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

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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 negotiations, 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 *Restauração*, as the period started by the pro-Braganza dynastic coup became known, it overshadowed his career up to that point. The scholarship on seventeenth

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 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 majesté*.

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

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-savvy 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

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 Girledez, 'Path Dependence, Time Lags and the Birth of Globalisation: A Critique of O'Rourke 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 *Ensaio*, vol. 2 (Lisbon: Sá da Costa, 1968), 255–96.

⁵⁸⁶ Juan Ignacio Pulido Serrano, 'Pedro de Baeça, un empresario de origen judío: 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. Élités 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 Silveira 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

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 release 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://puurl.pt/26383> accessed 21 August, 2018). See also, Real Academia de la Historia (Madrid), Adición 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 found 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

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 Duarte⁵⁹⁹ (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

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".

⁶⁰⁰ ANTT, 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

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 Aleme, 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

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

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 Descobrimientos 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)
<i>Cabedal das naus da Índia</i>	1 st February – 15 th March 1628	56.600.000
Dry ports	Already transferred in September 1627	4.000.000
<i>Bula da Cruzada</i>		4.000.000
Brazilwood monopoly	- 2.480.000 réis until 31 st 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 réis).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 as a shrewd (and maybe unscrupulous) businessman, 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 negotiations 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 an astounding profit.

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 Geraldès, 'Casa Da Índia - Um Estudo de Estrutura e Funcionalidade (1509-1630)', 284.