Northern Europe should be accepted, that is, that Andalusian or Portuguese grain was to be excluded. Braga and Braga, *Ceuta Portuguesa (1415-1656)*, 95.

[456] Braga and Braga, 92.

[457] See the complaints made by the inhabitants of Mazagan against the contractor Gabriel Ribeiro da Costa in 1606, whom they accused of gross oversight in the provisioning of the town and of leaving them at the mercy of enemy attacks, ANTT, Corpo Cronológico (CC), parte 2, ms. 331, doc. 47, published in Farinha, *História de* Mazagão, appendix, doc. XXIII. Similar complaints were made by the captains of Mazagan and Tangier against Manuel Gomes Galego in 1613. AGS, SSP, lib. 1462, fl. 104.

[458] Even a contractor with a well-oiled provisioning machine, underpinned by sustained links to the grain markets of the Baltic, as was the case of André Lopes Pinto, faced problems to meet the supplying quotas of his royal concession. For instance, in 1620, he was requested to carry out part of his contract's disbursements in specie, which required him to acquire up to 4,000,000 *réis* in Castilian reales of silver in Andalusia. This last minute requirements by the Crown forced him to secure the required paperwork from the Castilian authorities,

contracts. Firstly, it took some time for the state to settle on the revenue streams it would earmark to pay for the public-private partnerships, and, secondly, even when it was clear which revenues were assigned to the contractors, an emergency resulted in the diversion of resources to more pressing matters.

The absence of complete series on the terms of the contracts and on the lack of consistent evidence on how the clauses were enacted by contractors prevents a fair assessment on the cost-efficiency of these public-private partnerships. But judging by the fact that concessions continued to be leased-out at a regular pace, it seems clear that it offered better warranties to the Crown than direct, executive administration of the provisioning. Moreover, the fact that the Crown was consistently able to find investors eager to take on the contracts shows, in turn, that these partnerships with the government remained, at least in theory, enticing investments. The fact that these concessions sometimes came bundled with tax-farms and revenue yielding assets, such as the duties on the salt trade or the right to exploit the Crown's monopoly on brazilwood, also goes a long way to explain the interest of some portfolio-capitalists.

The linking-up of revenue-farms and supplying concessions was part of a conscious strategy by the Crown to lure merchant capital and organization into taking on state contracts and foster the concentration of public credit and logistics in the hands of a selected few. Historian Luís Nuno Madureira correctly argues that this strategy resulted in the "vertical integration" of contracts.[459] However, unlike what this author contends, this integration was not necessarily forced upon the contractors, since they demanded to be given the rights of exploitation over royal monopolies or tax-farms in order to take on the provisioning of the military and the civil populations living in frontier settlements. In addition to the opportunity to exploit royal monopolies and collect the Crown's fiscal receipts, these public-private partnerships should be seen as *de facto* socio-political 'contracts' between the kingdom's leading merchant-bankers, the Monarch and the dominant patronage networks at work at the Spanish court and within the high-councils in Portugal. The signing of such politically sensitive purveying contracts (sensitive because the survival of these outposts was largely depended on them), resulted in the sharing power with an elite of financiers and wholesale traders and in opportunities for upward mobility for the contractors. In practice, the expenses with provisioning and logistics were diluted in the returns generated by revenue-farms related to places far away from Northern Africa and the Maghreb. Those potentially lucrative side investments served as a warranty against these costly and hard to enact provisioning contracts, or as a supportive operation that the leaseholders could easily combine with the management of their tax-farms. The loading of salt at Setúbal into the very same Dutch ships that had delivered batches of grain and wood in Morocco on the return leg of their voyages are a testament to this complementarity.

For each garrison town, the Habsburg administration bundled together the most important provisioning task under a single concession, rather than outsourcing the different supplies to different merchant-bankers. Written contracts were drafted, specifying annual quotas for the goods to be delivered and establishing the unit costs of the single most important commodity to be purveyed: wheat. The contractors' rates of return were, hence, partially determined by the variation of the grain prices on the markets and the costs of shipping. Operating under a fixed price-per unit, contractors, especially those who managed the provisioning for longer periods, were exposed, for good and bad, to the volatility of

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not always the swiftest bureaucratic procedure, and caused him to clash with the authorities in Cadiz, who denied the Portuguese contractor the right to dispatch those money remittances. The result of the obstruction by the Cadiz authorities was a significantly delay the payment of the troops serving in Ceuta. AGS, SSP, cod. 1552, fl. 392.

[459] Nuno Luís Madureira, *Mercado e Privilégios. A Indústria Portuguesa Entre 1750 e 1834* (Lisbon: Editorial Estampa, 1997), 85.

commodity prices in the international markets as well as the insecurity of navigation, which could increase transaction costs. The umbrella contracts that were *en vogue* at the start of the century did not, however, encapsulate full spectrum of public-private partnerships involving the garrisons. A number of disparate contracts were underwritten with merchants from the Algarve and Southern Spanish ports, small supply arrangements were made with the town's own traders, and there is also evidence of traders based elsewhere exporting into the towns from across great distances of their own volition.

Finally, this chapter has also shown how the supplying of the Portuguese enclaves in North Africa needs to be looked beyond the region, taking into account the Northern Sea and Baltic regions at a moment of increasing Northern European engagement with the Mediterranean. The connections of the Lisbon business establishment with their correspondents in the expatriate communities of the Northern Sea outlets proved instrumental to ensure that construction materials, weaponry, munitions, and especially grain, were used to ensure that a Portuguese flag remained hoisted in the Maghreb.

Chapter 5: Contracting a colonial monopoly in Habsburg Brazil. The royal Brazilwood farm

In his 1618 *Diálogos das Grandesas do Brazil*, the New-Christian sugar planter Ambrósio Fernandes Brandão commented upon the buoyancy of the colonial society in Brazil and the breath of its natural resources and economic riches. The book, as the titles gives away, consists of a serious of dialogues between two fictional characters, "Brandonio", a long-time resident in the colony, and "Alviano", a parvenu recently arrived from Portugal. In the book's third dialogue the most important sources of wealth available in Brazil are discussed. Amongst these, the red dyewood that the Portuguese kings had claimed as their monopoly since the early stages of colonization and after which the territory was named takes centre stage.

"Alviano: Tell me now, how do the settlers in this Brazil make money on the wood, and how much does it bring His Majesty's Treasury?

Brandonio: Brazilwood is His Majesty's own drug and, as such, is protected so that no one may deal in it except the king himself or those who have received his license under contract. A long time ago, anyone was permitted to trade in it, paying His Majesty's exchequer one cruzado on every quintal he cut. But since the feeling was that there were many abuses under that system, the order establishing it was revoked so that the trade should be handled only under contract, as is the case today. About forty thousand cruzados are paid to his Majesty's Treasury for a contract, which is let in the kingdom. It is specified that in any one year, the contractors may not take out from this state, especially from the three captaincies I have mentioned, more than ten thousand quintals of the wood, although if they cut less in one year, they may make it up in the next.

Alviano: I had no idea that brazilwood was the source of so much revenue for the Exchequer without His Majesty's having to spend a single real for it, whereas he must spend so many cruzados in India to purchase other drugs".[460]

In the sixteenth and seventeenth centuries, brazilwood (*Paubrasilia echinata*) could be found across a vast coastal strip, ranging from the present day Brazilian states of Rio de Janeiro and Rio Grande do Norte, but it was especially abundant in the surroundings of Cape Frio, around Porto Seguro (Southern Bahia), and the Northeast. There were also copious amounts of these trees to be found in the captaincy of Ilhéus, along the river Sergipe and Alagoas. Commentators, contractors and consumers all agreed that the species from the Northeastern regions of Pernambuco, Itamaracá and Paraíba outshined its southern counterparts in terms of quality.[461] The fact that these trees could be found at short distance from the coast explains why they were quickly spotted upon Pedro Álvares Cabral's arrival in 1500 and swiftly claimed as patrimonial right of the king of Portugal. As result, the economic exploitation of this natural resource became the sole privilege of the Crown.[462]

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[460] Quoted from Ambrósio Fernandes Brandão, *Dialogues on the Great Things of Brazil,* translated and annotated by Frederick Holden Hall, William F. Harrison, and Dorothy Winters Welker, in Stuart B. Schwartz, ed., *Early Brazil. A Documentary Collection to 1700* (Cambridge: Cambridge University Press, 2012), 223.

[461] A report drafted by personnel of the Castilian administration at the start of seventeenth century singled out the Southern district (captaincy) of Rio de Janeiro as having the simultaneously the scarcest and worst quality brazilwood trees in the entire colony. AGS, Cámara de Castilla (CCA), lib. 2794, tomo 6, descargos del licenciado Ramirez Vazquez. fl. 101.

[462] Max Justo Guedes, 'As Primeiras Expedições de Reconhecimento Da Costa Brasileira', in *História Naval Brasileira*, vol. 1 (Rio de Janeiro: Serviço de Documentação Geral da Marinha, 1975), 226–39.

The wood was prized for the red-dye it yielded. This dye was obtained when tree logs were scrapped and turned into dust, which was then mixed with water. The proto-textile industries of Northern France, the Low Countries, Italy and England employed it to give a strong and enduring scarlet colour to the cloths they manufactured.[463] This high-value luxury good was not unknown to Western Europeans, who imported it from Asia for more than a millennia, but the ravishing forests of Brazil seemed to be a never ending and cheaper source for this tropical good, especially since the semi-nomadic and subsistence-based Amerindian societies initially saw no value in those trees.[464]

In order for the wood to reach Europe it first had to be cut, transported to the coast and loaded onto a ship, and each of these tasks took a physical toll on those who performed them. For a start, the hardness of the wood and its many spikes made the chopping of the tree an uncomfortable and vexing activity. Then the gathering of thicker branches and of logs was complicated by the fact that the trees was scattered across the tropical forest, rather than concentrated in continuous swaths.[465] Although it did not require long distances to be covered, transportation from the forests to the shoreline could be extenuating if packing animals were not available and moving the logs depended on sheer human strength.[466] To cut and remove the outer layers of the tree, separating the bark and smaller branches that were not used to synthesize the dye, as well as to transport and load the wood on the coast, colonists first relied on the good will and cooperation of the Amerindians. In this initial stage the wood was bartered against relatively cheap goods manufactured in Europe, such as linen and wool cloths, hats and simple tools like scissors, knifes or combs. But it did not take long before these transactions on a more or less equal footing gave way to bluntly coercive arrangements. The previously cooperating indigenous lumberjacks now refused to barter with the Portuguese, preferring instead to run inland to escape being captured and put out to work. In the very early stages of settlement, the Portuguese persuaded or forced the Amerindians to chop logs of 10 to 15 metres in length. An estimate for 1511 points to a daily average of 333 logs (about eight tons of wood) carried from the cutting zones to the coast.[467]

The difficulties to tap into and control a source of labour were only solved when the Portuguese settlers began employing enslaved Africans. Brought to Portuguese America to work primarily on the painfully laborious cultivation and processing of sugar, sub-Saharan captives were also put to work as wood-cutters. Although the enslaved population was also used as carriers, with the introduction of livestock in the colony, the wood was taken for coastal embarkation in oxen carts, which eased the physical strains of manual carriage and speeded up the inland-coastal flows of the commodity.

But just as the work force and transportation constrains were solved, then came a new problem: deforestation. It did not take long before the thirst for the export-wood threatened to deplete the tree stocks located closer to the coast, causing lumberjacks to go further inland in search of fresh and untapped sources of wood. A third drawback was the clandestine extraction of wood by foreign interlopers and even subjects of the Crown, at

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463 Cameron J. G. Dodge, 'A Forgotten Century of Brazilwood: The Brazilwood Trade from the Mid-Sixteenth to Mid-Seventeenth Century', *E-Journal of Portuguese History* 16, no. 1 (June 2018): 18–19; Filipe Nunes de Carvalho, 'Do Descobrimento à União Ibérica', in *O Império Luso-Brasileiro. 1500-1620*, ed. Harold Johnson and Maria Beatriz Nizza da Silva, vol. 6, Nova História Da Expansão Portuguesa (Lisbon: Editorial Estampa, 1992), 209–11.

464 Sing Chew, 'The Southeast Asian Connection in the First Eurasian World Economy, 200 BCE-CE 500', in *Trade, Circulation, and Flow in the Indian Ocean World*, ed. Michael N. Pearson (Basingstoke, New York: Palgrave Macmillan, 2015), 42, 49.

465 Stuart B. Schwartz, *Sugar Plantations in the Formation of Brazilian Society Bahia, 1550-1835*, Cambridge Latin American Studies ; 52 (Cambridge: Cambridge University Press, 1985), 33.

466 Stuart B. Schwartz, 'Colonial Brazil. Plantations and Peripheries, c. 1580 – c. 1750', in *The Cambridge History of Latin America*, ed. Leslie Bethell, vol. 2 (Cambridge: Cambridge University Press, 1987), 69–70.

467 Alexander Marchant, *From Barter to Slavery: The Economic Relations of Portuguese and Indians in the Settlement of Brazil, 1500-1580* (Baltimore: The Johns Hopkins University Press, 1942), 22–23.

times in collusion with foreigners.[468] Taking advantage of the many natural ports and large tracks of uninhabited coast, interlopers easily found creeks or coves from where they could discretely launch their incursions into the mainland and load the wood logs into standing-by ships.[469] In addition, the rivers that allowed for logs and other chopped bits of wood to be syphoned to the sea-front were simply too many for the authorities to patrol and monitor, making it fairly easy to collect and transport brazilwood outside official supervision.[470] Furthermore, as time went on and the Portuguese settlements grew and multiplied, the more influential and affluent inhabitants of the colony even persuaded the authorities to turn a blind eye to their schemes or to take part in their illegal activities.[471] There are indications that the *capitães donatários* were themselves involved in the illegal exports of the dyewood, often in collusion with foreign interlopers. For instance, in 1618, contractor André Lopes Pinto complained to the authorities in Lisbon and urged them to take action against the captain of Cabo Frio, Estevão Gomes, who impinged on the contractor's imports exclusive by allegedly selling dyewood to foreign skippers who called at his captaincy.[472]

The extraction and commerce of brazilwood lasted longer than these formative decades of Portuguese settlement and colonization in Brazil. It remained an attractive prospect for public authorities and private investors alike beyond the 1500s, although it started being outshined mid-century by the spectacular growth of sugar cane cultivation and trade.[473]

This chapter provides an overview of the legal contours of the king's brazilwood monopoly, fleshing out the rules and regulations surrounding the private administration of the royal exclusive. Subsequently, the focus is shifted from the legal framework to the way contractors structured their operations and to the networks that linked the "production" outlets in the colony to Portugal and the international outlets where the dyewood was finally synthesized. I demonstrate how networks of contractors transported brazilwood from Latin America into Europe, how it changed hands from Luso-Brasilian wood cutters to skippers and wholesalers, and finally to customers and manufacturers of synthesised dye. In the process the wood crossed geographic boundaries, political allegiances, revealing a deeply trans-imperial and cross-cultural business underneath a state monopoly.

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468 In 1607 the monarch wrote the governor-general of Brazil, Diogo Botelho, informing him that the Monarchy's spies in the Dutch Republic had heard that a four vessel expedition had set sail from Texel bound for the the captaincy of Ilheús, where none other than the local financial comptroller (*provedor da fazenda*), Bernardo Ribeiro, would be standing by with a batch of brazilwood. The liaison between those who had fitted-out this expedition in Holland and Ribeiro was a certain Alberto Scheraem Brabante, a Flemish merchant who had been expelled from Brazil a few years prior in accordance to the 1605 act of expulsion from all overseas offshoots for non-Portuguese naturals. Maria Isabel de Siqueira, 'O Regimento Do Pau-Brasil Durante o Período Filipino No Brasil: Continuídade Ou Inovação Legislativa?', *Revista Do IHGB*, no. 466 (March 2005): 98. It turns out that Diogo Botelho and other top-colonial officials were involved in smuggling themselves, using their authority to coerce skippers to ship the dyewood and sugar to Venice. Koen, "Notarial Records," *Studia Rosenthaliana*, III, no. 2 (July 1969: (deed nr. 158).

469 Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel', 29.

470 As Stuart Schwartz recalls, the highest concentration of dyewood forest was to be found in peripheral captaincies such Porto Seguro, Ilhéus and Espírito Santo, where the reach of the colonial government struggled was smaller when compared to other, more central, areas. This made matters worse when it came to real-in the clandestine imports. Schwartz, 'Colonial Brazil. Plantations and Peripheries, c. 1580 – c. 1750', 98.

471 Guida Marques, 'O Estado do Brasil na União Ibérica: dinâmicas políticas no Brasil no tempo de Filipe II de Portugal', *Penélope: revista de história e ciências sociais*, no. 27 (2002): 9–10.

472 AHU, CU, cod. 32, fl.73.

473 Dodge, 'A Forgotten Century of Brazilwood'; Dias, 'O negócio do pau-brasil, a sociedade mercantil Purry, Mellish and Devisme e o mercado global de corantes'.

5.1 The origins and formative years of the royal farm

In the absence of glaring sources of wealth in the newly discovered territories and with public and private attentions focused on the Asian enterprise, the Crown opted to put a private business consortium in charge of exploring whatever resources might be found in Brazil. The consortium was headed by Fernão de Noronha, a citizen of Lisbon and holder of offices in the king's household,[474] who was backed by Italian capital and logistical means, courtesy of the Marchionni merchant-house.[475]

The first government contracts involving brazilwood were, hence, adjudicated shortly after Cabral's expedition and followed the template set by government concessions involving the West African coast during the fifteenth century. Like the pioneering overseas contracts ratified with the famous private entrepreneur Fernão Gomes in the 1460s and 1470s, the concession entrusted Noronha and his associates with the tasks of charting the newly-found territory, establishing the contours and limits of its coast.[476] The private concessionaires were expected to report on the topography, flora and fauna of the territory, and gather intelligence on the local populations and their socio-political structures. The syndicate was also required to identify the existing natural resources and sources of wealth and inform the Crown about its economic utility.[477]

As shown by these early public private partnerships, in Brazil, as elsewhere in the Portuguese Atlantic, the Crown relied on private investors to assess the economic potential of unexplored regions. From the monarch's point of view, temporary concessions over trade and prospection of uncharted territories enabled the Crown to focus its attention and resources where they were most needed, while leaving the door open for a reassessment of its role in the exploitation of these territories once the contracts expired. By having the contracting consortia carry out the ground work of amassing information and setting up the first permanent factories (*feitorias*), the monarch bought itself time to decide how the administration and economic exploitation of the new colony would be carried out in the long run.[478]

Noronha and associates were required by their contract to dispatch six ships to Brazil yearly to explore and claim 300 leagues of uncharted coast and build forts to protect the first settlers against other Europeans. The consortium was also expected to spearhead the trade between the new settlements and the kingdom, shipping to Lisbon all commodities they considered to be of some value. This trade should, according to the contract, prioritize peaceful commercial transactions with the autochthonous populations, unless it became clear that violence was the best way to further the interests of the king of Portugal.[479] The contract ran for a triennium (1502-1505) and required the consortium to pay a flat sum of 4,000 *cruzados* annually, plus a varying share over the yearly returns it generated: nothing in the first year, one sixth in the second and one third in the last year. After these three years, the contract was discontinued and a new farm was leased out to Jorge Lopes Bixordia in 1506, for a period of ten years. Some degree of continuity was ensured between the two royal concessions. Bixordia was a longstanding associate of Noronha, who despite no longer

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474 Carvalho, 'Do Descobrimento à União Ibérica', 80–95; Bernardino José de Sousa, *O Pau Brasil Na História Nacional*, Brasiliana. Bibliotea Pedagógica Brasileira (São Paulo: Companhia Editora Nacional, 1939), 106–12.

475 Francesco Guidi Bruscoli, *Bartolomeo Marchionni, 'Homem de Grossa Fazenda' (ca. 1450 –1530): Un Mercante Fiorentino a Lisbona e l'Impero Portoghes* (Florence: Leo S. Olschki, 2014).

476 Ivana Elbl, 'The Portuguese Trade with West Africa, 1440-1521' (Unpublished PhD Dissertation, Toronto, University of Toronto, 1986).

477 Jorge Couto, *A construção do Brasil: ameríndios, portugueses e africanos, do início do povoamento a finais de quinhentos* (Edições Cosmos, 1995), 193–94.

478 Couto, 194–96; Carvalho, 'Do Descobrimento à União Ibérica', 211, 214, 217–19.

479 Metcalf, *Go-Betweens and the Colonization of Brazil*, 57–58, 159–60.

having his name on the contract remained involved in the new lease as a silent investor.[480] This brand new enterprise had to pay to the Crown the same 4,000 ducats every year for the right to import 20,000 *quintais* of wood.[481] During this period, the contracts' main profits were the result of the expansion of the dyewood trade, and it is therefore unsurprising that midway through the second decade of the sixteenth century the exploitation of the royal exclusive over the *Paubrasilia echinata* was separated from the tasks of territorial exploration and settlement.[482]

It is important to note that at the start of the 1500s, the Crown formally prohibited other red-dyewoods, such as sappanwood from Asia, from being imported into Portugal via the *Carreira da Índia*.[483] This measure prevented dyes from *Estado da Índia* from competing with dyewood from Brazil and, hence, avoiding a decrease in the commodity's prices in the European markets.[484] Besides wanting to keep prices artificially high in the international markets, the Crown feared that the competition from the *Estado da Índia* would cool-off the interest of private investors, especially of foreign capital, in the prospection of Brazil. The Brazil contractors were thus protected from a rival source of supply, and, through the Portuguese royal factory in Antwerp, they were able to reach the Northern European consumer.

Despite the Portuguese Crown's intervention, the brazilwood contractors did not monopolize the Western European market, as they still faced competition from the dyewoods coming from Asia via the Levant route, and from French interlopers who visited the coasts of Brazil. Moreover, other alternative supply sources would soon be open in the New World with the entry of dyewoods from Spanish America in the European markets later in the century.[485]

Eager to establish a tighter grip on the profits of brazilwood, the Crown decided to take over the administration of the brazilwood business in 1516, handing it over to the its central overseas administrative agency, the House of India.[486] The main reason behind the king's decision to oversee the monopoly directly was the conviction that the Crown could better ensure that prices were kept low in the extraction outlets. The shift towards direct administration was meant to combat the rampant interloping in the brazilwood trade, which had resulted in a surge in the European exports used for bartering for the dyewood. The illegal exports of European wares had led to the depreciation of those products and thus in a higher demand (in quantity) by the Amerindians whenever the Crown sought to obtain the wood.[487] Apparently the Crown did not trust that private consortia could keep interlopers at bay, while at the same it thought it was possible to raise more revenue by running the

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480 The Crown rewarded Noronha for his active role in the establishment of the Portuguese in Brazil with a hereditary grant over the island named after him. The island of Fernão de Noronha, part of an archipelago of twenty-one small islands and islets located some 350 km offshore the Northeastern Brazilian coast, first came to the attention of the Portuguese when the first voyage launched by his consortium (1502-1503) called there on its way to the mainland. Couto, *A construção do Brasil*, 193.

481 Harold Johnson, 'Desenvolvimento e Expansão Da Economia Brasileira', in *O Império Luso-Brasileiro. 1500-1620*, ed. Harold Johnson and Maria Beatriz Nizza da Silva, vol. 6, Nova História Da Expansão Portuguesa (Lisbon: Editorial Estampa, 1992), 217–19; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:197.

482 Sousa, *O Pau Brasil Na História Nacional*, 110–11, 117.

483 George Bryan de Souza, 'Dyeing Red. Asian Sappanwood in the Seventeenth and Eighteenth Centuries/Tingendo Do Vermelho. O Sapão Do Sudeste Asiático Nos Séculos XVII e XVIII', *O Oriente* 8 (2004): 40–58.

484 Dodge, 'A Forgotten Century of Brazilwood'.

485 Carlos Marichal, 'Mexican Cochineal and European Demand for a Luxury Dye, 1550-1850', in *Global Goods and the Spanish Empire, 1492-1824. Circulation, Resistance and Diversity*, ed. Bartolomé Yun-Casalilla and Bethany Aram (Basingstoke: Palgrave Macmillan, 2014), 197–215.

486 It is not entirely clear what approached was followed to exploit the monopoly after the contract of Loronha and Bixórdia came to an end. Couto suggest that licensing by the government alternated with the lease contracts. Couto, *A construção do Brasil*, 57–59.

487 Sousa, *O Pau Brasil Na História Nacional*, 114.

monopoly through its administrative apparatus. As this chapter will show, almost a century later the Crown saw things very differently, adopting the exact opposite approach.

The direct administration over the brazilwood trade did not, however, mean that the Crown was ready to take over the settlement and colonization of the territory. Following the initial state contracts with business syndicates, where territorial exploration was inseparable from the extraction and shipment of brazilwood, the state turned to a different form of engagement with private entities, putting forward the system of donatarial captaincies in 1534.[488] In order to stimulate the settlement, defence and economic exploitation of the coast and the close interior, the Crown granted fifteen different hereditary land endowments. Unlike contracts with business firms that involved primarily economic prerogatives and some minor fiscal privileges, the *capitanias-donatarias* were bestowed upon individuals of noble extraction and involved jurisdictional, political and economic rights and privileges.[489]

Despite the breath and scope of the seigneurial grants, brazilwood, along with other ecological species and natural resources, remained appanage of the Crown. The hereditary grants stipulated that the wood shipped off to Lisbon had to be delivered to the House of India to be weighted, inspected and taxed. Only after that could the wood be sold on the market. The Crown did, however, put the taxes levied on the cutting and shipping of the wood at the disposal of the grantees, starting with the *vintena,* a twenty per cent fee on the profits made from the import of the commodity. Behind this otherwise generous concession was the intent to get the captains directly interested in the fight against reckless cutting, contraband and tax-evasion.[490] Although the captains were allowed to receive the royal duties levied in Brazil, the actual trade fell outside their grants and they were banned from exporting the wood under penalty of banishment to the island of São Tomé.[491]

The restrictions imposed by the royal exclusive on private initiatives could be lifted in some particular instances, if the Crown so wished. A case in point was whenever the king wished to reward the captains by allowing them to ship a certain amount of wood to Portugal free of charge or to pass on the privilege to someone else. By the same token, permissions to bring brazilwood into Portugal outside of the ordinary normative template could also be extended to loyal and deserving subjects by a monarchy who was committed to the cause of redistributive justice.[492] This rationale explains why the privilege was often extended to Castilian grandees during the Union of the Crowns.[493]

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488 By 1522 Noronha and Bixórdia had not yet met the outstanding financial obligations from the concessions, which reached as much as 7,500,344 *réis*. Their contract had come to an end 1516. Godinho, *Os Descobrimentos e a Economia Mundial*, 3:197.

489 Mickaël Augeron and Laurent Vidal, 'Creating Colonial Brazil: The First Donatary Captaincies, Or The System Of Private Exclusivity (1534–1549)', in *Constructing Early Modern Empires. Proprietary Ventures in the Atlantic World, 1500-1750*, ed. Louis Roper and Bertrand Ruymbeke (Leiden, Boston: Brill, 2007), 21–54; António Vasconcelos de Saldanha, *As capitanias do Brasil: antecedentes, desenvolvimento e extinção de um fenómeno atlântico* (Lisboa: Comissão Nacional para as Comemorações dos Descobrimentos Portugueses, 2001).

490 Maria Isabel de Siqueira, *O Direito e o Estado no Brasil Filipino: Inovação ou continuidade legislativa: História* (Paco Editorial, 2011), 89–91.

491 Sousa, *O Pau Brasil Na História Nacional*, 134–35.

492 The legitimacy for granting a privilege, which, as we will see, stood at odds with the terms of a government contracts, stemmed from the kings' portrayal as both a grand *pater familias,* who provided for and took care of his subjects, and as a supreme magistrate. In that capacity, he was allowed to dispense with the abstract ordinary law and be a more emphatic and personable purveyor of justice. In the case of these brazilwood export permits, the king was not selling an official license, as part of the direct administration of the monopoly, but distributing a share of his own economic resources to a deserving vassal.

493 A century later, in 1626, the Crown granted to the Marquis of Eliche, non-other than Don Gazpar de Guzmán, the Count Duke of Olivares, the privilege of importing 6,000 *quintais* of brazilwood on his own account over a four-year period. A decade prior, Don Rodrigo Calderón, cout la Oliva de Plasencia, was awarded the prerrogative to ship 8,000 *quintais* from 1613 to 1616, but he should not dispatch more than 2,000 per year. Mauro, *Portugal, o Brasil e o Atlântico, 1570-1670*, 1:178.

With the exception of the collection of the *vintena* and other local taxes, the House of India, the central commercial and logistical agency for Portuguese overseas affairs, was responsible for overseeing the royal monopoly over the dyewood. In Brazil, treasury controllers started being appointed to each of the captaincies to, among other things, supervise the logging and embarkation of the brazilwood.[494]

The acquisition and shipment of the prized commodity was primarily ensured through the issuing of licenses to private merchants, which, along with the levying of tariffs, was how the Crown derived revenue from the dyewood trade. This government licensing of the trade still provided the legal framing for this business by the time a general government was introduced in the colony in 1548, and would remain in effect until the end of the century. Meanwhile, in 1544-1546, in Pernambuco alone, an average of six to seven ships legally carried the dyewood to Portugal every year, deploying an average of 10,000 *quintais,* an amount which would became the standard quota for the years to come. Contraband by subjects of the Portuguese king and foreign interloping meant that the total volume of exports was higher, with some authors claiming that contraband represented at least fifty per cent of the volume of the legal trade.[495] Pressured into acting due to the relentless chopping of brazilwood trees to satisfy the demand of the export markets and to make room for the expanding sugar cane cultivation, the Crown was forced to reduce the legal threshold of exports by half. This official cap did not account for the volume of the commodity that was smuggled, which remained, in all likelihood, high.

This state run licensing system was abandoned with the advent of the Dual Monarchy. With the Habsburgs coming to power the adjudication of exclusivist contracts that defined the first ten years of Portuguese presence in Brazil was reintroduced, albeit no longer as a trade-off for the private exploration and settlement. From 1588 and 1592, a private investor, André Soares, received the exclusive right to import 10,000 *quintais* in exchanged for a flat annual sum of 13,600,000 *réis*. This concession was followed by a two-year long follow up.[496] It is interesting to note that the consolidation of the contracting solution occurred around the time the Habsburg administrative reforms focusing on Brazil were being introduced. The Union of the Crowns, especially between 1598 and 1621, has been reappraised by historians over the past decades and is now seen as a period of modernization and expansion of the state's bureaucratic machine in Brazil.[497] There were few areas of governance where the Crown's desire for a better organized administration was more evident than there,[498] and since brazilwood was one of the Crown's main sources of income in the colony, the monopoly over the its import into the kingdom was not left untouched.[499]

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494 Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel', 26–27; Sousa, *O Pau Brasil Na História Nacional*.

495 Johnson, 'Desenvolvimento e Expansão Da Economia Brasileira'.

496 Jesús Carrasco Vázquez, 'La Minoría Judeoconversa En La Época Del Conde Duque de Olivares. Auge y Ocaso de Juan Núñez Saravia (1585-1639)' (Universidad de Alcalá, 2004); Carvalho, 'Do Descobrimento à União Ibérica', 221–22.; AGS, AGS, CCA, lib. 2794.

497 Rooney, 'Habsburg Fiscal Policies in Portugal. 1580-1640'; Hespanha, 'O Governo dos Áustrias e a "Modernização" da Constituição Política Portuguesa.'

498 Guida Marques, 'L'Invention Du Bresil Entre Deux Monarchies. Gouvernment et Pratiques Politiques de l'Amérique Portugaise Dans l'union Ibérique (1580-1640)' (Unpublished PhD Dissertation, Ecole des Hautes Etudes en Sciences Sociales, 2009); Marques, 'O Estado do Brasil na União Ibérica'; Stuart B. Schwartz, *Sovereignty and Society in Colonial Brazil: The High Court of Bahia and Its Judges, 1609-1751* (Los Angeles, London: University of California Press, 1973).

499 The financial prospects of the dyewood monopoly were not the only reason why the Habsburg administration had a keen interest in administrative reform in Brazil. For one, the territories of the Portuguese Crown in South America were seen by the Catholic monarchy as a first line of defense for Spanish America, especially the mineral riches of the Viceroyalty of Peru. To prevent any encroachment of foreign powers in the American mainland, the Phillip III promoted the settlement of the Northern territories of Brazil, Maranhão, out of fear that French of Dutch might beat the Monarchy to it and establish a permanent basis from which to attack Spanish America. On the other hand, while Brazil served as a shield, it was also acknowledged by the

A sign of the Crown's interest in the monopoly was its determination to acquaint itself with the business, ascertaining what were its costs and returns. The attempts to amass reliable information were, unfortunately for the Crown, met with resistance by the local authorities in the colony, who were either poorly equipped to provide it or did not find it in their best interest to have Lisbon and Madrid meddling in what was happening on the ground.

Fearful of the exhaustion of the tree stocks (which was already forcing lumberjacks to penetrate further inland in their quest for brazilwood trees) and attempting to contain the rampant smuggling that had partially caused it, as well as to fight embezzlement and mismanagement by the authorities in Brazil, the Crown issued a set of general instructions (*Regi*mento *do Pau-brasil*) on December 12, 1605.[500] With these by-laws the Crown hoped to cover loopholes and grey areas in the existing normative template and regulate the different stages of the brazilwood business, from the licensing and cutting, to transportation, embarkation and offloading in Portugal. The main objective behind the general instructions was to guard the monopoly against interlopers and the rapaciousness of civil servants and colonists, as well as to increase the receipts it yielded the royal exchequer.

The *regimento* reiterated that it was forbidden to cut wood without permission of the chief treasury comptroller (*provedor mor da fazenda*) of the captaincy in question or the local agents of the contractor. The person in charge of selling the licenses, be it the contractor's correspondent or the exchequer's senior official, were required to register all licenses issued for cutting and embarking wood. After the licenses had been agreed with and issued by the contractor or his subordinates, the *provedor mor* was responsible for monitoring all transactions from local suppliers to the contractor's agents, and should record them in his books. The information he compiled was then compared and contrasted with the records of license sales, which the agents of the contractor kept and sent to Lisbon, as well as with the accounts that the contractors were expected to present to the authorities every year. The Crown hoped that by cross-checking these different accounts, the amount of wood being smuggled and tax evasion in Lisbon would decrease.

The *regimento* acknowledged the colonists' rights to earn a living from the trade in brazilwood, and therefore required either the *provedor da fazenda* or the factors of the contractors to cater to the needs and requests of the local subjects. Colonists should not, however, surpass the cap set by the Crown, who was well aware of the considerable pressure that the forest was subject to and wished to prevent exhaustion, and who was equally keen on keeping prices high in the consumption markets. On the other hand, the officials of the exchequer should remain alert for speculative manoeuvres, such as pilling up wood in order to sell it on a later occasion for a better price. As far as the speculative practices in the cutting and hauling of the dyestuff was concerned, the provisions of the general instructions singled out the contractors. They were especially worried with a longstanding practice that was considered very detrimental to the royal purse and the economic viability of the wood trade. The practice in question was the contractors' refusal to accept anything but the most robust and sizeable trunks from the wood cutters. Although smaller branches could also be used to synthesise the dye, they were discarded and thrown to waste due to the capriciousness of the

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authorities in Madrid that it was from the Southern captaincies of Portuguese America that contraband with the River Plate, the territory in Spanish America that was more exposed to illicit trade, ran virtually unopposed. Buenos Aires was the terminus of an intra-American slaving circuit, through which slaves first brought to Rio de Janeiro were then smuggled to Buenos Aires and exchanged against silver Syphoned from the Peruvian mines to the River Plate, via Tucuman. On the strategic importance of Maranhão, Marques, 'L'Invention Du Bresil Entre Deux Monarchies. Gouvernment et Pratiques Politiques de l'Amérique Portugaise Dans l'union Ibérique (1580-1640)'. Chapter 6. For references on the illict connections between the South Atlantic and the River plate see footnote 757.

[500] Siqueira, 'O Regimento Do Pau-Brasil Durante o Período Filipino No Brasil: Continuídade Ou Inovação Legislativa?', 94–104; Sousa, *O Pau Brasil Na História Nacional*, 146–50.

contractors and of those who supplied them. The reservations of contractors to accept these less attractive pieces and their focus on the bulkiest logs is explained by them not wanting to waste their import quotas with wood materials for which buyers would pay less money. To counter the waste of useable resources, the state demanded that contractors accepted all good quality wood that was given to them, and from which the red colour could be extracted, regardless how unimpressive it might seem.

Every year, quotas for the maximum amount of wood that could be cut in each captaincy were assigned by the chief treasury controller (*provedor mor da fazenda*) and by the municipal authorities. The apparatus based at the administrative seat of the colony and the local city councils were responsible for assessing the availability of the tree stocks and ensure that the sanctioned cuttings did not go beyond the import limits.[501] The municipalities thus functioned as an intermediary between the colony's government and local suppliers in the sorting-out of a general price for each captaincy. At the same time, the brokerage of the different municipalities could become something of a problem, since the local elites had vested interests on the trade. For instance, in 1624, the general controller criticised the price agreed between the municipality of Porto Seguro, accusing its members of being in concert with the lumberjacks and the interior-coast carriers.[502] Municipal councils were also known to grant authorizations to "harvest" and market the dyewood as means to secure credit from local money lenders, notwithstanding this practice constituting a blatant violation of the Crown's and, when the monopoly was rented-out, of the contractor's exclusivist prerogatives.[503]

The general instructions also stipulated the penalties set aside for those who breached the law. Stockpiling, for instance, was punished by having the hoarded batches apprehended by the authorities, followed by the payment of a fine and, potentially, depending on the gravity of the felony, in physical punishment and more. If the wood collected exceeded more than 10 *quintais*, the penalty was the payment of a 100 *réis* fine. If, in turn, the unauthorized amount surpassed 50 *quintais,* the person was subject to whipping and to ten years' banishment to Angola. If the 100 *quintais* maximum was surpassed, the death penalty would be served. The Crown also introduced a compulsory annual inspection (*devassa*) on the logging of the dyewood, which would make it easier to detect wrongdoings by civil servants, agents of the contractors and the settlers in general.

A few years after the issuing of the general instructions, the Crown reverted once more to direct administration of the monopoly. For five years, between 1612 and 1617, the brazilwood exclusive was not farmed out and was instead operated by the royal bureaucracy in Lisbon and in Brazil. During this period, the chief treasury comptroller in Brazil oversaw that the 10,000 *quintais* of wood were gathered at the designated ports and shipped to the kingdom, while interested suppliers approached the treasury officials in the colony.[504] This new experiment with direct administration was not meant to last, and following this five year hiatus, the leasing of the royal monopoly resumed.

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[501] Brazil's municipal elites during the period under study are tackled in Thiago Krause, 'A Formação de Uma Nobreza Ultramarina. Coroa e Elites Locais Na Bahia Seiscentista' (Unpublished PhD Dissertation, Rio de Janeiro, Universidade Federal do Rio de Janeiro, 2015); Schwartz, *Sugar Plantations*, 264–67.

[502] AHU_CU_005 (Bahia-LF), cx 3, doc. 307.

[503] AHU_CU_015 (Brasil-Pernambuco), cx. 2, doc. 116.

[504] João Paulo Salvado and Susana Münch Miranda, eds., *Cartas Para Álvaro de Sousa e Gaspar de Sousa: 1540-1627* (Lisbon: Comissão Nacional para as Comemorações dos Descobrimentos Portugueses, 2001), 101.

5.2 Rules and regulations, prerogatives and obligations of the Brazilwood contract

Contracts normally ran between six to ten years and they singled out Northeastern Brazil, namely the captaincies of Pernambuco, Itamaracá and Paraíba, as the prime supplying areas and, concomitantly, as the main embarkation point for the shipments bound to Portugal.[505] This is hardly surprising, considering how the wood harvested in these parts was considered to be of higher quality. The fact that these areas were still being given pride of place in the contracts leased out after the WIC occupation after 1630 does, hence, raise questions. The documentation produced shortly after 1630 echoes the expectations that the Dutch would be quickly jettisoned, as had been the case in São Salvador da Bahia six years prior, and the contract made with Luís Vaz de Resende and Álvaro de Azevedo in 1631 includes an adjustment clause in case it proved impossible to meet the import quotas because of the ongoing war.[506]

The main catch of the royal contracts was the exclusivity over the import of the dyewood into Portugal, even though this right of exclusivity did not cover the rewards monarchs bestowed upon a select few subjects and members of the aristocracy. As it can be imagined, contractors were not particularly fond of these rewards because, although the volume of imports they entailed were small, they constituted a legally-sanctioned form of competition to their business. Another form of competition stemmed from the governor-general and some town councils trying to service local debt by allowing creditors to cut and ship brazilwood from the colony into Europe. To prevent local moneyed-men and institutions which lent credit from finding legal footing to trade in the wood, the leaseholders pressured the Crown to include in their contracts clauses banning the municipal and colonial authorities from continuing that practice. One bidder went as far as to suggest that the members of the municipal councils who settled their own debts or authorized the debts of other individuals or institutions to be settle with permissions to chop and ship the dyewood should be fined 500,000 *réis*.[507]

The royal exclusive comprised three different activities: chopping the wood, the transatlantic shipping from Brazil to Portugal, and finally its sale, after cargoes were discharged by the authorities in Lisbon. Chopping was done by means of licenses issued by the contractor and anyone interested in cutting and hauling brazilwood and supply the contractor could approach the contractor's factor and request permission to do so. This exclusive over the issuing of permits was, therefore, tantamount to a *de jure* monopsony of the contractor.

The division of labor underpinning the operation of the brazilwood contract, only inhabitants of the colony (*moradores*) were allowed to dismantle the trees and transport them to the embarkation points along the coast, although they needed a license from one of the factors of the contractor. They were required to sell all the wood to the contractor's factors, at fixed prices for each captaincy. The inhabitants of the colony were allowed to chop the wood, but they were forbidden to trade it from one captaincy to the other, except with

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505 The clauses of Brazil wood contracts can be found in *Contrato do Pao Brasil que o Capita*m *Luiz Vaz de Rezende fidalgo da casa del Rey nosso senhor fez co*m *a fazenda de sua* m*agestade,* Lisboa, *por Pedro Crasbeek,* 1631; AHU_CU_017-01 (Brasil-Rio de Janeiro-CA), cx. 1, doc. 156. At the start of the contract it is stated that the provisions therein were identical to those of the previous lease made with Fernão Lopes Lopes. See also the bid made by Nuno Álvares Viseu in 1625, which followed closely the template of the previous contract, that of André Lopes Pinto, (1617-1625); AHU_CU_015 (Brasil-Pernambuco), cx. 2, doc. 116.

506 On the introduction of adjustment clauses to the tax and monopoly farms; Costa, 'State Monopoly or Corporate Business'. 235

507 Clause 17 of Nuno Álvares Viseu's bid AHU_CU_015 (Brasil-Pernambuco), cx. 2, doc. 116.

authorization of the contractor.[508] The contractor, in association with the *provedor da fazenda,* should look into the person who requested the permission, and if the individual in question was found to be an honourable businessman and an abiding subject of the king, the permit should be issued, unless the annual shipment quotas had already been met. As the *regimento* specified and the contracts reiterated, the *provedores* of the various captaincies would also keep an inventory of the cutting licenses granted throughout the year, which was compared with the wood that was loaded into the transatlantic ships and inspected in Lisbon. The lumberjacks were required to hand over all the harvested wood to the factor of the contractor in the captaincy where the cuttings took place. Since the lease was temporary, it was feared that concessionaires would chop as much wood as possible without paying much consideration for the long term sustainability of the trees or for the state of the business by the time new contractors took over the monopoly.

Aside from what was laid down in the contracts, not many details have surfaced on how the dyewood changed hands from suppliers to the entourage of the contractors. A purchase contract from 1629 shows that those transactions were also negotiated in Lisbon, between the contractors and merchants with contacts in Brazil or representing *moradores* (local settlers). Fernão Lopes Lopes and Lopo Pereira, who had leased the monopoly from 1626 to 1631, and a certain Luís Rodrigues, a resident in Lisbon acting on behalf of people who lived in Bahia, agreed that 1,000 *quintais* of prime wood from the forests of Porto Seguro would be delivered by Rodrigues correspondents to the contractors' factor in Bahia every year until the end of the contract.[509] This transaction alone ensured that one tenth of the annual import amounts set by the contract was ready for embarkation. The seller would cover the costs of transporting the wood to the coast and of loading into the ships, while payment would be done in Lisbon, after the factors of the contractors sent an invoice signalling that the transaction had been concluded and the consignment was on-board a ship bound for Portugal. From the arrival of the invoices, the contracts vouched to pay Luís Rodrigues within two months.[510] This one example is not enough to clarify whether it was more common for the monopoly holders to purchase logs in the kingdom, or if it was left to their representatives in Brazil, who had better and first-hand information about the supply market, to strike deals with local residents. It is also unclear, whether the pattern of supplies from the wood cutters involved, as in the case above, large amounts of logs and wood being purchased from a select few suppliers, or a multitude of small transactions with large number of suppliers. Out of convenience alone and because of economies of scale, the former option was probably preferred.

The Crown's determination to prevent leaseholders from abusing their contracts resulted in additional checks and balances over how they provisioned themselves in Brazil. The most extreme solution was put in place in the captaincy of Espírito Santo, where the Crown granted exclusive rights to the Society of Jesus to chop brazilwood and hence become the sole supplier of the contractors. Although this measure was short lived, because of the negative responses it sparked among various groups in Luso-Brazilian society and mercantile interests in the kingdom, it demonstrates that the Crown attempted to reel-in the influence of the contractors by bringing into the sector a powerful stakeholder.[511] Contractors opposed the decision because they knew they could not negotiate on the same terms with local suppliers as with the powerful religious order. The donatarial-captain, in turn, protested

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[508] Sousa, *O Pau Brasil Na História Nacional*, 180–88.

[509] According to the contract, the deliveries would be made in two annual instalments. The first 500 *quintais* were due at the end of November 1629 and the second by mid June of the following year, so on and so forth until April 1632, when the last delivery was scheduled. The price was set at 640 *réis quintal,* in accordance with the prices identified by Frédéric Mauro for the same period.

[510] ANTT, ADL, 15º Cartório Notarial, caixa 50, livro no. 233, fl. 44-46.

[511] Mauro, *Portugal, o Brasil e o Atlântico, 1570-1670*, 1:172–73; Dauril Alden, *The Making of an Enterprise: The Society of Jesus in Portugal, Its Empire, and Beyond, 1540-1750* (Stanford, California: Stanford University Press, 1996), 531.

against the idea for fear that the *vintena* would no longer be earmarked to him and would eventually end up in the hands of the Society of Jesus. Local colonists were apprehensive, fearing they would be deprived of an important source of income, as they expected the Jesuits to use their tutelage over the Amerindians to get enough cheap labour for the chopping.[512]

The contracts stipulated restrictions regarding where the harvesting should be done. Wood could only be cut from trees located at least five leagues from the coast. Anyone caught chopping wood closer, would lose the logs and would be arrested, while the seized wood was divided between the Crown and the contractor in equal parts. After hauling the trees and handing them over the contractor's factor, the logs were branded with the contract's mark, so that it would be clear that they belonged to the government contract. Moreover, any logs found less than in the aforementioned five leagues away from the coast without the leaseholder's mark were considered to have been illegally chopped and were hence liable for confiscation.[513] Upon arriving on the coast, the wood should be stored in a building kept by the suppliers, while the local *provedor da fazenda* and the factor of the contractor were expected to guarantee that the wood was not secretly taken out of the depot and smuggled off the coast.

The contracts also went into great detail about the paperwork that had to be produced upon the embarkation of the wood in Brazil. This comes as no surprise as only by comparing and contrasting records produced by officials in the colony and agents of the contractor it was possible to detect discrepancies. The wood dispatched from Brazil had to be recorded in the books of the royal factory or the customs house of the port of departure and those records should keep track of the weight, the name of the ship and of its skipper, as well as the date of departure. Crown officials and the contractor's factor signed the books and issued a certificate to the skipper, which he would present to the House of India in Lisbon. If upon arrival in Portugal it was discovered that there was less dyewood in the ship than what was certified, the skipper and the crew would be questioned, and unless they could prove that the shortage had been caused by losses at sea, they would all be arrested for questioning. In case they argued that part of the cargo was lost due to bad weather or a sailing accident during the crossing of the Atlantic, it was the *procurador da fazenda*'s taks to appraise the truth of these claims, and inquire the contractor before deciding whether to take judicial action or not. In turn, if the ship carried more wood than what was certified in Brazil, the excess was immediately seized by the royal officials, and depending on how much there was in excess, the Crown could take action against the contractor or the crew. In addition to the certificates issued for every ship leaving Brazil, the *provedores da fazenda* of the different captaincies had to send every year the lists of all ships that had been chartered by the leaseholder, detailing the amount of wood they transported, the names of the ships and skipper. These lists were crosschecked with the discharge certificates received by the skippers and later presented at House of India.[514]

As stated before, Lisbon was the compulsory destination for all the shipments of wood leaving Brazil meaning that, at least in principle, other ports in the realm and destinations abroad were excluded. The Crown sometimes accepted the requests of contractors that in emergency situations, such as bad weather and the threat of plunder at sea, ships might change course to other ports in Portugal. But if it was found that the contractor was moving the dyewood to a port other than Lisbon without the Crown's prior consent, the cargo would be confiscated, with two thirds reverting to the state and the other

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[512] For the involvement of members of the order in the illegal commerce of the dyewood; Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel', 40.

[513] See clause 8 of Nuno Álvares Viseu bid from 1626, AHU_CU_015 (Brasil-Pernambuco), cx. 2, doc. 116.

[514] This documentation was forever lost with the destruction of the records of Lisbon's customs and of the House of India caused by 1755 Lisbon earthquake. For a rare exemplary of one such lists, composed in São Salvador da Baía, see AHU_CU_005 (Bahia-LF), cx. 2, doc. 186-187.

third to whomever had reported on the illegal shipment. The procedures to follow in case the skipper was forced to call at other Portuguese ports, because of bad weather or enemy attacks at sea were the following: The skipper had to report the emergency call to the custom officials of the harbour he called at, and inform them of how much wood he was carrying, making proof by presenting the license from the treasury officials in Brazil. If the ship was fit to sail, it should make its way to Lisbon, where the skipper should report to the authorities in no less than thirty days. If the skipper failed to report the emergency call at other Portuguese ports, or if he failed to head to Lisbon after leaving the previous port, the wood would be seized by the Crown without the leaseholder being owed any compensation.[515] An example of a shipment that bypassed Lisbon was the voyage undertaken by Jan Schrooder, skipper from Hamburg, who arrived in the spring of 1609 to Amsterdam a cargo of Brazilian sugar and dyewood bought in the port of Viana. This cargo was commissioned by Carsten Langeweel, Tiele Bierman and Zeger Raetmans, merchants in Hamburg, and Frans Wolfertsen, a businessman from Amsterdam. This brazilwood shipment was in all likelihood smuggled in and out of Viana, since the contract drafted in Amsterdam specified that all shipments of the tropical wood had to come to Lisbon and there is no evidence that a permission to use another Portuguese port was requested by the contractor.[516]

As stated above, there was a limit to the amount of brazilwood that contractors were allowed to import from Brazil into Portugal every year, and during the period under study this ceiling was set at 10,000 *quintais*. However, the contract only stipulated the amount of wood that could be shipped from Brazil, and not the quantity that was delivered in Lisbon or other Portuguese ports This was more than a matter of linguistic nuance as this difference opened the door for contractors to chop new logs and ship them anew if earlier shipments fell into the hands of corsairs or privateers while en route to Portugal.[517] Excess or losses when it came to meet the 10,000 *quintais* limit could be compensated in the following years, meaning that if less wood was brought in a given year more could be carried in the following year. The reverse situation also applied, as long as the total of 60,000 or 100,000 *quintais* threshold, depending on the length of the contract, was met by the end of the concession. The Crown did, however, accommodate a marginal excess up to 3-4% by the expiration date of the lease, which the contractors could keep to themselves free of charge. The state was, on the other hand, adamant that once the lease was over, there could not be further imports, even if the aggregate cap had not been met. Regardless whether or not the contractors were able to import as much wood as they were allowed, their financial obligations towards the Crown, namely the payment of the lease, would have to be fully met by that point, except in the extraordinary circumstances of war.[518]

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[515] See the petition made by André Lopes Pinto, who requested permission for the small merchant vessels he had freighted to be allowed to head directly for northern Portuguese ports of Porto and Viana, which maintained a regular seafaring connections with Brazil because of the sugar trade. AHU_CU_005 (Brasil-Bahia-LF), cx. 2, doc. 170; AGS, SSP, lib. 1516, fl. 51, 51v. The same request was made in 1635 by Luís Vaz de Resende in an attempt to counter the losses inflicted by Dutch raiders in the middle passage. The contractor struggled to find enough skippers who dared venturing to Brazil and to Lisbon on the outward-bound voyage at affordable rates and asked that the wood was brought to Northern Portuguese ports. AHU_CU_017-1 (Brasil-Rio de Janeiro-CA), cx. 1, doc. 156. On the two seaports as re-export centres for Brazilian goods into Northern Europe. Costa, *Império e grupos mercantis*, 47; Manuel A. Fernandes Moreira, *Os Mercadores de Viana e o Comércio Do Açúcar Brasileiro No Século XVII* (Viana do Castelo: Câmara Municipal de Viana do Castelo, 1990).

[516] Cátia Antunes, 'International Positioning of Portuguese Seaports, 1580-1640: The Economic Link to Western Europe', in *Seaports in the First Global Age. Portuguese Agents, Networks and Interactions (1500-1800)*, ed. Amélia Polónia and Cátia Antunes (Oporto: U. Porto Edições, 2016), 99.

[517] Clauses 10 and 13 of Luís Vaz de Resende contract, AHU_CU_017-01 (Brasil-Rio de Janeiro-CA), cx. 1, doc. 156.

[518] See clause 3 of Nuno Álvares Viseu bid, AHU_CU_015 (Brasil-Pernambuco), cx. 2, doc. 116.

5.3 Operationalizing a Monopoly Farm and International Connections

The leaseholders were allowed to appoint up to five agents to run the contracts' operations in Brazil. These agents' most important task was to take possession of the best quality brazilwood available in the captaincy where they resided at the lowest possible price, and dispatch it to Portugal. These agents were also expected to ensure a detailed and up to date account keeping of the contract's business, which would require them to record the delivery dates of cargo dispatched from Portugal and the prices and amounts involved in any sale transactions involving those cargoes.[519] The contractors would draw bills of exchange on their correspondents to complete the payments to the wood choppers when the earnings from the sale of metropolitan or European exports were not enough to cover what was owed them for the logs. The concessions also required the agents to compile an inventory of all the bills of exchange that were underwritten, the amounts acquired and dispatched, the ships into which they had been loaded, and the identity of its skippers. The representatives of the contractors were also charged with approaching the authorities, such as the *provedor mor da fazenda* in Brazil and the local justices, to settle any legal disputes related to the affairs of the contract.[520] The contractor's representatives in Brazil were either factors, that is salaried employees, or agents who or received a commission for every transaction they brokered.[521] For instance, for his services as the contract's factor in Bahia in the mid to late 1620s, Francisco de Torres was paid 20,000 *réis* annually.[522]

Table 20. Factors of Lopes Lopes and Pereira's Brazilwood contract (1626-1631)

Location	Name
Bahia	Domingos Pereira
Bahia	Gonçalo Pinto de Freitas
Bahia	Francisco de Torres
Paraíba	Belchior Vasques
Paraíba	Jerónimo Cadena
Canary islands	Captain and *alguacil* Luís Lourenço
Madeira	Manuel Fernandes Fontes
Antwerp	Francisco Lopes Franco, Bento Rodrigues de Lisboa

Sources: ANTT, ADL, 15º Cartório Notarial, cx. 48, Livro de notas no. 219, fl. 94, 94v; Ibid., cx. 48, Livro de notas no. 222, fl. 77-77v; Ibid., cx. 49, Livro de notas no. 225, fl. 19v-20, 22-22v, 54-54v, 78-79; 122-123; ibid., Livro de notas no. 227, fl. 95-96v.

[519] Clause 20 of Luís Vaz de Resende contract. AHU_CU_017-01 (Brasil-Rio de Janeiro-CA), cx. 1, doc. 156.
[520] For a paradigmatic example of the duties of a factor for the factor, see the power of attorney that appointed Francisco de Torres as contractor of Fernão Lopes Lopes and Lopo Pereira. ANTT, ADL, 15º Cartório Notaria, cx. 49, Livro de notas 227, fl. 95-96v.
[521] Daniel Strum, *The Sugar Trade: Brazil, Portugal and the Netherlands (1595-1630)* (Stanford, California, Rio de Janeiro: Stanford University Press-Versal Editores, 2013), 438–39; Trivellato, *The Familiarity of Strangers*, 132.
[522] ANTT, ADL, 15º Cartório Notaria, cx. 49, Livro de notas no. 227, fl. 96.

In order to fulfil their importation quotas and ensure the transportation of the logs from the colony to the kingdom, contractors relied on skippers to ship the wood from Brazil to Portugal. The monopoly-leaseholders normally preferred to freight several smaller vessels to transport the commodity rather than relying on less ships of higher tonnage.[523] According to Cameron Dodge, the small tonnage ships that the contractors freighted to transport brazilwood carried on average between 85 and 100 *quintais* of this merchandise,[524] alongside other products, namely sugar, the most in-demand Brazilian export staple.[525] The advantage of these lighter vessels laid in their manoeuvrability and speed, which allowed them to flee the Barbary corsairs that assaulted the incoming vessels en route from the kingdom's overseas dependencies, and, after the end of the Twelve Years' Truce, from Dutch privateers too.[526] One way to avoid these pitfalls was to split up the brazilwood across several vessels, for even if a one or more fell on enemy's hands, the resulting losses would be smaller than if a large cruiser containing a larger shipment was raided.[527] Resorting to such a cheap risk management solution was common in Lisbon and other Portuguese port-towns, owing to the fact that local merchants normally did not undersign insurance policies, not locally at least. When Portuguese merchants wanted to insure cargoes, they normally did so in Amsterdam, where this activity was significantly more developed and its costs more competitive.

An elucidating example of one such voyage involved three caravels, all of which chartered from skippers of Peniche, a seafaring harbour in the central region of Portugal located some 100 km to the North from Lisbon. The ships in question were the *Conceição* of Domingos Martins Cara de Anjo, the *Santo António* of Duarte Franco and the *São Bernardino* of Domingos Viana.[528] In 1627, these three vessels were freighted in quick succession by the contractors Fernão Lopes Lopes and Lopo Pereira to undergo voyages from Lisbon to Pernambuco and back. It was common for the freighted ships to leave from the Portuguese capital in March or April along with the annual armada bound for India, and after parting ways with the Cape Route fleet, they would either head directly to Brazil or to an intermediary port. For example, during the outward bound voyage the *Conceição* called at Santa Cruz (Canary Islands), where an agent of the leaseholders was standing by with a consignment of local wine be taken to Brazil for the benefit of the contractors. Aside from the money that contractors could make by marketing export staples, in this case wine, these merchandises allowed for the funds necessary to run the contract's operations in Brazil to be transferred from Portugal. Moreover, the proceeds of the sale of these in-demand export-goods were also used to pay the salaries of the factors in Brazil, or the commissions charged by their correspondents were deducted from them. These receipts were, hence, partially meant to pay

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523 AHU_CU_005 ((Brasil-Bahia-LF), cx. 2, doc. 170. "por vir nas caravellas e outros navios mais pequenos q vao em direitura a cidade do Porto e villa de viana foz do lima [...], porque em outra man(eira) vindo em naos grandes fica elle supp(licante) arriscando m(uito) [...], e sobretudo navios pequenos com mais facilidade escapao aos cossarios e em caso que alguns se tomem he a perda de menos consideracao".

524 These calculations refer to the period of Luís Vaz de Resende contract (1631-1636). It is unclear whether or not these shipping patterns represented a departure from previous years. Dodge, 'A Forgotten Century of Brazilwood', 16–17.

525 The avregare tonnage of the ships chartered for the sugar trade was 180-300 tons, but they could reach as high as 350 and as low as 35. There was, therefore, available cargo space to accommodate the contract's dyewood shipments. Strum, *The Sugar Trade*, 304–6; Leonor Freire Costa, *O transporte no Atlântico e a Companhia Geral do Comércio do Brasil, 1580-1663* (Lisbon: Comissão Nacional para as Comemorações dos Descobrimentos Portugueses, 2002), 180–86.

526 Stuart B. Schwartz, "'A Commonwealth within Itself'. The Early Brazilian Sugar Industry, 1550-1670', *Revista de Indias* LXV, no. 233 (2005): 93.

527 Christopher Ebert, *Between Empires: Brazilian Sugar in the Early Atlantic Economy, 1550-1630* (Leiden-Boston: Brill, 2008), 90–92; Costa, *O transporte no Atlântico*, 191–201, 605–7.

528 ANTT, ADL, 15º Cartório Notarial, cx. 48, livro de notas no. 221, fl. 103-104v; ibid., cx. 49 livro de notas no. 226, fl. 77v-78; 1484-149.

the suppliers who had cut and transported the logs from the forests to the ports of embarkation and the agency costs of running the monopoly. The averages (*avarias*)[529] for shipping the wine in Santa Cruz were paid by the attorney/factor and were valued at 500 *réis* per cask.[530]

Following the ship's arrival in Brazil, the skipper should not, in principle, have to wait for more than one month before the return cargo of brazilwood was placed on board, after which he should head back to Portugal as soon as the weather allowed and the coast was clear of enemies. As customary with freighting contracts, when the wait for the cargo surpassed the thirty-day deadline, the contractors would reimburse the skipper for all the expenses with the maintenance of crew after that date, paying him 1,000 *réis* for each extra day the ship stayed at the embarkation port. Prior to setting sail for the kingdom, the skipper still had to receive the legal certificates and the paperwork testifying that the cargo of dyewood had been placed on board, which he would later present to both the contractors and the authorities in Lisbon. Finally, the freight contract stipulated that the skipper and his crew would be remunerated fifteen days after the wood was offloaded and discharged by the officials at the House of India. These payments included the remuneration in specie for the way transported to Brazil on the outward-bound trip, which was set at 5,000 *réis* per each ton carried in his vessel.

The responsibilities entrusted to the skipper, as well as the way the risks and potential liabilities were split between him and the contractors, were different in the outward and inward-bound voyage. On the outward-bound voyage, the contractors were liable for any losses involving the cargo they remitted to Brazil, while the skipper was put in charge of selling thos goods in the colony. The subsequent proceeds would be split 40% for the contractors and 60% for the factor.[531] According to this arrangement, it was not the factor who sold the merchandise brought from Lisbon or the Atlantic islands, who was, hence, only expected to receive the wood from the suppliers and ensure that it was properly loaded onto the ships freighted by the contractors. In the returning voyage the skippers were liable for any losses or damages to the cargo from the moment of embarkation in Brazil until the dyestuff was presented at the House of India. They were also expected to cover all the ancillary expenses, such as the costs with personnel. For his services involving the transportation of the monopolized commodity, the skipper would be paid at a rate of 750 *réis* per each *quintal* of dyewood that reached Lisbon. Although the contractors ensured that the commodity was shipped to Portugal primarily by means of freighting contracts, there is also evidence that the contractors employed their own ships. For instance, Fernão Lopes Lopes and Lopo Pereira bought an eighty tons ship, the *São Pedro,* from a Vizcaino captain, Pedro Lourenço Carrus*,* for 370,000 *réis*, including all the sailing and defensive equipment.[532]

Having arranged for the wood to be shipped from Brazil to Portugal, and after going through all the bureaucratic procedures at the House of India, the next step was selling the merchandise. Some batches of wood were sold to fellow Lisbon businessmen, some of whom had backed the contractors financially. Such transactions were a way for the contractors to provide their passive investors with their cut of the venture or were the outcome of an order previously made by a customer. This was the case with the Fernão Lopes Lopes and Lopo Pereira's frequent associate, Francisco Dias Mendes de Brito.[533] On

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[529] The term *avarias* had different meanings, but it mainly consisted of a series of additional costs that voyages incurred with tolls and passage duties. Ebert, *Between Empires*, 44, 95; Costa, *O transporte no Atlântico*, 372–73.

[530] ANTT, ADL, 15º Cartório Notarial, cx. 48, livro de notas nº 221, fl. 103-104v.

[531] This was the case with Jerónimo Cadena, who was the factor of Fernão Lopes Lopes and Lopo Pereira in Paraíba. ANTT, ADL, 15º Cartório Notarial, cx. 49, livro de notas nº 225, fl. 78-79.

[532] ANTT, ADL, 15º Cartório Notarial, cx. 48, livro de notas nº 222, fl. 87v-88v.

[533] For background information on Francisco Dias Mendes de Brito, see his Inquisition trial. ANTT, Santo Ofício, Inquisição de Lisboa, processo 07703. The close business relation between the Mendes de Brito and the dyewood monopolists can be inferred from the numerous occasions when Mendes de Brito appeared as

13 January 1627, the contractors appeared before a public notary to report they had agreed to sell 762 *quintais* of wood, each valued at 5,800 *réis,* meaning that Mendes de Brito would pay a total of 4,419,600 *réis* for this order. This was a sizeable transaction involving a buyer able to command above average financial resources and who had a network of customers enabling him to resell the merchandise at different ports. The practicalities of this sale went as follows: the 762 *quintais* were not handed in their totality to the customer, but rather in different instalments, each taking place at a different location. The first 62 *quintais* would be delivered at Figueira da Foz (the port-town located at the mouth of the river Mondego), followed by 250 *quintais* in Lisbon, 200 *quintais* in Viana do Castelo and the remaining in Porto. The deed of sale stipulated that until the cargo had been offloaded at the delivery points, weighted and its quality acknowledged by the buyer, all risks involving the wood consignments fell on the contractors, including anything that might happen to the cargoes while they sailed across the Atlantic.[534] It is worth pointing out that the location of the deliveries was subordinate to the contract's requirement that brazilwood had to be brought to Lisbon. As a result, either Lopes Lopes or Pereira transferred the agreed-upon amounts to the other ports after the batches from Brazil had been offloaded at the House of India, or alternatively they obtained permission to ship the wood directly to the ports in question. The latter option was obviously preferable, as it sparred the contractors from having to arrange the transportation of the cargoes from the capital to the other ports. Unfortunately for the contractors, the Crown did not always accept the contractors' requests to import brazilwood directly to the kingdom's outports, as it was thought there were greater opportunities for fraud in the smaller ports.

In addition to the fellow wholesale merchants who at times bought consignments of brazilwood, the trade in this commodity brought the monopoly-holders in contact with the aristocracy, albeit not in a buyer-seller capacity. The extant sources suggest that the members of the upper nobility who were rewarded with licenses to import the red dyestuff preferred to transfer the privilege to someone else and pocket the ensuing proceeds upfront. Such a decision by the recipient of a royal grant pleased the contractors greatly, who, in one fell swoop, added more volume to their contracts, sometimes significantly so, and neutralized an authorized competitor to their presumptive monopoly. An example of this type of transaction involved Ramiro Perez de Guzman, the Duke of Medina de las Torres and the king's *summellier de corps*, who decided to transfer to Lopes Lopes and Pereira, the right to ship 6,000 *quintais* of wood for 1,200,000 *réis* (510,000 *maravedis*), a sum that Lopes Lopes would pay in two instalments, starting in September 1626 and ending in June of the following year.[535]

Notwithstanding the demand by the aristocracy, the small size the Portuguese market and the absence of a textile manufacturing sector of significance, the overwhelming majority of the dyestuff taken out of Brazil was meant to be (re)exported outside the Iberian Peninsula.[536] Contractors had two options; they either sold the dyewood in Lisbon to a

witness in the notarial deeds ratified by the contractors, or from the fact that some of those deeds were signed at his house.

[534] ANTT, ADL, 15º Cartório Notarial, cx. 48, Livro de notas 220, fl. 27v-28; ibid., cx. 49, Livro de notas 227, fl. 12-13.

[535] ANTT, ADL, 15º Cartório Notarial, livro de notas 222, fl. 41-43. The interest of the Castilian aristocracy' in the commodity, either as a commercial investment or for self-consumption, is also revealed by the royal import permits granted to some of its members. A case in point is Don Rodrigo Calderón, Count of la Oliva de Plasencia, who was awarded a license to ship 8,000 *quintais* into the realm throughout the course of four years. The count was only allowed to take out of Brazil up to 2,000 *quintais* every year and he would still have to pay taxes to the Portuguese treasury (only 500 of the 2,000 *quintais* were duty and tax free). Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel', 27.

[536] Not much is known about the trade of brazilwood in Spain. In his old studies on Catalan textile production during the early modern period, Pierre Vilar refers to an intra-Iberian commodity chain involving the export of Catalan soap to Lisbon in exchange for brazilwood. The dyewood was one of the main sources of the red

myriad of retailers who marketed the commodity abroad, or they did it themselves, dictating the price in the international outlets. Despite the challenges posed by wholesale re-exporting, such as the costs with freighting, storage, insurance, acquiring information about distant markets, and the fluctuations of demand, marketing the logged wood abroad was the option preferred by contractors. This option generated much higher yields because of the high mark-ups between production areas, the Portuguese ports where the commodity was supposed to make its first entrance in Europe and the consumption markets beyond the Pyrenees.[537] There is no doubt that the re-export oriented nature of the brazilwood contract came on the heels of a century-long tradition of marketing the dyewood in Northern Europe via Antwerp, first through the Portuguese royal factory and, after it was closed down in the late 1540s, through the city's Portuguese Nation.[538] As a result, at the start of the seventeenth century, the Portuguese merchant elite, both in the country and in the commercial gateways of Northern Europe, had plenty of experience in the international wholesale of this commodity.

Despite the economic decline of Antwerp following the city's capture by the troops of Farnese in 1585 and the blockade of the Scheldt, it remained involved in the international flows of colonial goods, such as brazilwood, at the start of the seventeenth century, albeit not as prominently as before.[539] With the city being past its prime as an international trade emporium, the local Portuguese Nation continued to invest in the contract and in shipping the commodity to the Northern sea area, except it was being marketed primarily through another gateway, Amsterdam.

An example of how brazilwood was (re)exported to the Low Countries involves the consortium that exploited the royal monopoly during the first decade of the seventeenth century. The consortium was headed by João Nunes Correia, a Portuguese businessmen who secured numerous contracts to provision the armies and navy in Portugal and Spain,[540] and by Tomás and André Ximenes de Aragão, members of one of the wealthiest merchant-banking families of the time. They aligned their interests with members of the Portuguese Nation of Antwerp and with foreign investors in Lisbon to ensure the dyewood found its way to the manufacturing centres and consumption markets of Northern Europe. Some of these investors backed the Nunes Correia and Ximenes contract financially and a few of them were even brought in as partners,[541] like the Antwerp merchants Rodrigo de Andrade

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colour for Barcelona's manufactures. The reference to Vilar's work comes from: Bartolomé Yun-Casalilla, *Marte Contra Minerva. El Precio Del Imperio Español, c. 1450-1600* (Barcelona: Crítica, 2004), 160.

[537] The Crown, because of its own experience in exploiting the monopoly directly, recognized that selling the shipments of dyewood in Portugal to a myriad of small retailers made for a less than adequate solution. Lacking the necessary capital to purchase the wood upfront, these small time buyers required payment to be split in several instalments, depriving the royal treasuries of immediate income inflows. On the other hand, splitting the supply of brazilwood across a myriad of traders devalued the price of the merchandise, which would lead to a decrease the concession fees the next time the Crown tried to farm out the monopoly. "by selling the twenty thousand *quintales* that had been embargoed in Portugal from Juan Nunez [the contractor João Nunes Correia] and spreading them between different hands it is clear that the contract would generate losses for many years to come" (*"y si sobre este se vendiesen los veinte mill quintales que estavan embargados en potugal a juan nunez (the contractor João Nunes Correia) y se rrepartiesen por diferentes manos es cosa clara que se perderia el contrato por muchos anos adelante"*). AGS, CCA, lib. 2794, fl. 107.

[538] Goris, *Etude Sur Les Colonies Marchandes Méridionales (Portugais, Espagnols, Italiens) à Anvers de 1488 à 1567*, 195, 237, 239, 244, 255, 264, 303.

[539] Oscar Gelderblom, *Cities of Commerce: The Institutional Foundations of International Trade in the Low Countries, 1250-1650* (Princeton University Press, 2013), 37–38, 162–63, 223–24; Jonathan Israel, *Dutch Primacy in World Trade, 1585-1740* (Oxford: Clarendon Press, 1989), 38–42; Herman van der Wee, *The Growth of the Antwerp Market and the European Economy: (Fourteenth-Sixteenth Centuries)* (Nijhoff, 1963), 278, 282.

[540] A. A. Marques de Almeida, *Dicionário Histórico Dos Sefarditas Portugueses. Mercadores e Gente Do Trato* (Lisbon: Campo da Comunicação, 2009), 185–87; Carrasco Vázquez, 'La Minoría Judeoconversa En La Época Del Conde Duque de Olivares. Auge y Ocaso de Juan Núñez Saravia (1585-1639)'.

[541] Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3606, fl. 87-88; Eddy Stols, 'Lisboa: Um Portal Do Mundo Para a Nação Flamenga', in *Lisboa Em 1514. O Relato de Jan Taccoen van Zillebeke*, ed. Eddy Stols, Jorge Fonseca, and Stijn Manhaeghe (Famalicão: Edições Húmus, 2014), 37.

and Luís Martins da Veiga, and in Lisbon Julien de la Court.[542] The consortium brought together investors based in the Portuguese realm and in the Low Countries, all of whom had for long been involved in capital and commodities' flows between these two markets and Portugal's overseas offshoots. Both Andrade[543] and the Ximenes de Aragão[544] had well established branches in Antwerp, whereas the holder of a 4/22 share in the contract, the Walloon Julien de la Court, had resided in Lisbon for some time before relocating to the Southern Low Countries and later in his life to Middleburg.[545] Men like de la Court were dispatched to Portugal by principals from the Southern and Northern Netherlands to represent their business interests or, in case they were junior merchants, to serve as apprentices in a distant outpost under the guidance of a local correspondent. The most skilled apprentices could become savvy businessmen in their own right, emancipating themselves from their former principals or demanding partnerships in the business of the main comptoir.[546] While some of these expatriate merchants returned to their country of origin, others remained in the port where they learned their trade and embarked on a career in wholesale import-export and government contracting. These individuals were known by the authorities, and were acquainted with the intricacies of trading in Portuguese ports and with its overseas dependencies.

To oversee the contract operations outside the Peninsula, the leaseholders based in Portugal (and in the case of Nunes Correira in Spain) relied on the partners who resided in the Low Countries or the correspondents they maintained there. In Antwerp the task of representing the contract's principal shareholders and undersigned fell upon the Faleiro brothers until 1610,[547] and afterwards upon João da Paz, a renowned member of the Portuguese Nation and a frequent correspondent of Iberian financiers and wholesalers.[548] Firmly established in the city's business milieu, these representatives assessed the evolution of demand in the consumption markets, secured the transportation of the logged wood from Lisbon (or other ports) to Antwerp and arranged for it to be stored and sold. Afterwards, they were responsible for remitting the proceeds to the contractors in Portugal or Castile.

An example of the contractors marketing the dyewood in Antwerp comes from 1603, when a sale was agreed with a company formed by Simão Rodrigues de Évora, the notorious Baron of Rhodes, Bonaventura Michelli, merchant in Antwerp, Henrik van Lemmens, Jan de Bod, and the Ximenes from Antwerp. This company acquired 792 *quintais* of wood in a transactioned brokered by the Faleiro brothers, factors of the contractors. Skipper Hans Mae was hired to transport it in the ship *De Swarte Rave* from Pernambuco to Lisbon and then to

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542 Eddy Stols, 'The Southern Netherlands and the Foundation of the Dutch East and West India Companies', *Acta Historiae Neerlandicae: Studies on the History of the Netherlands* IX (1976): 34.

543 Stols, *De Spaanse Brabanders*, 229, 235.

544 The estate of the Ximenes of Antwerp is currently being studied by the research project led by Sven Dupré and Christine Göttler. For an introduction to the project and some its current outputs: *Reading the Inventory: The Possessions of the Portuguese Merchant-Banker Emmanuel Ximenez (1564-1632) in Antwerp. http://ximenez.unibe.ch/project/*, accessed 16 October, 2018; Frade, 'As Relações Económicas e Sociais Das Comunidades Sefarditas Portuguesas. O Trato e a Família', 270–76.

545 Hermann Kellenbenz, 'Relações Econômicas Entre Antuérpia e o Brasil No Século XVII', *Revista de História* 37 (December 1968): 298–99, 303, 310–13.

546 Cátia Antunes, 'Failing Institutions: The Dutch in Portugal and the Tale of a Sixteenth-Century Firm', ed. Benedetta Crivelli and Gaetano Sabatini, *Reti Finanziarie e Reti Commerciali. Operatori Economici Stranieri in Portogallo (XVI-XVII Secolo), Storia Economica* XVIII (2015): 331–47; Stols, 'Lisboa: Um Portal Do Mundo Para a Nação Flamenga', 44–50; Tielhof, *The 'Mother of All Trades'*, 28–29, 171.

547 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3606, fl. 371-371v; ibid., N#3585, fl. 223-223v. Moreover, the powers of attorney were normally reciprocated. For example, in an attempt to obtain reparation from a certain Thomas Alabastro, merchant from London to whom the Faleiro brothers had sold Pernambucan wood, they appointed Nunes Correia, who was at the time living in Seville. The contractor should seize the Englishmen's estate in Andalusia if necessary. Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3585, fl. 219-221.

548 Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3606, fl. 371v-374v.

Antwerp, while part of the cargo was insured by a certain Govaert Govaertsen. It is unclear whether Govaertsen was himself an Antwerp businessmen or if he was operating in Holland, since it was common for Southern Netherlands-based merchants trading to Brazil to underwrite policies in the Dutch Republic.[549] Regardless where the insurer was based, Govaertsen was required to pay the policy to the contractors when the ship was apprehended along with its cargo by Dutch privateers just off the coast of Pernambuco. Upon requesting the payment of the insurance, the company informed that the batches in question had already been sold to buyers in Antwerp for 3,091 Flemish pounds.[550] This case not only demonstrates that Antwerp remained involved in the re-export trade of brazilwood, but it also hints at Amsterdam's growing centrality in this commerce at the turn of the sixteenth century. Antwerp's ongoing involvement in the financing of the contract and in the re-exporting of brazilwood in the early1600s indicates that Amsterdam did not become Europe's leading entrepôt in the trade of brazilwood overnight, after 1585, even if the events of that year paved the way for its undisputed prominence some time later. While Antwerp was, alongside Hamburg, the legally sanctioned international emporium for the dyewood re-exported from Lisbon, Amsterdam became *de facto* redistribution centre, especially since most of the illegally traded wood made its way there. Moreover, when Amsterdam was not the gateway through which the dyewood entered the Northern European markets, it often served as centre for insuring and shipping.

At this point, it is important to clarify the contractors' stance vis a vis illegal trade, which included both contraband and tax evasion This is a thorny issue since, as Antunes, Salvado and Post have acknowledged, "the contractors of the brazilwood monopoly, for their part, played a difficult game between legality and illegality".[551] Among the Crown's reasons for farming-out the monopoly, was its desire to get the contractors and their operational infrastructure involved in the fight against illegal trade. The legal framework defined by the contract made it in the contractor's best interest to do all he could to prevent interlopers from trespassing his monopoly, either by coming unannounced to Brazil and acquire the dyewood and especially from selling it in the European markets. At the same time, however, the contract failed to create positive incentives to keep the contractors themselves from dabbling in export contraband and tax evasion.

While the leaseholders could certainly operate in strict accordance to the clauses of their contracts, shipping no more than the 10,000 annual *quintais* of brazilwood to Lisbon, they could also extract more wood than they were allowed to and dispatch it to Northern Europe directly. By doing so contractors were defrauding the royal purse in two ways. Firstly, by diverting the dyewood away from Lisbon, they deprived the Crown of the revenues of the averages (*avarias*) and the tariffs levied on both the incoming and the outgoing (re-exported) brazilwood. Secondly, by reducing the price mark ups in the years that followed. For the state it was imperative to keep the price differentials between the supplying areas and the international outlets high, so that the commodity could be cheaply acquired in Brazil, where supply was institutionally curtailed through the monopoly and the annual import cap, but remained pricy for retailers and the final consumer in Europe. Although the Crown was not involved in the marketing of the dyewood, keeping prices artificially high still mattered, as this was the only way to ensure the highest possible bidding price in subsequent contract auctions. Moreover, administered prices were needed to guarantee that the commodity maintained its value as a hard currency for payments to state creditors and suppliers.

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[549] Ebert, *Between Empires*, 121; Pohl, *Die Portugiesen in Antwerpen (1567 - 1648)*, 267–70.

[550] Felix Archief (FA), Notariaat (Antwerpen, 1480-1810), N#3608, fl. 191v; Kellenbenz, 'Relações Econômicas Entre Antuérpia e o Brasil No Século XVII', 301.

[551] Translation from the original, in Dutch; "De contractanten in het brazielhoutmonopolie laveerden op een ingewikkelde manier tussen legaliteit en illegaliteit". Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel', 30.

Not content in operating the monopoly within the legal boundaries of the contract, leaseholders could derive great benefits from defrauding the Crown, provided their wrongdoings did not come to light, which would result in the removal of the concession and judicial prosecution. In fact, to fully exploit the monopoly's potential, contractors were bound to act outside the law. This logic was the corollary of the high mark-ups between Brazil, Lisbon and Amsterdam, which made it suboptimal to operate in scrupulous accordance to the contract, since the sale prices on the Amsterdam market could be twice to five times higher than in Lisbon.[552] By avoiding the compulsory stopover in Portugal, the time that the merchandise was in transit was reduced, and hence the turnover was accelerated. While contractors had much to gain from defrauding the Crown, they too could be hurt by interlopers and local inhabitants dispatching wood off the coast of Brazil and flooding the consumption markets with dyewood. Moreover, they could also be defrauded by opportunistic factors in Northern Europe, who, much better informed about the local conditions of sale, freightage and insurance, had plenty of opportunities to breach the presumptive monopoly of contractors without them realizing. The conclusion that can be drawn from this equilibrium is that smuggling the wood in excess and bypassing Lisbon would always be a worthwhile prospect for contractors, as long as it was the contractors conducting. In turn, if it were others doing it, then the ability to honour their commitments to the royal exchequer and still derive a handsome profit from the contract could be seriously called into question.

An illustrative example of the sort of smuggling and tax evasion ventures undertaken by both contractors and interlopers was described by Luís Vaz Pimentel, a Portuguese 'whistle-blower' from Rotterdam, who in the late 1610s informed the Habsburg authorities in Brussels that Dutch transatlantic voyages bypassed the ports of the Portuguese kingdom and sailed directly to Madeira or Azores (and potentially also to the Canary Islands, where ships hailing from Portugal often stopped to load wine). On these ports of call the skippers waited for the arrival of the ships sailing from the Portuguese ports, placed the cargoes brought from the Republic on-board these vessels and waited for their return from Brazil. After loading the goods that were smuggled out of Brazil, the skippers who had been patiently waiting in the Atlantic archipelagos could headed back to the Republic or other ports in the Northern Sea area. Thanks to these illict voyages, merchants from ports of the Northern Sea were able to acquire brazilwood and sugar unencumbered by the taxes that were paid in Lisbon.[553]

To oversee the contractors' sales in Amsterdam, which were outlawed by the Spanish Monarchy in 1605 and resumed during the Twelve Years' Truce, they relied on their correspondents and factors The 1603-1612 leaseholders appointed at least three factors: Nicholas du Gardin,[554] Samuel Godines, and Cornelis Snellinck, who had already served as the representative of João Nunes Correia in his previous monopoly farm.[555] Snellinck made several freight contracts with Holland based skippers to bring shipments of brazilwood to the Dutch Republic on behalf of João Nunes Correia going back to the turn of the sixteenth

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552 Antunes, Post, and Salvado, 29–30.

553 Israel, 'Spain and the Dutch Sephardim, 1609-1660', 363.

554 Koen, "Notarial Records," *Studia Rosenthaliana,* vol. X, no. 1, January 1976: 102.

555 Originally from Antwerp, Snellinck built is career in the Scheldt emporium, where he married a woman from the city's Portuguese Nation. The marital alliance with the Portuguese expatriate community gives further indication of his role as a bridgehead between the South Atlantic, Portugal and the Low Countries, particularly, Amsterdam, where he established himself at the turn of the sixteenth century. Aside from his involvement in the trade of brazilwood, Snellinck imported sugar from Portuguese America and bartered for slaves in West Africa, which he then exported to Latin America. He is a good example of the consummate well-rounded trader of the Amsterdam staple market, who freighted ships to transport his cargoes across the North and South Atlantic, but equally part ship-owner, insurer and bill specialist. Antunes, Post, and Salvado, 'Het omzeilen van monopoliehandel'; Roitman, *The Same but Different?*; Ebert, *Between Empires*, 80–81, 121, 137.

century. For instance, in 1601 he freighted the ship of Peter Jan Sijvertsz to transport some thirty barrels of dyewood to Lisbon and then to Amsterdam. The price per *quintal* of wood was estimated at 320 *réis*, whereas the freight rate was 1,600 *réis* per barrel.[556]

The division of a cargo brought from Brazil in 1611, which is summarized in table 21, reveals the investment structure behind the shipment of dyewood to Amsterdam. A series of investors based in Lisbon, among which was one of the recipients of the contract (André Ximenes), pooled their resources together and fitted-out a voyage to bring the prized commodity into Europe. It is possible, very likely even, that some of these men were just acting as proxies for relatives or business acquaintances who, although putting forward the capital, could not have their participation disclosed because they resided in an enemy jurisdiction. Another possibility that can be entertained is that, with the exception of André Ximenes, these foreign merchants in Lisbon partnered with the contractors in an illicit shipment to Amsterdam but had no shares in the actual government contract.

Table 21. Investors in a shipment of brazilwood to the Low Countries (1611)

Investors	Place of Residence	Shares due to the Investors	Sellers of the Wood and Remitters of the Proceeds
Jean Le Mercier	Lisbon	4/22	Pieter Hustaert
Henrique Bernaldo	Lisbon	3/22	Pieter Hustaert
Lambrecht Hustaert	Lisbon	3/22	Pieter Hustaert
Julien de la Court's heirs	Lisbon	4/22	Samuel Godin
André Ximenes	Lisbon	8/22	Nicholas du Gardin

Source: SAA, NA, 374, fl. 145-147v; Koen, "Amsterdam Notarial Deeds pertaining to the Portuguese Jews in Amsterdam up to 1639", numerous entries.

The entire batch of brazilwood was to be handed over to Nicholas du Gardin, acting as factor of the contractor André Ximenes, who subsequently stored it in a depot to which only he had access. Moreover, he alone was responsible for selling the cargo and distribute the earnings amongst the partners, proportionally to their respective investments.

The coexistence between the contract shareholders and their correspondents was not always harmonious, as the outcome of that very same 1611 shipment of brazilwood reveals. Displeased that only du Gardin held the keys to the depot where the goods were kept, Pieter Hustaert, another correspondent or the contractors or a silent investor in the shipments, demanded that all investors were given access and became privy to the sale terms of the dyewood. Hustaert's protest should be understood as a reaction to the disproportionate access that the investors represented by du Gardin enjoyed, while the others were, perhaps conveniently, kept at bay. It can also be speculated that Gardin was acting opportunistically *vis à vis* the individuals whose interests he was supposed to further, although the reputational backlash against him in the Amsterdam staple market could probably constitute a powerful disincentive for him act on his own volition against other merchants. Whatever the case might have been, Hustaert was bothered by his lack of information about the sales and demanded to know to whom and for how much the wood was sold. He was certainly fearful that du Gardin, alone or in collusion with the other investors, could take advantage of him and the people he represented by reporting an inferior sale price and pocketing the difference.

The relationship between Hustaert and the rest of the partners, agents and customers of the brazilwood contractors was prone to conflict. In June 1615, another disagreement pushed the partnership to a breaking point. Cornelis Snellinck had promised to sell 75,000

[556] Koen, "Notarial Records," *Studia Rosenthaliana* vol. 2, no. 2, June 1967, no. 91: 259.

pounds of brazilwood to two buyers, Michiel Faes and Daniel Mits and the two parties were apparently so happy with how the transaction went that they agreed that the same amount would be bought in five months' time.[557] Hustaert, however, opposed these plans, claiming he had never been consulted about the sale of such a large batch of wood and announcing his intention to set aside a portion of the wood for himself. Moreover, he also complained about being frequently excluded from their business decisions, echoing again the feelings behind his protest in 1611. He referred to another occasion of untrustworthy behaviour, when twelve boxes of sugar he owned together with some of these very same partners had been sold behind his back and he was confronted with the consummated fact when they presented him with his share of the proceeds. The sale he was not privy to had been carried out for a price that was allegedly lower than what he had negotiated with another buyer.

Du Gardin's reputation was further called into question by Hustaert, who accused him of having stolen a diamond from a consignment of precious stones he had sold in Germany along with other associates. As retaliation, he announced he would not relinquish the share of the wood that was in his care, and tried to block the sale arranged by Snellinck. Defiantely, Hustaert proposed to buy out the other partners shares and acquire the entire shipment of the dyewood, but offered less money than Faes and Mits.[558] By this point it seems clear that relationship between Hustaert, Snellick and Du Gardin was damaged beyond repair. Hustaert received a notice banning him from seizing and moving any portion of the batch from the warehouse or trying to sell it under threat of being taken to court by all the other partners. He replied to this warning saying he would not object to the sale if he was allowed to keep 90,000 pounds worth of wood, since he had a sale already lined up with some other buyers. This request was tantamount to blocking the transaction agreed with Faes and Mits, and must have been perceived as a very aggressive move.[559] The Antwerp partners, Francisco Godines and Tomás Lopes Ulhoa tried to mediate the dispute. They pleaded with the disgruntled Hustaert not to obstruct the sale of 75,000 pounds that Snellinck had brokered. If he truly intended to embargo the sale, the Antwerp partners warned him they would seek reparation from Henrique Bernaldes and Pieter's brother in Lisbon, Lambert Hustaert. At the same time, Godines and Ulhoa's tried to accommodate some of Hustaert's wishes, and offered to sell him a consignment of 414 *quintais* of wood that was on its way to the Low Countries.[560] The mediation by Godines and Ulhoa seems to have failed, since it was reported that Hustaert was prepared to take the matter to the courts, even if some of the partners had not yet give up on an extra-judicial settlement.[561]

If the contract ratified with the Ximenes and Nunes Correia throws some light on the international and trans-imperial ramifications of the brazilwood business, placing the accent on the role of the Low Countries in the legal re-exporting and illegal direct exports, two latter contractors, Fernão Lopes Lopes and his nephew Lopo Pereira, show how contractors looked for new consumption markets following the capture of Northeastern Brazil by the Dutch West India Company in 1630. As far as the brazilwood trade was concerned, the loss of Pernambuco and the adjacent captaincies inflicted a double blow to the Portuguese Crown and its contractors. In one fell swoop they lost one of the main extraction outlets of the wood and saw the leading European distribution outlet for the commodity, Amsterdam, close its doors to them. With the creation of the colony of Dutch Brazil, the United Provinces found their own direct stream of supply of cash crops and

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[557] Koen, "Notarial Records," *Studia Rosenthaliana,* vol. 10, no. 1, Jan. 1976: 95-96.
[558] Koen, "Notarial Records," *Studia Rosenthaliana*, X, no. 1, (January 1976), 96-97.
[559] Koen, "Notarial Records," *Studia Rosenthaliana*, X, no. 1, (January 1976), 98.
[560] Koen, "Notarial Records," *Studia Rosenthaliana*, X, no. 1, (January 1976), 99.
[561] Koen, "Notarial Records," *Studia Rosenthaliana*, X, no. 1, (January 1976), 103.

tropical products, and no longer depended upon re-exports from Lisbon or upon contraband inflows from the areas under Portuguese control.[562]

Re-exports were, as previously stated, absolutely crucial to the contractors' sales strategy, considering that they commanded the highest prizes. In the wake of the losses in Brazil contractors rose to the challenge of finding alternative markets beyond Amsterdam. A case for which there is evidence of market re-orientation involves Italy, where the red dyes were also much in demand. For centuries, Italian cities had been supplied with Asian red dyewoods through the Levantine routes. This was the very same redwood whose import the Portuguese Crown forbade early in the sixteenth century, out of fear that it would compete with its Brazilian counterpart.

Notwithstanding the appearance of a new source of supply coming from the New World, dye plants from Asia continued finding their way westwards into the Italian Peninsula via the Mediterranean. It was only when the English and Dutch chartered companies entered the Cape Route trade that the Red Sea-Levantine circuits, which had experienced something of a revival by the last quarter of the 1500s, were eclipsed.[563] In order to obtain the source of the red-dye in this new phase of intercontinental trade, Italian towns and textile manufacturing sites could either purchase the Asian products they were familiarized with from new suppliers, the Dutch and other Northern European traders, or, import the wood from Brazil.[564] While this shift in world trade certainly cost the contractors of the Portuguese Crown some traditional outlets, losses could be reduced by considering alternative consumption markets. Although Italy was not new to the brazilwood trade, owing to the investments of Florentine capitalists in the Portuguese royal monopoly in the decades following the discovery of Brazil, by 1630 there was room to increase exports into that market. Moreover, Italian ports could also function as redistribution points for the wood to be traded with the Levant and the Ottoman empire, notwithstanding the fact that these regions enjoyed access to sappanwood and other dyewoods from the East.[565]

It was with the Italian market in mind that, on June 2 1627, a six years long partnership was constituted between the contractors, Fernão Lopes Lopes and Lopo Pereira, and Luís Gomes and brothers, from Rome, represented in Lisbon by Francesco Morelli.[566] According to the terms of the partnership, the contractors were required to ship from Lisbon to Livorno and Venice, 2,700 *quintais* of brazilwood every year, which the Gomes brothers would then sell. The profits and losses from the sale of the wood in Italy were divided as follows: 3/5 for the contractors, 2/5 for Luís Gomes and his brothers. Of the annual 2,700 *quintais,* 1,200 would be sent over to Livorno, on consignment to the merchant Brás de França and to the heirs of Jorge da Veiga Pinto, while 1,500 *quintais* would be sent to Venice

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562 Wim Klooster, *The Dutch Moment: War, Trade, and Settlement in the Seventeenth-Century Atlantic World* (Cornell University Press, 2016), 33–53; Cátia Antunes, Erik Odegard, and Joris van den Tol, 'The Networks of Dutch Brazil: Rise, Entanglement and Fall of a Colonial Dream', in *Exploring the Dutch Empire. Agents, Networks and Institutions, 1600-2000*, ed. Cátia Antunes and Jos Gommans (London: Bloomsbury, 2015), 77–94.

563 C. H. H. Wake, 'The Changing Pattern of Europe's Pepper and Spice Imports, ca 1400-1700', *The Journal of European Economic History* 8, no. 2 (1979); Steensgaard, *The Asian Trade Revolution*.

564 For an overview on Italy's textile sector during the early modern period, Andrea Caracausi, 'Textiles Manufacturing, Product Innovations and Transfers of Technology in Padua and Venice between the Sixteenth and Eighteenth Centuries', in *Innovation and Creativity in Late Medieval and Early Modern European Cities*, ed. Karel Davids and Bert de Munck (Aldershot: Routledge, 2014), 131–60; Maxine Berg, 'Manufacturing the Orient. Asian Commodities and European Industry. 1500-1800', in *Prodotti e Tecniche d'Oltremare Nelle Economie Europee. Sec. XIII-XVIII*, ed. Simonetta Cavaciocchi (Florence: Mondadori Education, 1998), 1–30.

565 Trivellato, *The Familiarity of Strangers*, 105.

566 Nunziatella Alessandrini, 'Vida, História e Negócios Dos Mercadores Italianos No Portugal Dos Filipes', in *Portugal Na Monarquia Hispânica. Dinâmicas de Integração e de Conflito*, ed. Pedro Cardim, Leonor Freire Costa, and Mafalda Soares da Cunha (Lisbon: Cham-CIDEHUS-GHES-Red Columnaria, 2013), 125–26. The will of Francesco Morelli, deceased in 1629, can be found in Arquivo Nossa de Senhora do Loreto (ANSL), caixa XV, doc. 16.

and entrusted to Luís Gomes himself or to António Ramiro. These individuals were the correspondents of Luís Gomes, whom he had entrusted with the responsibility to sell the cargoes for the best possible price. Furthermore, once a year, the commission agents (*comissarios*) of the Italy-based partners would forward a copy of the partnership accounts to Lisbon to Lopes Lopes and Lopo Pereira, along with their share of the profits by means of bills of exchange. The contractors, for their turn, were not allowed to send any brazilwood to the Italian Peninsula to anyone else. This partnership therefore conceded exclusive rights over the brazilwood trade in Italy to the Gomes brothers, while at the same time giving Fernão Lopes Lopes and his nephew a trustworthy partner who was able to place the merchandise efficiently in a market the contractors did not know well. Finally, Morelli was liable before Fernão Lopes Lopes and Lopo Pereira for the all the money that was owed to them by Luís Gomes and brothers.[567]

Although contractors were looking for alternative markets after the 1620s, they did not completely disregard the consumption centres of Northern Europe. After all, the partnership with the Rome merchants only covered about 30% of the annual 10,000 *quintais* they were allowed to take out from Brazil. Antwerp, for one, still played a role in the contract's operations, no longer as the redistribution hub but as the place were agents were appointed to claim money from debtors in Northern sea ports and to litigate in local courts. Coincidently, Fernão Lopes Lopes and Lopo Pereira gave powers of attorney to Francisco Lopes Franco and Bento Rodrigues de Lisboa, members of the Portuguese Nation of Antwerp to claim the returns from the sale of 50 *quintais* of wood from some buyers in Rouen.[568]

Evidence also shows that the German port-cities continued to receive shipments of brazilwood all throughout the period under study. Hamburg in particular was a gateway into the German markets. During the contract of João Nunes Correia, Snellinck and Rodrigues Vega in Amsterdam dispatched wood for Dominicus van Uffeln, an emigrée merchant based in Hamburg,[569] Although Hamburg was one of the commodity's redistribution centres for Northern and central Europe, it seems that prior to 1600 the contractors did not employ members of Hamburg's Portuguese community as their factors or commission agents there. Instead, they relied primarily on autochthonous merchants, and on Dutch businessmen who lived in the city.[570] It was only at start of the seventeenth century that Portuguese immigrants started becoming the contractors' correspondents in Hamburg. This development comes as no surprise, since the Portuguese only started to established residence in Hamburg in large numbers around the turn of the century.[571] According to Jorun Poettering, while the members of the Portuguese Nation of Hamburg and Amsterdam controlled the tropical wood imports during the first half of the century, for a brief period, during the 1630s and early 1640s, the autochthonous merchants of Hamburg excelled in the import of colonial dyestuffs, including the scarlet wood from Portuguese America, to supply the textile proto-industries of Northern Europe. Their predominance in this trade was, however short-lived, as they were displaced by the city's Portuguese Nation by the turn of the 1640s and saw the turnovers from this business dropped from 17% to a mere 4%.[572]

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567 ANTT, ADL, 15º cartório Notarial de Lisboa, Livro de notas no. 222, fl. 91, 97-100v. This type of contract was regulated in the *Ordenacões,* which reserved special provisions for the general partnerships involving government concessions/royal tax-farming contracts. *Ordenacões Filipinas,* livro 4, título 44, "Do contrato da Sociedade e Companhia". For a general overview on the partnership contracts for early modern southern Europe (i.e. Italy) see Trivellato, *The Familiarity of Strangers*, 140–43.

568 ANTT, ADL, 15º Cartório Notarial, cx. 49, livro de notas nº 225, fl. 122v-123.

569 Born in the Southern Low Countries in the 1540s, van Uffeln left Antwerp after Farnese's troops took over the city in 1585. He would later settle in Hamburg. Poettering, *Migrating Merchants*, 49.

570 Poettering, 74–75.

571 A. H. de Oliveira Marques, *Hansa e Portugal Na Idade Média* (Lisbon: Editorial Presença, 1992).

572 Poettering, *Migrating Merchants*, 160.

5.4 Concluding Remarks

This chapter looked into the legal contours of the brazilwood monopoly. While focusing on the rules and regulations surrounding the private administration of this royal exclusive, it did neglect the operationalization of the trade by the leaseholders. Unlike the public private partnerships tackled in the previous chapters, this chapter looked at a revenue-farming contract, more specifically the monopoly over the trade of a tropical commodity.

The Crown's rationale for leasing this potentially lucrative patrimonial asset was about the same as with any other revenue-farming lease. By outsourcing the monopoly the royal administration sought to secure relatively stable and upfront yields (through periodical lump sums),[573] without exposing itself too much to the vagaries of the transatlantic trade and the uncertainties surrounding the export of colonial products. Central to the Crown's strategy was also the need to artificially inflate the price by keeping private traders from freely acquiring the wood as they pleased.

The adjudication of the royal monopoly granted the concessionaires a de jure monopsony in Brazil and a monopoly over the imports into Portugal, while at the same time leaving the door wide open for the wholesale re-exports to the European markets where the largest profits could be made. Except for the select few who were granted a special privilege to trade in the dyewood, contractors were the only people entitled by law to bring the commodity into Lisbon, the city that the contract made the staple port of the royal monopoly. As a result, the inhabitants of Brazil were banned from selling the wood they cut and hauled to anyone but the contractor and were forbidden from dispatching it themselves to Europe. Once the commodity had been unloaded, inspected and discharged by the officials of the House of India, it was ready to be sold to the Iberian aristocracy or to some retailers, but the lion share was re-exported in bulk, given that Portugal was too small a market to absorb the authorized imports of 10,000 *quintais* a year, let alone the shipments of the holders of special permits and contraband.

The Crown welcomed the prospect of sharing the burden of monitoring contraband with the contractors, who, as private colonial traders, could otherwise feel tempted to take part in the illegal trade. By farming-out the monopoly, the royal apparatus expected to get private investors involved in the fight against the illicit shipment of the luxury dyewood to European ports other than Lisbon, ensuring in the process that custom duties and other taxes were always paid upon arrival of the merchant fleets. While the contracts made it in the interests of the leaseholders to prevent anyone but them from shipping the dyewood off the coast of Brazil, they did not dissuade them from exporting more than the limit of 10,000 *quintais* per year and bypass Lisbon as the compulsory port of arrival of the wood in Europe. The incentives and constraints put forward by the contracts made it difficult for the recipients not to be tempted to go beyond the annual quotas, at least as long as the international markets were not saturated and sale prices declining. Considering the larger price mark-ups in Northern Europe, contractors (as well as all sorts of interlopers who breached the royal monopoly), had strong incentives to avoid Lisbon and export as much as possible directly to the commercial gateways along the Northern seaborne, especially to the Amsterdam staple market. In light of these factors, it is, therefore, hardly surpassing that contractors were themselves major movers in illegal trade and tax-evasion. At the same time, contractors were still bound to the annual import quotas they had to fulfil in Lisbon. For

[573] It must be said tax-farming contracts were not necessarily synonymous with stable lease payments. There was ample room from variations in the value of the instalments, and adjustment clauses were included. These clauses allowed for the value of the lease to be adjusted to the performance of the farm or to unforeseen political events, such as the outbreak of wars. Still, it was thought that in most contexts, royal farms still provided greater stability than direct administration. Johnson, 'Banking on the King', 964–65.

contractors at least, the imposition of a staple port for dyewood imports was the main deterrent to tax evasion in the metropole, as well as to deflation in the international market resulting, since it increased transaction costs and slowed-down the turnover time.

I analysed how contractors, like João Nunes Correia and the Ximenes brothers, as well as Fernão Lopes Lopes, organized the operations of their royal farms. It was demonstrated how they became embroiled in networks linking the "production" outlets in the tropical forests of Brazil to the transhipment points in the Portuguese metropole (when these were not bypassed) and ultimately to the international markets where the red dye was synthesized. The impression one gets from reading the sources is that contractors had no problems finding people willing to supply them with wood in Brazil and could easily ensure its transportation to Portugal, even if re-exports were harder due the kingdom's lack of competitive shipping for the Northern Sea. Both this issue and the problem of lack of reliable, up to date information about the Amsterdam staple market were solved in similar way to the problems besetting the imports of grain, timber and manufactured goods analyzed in previous chapters. The solution involved the appointment of agents on commission and factors, who, on behalf of the contractors, found buyers, chartered maritime transportation, insured ships and cargoes, made claimances from debtors and tried to settle conflicts both judicially and extra-judicially. Contractors and the networks that supported them were responsible for articulating different trading circuits and integrate markets across the Atlantic that included, aside from Portugal and Brazil, the Atlantic islands, where basic exports sold in Brazil were often acquired, and Northern Europe, where the manufactured goods that were exchanged for brazilwood came from and constituted the prime consumption markets for the dyewood. However, the contractor's role as connectors was manipulative, since they attempted to keep prices artificially high to expand their profit as margin as much as they could. What also transpires from the analysis of the contractors' operations, is their ability to react and adapt to sudden shifts in the dynamics of trade in the Atlantic. The search for new markets after the Dutch conquest of Pernambuco barred the contractors from Amsterdam, and the choice of Italy as an alternative, shows how contractors attempted to cope with an ever changing and ever more uncertain international context.

In the course of the Union of the Crowns, this sector of colonial trade underwent a few major changes. These changes were related to the Dutch commercial and military inroads into the Portuguese Atlantic, which enabled the WIC to control the main 'production' areas of brazilwood extraction and replace the Portuguese contractors as the legally certified providers of the Northern European markets. The study of the brazilwood contract during Habsburg rule reveals how underneath a government monopoly, which attempted to introduce entry barriers to private Portuguese merchants and foreign interlopers, laid a deeply trans-imperial business. This becomes apparent from the involvement of the contractors in contraband and the appointment of factors in enemy states, like the Dutch Republic. Why, therefore, did the Crown farm-out the monopoly, since contractors were prone to defraud the royal exchequer? As the next chapters will stress further, the exploitation of these resources cannot be seen in isolation from the administrative, financial and military challenges faced by the Crown, and from its need to be able to sustain a working relation with contractors. The limited means at the disposal of the Crown, and its inability to coordinate governance tasks in a scattered empire, led it to grant commercial opportunities and temporary rights to run monopolies in exchange for up-front revenues, the procurement of goods and the handling of logistics. The exchanges between these different resources, which often pertained to very different places in the empire, are best seen by looking at the portfolio of a contractor that participated regularly in public-private partnerships. The next three chapters will provide this perspective, as they provide a diachronic perspective on the career of a portfolio-capitalist, rather than considering specific contracts in isolation.

Chapter 6: The Rise and Fall of a Portfolio-Capitalist in Habsburg Portugal. The Career and Business of Pedro de Baeça da Silveira (1625-1641)

On August 29, 1641, before a packed square of Rossio, in downtown Lisbon, the treasurer of the city's customs and renowned merchant-banker, Pedro de Baeça da Silveira, was dragged by horses to the scaffold that had been assembled before the palace of the Inquisition. In this scaffold he was hanged.[574] Following his execution, Baeça's lifeless body was slashed into pieces, which were then brought to the city gates, held high and put on display for three days. Baeça had been summarily trialled and sentenced to death for plotting to overthrow John, Duke of Braganza, who had been proclaimed king John IV just a few months before on 1 December, and reinstate Phillip IV on the Portuguese throne. Baeça was not the sole person to pay with his life for conspiring against the new king. Along with him were also executed prominent members of the upper clergy (namely the Archbishop of Braga, and the General Inquisitor) and several key figures of the aristocracy: one duke (of Caminha), one marquis (of Vila Real, who happened to be the father of the Duke of Caminha), three counts (those of Armamar, Castanheira and Vale de Reis).[575]

In the later years of the Union of the Crowns, Pedro de Baeça was one of the, most, if not the most, sought-after financier and government contractor in Lisbon. During the 1630s, in particular, he leased several Crown monopolies, secured a number of tax-farms and was able to provide, in timely and adequate fashion, the funds and logistic services that the monarchy so desperately needed to keep its armies and naval forces operational. In exchange for the contracts and financial services he negotiated with the Monarchy on a regular basis, the Crown earmarked revenue streams and even tax-farming contracts. At the same time, because these contracts were embedded in a logic of service typical of the *ancien regime,* Baeça accumulated social capital and become the recipient of prestigious honorific grants. In the course of several contract and credit negociations, he established close contacts with influential political figures of Habsburg Portugal, ranging from the kingdom's high-councils and aristocracy, to the vice-regal government and all the way to the Spanish court. Ultimately, it was this combination of financial muscle and political clout that persuaded the heads of the 1641 conspiracy to bringing him into their plot.

Within the larger canvas of this dissertation, the career and businesses of Pedro de Baeça da Silveira provides a window into Lisbon's merchant-banking scene, as well as to the key role that government contracts played in the portfolios of its members. After five chapters emphasizing the perspective of the state, the next three chapters will look at the Portuguese Contractor empire from the vantage point of the merchant-bankers. The purpose of the following chapters is to show, through an illustrative case study, how contractors secured and operationalized public-private partnerships pertaining to different territories of the overseas empire, ranging from Brazil, to Northern Africa of the *Carreira da Índia.*

If the final chapter of Baeça's life ensured him a place in the pantheon of tragic figures of the Portuguese *Restauracão,* as the period started by the pro-Braganza dynastic coup became known, it overshadowed his career up to that point. The scholarship on seventeenth

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574 The decree sentencing Baeça's for the crime high treason can be found at BA, 51- VI-48, fl. 45v-47.

575 Leonor Freire Costa and Mafalda Soares da Cunha, *D. João IV* (Lisbon: Círculo de Leitores, 2006), 205; Mafalda Soares da Cunha, 'Elites e Mudança Política. O Caso Da Conspiração de 1641', in *Brasil-Portugal. Sociedades, Culturas e Formas de Governar No Mundo Português (Séculos XVI-XVIII)*, ed. Eduardo França Paiva (São Paulo: Annablume, 2006), 325–45; Rafael Valladares, *La rebelión de Portugal: guerra, conflicto y poderes en la monarquía hispánica, 1640-1680* (Valladolid: Junta de Castilla y León-Consejería de Educación y Cultura, 1998), 39–40; D. Luís de Meneses, *História de Portugal Restaurado*, vol. 1 (Oporto: Livraria Civilização Editora, 1945).

century Portugal has acknowledged Pedro de Baeça da Silveira as one of the most enterprising and politically connected *"homens de negócio"* of the later years of the Union of the Crowns, but little to no attention has been paid on what exactly made him rich and influential in the first place. This chapter investigates the roots of his wealth and the composition of his portfolio. Considering that public-private partnerships were at the core of the business of portfolio-investors and constituted their prime means of capital accumulation, this chapter will look into the government contracts that Baeça secured from the Habsburg administration, not only in Portugal but also in Castile and other territories of the Hispanic monarchy as well. The next three chapters will also inquire how he was able to capitalize his contracting ventures into political influence and symbolic capital, which in turn was used as leverage to further his business investments, through ever more profitable government contracts. In the course of this chapter I will demonstrate how Pedro de Baeça become, arguably, the most influential Portugal-based contractor of the later years of the Union of the Crowns, second only to his fellow countrymen who took part on the international money remittances at the court of Spain.

While chronicling the business trajectory of a portfolio-capitalist, the chapter will reiterate how the separation between revenue-farming and the commandeering of monetary funds and goods was, from the stand-point of the contractors, not especially meaningful. The example of Baeça da Silveira shows how government contractors secured both military supplying concessions and revenue-farms recurrently and often in tandem, since this two different typologies of public-private partnerships were closely intertwined.

To reconstruct his portfolio of investments, evidence was drawn from the correspondence exchanged between different Spanish and Portuguese high-councils, government boards and royal officials. These sources naturally emphasize the operations that aligned Baeça's interests with those of the Monarchy, and are for the most part silent on his private investments or the inner workings of his business operations. Contrariwise, no private papers, correspondence or account books pertaining to the administration of his firm that could have given us a glimpse at his commercial, financial or real-estate investments involving other private-people seem to have survived, At the same time, a research through the notarial archives in Lisbon, Antwerp and Amsterdam has not not yet revealed, deeds involving Pedro de Baeça. The up-coming chapters are structured along chronological lines. After clarifying Pedro de Baeça's personal and familial background, his business and political trajectory will be mapped out from the oldest traceable evidence of his dealings with the Crown until his death in 1641. Generally speaking, his career can be divided in three distinct periods. The first, which is covered in chapter 6, spans his life as a wholesaling merchant, tax-farmer and supplying contractor in Lisbon during the 1620s. The second and shorter period, covers the fleeting peak of his career at the turn of that decade, when he resided at the Spanish court and secured governmental contracts from the Monarchy's central apparatus. This Madrid intermezzo was cut short when he was imprisoned by the Lisbon Inquisition. This phase of his life is analysed in chapter 7. Finally, in chapter 8 the final phase of his career in the Portuguese capital and the events leading to his execution are fleshed out. This last period is defined by two arrests, the first by the Inquisition and a decade later by the *Junta da Inconfidência,* the special court set up to deal with crimes of *lèse magesté.*

6.1 The Background of a Business Entourage: the Lopes de Lisboa-Silveiras

The merchant house Pedro de Baeça was born into around 1590 is exemplary of the upper echelons of Portuguese New-Christian portfolio-capitalism, which, despite the geographic dispersion of its investments and of the mobility of their affiliated members, had their headquarters firmly based in Lisbon.[576] From the seat of the Portuguese kingdom and empire, the family could simultaneously oversee the flow of cargoes coming and going and be in touch with the capital's financial circuits and channels of information, whilst also being at close distance to the Crown's central institutions.[577]

The Lopes de Lisboa or Silveiras was a prominent business clan active at the turn of the sixteenth and in the early years of the seventeenth century. Like the leading syndicates that transitioned from the Avis to Habsburg rule, such as the Mendes de Brito, the Gomes de Elvas, the Rodrigues de Évora, or the Ximenes de Aragão, and also the new generation of family firms that rose to prominence around the turn of the century, like the Fernandes de Camaragibe or the Paz, they were well versed in all manners of overseas commerce, in the Atlantic and in Asia, and in the import-export with Northern European and Western Mediterranean outlets.[578] The family capital and the investments in colonial trade and in import-export to European markets of its members eventually grew into banking and rent-seeking activities with individuals and institutions other than the Crown. The returns on these investments allowed the Silveiras to venture even further, into the lease of government contracts, short term lending to the king and funded public debt.

The trial records of the Lisbon Inquisition referring to Pedro de Baeça and to some of his family members and recurring associates allow for a reconstruction of the family tree of the Silveiras/Lopes de Lisboa.[579] Pedro de Baeça was one of the several children of the established trader Diogo Lopes de Lisboa and Filipa da Paz, daughter of the merchant Fernão de Baeça, with whom Diogo Lopes had married after the passing of his first wife. Diogo Lopes de Lisboa and his brother (Pedro de Baeça's uncle), Fernão Lopes de Lisboa, traded extensively in Asian goods brought to Lisbon in the *Carreira da Índia* fleets, but not much more is known about their other business pursuits.[580]

In typical fashion for Portuguese portfolio-investors, the Silveiras were linked by blood and business cooperation to other syndicates of long distance trade, both colonial and intra-continental, and banking. Whether representing distant relatives, partnering up with them one or more ventures, or trading on their own account, members of the merchant house could be found in virtually every commercial node of the pluri-continental Hispanic

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[576] According to the definition by Daviken Studnicki-Gizbert's, "Each Portuguese merchant house was a composite of families of distinct kinship groups fused together by marital alliances; only a portion of the members of the house were recruited from a pre-existing pool of kin. The remainder were added progressively over time, often after a period of association and friendship that could last for years".Studnicki-Gizbert, *A Nation upon the Ocean Sea*, 73.

[577] During his questioning before the Lisbon inquisition in 1631, he told he was 40 years old, meaning he was born in 1592 or 1591. ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559 (folio).

[578] For an overview on the family trees of the leading Portuguese New-Christian business houses, James C. Boyajian, 'The News Christians Reconsidered: Evidence from Lisbon's Portuguese Bankers, 1497-1647', *Studia Rosenthaliana* XIII, no. 2 (1979): 159–76.

[579] Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 30–32; Almeida, *Dicionário Histórico Dos Sefarditas Portugueses. Mercadores e Gente Do Trato*.

[580] This Diogo Lopes de Lisboa should not be mistaken with the nephew of Diogo Rodrigues de Lisboa (a known associate of Pedro de Baeça and the Silveiras), who resided in Lima and was involved with the business-savy bishop Ugarte of Lima and the éminence grise of Peru's immigrant Portuguese community, Manuel Baptista Peres. Studnicki-Gizbert, *A Nation upon the Ocean Sea*, 80.

Monarchy. To illustrate this point one has to look no further than to Pedro de Baeça's half-brother, Fernão Jorge da Silveira, who lived in the *Estado da Índia* and gained enough notoriety in the intra-Asian and Cape Route trades as to justify being appointed director of the Goa-branch of the short-lived Portuguese East India Company (1628-1633).[581] At the same time, on the Atlantic front of the empire, one of Pedro de Baeça's brothers, António de Avis, is known to have lived and died on the Upper Guinea coast.[582]

But the most fascinating, and, in all likelihood, the most travelled member of Pedro Baeça da Silveira's close family was his uncle of the same name. Pedro de Baeça (who will be addressed in this chapter as 'senior' to distinguish him from his nephew) was an experienced entrepreneur and adventurer who travelled, traded and occupied posts in the royal bureaucracy across several Portuguese and Castilian outposts in Southeast Asia and the Far East. Among the places he visited and where he traded and served the Crown were the Moluccas, the Philippines, Macao and Japan. Like so many of his well-travelled contemporaries, Pedro de Baeça senior pledged his experience to the service of the king by writing memorials where he described the trade circuits of maritime Southeast Asia and the Pacific and made recommendations on how to improve Portuguese-Castilian commerce in the Far-East and beyond.[583] His insights on the trade in precious metals between China and Japan and on the handsome profits that Iberian middlemen could reap in the business of arbitrage are still quoted by present-day historians of global bullion flows.[584] After several years wandering the Asian offshoots of the Hispanic monarchy, Pedro de Baeça senior returned to the Iberian Peninsula and eventually settled at the Spanish court,[585] where he began taking part in royal contracts.[586] In 1617 he reached what was probably the high-point of his career at the service of the Hispanic Monarchy when he was appointed royal factor of the Crown of Castile in Ternate, a post he never took as he passed away shortly after.[587] This appointment, which enabled Baeça to transition from 'free-agent' to royal official, shows how the Crown valued detailed first-hand knowledge on autochthonous societies and markets in far-flung corners of the empire.[588] Moreover, it also reveals how expertise in overseas business could secure honorific grants and prominent posts in the royal

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[581] A. R. Disney, 'The First Portuguese India Company, 1628-33', *The Economic History Review* 30, no. 2 (1977): 255–56; Chandra Richard de Silva, 'The Portuguese East India Company 1628-1633', *Luso-Brazilian Review* 11, no. 2 (1974): 170. AHU, CU, cod. 41, fl. 84v.

[582] ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559 (Pedro de Baeça da Silveira).

[583] Juan Ignacio Pulido Serrano, Claude B. Stuczynski, and Bruno Feitler, 'Economic Know-How and Arbitrism in 1600. The Memoriales of Pedro de Baeça', in *Portuguese Jews, New Christians, and 'New Jews': A Tribute to Roberto Bachmann* (Leiden-Boston: Brill, 2018), 206–26.

[584] Dennis O. Flynn and Arturo Girldez, 'Path Dependence, Time Lags and the Birth of Globalisation: A Critique of ORourke and Williamson', *European Review of Economic History* 8, no. 1 (2004): 86; Charles R. Boxer, 'Plata Es Sangre: Sidelights on the Drain of Spanish-American Silver in the Far East, 1550-1700', *Philippine Studies: Historical and Ethnographic Viewpoints* 18, no. 3 (30 September 1970): 460–61; Charles R. Boxer, *The Christian Century in Japan, 1549-1650* (Berkeley-Los Angeles: University of California Press, 1951), 425–27, 464–65.

[585] There is often some confusion between these two Pedro de Baeça. For example, the dean of the social-economic historians of the Portuguese empire, Vitorino Magalhães Godinho, unaware of these existence of two relatives with the same name considered the pro-Hapsburg conspirator of 1641 as the contractor of Portugal's maritime sea customs, from the early years of the 1600s. It turns out that this government farm was secured by Pedro de Baeça uncle, and not by the nephew. Vitorino Magalhães Godinho, '1580 e a Restauração', in *Ensaios*, vol. 2 (Lisbon: Sá da Costa, 1968), 255–96.

[586] Juan Ignacio Pulido Serrano, 'Pedro de Baeça, un empresario de origen judio: la administración de las aduanas españolas hacia 1600', *Hispania judaica bulletin*, no. 9 (2013): 193–233.

[587] Boxer, *The Christian Century in Japan, 1549-1650*, 452.

[588] Bartolomé Yun-Casalilla, ed., 'Introducción. Entre el imperio colonial y la monarquía compuesta. Élites y territorios en la Monarquía Hispánica (ss. XVI y XVII)', in *Las redes del imperio: élites sociales en la articulación de la Monarquía Hispánica, 1492-1714* (Madrid: Marcial Pons Historia, 2009), 20.

administration to people who not only did not come from a background of privilege and royal service, but had to face the social and legal stigma of Jewish ancestry.[589]

Leaving aside the uncle of the same name, Pedro de Baeça da Silveira had, from his second marriage with Mariana de Sousa, the sister of another prominent Lisbon businessmen, Simão de Sousa Serrão,[590] three daughters (two of which were directed towards ecclesiastical life) and two sons. In the genealogic questioning made at the start of his trial in the Lisbon Inquisition, Baeça da Silveira stated he had just one male son, thirteen-year-old José, but other sources show that he subsequently fathered a second son, Manuel.[591]

Another close relative whose importance in the family and in the business pursuits of its members was considerable was Pedro de Baeça's older brother, Jorge da Paz da Silveira. For reasons to be discussed later, Jorge da Paz seems to have risen from his brother's shadow to become the undisputed head of the Silveiras and the principal investor who took the merchant house to new heights. From the 1630s until his death in 1647, Jorge da Paz was involved in continuous credit negotiations with the Spanish exchequer. He was not only able to remain active after the fall of the Count Duke of Olivares, with whose cabinet he was closely affiliated, but after the end of the Olivares *valimento*, Jorge da Paz da Silveira became the banker (*asentista*) to extend the most credit to the Habsburg treasury and forward the most funds to multiple territories of the Spanish Monarchy in the 1640s. The financial remittances ensured by Jorge da Paz da Silvera during that decade put him ahead of his fellow Portuguese bankers. Moreover, he was the first Portuguese *asentista* to surpass the amount of credit negotiated by individual Genoese bankers with the royal *Hacienda* since the New-Christians were brought to the Spanish Monarchy's general provisions of credit in 1627.[592]

After the passing of Jorge da Paz, seven years after his brother had died in infamy in Portugal, the family's estate in Spain was taken over by Jorge's wife, Beatriz da Silveira. The widow of the late Baron of Silveira brought into the management of the family business two nephews, Diogo and João da Silveira.[593] Despite the family's seemingly stable position in Castille, a few years later Diogo left Spain for Amsterdam, where he came out publically as an observant Jew, revealing once again the complicated relation that New-Christian businessmen maintained with their own faith and with the Spanish Monarchy. This was a polycentric state that, out of financial and administrative necessity, provided bankers and royal contractors with unparalleled investment opportunities and was willing to look past the

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589 Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*; Maurits A. Ebben, 'A Merchant in Silver, Bread and Bullets and a Broker in Art, 1591-1655', in *Double Agents. Cultural and Political Brokerage in Early Modern Europe*, ed. Marika Keblusek and Badeloch Vera Noldus (Leiden-Boston: Brill, 2011), 125–46; Maurits A. Ebben, *Zilver, Brood En Kogels Voor de Koning. Kredietverlening Door Portugese Bankiers Aan de Spaanse Kroon. 1621-1665* (Leiden: Centrum voor Moderne Geschiedenis, Rijksuniversiteit Leiden, 1996).

590 Simão's business and political trajectory mirrors Baeça's in more than one way. Like him, after consolidating his position in the Lisbon trading scene, Simão de Sousa temporarily relocated to Madrid, where he briefly took part in the credit negotiations with the Monarchy's *Real Hacienda,* apparently without much success. Back in the Portuguese capital, his expertise in economic matters was acknowledged by the Lisbon authorities and he was brought into the administrative apparatus by being appointed master of the Lisbon mint. Due to his close political relations with the Portuguese cabinet of the Count-Duke of Olivares, he was equally involved in the 1641 conspiracy, although, unlike Baeça, his life was spared by the Braganza. He will be addressed later on.

591 In his inquisition questioning Baeça did not mention this second son, which seems to indicate that he was only born after he was released from the inquisitorial jail, or that he only found out of his existence afterwards. In 1637, three years after his released from the inquisition detention premises, he petitioned the Crown for two garments of the military orders in 1637, for each of his two sons. ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559, fl 19-21v.

592 Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*.

593 See also, BNP, Reservados no. 1388, "*Escritura de transferencia de direitos de merce do barão Jorge Paz da Silveira pra sua mulher Beatriz da Silveira, e após a morte desta, para seus sobrinhos Diego e Juan de Silveira*", 1647, available at http://purl.pt/26383 accessed 21 August, 2018).. See also, Real Academia de la Historia (Madrid), Adicion 8. signatura actual: 9/ 1.594 Fray Diego Ramirez, "Testamento de la Ilustre Señora baronesa doña Beatriz de Silveyra, mujer que fué del baron Jorge de Paz de Silveyra, Cavallero de la Orden de Santiago".

evidence of blood taint and past religious deviancy, going as far as extending symbolic grants to them and their close relatives. And yet, at the same time, the Catholic Monarchy continued to discriminate against the descendants of Jewish converts by upholding the statuses of purity of blood and by allowing the Inquisition to operate. In turn, as the scholars have shown over the past couple of decades, New Christian businessmen like the members of the Silveira house, had very different, sometimes even contradictory views on both Catholicism and the Crown. These seemingly irreconcilable stands could sometimes be founds in the various families and households associated with the merchant house. Considering only those individuals and households who stayed in Iberia, the different approaches could range from acting with the utmost discretion and concealing their tainted ancestry and their religious beliefs, to forging an unblemished genealogy and posing as the most pious of Old Christians. But, more often than not, more ambiguous and in-between stances were taken by the members of these groups.

Diogo da Silveira and his close family were not the first branches of the House of Silveira to leave the Iberian Peninsula, settling either in Portugal and Spain's overseas offshoots or outside Iberian jurisdictions altogether, let alone the only to openly embrace Judaism in their new places of residence. Among the diaspora branches of the Silveiras, one of the best known is that of Livorno, whose business pursuits, partnerships with other Sephardim and cross-cultural dealings in the coral and diamond trades of the Western coast of India have been masterfully studied by Francesca Trivellato.[594]

Following this brief overview on Pedro de Baeça's family background, it is important to ask how he got started in the family business? In the European business scene of the early modern period, and Portugal was no exception, children born into business syndicates typically had to go through an apprenticeship stage during which they learned the intricacies of trade. Starting from the bottom, usually as supercargos, apprentices were dispatched along with the merchandise and entrusted with lower amounts of money for a short-term and with limited decision-making autonomy. Those who were being groomed for the succession of their elders were normally sent for a few years to a distant port or business centre to learn the intricacies of the family business from the representatives or partners living in those locations, even if they had no blood links to the core family.[595] According to the information that Baeça himself provided to the Lisbon Inquisition regarding his whereabouts and travels over the years, his apprenticeship and early years as a colonial trader followed this mobility pattern. Among the places he travelled to he mentioned the Upper Guinea Coast and Spanish America.[596]

Having learned their craft, some of the former merchant apprentices returned home to be entrusted with greater responsibilities in the main branch of the firm, whereas others opted to stay abroad and start investing their own capital in a foreign port, albeit under the guidance of their principals.[597] In the case of those who returned to their place of origin and made junior partners, if they proved to be competent and dependable traders, they could later rise to the position of senior partners. This was probably what happened with Pedro de Baeça, who might have taken the spot left vacant in the firm upon the death of a senior family member, usually a father, uncle or an older brother. Alternatively, if a young merchant had been able to foster a good working relation with their former employers or senior partners, relatives or not, he could even count with the blessing and financial support of the mother firm to settle in a faraway business centre (which could be the place where he did his training) and trade there on his own account. By settling in another port, the freshmen

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[594] Trivellato, *The Familiarity of Strangers*, 34–38.
[595] Tielhof, *The 'Mother of All Trades'*.
[596] ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559, fl. 21v-22.
[597] Stols, *De Spaanse Brabanders*, 229–37.

merchants became yet another cog in the complex wheel of partners, correspondents and customers with whom the merchant house engaged.

6.2 The Early Years of a Merchant-Banker's career

In 1636, at a new peak of his contractor career, Baeça petitioned the Crown for two garments of the military orders to be granted to his two sons (he himself had already been granted one a few years before), each enclosing an annual pension of 20,000 *réis* paid by the royal treasury. To justify this request, he provided a list of loans to the state, tax-farms and provisioning and logistic contracts he took part in going back to the 1620s.[598] It was in this decade that Pedro de Baeça starts to appear in the sources, indicating that by then he had left behind his days as a junior merchant and was ready to make a name for himself in the Lisbon business scene. It was during this first phase of his career as a senior merchant that he began taking part in government contracting, albeit in a less demanding capacity than in later periods.

During 1625 and 1626, Pedro de Baeça invested heavily in the import of manufactured goods, especially silk from Rouen, together with a recurrent associate, Diogo Rodrigues de Lisboa. The silk was allegedly sold in Lisbon at highly competitive prices, so competitive in fact that they sparked the anger of the city's retailers and textile traders, who saw their profits shrink in the months that followed. This can be inferred from the fact that two textile trade shopkeepers, António and João Duarte[599] (father and son) were amongst those who denounced Baeça to the Inquisition. Amidst accusations of crimes against the faith, such as of Baeça allegedly proclaiming that Judaism was the one and only true religion, they voiced their resentment over Baeça's imports of silk, which they considered to be predatory and ruinous for smaller cloth retailers like them. Baeça rebutted the accusations precisely by drawing attention to the resentment and personal animosity he and his partner were subject to because of their successful imports.[600]According to Diogo Rodrigues de Lisboa's testimony to the Holy Office in the early 1630s, their representative in Rouen and the person in charge of acquiring and shipping these manufactured goods to Lisbon was a certain António de Cáceres. There is evidence of a sustained and intense business relationship between Baeça and Cáceres, with the former owing, at one point, as much as 6000,000 *réis* to the latter.[601]

The imports of French textiles should not come as a surprise in light of the Silveira/ Lopes de Lisboa's interests in the Western African slave trade. The extant account books of the Lima based merchant Manuel Baptista Peres, a known associate and correspondent of the Lopes de Lisboa/Silveiras, show that manufactured cloths were often found in the

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598 AHU_CU_0005 (Bahia-LF), cx. 6, doc. 704. This document only included Baeça's services to the Crown of Portugal, and thus left out other contracts and public-private partnerships involving other kingdoms of the Hispanic Monarchy.

599 ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 4474 (Diogo Rodrigues de Lisboa) João Duarte was the brother-in-law of another contractor,Diogo Fernandes de Sequeira, who farmed out the overland customs at the border with Spain (*portos secos*) in the 1630s. Biblioteca Geral da Universidade de Coimbra, Collecção de Miscelâneas, no. 11616, "Contrato das Alfandegas dos portos secos e vedados deste reino, qve se fez com Diogo Fernandez de Sequeira, & Alvaro Fernandez Delvas, por tempo de seis annos Em Lisboa. Anno de 1630".

600ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559, photo 167

601 ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 4474, photo 54. On the Portuguese émigré community in Rouen, with special reference to its Sephardic groups, see Jonathan Israel, 'Crypto-Judaism in 17th-Century France: An Economic and Religious Bridge between the Hispanic World and the Sephardic Diaspora', in *Diasporas within a Diaspora. Jews, Crypto-Jews and the World Maritime Empires (1540-1740)* (Leiden-Boston-Köln: Brill, 2002), 245–68; Zosa Szajkowski, 'Trade Relations of Marranos in France with the Iberian Peninsula in the Sixteenth and Seventeenth Centuries', *The Jewish Quarterly Review* 50, no. 1 (1959): 69–78.

bottoms of the slaving ships dispatched to the Upper Guinea coast, where they were bartered for enslaved Africans.[602] This points strongly to the Lopes de Lisboa-Silveira participation in the commerce of African captives, although this hypothesis cannot be confirmed since no archival sources attesting the direct involvement of Pedro de Baeça in the slave trade have yet come to light. According to Baeça's inquisitorial interrogations, one of his voyages as a merchant apprentice was to the Upper Guinea coast and later he also travelled to Spanish America, which suggests a traineeship in the transatlantic slaving circuits. Furthermore, he was not the only one in the family to have travelled to or lived in Senegambia, as one of his brothers, António de Avis, is credited by Baeça as having died on the Upper Guinea coast. It is plausible that by the time of his passing, António de Avis was representing the interests of the Silveira/Lopes de Lisboa in the trade with Western Africa, or at least that he had originally travelled to the Upper Guinea coast for that purpose.[603] In any case, the scant evidence of the transatlantic ventures of the Silveiras stands in stark contrast to their relatives and frequent business associates, the Rodrigues de Lisboa, whose involvement in the slave trafficking between Africa and Latin America is well documented. Although up until this point there is no evidence supporting Baeça's direct involvement in the shipment of enslaved Africans across the Atlantic, there is good indication that he was part of the commodity chains that fueled the slave trade.[604]

Switching from the private commercial investments to his governmental contracts, one of the most recurrent business endeavours linking Pedro de Baeça da Silveira to the Monarchy involved the supply of goods and equipment to the Crown stores in Lisbon. From France, Baeça imported gunpowder for the royal arsenals in 1627, and shortly afterwards he procured naval wares in Andalusia for the fleets that patrolled the Portuguese coast and the *Carreira da Índia* armadas.[605] He was also commissioned the purchase of wheat for the Portuguese strongholds in Morocco, a type of transaction that anticipated his provisioning contracts for the Northern African garrisons of a few years later.[606] It is not always clear how Baeça was paid for these services, but it is likely that the payments involved the assignment of one or more revenue streams that the contractor or his agents secured from the fiscal agency that collected them. There were occasions, however, when Baeça was not paid in coins but rather in marketable commodities. In 1627, he purchased and delivered to the royal warehouses 1,400 *quintais* of cordage for one of the naval squadrons that was based of in

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602 Linda A. Newson and Susie Minchin, *From Capture to Sale: The Portuguese Slave Trade to Spanish South America in the Early Seventeenth Century* (Brill, 2007); Linda A. Newson, 'Africans and Luso-Africans in the Portuguese Slave Trade on the Upper Guinea Coast in the Early Seventeenth Century', *The Journal of African History* 53, no. 1 (March 2012): 1–24.

603 As far as Pedro de Baeça's connections to the West Africa trade went, there is also a mention of him financing a trading expedition to El Mina in 1618, but no further details have come to the fold. ANTT, Santo Ofício, Inquisição de Lisboa, processo 11559 (Pedro de Baeça da Silveira), photo 134

604 Through his association with the Rodrigues de Lisboa, Pedro de Baeça became connected to a network of some noteworthy players in the Iberian transatlantic slave trade, such as the captains Manuel Baptista Peres, one of the most prominent businessmen of the Portuguese community of Lima, and one of the most (ill)reputed slave traders of Peru. The slave trading enterprise of Baptista Peres originally backed by his uncle, Diogo Rodrigues de Lisboa, and while it became operationally autonomous from the mother-core, the two branches remained affiliated through commercial partnerships and by a regular flow of correspondence. The early stages of Pedro de Baeça's career actually shows several resemblances to that of Baptista Peres, who also learned the merchant craft by traveling to the upper Guinea coast.; Daviken Studnicki-Gizbert has looked into the personal, but not business, correspondence between Diogo Rodrigues de Lisbon and his son, Jorge Gomes de Alemo, who would become a recurring associate of Baeça in the 1630s. Studnicki-Gizbert, *A Nation upon the Ocean Sea*; Maria da Graça Mateus Ventura, *Os Portugueses No Peru Ao Tempo Da União Ibérica: Mobilidade, Cumplicidade e Vivências*, vol. 1, 2 vols (Lisbon: Imprensa Nacional-Casa da Moeda, 2005).

605 AHU, CU, cod. 37, fl. 40-41. The procurement of gunpowder shows that Pedro de Baeça maintained more than occasional commercial transactions with France, and that the cloth imports from Rouen were not his only investments involving that country.

606 AHU, CU, cod. 37, fl. 40v.

Lisbon. Although the cost of the cordage is not disclosed in the sources, they tell us that Baeça asked to be paid in pepper.[607] This request should come as no surprise, as he, like his father and uncle before him, was involved in the rich trades of the India Run. Aside from acquiring the king's monopolized pepper, the Lopes de Lisboa/Silveiras invested in several highly profitable Asian luxuries that were not under royal monopoly, such as gems, dyes, spices, and especially cloths. Despite the diminishing returns caused by the crowding out of the European markets with VOC imported pepper and the increase in purchase prices in India, pepper remained an interesting commodity to invest in, particularly when one sole investor or partnership managed to acquire that year's entire shipment.[608]

An episode from 1627 reveals Pedro de Baeça's shrewdness in the purchase of the king's pepper and his strong presence in the Lisbon market for *Carreira da Índia* imports. As 1627 drew to a close and as the preparations for the following year's Cape Route voyage started to pick up steam, the Crown still had not sold the pepper brought months before by two Indiamen, the *Quietação* and the *São Gonçalo*. This was certainly reason for concern, as the proceeds of the sale were normally used to bankroll the next voyage, namely to pay to contractors who built, repaired and fitted-out the ships. Unable to find buyers willing to meet the Crown's demands regarding price and other terms of payment for a sale in bulk, the Council of the Exchequer resorted to the standard procedure it employed in such situations. It instructed the *vedor da fazenda da repartição da Índia*[609] to reach out to the merchant community of Lisbon.[610] On 14 December, formal meetings started between four representatives of the capital's leading merchant-bankers and the royal exchequer regarding the sale of the pepper.[611] These negotiations involved a combination of persuasion, coercion and pragmatism, as both parties knew all too well that if the merchants were intransigent the conversations could quickly spiral out of control and end-up in the forced purchase of the spices above the market price. If instead, the businessmen showed willingness to accommodate some of the Crown's financial needs, they could even contribute the preparation of the next India voyages, which was definitely in their interest. The four men attending the meetings were Fernão Tinoco,[612] future treasurer of the Council of Portugal and royal *asientista* at the Spanish court; Manuel Álvares Pinto e Ribeiro, former tax-farmer of the salt duty and the brazilwood monopoly, as well as contractor of the Tangier and Ceuta,[613] Diogo Rodrigues de Lisboa and Jorge da Paz da Silveira, respectively Pedro de Baeça's closest partner and his brother.

On December 15, with the Council of the Exchequer in session, the merchants offered for each *quintal* of (wholesome) *grossa* 7,800 *réis* and for *meuda* 7,000 *réis*. The batch of pepper in question amounted to 9,238 *quintais,* a much larger amount than what had been arriving from Asia since the start of the century, but it is unclear out of that batch how much corresponded to which type of pepper.[614] The excess of pepper in the European markets

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607 AHU, CU, cod. 37, fl. 117.

608 Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*; Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*; Disney, *Twilight of the Pepper Empire*.

609 The financial superintendent in charge of the department that dealt with the overseas affairs.

610 Similar ways of addressing the merchant body as a whole, or at least a group of people comprising some of its most influential members was used elsewhere in Europe to pitch government contracts and financial cooperation. In the eighteenth century the army provision contracts made by the royal treasury in England were negotiated in this way. Public auctioning was spearheaded by the Navy, through its victualing board, and only extended to the army later in the century. Knight and Wilcox, *Sustaining the Fleet, 1793-1815*, 137.

611 AHU, CU, cod. 37, fl. 134v-137v.

612 Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 26–28, 105–6, 122, 133–34.

613 Boyajian, 48, 113, 120.

614 Godinho estimates that an average of 9,000 *quintais* were imported every year from Asia between 1611 and 1627, but the great number of ship losses during Cape Route journey meant that pepper was not reaching Lisbon every year. As such, the arrival of such a batch, although palling in comparison to previous periods and with the amounts brought by the VOC around that time, nearly 7 times as much as the *Carreira da Índia* inflows,

during the late 1620s meant that it was even harder than usual to sell that year's shipment at a satisfying profit, explaining the reluctance of Lisbon's merchant-bankers to bid for the entire cargo. The merchant's proposal specified that payments would be carried out in two instalments: the first of 48,000,000 *réis* to be paid between February and March 15, 1628; and the rest in the course of the following 10 months, *pro rata* in monthly installments.[615] Since the Council of the Exchequer was against dividing the pepper in two types each with its own price, the merchants made a counter-proposal where they offered to pay 18,5 cruzados per *quintal,* regardless of type. The council members remained unhappy with the new offer and tried to persuade the merchants to increase the price, although those men had by then time on their side, given that the Crown was hard pressed for funds to prepare the next *Carreira da Índia* armada. Every day that passed delayed the fleet preparations and put pressure additional pressure on the Crown to reach a deal with the merchants. In the days that followed, and as the Crown increased the pressure over the merchant community, insisting on a purchasing price of 8,000 *réis* per *quintal,* the *vedor* notified he had been contacted by a foreign investor, whose name is not disclosed in the sources, who was willing to offer more for the pepper and would soon formalize his offer before the Council.[616]

The presumptive buyer, if he existed at all, never got the opportunity to take his offer to the Council of the Exchequer through the proper channels, for on 26 December, with the archbishop governor in attendance, the Council appraised a new bid made just the previous day by none other than Pedro Baeça da Silveira. Baeça's tender raised the price per unit to 8,400 réis, which was more than what the Crown was asking, and proposed the following schedule of payments: 57,600,000 *réis* for the first installment, an amount in specie which the Crown could use as *cabedal das naus* to be transferred to the *Estado da Índia* in the next year's *Carreira* voyage. This instalment was to be paid between 1 February and 5 March, just in time for the fleet's departure.[617]

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was noteworthy. The size of 1627's pepper batch was closer to the number of *quintais* that reached the Portuguese capital from India. According to the estimates by Wake, Godinho and Boyajian, between 1591 and 1600, just above 11,000 *quintais,* netting 136, 900,000 *réis* in the Lisbon market, a significant drop from a yearly average of 19,819 *quintais,* worth 234,100,000 *réis* upon arriving at the House of India in the the previous decade. Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640* appendix 2; Godinho, *Os Descobrimentos e a Economia Mundial*, 3:301–4; Wake, 'The Changing Pattern of Europe's Pepper and Spice Imports, ca 1400-1700', 377, 381–95.

615 AHU, CU, cod. 37, fl. 135v.

616 AHU, CU, cod. 37, fl. 136.

617 AHU, CU, cod. 37, fl. 134v-137v, "Consulta sobre a venda da Pimenta das duas naus São Gonçalo e Quietação que este presente ano vieram da Índia"; ANTT, Santo Ofício, Inquisição de Lisboa, processo 4474 (Diogo Rodrigues de Lisboa).

Table 22. Payments pertaining to the purchase of the royal pepper allotment of two India Carracks (December 1627 - first semester 1628)

Destination	Due date	Sums (in *réis*)
Cabedal das naus da Índia	1st February – 15th March 1628	56.600.000
Dry ports	Already transferred in September 1627	4.000.000
Bula da Cruzada		4.000.000
Brazilwood monopoly	- 2.480.000 *réis* until 31st December 1627 - 520.000 afterwards	4.000.000
Customs of Porto	?	8.000.000
Customs of Viana	?	6.760.000
		75.160.000

Source: AHU, CU, cod. 37, fl. 136v-137.

Table 22 summarizes the dates and the different fiscal units where the transaction payments were due. According to the table, aside from the specie remitted to Asia, Baeça agreed to transfer sums to different treasuries, so that the expenses that the Crown had scheduled at those specific fiscal agencies, namely the payment to contractors or holders of government bonds, could be met on time. Pepper was used here as upfront collateral for different disbursements that Pedro de Baeça would make in different parts of the country, the largest of which involved the provisioning of the Indiamen with specie used to purchase Kanara and Malabar pepper. The amount of pepper money provided by Baeça was just short of the average export figures for the last decade of the sixteenth century (between 60 to 80,000,000 r*éis*).[618] It is interesting to compare the specie deliveries for the 1628 voyage with the available data on the amounts loaded into the three ships included in the armada of the following year, whose preparation was, for the first time, entrusted to the Portuguese East India Company. These 1629 ships carried silver and gold shipments worth 47,549,000 *réis,* an amount inferior to the amounts disbursed by Baeça.[619] Two conclusions can be gleaned from this comparison, one being the amount of capital that a sole entrepreneur could command, and which did not pale in comparison to what an undercapitalized chartered company was able to raise, but equally the importance, highlighted elsewhere in this dissertation, of pepper that had been brought from Asia the previous year to bankroll the following voyages.

Pedro de Baeça demanded that his bid remained confidential until Madrid had approved it, threatening to forfeit the offer if it came to public before, as bidders often did when they perceived the Crown would not be able to find alternative bidders. He demanded that his fellow merchants should not be told he was bidding for the pepper allotment. Since it is not clear whether or not the merchants who were negotiating with the Crown prior to Baeça's tender were privy to his intentions there are several ways to interpret this turn of events. Could it be that all or some of the representatives were in fact stalling so that an external party could secure the pepper on more favourable terms? Were Baeça's peers doing him a favor, or in turn the pepper negotiation was but a means to settle a previous score between men who did business together? Could have Jorge da Paz served as his brother's inside man in the negotiations? It can also be wondered whether Baeça acted

618 Om Prakash, 'Precious-Metal Flows into India in the Early Modern Period', in *Global Connections and Monetary History, 1470-1800*, ed. Dennis O. Flynn, Arturo Giráldez, and Richard Von Glahn (Aldershot: Ashgate, 2003), 150–51.

619 Disney, 'The First Portuguese India Company, 1628-33', 246.

opportunistically against his peers, breaking rank to take advantage of the ongoing negotiations to acquire the pepper under favourable conditions. The scarce amount of information about the discussions held in the Council of the Exchequer makes it difficult to get to the bottom of this episode. However, in the records of Baeça's trial in the Inquisition, the merchants who were called to testify as both defence and accusation witnesses, revealed to be bothered by Baeça's business practices, and some, like his longstanding partner Diogo Rodrigues de Lisboa, even claimed to have taken a loss from this particular episode.[620] Baeça emerges from this wholesale transaction of pepper has a shrewd (and maybe unscrupulous) businessmen, who was aware of the upper hand he could get by being on the favourable side of the information asymmetries.

Regardless of what really happened in the aftermath of the pepper sale negotitations of 1627, Baeça's deals seemed to have continued unperturbed. There is again evidence of his business deals with the Crown nearly two years after those events. By January 1630, Pedro de Baeça was in contention for the right to collect freights and tariffs over the cargoes of the India carrack *Rosário*. This time he was not running against other private entrepreneurs, but the Portuguese East India company, of which his uncle was one of the directors in Goa.[621]

From this perusal of Pedro de Baeça da Silveira's early business deals with the state, it can be concluded that two main features of Portuguese merchant-banking in the seventeenth century, military brokerage and colonial tax-farming, were already central to Baeça's portfolio in the first period of his contracting career. But if a handful of incidental naval supplies (as opposed to the larger concessions he would later secure) kept him busy during this period, it was a wholesale purchase contract for the king's pepper that made for his largest investment in the 1620s. Considering the period between 1626 and 1630, the investment in public-private partnerships, went above 100,000,000 *réis,* this including only investments that came to fruition, for he had more funds at his disposal to invest. For instance, if the farming of duties and tariffs levied on cargoes of the *Carreira da Índia,* which the Crown invited him to bid in November of 1627, had come to fruition, his investments in public-private contracts would have been even more substantial. Although it is unclear how much Baeça would have paid for this farm, the revenues generated by the collection of these farms could vary significantly from year to year, depending on the sort of merchandises that were dispatched from Goa, on how many carracks returned and in what condition the cargo was upon arrival, it is important to give some comparative inference. For instance, in 1620, Friar Nicolau de Oliveira, in his *Livro das Grandezas de Lisboa,* estimated the proceeds of the duties levied on the non-monopolized cargoes that arrived from India on that year at around 124,000,000 *réis*.[622] A contract of this magnitude would have required a tremendous investment by the tax-farmer, and in the case of Baeça it would have more than doubled his participation in government contracts. If the investment paid off, that is, if the *Carreira*'s inward-bound fleet made it to Lisbon in one peace with the cargoes of private investors intact, a leaseholder who was willing to put forward 100,000,000 *réis* or more for the opportunity to tax those cargoes, certainly stood to make as astounding profit.

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[620] Diogo Rodrigues de Lisboa seems to have been caught by surprise by the outcome of the 1628 pepper affair. He explaining in his inquisitorial hearing that the business antics of Baeça occasion had caused a fallen out between the two.

[621] AHU, CU, cod. 476, fl. 9, 9v.

[622] Geraldes, 'Casa Da Índia - Um Estudo de Estrutura e Funcionalidade (1509-1630)', 284.

Chapter 7: The Spanish Sojourn: a Portuguese Banker and Tax-Farmer at the Court of Spain

In 1661, precisely twenty years after the execution of his father, Manuel de Baeça, one of Pedro de Baeça's sons living in Spain, requested the Castillian *Consejo de Indias* to be compensated for what he claimed to be the unduly confiscation of seven silver bars brought several years before by the convoys of the *Carrera de Indias,* on consignment to his father. The Council explained that the bullion had been seized not because the late Pedro de Baeça was residing in Portugal following the Restauration coup of December 1640, and as such, was perceived by the Spanish authorities to be rebel. Instead, the Crown seized the bars because Pedro de Baeça did not possess a patent of naturalization, and since he was a natural of the kingdom of Portugal, the trade with Spanish America was formally off limits for him. When Manuel replied by mentioning his father's many services to the House of Habsburg, and his involvement in the conspiracy to reinstate Phillip IV on the Portuguese throne, the Council, perhaps cynically, retorted that it had no recollection of any such services. Moreover, even if his father had indeed been an *asentista*, like the petitioner claimed, the law still applied, and therefore he was not eligible to trade directly and on his own account with Spanish America.[623] Despite this dismissive reply, the Council of the Indies deferred the matter to the Council of Portugal, which still functioned in Madrid, requesting a more qualified opinion about the claims made by Manuel de Baeça about his father. The Council of Portugal confirmed what had been said about the late Pedro de Baeça and recommended that the petition made by his son should be accepted on account of the father's many services to the Spanish Monarchy, although it also stressed the legal impediment of a non-natural to trade with the Indies of Castile.[624]

This posthumous episode involving Pedro de Baeça's progeny alludes to his participation in the Spanish imperial system by means of investments in the convoyed trade with America, but also of the royal contracts underwritten in Madrid with the Spanish *Real Hacienda*. The following section covers the second period of Pedro de Baeça's career, when he resided in Castile and was involved in short-term state lending, the so called *asientos de dinero*, and in other public-private partnerships with the Spanish financial institutions. His move to Castile occurred against the backdrop of a growing penetration of business-oriented Portuguese actors in Spain's overseas trade and royal finances. The context and the chain of events that lead to the Portuguese subjects of the House of Habsburg to be introduced to the inner-workings of the Monarchy's international is a well-known chapter in the history of the seventeenth century Iberian world. It is briefly outlined here to provide some context and put into perspective the business and political trajectory of Pedro de Baeça in the late 1620s and early 1630s.

As late as 1629, Baeça decided to follow in the footsteps of several fellow Portuguese portfolio-capitalists who had extended their businesses across the border separating the kingdoms of Portugal and Castile. On June 26, 1627, Phillip IV and several Portuguese merchant-bankers agreed on the terms of the so-called Edict of Grace. This agreement had been long in the making. Negotiations had commenced as early as 1621, when a series of prominent New Christian businessmen from Lisbon were first asked to come to the court to discuss a pardon for the community's alleged religious deviancy. It was during these conversations that the Crown first approached the Portuguese New Christians to take part

[623] By this point, Pedro de Baeça's brother, the influential banker Jorge da Paz da Silveira, had already passed away, and thus a powerful ally to lobby with the Crown had been lost.
[624] AGI, Indiferente General (IG), leg. 776. AGI, Contratacion 438, N. 3 R. 5.

in the short term loans to the *Real Hacienda*.[625] Against a hefty financial compensation, the edict granted the Portuguese New-Christians a three year (later extended to six years) amnesty on past spiritual transgressions and freedom of movement within the territories of the Monarchy, except for Spanish America which law reserved for the monarch's Castilian subjects only. If in matters of faith the edict could be seen as a follow up to previous religious pardons negotiated in the reign of Phillip III, the Edict of Grace, or to be more precise, its financial trade-off, broke new ground in the financial and political relationship between the king and Portugal's business elite.[626]

Although Portuguese economic and demographic penetration was already occurring decades before the Edict,[627] it allowed their businesses to be expanded and opened new avenues for socio-political promotion in Spain. Before 1627 they were, for the most part, relegated to a second tier of government contracts negotiated by the Castilian counterpart to the Portuguese Council of the Exchequer, the *Consejo de Hacienda.* Up until then, affluent Portuguese immigrants and their sons already born in Castile[628] had been able to secure tax-farms of provincial rents and provisioning contracts to the royal navy and different branches of the army.[629] Others earned a living as merchants and artisans in Castilian towns and in other parts of Iberia, or by investing in the trade with Spanish America.[630] They had not,

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625 Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*, 54–56; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 17–24.

626 Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*, 56–57; Maurits A. Ebben, 'Un triángulo imposible: la Corona española, el Santo Oficio y los banqueros portugueses, 1627-1655', *Hispania: Revista española de historia* 53, no. 184 (1993): 541–56; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*; João Lúcio Azevedo, *História dos cristãos-novos portugueses* (Lisbon: Clássica Editora, 1989).

627 For general literature on the immigration of Portuguese individuals and families to Castile in the sixteenth and early seventeenth centuries, with special reference to the New-Christians see: Juan Hernández Franco, 'Familias Portuguesas En La España Moderna', in *Sociedade, Família e Poder Na Península Ibérica. Elementos Para Uma História Comparada*, ed. Mafalda Soares da Cunha and Juan Hernández Franco (Lisbon: Edições Colibri-CIDHEUS, Universidade de Évora-Universidad de Murcia, 2010), 15–29; Studnicki-Gizbert, *A Nation upon the Ocean Sea*; Rafael Carrasco, 'Preludio al "siglo de los portugueses": la Inquisición de Cuenca y los judaizantes lusitanos en el siglo XVI', *Hispania: Revista española de historia* 47, no. 166 (1987): 503–60.

628 Some of these tax-farmers and monopoly leaseholders came from the ranks of the Lisbon business elite, whereas others were of much more modest background, coming from the back-lands of Portugal along the border with Spain. While some were blood-related to the Lisbon moguls, belonging to secondary branches of their families, others lacked any affiliation to the capital's merchant-bankers who dominated out the colonial contracts and collected the more substantial revenue streams of the Portuguese Crown. Whatever the case, these individuals emigrated to Spain still in obscurity and rose up the social ladder, first as a regional manufacturers and traders, and later as tax-farmers of provincial revenues and tariffs pertaining to overland or seaborne commerce. Some reached prominent positions in the Spanish tax-farmers, whereas a select few actually penetrated the select group of the Monarchy's *asentistas*, finally catching up with the Lisbon's elite and other Crown bankers. This was the case, for instance of men like Garcia de Ilhão or Manuel Cortiços. Ebben, 'A Merchant in Silver, Bread and Bullets and a Broker in Art, 1591-1655'; Carmen Sanz Ayán, 'Procedimientos Culturales y Transculturales de Integración En Un Clan Financiero Internacional: Los Cortizos (Siglos XVII y XVIII)', in *Las Redes Del Imperio. Élites Sociales En La Articulación de La Monarquía Hispánica, 1492-1714*, ed. Bartolomé Yun-Casalilla (Madrid: Marcial Pons Historia, 2009), 65–94; Carmen Sanz Ayán, 'Consolidación y Destrucción de Patrimonios Financieros En La Edad Moderna: Los Cortizos (1630-1715)', in *Fortuna y Negocios: Formación y Gestión de Los Grandes Patrimonios (Siglos XVI-XX)*, ed. Ricardo Robledo Hernández and Hilario Casado Alonso (Valladolid: Universidad de Valladolid, Secretariado de Publicaciones e Intercambio editorial, 2002), 73–98. Boyajian, *Portuguese Bankers, p. 56*

629 Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*, 49–55; Carrasco Vázquez, 'La Minoría Judeoconversa En La Época Del Conde Duque de Olivares. Auge y Ocaso de Juan Núñez Saravia (1585-1639)'; Nicolás Broens, *Monarquía y capital mercantil* (Madrid: Ediciones de la Universidad Autónoma de Madrid, 1989); Enriqueta Vila Vilar, *Hispanoamérica y el comercio de esclavos: los asientos portugueses* (Seville: Estudios Hispanoamericanos de Sevilla, 1977).

630 Ricardo Escobar Quevedo, *Inquisición y judaizantes en América española (siglos XVI-XVII)* (Bogotá: Universidad del Rosario, 2008); Studnicki-Gizbert, *A Nation upon the Ocean Sea*.

however, dabbled, at least not directly,[631] in what contemporaries called "the most important business of the Christendom", the *asientos de dinero*. These were government contracts for the remittance of money at which Genoese banking syndicates excelled.

In August 1626, almost a year prior to the promulgation of the Edict of Grace, a handful of Portuguese bankers underwrote their first short-term loan to Flanders. This an *asiento* worth 400,000 *escudos*. Then, on 11 June, 1627, just two weeks before the religious amnesty was annouced, several of the Portuguese merchant-bankers that participated in the edict negotiations underwrote eight different contracts involving the disbursement of funds to the monarchy's theatres of war in the Low Countries, Northern Italy and Germany, amounting to 1,951,999 ducats.[632] These first *asientos de dinero* anointed the rise of Portuguese portfolio-investors to court-banking and international military brokerage for the Spanish Fiscal-Military State. The merchant-bankers hailing from Iberia's westernmost kingdom had thus transitioned from a second tier of business entrepreneurship (*pequeño capitalismo*) into the upper echelon of Iberian business-making (*gran capitalismo*), to borrow from the dual concepts coined by Felipe Ruiz Martin.[633]

Although he was not among the bankers to sign the initial international loans with the Olivares cabinet, Pedro de Baeça da Silveira started his transition to the Spanish court just two years later. In the course of several stays in Madrid between 1628 and 1631, Baeça became a Madrid court *asentista*, embarking on the highly demanding short-term loans and trans-Pyrenean funds' transferring operations. By ploughing through the records of the Monarchy's fiscal-financial institutions kept at the Archivo General de Simancas, I was able to bring to light the business dealings that Pedro de Baeça da Silveira had with the Spanish royal exchequer. It was possible to ascertain that during this second period of his career he negotiated at least four different public-private partnerships, even though not all came to fruition in the end. The following subsections will analyse each of these different ventures and place them in the context of Baeça's life, as well as against the political backdrop.

7.1 The *Asiento* for the Fleet of the *Mar Oceano*

The first public private partnership that Baeça underwrote at the Spanish court involved the financial provisioning of the Monarchy's Atlantic fleet, the *Armada del Mar Oceano*. In February of 1629, Baeça and the Castilian Council of the Exchequer (the *Consejo de Hacienda)* settled on the terms of a money remittance contract worth 12,000 ducats to be paid in *vellon,* that is copper coin, in Seville.[634] This short term loan falls into the subcategory of domestic *asiento*, given that the funds advanced by the banker were to be deployed in the Iberian Peninsula.[635] This was but one among several types of government contracts negotiated

631 Ana Sofia Ribeiro, 'The Evolution of Norms in Trade and Financial Networks in the First Global Age: The Case of the Simon Ruiz's Network', in *Beyond Empires. Global, Self-Organizing, Cross-Imperial Networks, 1500-1800*, ed. Cátia Antunes and Amélia Polónia (Leiden-Boston: Brill, 2016), 12–40; José Gentil da Silva, *Marchandises et Finances. Lettres de Lisbonne (1563-1578)* (Paris: Armand Colin, 1959); José Gentil da Silva, *Stratégie Des Affaires à Lisbonne Entre 1595 et 1607. Lettres Marchandes Des Rodrigues d'Évora et Veiga* (Paris: Armand Colin, 1956).

632 Carlos Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV* (Valladolid: Junta de Castilla y León, Consejería de Educación y Cultura, 1997), 126–27; Juan E. Gelabert, *La Bolsa Del Rey: Rey, Reino y Fisco En Castilla (1598-1648)* (Barcelona: Crítica, 1999), 77.

633 Felipe Ruiz Martín, *Pequeño capitalismo, gran capitalismo: Simón Ruiz y sus negocios en Florencia* (Barcelona: Crítica, 1990).

634 AGS, Contadurías Generales (CCGG), Contaduría de la Razon, leg. 123, "Pedro de Baeça. del Concierto tomado con el sobre la proviss[ion] que se a encargado de hacer de d[ucados] de vellon para la Armada pagandosele en juros de millones contados al en plata", unfoliated; ibid., CJH, leg. 466, doc. 54.

635 Drelichman and Voth, *Lending to the Borrower from Hell*, 174.

between the *Real Hacienda* and one or more businessmen. As explained in this dissertation's introduction, one of the most basic distinctions I put forward was between contracts involving the supply of commodities and those dealing with the provisioning of monetary funds, the so called *asientos de dinero*. Leaving the commodity *asientos* aside, I will now focus on the *asientos de dinero*. These financial government contracts combined several operations: a short-term loan, transfer of funds and, depending on the destination of the remittances, a currency exchange. While some *asientos* combined all three operations, certain contracts only required two of these operations to be performed, and there were even cases when just one was necessary, that usually being the transfer of funds.[636] For example, in certain *asientos de dinero* the Crown handed over funds to the *asentista* who then transferred them elsewhere, meaning that he did not have to advance cash himself and only had to bear with the costs of remitting the funds when and where they were needed.

The guiding principle underscoring any *asiento de dinero* was that the longer the distance separating the destination of the funds and Castile, the territory where the credit provisions were negotiated and where the large majority of the repayment revenues were to be found, the costlier it was to transfer the funds, and hence the higher the compensation demanded by the *asentista*. This made the disbursements to foreign conflict areas more expensive to service than the contracts involving the delivery of funds within Iberia. These 'domestic' *asientos* did not require cash to be transferred to places far away from the streams of revenue backing up the operation, nor did they entail currency conversion, simply requiring an exchange from copper to silver currency or vice versa.[637] There were a series of standard terms and conditions that could be found in any *asiento de dinero*, including the amount to be transferred, the types of coins (copper or silver) in which the sums would be disbursed, the number of tranches and their respective dates.

In the case of Pedro de Baeça's first *asiento,* the loan's principal was a modest sum when compared to other domestic contracts for the remittance of funds, let alone to the *asientos* involving transfers to Northern and Central Europe,[638] but it was within the normal parameters of a naval contract.[639] The small amount involved in this advancement and transfer *asiento* is a testament to Baeça's position as a newcomer in the credit negotiations

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[636] In contracts involving the payment of several tranches, it was not uncommon for the Crown to hand over the sums which the contractors then disbursed to a different place. It was only in the subsequent instalments that the contractors were in fact lending the Crown the principal they transferred to the previously agreed destination. For an example of such an *asiento de dinero,* see the contract negotiated in 1595 between the Monarchy and the two merchant-bankers from Burgos, the brothers Francisco and Pedro Maluenda, for three disbursements in Lisbon. Carlos Álvarez Nogal and Christophe Chamley, 'Refinancing Short-term Debt with a Fixed Monthly Interest Rate into Funded Juros under Philip II: An Asiento with the Maluenda Brothers', *Economic History Review* 71, no. 4 (2018): 1100–1117; Drelichman and Voth, *Lending to the Borrower from Hell*, 173–78.

[637] Sanz Ayán, *Los Banqueros de Carlos II*.

[638] One year later, in March 1630, several Portuguese bankers negotiated *asientos* worth 2,277,679 ducats, (854,129,625 *maravedis*). The greatest contributor to the Monarchy's credit among these men, Simão Soares, was responsible for disbursements worth 237,607,875 *maravedis*. The Genoese banker, Bartolomé Spínola, agreed to forward a much larger amount of funds: at least 249,750,000 maravedis (666,000 *escudos*). Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV*, 205.

[639] To put the monetary value of this *asiento* in perspective, in 1627 the Monarchy contracted with the powerful Genoese banker, Octavio Centurione, the building of six new galleons for 12,120 ducats, practically the same value of Baeça's 1629 monetary *asiento* to the *Armada del Mar Oceano*. This was a much cheaper government contract than, for instance, the short-term loans and international disbursements negotiated with Centurione, but he still seized the opportunities to take part in less capital demanding deals with the Crown. In February 1632, the Crown contracted out the provisioning of the *Armada del Mar Océano* for five years (until the end of 1636) to the Genoese Alonso and Diego Cardoso Pallavicino. Every year the *asentistas* would have to deliver 300,000 ducats in copper coins worth in victuals and equipment at the different stores of this branch of Hispanic naval forces. This was far above the 12,000 ducats provisioned by Baeça in 1629, indicating that Baeça's *asiento* was just an extraordinary disbursement, contracted as answer to a sudden spending shock or an unforeseen shortage of funds. Álvarez Nogal, 128, 211.

conducted at the Spanish court. The Crown did not immediately entrust a merchant-banker who was new to the courtly circles with lending hefty sums to some distant battlefield right from the get go. Instead it had him start by procuring capital to bankroll the operations of a naval squadron based in the Iberian Peninsula. With the signing of this *asiento*, Baeça was nonetheless given the opportunity to make a steady and assured entrance into the world of the Spanish court banking. If he succeeded in this first financial operation, and in the other short-term loans he negotiated in the months that followed, he could expect to develop his financial and political relation with the *Real Hacienda,* and underwrite larger, more lucrative contracts.

Following to the banker's obligations, the *asiento*'s clauses described how the lender was to be reimbursed for the credit and financial services he extended to the Monarchy. The compensation provisions included in the *asiento* contracts always specified in which coins the banker would be paid (whether in silver or copper) and which revenue streams, revenue-yielding assets (for instance the right to operate tax-farms and monopolies) or even government bonds were earmarked to service the contract. The schedule of repayment instalments was also addressed. Whenever the *asiento* did not give away the date when the earmarked revenue streams could start being collected by the *asentista*'s agents, a time varying interest was assigned. The longer it took for the Monarchy to release the revenues servicing the contract, the greater the rates of interest accrued by the *asiento*. In addition to these terms, the contracts also specified the fringe benefits to which the recipient was eligible (i.e. symbolic grants and patents of naturalization, tax-breaks to the banker or people in his entourage). Because this first *asiento* was not particular large nor difficult to implement, and also because he was just starting to participate in the Monarchy's credit negotiations, Pedro de Baeça was not awarded with any of these side-rewards. For such grants to be attained, he had to prove to be reliable and expedient in the advancement and transfer funds for more than just few years.[640]

It was agreed in the contract that Baeça could start claiming the earmarked revenue streams, which were payable in silver coins, on December 1, 1629, ten months after the delivery of the agreed-upon funds. He would receive the money in question from the treasurer general of the town of Segovia. It was equally stipulated that the settlement of this *asiento* would be completed through the assignment of a government bond (*juro*) issued over Seville's *servicio de millones,*[641] a coveted royal streams of income,[642] although not as in demand as the *asentistas* preferred royal revenue, the *alcalabas*. The *alcabalas* was a sales tax collected by the municipalities and from whose output the Castilian cities provided an annual flat sum to

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[640] Drelichman and Voth, *Lending to the Borrower from Hell*; Sanz Ayán, *Los Banqueros de Carlos II*.

[641] The *millones* were a tax introduced in 1600 with the consent of the *Cortes,* the estates where representatives of the different constituting groups of the body politic of each of the Spanish realms sat. Created as a response to the Monarchy's financial emergency at the turn of the 16th century, the *millones* started out as a, temporary source of revenue, but since the *cortes* kept on authorizing the extension of the excise, it became a *de facto* regular source of income for the Monarchy. Moreover, although the urban elites represented at the *cortes* initially controlled the collection of the *millones* and determined how the yields were spent, in the course of the seventeenth century the Monarchy was able to gain control over the collection and expenditure of the tax, although the right to raise it continued to depend on the authorization of the *Cortes*. A. W. Lovett, 'The Vote of the Millones (1590)', *The Historical Journal* 30, no. 1 (March 1987): 1–20; Artola, *La Hacienda Del Antiguo Régimen*, 110–40.

[642] Government bonds issued over the *millones* were equally used to service the very first *asiento de dinero* contracted to the Portuguese New-Christians in the summer of 1626, except that in this case the interest on the loan was higher: 7,14% (or 14,000 *el millar*). They were equally used in the settlement agreed between the Crown and some of its main Genoese creditors after the decree of suspension of payments of 31 January, 1627. This time, the rate of interest on the *juros* was set at 5%. Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV*, 127–29.

the Crown, the *encabezamiento*.[643] The bond in question was a *juro de vinte mil el millar*, meaning that it was issued at an interest rate of 5%.[644]

Although they were a different type of borrowing tool from the *asientos,* the *juros* were essential to the servicing of the *asientos de dinero*. Aside from contracting short-term and unfunded credit with bankers, the Monarchy also borrowed long term. It did so by issuing or selling consolidated public debt bonds, *juros,* whose interests were paid from the taxation yields of a particular revenue stream.[645] The interests on these borrowing instruments were paid annually and the bond holders received their yearly payments from the local treasurer responsible for collecting and managing the revenue stream in a certain town.[646] The two public debt instruments were linked because government bonds were used as security for the the short term *asiento* contracts, alongside the earmarked taxes and payments in Spanish American silver. The collateralization of *asientos de dinero* through consolidated government bonds was actively pursued by the Crown because it eased the debt servicing considerably. Rather than having to pay back the principal and the interest in a just a few years (two years was the average maturity date of the short-term loans), the Crown was able to spread out the payment of yearly interests through a much longer period and, hence, push the settlement of the debt forward in time. Alternatively, the banker could sell the *juros de reguardo*, as the collateralized bonds were called, on the market, using the proceeds to raise the capital needed for the *asiento's* subsequent disbursements. However, if the Crown paid back the *asiento* in full by the time of the loan's maturity, the banker would have to reimburse the royal exchequer.

The 5% interest rate assigned to Pedro de Baeça's bonds was in line with the nominal interest rate of most Castile's government bonds issued during the 1620s and 30s. The fact that the majority of the new bonds issued during those decades were *vinte el millar,* that is 5%, shows how successful the Crown had been in its attempts to lower the nominal interest rates of its *juros* bellow 7,14% (*quatorze el millar*). The lowering of the face value interest rates went hand in hand with the redeeming of old *juros*, which freed revenue streams for new *juros* to be sold at lower interest, enabling the Crown to service greater amounts of debt without having to expand the revenue base.[647] However, the deflation of the (nominal) interest rates achieved during the 1620s and 1630s, and their stabilization for the rest of the century hides the fact that the actual rate of these consolidated debt instruments was much higher in the secondary market, where *juros* were traded incessantly at rates between 7,4 and 8,6%.[648]

In order to fulfil his contract and remit the 12,000 ducats to Seville, Pedro de Baeça issued bills of exchange over the local factor of the tax-farmer of Castile's pepper monopoly. The choice of this individual as agent of the *asentista* is explained by Baeça's involvement in the Lisbon pepper trade, which was the main supplier of the state monopolized Castillian

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643 Carlos Álvarez Nogal and Christophe Chamley, 'Debt Policy under Constraints: Philip II, the Cortes, and Genoese Bankers', *The Economic History Review* 67, no. 1 (2014): 197–98.

644 AGS, CCG, Contaduría de la Razon, leg. 123, "Pedro de Baeça. Del Concierto tomado con el sobre la proviss[ion] que se a encargado de hacer de d[ucados] de vellon para la Armada pagandosele en juros de millones contados al en plata", unfoliated.

645 For an introduction to the *juros* and an overview on the role played by consolidated and long term debt in Spain's public finances; Drelichman and Voth, *Lending to the Borrower from Hell*, 24, 89–91; Pilar Toboso Sánchez, *La deuda pública castellana durante el Antiguo Régimen (Juros) y su liquidación en el siglo XIX* (Madrid: Instituto de Estudios Fiscales, Ministerio de Economía y Hacienda, 1987); A. Castillo Pintado, 'Los Juros de Castilla. Apogeo y Fin de Un Instrumento de Crédito', *Hispania* 23 (1963): 43–70.

646 Álvarez Nogal and Chamley, 'Debt Policy under Constraints', 192.

647 Carlos Álvarez Nogal, 'La Demanda de Juros En Castilla Durante La Edad Moderna: Los Juros de Alcabalas de Murcia', *Studia Historica: Historia Moderna* 32 (2010): 47–82; Regina Grafe, *Distant Tyranny: Markets, Power, and Backwardness in Spain, 1650-1800* (Princeton: Princeton University Press, 2012), 14–15.

648 "*juros al quitar de vinte mil el millar de los quinentos mill ducados de renta e se situaron en el se*rvicio *de los diezyocho millones contados a razon de diez y seis mill el millar*". *Juros al quitar* are were government bonds "redeemable at par", meaning that "the Crown could repay the principal at any time", and assign the revenue stream to the interest payments of a new government bond". Álvarez Nogal and Chamley, 'Debt Policy under Constraints', 195.

market. Through these bills, a series of monthly disbursements were made in Seville, until the total value of the principal was reached.[649]

This government contract for the remitting of money to one of the royal armadas gave Pedro de Baeça a taste of what it was to contract at the Spanish court, as opposed to the exchequer of one of the Monarchy's 'peripheral' kingdoms, such as the one based Lisbon. A few months later, Baeça would conclude the negotiations for a second, and more demanding and lucrative, financial dealing with the *Real Hacienda,* this time involving the transfer of funds outside Iberia.

7.2 A Contract for remitting funds to the Southern Low Countries

On 23 May 1629, Baeça and the Spanish exchequer agreed on the terms of an *asiento de provision de dinero* for 40,000 *escudos* of *57 placas* to be delivered in Flanders for the payment and sustenance of the Habsburg armies in the region. The deliveries could be made in Antwerp, Dunkirk, Namur and Lille, and other cities of the Habsburg Low Countries.[650]

As stated above, an *asiento de dinero* combined a short-term loan with financial services, such as the transfer of funds across long distances and also currency exchange when the destination of these funds was outside Iberia.[651] Although local revenues were also used to bankroll Spain's military campaigns in Italy and Flanders,[652] without the money disbursement contracts negotiated by the Spanish exchequer, the punctual payment and the regular provisioning of the troops could not be ensured.[653] The main reason behind the royal exchequer's reliance on the *asentistas* was that a large share of the Monarchy's revenues were collected annually within Iberia, primarily in Castile, whereas the majority of the troops were serving outside the Peninsula and had to be paid on a monthly basis. As mentioned before, the stable cash outflows ensured by the bankers were contracted against a litany of taxes, financial subsidies, and revenue-yielding assets, such as monopolies, which the royal administration normally preferred to lease out.

The *asiento de dinero* underwritten by Baeça came at a time of great strain for the Monarchy's finances. In 1628, Spain was dragged to yet another conflict, this time in Mantua, in order to prevent these imperial fiefdoms from falling under France's influence. Besides Northern Italy, the Monarchy was still fighting in the Eighty Years' and the Thirty Year's wars, and, to add insult to injury, the annual Spanish American silver fleet of 1628 was captured by Piet Heyn at the Bay of Matanzas, raising great doubts over the Monarchy's ability to negotiate the next years' general credit provision with its bankers.[654] According to James Boayjian, in 1629 the Portuguese bankers remitted on behalf of the Hispanic Monarchy, 984,285 ducats (369,106,875 *maravedis*), of which 768,972 ducats (around 78% of the total amount) were directed towards Flanders.

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649 AGS, CCG, Contaduría de la Razon, leg. 123, "Pedro de Baeça", unfoliated.

650 AGS, CCG, Contaduría de la Razon, Leg. 123, "Dho Pedro de Baeça. ass(iento) tomado con el en ll iij de mayi"; ibid, CJH, leg. 466 (Antiguo 656), photo 47. Letter 18th May 1629, "Sobre o prov[imento] de 40 [000] [escudos] en flandes que se encarga P[edro] de Vaeza a los plazos y en la conformidad del pliego q a dado y va aqui, 18th May 1629".

651 Artola, *La Hacienda Del Antiguo Régimen*, 67–68.

652 Alicia Esteban Estríngana, *Guerra y finanzas en los Países Bajos católicos: de Farnesio a Spinola, 1592-1630* (Madrid: Laberinto, 2002).

653 Drelichman and Voth, *Lending to the Borrower from Hell*, 107; Geoffrey Parker, *The Army of Flanders and the Spanish Road, 1567-1659: The Logistics of Spanish Victory and Defeat in the Low Countries' Wars* (London-New York: Cambridge University Press, 2004), 139–57.

654 Gelabert, *La Bolsa Del Rey: Rey, Reino y Fisco En Castilla (1598-1648)*, 78–81.

Taking into account the timing of the contract's signature, half way through the year, as well as the relatively small amounts involved, this financial operation should be considered an extraordinary *asiento,* contracted-out to bridge last minute budget gaps. The funds advanced by Baeça were probably related to an extraordinary remittance of 100,000 *escudos* that was negotiated in the spring of 1629 along with three other Portuguese bankers, Manuel da Paz, Duarte Fernandes and Simão Soares. The destination of their *asientos* was the same as Baeça's, although the schedule of the instalments was different (August, September, October).[655] Like with the naval *asiento* contracted just the previous month, the terms and schedules of this government contract were also clearly stated. Baeça wasrequired to deliver the agreed upon sums in three instalments payable at the end of the months of June, July and August. This meant that Baeça and his correspondents had to have the first tranche delivered in the Southern Netherlands a mere one month after the *asiento* was signed. This would require him to raise capital from within his own credit networks on short notice, at least until the first *libranzas* started being surrendered to him by the royal treasurers in Spain. The contract also specified the revenue streams that paid for the the *asiento's* principal, interests and other additional compensation. These were the so called *libranzas* or *consignaciones*, compensatory mechanisms that also existed in Portugal for the supplying and logistics contracts analysed in the previous chapters. In Lisbon, the Portuguese Council of the Exchequer and contractors also agreed over the revenue streams (taxes, proceeds of monopolies or revenue-farms, or even public debt bonds) used to pay for the contracts, and the timing and location of their payment. In this regard, provisioning contracts, be it the more sophisticated financial *asientos* negotiated by the Spanish *Consejo de Hacieda,* or the *assentos* for produce, manufactured goods and specie leased by the Portuguese *Conselho da Fazenda* operated under a similar principle.

Considering Baeça's 1629 *asiento de dinero*, the compensation rate was set at 398 *maravedis* per *escudo*, payable in silver currency. This meant that the compensation could reach up to 15,920,000 *maravedis* payable through the issuing of government bonds (*juros*) on the *servicio de millones*.[656] These reimbursements would be completed throughout the course of a calendar year. In the seventeenth century, the short term credit contracts involved an interest rate around 8%, a compensation for the costs involving the transfer of the lent capital worth 6% of the principal, plus a 4% share for the so called *adehalas*.[657]

There was an important caveat regarding the way these *asientos* were run. Not unlike some of the Portuguese Crown contracts analysed in previous chapters, in practical terms, the *asentistas* were not expected to raise the value of their loans in their entirety by borrowing, accepting deposits or by using to their own (or the family firm's) capital. Because the first repayment instalments were due just a few months after the first delivery dates, the bankers were, in theory, only effectively advancing money from their own pocket for the first instalments. From then onwards, they drew on the repayment instalments put at their disposal to raise the amounts they had to deliver at the designated locations. Therefore, these subsequent shares were in practice transfers of the Crown's own receipts (which were coming from the fiscal agency where the *asentista* collected his *consignaciones*) to the place where the sums had to be delivered. As soon as the *consignaciones* started being surrendered, the credit

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655 Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV*, 198.

656 The principal advanced and remitted by the *asentistas* to the Crown, and the reimbursements owed later to the banker were negotiated in different currencies. The former in *escudos* and the later in *maravedis. The* exchange rate varied with each negotiation and was settled before the start of each of these credit and remitting contracts. As a result, the profit margins of these contracts varied greatly, making their calculation is extremely complicated.

657 The *adehalas* were a share of the repayments for the lent principal that served as both an incentive for financiers to advance funds to the Crown willing and diligently (it was meant to reward those who were quick to answer the monarchy's appeals for credit), but also as a reimbursement of unforeseen expenses. Sanz Ayán, *Los Banqueros de Carlos II*, 36.

was in practice being fuelled by the Crown's own revenue streams, except that the costs of transferring it fell on the *asentista,* who became a financial intermediary or a remitter of funds than strictly speaking a money lender. The analysis of the inner workings of these *asientos* reveals that the crux of the matter in the Monarchy's dealings with the bankers was not the availability or lack of receipts to service public debt, but rather the costs of transferring funds abroad and coordinating the timings and destinations of the transfers with the schedules and locations of the revenue base. Concomitantly, an *asentista s* greatest asset was the possibility to fall back on a network of correspondents to whom he could remit funds from Iberia and who could make disbursements on his name, whenever and wherever the Crown needed.

In addition to the government receipts assigned to him, Baeça was also given a *licencia de saca* (a license to extract bullion from Castile to other territories) of 15,920,000 *maravedis* and 5,306,606 additional *maravedis* in silver to Portugal, free of charge. The mechanism put in place by the Spanish authorities to regulate the transfer of bullion abroad were the *licensias de saca*. These were permits granted by the Spanish monarch, which allowed for silver to be legally exported from Castile to other peninsular kingdoms, but mainly outside Iberia, notwithstanding Castilian law not allowing for bullion to be taken out of the kingdom. Although most scholars agree that the prospect of being paid back in silver and being allowed to ship bullion out of Castile was a big incentive for bankers to take part in the *asientos de dinero*, they disagree on the extent to which reimbursements in bullion were used to service the short-term debt. Recent contributions have argued that its importance in paying back for the *asientos* has been overblown. Its role was that of added incentive, but by no means the main lure.[658]

How was Baeça planning to bring to fruition this financial contract? Despite years of experience in contracting rents and provisions for the Portuguese Crown, the *asientos de dinero* posed challenges even to seasoned veterans of the Monarchy's banking schemes, let alone to fresh faces in the Spanish court finances. The greatest hurdle was how to transfer money as swiftly and safely as possible, making sure that remittances were ready to be paid in the cities in question. This was normally achieved through bills of exchange. Baeça was no exception in this regard, drawing bills on a series of correspondents who resided at the places where the remittances were due. Among the documents he present to the *contaduría,* the accounting office that computed the accounts of the government contracts, Pedro de Baeça enclosed copies of the bills he drew on his correspondents in Flanders, João da Paz and André de Azevedo, two Porto born merchant-bankers in Antwerp, who served as financial brokers to several Portuguese bankers.[659] Baeça also turned to Diogo Teixeira de Sampaio, an important figure in the Portuguese business community of Antwerp, with connections beyond the Hispanic Monarchy, namely in Scandinavia and the Northern German cities.[660] On 20 May 1629, that is already three days before the signature of the contract, Pedro de Baeça drew bills of exchange over these men, instructing, Azevedo and da Paz to hand over the sum of 29,000 *escudos* concerning the payment of the three tranches to the paymaster of the Spanish armies in Flanders. The remaining 11,000 *escudos* were entrusted to Teixeira de Sampaio.[661]

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[658] Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*.

[659] AGS, CCG, Contaduría de la Razon, leg. 123, "P. de Baeça, letra que dio de que pagaria en los estados de flandes", unfoliated. Both men were notorious correspondents for the Portuguese bankers. They were relatives of the Oporto sugar trader, turned into Brazil wood contractor, Álvaro de Azevedo, who was arrested and trialled by the Inquisition during the dismatling ooperation of the Oporto sugar tarde networs, which was orchestrated in 1618.

[660] AGS, CCG, Contaduría de la Razon, leg. 123, "P. de Baeça, letra que dio de que pagaria en los estados de flandes". For Diogo Teixeira de Sampaio's multifaceted business career in Antwerp and beyond see: Stols, Eddy, *De Spaanse Brabanders of de handelsbetrekkingen der Zuidelijke Nerderlanden met de Iberische wereld, 1598-1648*, (Brussels: Palais der Academiën, 1971): 329, 330, 348, 367; Pohl, Hans, *Die Portugiesen in Antwerpe*n,. 71, 86, 158, 180, 347;

[661] AGS, CCG, Contaduría de la Razon, leg. 123, unfoliated.

Bills of exchange, such as the ones that Baeça promised to send to the Southern Low Countries, worked, more often than not, as a mechanism to secure credit from the correspondent bankers rather than mere orders of payment that were executed directly on the *asentista*'s account. Without these bills it would be impossible to generate a web of credit flows that allowed for the gradual and delayed settlement of the debts incurred between private entrepreneurs. To prolong these flows in time, the bills of exchange were "spun around", endorsed to a third party and passed on from hand to hand. But even with these credit and payment instruments being spun around, at some point the web of debt had to be cleared, even if partially. This was done primarily through the transfer of bullion from Spain abroad, or by returning the bills to Spain, via commercial credit to be discounted there.

7.3 The Castilian Tax-Farm

During his stay in Madrid Baeça also tried to seize and make the most out of other contracting opportunities, spreading risks by diversifying his investments in public-private partnerships. In tandem with his *asiento* for remittances abroad, he tried to secure a tax-farming contract to levy duties in the *Puertos Secos de Portugal y los vedados*, that is, the customs at the border between Castile and Portugal on the Castilian side.[662] Tax-farming was by comparison a less complex contracting venture, because it did not require the allocation of funds outside the Iberian Peninsula and normally demanded a much lower investment from the contractor, as the concession fees were usually inferior to the principal advanced for the loans abroad. Furthermore, these contracts were normally not repayable in bullion, while, politically speaking, tax-farming was not held in the same regard as the *asientos de dinero* and did not make their recipients eligible for the same degree of honorific grants that were extended to the *asentistas*.[663]

On 4 December 1628, Baeça offered to take on the overland customs' farm under the following terms: He proposed a ten-year long concession starting on the first day of 1631 and ending on the last of 1640, against an annual lump-sum of 30,384,037 *maravedis* for the customs, and 3,240,903 *maravedis* for the *vedados*, which was less than what the current farmers, the also Portuguese Marcos Fernandes Monsanto and Lopo Cardoso da Fonseca, paid for them. Running behind in their payments, these tax-farmers were on the brink of being terminated and seeing the tax-farm revert to Pedro de Baeça. Aware of the likelihood of a premature termination, Baeça informed the royal exchequer that he was available to take on the tax-farm one year earlier.[664] The Crown must have been unimpressed with his proposition, for a few months later the two parties settled on an annual lump sum of 36,500 *maravedis* per year.[665] However, in a last-minute turn of events, the Crown changed its mind

[662] The Portuguese Crown had set up her own custom agencies on her side of the border. These were also farmed out to private entrepreneurs.

[663] Tax Farming in early-modern Spain is addressed in Agustín González Enciso, 'La historiografía y los arrendatarios de impuestos en la España del siglo XVIII', *Mélanges de la Casa de Velázquez*, no. 46 (2016): 65–75; David Alonso García, 'Poder financiero y arrendadores de rentas reales en Castilla a principios de la Edad Moderna', *Cuadernos de historia moderna*, no. 31 (2006): 117–38; Carmen Sanz Ayán, 'La Figura de Los Arrendadores de Rentas En La Segunda Mitad Del Siglo XVII. La Renta de Las Lanas y Arrendadores', *Hispania* 47, no. 165 (1987): 203–24.

[664] There seems to have been some confusion regarding the worth of Monsanto and Cardoso da Fonseca's contract. In his initial bid, Baeça said to be offering the same in yearly concession fees than his predecessors, however according to a later assessment by the *Consejo de Hacieda*, every year they paid 33 631 819 *maravedis* for the Portugal customs and 3 242 463 for the *puertos vedados*. The contract was meant to last between 1621 and 1630. AGS, CJH, leg. 466, unnumbered doc.

[665] AGS, leg. 466, unnumbered doc.

and the tax-farm was granted to its former recipient, Marcos Fernandes Monsanto.[666] Moreover, in addition to the tax-farm, Marcos Fernandes Monsanto offered to take over the *asiento de dinero* to Flanders that the Crown had recently negotiated with Baeça. Upon hearing about the counter-offer made by Fernandes Monsanto, Baeça agreed to step down from both the *asiento* and the tax-farm, allowing the monarchy to acknowledge the more favourable terms offered by his fellow *asentista* for both contracts.[667] In a written statement from 2 June 1629, he asked to be released from all contractual obligations and to be discharged from the collateral bonds that the Crown asked leaseholders to pledge before taking on these public-private partnerships.[668]

It seems clear that the financial *asiento* and the tax-farm contract were linked, since Baeça ended up dropping out of both simultaneously to the benefit of Fernandes Monsanto. The settlement of both contracts is addressed in the same *consultas of* the Castilian Exchequer Council (*Consejo de Hacienda*) or addressed jointly in the reports prepared by its auditing board (the *Contaduría Mayor de Cuentas*). It is reasonable to contend that the tax-farm contract was being used as an implicit security for the *asiento de dinero,* although the clauses of the contract only refer to the government bonds, the *servicio de millones* and the silver export permits as the revenue streams earmarked to the *asentista*.[669] Pedro de Baeça did not accept to drop out of the *asiento de dinero* and the border customs' farm for free. In the settlement he reached with the Crown, it was decided that the compensations payable by the royal treasury would amount to 1,000,000 *maravedis*.[670]

Ironically, however, Monsanto did not hold on to the contract of the *Puertos de Portugal* for long. A memorandum penned by a certain Pedro de Moraes, persuaded the Spanish royal exchequer to revert the tax-farm to another notorious Portuguese contractor, the captain Luís Vaz de Resende, who like Baeça made a career between Lisbon and Madrid.[671] As far as the *asiento de dinero* was concerned, Fernandes Monsanto went on to take part in the negotiations for extraordinary credit that took place in the first trimester of 1630.[672]

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666 Marcos Fernandes Monsanto was a merchant-banker who made a fortune in the Brazilian sugar trade (the family owned three sugar mills in Guarapai, in the captaincy of Espírito Santo). Together with his brother-in-law, Simão Soares, himself a Portuguese banker at the Spanish court farmed the Seville almojarifazgos, the city's customs). Antonio Domínguez Ortiz, 'Marcos Fernández Monsanto y Los Almojarifazgos de Sevilla', in *Los Extrangeros En La Vida Española Durante El Siglo XVII y Otros Artículos* (Seville: Diputacion de Sevilla, 1996), 275–88; José Gonçalves Salvador, *Os Cristãos Novos. Povoamento e Conquista Do Solo Brasileiro (1530-1680)* (São Paulo: Pioneira, 1976).

667 As was often the case with bidders who thought to be in an advantageous position and closing in on a governmental adjudication, Pedro de Baeça made a final bid under the condition that was declared the winner of the auction with immediate effect, and the guarantee that the Crown would not consider any more bids.

668 The agreement reached between the royal exchequer and Baeça to suspend the contract can be found at AGS, CMC, 3a epoca, leg. 123, "el dho P[edro] de Baeça, del concierto q se tomo con el sobre que separtase del arrendam[iento] que tenia hecho de la renta de puertos secos de portugal"

669 Nogal and Chamley draw attention to the fact that "domestic public debt provided collateral, either implicit or explicit, for the short term debt, the *asientos*". This security mechanism was made effective by converting those floating, short-term loans into long term government bonds, the *juros*. It can be argued that the same principal applied for governmental revenue farms.

670 AGS, CMC, CCG, Contaduría de la Razon, leg. 123, "el dho P[edro] de Baeça, del concierto q se tomo con el sobre que separtase del arrendam[iento] que tenia hecho de la renta de puertos secos de portugal".

671 AGS, CJH, leg. 664, "Sobre el Arrendamiento delas Rentas de puertos secos de entre Castilla y Portugal y vedados dellos quen estan rematadas de primer remate en el cap[itan] Luys Vaz de Resende por diez anos contados desde el de 631 en adelante en precio de 46 q[uentos] 100 $ m[aravedis] cada ano con las fiancas en la forma referida en esta consulta y lo que se oferece y parece al consejo en razon de todo y de que el postier remate se haga a 40 dias despues del primero, y enquanto a los desp[achos] que a pedidio p[era] administrar y cobrar las dhas rentas desde principio del dho ano"

672 On March of 1630, Fernandes Monsanto agreed to allocate, on his own account, 61 million *maravedis* abroad, for which he was paid back, partially, from the *caudales* of that year's *Carrera de Indias* returning voyage. For the general provisions of 1631, he advanced and remitted almost 113 million *maravedis* to destinations in Flanders, Northern Italy and Iberia. Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV*, 205–7.

7.4 The 1630 *Asiento* for a Naval Expedition to Brazil

While taking part in the short-term loans of the Spanish exchequer, Pedro de Baeça did not turn his back on the public-private partnerships pertaining to Portugal and its overseas empire. Baeça was at the court when news of the loss of Recife and Olinda to the WIC, in February-March, 1630 reached Iberia.[673] Unlike 1624, when the Dutch capture of Salvador da Bahia was answered with the swift and decisive counter-offensive known as the "Voyage of the Vassals" (*Jornada dos Vassalos)*, in 1630 the Hispanic Monarchy struggled to launch a counter-attack of the same magnitude.[674]

The *Real Hacienda* was by the turn of the decade under considerable strain, while tax-payers in the different polities of the Hispanic Monarchy were exhausted following years of mounting fiscal pressure to sustain the many international of the house of Habsburg.[675] As far as the military situation was concerned, matters certainly had not improved with the turn of the decade. While a new war front was opened in Portuguese America, the Monarchy was embroiled in a seemingly never ending war against the Dutch Republic, and suffered major setbacks on the Northern German front at the hands of Gustavus Adolphus' Sweden, which was now championing the protestant cause in the Thirty Years' War. In Northern Italy, on the other hand, French interference indicated that a Bourbon-Habsburg war was brewing.[676]

A setback such as the loss of Pernambuco, as damaging as it was for the morale and the international prestige of the Monarchy, as well as being a major economic blow to the Portuguese empire, presented the Madrid court bankers with further opportunities to pledge their financial resources and organizational capabilities. Baeça was one of the merchant-bankers to answer the Crown's call for financial aid in the second semester of 1630.[677] With Lisbon and Madrid seriously strapped for cash, Baeça offered to advance the much needed funds for the Iberian counter-attack on the Brazilian Northeast. By September of 1630, he and Madrid's *Consejo de Hacienda,* who had taken over the negotiations over its Portuguese counterpart, agreed on the terms of an *asiento* for a naval expedition that would oust the Dutch from Olinda and Recife as swiftly as six years before in Salvador da Bahia.

This *asiento* entailed the provision of 60,000 *escudos,* that is, 20,400,000 *maravedis* in Lisbon for the purpose of assembling a fleet that would be dispatched to Pernambuco to oust the WIC.[678] Starting in September and continuing until the end of the year, Baeça was required to hand over 15, 000 *escudos* or 5,100,000 *maravedis*) every month to the paymaster of the *Armada del Mar Oceano* and of the Spanish troops dispatched to Lisbon, Jerónimo

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673 Max Justo Guedes, 'As Guerras Holandesas No Mar', in *História Naval Brasileira*, ed. Max Justo Guedes, vol. 2 (Rio de Janeiro: Serviço de Documentação Geral da Marinha, 1990), 112; Charles R. Boxer, *The Dutch in Brazil, 1624-1654* (Oxford: Clarendon Press, 1970), 41–42.

674 Marques, 'L'Invention Du Bresil Entre Deux Monarchies. Gouvernment et Pratiques Politiques de l'Amérique Portugaise Dans l'union Ibérique (1580-1640)', 81–121; Stuart B. Schwartz, 'The Voyage of the Vassals: Royal Power, Noble Obligations, and Merchant Capital before the Portuguese Restoration of Independence, 1624-1640', *The American Historical Review* 96, no. 3 (1991): 735–62.

675 Gelabert, *La Bolsa Del Rey: Rey, Reino y Fisco En Castilla (1598-1648)*, 100–101.

676 Boxer, *The Dutch in Brazil, 1624-1654*, 41–44, 54, 61.

677 He was not, however, the only one. See the contract negotiated with two court bankers, the Portuguese Simão Soares and the Genoese Lelio Ibrea, for the provisioning of copper and fire-arms for the first expedition bound for Brazil. AHU, CU, cod, 476, fl. 107, 109.

678 AGS, Contaduría Mayor de Cuentas (CMC), 3a epoca, legajo 3139, doc. 3, "Asiento tomado con Pedro de vaeza sobre la provision que se encarga de hazer de 60$ r de 10 r en lisboa para el apresto de los navios que andey a pernambuco y el socorro dela gente que t? La que ultimam[ente] a venido delas yndias"; AGS, CCG, leg. 124; AGS, CJH, leg. 664. The treasurer major of the Portuguese Crown (*tesoureiro mor da* Coroa), António Paiva Giralte confirmed the signing of this *asiento* before Lisbon's Inquisition, confirming that the revenues streams committed to servicing this contract were the Cruzade Bull of the Crown of Aragon. ANTT, Santo Ofício, Inquisição de Lisboa, processo 11559 (Pedro de Baeça da Silveira), fl. 52v-53.

Vitória. The exchange rate for of the 60,000 *escudos* advanced by Pedro de Baeça da Silveira varied with each repayment instalment. With regards to the remuneration of the interests, the premium on silver (the exchange from copper currency to silver), the transfer costs of the disbursements, Baeça would be paid a total of 24,820,000 *maravedis* raised from several revenue streams. In exchange for the delivering these funds, the *asentista* was allowed to withdraw Spanish American bullion from Seville's outports and other Spanish port-cities.

Table 23. Revenue streams assigned to Pedro de Baeça with regards to the 1630 asiento for the Pernambuco relief fleet

***Consignaciones*/Assigned revenue streams**	**Metallic currency**	**Place of Payment**	**Amounts (in *maravedis*)**
Spanish American bullion in the galleons of Don Fradique de Toledo Osorio. The sum in bullion should be delivered to Baeça on 15 September, 1630.[679]	Silver or gold	Seville	3.740.000
From the excusado of December 1631, levied in *Valencia, Aragon, Catalonia, Navarre*		Different locations	10.030.000
Bull of cruzade (to be paid in the months of October and November of 1630. If the funds could not be paid on those two months, than the *asentista* should be paid on December 1631	Plata doble (silver)	Madrid	10.300.000
			23.800.000

Source: AGS, Contaduría Mayor de Cuentas (CMC), 3a epoca, legajo 3139.

As table 23 demonstrates, Baeça's contract was to be paid from two of the so called the 'Three Graces", ecclesiastical revenues firstly allocated to the Spanish Crown by the Holy Seat in 1565. The first of these was the bull of *Crusade*. The *excusado*, on the other hand, was the full amount of the tithes of the second-richest parishioner in each parish. The fiscal dues levied by the Church on the Crown's behalf reached between 13 and 18% of the royal revenues in the second half of the 1500s.[680] he revenue streams allocated to service this naval *asiento* involving Brazil came entirely from Castile, but not from Portugal. These included regional taxes and interests on government bonds, while only a residual share consisted of Spanish American silver. The way this *asiento* contract was to be serviced is a testament to the importance given by the Hispanic Monarchy to the events in Brazil, not only because Castilian tax income was involved, but also Spanish American silver. The fact that bullion was among the forms of repayment that court bankers desired the most and that the Spanish Monarchy reserved its use for to the most politically sensitive contracts confirms Madrid's concern for the defense of Portugal's territories in South America. Not even the residual importance of silver in servicing this short-term loan is enough to invalidate this statement, because, as scholars like Carlos Álvarez Nogal or Carmen Sanz-Ayán have contended, even in the *asientos de dinero* involving transfer of funds outside the Iberian Peninsula, Spanish American bullion comprised only a minor share of repayments. Silver was used first and

[679] The convoy carrying of the annual silver remittances from Spanish America, under the command of Don Fradique de Toledo arrived to Spain on August of 1630. This fleet, one of the three contingents that comprised that years retuning voyage of the *Carrera de Indias*, carried 532,000 *maravedis* worth in silver, that were in its totally due for private investors, but which the Crown confiscated due to its precarious financial position. In total, according to Álvarez Nogal calculations, the silver remittances from the return voyage of 1630 reached 2 117 259 354 *maravedis*. Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV*, 194, 380, 384.

[680] Drelichman and Voth, *Lending to the Borrower from Hell*, 83, 217; Artola, *La Hacienda Del Antiguo Régimen*, 1606–108.

foremost as an extra incentive to lure entrepreneurs into taking part in government debt contracts.

Despite Baeça's interest in taking this government contract and the advanced stage of the negotiations with the *Real Hacienda*, it ended up falling through due to the Crown being unable at the time to allocate revenues to service a new *asiento*. Out of the estimated 60,000 *escudos*, the Monarchy was only able to commit 11,000 to the preparation of the expedition.[681] The most direct consequence of the failure to go through with this contract was that only a modest expedition, more or less improvised at the last minute, was fitted-out. It should, therefore, come as no surprise that the Pernambuco bound fleet that left the Tagus in 1631 was poorly assembled, suffering from overall shortage of supplies and equipment and lacking the number of war vessels and manpower to oust the Dutch from Pernambuco.[682] The fleet was led by the Spaniard Don António de Oquendo, who sailed from Lisbon at the helm of the armada in the early months of 1631. Brazilian historian Evaldo Cabral de Melo defined this fleet (and the ones that followed), not as a recapturing fleet launched from Iberia to engage directly with WIC forces and expel them, but rather as an expedition aimed at transporting reinforcements and material relief to the resistance troops fighting on the ground.[683] After disembarking new contingents of Portuguese, Spanish and Italian soldiers at Paraíba, and subsequently leaving a few hundreds of troops at Bahia, the armada headed to Cuba, from where it escorted the Spanish American silver fleet safely back to Andalusia.[684] The inability to undertake a more decisive expedition allowed the WIC to hold sway over the coast line of Northeastern Brazil and ultimately, in the course of a string of successful military incursions, to extend the areas under its control towards Itamaracá, Paraíba and Rio Grande do Norte.[685] After the disappointing outcome of the *asiento* negotiations, Pedro de Baeça was nonetheless approached by the Lisbon authorities for financial and logistical help, to which he replied by fitting-out two merchant-ships and acquiring naval wares at his own expense for the fleet in just a few months. He also advanced 3,200,000 *réis* free of interest at the request of Dom Diogo de Castro, one of the governors of Portugal at the time, certainly hoping to capitalize from his good will in the future. This was indeed the case, since it was this interest free loan that secured him the a knighthood of the Order of Christ, an annual pension from the Crown worth 4,000 *réis*, as well as the granting of a royal estate, a *comenda.*[686]

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681 Álvarez Nogal acknowledges that the Monarchy intended to raise 60,000 *escudos* for the recapture of Pernambuco, but provided no mention of any *asiento* specifically negotiated for that purpose, nor does he mentions Baeça's involvement. Álvarez Nogal, *El crédito de la monarquía hispánica en el reinado de Felipe IV*, 205–6.
682 Evaldo Cabral de Mello, *Olinda restaurada: guerra e açúcar no Nordeste, 1630-1654* (Rio de Janeiro: Topbooks, 1998), 31.
683 Mello, 32, 47–48.
684 Marques, 'L'Invention Du Bresil Entre Deux Monarchies. Gouvernment et Pratiques Politiques de l'Amérique Portugaise Dans l'union Ibérique (1580-1640)', 378–79; Guedes, 'As Guerras Holandesas No Mar', 120.
685 Mello, *Olinda restaurada*, 28.
686 ANTT, Santo Ofício, Inquisição de Lisboa, processo 11559 (Pedro de Baeça da Silveira).

7.5 An Assessment of the Spanish Sojourn

In the two years when Pedro de Baeça da Silveira enjoyed access to the Spanish court and engaged first-hand with the business scene of Madrid, he actively pursued and took part in government contracts. These ranged from the financing of armies fighting abroad, or for naval expeditions assembled within the Iberian Peninsula, as well as one tax-farm. Baeça, like his countrymen, relished the prospect of underwriting *asientos* with the royal treasury due to the high premiums of these sizeable short-term loans and contracts for the remittance funds. The returns of these business deals with the Monarchy were secured in reliable and stable state streams of revenue, and to a lesser, but still appreciated extent, in silver. The bankers were also bestowed with fringe benefits, like patents of naturalization and, knighthoods of the royal household and of the military orders, which Baeça finally obtained in 1631.

Unfortunately for Pedro de Baeça, his attempts at court banking were met with mixed results and it cannot be said that his sojourn in Madrid was an astounding success. In the end, Baeça's Spanish intermezzo was defined by the remittance of funds within Iberia, particularly for naval squadrons, as he ultimately failed to kick-start a career in the international payments system of the Monarchy, and even the prospect of becoming a tax-farmer in Castile did not come to fruition. Unlike fellow country mates, such as Manuel da Paz, Duarte Fernandes or Nuno Dias Mendes de Brito, he was never invited to take part in the Monarchy's annual credit negotiations, the *Provisiones Generales,* meaning that he took a back seat to other Portuguese *asentistas*, not to mention to the Genoese bankers or the Fugger, all of whom underwrote *asientos* involving much higher sums.

His short-lived involvement with the *asientos de dinero* is reminiscent of other Castile-based Portuguese businessmen who cut their teeth in the Lisbon contracting scene, such as the Dias Henrique-Coronel Henriques house.[687] What truly sets Pedro de Baeça apart from other members of the Lisbon business establishment who moved to Spain, was that he relocated back to Portugal after a brief period at the Habsburg court. The case that, perhaps, bears closer resemblance to his is the main branch of the Mendes de Brito-Elvas clan, whose members returned to Portugal before 1641. However, unlike the Silveiras-Lopes de Lisboa, the Mendes de Brito-Elvas pledged allegiance to the Braganzas and pursued a strategy of social upward mobility in post-Restauration Portugal.

Compared to other Portuguese bankers, Baeça's transition from the Portuguese royal finances into the core of the Hispanic Monarchy's finances can be considered to have been left incomplete. Following his clash with the Portuguese Inquisition, he remained in Portugal and restricted his public-private partnerships to dealings with the Portuguese exchequer in Lisbon, whereas several of his counterparts remained in Madrid, involved in the Castilian and international payments system that fuelled the Habsburg wars in Italy, the Low Countries and in Germany. Considering the brief period when he resided in Castile, only three years, his sojourn pales in comparison to the achievements of his brother, Jorge da Paz da Silveira, in the two decades that followed. Jorge da Paz, despite being a relatively late-comer into the Spanish banking schemes, went on to become one of the main financiers of Phillip IV, second to none among his Portuguese peers, while Pedro de Baeça retrieved back to Portugal and continued his career as a merchant-banker in Lisbon. The events that kept this merchant-banker and royal contractor in Lisbon and put an end to his run into the Spanish royal finances will be analysed in the last chapter of this dissertation.[688]

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687 Broens, *Monarquía y capital mercantil*, 58–59.

688 AGS, Contadurías Generales, legajo 129, asientos y factorías, 1630, Pedro de Baeza.

Chapter 8: Baeça's Last Stand as Government Contractor and the Twilight of the Union of the Crowns

In the last fifteen to ten years of the Union of the Crowns, the upper echelon of Portugal's merchant class underwent a change of the guard. Compared to previous decades, the cohort of state contractors became smaller, as a result of less individuals ensuring the wholesale provisioning of the Crown's stores, shipyards and garrisons across the empire. At the same time, a smaller number of investors was bidding for tax-farms and monopolies, in part because the Crown increased the use of revenue-yielding assets as collateral to a smaller number of increasingly bigger contracts. The change in the contracting group and in the nature of the public-private partnerships was caused by three different, yet related factors.[689]

The first factor was the co-opting of members of Lisbon's business elite by the Spanish *Real Hacienda,* already described in the previous chapter, which created a vacuum in the contracting group working from the Lisbon. This vacuum could be filled either by the merchant-bankers who remained in Lisbon expanding their investments or by young and upcoming entrepreneurs venturing out in wholesale trade and government contracting. This transition occurred at a particularly critical juncture for the Portuguese economy, especially for overseas trade.[690] Since the merchant elite derived much of the starting capital for its government contracts from the Atlantic and Cape Route trades, as well as from the import-export sector with Northern Europe, the resuming of the war against the Dutch Republic after 1621 hindered its prime means of capital accumulation. The departure of the top-tier of Portugal's merchant-capitalism to the Spanish court did not, however, mean that the country's main merchant houses simply turned their backs on the Portuguese empire altogether. Although tax-farming and wholesale trade with Portugal's overseas settlements were no longer their priority, the principals of the merchant houses that relocated to Castile maintained, beside family ties, business links with their associates who continued to operate west of the border. The case of the Lopes de Lisboa-Silveiras, personified by Jorge da Paz da Silveira and Pedro de Baeça, shows how merchant bankers reacted in the face of adversity, and turned their business into new, and potentially more lucrative, directions, while at the same time not completely neglecting their tried and test investments.

The second factor was the downturn in Portugal's colonial and external trade caused by the Dutch competition in Asia, the South Atlantic and the Caribbean. This fierce commercial and naval rivalry diminished the frequency and volume of trade in the Portuguese ports, and was responsible for the ruin of several contractors, especially those whose revenue farms were directly linked to the licensing or levying of tariffs on

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689 During this period, Portugal's contracting scene was undergoing a different trajectory from that of other European countries, for example France just a few decades later. Until the reforms of Colbert in the 1660s, French revenue farms were defined by a quick turnover of lease holders, with only 23% of the concessionaires leasing revenues farms more than once. Then, from Colbert's fiscal-financial reforms onwards, it became the norm to group the many existing tax farms into larger and higher valued revenue collection contracts, thus creating incentives for moneyed men and financiers to partner up and pool capital together and remain involved in these activities for longer. Nothing similar was happening in Portugal during the 1630s. There were less people bidding for tax-farms and provision concessions, but were not being merged in all-encompassing leases to a large contractor's cartel. The adjudication system remained competitive, but struggled to find as many bidders as at the start of the century. As it will be shown in this chapter, the novelty in the Portugal of the 1630s was that different and separate tax farms were being assigned to the same military contractors as a means to service their public private partnerships, as a result of the Crown's cash flow problems. On the tax-farming trends of late sixteenth and seventeenth century France, leading up to the abandonment of the competitive auctions and the creation of the monopsonistic General Farm, see, Johnson, 'Banking on the King'; White, 'From Privatized to Government-Administered Tax Collection'.

690 Smith, 'The Portuguese Mercantile Class', 120–21.

intercontinental trade. This was the case of Gil Fernandes de Aires and Henrique Gomes da Costa, contractors of the *consulado*[691] and Angola[692] respectively, whose business careers were drastically affected when economic downturn forced them to default on their revenue farms.[693] Already before the end of the Twelve Years' Truce the sugar sector was affected by a drop in prices in the consumption markets. European demand was then further constrained by the outbreak of the Thirty Years' War in 1618. Therefore, by the time the hostilities resumed and the anti-Dutch embargoes were reinstated (this time much more competently enforced), the Atlantic trade had been experiencing difficulties for a few years.[694] The picture of generalized decay must, nevertheless, be nuanced, since not every overseas trade was affected with equal intensity, and because several economic actors managed to adapt to the unfavourable context and find new investment opportunities in sectors less exposed to the crisis. One of the ways Portuguese merchant networks responded to the growing difficulties they experienced to trade with the country's overseas offshoots was precisely by encroaching onto Spain's colonial system and state finance. They did so by relocating to Seville or to Castile's American colonies, where they participated in the convoyed trade of the *Carrera de Indias* and/or in the slaving routes linking the Western African ports and Spanish America.

The third factor stemmed from the Portuguese Inquisition's harassment of individual traders and merchant houses across several ports. Present-day historians have dismissed the notion of persecution campaigns against members of the merchant class, which were masterminded by the state and supported by the aristocracy and the ecclesiastic elite.[695] The old Marxist view of the Inquisition as a response of the hegemonic aristocratic-agrarian forces in Portuguese society against a nascent bourgeoisie and the proto-capitalist set of values and production relations it embodied, has long gone out of fashion. However, when

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691 For an explanation on the *consulado* duty see footnote 304.

692 The Angola contract is one of several public-private partnerships, colonial and otherwise, that is not analysed in this dissertation. For the sake of clarity, however, a brief explanation will be provided here. This government contract revolved around the Portuguese Crown's monopolies in its outposts in West Central Africa, and included the right to collect slaving duties in Luanda, the administrative capital and seat of the colony's trading factory and fiscal agencies. The contract also enabled the leaseholder to operate the licensing system used to grant private merchants and skippers access to the bartering districts on the African coast. By purchasing a permit (*avença*) from the contractor, traders could sail to and barter in areas within the contract's scope. Other than the few licences set aside by the king for individuals he wanted to grace with royal favor, the contractor enjoyed exclusive rights to sell these licences. A combination of indirect tax-farming and the outsourcing of trading licences therefore constituted the two pillars of the Angola contract. In exchange for the right to operate the royal monopoly on export trade, along with the lease of the trade tariffs levied on the settlement, the contractor required to pay the Crown an annual lump sum in instalments. These payments were due both in the metropolis and in Angola, and were instrumental to the colony's administrative and economic livelihood. The wages of officials and clerics, the military apparatus, and the public infrastructure all depended on the receipts paid by the contractor to the local exchequer. For any merchant-banker, the main lure of these public-private partnerships was the opportunity to levy duties and thus to stage manage flows of the Angolan slave trade and Portuguese trading incursions in Loango to the north and Benguela to the south. By the second decade of the seventeenth century, these regions had become the leading supplier of slaves to Brazil and Spanish America, accounting for two-thirds of all African slaves shipped across the Atlantic. To reap these rewards, however, the leaseholder had to make sizeable investments and run operations ranging from Lisbon and other Iberian ports to coastal West Central Africa, Brazil, and Spanish America. And as a vital commercial and fiscal player who was simultaneously a licence seller and duty collector, the contractor was also exposed to economic fluctuations and political turmoil on both sides of the South Atlantic, including in slaving "production" outlets (where Portugal had some influence, but certainly not control, despite its best military efforts) and in consumer markets in the New World. Marc Eagle, 'Chasing the Avença: An Investigation of Illicit Slave Trading in Santo Domingo at the End of the Portuguese Asiento Period', *Slavery & Abolition* 35, no. 1 (2014): 102–3; Silva, *Dutch and Portuguese in Western Africa*, 89–92; Joseph C. Miller, *Way of Death: Merchant Capitalism and the Angolan Slave Trade 1730-1830* (Madison, Wisc.: University of Wisconsin Press, 1988). See chapter 15.

693 Pereira, 'The Ordeals of Colonial Contracting'.

694 Costa, *O transporte no Atlântico*, 243–46; Charles P. Kindleberger, 'The Economic Crisis of 1619 to 1623', *The Journal of Economic History* 51, no. 1 (1991): 149–175.

695 António José Saraiva, *Inquisição e Cristãos-Novos*, 5th ed. (Lisbon: Editorial Estampa, 1994).

it was originally formulated, in the 1950s and 60s, this interpretation had at least the merit of drawing attention to the mutual interests of the Crown and the Inquisition. This line of questioning has been picked up again in recent years, with new research questioning the ways in which the Crown benefitted from the tribunal's actions, and throwing some light on how the Crown was interested in the confiscation of the assets of those who were trialled. One of the conclusions reached by these studies is that when the royal treasury and the Inquisitorial coffers experienced difficulties, such as during economic downturns, there was a greater incentive for the Crown and the Holy Office to seize the assets of those who were imprisoned and sentenced by the latter.[696]

There is another aspect of the inquisitorial *praxis* that warrants a mention due to the impact it might have had on the trajectories of merchant-bankers during the period under study. Beyond the ways the Crown benefitted from the inquisitorial confiscations it is unclear how much influence the king exerted over this ecclesiastical court and whether he could determine who was investigated, arrested, taken to trial and exonerated.[697] There is evidence, albeit inconclusive, that in some instances the Monarchy might have used the threat of inquisitorial prosecution to extort funds from the New Christian business elite and compel its members to participate in government contracts in which they might not have been interested. Conversely, it is also unclear whether the Crown had the power to intervene and prevent its leading creditors and contractors from being investigated and brought to trial by the inquisitors. Taking as evidence the period after 1640, that seems not to have been the case. During the war against Spain in the Iberian Peninsula and overseas with the VOC and WIC, the Portuguese Inquisition enjoyed almost complete autonomy *vis à vis* the state to investigate, arrest and trial whomever it saw fit. This is attested by the number of government contractors, as well as shareholders and directors of the *Companhia Geral do Comércio do Brasil,* the trade corporation chartered to coordinate the war effort against WIC in the Brazilian Northeast, it brought to trial.[698] Not infrequently, these arrests came at the worst possible time for the Crown and were highly damaging to the kingdom's political and military interests. For instance, important businessmen were placed in custody and brought to court while they were advancing large funds to the royal purse or fitting-out garrisons and naval squadrons, as well as implementing their contracts for the wholesale import of raw materials and manufactured goods from Northern Europe.[699]

Whether or not the Crown guided the hand of the Inquisition it remains unclear, but some historians have showed that when the inquisitors cast their nets wide against merchants suspected of heresy they were often able to bring to a halt or at least seriously disrupt the operations of transnational trade networks.[700] The wave of arrests that normally ensued the trials of one or more businessmen, included not only local economic actors, but not infrequently agents and partners in distant ports. The reach of these prosecutorial waves was far and wide due to the small size and the endogamy of the merchant groups in these ports. Their members tended to knew each other and a good number of them was even linked by close familial ties. At the same time, fierce competition between opposing factions over trade, state contracts and political favoritism was also common. The relatively horizontal ties and the open lines of communication between the members of these mercantile communities,

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696 Cátia Antunes and Filipa Ribeiro da Silva, 'In Nomine Domini et In Nomine Rex Regis: Inquisition, Persecution and Royal Finances in Portugal, 1580-1715', in *Religione E Instituzioni Religiose Nell'Economia Europea: 1000-1800*, ed. Francesco Ammannati (Florence: Firenze University Press, 2012), 377–410.

697 Costa, 'Elite Mercantil Na Restauração: Para Uma Releitura'.

698 Costa, *O transporte no Atlântico*.

699 Cátia Antunes and Jessica Vance Roitman, 'A War of Words: Sephardi Merchants, (Inter)National Incidents, and Litigation in the Dutch Republic, 1580–1640', *Jewish Culture and History*, 2015, 24–44; Costa, *Império e grupos mercantis*; Smith, 'The Portuguese Mercantile Class'; David Grant Smith, 'Old Christian Merchants and the Foundation of the Brazil Company, 1649', *The Hispanic American Historical Review* 54, no. 2 (1974): 233–59.

700 Magalhães, *O Algarve económico, 1600-1773*, 371–80.

which were one of their main business assets, also facilitated the work of assembling evidence and gathering testimonies against them. Moreover, arrests could spread like wildfire because it was normally assumed that relatives shared the transgressions of their families and partners those of their close associates, while competitors, by their own initiative or under pressure of the inquisitors, were prone to denounce others.[701] Regardless how instrumentalized the Inquisition was by the royal power (and by the merchants themselves), there is little doubt that, in the long run, it was responsible for a drainage of solvent and savvy investors and commercial actors in Portugal. Despite the lack of legal base and actual power to reel in the Inquisition, on certain periods the Crown made attempts to exempt New Christians from Inquisitorial confiscations, in order to persuade them to take part in public-private partnerships and relieve the royal treasury in period of mounting military expenditure.

The following sections will address how Baeça reacted to the political and economic context shaped by the three-interlocked factors described above, the departure for Spain, the crisis in Portuguese overseas and the Inquisition. It will be shown how Pedro de Baeça was not only able to withstand considerable adversity, and, despite some setbacks, was still able to thrive in the 1630s as a contractor and merchant-banker.

8.1 The Return to Portugal and Inquisitorial Custody

In the autumn of 1631, Pedro de Baeça was back in Portugal. Whether he planned to stay on a more permanent basis or this was merely a short visit, after which he would return to the Spanish court, is unclear. There is evidence of two different financial interactions linking Baeça to the Portuguese Crown in 1631. The first was his contribution to an emergency subsidy of 120,000,000 *réis* to the royal treasury which was to be raised by the business community of Lisbon over the course of five years.[702] Baeça's contribution was worth 1,200,000 *réis*, and he was not the only member of his close-family to take part in the subsidy. His sister Sebastiana da Paz advanced 500,000 *réis*, and his brother, Jorge da Paz da Silveira, 800,000 *réis*. It is worth stressing the fact that Jorge da Paz's contribution was lower than Pedro de Baeça, which suggests that Jorge's business acumen was at this point behind that of his brother, since the value of the contributions was based on the authorities somewhat loose estimation of the merchants' fortune. In principle, the more affluent a merchant was, the higher the contribution requested by the authorities. Also on the list were the cousins of the Silveiras, the Rodrigues Passarinho brothers, Afonso and Gaspar, who not long after relocated to Seville, where they served as the Pedro and Jorge's correspondents. The Rorigues Passarinho contributed with 200,000 *réis*.[703]

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[701] Joaquim Romero Magalhães, 'Em Busca Dos Tempos Da Inquisição (1573-1615)', *Revista de História Das Ideias* 9 (1987): 191–228; José Veiga Torres, 'Uma Longa Guerra Social: Os Ritmos Da Repressão Inquisitorial Em Portugal', *Revista de História Económica e Social* 1 (1978): 55–68.

[702] ANTT, Corpo Cronológico, parte 1, maço 118, doc. 105. This subsidy was one of the ways the monarchy tried to raise 200,000,000 *réis* in 1631 to assemble a proper armada to take Olinda and Recife back from the WIC. Costa, *O transporte no Atlântico*, 100–101; António de Oliveira, *Poder e oposição política em Portugal: no período filipino, 1580-1640* (Lisbon: Difel, 1991), 121; Pedro de Azevedo, 'Empréstimo de 1631 Destinado à Recuperação de Pernambuco', *Revista de História*, 1912, 179–83; Eduardo Freire de Oliveira, *Elementos Para a História Do Município de Lisboa*, vol. 3 (Lisbon: Typographia Universal, 1887), 478; For a general overview on these subsidies as a financial expedient employed during the period under study, José Ignacio Fortea Pérez, 'Los Donativos En La Política Fiscal de Los Austrias (1625-1637)? Servicio o Beneficio?', in *Pensamiento y Política Económica En La Época Moderna*, ed. Luis Antonio Ribot García, Luigi De Rosa, and Carlos Belloso (Madrid: Editorial Actas, 2000), 31–76.

[703] Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*; Studnicki-Gizbert, *A Nation upon the Ocean Sea*; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*.

The second venture linking Pedro de Baeça to the Portuguese Crown was the provisioning contract for the Moroccan garrison towns of Mazagan and Tangier.[704] Having secured this multi-year supplying concession, it seems clear that despite his deals at the Spanish court, he did not plan to shy away from public-private partnerships with the Lisbon-based institutions. Another possible interpretation is that disappointed with the outcome of his public private partnerships negotiations with the Spanish *Real Hacienda* he decided instead to invest heavily in the Portuguese Crown's contracts. Whatever his true intentions might have been, they suddenly interrupted when, on 18 November 1631, Pedro de Baeça was taken into custody by the Lisbon Inquisition.

Baeça was not the only merchant banker in Lisbon to fall prey of the Holy Office at this juncture, since other contractors of the Portuguese Crown and wholesale merchants were arrested around this time. This wave of arrests lays bare the contradicting evidence regarding the Crown's use of the Inquisition to gain leverage over portfolio capitalists and secure sources of revenue that merchants would not provide willingly. The fact that the imprisonments occurred while the subsidy was being negotiated with some of the kingdom's leading merchants is striking, but whether or not these events were in fact connected is not clear. It remains inconclusive whether the imprisonment was intended to pressure the members of the business elite to comply with the demands of the royal exchequer, as some authors have hypothesized.[705] While this is certainly possible, it could also be argued that it was counterproductive to arrest a contractor while his government concessions were underway, which in this case meant potentially compromising the supplying of the two Northern African garrison towns.

By reading of the inquisitorial trials of the merchants and financiers arrested in the last days of 1630 and throughout 1631, it becomes apparent that the catalyst for this wave of arrests was Francisco Dias Mendes de Brito and Diogo Mendes de Brito, two brothers who belonged to a secondary branch of the Mendes de Brito family, one of the wealthiest merchant houses of the kingdom.[706] These two brothers, who were born in the Northeastern border town of Trancoso and, like so many New Christian entrepreneurs, migrated to Lisbon to improve their economic and social standing,[707] implicated several prominent portfolio investors in the course of the questioning sessions.[708] Both Pedro de Baeça, the other businessmen who stood for trial, and equally the defence witnesses summoned at the request of the accused, recalled bitter rivalries involving the purchase of colonial staples under Crown

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[704] BA, 51-X-1, fl. 272-273; "Carta dos Governadores para el-Rei D. Filipe III sobre o caso de Pedro de Baeça, contratador de Mazagão, preso pelo Santo Ofício, o qual declara que poderiam correr com este contrato e provimento Manuel de Paiva, ou Bento de Mesquita, que tinham notícia da matéria, Lisboa, 1631, Nov.".29); BA, 51-X-2, fl. 9v, Carta d'El Rei Filipe III para o governo sobre a prisão, pelo Santo Ofício, de pedro de baeça, contratador de Mazagão, e sobre o provimento desta praça, 1632, Jan. 14; AGS, SSP, lib. 1469, fl. 251.

[705] Costa, *O transporte no Atlântico*, 137–38.

[706] The main branch of the Mendes de Brito clan had relocated to Madrid through the hand of Nuno Dias Mendes de Brito, who became one of Portuguese *asientistas* of the Castilian exchequer. Unlike many of his country mates, Jorge da Paz da Silveira included, they returned to Portugal just before the Restoration. The main branch of the family used the wealth made from wholesale colonial trade and government contracting and lending, to emulate the ways of living of the nobility and try to get as much distance as possible for its Sephardic origins, which included entailed states, insignias of the military orders and the exclusion from the estate of members of the family who could implicate them with Crypto-Judaism. For the trials and tribulations of the Mendes de Brito in the second half of the seventeenth century and eighteenth century: Fernanda Olival, 'A Família de Heitor Mendes de Brito: Um Percurso Ascendente', in *Poder e Sociedade (Proceedings from 'Jornadas Interdisciplinares')*, ed. Maria José Tavares, vol. 2 (Lisbon: Universade Aberta, 1998), 111–29.

[707] Smith, 'The Portuguese Mercantile Class'. Chapter 1

[708] ANTT, Santo Ofício, Inquisição de Lisboa, processo 4885 (Diogo Mendes de Brito), ibid. processo 4885 (Francisco Dias Mendes de Brito) AHU, CU, cod. 40, fl. 17v-20. This document address the assets confiscated from Francisco Dias Mendes de Brito following his arrest.

monopoly between them and the Mendes de Brito brothers.[709] Several of the incidents chronicled in these trials demonstrate how the public auctions of colonial staples, like pepper and brazilwood, could be fiercely competitive, and at times spiral out of control into bitter personal conflict between investors. The trials also throw light on the resentment and animosity that frequently arose from the interactions between different economic actors, ranging portfolio-investors, wholesale traders of specific goods, as well as retailers, shopkeepers and petty traders.[710] According to the information gathered for Baeça's defense, the two men who provided the bulk of the evidence against him, the Mendes de Brito from Trancoso, were at some point interested in purchasing an entire cargo of brazilwood that had been shipped to Portugal by the contractors of the dyewood monopoly, Fernão Lopes Lopes and his nephew, Lopo Pereira, and later sell it somewhere in Northwestern Europe.[711] According to the trial records, Pedro de Baeça allegedly stood in the two brothers' way, and prevent them from controlling the dyewood market in Lisbon, as they intended. He purchased directly from the Crown a certain amount (exactly how much it is unknown) of brazilwood that had been confiscated from a Netherlandish merchant, a "fella named de Bos, who had previously been contractor of the aforementioned wood".[712] Knowing that Baeça was on track to acquire the assortment of dyewood, and thus break their monopsony, the Mendes de Brito brothers made a counter bid, triggering an auction dispute that saw both parties tendering time and time again. Pedro de Baeça gave up at a point when the price was already way above its market value, but the Mendes de Brito resented him for inflating the price and irreparably hurting their chances of reaping a handsome profit from the subsequent sale.[713]

This episode was used by Baeça to justify the animosity showed by the two men towards him, and the way the events unfolded was confirmed by several of the witnesses summoned before the Lisbon Inquisition. It is possible, very likely even, that the accounts of such disputes were blown out of proportion, so that the accusers could stress the culpability of those whom they denounced. But exaggeration could also be claimed by the accused to make a case for his innocence argue that those who denounced him were driven by personal animosity, as was often the case between competitors or agents whose reputation had been tainted by negative feedback by their former principals.[714] Examples like this

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[709] As a great merchant, Francisco Dias Mendes de Brito, spread risk by trading in various commodities and circuits. His investments and partnerships involving trade along the Lisbon- Upper Guinea coast-Spanish America comercial axis are documented in Maria Manuel Ferraz Torrão, 'De Santiago Para a Costa Da Guiné: A Transferência Do Centro Geográfico Dos Negócios e a Manutenção Da Elite Comerciante. As Transacções Da Companhia de António Fernandes Landim e de Francisco Dias Mendes de Brito (1629-1630)', *Arquipélago*, 2ª, 1997, 83–118.

[710] As far as the economic stratification and the occupational diversity of the Portuguese business community, be it New or Old Christian, expatriate or autochthonous, Studnicki-Gizbert, *A Nation upon the Ocean Sea*, 42; David Graizbord, 'Conformity and Dissidence Amonng Judeoconversos, 1580-1700' (Unpublished PhD Dissertation, Ann Arbor, University of Michigan, 2000), 95–100.

[711] On their Brazil wood concession and the business infrastructure through which this contract operationalized see chapter 5.

[712] Translation from the Portuguese: "hum fulano de Bos que avia sido contractador do dito pao" In this case, the term *contratador* probably referred to a wholesaler. The individual in question was most likely João du Bois or Johan de Bos, a merchant from the Low Countries who was already residing in Lisbon before 1600. According to Eddy stols, in 1597 he lived at the *cais da Rocha*, but had a house with heaths on the Calçada do Congro. See also the *habiltação* (examination for a *familiatura do Santo Oficio*) of João Ferreira de Bos, requested in 1668, who was the maternal grandson of João du Bois. ANTT, Tribunal do Santo Oficio, Conselho Geral, Habilitações, João, maço. 10, doc. 316. Stols, *De Spaanse Brabanders*, 9 bijlagen.

[713] ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559 (Pedro de Baeça da Silveira), Photo 164.

[714] Giuseppe Marcocci and José Pedro Paiva, *História da Inquisição Portuguesa, 1536-1821* (Lisbon: A Esfera dos Livros, 2016); Daniel Strum, 'Resiliência Da Diáspora e Expansão Do Mercado de Agentes Ultramarinos No Comércio Atlântico Moderno: Os Agentes Dos Mercadores Judeus e Cristãos-Novos Na Rota Do Açúcar', *Anais de História de Além-Mar* XIV (2013): 151.

support an old hypothesis that the Inquisition was used to settle scores between direct business competitors, or as a way for spiteful smaller players to get retribution for what they perceived to be the bullying tactics of the wealthier merchants. The defense of the accused and the denunciations compiled in the *cadernos do promotor* (notebooks of denunciations) provide hints that the New Christian businessmen used the Inquisition to seek leverage from the competition, meaning quite literally that they relied on the Holly Office to remove competing businessmen out of their way.[715] Baeça's trial in particular, testifies to some of these assumptions, as it shows the animosity between merchant bankers who competed for investment opportunities and for the avenues for social advancement, while also highlighting the resentment and jealousy felt by those who failed to secure them.

The inquisitorial trial of Baeça is also revealing of the social circles in which he moved. The list of witnesses summoned by Baeça's defence showcases his extensive connections with high profile figures in Portugal and other Iberian realms. High-ranked noblemen, amongst whom a governor of Portugal (the count of Basto, Dom Diogo de Castro) several councillors or seated members of the Monarchy's high-courts (the Councillor of the exchequer, Roque da Silveira), but also top-tier officials of the royal treasury, such as *vedores da fazenda* (Rui da Silva and Luís da Silva), or the Castilian expert for the Portuguese financial and military matters, Tomás Ibio de Calderon, were summoned before the Inquisition.[716] Some fellow businessmen were also enlisted to appear before the court, among whom a fellow contractor Álvaro de Azevedo,[717] or even Simão Soares[718] and Garcia de Ilhão[719] two leading Portuguese bankers at the Spanish court.

Baeça was eventually released by the Lisbon Inquisition early in 1633, but not before he publicly abjured all the heretical beliefs and practices for which he had been sentenced and being paraded around in an *Auto de Fé* at Lisbon's downtown church of *São Do*mingos on 9 January 1633.

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715 Costa, 'Elite Mercantil Na Restauração: Para Uma Releitura', 103, 113–16; Anita Novinsky Novinski, *Cristãos-Novos Na Bahia* (São Paulo: Perspectiva, 1972), 134.

716 ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 11559, fl. 38v,89vff

717 ANTT, Santo Ofício, Inquisição de Lisboa, processo no. 728 (Álvaro de Azevedo).

718 Sanz Ayán, *Los banqueros y la crisis de la monarquía hispánica de 1640*; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*.

719 Ebben, 'A Merchant in Silver, Bread and Bullets and a Broker in Art, 1591-1655'; Ebben, *Zilver, Brood En Kogels Voor de Koning. Kredietverlening Door Portugese Bankiers Aan de Spaanse Kroon. 1621-1665*.

8.2 A Second Wind: Baeça in Portugal during the 1630s

After he was dismissed by the Inquisition Pedro de Baeça remained in Lisbon, taking the reins of the family's investments in the trade of Portuguese colonial wares and in government contracts with the Lisbon exchequer. In the course of his forced sabbatical, he ended up taking a back seat to his brother Jorge da Paz da Silveira, who had by the time of his release replaced him at the helm of the Silveiras' interests at the Habsburg court. Was Baeça relegated to a position of second in command, as the man at the helm of the family business in Portugal, a strategically important but ultimately secondary branch when compared to the financial *asientos* negotiated by his brother in Madrid? Would he have remained in Castile and carried forward the contracts with the Spanish *Consejo de Hacienda*, had it not been for his arrest, or was his return to Portugal in 1631 the first step in a relocation that already been decided as result of his modest successes in the *asientos*? The lack of private correspondence and account books pertaining to both brothers prevents a conclusive answer to both these questions. In turn, it is know that, although he did not return to Castile, Pedro de Baeça was a participant in the funds' disbursement *asientos* of his brother, thus remaining connected to the Monarchy's court finances, albeit indirectly.[720]

It soon became clear that neither Baeça's capacity to invest nor his social and political aspirations were irreparably damaged from him being prosecuted by the Inquisition, as he was securing government contracts shortly after his sentence.[721] Shortly after his release, he went back to managing the provisioning contracts for Mazagan and Tangier, which he had underwritten before his imprisonment. Despite being placed under arrest and trialled by an ecclesiastical court, Baeça's contracts were not rescinded by the Crown, continuing to be managed through the people who received his power of attorneys for that effect.[722] Baeça appointed Bento de Mesquita and Manuel de Paiva, who had himself been contractor of the provisioning of Tangier between 1621 and 1626.[723] By reaching this understanding with the contractor in jail, the Crown ensured that the earmarked revenue streams, which had been blocked as soon as Baeça was arrested, continued to be made available to the people in charge of the disbursements of grain and the payments in specie and kind to the local garrisons.[724] Some of the terms of Baeça's Mazagan contract, namely the provisioning quotas of grain and the payment rates are described below on table 24.

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720 For the role of Lisbon in the Atlantic system of payments utilized by the Portuguese *asentistas* of the Spanish monarchy, Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 57–58.

721 Smith, 'The Portuguese Mercantile Class', 236.

722 BA, 51-X-1, fl. 272-273; "Carta dos Governadores para el-Rei D. Filipe III sobre o caso de Pedro de Baeça, contratador de Mazagão, preso pelo Santo Ofício, o qual declara que poderiam correr com este contrato e provimento Manuel de Paiva, ou Bento de Mesquita, que tinham notícia da matéria, Lisboa, 1631, Nov.".29); BA, 51-X-2, fl. 9v, Carta d'El Rei Filipe III para o governo sobre a prisão, pelo Santo Ofício, de pedro de baeça, contratador de Mazagão, e sobre o provimento desta praça, 1632, Jan. 14; AGS, SSP, lib. 1469, fl. 251.

723 AGS, SSP, lib. 1474, fl. 439-452.

724 AHU, CU, cod. 37, fl. 108.

Table 24. Pedro de Baeça's Mazagan contract (1630-1636)

Year	***Moios* of wheat**	**Price per *alqueire* (bushels) (in *réis*)**
First of two instalments in the first year of the concession	774	170
Second of two instalments in the first year of the concession	890	210
The remaining five years	1664	145

Source: AGS, SSP, lib. 1478, fl. 227-228, ibid., lib. 1469, fl. 379.

When the contract was approaching its end, in the summer of 1636, Pedro de Baeça offered to renew the Mazagan concession for another term, offering the exact same terms and conditions of the previous contracting tenure, but his unwillingness to improve on the conditions offered by competing bidders, Pedro Ramires Pereira and Duarte da Silveira, cost him the new tenure.[725] The failure to renew the Mazagan public-private partnership did not mean that Baeça turned his back on opportunities to be of service to the Monarch by aiding in the supplying of the Northern Africa outposts. Even though Tangier and Mazagan had by then their own contractors, in 1636 Baeça was extending credit worth 8,000,000 *réis* for the purchase of 400 *moios* of wheat and 20,000 *varas* of linen cloth in the Azores.[726]

According to a 1634 compilation of the revenue streams assigned to repay those who advanced funds for the fitting-out of the ships of the Atlantic fleet (*Armada del Mar Oceano)* in Lisbon and La Coruña simultaneously, Baeça da Silveira advanced two sums, one worth 5,254,000 *réis* and the other 2,800,000 *réis*.[727] In the absence of continuous series of auditing accounts for government expenditure, it is often impossible to discern how the Crown was servicing this floating debt or the interest rates that accrued on these loans. In this particular case, the correspondence between the vice-regal government and the Council of the Exchequer reveals that Baeça was assigned the revenues generated by the customs of Porto in 1634, as well as the yields of the *consulado* from 1635 and 1636.[728] In these years, he also continue to procure equipment and manufactured goods for the Portuguese armed forces on a regular basis. For instance, in 1635 he purchased, in Madrid and Valencia, nearly 800,000 *réis* worth in gunpowder on the Crown's behalf, and ensured its transportation to Lisbon.[729]

Alongside the commandeering of resources to the Crown's naval stores, armouries and to the frontier garrisons in Northern Africa, the trade in Asian luxuries still occupied an important place in his investment portfolio. As seen in chapter 6, already in the mid-to-late 1620s, Pedro de Baeça was among the usual bidders in the auctions for the *Carreira da índia* pepper. One of the first government contracts he set his eyes on after being released by the Inquisition, was precisely the purchase of the entire pepper cargo brought from India in 1634 in the carrack *Nossa Senhora da Saúde,* amounting to 6,000 *quintais*.[730] For that purpose, he partnered with Diogo Rodrigues de Lisboa and Francisco Botelho Chacão, the former also imprisoned by the Inquisition in 1631. The consortium of Baeça, Rodrigues de Lisboa and Botelho Chacão offered 8,800 *réis* per quintal of light pepper and 9,600 *réis* per quintal for

725 AGS, SSP, lib. 1469, fl. 379.
726 AHU_ CU_005 (Brasil-Bahia-LF), cx. 6, doc. 704.
727 AHU, CU, cod. 40, 217, "sobre se dar a Pedro de Baeça concinacao dos sete mil cruzados da letra que passou para provimento dos navios que hão de ir a Corunha".
728 AHU, CU, cod. 42, fl. 81-84.
729 AHU, CU_005 (Brasil-Bahia-LF), cx. 6, doc. 704.
730 In 1634, besides the *Nossa Senhora da Saúde,* two other ships, the *Santíssimo Sacramento* and the *Nossa Senhora da Nazaré,* returned from India. All three ships had sailed from Lisbon in the 1633 armada, which comprised a total of five ships. It is not known the amount of pepper that was loaded into the three ships. According to Disney, in 1634 9,000 *quintais* were unloaded at the House of India. Disney, *Twilight of the Pepper Empire.*

the *pimento grossa*. The Crown, unhappy with the offer, looked for alternative buyers.[731] The alternatives considered were merchants of the English Nation, as well as merchant-bankers like Manuel Fernandes Tinoco[732] or Jorge Lopes de Negreiros, a recurrent royal contractor during the 1630s who was often involved in the logistics of the *Carreira da Índia*. Tinoco offered 10,400 *réis* per *quintal* of *pimenta grossa* and 8,000 *réis* per *quintal* of the light pepper. Considering the batch was divided into 4,000 *quintais* of *grossa* and 2,000 of light pepper, the increase in the proceeds of the sale would have been marginal (a total of 57,600,000 *réis* against the 56,000,000 that Baeça and partners were offering). Fernandes Tinoco's counterbid was met by Baeça's consortium and Negreiros at 60,800,000 *réis* for the whole batch, paid both in silver coins and in deliveries of Castilian made artillery. Even though on this occasion Jorge Lopes de Negreiros won the auction, this Baeça's bids show him attempting to rebuild his business operation by going back to past investments and letting the royal exchequer know he was ready to embark on new public-private partnerships.

Two years later, in 1636, the tide seemed to have turned for Baeça, when, in partnership with his cousin Jorge Gomes de Alemo and Diogo Rodrigues de Lisboa, he bid for the pepper allotment carried in the holds of the carracks *Nossa Senhora da Oliveira* and *Belém*. This time he faced competition from Jorge Fernandes de Oliveira, a Portuguese businessman who just a few years later moved to the Spanish court.[733] Also in 1636, Pedro de Baeça and Francisco Botelho de Chacão, this time competitors, rubbed shoulders for the pepper cargo that was being held in the holds of the *Nossa Senhora da Saúde*, an indiamen that was forced to call at Malaga due to the outbreak of a storm when it was approaching the Portuguese coast. Baeça offered to pay 11,800 *réis* per *quintal* for the *pimenta grossa,* and 11,000 *réis* per quintal of *pimenta meuda,* but he refused to pay any tariffs for the transportation of the pepper from Malaga to Lisbon. He ended up being outbid by Chacão's higher tender of 12,6000 *réis* per *quintal,* without distinguishing between the light pepper and the *pimento grossa.*[734]

Further evidence of Baeça's stake on Lisbon's pepper trade comes from the across the border with Spain. It this particular instance, Baeça found himself in a dispute with a fellow contractor, the farmer of the pepper monopoly of the Castilian Crown. Created in 1605, this monopoly was part of the Monarchy's strategy to find an alternative market for the *Carreira da Índia* pepper in Spain, now that the *Estado da Índia*'s imports had been driven out of Northern Europe markets by the competing supply chains of the VOC. This monopoly required the tax-farmer in Castile to supply himself in Lisbon, therefore providing the pepper of the Portuguese Crown with a guaranteed outlet across the border. With that purpose in mind, Madrid instructed the House of India in Lisbon to set aside every year a fixed amount of pepper to be sold to the tax-farmer in Castile (initially 4,000 *quintais*). Naturally, conflicts soon broke out due to the different interests of buyers in Lisbon, the Portuguese treasury, and the monopolist in Castile. While wholesalers in the Portuguese capital wanted to acquire the entire supply in order to control the sale on the domestic market and preferably to re-export it, the Portuguese Council of the Exchequer often ignored the orders from Madrid. It preferred to sell the entire batch for more money and receive payment upfront, or service its debt with contractors for army and naval supplies with that hard currency. The Castilian monopoly leaseholder wanted, on the other hand, sought to acquire pepper at the lowest possible price, so to squeeze as munch profit from the price differencial

731 AHU, CU, cod. 40, fl. 115-116v. "sobre o lanco que Jorge Lopes de neg[reiros], e P[edro] de Baeça e outras pessoas fizerao na pim[enta] que o anno pass[ado] de 634 veio da India"; ibid., cod. 504. fl. 146, 160; AHU, CU, 058 [Índia], cx.19, docs. 157; 174; José Gonçalves Salvador, *Os Cristãos-Novos e o Comércio No Atlântico Meridional (Com Enfoque Nas Capitanias Do Sul). 1530-1668* (São Paulo: Pioneira, 1978), 24.

732 Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*.

733 AHU, CU, cod. 41, fl. 67, 148v.

734 AHU, CU, cod. 43, fl. 16-26, 105-110, 152, 154, 170, 192, 258-260, AHU, CU, Reino, cx. 9, pasta, 19; ibid. cx. 9, pasta 41.

in Spain.[735] In 1639, Baeça was accused by the monopoly-farmer of Castile, Francisco Dias Portalegre (himself a Portuguese contractor), of having acquired the entire pepper batch and only accepting to sell the earmarked share for the Spanish market for what he considered to be an extortionary sum, 36,000 *réis* per *quintal*. This was, according to Portalegre, three times the price for which Baeça had acquired it in the royal auctions. Given the lack of pepper in the markets of the Iberian Peninsula, referred to by both the Portuguese and Spanish authorities, Baeça certainly expected to make a handsome profit, nearly doubling his investment.[736]

8.3 Financing, Logistics and Trade in the Struggle for Northeast Brazil: Baeça and the *Assento do Socorro de Pernambuco*

After being released by the Lisbon Inquisition, Pedro de Baeça resumed his contracting career where he had stopped at the time of his arrest: by running the Moroccan provisioning contracts, bidding in the royal pepper auctions and handling of the logistics of the military intervention against the WIC in Northeast Brazil.[737] The latter in particular would go on to define much of Baeça's business and socio-political interactions with the Crown in the later years of the Union of the Crowns.

After the *asiento* that Baeça was negotiating at the court in 1630 fell through, the cabinet of the Count-Duke of Olivares thought long and hard on how to raise enough funds to assemble a permanent, thirty sails armada to oust the WIC from Olinda and Recife and protect the coast of Brazil againt seaborne attacks. The creation of a fixed annual lump sum, to be raised in Portugal and pooling from all available revenue streams and Crown assets, was the solution chosen by the Count-Duke's entourage. This annual flat sum (*renda fixa*) of 400,000,000 *réis* would ensure that not only the Brazil-bound fleet was assembled, but that a stable funding base for the country's ordinary military expenses was secured, without the need for transfers of funds backed by Castillian taxes.

The shortage of human and financial resources to launch a large-scale offensive left the Monarchy with only the option of preventing the WIC from making further inroads to the south, and ensuring that the attacks against the merchant fleet by Dutch privateers did not lead to a communications and commercial breakdown between the kingdom and the Brazilian territories that the Portuguese still controlled.[738] In late 1636 Baeça pitched the idea of a contract to supply equipment to the ships of the new Brazil-bound fleet that started being assembled in Lisbon around that time. The equipment and materials in question included a miscellanea of naval and military wares, such as nails, tar and pitch, anchors and rigging, as well as copper, gunpowder, bullets and portable firearms.[739] For Baeça, the procurement of these supplies was the first step in a larger government concession he hoped to secure at a later stage. The estimated value of this initial furnishing contract of the Crown stores was 52,000,000 *réis*. But while the contract he envisioned was not drafted and ratified,

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735 AGS, Contaduría Mayor de Cuentas (CMC), 3a epoca, leg. 707, "renta del estanco de la pimienta destos reynos de castilla".

736 AHU, CU, Reino, caixa 9, pasta 11; AHU, CU, Índia, caixa 22, doc. 164, 188, AGS, CJH, leg. 565.

737 His curriculum vitae of services to the monarchy does not include any entries from 1630 to 1634. As it was said before, Baeça was held in custody by the Holy Office from 1631 up to 1633. It can be assumed that in 1633 he assessed the effects of his imprisonment and got his business affairs in order.

738 The constraints of the royal treasury during the 1630s and the various emergency solutions considered by the Lisbon authorities for the relief of the *Estado da* Índia and Brazil are tackled in Catarina Madeira Santos, 'Os Reflexos Do Império Numa Época de Crise. A Câmara de Lisboa, as Armadas Da Índia e as Armadas Do Brasil: Quatro Tempos e Uma Interrogação (c. 1600-1640)', *Anais de História de Além-Mar* 7 (2006): 81–91.

739 AHU, CU, cod. 42, fl. 128, 128v.

he was proposed to dispatch some of the staple commodities that Brazil import from Portugal, such as wheat flour, a variety of cloths and wine. In his pitch to the Lisbon authorities, Baeça proposed to procure up to 800 filled wine pipes).[740] To Baeça's disappointment, the Crown's difficulties to set aside compensatory revenues to service the contract prevented that ambitious public-private partnership from coming to fruition in 1636.[741]

This setback did not diminish Pedro de Baeça's resolve to secure a government concession that would allow his firm to handle a large share of the logistics of the military operations involving Portuguese America. He continued catering to the needs of the royal exchequer in an attempt to persuade the Crown that it was in its best interest to negotiate a concentrated provisioning venture rather than continuing with a series loose, ad-hoc procurement arrangements and loans. With this purpose in mind, in May 1637 he proposed to procure 600 *quintais* of gunpowder at a rate of 12,000 réis per *quintal*, for which he would invest a total of 7,200,000 *réis*. According to the specialists heard by the Exchequer Council, the price of gunpowder in Lisbon was at the time 13,500 *réis/quintal,* making Baeça's offer very appealing to the Crown. Since he offered to sell gunpowder bellow the price on the market, Baeça must have been better informed than the Portuguese authorities and other importers about the situation in the main outlets for this commodity, whether in Andalusia, Northern Europe or the *Estado da Índia,* from where top-quality saltpetre was imported. Baeça did not stop there, and for an undisclosed amount it was agreed he would deliver 500 *quintais* of copper at the earliest convenience, as well as 20 pieces of bronze-cast artillery (each weighting 500 *quintais*). The cost per *quintal* for these artillery pieces was 1,400 *réis*, thus making the purchase worth 700,000 *réis* per piece and a total of 14,000,000 *réis* for the entire assortment..[742] As stated above, these different contracts teased and paved the way for what would be become the most sizeable partnership negotiated between Baeça and the monarchy in the last period of his career: the provisioning of a large naval operation to oust the WIC from Brazil.

Before going into detail about the terms and implications of this comprehensive provisioning contract, it is important to provide some context on how the situation evolved in Brazil while Baeça was being held in custody by the Inquisition and making his return to royal contracting after his trial. His incarceration and trial occurred during the first phase of reaction against the Dutch occupation of Olinda and Recife, which the scholarship has described as a war of attrition and containment. During this phase, the Luso-Brazilian forces on the ground focused their efforts on holding on to the Pernambuco's hinterland and cornering the WIC at a handful of coastal towns and the immediate vicinities. To execute this strategy, the resistance relied mainly on raids and paramilitary warfare to wear out the enemy, bidding their time until a naval expedition came from Europe to oust the enemy.[743]

After the Luso-Castilian relief expedition of 1631 commanded by Antonio de Oquendo[744], the Habsburg monarchy had to wait four years before a follow up expedition could be launched.[745] The outcome of the second fleet, which set sail from Lisbon on 7 September 1635 under the command of Don Lope de Hoces, was not much different from that of its predecessor.[746] It confirmed the resistance's worst expectations, those being that an all-out seaborne attack at Pernambuco was not going to be launched from Europe any

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740 AHU, CU, cod. 41, fl. 88-89v.
741 Ibid., fl. 88, ibid. fl. 189v-190.
742 AHU, CU, cod. 43, fl. 9v-12., AHU, CU, Reino, caixa 9, pasta 11. Schaub, *Le Portugal au temps du comte-duc d'Olivares (1621-1640)*, 274.
743 Mello, *Olinda restaurada*, 13, 25.
744 The lump sums of the farm of the salt monopoly and the net-revenue from the *avarias* were allocated to the funding of the Pernambuco Armada of 1631. AHU, CU, cod. 476, fl. 80.
745 Guedes, 'As Guerras Holandesas No Mar', 139.
746 Guedes, 185–88; Boxer, *The Dutch in Brazil, 1624-1654*, 61–62.

time soon and that the Monarchy could not do much beyond dispatching reinforcements for the resistance in the Northeast and relieving the areas that were still under Portuguese control.[747] Reassured that it would not be threatened by a large scale maritime operation launched from Iberia, the WIC consolidated its presence in Northeast Brazil, and in the course of the four years after the capture of Olinda and Recife it extend the area under its control towards Paraiba and the territory between Ceará and the river São Francisco.

In the wake of Lope de Hoces' expedition, Olivares' cabinet did not want another four years to pass before a new naval expedition was dispatched, but due to financial constraints and logistical problems, preparations took much longer than expected. The fact that the armada was being assembled at the same time as the naval expedition to the North Sea further complicated matters, because the Downs' Fleet diverted funds, equipment and personnel away from the war effort in Brazil.[748] Due to the scarcity of resources and imperial overstretch, the fitting-out of this third Brazil fleet dragged on from 1636 to 1638, triggering a cross-fire of accusations between Madrid and Lisbon over who was to blame for the delay. The Portuguese institutions were accused by Olivares and his entourage of complacency, slackness and of holding on to the kingdom's jurisdictional particularism to the point of exasperation when urgent action was needed. The king's Favourite accused the Portuguese to labour under excessive zeal and of refusing to put forward the necessary financial resources to cover the military expenses, relying excessively on the funds and resources coming from Castile. In turn, several Portuguese institutions and members of the aristocracy denounced what they considered to be the despotism and "unconstitutional" interference of Spanish officials in Portuguese matters. There was at the same time an outcry in the kingdom against the soaring pressure put on the Portuguese tax-payer and the dubious political legitimacy of these tax hikes, which culminated in a series of anti-Habsburg uprisings in Évora and other towns.[749]

Despite the financial and administrative constraints and the growing civil unrest, the third relief armada was eventually launched. Unlike the two that preceded it, this time command was entrusted to a Portuguese, Fernando Mascarenhas, Count of Torre and former governor of Ceuta and Tangier.[750] The fleet was assembled between Lisbon and Cádiz and bankrolled by both the Portuguese and Castilian exchequer. The Lisbon contingent set sail on the first days of September 1638, joining forces with the ships departing from Cádiz along the coast of the island of Santiago (Cape Verde) a few weeks later. From the archipelago of Cape Verde, the now complete fleet headed for Brazil, where it arrived on January of 1639. Hard-pressed for funds and struggling to acquire supplies and equipment, to enlist the crews and troops, as well as to pay the salaries and distribute supplies to the military once they had landed in Brazil, the authorities saw no other option but to underwrite public-private partnerships with merchant-bankers. Among those who answered the calls of the Portuguese Crown was inevitably Pedro de Baeça, who, as we have seen, had been lobbying for such an enterprise for some time. In the last months of 1637 he brought back his project of a two-fold government concession involving, one the one hand, the supplying of the main import staples in Brazil (wine, olive oil, and textiles) and, on the other hand, the mobilization of resources to pay for the wages and victual the troops serving in Brazil. This contract went by the name of *Assento do Socorro do Brasil.*

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747 Marques, 'L'Invention Du Bresil Entre Deux Monarchies. Gouvernment et Pratiques Politiques de l'Amérique Portugaise Dans l'union Ibérique (1580-1640)', 376.
748 Stradling, *The Armada of Flanders.*
749 Oliveira, *Poder e oposição política em Portugal.*
750 João Paulo Salvado and Susana Münch Miranda, eds., *Cartas Do 1º Conde Da Torre*, vol. 1, 2 vols (Lisbon: Comissão Nacional para as Comemorações dos Descobrimentos Portugueses, 2001).

8.4 Negotiations and Political Factionalism

In the summer of 1637, the Council of the Exchequer considered drafting a contract that covered the entire payment of wages and the victualing of the troops en route to Brazil.[751] Baeça answered the calls of the government and placed his bid for the *assento do Socorro do Brasil*, in partnership with Jorge Gomes de Alemo, the son of his recurring associate Diogo Rodrigues de Lisboa. Baeça and Gomes de Alemo were not, however, the only merchant-bankers interested in this comprehensive naval and military contract. Before the analysis of its terms, costs and implications is undergone, this section addresses the competition from other bidders and the non-economic considerations and political factors that determined the outcome of the negotiations. The purpose of this chapter's section is to sketch how portfolio-capitalists outbid the competition, not only by adjusting the terms of their tenders, but also by siding with political factions operating at the court and exerting influence within the decision-making institutions. By siding with a powerful broker linked to the king's favorite or his closest affiliates, merchant-bankers like Pedro de Baeça increased their chances of securing government contracts as politically relevant and potentially lucrative, as the *assento do Socorro do Brasil.*

Contract adjudication was fertile ground for the establishment of patronage relations between merchant-capitalists, high-up royal officials and members of the court aristocracy. Applicants for public-private partnerships thought it wise to endear themselves to those who had a seat in the Monarchy's high-councils, like the Council of the Exchequer and the Council of Portugal in Madrid,[752] or in the more informal government boards (*juntas*),[753] the political institutions where matters related to royal contracts were appraised and recommendations passed on to the king. It would be easy to see the patron-client bond established between merchant-bankers and the political elite as examples of the capture of the state apparatus by personal interests, and the subordination of the general interest of the body politic to the convenience of a few. From the vantage point of the present-day, where the separation between public and private spheres is (in theory) taken for granted, these personal relations and mutual interests were not only at odds with the depersonalized functioning of bureaucratic institutions, but the very embodiment of corruption, and hence deeply damaging to the political, financial and economic well being of a country. However, for the early modern period, in the Iberian world or elsewhere, this crude dichotomy is an anachronistic, since it was expected that certain stakeholders would taken office precisely to also further their personal (political, economic and status/symbolic) interests, which naturally included improving the situation of their close and distance relatives, but also bloddless clients.[754]

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[751] AHU, CU, cod. 43, fl. 131v-133.

[752] For an overview on Portugal's central-administration apparatus during the Union of the Crowns, Jean-Frédéric Schaub, *Portugal na Monarquia Hispânica (1580-1640)* (Lisbon: Livros Horizonte, 2001); José Subtil, 'Os Poderes Do Centro. Governo e Administração', in *História de Portugal. O Antigo Regime (1620-1807)*, ed. António Manuel Hespanha (Lisbon: Editorial Estampa, 1998), 141–73; José Subtil, 'As Estruturas Políticas de Unificação. A Administração Central Da Coroa', in *História de Portugal. No Alvorecer Da Modernidade (1480-1620)*, ed. Joaquim Romero Magalhães (Lisbon: Editorial Estampa, 1997), 75–89.

[753] For a more general discussion on the use of these decision-making bodies Ruth MacKay, *The Limits of Royal Authority: Resistance and Obedience in Seventeenth-Century Castile* (Cambridge: Cambridge University Press, 1999), 27; For an analysis of a specific had hoc commitee that oversaw contract related matters in Habsburg Portugal Diego Martín Gutiérrez, *La Junta de Hacienda de Portugal* (Pamplona: Newbook Ediciones, 1996).

[754] A working definition of 'corruption' for the *Ancien Regime* is put forward by Guy Rowlands. According to this author, it involved primarily the "siphoning off revenues from the state and its activities without the permission of the sovereign prince", which he distinguished from the 'licit [personal] gain derived from office'. Guy Rowlands, *The Dynastic State and the Army under Louis XIV: Royal Service and Private Interest 1661–1701* (Cambridge University Press, 2002), 16. Contractors could be involved in embezzlement and misappropriation

Legal scholars and political economists have shown that the intricate webs of interest and the personal networks that permeated the state apparatus could be used to ensure greater agility and effectiveness to governance and did not always lead to a loss in the king's authority (although in some cases it did in fact).[755] For instance, patron-client relations could be instrumental to overcome structural shortcomings in the functioning of the state, such as the ridigity of administrative procedures, the enactment and enforcement of legislation and directives, as well as a reliable gathering of information to the central apparatus.[756] If contractors could reap the benefits of entering into a patron-client relation with members of the governing elite, in this case by securing a coveted government contract, the state itself could also benefit from this alignment of informal interests. For example, a well positioned patron in the central administration could stand behind one of his clients, for instance a solvent merchant with a functioning network of agents and correspondents abroad, to take over the logistics of the army and the navy and mobilize financial resources to the Crown on short-notice. Getting a contract up and running in time to meet the Crown's pressing needs often clashed with the standard-procedures of public tendering and appraisal of bids, since these involved a prolongued back forth dialogue between councils and had hoc boards in Lisbon and in Madrid. On the other hand, given how hard it was to assess the solvency, trustworthiness and skill of merchant-bankers, top royal officials and members of the high-councils could vouch with their own reputation and political capital for a certain contractor. Through their personal deals with a certain merchant-banker, in credit, rent collection or commercial transactions, members of the aristocracy and prominent royal officials obtained first hand knowledge about the reliability and the breath of financial resources they could mobilize. Moreover, as I have argued in this dissertation, royal contracts did not stand in a social-economic vaccum, disattached from a broader context of service and debt between the Monarchy and portfolio-investors. Tax-farming leases could be allocated not to the highest bidder, but to a merchant-banker whose previous supplying concession had not yet been fully repayed by the Crown, or as the actual instrument to service a public-private partnership. They could be extended as a gesture of good will by the monarch, who wished to rehabilitate their financial position after a liquidity crunch had temporarily prevented them to bid for a public-private partnership.[757] Also, the Crown could opt not to rescind an ongoing contract immediately following payment arrears by the leaseholder or delivery delays, as it was its right, if a seasoned and politically connected contractor was experiencing temporary liquidity difficulties resulting from sudden economic shocks or a string of bad luck.[758]

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of funds in numerous ways. For a start, by bribing treasury officials to record in their books they had received lease payments when they actually did not. There was also a whole array of other fraudulent and inappropriate/opportunistic behaviour involving contractors. For example, a tax-farmers of the custom-houses, who should be in the frontline of the fight against smuggling, could let illicit cargoes slip past into the territory. The sources allude much more frequently to the temporary imprisonment of contractors because of arrears to the royal exchequer, poor performance of supplying operations (bad quality provisions), and irregularities with the pledged collateral of tax-farming contracts than to the situations described above.

755 André Vitória, 'Late Medieval Polities and the Problem of Corruption: France, England and Portugal, 1250-1500', in *Anticorruption in History. From Antiquity to the Modern Era*, ed. Ronald Kroeze, André Vitória, and Guy Geltner (Oxford: Oxford University Press, 2018), 77–90; Francisco Andújar Castillo, Antonio Feros, and Pilar Ponce Leiva, 'A Sick Body: Corruption and Anticorruption in Early Modern Spain', in *Anticorruption in History: From Antiquity to the Modern Era*, ed. André Vitória, Ronald Kroeze, and Guy Geltner (Oxford: Oxford University Press, 2018), 139–52; Erik Lars Myrup, *Power and Corruption in the Early Modern Portuguese World* (Baton Rouge: Louisiana State University Press, 2015).

756 Specifically addressing the intertwine between governmental apparatus and inter-personal relations, see: Grafe, 'On the Spatial Nature of Institutions and the Institutional Nature of Personal Networks in the Spanish Atlantic'; Hespanha and Xavier, 'As Redes Clientelares'; Kettering, *Patrons, Brokers, and Clients in Seventeenth-Century France*.

757 Torres Sánchez, *Military Entrepreneurs*, 194, 196.

758 Pereira, 'The Ordeals of Colonial Contracting'.

Given that there were different brokers and interest groups vying for influence within the royal administration, each trying to involve their members in decision-making processes and in the distribution of monetary and simbollic rewards, it is only natural they also got behind the applicants for a royal contract. Considering the importance attached to the assembly of a naval expedition to Brazil, it should come as no surprise that different portfolio capitalists turned to their political patrons to lobby on their behalf and that different court factions clashed over who would be the beneficiary of the contract. According to Jean-Frédéric Schaub,[759] who looked at the negotiations for the Brazil relief contract as a window into court-factionalism in the later years of the Union of the Crowns, the Council of the Exchequer was split between those who favoured Baeça and Gomes de Alemo, and those like the Castilian superintendent of the coastal and Brazilian fleets and expert on Portuguese financial matters, Tomás Ibio de Calderon, who supported the bid of Luís Vaz de Resende.[760]. But these men were not the first or only names to be considered. On October 1636, Simão de Sousa Serrão, a leading financier and at the time as master of the Lisbon mint, as well as Pedro de Baeça's own brother in law,[761] was asked to put forward 48,000,000 *réis* in the preparation of the expedition.[762] The superintendent of the Portuguese royal finances, the Marquis of Puebla,[763] was initially Sousa's biggest advocate but ended up backing Luís Vaz de Resende, whom he considered to be the contender with real chances of defeating Baeça, the candidate favoured by the Olivares entourage, the faction that rivalled his own.[764] Baeça was, therefore, being backed by Puebla's enemies, Miguel de Vasconcelos, the secretary of Lisbon's Council of State and Diogo Soares, the influential secretary of the Council of Portugal in Madrid. These individuals were arguably the two leading figures in Olivares's cabinet as far as Portuguese affairs were concerned.[765] The dispute seemed to be going Baeça's way when Vaz de Resende was forced to drop-out from the race due to a dispute he maintained with the Crown over his ongoing brazilwood contract. Vaz de Resende's arrears to the royal exchequer eventually lead to his arrest in late June 1637, ruining his chances of securing the coveted provisioning contract.[766]

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[759] Schaub, *Le Portugal au temps du comte-duc d'Olivares (1621-1640)*, 191–93.

[760] On Luís Vaz de Resende's bid for the *assento da armada do Brasil,* AGS, SSP, lib. 1469, fl. 348-250. In his bid of 25 June 1636 he offered to supply 24,000,000 *réis* worth in merchandises, the majority of which textiles, to Brazil.

[761] Guedes, 'As Guerras Holandesas No Mar', 225; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 104–5. Simão de Sousa Serrão was at the Spanish court in December 1636, where he negotiated with the *Real Hacienda* an *asiento de dinero* worth 300,000 ducats, payable in silver and copper coins in Seville, not for the Brazil fleet, but for the *Armada del Mar Oceano.* For reasons unclear, he did not carry this *asiento* through and agreed to relinquish it to another Portuguese banker in Madrid, Duarte Fernandes, allowing him to collect all revenues streams the Crown had set aside for the *asiento*. AGS, CMC, 3a época, leg. 2815. The transaction agreement was presented before a notary in Lisbon. ANTT, ADL, 2º Cartório Notarial, cx. 39, livro 195, fl. 116-117v.

[762] Towards the end of 1636 and the start of 1637, the Crown estimated having to raise 80,000,000 *réis* to cover the costs with the Brazil-bound fleet. The scholarship offers different explanations on how the Crown went about to raise this sum. Schaub posits that it tried to secure that the bulk of that amount through a short-term of 48,000,000 *réis* with Simão de Sousa. The remaining 32,000,000 *réis* were to be raised through another subsidy requested from the realm's businessmen. Max Justo Guedes, on the other hand, claims that the 80,000,000 *réis* were entirely borrowed from Simão de Sousa. Schaub, *Le Portugal au temps du comte-duc d'Olivares (1621-1640)*; Guedes, 'As Guerras Holandesas No Mar', 405.

[763] On the Marquis of Puebla, Don Francisco Dávila y Guzman, the demoted aristocrat who came to Portugal to assist the newly appointed vice-queen, the duchess of Mantua. Before being sent to Portugal he served as president of the Castilian *Consejo de Hacienda,* and, therefore, had no lack of experience in negotiating with businessmen over royal contracts. He quickly became embroiled in the factionalist tensions of the Portuguese Crown, standing as the antagonist to the pro-Olivares faction. Schaub, *Le Portugal au temps du comte-duc d'Olivares (1621-1640)*, 191–92.

[764] The terms of Luís Vaz de Resende's bid are discussed in AGS, SSP, lib. 1469, fl. 348-350v.

[765] Schaub, *Le Portugal au temps du comte-duc d'Olivares (1621-1640)*; Oliveira, *Poder e oposição política em Portugal.*

[766] Luís vaz de Resende was arrested in Madrid. AHU, CU, cod. 43, fl. 35-38; BA, 51X2, fl. 46v; BA, 51X5, fl. 7-8v.

But even with Vaz de Resende out of the picture, Baeça and Gomes de Alemo still had to overcome the competition by the consortium headed by Duarte da Silva, a fast-rising player in Lisbon. Although on this particular occasion the joint-efforts of Silva, his son Silva, Francisco Botelho de Chacão and Jorge Fernandes de Oliveira[767] failed to prevent Pedro de Baeça and Jorge Gomes de Alemo from getting the A*ssento do Socorro do Brasil,*, these two had no alternative but to adjust their bids.[768] In response to the offers made by the rival consortium, Baeça and Gomes de Alemo offered to provide an additional 1,600,000 *réis* over their initial bid.[769] The patronage links between Baeça and the Olivares became clear when the vice queen of Portugal, the Duchess of Mantua, openly expressed her preference for Baeça and Gomes de Alemo. It was her intervention that finally tilted the scale in Baeça's and Gomes de Alemo's favour.

The Brazilian relief expedition was not the last time these two investment groups clashed over a top-tier government contract. In the last triennium of the 1630s, the Silveira-Rodrigues de Lisboa consortium and Duarte Silva and partners rivalled for the top spot as contractors of the Portuguese Crown, standing in each other's way on several occasions and taking turns operating tax-farming concessions and provisioning contracts. Despite competing for the same public-private partnerships, these rival coalitions of merchants had different degrees of political exposure to the Hispanic Monarchy. The entourage of Pedro de Baeça was more exposed to the political and financial circuits of Castile, thanks primarily through his relationship with his brother Jorge da Paz da Silveira, while the network of Duarte da Silva never quite established the same sort of ties with the Spanish court. It was largely due to their more distant relation to the Spanish court that Duarte da Silva and partners unequivocally sided with the House of Braganza following the 1640's Restauration coup.

Following this overview on the bidding dispute, I will now analyse the terms and conditions of Brazil relief contract, and address its deeper implications, not only for the ongoing military conflict, but also for the trade between Portugal and Brazil.

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[767] Together with his Seville based brother, Simão Rodrigues Boino (or Bueno), this business faction was involved in the export of African slaves to the New World, the import of Asian goods to Iberia and all sorts of government contracts, negotiated both with the Portuguese, and later the Spanish exchequer. By 1639 or 1640, Jorge Fernandes de Oliveira, who had until then ran the family business in Lisbon was summed to the court to negotiate new government contracts and ended up staying in Spain after the Braganzas came to power in December 1640. Jorge Fernandes trial in the inquisition from 1618 can be found at ANTT, Santo Ofício, Inquisição de Évora, processo 4517 (Jorge Fernandes de Oliveira) Boyajian, *Portuguese Trade in Asia under the Habsburgs, 1580-1640*, 199–200; Boyajian, *Portuguese Bankers at the Court of Spain, 1626-1650*, 55–56. For an example of a slaving voyage linking Seville-Cacheu and Cartagena de Indias launched by Fernandes de Oliveira in 1638, ANTT, ADL, 3º Cartório Notarial, cx. 31, livro 141, fl. 97-98.

[768] AHU, CU, cod. 43, fl. 185.

[769] The counterbid made by Baeça and Gomes de Alemo required them to lower the price of the two thousand olive oil *cantaros* in 100,000 *réis* (the unitary price, decreased from 950 reis per *cantaro*, to 900, to meet the price that was offered by Silva et al.). The consortium of da Silva requested three *fidalguias* of the royal house. João Paulo Salvado and Susana Münch Miranda, eds., *Cartas Do 1º Conde Da Torre*, vol. 2 (Lisbon: Comissão Nacional para as Comemorações dos Descobrimentos Portugueses, 2001), 132.

8.5 The Terms and Stakes of a Naval *assento*

After lengthy negotiations, on 12 November 1637, Pedro Baeça da Silveira and Jorge Gomes de Alemo finally put their signatures on the comprehensive relief contract.[770] The two concessionaries were required to mobilize funds worth 80,000,000 *réis* for the preparation of the Brazil-bound expedition. The obligations and schedules of the contract were as follows: a first tranche of 40,000,000 *réis* worth in the staple Portuguese exports to Brazil: wine, olive oil, lead and an assortment of manufactured goods. The delivery of the manufactured goods was to commence on 15 November, a mere three days after the signature-date of the contract, and should be carried out in three instalments. These should be concluded by 15 January of 1638, at latest. The short time span separating the official start of the concession and these first instalments indicates that the contractors had already been acquiring and arranging for the commissioned goods to be delivered weeks before the contract was ratified. While these first tranches were due in Lisbon, where the fleet was being assembled, a second series of instalments were to be met in São Salvador da Bahia. As opposed to the tranches to be delivered in Lisbon, these instalments were to be paid in specie, divided up in five shares of 8,000,000 *réis* each. The disbursements were scheduled to start thirty days after the arrival of the fleet at Bahia, and the following ones would ensue on a monthly basis.[771]

As with any provisioning contract, the basic premise of the *assento do socorro* was that the obligation of allocating funds across distances, in this case across the Atlantic Ocean, were transferred from the Crown to the contractors. In order to implement this public private partnership, Pedro de Baeça da Silveira and Jorge Gomes de Alemo drew bills-of exchange which they endorsed to Antonio Simões de Castro, their factor or commission agent in Brazil.[772] To back up these bills the *assentistas* arranged for the goods to be shipped across the Atlantic on commission to Simões de Castro, or other agents who represented them in Bahia, who would then sell them and use the proceeds to meet the contract payments.[773] The tranches would be received by the paymaster of the troops, under the supervision of the general treasurer of the colony (*tesoureiro geral do Estado do Brazil*).[774] With this purpose in mind, Baeça and Gomes de Alemo were allowed to dispatch as many ships as necessary to Brazil carrying considerable amounts of the basic consumption staples, day to day items such as wick (needed for the making of candles) and an array of manufactured cloths. These textiles included the output of Portuguese domestic production and inevitably imports. The woollen textiles in all likelihood came from Spain (or from the Portuguese manufacturing centres located along the border), [775] whereas others were brought to Lisbon from across the Pyrenees from the gateway ports of the Northern Sea.[776] The composition of these cargoes is summarized on table 25.

The solutions put forward in the contract to sustain the military effort, whilst simultaneously supplying the territories that were still under control of the Portuguese Crown had, however, implications that went beyond the attempts to take back Northeast Brazil from the WIC. This particular governmental concession was surreptitiously opening the door for far reaching changes in the Luso-Brazilian navigation and trade regimes. In addition to that,

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770 Salvado and Miranda, 2:226.
771 Guedes, 'As Guerras Holandesas No Mar', 226–27. AHU, CU, cod. 43, fl. 253-259
772 Salvado and Miranda, *Cartas Do 1º Conde Da Torre*, 2001, 2:168.
773 AHU, CU, Reino, cx. 9, pasta 40.
774 The royal official entrusted with the task of monitoring the activities carried out by the Crown's officials invested with fiscal and economic responsibilities. They also oversaw the municipal finances in their area of jurisdiction.
775 For a brief x-raying of Portugal's textile sector in the sixteenth and early seventeenth centuries; Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 70–72.
776 Costa, Lains, and Miranda, 137–38; Antunes, *Lisboa e Amsterdão. 1640-1705*, 122–23.

the *assento* foreshadowed transformations that were to come in the hierarchy of the metropolitan ports that traded with Brazil and in the social profiling of Portuguese carrier trade with overseas offshoots.

Table 25. Commodities to be supplied in the Assento de Pernambuco

Commodity	Amount	Worth per unit (*réis*)	Total worth (*réis*)
Wine	1,500 (filled barrels)[777]	5,300	7,950,000
Olive oil	2,000 (filled vessels)[778]	900	1,800,000
Wick	400 (*quintais*)[779]		
Lead	500 (*quintais*)[780]	1,950	975,000
***Comarca's* cloths**	[781]	280	2.000.000
Cloths from Portalegre	[782]	360	2.000.000
Woollen socks	= 2105 pairs of socks	380 (per pair)	800.000
Linen cloths & "de estopa"[783]			6,000,000
Coloured cloths (from Alter, "estamenha")	1.000 pieces	140 réis (vara)	
***Raxa*[784]**	1.600.000 worth = 5.333 *covados*	300 per *covado*	
Hats (2 types)	1.600.000 worth		
buttons ("de hum ponto")	1.600.000 reis worth[785]	15 (per dozen/ every twelve buttons)	
"pasames almenados"	1.600.000 reis worth	18 (per vara)	
Black *retros*[786]	1.600.000 reis worth[787]	19 (per oitava)	
Coloured *retros*	1.600.000 reis worth	24 (per *oitava*)	
Black taffeta	1.600.000 reis worth	195 (per *covado*)	320.000
Coloured taffeta	1.600.000 reis worth	235 (per *covado*)	1.280.000

Source: João Paulo Salvado, Susana Münch Miranda, ed. Cartas do 1º Conde da Torre, vol. 1 Lisbon, Comissão Nacional para as Comemorações dos Descobrimentos Portugueses, 2001.

The *assento do Socorro do Brasil* was meant to offer a solution to the problems of provisioning the troops fighting at Pernambuco and the Northeast captaincies, as well as to the economic sustenance of the Luso-Brazilian sugar complex as a whole. The bulk cargoes of goods provided by Baeça and carried in the fleet of the Count of Torre were meant to overcome the scarcity of European exports in the colony. Even the areas that had not

[777] The Crown would provide the barrels and the *assentistas* were only required to fill them.
[778] Same as the above.
[779] The actual price was not given. The whick would be delivered until the 15 November, three days after the signature of the contract. In case there was not, then they had alreadyb agreed to borrow it from the castillian Crown warehouses, which they would then return at some point in the course of the following 6 months.
[780] Same as above as far as likelihood of having to return the
[781] The amount in *covado*s for the comarca's cloths and the ones from Portalegre (see bellow) is not provided. The assentistas were required to provide both types of cloths up to a worth of 4,000,000 *réis*. This sum was divided evenly between the two types of cloths. According to the calculations it was around 7143 covados.
[782] Same as the above.
[783] In all likelihood a blanket or very thick cloth of linen. According to Blutheau's diccionary: "Derivase de stoup palavra Celtica […] que na baixa Latinidade quer dizer Tapar, ou de stupa […]. He o grosso linho] – Blutheau, Diccionario Portuguez & Latino, vol. 3: 327
[784] According to Blutheau's diccionary, vol. 7: 123 "Raxa "Panno de lã de varias castas & que vem a este Reyno de varias partes; raxa de Florenca, de Segovia, de Inglaterra etc. Tambem ha Raxa da Covilhã". According to the information provided by Justo Gueses, the *raxas* were thick and long cloths of low quality and were usually used to make bed sheets.
[785] Comprising the buttons, the *pasames* and the different *retros*. The number of buttons to be delivered is not specified in the contract.
[786] According to Blutheau, these were "fios de seda torcidos", Blutheau's diccionary*, Diccionario,* vol. 7: 310).
[787] Comprising the buttons, the *pasames* and the different *retros*.

experienced armed conflict, such as the captaincies of Rio de Janeiro or Bahia, felt the effects of privateering against the ships that exported basic foodstuffs and manufactured goods from Europe and transported sugar in the return voyage. Given that the trade between Portugal and Brazil, unlike that between Spain and the West Indies and Lisbon and Goa, did not require merchantmen to sail escorted by armed convoy, merchant vessels were much more vulnerable to raiding by Spain's enemies.[788] The growing uncertainty surrounding the commodity flows between the kingdom and Brazil lead to an increase in transaction costs and concomitantly in the prices of commodities at the expense of consumers.

Fearing that privateer attacks against the merchant fleet would cause transaction costs to surge, and worse lead to a breakdown in trade and communications between Portugal, Brazil, Lisbon and Madrid considered banning unaccompanied vessels of small dimensions from venturing into open sea.[789] This decision was not without its drawbacks, including for the state. A reduction in the shipping between Brazil and Portugal (and the downturn in trade that would come as result) meant less custom duties being collected on the merchant fleets that arrived to the ports of the kingdom with Brazilian goods, as well on those involved in re-exporting to the European markets. As an alternative, the introduction of an armed convoy in the Portuguese Atlantic empire started being seriously considered by the authorities.[790]

Despite the authorities' best intentions, the plans to reform maritime communications in the Luso-Brazilian Atlantic were not welcomed by those who made a living of the trade with Portuguese America. In spite of the growing insecurity of the transatlantic connections, merchants who still dared moving goods across the privateer infested waters of the Atlantic, paying the increasingly higher freight rates and bottomry loan interests, still hoped to reap handsome profits in the Brazilian trades. High premiums were possible because the uncertainty and violence that prevailed in periods of war increased the price mark-ups between production outlets and consumption markets.[791] As a result, several merchants and skippers complained about the proposed changes to the navigation regime, arguing that, more than reducing the losses caused by plunder, they constrained even more the already weakened trade. Another reason why the imposition of a convoy system was not popular among private merchants, itinerant traders and skippers was their fear it would curtail their freedom to sail across and trade in the South Atlantic at will, preventing them, for instance, from taking part in the smuggling and tax evasions routes of the South Atlantic. Through these routes, merchants from Portugal could trade between Southern Brazilian ports and the River Plate, and export, more often than not illegally, slaves from Angola to Buenos Aires, taking with them on the return voyage considerable amounts of the Monarchy's prized Peruvian silver.[792]

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[788] Ebert, *Between Empires*.

[789] There was legislation requiring ships sailing to Brazil, São Tomé and Angola to integrate convoys going back to the reign of King Sebastian. According to this legislation, private cargo ships were supposed to be escorted two annual fleets, one in March and the other in August, or, alternatively sail alongside the Cape route fleet until the equator, and then go their separate ways. As far as Brazil was concerned, four warmen escort would only accompany the merchant fleet in the outward-bound voyage, and not during the returning journey. The Sebastian law was dead letter, and ships continued to travel freely all throughout the year, without the Crown ever assembling a convoy in any consistent manner. Strum, *The Sugar Trade*, 270.

[790] Mello, *Olinda restaurada*.

[791] Costa, 'State Monopoly or Corporate Business', 223–26; Costa, *O transporte no Atlântico*.

[792] Luiz Felipe de Alencastro, *The Trade in the Living: The Formation of Brazil in the South Atlantic, Sixteenth to Seventeenth Centuries* (Albany: State University of New York Press, 2018); Kara D. Schultz, 'Interwoven: Slaving in the Southern Atlantic under the Union of the Iberian Crowns, 1580–1640', *Journal of Global Slavery* 2, no. 3 (1 January 2017): 248–72; Zacarias Moutoukias, 'Power, Corruption, and Commerce: The Making of the Local Administrative Structure in Seventeenth-Century Buenos Aires', *The Hispanic American Historical Review* 68, no. 4 (1988): 771–801.

For many, the disadvantages posed by the convoy were thought to far outweigh the advantages. Critics argued that the protection ensured by the escorting warmen did not compensate the time and location constraints of gathering the ships in one port, in all likelihood to be Lisbon and Bahia, nor the added costs of bankrolling the armed convoy. The unwillingness to sacrifice mobility over protection arose from the fact that upon sighting an enemy ship approaching, the light ships sailing in the Brazil route could often flee instead of engaging with privateers. Given that most trading voyages to Brazil were financed by means of bottomry-loans (*seguros a crédito de risco*), skippers had the incentive to just surrender the cargo without putting up a fight, since debtors were exempted from paying back the principal and interest to the lenders in case of privateering. Therefore, other than the freighters and skippers, the investors dealing in bottomry loans, who had found a way to profit from the insecurity and the high risks of the Dutch-Iberian wars, had a vested interest in the maintenance of this decentralized, multi-lateral trade and navigation framework.[793]

If the convoy put forward an unpopular trade-off between protection and mobility/speculative profits, the underwriting of the *assento do soccoro* teased shifts in the investment patterns and social composition of the Brazil trade that were just as controversial. Nobody was more dissatisfied with the underwriting of the Brazil relief contract than the merchants and skippers of the Northern Portuguese out-ports. For the most part cut-off from the Lisbon-Goa trade, investors and carriers from places such as Porto or Viana da Foz do Lima carved their trading niche in the more loosely regulated and less operationally demanding trade with Brazil.[794] Since the turn of the century, traders and skippers from these towns, with their small, low in tonnage and yet very mobile caravels had been extensively involved in trade with Brazil.[795] These enterprises required a lower investment to fit-out vessels, maintain them and employ a crew, thus allowing individual investors or partnerships of more modest means to launch oceanic voyages.[796]

This geographic and sociological divide within Portuguese overseas trade, between smaller Northern port-towns and the capital, with its regulated trades, was called into question when the authorities in Lisbon started to seriously consider introducing a convoy system to contain the haemorrhage of ships and cargoes caused by Dutch attacks.[797] Although the trans-Atlantic convoy and the staple port were only implemented a decade or so later, the implications of this new navigation regime were already foreseeable in 1637. They were fundamentally three. Firstly, Brazil-bound shipping would be concentrated in one designated port, most likely to be Lisbon, from where the armed convoy would depart. Secondly, the state would likely contract-out the preparation and running of the convoy to Lisbon merchant-banking tycoons, forcing the small-time investors and carriers to conduct their activities under their purview. And, thirdly, they feared that the outsourcing of the convoy's funding and fitting-out to private contractors would lead to a monopoly, if not *de jure, de facto,* of the Lisbon merchant bankers over the most in-demand commodities in the colony, like olive oil, wine, wheat flour and *bacalhau* (salted cod). These were precisely some of the products that the *assento do Socorro* required Pedro de Baeça and Jorge Gomes de Alemo

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793 Costa, 'State Monopoly or Corporate Business', 225–26; Ebert, *Between Empires*, 126–29; Costa, *O transporte no Atlântico*, 191–229.

794 Amélia Polónia, 'Seaports as Centrres of Economic Growth: The Portuguese Case, 1500-1800', in *Shipping and Economic Growth, 1350-1850*, ed. Richard W. Unger (Leiden-Boston: Brill, 2011), 394–95; Costa, *Império e grupos mercantis*; Moreira, *Os Mercadores de Viana e o Comércio Do Açúcar Brasileiro No Século XVII*.

795 The average tonnage of the ships employed in the Brazil ranged between 180-300 tons, although smaller caravels could weight in as low as 35 tons. It was more common to find ships of 60 to 80 tons crisscrossing the Atlantic Ocean. Strum, *The Sugar Trade*, 304–6; Costa, *O transporte no Atlântico*, 180–87.

796 Barros, *Porto*; Ebert, *Between Empires*; Costa, *O transporte no Atlântico*.

797 Strum, *The Sugar Trade*, 270–71.

to supply in large amounts, which would result in the crowding out of the Brazillian market with metropolitan exports and the ruin of the middle and small-size traders.[798]

There was good reason to believe that Baeça and Gomes de Alemo could build on the leverage provided by their government concession to flood the Brazilian markets with consumption goods and drive out other merchants in the process. Although the *Assento do Socorro do Brasil* made no mention to a compulsory departing port or to exclusive rights to trade in certain goods, it is striking that Baeça and Gomes de Alemo felt like they should add the following addenda to contract:

"We, the contractors, hereby state we do not wish his Majesty to grant us a monopoly whatsoever, neither as far as the millers are concerned, nor to this kingdom's windmills, nor even to the prices of their merchandises and someone else's in Brazil, as they acknowledged that was a great disservice to God, to his Majesty and the common good".[799]

And yet, while they made this statement, Baeça offered the Crown to supply 600 barrels of Madeira wine for the troops serving in Brazil, in addition to the 1,500 casks of wine commissioned by the *assento*.[800] The Brazil relief contract was in fact paving the way for a major shift in the social profiling and the geography of trade with Portuguese America. The mid-size traders from the northern towns would gradually be driven out of this sector of the colonial economy, and the gravitational pole of Brazilian import-export trade shifted southwards towards Lisbon and into the sphere of interest of Lisbon's merchant-bankers. The 1640s would vindicate the concerns of those who criticized the 1637 wholesale contract for the provision of means of payment and tradeable commodities to Brazil. To support the war effort against the WIC and ensure the lines communications and trade with the American dependencies, a monopoly over the key export staples (flour, wine, olive oil and dried cod) and the armed convoy were established. Moreover, just as it had been predicted, the logistics and operation of both were transferred to a newly created chartered company, the *Companhia Geral do Comércio do Brasil,* in 1649, whose shareholders included Lisbon's leading merchant-bankers. What the critics of the *assento do Socorro* had not anticipated was the institutional arrangement of the future public-private partnership. Rather than competitively auctioning this expansive government contract to the highest bidder or to a politically favored syndicate, the Crown ratified a collective contract with the Lisbon merchant elite as a whole.[801] The Brazil chartered company therefore ushered in the transition from competitive revenue-farming towards a more "monopsonistic-cabal" form tax-farming, which would soon be taken to greater heights in France, with the creation of the General Farms.[802] It must be stated that the type of (intense) concentration of revenue-farms employed in France was never implemented in Portugal, neither in the 1600s nor later. There were, notwithstanding, other periods in the country's early modern history when competitive tendering was *de facto* replaced by negotiation with contracting cartels over certain monopolies and income-yielding-assets.[803]

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798 Mello, *Olinda restaurada* chapter 3.

799 Translation: "E declarao elles assentistas que nao querem que Sua Magestade que lhes conceda nenhu estamque, nem pelo que toca aos moleiros, nem a moinhos neste reyno, nem pelo que toca a taxa de precos de suas fazendas, nem das alheas no Brazil, por reconhecerem o grande danmno que rezulta disso ao service de Deos e de Sua Magestade e ao bem publico", Salvado and Miranda, *Cartas Do 1º Conde Da Torre*, 2001, 2:129.

800 AHU, CU cod. 42, fl. 87.

801 Costa, 'State Monopoly or Corporate Business'; Costa, *O transporte no Atlântico*, 505–15; Madureira, *Mercado e Privilégios*, 37.

802 Johnson and Koyama, 'Tax Farming and the Origins of State Capacity'.

803 Nearly 150 years later, during the last quarter of the eighteenth century, the tobacco contract, the proverbial Crown's jewel among revenue farming contracts, was negotiated with a veritable cartel of merchant-bankers with tight bonds to the king's favourite. Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 217.

The merchants from smaller port towns were not the only groups displeased with the underwriting of the *assento* with Baeça and Gomes Alemo.[804] At the time, in 1637, the merchant elite of Lisbon, which would have craved for the opportunity to run the contract and resented Baeça and Gomes de Alemo for securing it. Only resentment can explain that among the most vocal protestors were Duarte da Silva and his partners, who were involved in the negotiations for the contract until a very late stage.[805] To expand the base of protest against the contract beyond merchants and skippers of Lisbon, da Silva allegedly used Manuel Fernandes de Morais as a mouth piece to stir the Porto merchants against Baeça and Gomes de Alemo and push for the repealing of the contract.[806] A resident of Porto, Fernandes Morais, penned a ferociously critical pamphlet against the *assento* which gained so much recognition that it forced the contractors to address it directly. In their response, they argued that Duarte Silva and his entourage had ghost-written the pamphlet, and therefore that it was not representative of the perception of the traders from the Northern port-towns, but rather of sore losers who failed to secure the contract. Other Portuguese businessmen who relied on the shipping provided by the Northern towns were also hit by the compulsory integration of all brazil-bound ships in the relief-fleet departing from Lisbon. A case in point was Baeça's old business acquaintance and competitor for tax-farms in Spain, Marcos Fernandes Monsanto (see chapter 7.3). In January 1638 he had freighted a ship in Viana to undergo a voyage to Brazil and return with sugar produced in the two mills he owned in the captaincy of Espírito Santo. To Fernandes Monsanto's dismay, the Crown required the ship he chartered to come all the way from Viana to Lisbon, so that it could sail with the fleet of the Count of Torre.[807]

8.6 The Multifaceted Gains of a Provisioning Contract

As compensation for taking on the Brazil relief *assento,* Baeça and Gomes Alemo were rewarded with a blend of economic compensations, ranging from tariff-exemptions, shipping privileges in royal ships, and especially more contracting opportunities. Given the political and military importance of the *assento do socorro*, and the rhetoric of service that framed it, the contract was also negotiated against social-symbolic gratifications. These different returns lay bare the different rationales that drew portfolio-capitalists to government contracting.

As far as monetary compensation was concerned, Baeça and Gomes de Alemo were granted the farm of the *consulado* and the brazilwood contract for two years, starting in 1638.[808]

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[804] On the opposition to the chartering of regulated and monopolistic overseas companies, in Portugal and elsewhere in early modern Europe, often based around very similar arguments, namely how they impinged on the initiative of individual traders, and condemned them to ruin or interloping; Elisabeth Heijmans, *The Agency of Empire: Connections and Strategies in French Overseas Expansion (1686-1746)* (Leiden-Boston: Brill, 2019), 5; Kate Ekama, 'Courting Conflict: Managing Dutch East and West India Company Disputes in the Dutch Republic' (Unpublished PhD Dissertation, Leiden, Leiden University, 2018); Costa, Lains, and Miranda, *An Economic History of Portugal, 1143-2010*, 214–15; Nuala Zahedieh, 'Regulation, Rent-Seeking, and the Glorious Revolution in the English Atlantic Economy', *The Economic History Review* 63, no. 4 (2010): 865–90.

[805] IANTT, Santo Ofício, Inquisição de Lisboa, processo 8132-1/2.

[806] Salvador, *Os Cristãos-Novos e o Comércio No Atlântico Meridional (Com Enfoque Nas Capitanias Do Sul). 1530-1668*, 212–13.

[807] AHU, CU, 005-02 (Bahia, Luísa da Fonseca), cx. 6, doc. 762.

[808] On the 12 November, it was agreed between the two parties that a courier would be dispatched to Madrid carrying the draft of the *consulado contract* for the king to appraise and sign. The *assentistas* had made it clear to the Portuguese authorities that without the king's signature on the *consulado* contract, they would cease all deliveries pertaining to the Brazil relief *assento*. Given that the first deadline of the assento was scheduled for just five days later, the matter had to be addressed with the utmost urgency. Salvado and Miranda, *Cartas Do 1º*

On the same day (12 November 1637) that Baeça and Gomes de Alemo signed the *assento do Socorro do Brasil,* they also put in writing their resolve to run the *consulado* farm, whose details they agreed to negotiate on a later occasion.[809] By linking up the three contracts, the Habsburg government was not only allowing the wholesale provisioning contract of Brazil to be serviced, but weaving a web of credit and debt between the king and the two merchant-bankers. This web would, in turn, ensure that the latter continued pledging their capital, operational networks and information to the benefit of the royal administration for the years to come. By taking part in this cluster of royal contracts, Pedro de Baeça and Jorge Gomes de Alemo's envisioned managing the brazilwood monopoly and the *consulado* farm by means of the same operational infrastructure they used to run the *assento do socorro do Brasil*. The agents of the *assentistas* in Brazil could simultaneously run the day to day operations of the relief contract and oversee the extraction of the dyewood to Portugal, whilst their *consulado* factors kept an eye on the flow of returning cargoes that passed through the custom houses of the kingdoms' ports. On the other hand, the granting of these contracts can also be understood as an additional security, a form of collateral that the Crown brought to the negotiations table to reassure concessionaries that the royal exchequer would not default on their payments later in the contract.

Since the economic downturn and the uncertainty caused by overseas conflict discouraged people from bidding for those two tax-farms, the Crown estimated it would not lose much in revenues if, rather than holding public tenders, it earmarked the brazilwood monopoly and a duty collection right to the two *assentistas*. Instead pocketing (potentially) subpar concession fees paid by tax-farmers, or worse goin through the nuisance of managing them directly (particularly the transoceanic business of brazilwood) – it could just assign them to the military entrepreneurs that backed the war effort.

Aside from revenue-related contracts, commercial privileges were another cursory tool used by states to persuade private entrepreneurs into taking part in government contracts. In the case of Baeça and Gomes de Alemo, they were allowed to load up to 260 tons of merchandise acquired in Brazil and ship them back to Portugal in the armada galleons, free of transportation costs (freights and averages), thereby reducing the overall transaction costs.[810] By assigning cargo space and tariff exemptions, the Monarchy was in practice taking on a share of the contractors' costs with the transportation of their cargoes.

As far as the honorific gratifications were concerned, the Crown started by accepting the requests made by the contractors for Jorge Gomes de Alemo and his father, Diogo Rodrigues de Lisboa, to be exempted for two years from contributing to any emergency monetary subsidies semi-imposed by the Crown over the population or some specific groups.[811] Aside from the subsiding exemption, the Crown also accommodated Gomes de Alemo's requests for a knighthood of the king's household to be granted to his father, Diogo Rodrigues de Lisboa and to another person of his choosing. Moroever, a third honorific distinction, this time a garment of the Order of Christ and a lifetime pension of 80,000,000 *réis* should be bestowed. The Crown accepted all these demands. Unsurprisingly, Jorge Gomes de Alemo appointed himself as the recipient of the garment of Christ and pocketed the aforementioned pension.[812] To show how appreciative they were that the Crown had

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Conde Da Torre, 2001, 2:128–31; Guedes, 'As Guerras Holandesas No Mar', 226. AHU CU_005-02 [Brasil-Bahia], no. 782-785, ibid., cx. 7, doc. 821; AHU, CU, Reino, caixa 9-A, pastas 1 and 15, AHU, CU, cod. 43 fl. 185, 206-207, 259. Regarding the brazil wood contract, AHU_CU_005-02 [Brasil-Bahia], Cx. 7, doc.. 767-768.

[809] For an explanation on the *consulado* duty see footnote 289. In the absence of either the brazilwood and *consulado* contract, the details on the farm can be inferred from the competing bid made by Duarte Silva, who offered 47,000,000 *réis* every year in exchange for the right to levy the *consulado* duties.

[810] Costa, *O transporte no Atlántico*, 372–73.

[811] Salvado and Miranda, *Cartas Do 1º Conde Da Torre*, 2001, 2:131.

[812] A similar grant was solicited by Luís Vaz de Resende in his application for the same contract. He asked for a *foro de moço fidalgo da Casa Real* and the cloak of one of the three Portuguese orders, with 20,000 *réis* pension to

acquiesced to all their requests, the *assentistas* advanced, on top of what had been agreed in the contract, another 1,600,000 *réis* for the fitting-out of the fleet.[813]

The analysis of the reciprocity of services and grants between private entrepreneurs and the Monarchy showcases how individuals of the New-Christian persuasion, and as such constantly perceived as dissimulated Jews, could gain enough leverage to circumvent the statuses of purity of blood that regulated the issuing of these honorific distinctions. In return for their financial aid, suppling services and logistic back-up, portfolio-capitalists could get the king to turn a blind eye on their obvious ineligibility to receive symbolic distinctions.[814] By attaining such honours, these men were not only seeking social upward mobility, securing a place for themselves at the lower and porous echelons of the Portuguese nobility, but they were also distancing themselves from an inconvenient family background. Distinctions such as knighthoods of the royal house or of the military orders implied that the recipients were pious Christians, living in accordance to the precepts of the Catholic Church, and had impeccable lineage credentials. However, even those who were able to secure such distinctions, often proved unable to dispel suspicions concerning their Sephardic heritage and of allegedly practicing Judaism, nor did it prevent them from being imprisoned by the inquisition.

Although Baeça's nomination as treasurer of Lisbon's was not included in the compensatory clauses of the *assento,* it cannot be dissociated from the biggest and arguably most politically relevant public-private partnership of his career.[815] Through this appointment one of the kingdom's most prominent merchant-bankers was co-opted to the royal administration, more specifically to one of its main financial agencies. Given that the customs of Lisbon ranked among the main sources of income of the Portuguese exchequer, and these revenues used to service the payment of interests of funded public debt, this was a post of great financial and political responsibility.[816] Only a royal contractor who had curried the favour and enjoyed the trust of the dominant court-factions could secure such a high-profile post in the state apparatus. Baeça was far from an isolated case of a wholesale trader and banker to be recruited to the royal administration following years of business deals with the state. In Iberia, but also elsewhere, this type of appointment was common, given the economic and societal opportunities that linking up with the central authority provided moneyed men, and due to the state's lack of proficient administrative cadres, which forced it to recruit in what we call today the private sector.[817] Aside from the recognition it bestowed upon the incumbent, Baeça certainly welcomed this appointment because it put him charge of a government agency that interfered directly with his import-export activities. As a wholesale import-exporter operating in Lisbon, he paid tariffs at the local custom-house, while monetary compensation for his provision contracts was earmarked to the income streams of that fiscal agency. It could certainly be argued that by putting full time traders in

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the man who married his daughter. If the future son-in-law happened to already be a *fidalgo* and was already a recipient of this cloak, then he would be allowed to appoint the person to whom these honours would be bestowed upon. AGS, SSP, lib. 1469, fl. 348-350. The concession of additional garments to a third-party appointed by the individuals who were being rewarded for their services was part of the financial services rendered by the bankers to the monarchy. For the granting of honours and social distinctions against financial intermediation to the Crown during the post-1640 period; Fernanda Olival, *As ordens militares e o estado moderno: honra, mercê e venalidade em Portugal (1641-1789)* (Lisbon: Estar Editoria, 2001), 294–98.

[813] Guedes, 'As Guerras Holandesas No Mar', 226.

[814] AHU, CU, cod. 43, fl. 185-191, fl. 206-211.

[815] ANTT, Chancelaria de Felipe III, Doações, ofícios e mercês, book 36, fl. 161v, 162.

[816] The most comprehensive study on Portugal's early modern coastal customs, focusing on their functioning and political-financial importance is João Cordeiro Pereira, 'Organização e Administração Alfandegárias de Portugal no século XVI (1521-1557)', in *Portugal na era de Quinhentos: estudos vários* (Cascais: Patrimonia Historica, 2003), 1–117.

[817] For the employment of this type administrative solution in Spain; Torres Sánchez, *Military Entrepreneurs*, 82; For the Dutch Republic; Brandon, *War, Capital, and the Dutch State (1588-1795)*, 52, 207.

charge of administrative departments that directly impacted their businesses there was the risk they might use their office to further their interests at the expense of the royal purse. Conversely, while rapacious civil servants could certainly become too much of a nuisance if left unchecked, the royal apparatus could also reap some benefits by appointing traders and financial intermediaries. One of these upsides was that individuals like Baeça brought the commercial and accounting expertise of their private affairs to bear on the management this fiscal agency. Secondly, if needed be, they could advance their own funds to bridge temporary budget gaps, for instance when the treasuries lacked the cash flow to go through with payments to creditors and contractors.[818] The challenge that the Crown faced in such situations was ensuring that the consequences of the officials' opportunism did not outweigh the managerial and financial contributions they brought to the table.

8.7 Epilogue and Concluding remarks

While Pedro de Baeça was serving as treasurer of the customs of Lisbon, the 1 December 1640 coup that put John IV, Duke of Braganza, on the Portuguese throne occured. This turn of events could not have been to Baeça's liking due to his financial and political connections with the Habsburg authorities and to his family ties to prominent financiers of the Spanish Monarchy in Madrid. One of the witnesses summoned for the trial of the Duke of Caminha, one of the coup's leaders, stated that Baeça had repeatedly voiced his discontent, and that of a significant number of merchants and financiers, for what the coming to power of John IV meant to their trading or contractual investments in Castile and the Spanish empire.

In turn, it is not hard to see why the conspirators against the newly enthroned Duke of Braganza approached the prominent merchant-banker. Baeça's financial resources would be instrumental to bankroll a coup-d'état, and his contacts with the banking syndicates of the Spanish court could prove extremely useful if a military campaign was launched from Castile to subdue the Braganza loyalists. The same witnesses who testified in the trial of the Duke of Caminha told in court that Baeça had promised to provide for 2,000 men to oust John IV from the throne.[819]

Baeça was allegedly responsible for bringing into the plot major figures of the Portuguese aristocracy, like the Marquis of Vila Real, and became the liaison between several conspiracy figureheads, in particular the Archbishop of Braga and the Duke of Caminha.[820] It was before the archbishop that Baeça pledged allegiance to the cause, confiding he had brought other imminent merchant-banker on-board to finance and help organize the conspiracy. According to the Count of Ericeira, author of the *Historia do Portugal Restaurado,* a famous account of the events that followed the coup of 1 December 1640, Baeça had claimed that if he and other pro Habsburg Lisbon merchants, namely Diogo Rodrigues de Lisboa and the master of the Lisbon mint, Simão de Sousa, combined their resources they could raise up to 500,000,000 *réis* for the coup.[821] To put this sum into perspective, it was higher than the total amount of the metropolitan revenues of the Crown (combining the customs, *casas de Lisboa* and the *almoxarifados* of the realm) for 1641, which reached

[818] AHU, CU, cod. 44, 66v, 67.
[819] Azevedo, *História dos cristãos-novos portugueses*, 240.
[820] Cunha, 'Elites e Mudança Política. O Caso Da Conspiração de 1641', 339–40.
[821] "depois de varias conferencias, affirmou Pedro de Baeça ao Arcebispo, `unidos os seus cabedais aos de Diogo Rodrigues de Lisboa, & Simão de Sousa [the master of the Lisbon mint], também contratadores, governados pela sua direccão, entregaria à sua orden hu milhao & trezentos mil cruzados [520,000,000 *réis*]. Meneses, *História de Portugal Restaurado*.

472,000,000 *réis*.[822] The Count of Ericeira, however, doubted these men could even get remotely close to amass a sum of that magnitude.

The Count of Ericeira also blamed Baeça for exposing the conspiracy, when he tried to bring the *contador da fazenda das sete Cazas,* Luís Pereira de Barros into the plot. The recruiting of prominent officials in the fiscal-financial administration reveals the conspirators' acknowledgement that they needed to control the revenue collection apparatus if the coup was to succeed. This official had been profiled as being disgruntled with the Braganzas due to his patronage links to the secretary of Lisbon's Council of State, Miguel de Vasconcelos, the Count-Duke of Olivares' top operative in Lisbon. After the 1 December 1640 coup, Pereira de Barros had actually been arrested for a few days for fear he might use his contacts in Castile to undermine the new regime. He was, however, released not long after and ended up being instrumental in exposing the counter-coup that was in the making. Despite being imprisoned by the supporters of the Duke of Braganza, a fact that convinced Baeça and his fellow conspirators that Barros was ready to support their cause, the exchequer's comptroller decided to expose the plot rather than standing by the conspirators. Taking for granted his adherence to the pro-Habsburg cause, Baeça told Barros after his release several details about the coup that was being prepared, as well as of all the major names involved in the conspiracy and several details of the plot.[823]

Baeça's execution in the wake of the failed coup was a significant political event, considering that other conspirators from the mercantile branch, such as his close affiliates Rodrigues de Lisboa (Diogo and his son, Jorge Gomes Alemo), but also the master of the royal mint and *assentista* Simão de Sousa, and Jorge Fernandes de Elvas (who later returned from Madrid) were spared. The Rodrigues de Lisboa in particular, would join the cohort of bankers and contractors of the new reigning dynasty. Diogo Rodrigues was released from jail in 1643 and resumed his activities as contractor shortly after by bidding for a newly created contract for the wine trade to wines Brazil,[824] whereas Gomes de Alemo was involved in several contracts, namely the *assento* of Pernambuco of 1648. Following the trial and capital punishment of the main conspirators, the survival of John IV depended on securing the loyalty and support of broad sectors of Portuguese society and elites, and appeasing those sectors who had been inclined to support Phillip IV. Other than replacing the contractors and financiers who were executed or who had relocated to Spain with a new generation of merchant bankers, the Braganza authorities opted to pardon and persuade several pro-Habsburg merchants to join the cause of John IV. As a result, a relationship of mutual gain based on the trade-off of lucrative royal contracts (often enclosing the concession of honorific grants) for the allocation of financial and logistical resources to the defence of the kingdom, not altogether different from the one that existed in the Habsburg years, was (re)forged. This re-alignment of interests was to play a key role in the survival of the new ruling house during the incoming wars of independence against Spain in the Iberian Peninsula and in the overseas conflicts against the Dutch chartered companies.[825]

This and the previous two chapters have clarified the roots of Pedro de Baeça's wealth and political influence, and shed light on the extent of his investments, with special reference to public-partnerships. A look at some of Baeça's business operations reveals the core features of portfolio capitalism: the spread of investment amongst different types of provisioning contracts, tax-farms and short-term public debt. As the financing and the logistics of the naval expeditions to Brazil showed, royal monopolies and tax-farmers were leased as collateral for state loans and comprehensive contracts for the supply of goods and

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[822] Hespanha, 'Os Poderes Do Centro. A Fazenda', 208.

[823] Mafalda de Noronha Wagner, *A casa de Vila Real e a conspiração de 1641 contra D. João IV* (Lisbon: Edições Colibri, 2007), 122; Meneses, *História de Portugal Restaurado*, 1:266.

[824] AHU, CU, 005-02 (Bahia, Inventário Luísa da Fonseca), cx. 9, doc. 1005.

[825] Costa, *Império e grupos mercantis*; Smith, 'The Portuguese Mercantile Class'.

commodities that were underwritten by politically connected portfolio-investors The example of Baeça illustrates one of the central arguments of this dissertation: the absence of contractual specialization amongst the merchant-banking elite of Habsburg Portugal. In a period of political and military turmoil in the Portuguese Atlantic, in the Cape Route and along the Asian seaboard, it is not surprising that he took part in contracts involving the propping-up of the kingdom's military and naval efforts overseas. Time and time again, in the course of more than fifteen years, Baeça procured all sorts of goods and equipment to the state's warehouses, shipyards and manufacturing facilities, and transferred funds for troops' wages to be paid and purchases to be made.

As a consummate portfolio-capitalist, Pedro de Baeça da Silveira paid for with his life for his involvement in dynastic politics. The reason for this is clear. His economic resources and socio-political status were directly linked to the ruling house and to the stakeholders that thrived underneath it. Baeça needed to curry favour with Crown to get the keys to the single most powerful capital accumulation mechanism in all of the Portuguese kingdom and the empire, which he could then use to laundry his commercial wealth into status. The ethos of service to the monarch served as the perfect exchange between these two types of currency, monetary and commercial capital on the one hand, and social and symbolic on the other hand.[826] While I do not claim that portfolio-capitalists pursued royal contracts first and foremost to accumulate social and symbolic capital, the pursuit of profit and status were not necessarily at odds. As shown in this and the previous chapter, securing potentially lucrative state contracts spawned all sorts of honours and social distinctions, and even some economic spin offs, such as exemptions from fiscal and military duties. Conversely, efforts to curry the monarch's favor that did not yield immediate monetary returns, like extending credit without interest or supplying additional public goods free of charge, raised the contractor's profile with the decision makers. By standing out in in what was often a crowded field of portfolio-capitalists, individuals like Baeça increase their chances of securing future state contracts, appointments to posts of influence in the royal administration, as well as the ensuing social distinctions and privileges.

[826] These reflections draw from Bourdieu's theory of the interchangeability of different types of capital. Bourdieu, *La Distinction. Critique Sociale Du Jugement*; For an insightful reflection on the applicability of this theoretical framework for historical analysis see Yun-Casalilla, 'Reading Sources throughout P. Bourdieu and Cyerth and March. Aristocratic Patrimonies vs. Commercial Enterprises in Europe (c. 1550-1650)'.

Conclusion

This dissertation has studied the Portuguese pluri-continental 'Contractor State' from the perspective of the state and its contractors. Its main purpose was to x-ray the core features of this 'contractor empire', unpack to what extent public-private partnerships were utilized and describe its inner-workings. To do so, I combined three often disconnected strands of scholarship. The first deals with the multi-secular path towards of state formation, and considers its fiscal and military/naval undercurrents. The second deals with early modern colonial trade, not only as an economic sector and provider of public and private wealth, but as political issue that linked central apparatus and a diverse coalition of social groups in the launching, expansion and up keeping of overseas empire. Finally, the third and last strand concerns the pursuits of merchant-bankers in the overseas arena and in state financing, and looks at their motivations and the organizational forms that allowed them to implement their government contracts.

The case of Portugal and its empire confirms some of the conclusions that historians have recently drawn for other European states during the seventeenth and especially the eighteenth century. These scholars have rightly called into question some of the general and all-encompassing narratives that viewed early-modern states taking first, yet decisive steps towards dismissing financiers, tax-farmers or commanders of mercenary regiments, etc., and to rely exclusively on the employment of professionalized bureaucracies. This dissertation has shown that in the case of Habsburg Portugal, those days were still to come, and subscribes to the views posited by new historiographies, which stress the resilience of brokerage-type solutions and the reliance on government outsourcing.

In the Union of the Crowns, as during the rule of the House of Avis before 1580, and of the Braganzas after 1640, royal contracts were the default solution for allocating up-front capital and all sorts of goods and equipment, as well as to handle the logistics of imperial governance. Although, the chronological limits of this dissertation do not allow for a long-term perspective, it is clear that the situation of the late sixteenth and the first four decades of the 1600s was not substantially different from that of the eighteenth century. All throughout the early modern period, the Portuguese Crown did not pursue any consistent agenda of direct administration in the procurement of resources for its armed forces, nor even when it came to setting ran state manufacturing facilities, as the sites for the making of hemp-fiber in Torre de Moncorvo and the production of artillery and explosives in the royal factory of Barcarena reveal. These tasks of public utility were systematically outsourced to private entrepreneurs, who had the ready-made capital to invest and the known-how to run these facilities, even if it was the Crown that sponsored their creation and put forward the initial investment in these fixed capital assets. The same could be said about the collection of taxes and exploitation of patrimonial economic assets.

This dissertation studies the Portuguese contracting system in a time of duress. As the military competition against the Dutch chartered companies ramped up in the Indian Ocean and in the South Atlantic, the Crown responded by commissioning new ships, at times entire fleets, which were built and fitted-out by private shipwrights. The king also drew the on wholesale deliveries of food-stuffs of purveyors under contract and the provision of naval stores and military equipment by military entrepreneurs. Several chapters of this dissertation made clear how the Crown relied extensively and almost exclusively on the mercantile elite and, to a lesser extent, on middle-scale-regional traders, to supply the needs of its arsenals, shipyards and warehouses.

The historiography on the 'Contractor state' has focused primarily on how the revenues raised by the 'fiscal-military state' were spent, and how that expenditure was primarily devoted to servicing contracts made with private entrepreneurs to keep armies and

naval forces well-staffed, fed and equipped. This thesis, in turn, has broaden the scope to include in the cannon of government contracts, tax-farming, and the exploitation of revenue yielding assets, such as commercial monopolies. These too were exploited by means of contractual concession, which provided the legal framing for the 'public-private partnerships' studied in this dissertation.

As a series of monographs showed, there was wide range of government contracts being underwritten, covering very different purposes and geographic locations. Although some of these colonial contracts have been covered in the past, they were first and foremost studied in isolation from the rest of the empire, considering only the immediate surroundings and the economic activities that were most directly related to them. Instead, through a series of disparate, but inter-related case studies, each pertaining to a different corner of the empire, this dissertation has showcased the pervasiveness of this financial-logistical solution accross various regions and continents. Next to supplying and victualing garrisons, shipbuilding and outfitting of fleets, contractual concessions encompassed a broad scope of royal exclusive prerogatives over natural resources or valuable tropical commodities Next to the procurement of goods for the military apparatus and distant trading factories, they also involved the licensing-out of colonial trade to third-parties, the management of customs and fiscal agencies in Europe and overseas. They were in that regard inter-oceanic and inter-continental, since they covered fiscal-incomes, revenue yielding assets and expenditures in Portugal, the Atlantic islands, the coastal dwellings in West and East Africa, the routes linking the kingdom to India and (since the 1630s) Brazil.

Aside from the geographical location, contracts were also diverse in so far as the range of executive tasks they covered could be very different. Some simply required contractors to tap-into regional networks, contacting suppliers and ensuring transportation for goods acquired in nearby hinterland, as the case of wood for the assembly of the Indiamen's hull showed (notwithstanding the growing scarcity of fine quality wood for that task in the kingdom). In turn, other contracts required their recipients to reach out to distant markets and penetrate into more complex and further reaching commodity chains, such as the exchange of Baltic grain for salt, for the victualing of the Moroccan garrisons. In some cases, procurement abroad was rendered more difficult because either the raw materials or the technology were only available in enemy states, which made the contracts political and diplomatically touchy. This was the case with the international arms trade, which at the time was thriving in the Dutch Republic, the sworn enemy of the Hispanic Monarchy. In such cases, contractors not only made use of their networks of contacts abroad and the experience they had in dealing with those markets through to their private import-export trade, they used the fact they were private individuals, and not representatives of a foreign state, to complete those purchases

The scope and scale of a state contract could also vary significantly. Some required the handling of the logistics for a whole naval squadron for several years, holding the contractor responsible for both ship-building, equipping and repairing, whereas others involved simply the repairing of one individual ship on a one-time basis.

Certain government concessions addressed in this dissertation might come across as non-military, at least at first glance, (the 'civil contracts' in the words of Knight and Wilcox). And yet, these trade exclusives and tax-farms were in fact intertwined with the contracts for the supply of the armed forces. Although I proposed in the introduction a dichotomy between contracts of 'expenditure'/provisioning, i.e. those primarily linked to the military defense of the empire, and contracts of 'revenue', i.e. those that involved private leaseholders in the collection of taxes and in the exploitation of monopolies and licensing of regulated trades, the distinction is more theoretical than practical. The reasons why this is an ideal dichotomy, useful to conceptualize public-private partnerships in abstract terms, but not always accurate to describe the actual practicalities of their functioning, are twofold.

Firstly, by looking at the business portfolio of a representative merchant-banker like Pedro de Baeça da Silveira, whose career as a royal contractor was covered in some detail, it is clear that these men pursued both types of contracts indistinctively, and even in tandem. The Crown, well aware that these men were eager to diversify their investments, responded favourably to this desire. It had good reasons to do so. On the one hand, the monarch encouraged long contracting careers, since they allowed for a stable working-relation with reliable and predictable partners. This was achieved by encouraging contractors to bid for a different concession once their previous one was over. In some cases, contractors could request a contract prorogation (for instance, in exchange for an advancement of funds), but this practice was much less common than in the eighteenth century. On the other hand, the two types of contracts could be bundled up and managed at the same time. This practice of using a tax-farm as implicit; and at times explicit, collateral to a large military provision concession was a salient feature of the Portuguese contractor state, although it was also replicated elsewhere in Europe. A good example of this expedient is the joint lease of the Tangier provisioning contract with the tax-farm Portugal's of the salt duties during the Twelve Years' Truce. The same could be said about the granting of the *consulado* duty farm and the brazilwood contract to Pedro de Baeça and Jorge Gomes de Alemo when they secured the comprehensive contract for the purveying of the war effort against the WIC in Brazil. These cases also remind us of the employment of hard currencies, such as pepper and brazilwood, in the service of provisioning contracts, rather than paying the recipients in cash through earmarked revenue streams.

Secondly, again from the stand-point of the concessionaires, both types of contracts shared some of the same drawbacks. Both were capital intensive investments, which required the recipients to be solvent for long periods of time and to have easy access to credit, and both were exposed to the natural pitfalls of long distance and maritime trade. The import-export of monopolized goods, the collection of taxes on maritime trade and the import of foodstuffs and manufactured goods were hampered by the slow communications, the risks of bad weather, piracy and the outbreak of wars.[827] Moreover, the operating of these contracts required the contractors to face the so called 'principal-agent' problem,[828] since the recipients of royal farms or provisioning exclusives had to rely on agents and correspondents to handle the contracts' affairs in distant places. Since the contractors lacked adequate information about these markets, they needed to delegate responsibilities on individuals who knew which suppliers to approach, who could find buyers for the goods the contractor was trying to sell, and underwriting insurances. These agents or factors were also responsible for charter maritime transportation, remit the proceeds of the transactions once these were concluded and even settle disputes on behalf of the contractor in local courts. Considering how unevenly distributed information was in early modern intercontinental trade, it was difficult to ascertain if these agents acted to the best of their ability or if they took advantage of the contractors. Moreover, the absence of an international legal framework enabling opportunists to be brought to court in faraway jurisdictions, meant that businessmen lacked the institutional incentives to discourage distant partners or agents from cheating.[829]

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827 Peter Mathias, 'Risk, Credit and Kinship in Early Modern Enterprise', in *The Early Modern Atlantic Economy*, ed. John J. McCusker and Kenneth Morgan (Cambridge: Cambridge University Press, 2000), 15–35.

828 Ann M. Carlos, 'Principal-Agent Problems in Early Trading Companies: A Tale of Two Firms', *The American Economic Review* 82, no. 2 (1992): 140–145.

829 When litigation in court was not possible, informal sanctions could be used to punish opportunists and dissuade people from cheating. One of these alternatives, boycott on doing business with the opportunist, was especially prevalent in what Avner Greif described as non-anonymous trade organizations. These business forms include communities and extended families, and, therefore, partially applies to the merchant-houses and family firms under which government contractors operated. At the same time, it leaves outside all *assento* or *contrato* related transactions with people with a different religion and different geographical origins as the

Although, as discussed in the introduction, these contracts had very bad press, both at the time and in the present day, there were logical reasons why the Portuguese Crown resorted to these partnerships with private syndicates. The dissertation has outlined them and I will now recapitulate some of the most compelling factors behind government contracting.

By farming-out monopolies, taxation rights and executive tasks to private enterprises, the Crown's finances were relieved from the direct and immediate costs of paying for bureaucratic personnel and maintaining infra-structures in different holdings scattered across the empire. This did not mean that by leasing contracts, the Crown did not have its own tax and judicial officials in place in the overseas offshoots, nor that sites for public works were not maintained. Contracting was not, per se, a deterrent to the creation of an administrative body. It simply meant that while contracts were in effect, different functions were assigned to these officials, and that the immediate costs of paying their salaries were borne out by private-contractors. For instance, when tax-farming contracts were leased, the task of the local tax-collector shifted from actual collection, to monitor the conduct and performance of the agents of the tax-farmer, and ensure that abuses to tax-payers, or swindles to the Crown were not committed.[830]

As far as tax and monopolies were concerned, given the problems of assessing collectable revenue in the empire, especially when it came to indirect taxes (over assets that showed great variations over time and across space), the auctions, through which the contracts were normally (but not always) advertised and negotiated, allowed the Crown to measure the pulse of the overseas economy. In possession of reliable information, the authorities were in a better position to decide whether or not direct management was not preferable to farming-out and vice-versa. The fact that the concessions were temporary, and reversible, allowed the Crown to reconsider what was the most suitable approach to carry out a certain task. In the particular case of ship-building and the fitting-out of naval expeditions, allowed the state to turn down the final product in case quality requirements were not met, which they could not do when royal officials were entrusted with that task.

Another advantage that tax-farming offered the state, was its relative predictability, as it offered a solution to the uncertainty surrounding the output of collection, especially since the income streams involved in the tax-farms were raised from the always unpredictable overseas trade. The lump sums, normally paid in several shares in predetermined periods, provided a more or less stable income, regardless of the year's economic climate and collection performance. At the same time, and this applied to tax-farming only, public-private partnerships allowed the Crown, if not to solve, at least to temporally dodge the challenges of monitoring tax-evasion, bribery or dishonest conduct by the state officials. While state officials could be paid off to turn a blind eye on tax-evasion, it was in the best interest of tax-farmers to ensure that taxes evasion was controlled. However, as the case of the brazilwood contract showed, the idea of getting contractors involved in the fight against illegal trade and tax-evasion could backfire, for if they were not properly supervised, contractors could become major perpetrators of illegality.

There was yet another rationale for relying upon government contracts. By virtue of the revenues raised by tax-farms being ex ante allocated to service royal debt, both funded debt contracted with government bondholders and the short-term, floating loans of merchant-bankers, the revenue-farmer worked in practice as financial intermediator for the Crown. This was not so much because contractors anticipated their lease payments (which

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contractor. Avner Greif, 'Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition', *The American Economic Review* 83, no. 3 (1993): 525–48.

[830] Costa, 'State Monopoly or Corporate Business'; Cohen, 'Subsídios Para a História Geral de Cabo Verde: Os Contratos de Arrendamento Para a Cobrança de Rendas e Direitos Reais Das Ilhas de Cabo Verde (1501-1560)'.

was tantamount to a cash advance),[831] but because they relieved the Crown from the task of appropriating revenues from the peripheries of the tax system (in the case of tropical commodities and colonial taxes) and ensure they were disbursed hundreds and thousands of kilometres away from where these incomes were raised. Tax-farms and the earmarking of the lump-sums to military entrepreneurs and financiers meant that the distribution of royal funds across the empire was in the hands private-semi informal organizations, i.e. not wage paid treasury officials.

I have argued in this dissertation that the input of private contractors was important to keep the Crown in race against its main competitors for overseas trade and settlement. During the period under study, contractors seemed ready to provide the logistics and supplies and pay up the lump-sums of their contracts (even if the outcomes were not always successful). Part of the problem, was that the state was financially overwhelmed and struggled to allocate stable revenue streams to service the contracts it intended to underwrite. As its financial position worsened with the military setbacks in the Indian Ocean and especially in Brazil and the South Atlantic, the king was forced to prioritize certain military/naval operations over others, or resort to more modest expeditions, therefore settling for less costly partnerships that did not allow for a vigorous military response. This position of weakness could not be reversed through the leasing of contracts, simply put. However, in the cases that were prioritized, and partially due to a shift in the merchant-banking community, new solutions to align the interests and contingencies of the business elite with the monarch were devised. The comprehensive contract for the dispatch or reinforcements and military aid to Brazil is a demonstrative example of these chances.

Speaking of the community of merchant-bankers, in the second part of this dissertation, the perspective of the individuals who underwrote the contracts and invested in business deals with the state was highlighted. By looking at Pedro de Baeça, I stressed that contracts were the prime means of capital accumulation for merchant-bankers and the distinguishing feature that set them apart from colonial traders and import-exporters, two activities in which the merchant-banking elite also dabbled. Just as with their commercial investments and banking deals, they spread risks by diversifying their public-private partnerships. Not only did they take turns managing contracts pertaining to very different geographical contexts, but they alternated between revenue-farms and bulk provisions. Further, as the case of the joint-lease of the salt tax-farm and the garrisoning contracts in Northern Africa shows, diversification could be neatly combined.

Despite Baeça's career as a state contractor, his case serves as a cautionary tale against narratives that glorify the self-made businessman and the dynamic entrepreneur. Not only did he draw on the capital and business infrastructure set up by his father and his relatives, but his ambitions to settle at the Habsburg court, and a banker in Madrid were not fulfilled. His misfortune was further compounded by his arrest by the Inquisition. Although he was able to return as a prominent contract in Lisbon, his fate was sealed when he put the full weight of his economic resources to bear the pro-Habsburg coup. This last political initiative would end up-costing his life.

By looking at an individual contracting career, the other rationales behind the investment in public-private partnerships became clear. Although contractors entertained the possibility of reaping handsome profits from these enterprises, it was by no means a foregone conclusion they would. But even enterprises that lead to disappointing financial returns, still paved the way for social capital and symbolic distinctions, and in that sense it can be said they paid off.

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[831] The anticipation of the lease payments is not often mentioned in the primary sources I consulted, but this financial expedient is well documented for Eighteenth century Portugal. Fernando Dores Costa, 'Crise Financeira, Dívida Pública e Capitalistas: 1796-1807' (Unpublished MA Dissertation, Lisbon, Universidade Nova de Lisboa-Faculdade de Ciências Sociais e Humanas, 1992).

Finally, as a last statement, it can be concluded that the interplay between the Crown and contractors was a powerful glue that held a geographically discontinuous empire together. Although the jury on the long term impacts of government contracting and public private partnerships is not out yet, it is clear that, at least in the Portuguese case, it provided compelling short to middle term gains, allowing for the Crown to share the spoils of the empire with the merchant elite and co-opt their financial resources, their network of contacts and their proficiency in matters of accountancy and trade. Otherwise, how can the longevity and recurrence of this administrative and financial tool be explained.

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Summary

This dissertation looks at government contracting in Portugal and its overseas empire during six decades of Habsburg rule, the period of the so called Iberian 'Union of the Crowns' (1580-1640). It clarifies why and to what extent the Portuguese Crown underwrote the much maligned government contracts to handle tasks of public utility with business firms. On the other hand, it looks at the *ethos* and *praxis* of what was simultaneously a financial and administrative tool (for the state) and a compelling economic, social and political investment (for private businessmen).

This dissertation places seventeenth century Portugal at the centre of the latest historiographic debates on the interplay between business oriented groups and state formation during the early modern period. It establishes a dialogue with the studies on the 'contractor state', a recent strand of scholarship that has reappraised the contribution of private entrepreneurs in the mobilization of resources to the military apparatus of various early-modern states. It is argued in this dissertation that a key distinctive feature of the Portuguese contractor state was the multitude of government contracts pertaining to the overseas offshoots. This strong emphasis on the overseas sphere made Portugal more than an "contractor state", a "contractor empire". Moreover, in what can be considered a departure from the literature on the allocation of resources for war, this dissertation stress how government contracts were also employed for tasks that, on the surface, did not involve the military logistics *strictu sensu*. Aside from accounting for the defence the African, South American and Asian territories and enclaves, contracts involved tax-farming and the outsourcing of royal monopolies over colonial commodities.

In order to convey the diversity of the Portuguese contractor empire, each of the five chapters comprising part one of this dissertation tackle a particular governance assignment that was entrusted to profit seeking individuals. Chapters 1 to 3 deal with the logistics of the Cape Route's state-sponsored shipping, which ensured trade and communications with India and Portugal's other possessions across the Indian Ocean. The various naval public-private partnerships, involving ship-building, the provisioning of timber and naval stores, as well as of victuals, firearms and ammunition are fleshed out. Chapter 4 turns its attention to the wholesale supplying of the monarchy's Northern African frontier. It demonstrates how, thanks to the contractors' extensive international connections, the three garrison-towns that Portugal maintained in present-day Morocco were purveyed with grain imported from the Baltic. Chapter 5 shifts gears from the army and naval logistics, and focuses entirely on a revenue-farming contract, the Crown's monopoly over the red-dyewood extracted from its colony of Brazil. Brazilwood is taken here as an example of the revenue yielding assets that, placed under the royal domain during the first one hundred years of Portugal's oceanic voyages of exploration, were farmed out to private syndicates. The rationale for leasing out the exclusive right to extract the commodity to Europe is unpacked, as is the contractors' ambivalent stance towards the legal boundaries of (re)export trade to consumption markets and textile manufacturing centres in Northern Europe and Italy.

While a great deal of attention is devoted to the needs of the monarchy and to the terms and conditions put forward in the various contracts, public-private partnerships are also analysed from the vantage point of their recipients. The perspective of contractors is accounted for in two ways. Firstly, by shedding light on the way royal concessions were successfully implemented, that is, how the obligations to the Crown effectively were met and contractors secured a compelling return on their investment. It is shown how some of the kingdom's agricultural and manufacturing sectors responded to the contracts' demand for produce and naval wares, but also how their recipients relied on the operational structure of their private investments (i.e. their network of agents and correspondents, credit, freightage

and insurance) to honour their commitments to the state. And, secondly, by delving deep into the individual case of a longstanding royal contractor in part two of this dissertation.

Throughout chapters 6-8, the career of Pedro de Baeça da Silveira, a tax-farmer and military entrepreneur active in the 1620s and 1630s who enjoyed extensive connections to the Habsburg court-circles, is chronicled. The main goal of these chapters is to highlight the core features of portfolio-capitalism, the type of social, economic and political agency that arose from prolonged business interactions with the state. These were: the centrality of public-private partnerships in their portfolio, the lack of geographic and functional specialization of their business deals with the Crown, and, last but not least, the importance staying close to power. This last aspect takes centre stage in in the very last chapter of the dissertation. Here it is argued that establishing connections with the Crown (normally through powerful court-brokers) was instrumental to secure additional and more lucrative contracts, but also to attain honorific distinctions and privileges than enabled portfolio-capitalists to ascend socially. Not only were state contracts the most powerful tool for capital accumulation at the merchant elite's disposal, they also allowed for the economic capital to be exchanged into social and symbolic capital.

One of this dissertation's main take-aways is the importance of the connections sustained by Lisbon's business syndicates with their correspondents in the Northern seaboard outlets. These contacts were instrumental to ensure that timber, weaponry and grain reached Portugal's shipyards, government stores and garrisons. Agents and factors were acquainted with the ways of doing business in those outlets, knew suppliers in the production and distribution centres and were better informed about the evolution of demand and supply, prices and freight rates. Moreover, in addition to being able to purchase and ship raw materials and finished products at better rates, contractors could keep an appearance of political neutrality when handling the sensitive trade in naval stores and arms, a neutrality that royal officials or diplomats evidently lacked.

My research also invites a revisiting of the comparative institutional histories of overseas empires. While the mainstream Anglophone literature still portrays Portugal's oceanic expansion as purely state-driven, the pervasiveness of these contracts, often underwritten through competitive tendering, reveals an extensive participation of private economic actors. The country's inability to keep up with its Northern European rivals, from the seventeenth century onwards, did not, therefore, sprang from excessive centralized control or initiative, nor from the lack of institutions aimed at garnering the input of dynamic forces in the economy/society. As a result, the reasons for the "small divergence" should be looked for in a more complex set of economic, social and political factors that are beyond the scope of the present study.

By bringing to the fore an understudied but insightful case study, *A Contractor Empire* also offers more colour and nuance to a novel and stimulating scholarship. It encourages the conceptual framework of the "contractor state" to be further extended to the colonial sphere and to non-necessarily military dimensions, notwithstanding the well-known connections between war, taxation and the administration of long distance trade.

Finally, the study of early modern government contracts stresses the need for historians and social scientists to break away from a clear cut opposition between formal, bureaucratic institutions and informal interpersonal networks. Contracts, at once administrative tools and accumulation mechanisms, further blur the lines between personal gain and the interests of the body politic and state institutions during the early modern period. The study of "public-private" partnerships in Portugal and its empire demonstrates how the Crown and profit-seekers played with the uncertainty over who should perform tasks of public utility to overcome a number of structural problems. These problems included, on the merchants' side, the lack of lucrative outlets to invest capital and the quest for social upward mobility and, on state's side, the pressing need for material and financial

resources to be deployed across a thinly spread intercontinental empire, so that administration and defence could be ensured.

Samenvatting

Dit proefschrift doet onderzoek naar het verstrekken van overheidscontracten in Portugal en haar overzeese gebiedsdelen ten tijde van de Iberische Unie: de periode van 1580-1640 onder Habsburgse heerschappij. Het verklaart waarom en in welke mate de Portugese kroon garant stond voor de zwakke contracten waarmee de overheid de uitvoering van publieke taken aan private ondernemers uitbesteedde. Daarbij worden zowel de norm als ook de praktijk van deze contracten onderzocht. Het proefschrift laat zien dat deze overeenkomsten voor de staat als een belangrijk financieel en administratief middel functioneerden, terwijl ze voor de ondernemers een aantrekkelijke sociale, economische en politieke investering waren.

Dit onderzoek stelt zeventiende-eeuws Portugal centraal in recente historiografische debatten over de invloed van handelaren en ondernemers op het vroegmoderne staatsvormingsproces. Een belangrijke ontwikkeling in deze historiografie is de introductie van het model van de 'contractor state', waarbij de samenwerking tussen de overheid en private ondernemers, met name waar het gaat om de mobilisering van middelen voor oorlogsvoering, in een positief licht wordt gesteld en deze samenwerking niet langer ziet als een teken van zwakke staatsvorming. Dit proefschrift betoogt dat de grote verscheidenheid van contracten die werd uitgegeven door overheid voor het beheren van haar overzeese rijk kenmerkend waren voor de Portugese 'contractor state'. Daardoor kan men in het geval van Portugal ook beter spreken van een 'contractor empire'. Daarnaast laat het zien dat het concept niet – zoals in de huidige literatuur vaak gebeurd – beperkt dient te worden tot contracten van militaire aard, maar een veel bredere toepassing verdient. Zo besteedde die Portugese overheid niet alleen de verdediging van haar territoria in Afrika, Zuid-Amerika en Azië uit door middel van dergelijke contracten, maar werden bijvoorbeeld ook de belastingheffing en het beheer van koninklijke monopolies op koloniale goederen op deze manier georganiseerd.

Om de diversiteit van het Portugese 'contractor empire' te onderzoeken, worden in de eerste vijf hoofdstukken van dit proefschrift drie specifieke taken, die door de overheid werden uitbesteed aan winstzoekende ondernemers, onderzocht. Hoofdstukken 1 tot en met 3 behandelen de logistiek van de Kaapvaart. Deze was verantwoordelijk om de communicatie en handel tussen Portugal, India en haar andere overzeese bezittingen in de Indische Oceaan veilig te stellen. Het gaat hier om publiek-private partnerschappen met betrekking tot zaken als scheepsbouw, de daaraan gerelateerde houthandel, en de voorziening van victualiën, vuurwapens en ammunitie. In hoofdstuk 4 wordt de aandacht gevestigd op de graanhandel naar de Noord-Afrikaanse grensgebied van de monarchie. Het laat zien hoe, dankzij de uitgebreide internationale netwerken van de contractanten, de drie Portugese garnizoenssteden in Noord-Afrika (op het grondgebied van hedendaags Marokko) werden voorzien van graan dat uit het Oostzeegebied werd geïmporteerd. Van de logistiek voor het leger en de marine, schakelt hoofdstuk 5 over naar het monopolie op fernambuk, een in Brazilië gewonnen houtsoort. Dit is slechts een van de voorbeelden van de manier waarop de Portugese kroon het alleenrecht over de handel op winstgevende grondstoffen in haar kolonie uitbesteedde aan private ondernemers. Het hoofdstuk onderzoekt wat de redenen waren voor de overheid om het handelsrecht voor een exclusief product als brazielhout uit te besteden. Ook de ambivalente houding van de contractanten ten opzichte van de juridische grenzen met betrekking tot koloniale handel komen aan bod. Tot besteedt het

hoofdstuk aandacht aan de export van brazielhout naar de Noord-Europese en Italiaanse consumptiemarkten en centra van textielproductie.

De belangen van de monarchie en de termen en voorwaarden die in de contracten werden vastgelegd vormen een belangrijk onderdeel van het onderzoek. Daarnaast worden deze publiek-private overeenkomsten echter ook onderzocht vanuit het perspectief van de uitvoerders. Dit gebeurt op twee manieren. Ten eerste wordt er gekeken hoe de contractuele bepalingen werden nageleefd, de verplichtingen aan de kroon werden voldaan en de ondernemers winst op hun investeringen konden behalen. De manier waarop de agrarische- en productiesectoren inspeelden op de vraag naar levensmiddelen en andere benodigdheden voor de verschillende Portugese gebiedsdelen speelt daarin een belangrijke rol. Tegelijkertijd wordt aangetoond hoe de handelaren terugvielen op de infrastructuur van hun eigen persoonlijke commerciële en financiële netwerken van agenten, correspondenten, kredietverstrekkers etc., om de contracten na te kunnen leven. Ten tweede wordt een individuele casus van een gevestigde koninklijke aannemer onderzocht.

In hoofdstuk 6-9 staat daarom de carrière van Pedro de Baeça da Silveria. In de 1620- en 1630er jaren was hij actief als belastingpachter en militaire entrepreneur en verkeerde bovendien in de hoogste kringen van het Habsburgse hof. De casus van de Baeça is een goed voorbeeld van de manier waarop commercieel kapitalisme in de praktijk werkte en de sociale, economische en politieke handelingsruimte van individuen door langdurige samenwerking met de overheid kon worden vergroot. Daarbij was het van belang dat er in de beleggingsportefeuille primair werd ingezet op overheidscontracten, terwijl daarbinnen geen noodzaak was voor specialisatie in specifieke sectoren of gebiedsdelen, en men ervoor zorgde steeds in de buurt van de macht te verblijven. Dit laatste aspect komt vooral tot uiting in het laatste hoofdstuk van deze dissertatie. Daarin betoog ik dat het onderhouden van goede contacten met de kroon (waarbij machtige hofmakelaars vaak een cruciale rol speelden) van groot belang was om nieuwe en lucratievere contracten binnen te halen. Bovendien vergrootte het de kans om in aanmerking te komen voor een eervolle benoeming of het verkrijgen van koninklijke privileges, die het op hun beurt weer vergemakkelijkten om op de sociale ladder te stijgen. De overeenkomsten waren dus niet alleen aantrekkelijke als financiële investering. Van even groot belang was dat ze de mogelijkheid boden om dit financiële kapitaal ook om te zetten in sociaal- en politiek kapitaal.

Een van de belangrijkste conclusies van deze dissertatie is het belang van de connecties die handelsconsortia in Lissabon onderhielden met hun correspondenten in plaatsen als Antwerpen, Amsterdam en Hamburg. Deze waren cruciaal om de levering van hout, wapens en graan aan de Portugese havens, scheepswerven en garnizoenen te verzorgen. De agenten en factoren waren immers op de hoogte van de gang van zaken in deze belangrijke handelsknoopputen. Zij wisten wie de leveranciers waren in de verschilleden productie- en distributiecentra en waren beter geïnformeerd over veranderingen met betrekking tot vraag- en aanbod, goederenprijzen en vrachttarieven. Bovendien konden de contractanten dankzij deze tussenpersonen een schijn van politieke neutraliteit waarborgen. Koninklijke ambtenaren of diplomaten konden immers moeilijk claimen neutraal te zijn met betrekking tot de politiek gevoelige handel in wapens of vlootvoorzieningen.

Dit proefschrift nodigt uit om het traditionele narratief van overzeese expansie te herzien. In de Angelsaksische literatuur, waarbij een comparatieve en institutionele benadering centraal staat, worden de overzeese gebiedsveroveringen door Portugal nog steeds gezien als een volledig door de staat gestuurd proces. Daarbij was er dankzij de uitbesteding van belangrijke overheidsfuncties, op basis van middels competitieve inschrijving verleende contracten, een veel grotere rol voor private ondernemers weggelegd dan lange tijd is aangenomen. Dat betekend ook dat er naar andere verklaringen moet worden gezocht om te begrijpen waarom Portugal vanaf de zeventiende eeuw de concurrentie met haar Noord-Europese rivalen verloor. Een starre centrale staat, met gebrek aan initiatief of

instituties die de ondernemende krachten in de samenleving bevorderde kan niet langer als oorzaak hiervan worden beschouwd. Veel meer zullen de redenen voor deze '*small divergence*' moeten worden gezocht in een complex samenspel van verschillende economische, politieke en sociale factoren die buiten het bereik van dit onderzoek liggen.

Het onderzoek naar Portugal, een tot op heden onderbelichte casus, biedt daarnaast een stimulans om de conceptuele kaders van de 'contractor state' uit te breiden. Het belang van de samenhang tussen oorlog, belastingen en het bestuur van langeafstandshandel, dat tot nog toe binnen deze nieuwe onderzoekstroming centraal heeft gestaan, wordt hierin niet ontkent. Een uitbreiding van het concept naar een 'contractor empire', biedt echter de mogelijkheid om ook de overzeese en civiele dimensies van de samenhang tussen vroegmoderne staatsvorming en private ondernemers te onderzoeken.

Tot onderstreept deze studie de noodzaak om in toekomstig historisch en sociologisch onderzoek te breken met de strikte scheiding tussen formele en bureaucratische instituties aan de ene kant en private en informele netwerken aan de andere kant. De overheidscontracten laten zien dat er vaak geen strikte scheiding gemaakt kon worden tussen persoonlijk profijt en publiek belang. Ze dienden zowel een administratief doeleinde voor de staat, en hadden tegelijkertijd een winstgevende functie voor investeerders. Onzekerheid over wie er uiteindelijke verantwoordelijk was voor het uitvoeren van publieke taken (de kroon of de ondernemers) bood juist ruimte en flexibiliteit om structurele problemen, die kenmerkend zijn voor de vroegmoderne periode, te kunnen omzeilen. Deze problemen betroffen ten ene het gebrek aan investeringsmogelijkheden en opwaartse sociale mobiliteit voor ondernemers. En ten andere de moeilijkheden voor de overheid om aan de constante vraag naar de materiële en financiële middelen die nodig waren voor het bestuur en de verdediging van een wijdverspreid, maar versplintert, intercontinentale rijk te kunnen voldoen.

Curriculum Vitae

Edgar Pereira was born in Lisbon, Portugal, on the 21st June 1989. In 2009 he started the bachelor in History at the Faculty of Human and Social Sciences at the New University of Lisbon, Portugal, followed, in 2012-13, by the Master in History of the Early Modern Portuguese Expansion at the same university. His MA dissertation *Pombalism, Jesuits and the Land on the Old Conquests. Confiscation and Redistribution of Landed Property on the Eighteenth Century Goa (1759 - 1777)* was awarded the Marc Bloch Prize for best MA Dissertation in Early Modern and Modern European History 2015 by the European University Institute.

Starting in 2013, Pereira was a PhD candidate at Leiden University and a member of the ERC-granted project 'Fighting Monopolies, Defying Empires 1500-1750: a Comparative Overview of Free Agents and Informal Empires in Western Europe and the Ottoman empire. His doctoral dissertation was entitled *A Contractor Empire. Public Private Partnerships and Overseas Expansion in Habsburg Portugal (1580-1640)* under the supervision of prof. dr. Cátia Antunes and prof. dr. Regina Grafe. During his PhD, he completed the N.W. Posthumus Institute's Graduate Training Program, and taught Bachelor and Master Research Seminars at Leiden University. In the spring of 2020 Pereira will be a post-doctoral research at the KNIR (Royal Netherlands Institute in Rome), conducting research in Rome's archives for a future post-doctoral project, provisionally entitled: "Strange Bedfellows. Comparing and Connecting Danish and Portuguese Entrepreneurs in the Seventeenth Century Indian Ocean".