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

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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

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 Angola⁶⁹² 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

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 know 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,

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 Istituzioni 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 Rodrigues Passarinho contributed with 200,000 *réis*.⁷⁰³

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

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: Universidade 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

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 Among Judeoconverts, 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 *contractador* 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 *habilitação* (examination for a *familiatura do Santo Ofício*) of João Ferreira de Bos, requested in 1668, who was the maternal grandson of João du Bois. ANTT, Tribunal do Santo Ofício, 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 Holy 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 Soares⁷¹⁸ and Garcia de Ilhão⁷¹⁹ 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 Domingos* on 9 January 1633.

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.

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 Tinoco⁷³² 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 Aleme 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. In 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 much profit from the price differential

⁷³¹ AHU, CU, cod. 40, fl. 115-116v. "sobre o lanço 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 Capitánias 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 against 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,

⁷³⁵ AGS, Contaduría Mayor de Cuentas (CMC), 3a época, leg. 707, "renta del estanco de la pimienta destes 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 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 Oquendo⁷⁴⁴, 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

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 Paraíba 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, on 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*.

⁷⁴⁷ Marques, 'L'Invention Du Bresil Entre Deux Monarchies. Gouvernement 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 bloodless clients.⁷⁵⁴

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 committee 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 rigidity 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 prolonged 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 vacuum, 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

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 Politics 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 symbolic 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 Aleme, 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 led to his arrest in late June 1637, ruining his chances of securing the coveted provisioning contract.⁷⁶⁶

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 Oliveira⁷⁶⁷ failed to prevent Pedro de Baeça and Jorge Gomes de Alemo from getting the *Assento 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 Restoration 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.

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 summoned 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 Alemeo 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 Alemeo 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 Alemeo 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,

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 (<i>quintais</i>) ⁷⁷⁹		
Lead	500 (<i>quintais</i>) 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 <i>covados</i>	300 per <i>covado</i>	
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 <i>retros</i> ⁷⁸⁶	1.600.000 reis worth ⁷⁸⁷	19 (per <i>oitava</i>)	
Coloured <i>retros</i>	1.600.000 reis worth	24 (per <i>oitava</i>)	
Black taffeta	1.600.000 reis worth	195 (per <i>covado</i>)	320.000
Coloured taffeta	1.600.000 reis worth	235 (per <i>covado</i>)	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 wick would be delivered until the 15 November, three days after the signature of the contract. In case there was not, then they had already agreed to borrow it from the castilian 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 *covados* for the comarca's cloths and the ones from Portalegre (see below) 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 Bluteau's dictionary: "Derivase de stoup palavra Celtica [...] que na baixa Latinidade quer dizer Tapar, ou de stupa [...]. He o grosso linho" – Bluteau, *Diccionario Portuguez & Latino*, vol. 3: 327

⁷⁸⁴ According to Bluteau's dictionary, vol. 7: 123 "Raxa "Panno de lâ 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 Bluteau, these were "fios de seda torcidos", Bluteau's dictionary, *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 led 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

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 warships 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 socorro* 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 Aleme

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 Centres 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 weigh 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

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

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 Zahedich, '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 Capitánias 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. Salvador 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 subsidizing 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. Moreover, 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

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 Atlântico*, 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

the man who married his daughter. If the future son-in-law happened to already be a *fidalgão* 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 occurred. 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 *almojarifados* 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 direcção, 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 Caças*, 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

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)'.