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

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## Summary

This dissertation looks at government contracting in Portugal and its overseas empire during six decades of Habsburg rule, the period of the so called Iberian ‘Union of the Crowns’ (1580-1640). It clarifies why and to what extent the Portuguese Crown underwrote the much maligned government contracts to handle tasks of public utility with business firms. On the other hand, it looks at the *ethos* and *praxis* of what was simultaneously a financial and administrative tool (for the state) and a compelling economic, social and political investment (for private businessmen).

This dissertation places seventeenth century Portugal at the centre of the latest historiographic debates on the interplay between business oriented groups and state formation during the early modern period. It establishes a dialogue with the studies on the ‘contractor state’, a recent strand of scholarship that has reappraised the contribution of private entrepreneurs in the mobilization of resources to the military apparatus of various early-modern states. It is argued in this dissertation that a key distinctive feature of the Portuguese contractor state was the multitude of government contracts pertaining to the overseas offshoots. This strong emphasis on the overseas sphere made Portugal more than an “contractor state”, a “contractor empire”. Moreover, in what can be considered a departure from the literature on the allocation of resources for war, this dissertation stress how government contracts were also employed for tasks that, on the surface, did not involve the military logistics *strictu sensu*. Aside from accounting for the defence the African, South American and Asian territories and enclaves, contracts involved tax-farming and the outsourcing of royal monopolies over colonial commodities.

In order to convey the diversity of the Portuguese contractor empire, each of the five chapters comprising part one of this dissertation tackle a particular governance assignment that was entrusted to profit seeking individuals. Chapters 1 to 3 deal with the logistics of the Cape Route’s state-sponsored shipping, which ensured trade and communications with India and Portugal’s other possessions across the Indian Ocean. The various naval public-private partnerships, involving ship-building, the provisioning of timber and naval stores, as well as of victuals, firearms and ammunition are fleshed out. Chapter 4 turns its attention to the wholesale supplying of the monarchy’s Northern African frontier. It demonstrates how, thanks to the contractors’ extensive international connections, the three garrison-towns that Portugal maintained in present-day Morocco were purveyed with grain imported from the Baltic. Chapter 5 shifts gears from the army and naval logistics, and focuses entirely on a revenue-farming contract, the Crown’s monopoly over the red-dyewood extracted from its colony of Brazil. Brazilwood is taken here as an example of the revenue yielding assets that, placed under the royal domain during the first one hundred years of Portugal’s oceanic voyages of exploration, were farmed out to private syndicates. The rationale for leasing out the exclusive right to extract the commodity to Europe is unpacked, as is the contractors’ ambivalent stance towards the legal boundaries of (re)export trade to consumption markets and textile manufacturing centres in Northern Europe and Italy.

While a great deal of attention is devoted to the needs of the monarchy and to the terms and conditions put forward in the various contracts, public-private partnerships are also analysed from the vantage point of their recipients. The perspective of contractors is accounted for in two ways. Firstly, by shedding light on the way royal concessions were successfully implemented, that is, how the obligations to the Crown effectively were met and contractors secured a compelling return on their investment. It is shown how some of the kingdom’s agricultural and manufacturing sectors responded to the contracts’ demand for produce and naval wares, but also how their recipients relied on the operational structure of their private investments (i.e. their network of agents and correspondents, credit, freightage

and insurance) to honour their commitments to the state. And, secondly, by delving deep into the individual case of a longstanding royal contractor in part two of this dissertation.

Throughout chapters 6-8, the career of Pedro de Baeça da Silveira, a tax-farmer and military entrepreneur active in the 1620s and 1630s who enjoyed extensive connections to the Habsburg court-circles, is chronicled. The main goal of these chapters is to highlight the core features of portfolio-capitalism, the type of social, economic and political agency that arose from prolonged business interactions with the state. These were: the centrality of public-private partnerships in their portfolio, the lack of geographic and functional specialization of their business deals with the Crown, and, last but not least, the importance staying close to power. This last aspect takes centre stage in the very last chapter of the dissertation. Here it is argued that establishing connections with the Crown (normally through powerful court-brokers) was instrumental to secure additional and more lucrative contracts, but also to attain honorific distinctions and privileges than enabled portfolio-capitalists to ascend socially. Not only were state contracts the most powerful tool for capital accumulation at the merchant elite's disposal, they also allowed for the economic capital to be exchanged into social and symbolic capital.

One of this dissertation's main take-aways is the importance of the connections sustained by Lisbon's business syndicates with their correspondents in the Northern seaboard outlets. These contacts were instrumental to ensure that timber, weaponry and grain reached Portugal's shipyards, government stores and garrisons. Agents and factors were acquainted with the ways of doing business in those outlets, knew suppliers in the production and distribution centres and were better informed about the evolution of demand and supply, prices and freight rates. Moreover, in addition to being able to purchase and ship raw materials and finished products at better rates, contractors could keep an appearance of political neutrality when handling the sensitive trade in naval stores and arms, a neutrality that royal officials or diplomats evidently lacked.

My research also invites a revisiting of the comparative institutional histories of overseas empires. While the mainstream Anglophone literature still portrays Portugal's oceanic expansion as purely state-driven, the pervasiveness of these contracts, often underwritten through competitive tendering, reveals an extensive participation of private economic actors. The country's inability to keep up with its Northern European rivals, from the seventeenth century onwards, did not, therefore, sprang from excessive centralized control or initiative, nor from the lack of institutions aimed at garnering the input of dynamic forces in the economy/society. As a result, the reasons for the "small divergence" should be looked for in a more complex set of economic, social and political factors that are beyond the scope of the present study.

By bringing to the fore an understudied but insightful case study, *A Contractor Empire* also offers more colour and nuance to a novel and stimulating scholarship. It encourages the conceptual framework of the "contractor state" to be further extended to the colonial sphere and to non-necessarily military dimensions, notwithstanding the well-known connections between war, taxation and the administration of long distance trade.

Finally, the study of early modern government contracts stresses the need for historians and social scientists to break away from a clear cut opposition between formal, bureaucratic institutions and informal interpersonal networks. Contracts, at once administrative tools and accumulation mechanisms, further blur the lines between personal gain and the interests of the body politic and state institutions during the early modern period. The study of "public-private" partnerships in Portugal and its empire demonstrates how the Crown and profit-seekers played with the uncertainty over who should perform tasks of public utility to overcome a number of structural problems. These problems included, on the merchants' side, the lack of lucrative outlets to invest capital and the quest for social upward mobility and, on state's side, the pressing need for material and financial

resources to be deployed across a thinly spread intercontinental empire, so that administration and defence could be ensured.