



Universiteit
Leiden

The Netherlands

De Bruijn & Cloots of Lisbon: insights into a Dutch firm in the exploitation of the South Atlantic, 1713-1727

Antunes, C.A.P.; Miranda, S.M.; Salvado, J.P.

Citation

Antunes, C. A. P., Miranda, S. M., & Salvado, J. P. (2024). De Bruijn & Cloots of Lisbon: insights into a Dutch firm in the exploitation of the South Atlantic, 1713-1727. *Journal Of Early American History*, 14(2-3), 173-197. Retrieved from <https://hdl.handle.net/1887/4209635>

Version: Publisher's Version

License: [Creative Commons CC BY 4.0 license](https://creativecommons.org/licenses/by/4.0/)

Downloaded from: <https://hdl.handle.net/1887/4209635>

Note: To cite this publication please use the final published version (if applicable).

De Bruijn & Cloots of Lisbon

Insights into a Dutch Firm in the Exploitation of the South Atlantic, 1713–1727

Cátia Antunes

Professor of History of Global Economic Networks, Institute for History,
Leiden University, Leiden, Netherlands

Corresponding author

c.a.p.antunes@hum.leidenuniv.nl

Susana Münch Miranda

Assistant Professor, Faculdade de Ciências Sociais e Humanas,
Universidade Nova de Lisboa, Lisbon, Portugal

sm.miranda@fcsb.unl.pt

João Paulo Salvado

Research Fellow, Centro Interdisciplinar de História,
Culturas e Sociedades, University of Évora, Évora, Portugal

jsalvado@uevora.pt

Published online 22 November 2024

Abstract

This article examines the strategies and techniques used by foreign firms to encroach on the Portuguese Atlantic empire. It takes the Dutch firm De Bruijn & Cloots of Lisbon as a case study to analyse problems and solutions devised by foreign firms when expanding their trade operations to Brazilian ports. We analyse the variables that influenced their choice of agents and forms of agency, and the way in which problems of agency were mitigated. Based on their business correspondence, we demonstrate that the choice between the forms of trade agency available for circumventing the “colonial exclusive” depended not only on goals and strategies, but also on the amount of capital and types of goods firms could mobilize through the transnational business networks in which they were embedded. We also show that De Bruijn & Cloots used a comprehensive range of agency relationships, a strategy that was simultaneously combined with diversification in the number of agents the firm worked with to mitigate opportunistic behaviour.

Keywords

colonial exclusive – colonial trade – agency problems – Dutch merchants – Brazilian gold cycle – transnational business networks

Introduction

The Iberian Atlantic empires were markedly porous, despite the ‘colonial exclusive’ reserving the right to participate in colonial trade for the nations’ own subjects. As a result, and despite being legally excluded, foreign merchants were able over time to accumulate profits from these transatlantic circuits to varying degrees and across different spaces.¹ In the case of Portugal, this permeability led to a much-discussed English dominance of the Portuguese commercial system in the 1700s, which the Marquis of Pombal (1699–1782), secretary of state to King José I, sought to contain through a series of reforms in the mid-eighteenth century.² The decision by the Marquis to ban itinerant traders, who travelled back and forth in the merchant fleets sailing to and from Brazil, was predicated on the knowledge that these types of agents were commonly used by English mercantile houses to interlope into the protected colonial market.³ This ban, which was part of a comprehensive package of reforms, was aimed at reinforcing the ‘colonial exclusive’ that had emerged in the late-sixteenth century and that was repeatedly reaffirmed by the Crown.⁴

The many studies based on diplomatic correspondence largely confirm Pombal’s perception and attest to continued English encroachment on the Brazilian trade. This encroachment increased substantially in the early 1700s,

1 Antonio García-Baquero González, *Cádiz y el Atlántico, 1717–1778*, Vol. 1. (Cadiz: Diputacion Provincial de Cadiz, 1988, 89–139); Manuel Bustos Rodríguez, *Cádiz en el sistema atlántico: la ciudad, sus comerciantes y la actividad mercantil, 1650–1830* (Cadiz: Sílex, 2005), 106–172; J. M. Oliva Melgar, “La metrópoli sin territorio: ¿crisis del comercio de Indias en el siglo XVII o pérdida del control del monopolio?”, *El sistema atlántico español (siglos XVII–XIX)*, ed. C. Martínez Shaw and J. M. Oliva Melgar (Madrid: Marcial Pons, 2005), 19–74; Regina Grafe and Jorge M. Pedreira, “New Imperial Economies”, *The Iberian World, 1450–1820*, ed. F. Bouza, P. Cardim and A. Feros (London: Routledge, 2020), 587–591.

2 Jorge M. Pedreira, “Os homens de negócio da praça de Lisboa de Pombal ao vintismo, 1755–1822” (PhD diss., Universidade Nova de Lisboa, 1995), 71.

3 Kenneth R. Maxwell, *Pombal. Paradox of the Enlightenment* (Cambridge: Cambridge University Press, 1995) 44; Pedreira, “Os homens de negócio”, 107–110; Leonor Freire Costa, Pedro Lains and Susana Münch Miranda, *An Economic History of Portugal, 1143–2020* (Cambridge: Cambridge University Press, 2016), 214.

4 Susana Münch Miranda, “Risk and Failure in Tax Farming: De Bruijn & Cloots of Lisbon and the Portuguese Tobacco Monopoly, 1722–1727”, *Itinerario* 43, no. 1 (2019): 126.

following the discovery of gold mines in Minas Gerais, and was underpinned by the growing demand for textiles in the colony.⁵ Scholarship also confirms that English participation in the colonial trade was conducted indirectly, through Portuguese merchants, rather than through the limited access to Brazilian ports, via Lisbon, that English merchants had enjoyed by privilege since the late-seventeenth century. This use of Portuguese merchants arose at a time when the Brazilian gold cycle led the Portuguese kings to consistently thwart foreign merchants' attempts to conduct direct trade with Brazil via Lisbon, thus disregarding the privileges granted to the English and the Dutch by diplomatic treaties between 1654 and 1669.⁶ The restrictive policy reached its culmination when, after Duguay-Trouin's attack on Rio de Janeiro in 1711, a series of decrees were issued prohibiting foreigners from entering Brazil and ordering foreign residents to leave the colony.⁷ This prohibition left itinerant traders and trading houses in Brazilian ports as the only option for the London-based Portugal merchants (a brief explanation: The term 'Portugal merchants' is used in British literature to refer to London-based merchants who specialized in trade with Portugal.) and their British factors in Lisbon who sought to continue supplying manufactured goods to Brazil in return for substantial amounts of gold.⁸ Textiles (woollen and worsted cloth) were by far the most important of these goods.

The use of Portuguese agents in the trade with Brazil in the decades after 1710 most likely exacerbated the principal-agent problems typically associated with long-distance trade.⁹ Historical studies for the British and Dutch Atlantic

5 C. R. Boxer, "Brazilian Gold and British Traders in the First Half of the Eighteenth Century", *Hispanic American Historical Review* 49, no. 3 (1969): 454–472; H. E. S. Fisher, "Anglo-Portuguese Trade, 1700–1770", *The Economic History Review* 16, no. 2 (1963): 219–233; Dauril Alden, "Vicissitudes of Trade in the Portuguese Atlantic Empire during the First Half of the Eighteenth Century: A Review Article", *The Americas* 32, no. 2 (1975): 282–291; Ralph Davis, "English Foreign Trade, 1700–1774", *The Economic History Review* 15, no. 2 (1962): 285–303.

6 For the treaties with England, see Boxer, "Brazilian Gold and British Traders", 462–465; for the Dutch, see Cátia Antunes, *Globalisation in the Early Modern Period: The Economic Relationship between Amsterdam and Lisbon, 1640–1705* (Amsterdam: Aksant, 2004) 102–116.

7 Boxer, "Brazilian Gold and British Traders", 462–465.

8 H. E. S. Fisher, "Anglo-Portuguese Trade", 221–222. On the London Portugal merchants, see A. D. Francis, *The Methuens and Portugal, 1691–1708* (Cambridge: Cambridge University Press, 1966) 190–191; H. E. S. Fisher, *The Portugal Trade: A Study of Anglo-Portuguese Commerce, 1700–1770* (London: Methuen & Co Ltd, 1971).

9 As framed by the economic theory of agency, the principal-agent problem occurs when the principal hires an agent to perform a given activity on his behalf, delegating some degree of control over his assets. Asymmetric information and conflicting interests may cause the agent to favour his own interests over those of the principal (opportunistic behaviour) (Thráinne Eggertsson, *Economic Behavior and Institutions* (Cambridge: Cambridge University Press, 1990), 40–45). Agency-problems are particularly evident in long-distance trade in which mitigating the problems of imperfect information and shirking on the part of agents is critical to reducing trade costs and achieving efficiency.

have shown that geographical distance, high communication costs and asymmetric information made it difficult for principals to monitor their agents, with the latter consequently being more prone to dishonest behaviour.¹⁰ This typical agency problem in long-distance trade was further exacerbated when foreign firms encroached on the 'colonial exclusive' since this required them to conceal the true ownership of the traded goods.¹¹ As a result, disputes between principals and agents, who acted as frontmen, could not be easily settled in courts of law. In the case of Brazil, the gold cycle had exacerbated principal-agent problems to an even greater degree, affecting Lisbon trading houses in general, whether Portuguese or foreign. This was because, in the wake of the gold rush, Brazil had attracted many immigrant traders who entered the colonial market as newcomers unencumbered by economic or social barriers, and who thus weakened the pre-existing networks and mutual trust that the dense social relations normally entailed.¹² But despite the risks, both general and specific, associated with trading in a protected market from which, legally, they were excluded, the prospect of high profits gave foreign firms strong incentives to engage in this business.

Little is known, however, about how foreign merchants participated in the Brazilian trade and dealt with the risks and challenges this trade entailed. In this article, therefore, we set out to examine how foreign firms adapted their mercantile strategies to the political economy of the Portuguese empire. We

-
- 10 Ann M. Carlos, "Principal-Agent Problems in Early Trading Companies: A Tale of Two Firms," in *The American Economic Review* 82, no. 2 (1992): 140–145; Nuala Zahedieh, "Credit, risk, and reputation in late seventeenth-century colonial trade," *Merchant Organization and Maritime Trade in the North Atlantic, 1660–1815*, ed. Olaf Uwe Janzen (Liverpool: Liverpool University Press, 1998): 53–74; Peter Mathias, "Risk, Credit and Kinship in Early Modern Enterprise," in *The Early Modern Atlantic Economy*, ed. J. J. McCusker and K. Morgan (Cambridge: Cambridge University Press, 2009), 15–35; Julia Adams, "Principals and Agents, Colonialists and Company Men: The Decay of Colonial Control in the Dutch East Indies," in *American Sociological Review* 61, no. 1 (1996): 12–28.
- 11 On the almost complete monopoly of trade with the colonies that the Navigation Acts gave English merchants, see Davis, "English Foreign Trade", 296–297; Nuala Zahedieh, *The Capital and the Colonies: London and the Atlantic Economy, 1660–1700* (Cambridge: Cambridge University Press, 2010), 35–54. For an example of foreign interloping of the British 'colonial exclusive', see William I. Roberts, 111, "Ralph Carr: A Newcastle Merchant and the American Colonial Trade", *Business History Review*, 42(3), 1968, 271–287. For the Spanish Americas, see J. Everaert, *De internationale en koloniale handel der Vlaamse firma's te Cádiz, 1670–1700* (Bruges: De Tempel, 1973) p. 353; J. M. Oliva Melgar, *El Monopolio de Indias en el Siglo XVII y la Economía Andaluza* (Huelva: Universidad de Huelva, 2004), 79.
- 12 Leonor Freire Costa, M. Manuela Rocha and Tanya Araújo, "Social Capital and Economic Performance: Trust and Distrust in Eighteenth-Century Gold Shipments from Brazil", *European Review of Economic History* 15 (2010): 3.

analyse the variables that influenced their choice of agents and forms of agency, as well as the ways in which problems of agency were mitigated, primarily through informal contract enforcement mechanisms.¹³ Thus, this empirical study has the potential to shed light on the complexity of agency relations in the specific context of the Portuguese South Atlantic and to allow future research to compare it with the better known British and Dutch Atlantics. Our findings stem from a detailed study of business correspondence reflecting the decision-making processes from the perspective of the firms or merchants. These sources are particularly innovative in the Brazilian-Portuguese context as such information is notoriously scarce in Brazilian and Portuguese archives for this chronology. And even for the more intensively studied English involvement in the Brazilian trade, insights into trading houses' decision-making processes have remained elusive given that research to-date has relied almost exclusively on diplomatic correspondence. In addition, some issues have been only partially addressed, and then only specifically for the case of Francisco Pinheiro (1700s), a prominent Lisbon businessman. As a Portuguese subject, however, Pinheiro's problems and the constraints he encountered in the Brazilian trade were less severe than those faced by foreign firms.¹⁴

This article deals with the problems and solutions devised by foreign firms when expanding their business operations to Brazilian ports. It takes the Dutch firm De Bruijn & Cloots of Lisbon as a suitable case study, not only because this firm left a comprehensive mercantile archive, but also because Dutch firms, along with their English counterparts, featured prominently among the foreigners most actively involved in direct Brazilian trade.¹⁵ We show how this partnership used both illegal and legal means to gain a foothold in the colonial market. Like the English, this particular Dutch firm resorted to Portuguese frontmen to enter the colonial market but was also able to trade legally in the South Atlantic for a brief six-year period when the partners took on the tax-farming contract for the Portuguese tobacco monopoly. We demonstrate that the choice between the forms of trading agency available for circumventing mercantilist barriers depended not only on the goals and strategies of the firms themselves, but also on the amount of capital and types of goods firms could

13 Avner Greif, "The Fundamental Problem of Exchange: A Research Agenda in Historical Institutional Analysis", in *The European Review of Economic History* 4 (2000): 251–284.

14 William Donovan, "Commercial Enterprise and Luso-Brazilian Society during the Brazilian Gold Rush: The Mercantile House of Francisco Pinheiro and the Lisbon to Brazil Trade, 1695–1750" (PhD diss., The Johns Hopkins University, 1990).

15 See Antunes, *Globalisation*, 95 and 102–106; Cátia Antunes, Susana Münch Miranda and João Paulo Salvado, "The Resources of Others: Dutch Exploitation of European Expansion and Empires, 1570–1800", *Tijdschrift voor Geschiedenis* 131, no. 3 (2018): 513–515.

mobilize through the transnational business networks in which they were embedded. We also show that De Bruijn & Cloots used a more comprehensive range of agency relationships than has thus far been acknowledged by the current historiography, a strategy that was simultaneously combined with diversification in the number of agents the firm worked with to mitigate opportunistic behaviour. This article consequently contributes to a better understanding of the strategies used by foreign firms to encroach on the Portuguese Atlantic empire.

The next section examines how De Bruijn & Cloots adapted to the Portuguese 'colonial exclusive' and to the specificities of the Luso-Brazilian trade to interlope into the colonial market in the early years. It focuses on the forms of agency they chose and the role of their transnational business networks in exploiting the Portuguese South Atlantic. The third section analyses the six-year period (1722–1727) during which the firm enjoyed the privilege of trading legally in the Portuguese South Atlantic as tobacco tax farmers. This exceptional circumstance, which provided the opportunity to expand the firm's business to African ports, paved the way for new strategies and agency relationships that underpinned the diversification and expansion of the business. Section four looks at agency problems and the solutions adopted to mitigate them. These varied depending on the goals, strategies and challenges the firm faced when trading in the South Atlantic.

Adapting to the Portuguese 'Colonial Exclusive'

Willem de Bruijn and Paulo Cloots set up an independent trading house in Lisbon in early 1713 and this firm remained active until the late 1730s.¹⁶ These entrepreneurs represented an extension of the business interests of the Amsterdam bankers Jean Baptiste Cloots & Paulo Jacomo Cloots to Portugal.¹⁷ Throughout their three decades in Lisbon, De Bruijn & Cloots engaged in wide-ranging activities, encompassing trade intermediation, tax farming and financial services. When they arrived in 1713, however, their goals were not as far-reaching. Instead, the partners aimed to insert themselves into the thriving Lisbon business scene, underpinned by a fast-growing market that paid in the Brazilian gold that was regularly unloaded in the Portuguese capital to offset

16 Antunes et al, "The Resources of Others", 510–519.

17 On this merchant banker family, see I. de Stein d'Altenstein, *Annuaire de la noblesse de Belgique*, Vol. 16 (Brussels, 1862), 278–282; François Labbé, *Anacharsis Cloots, le prussien francophile: un philosophe au service de la Révolution française et universelle* (Paris: L'Harmattan, 1999), 29–30.

trade surpluses with the colony.¹⁸ For Dutch merchants at the time, Lisbon offered the prospect of profitable business opportunities for supplying the manufactured goods and grain that were in high demand in both the domestic and colonial markets in exchange for payments in gold.¹⁹

Trade intermediation with Europe, the role traditionally ascribed to foreign merchant communities in the framework of Portuguese mercantilism, was the core of the firm's activities in the early years. Indeed, connecting the host country's market with that of the home country through import and export trade stood at the heart of most foreign merchant houses and, in this sense, therefore, De Bruijn & Cloots' activities were entirely in line with what was expected of them. The firm was active in supplying the Portuguese domestic market with manufactured goods (textiles), nautical supplies and grain and in exporting wool and re-exporting tobacco, sugar, and cocoa.

From early on, however, Willem de Bruijn and Paulo Cloots also sought to expand the scope of their business to markets beyond Amsterdam and the Dutch Republic. To that end, De Bruijn took recourse to pre-existing contacts he had acquired while training as a business clerk at the *comptoir* of Jean Baptiste & Paulo Jacomo Cloots in Amsterdam. In the months following their arrival, the partners sent letters offering their intermediation services in Lisbon not only to various Amsterdam houses, but also to potential principals and business partners in Nantes, Antwerp, London, Hamburg, Cádiz, Seville, and Genoa. The services offered varied according to the main lines of business of their correspondents. They also transmitted information about the commodities that could easily be imported to Lisbon due to the nature of the demand in Brazil, thus signalling the role they could play in gathering and conveying up-to-date and trustworthy market information.²⁰

18 Leonor Freire Costa, M. Manuela Rocha and Rita Martins de Sousa, *O Ouro do Brasil* (Lisbon: Imprensa Nacional-Casa da Moeda, 2013), 72; Rita Martins de Sousa, "Brazilian Gold and the Lisbon Mint House, 1720–1807", *e-Journal of Portuguese History* 6, no. 1 (2008): 1–22.

19 H. E. S. Fisher, "Lisbon as a Port Town in the Eighteenth Century", *Lisbon as a Port Town, the British Seaman and other Maritime Themes*, ed. H. E. S. Fisher (Exeter: Exeter University Publications, 1988), 9–36; Pedreira, "Os homens de negócio", 327–328; Costa et al., *An Economic History of Portugal*, 183 and 206–207.

20 Arquivo Nacional da Torre do Tombo ('ANTT'), Junta da Administração do Tabaco ('JAT'), books 193, 200 and 201. De Bruijn and Cloots pointed out to correspondents in Amsterdam that they could procure fruit, olive oil and Brazilian sugar which could be traded for cheese (*fromage à croûte rouge*), textiles from England and France and German linens (see, for example, ANTT, liv. 93, fl. 13, letter to Robert Neel in Amsterdam). To Genoa, they offered to broker the purchase of Brazilian tobacco and sugar (ANTT, liv. 193, fl. 37, letter to Sadelijn & La Candele, 1713-02-08).

The efforts to expand their European business networks bore fruit in at least two ways. First, trade transactions in these early years were largely conducted on a commission basis. De Bruijn & Cloots bought and sold goods on behalf of Dutch, German and English principals. This was not surprising given the centrality of the commission business in eighteenth-century long-distance trade.²¹ However, De Bruijn & Cloots also traded on their own account by jointly owning, in varying proportions, some of the imported goods that were shipped primarily to and from Amsterdam and Hamburg.²² Second, their transnational business network would later prove crucial for their direct participation in the colonial trade.

Early on, De Bruijn & Cloots made efforts to overcome the mercantilist barriers and expand their trading operations to Brazilian ports. To this end, the partners familiarized themselves with the main features of the host country's market and its political economy in the months following their arrival. This included assessing the types of goods and commodities in high demand or generating higher profits, identifying trade practices, and navigating the rules of the Portuguese 'colonial exclusive'. They discovered, for example, that fine and coarse textiles, canvas, and gunpowder sold well in Brazil, whereas only two products – tobacco and quality sugar – would find a profitable market in Europe.²³ As for the peculiarities of the Lisbon market, the partners soon realized that price information and actual transactions depended on direct and personal contacts between buyers and sellers. Unlike Amsterdam, Lisbon lacked a stock exchange for commodities, as well as a banking system and brokerage trading houses, thus making it difficult to match supply and demand.²⁴ This institutional set-up inevitably resulted in slower turnover of stocks and delayed payments, and these aspects, in turn, meant a need for higher liquidity. In their learning process, De Bruijn & Cloots also became aware that

21 Jacob Price, "Transaction Costs: A Note on Merchant Credit and the Organization of Private Trade", *The Rise of Merchant Empires: Long-Distance Trade in the Early Modern World, 1350–1750*, ed. J. Tracy (Cambridge: Cambridge University Press, 1990), 279–280.

22 ANTT, JAT, bks. 244 and 319.

23 ANTT, JAT, bk. 193, p. 478, letter to Daniel de Bruijn, 1714-07-08. For the amounts of sugar and tobacco that De Bruijn and Cloots re-exported, see *idem*, JAT, bks. 243 and 244.

24 On Amsterdam, see W. D. Smith, "The Function of Commercial Centers in the Modernization of European Capitalism: Amsterdam as an Information Exchange in the Seventeenth Century", *The Journal of Economic History* 44, no. 4 (1984): 985–1005. In 1720, there were 395 licensed brokers operating in Amsterdam, to which a further 800 unlicensed brokers could be added. See Milja van Tielhof, *The 'Mother of All Trades': The Baltic Grain Trade in Amsterdam from the Late 16th to the Early 19th Century*, (Leiden: Brill, 2002), 154. For Lisbon, see Jaime Reis, *O banco de Portugal das origens a 1914: antecedentes, fundação e consolidação, 1821–1857*, Vol. 1 (Lisbon: Banco de Portugal, 1996).

access to the colonial market was more limited than they had assumed at the outset. This was due to the reaction following Duguay-Trouin's attack on Rio de Janeiro in 1711. In fact, since then no foreign ship had been given permission to sail to Brazil via Lisbon, as they explained to one of their correspondents in Amsterdam. The viceroys had also been instructed to prevent four English and Dutch merchant families from settling in Bahia, Rio de Janeiro and Recife.²⁵

De Bruijn & Cloots adapted to the Portuguese colonial trade quickly. Their first step was to select trustworthy trading houses in Bahia and Rio de Janeiro through which they could trade with these Brazilian ports. Since the process of selection could not depend on previous interpersonal relationships, the social capital they had accumulated within the prominent Portuguese wholesalers since their arrival played a crucial role. Among the Lisbon merchant houses with which they did regular business in the early years were those of António Vaz Coimbra, José Damásio, Francisco Pinheiro, Vasco Lourenço Veloso, and Feliciano Velho Oldenberg, all of whom were experienced Atlantic traders.²⁶ Pre-existing bonds of trust with these wholesalers may have enabled De Bruijn and Cloots to obtain personal recommendations of agents with whom they could work in Brazil, thus mitigating agency problems.²⁷ Two of the merchant trading houses that the Dutch partners committed shipments to were already handling goods for Francisco Pinheiro.²⁸

The efforts of the Dutch firm paid off as early as February 1715 when it shipped 100 caskets of gunpowder to João da Fonseca & Co in Rio de Janeiro. This marked the beginning of an enduring covert involvement in the Brazilian trade.²⁹ For the next twelve years, De Bruijn & Cloots maintained regular trading relations with Rio de Janeiro and Bahia, two of the three destination ports of the compulsory convoy protection system, introduced in 1649, that linked them to Lisbon on an annual basis.³⁰ By then, Rio de Janeiro was already a leading market for consumer goods. This was due to its role as a trading hub

25 ANTT, JAT, bk. 193, p. 37, letter to Paulus Cesar le Candele, 1713-02-08. On the privilege granted to the English and Dutch in peace treaties of 1661 and 1669 to have up to four merchant families residing in Bahia, Rio de Janeiro and Recife, see José Borges de Castro, *Colecção dos tratados, convenções, contratos e actos públicos celebrados entre a coroa de Portugal e as mais potências desde 1640 até ao presente*, Vol. 1 (Lisbon: Imprensa Nacional, 1856), 246; Boxer, "Brazilian Gold and British Traders", 462–464.

26 ANTT, JAT, bk. 319, p. 24, 39 and 44.

27 This was common practice within business networks of trust. See Mathias, "Risk, Credit and Kinship", 31.

28 They were Muzzi & Álvares Preto and Lourenço Antunes Viana. See Donovan, "Commercial Enterprise", 162, and section 4 of this article.

29 ANTT, JAT, liv. 203, p. 87, letter to João da Fonseca & Co, 2 February 1715.

30 This system remained in force from 1649 to 1765. See Miranda, "Risk and Failure", 126.

with the gold mining areas. Mining drove up prices for goods and services meaning that the regional economy promised higher profit margins than in Bahia.³¹ Establishing a foothold in Rio de Janeiro proved, therefore, to be a wise decision as this port was on its way to becoming the most important one in Portuguese America, with its trade volume and value exceeding those of Bahia in the early 1720s.³² But although Bahia was losing out to Rio de Janeiro in certain respects, it nevertheless remained the colony's main sugar and tobacco-producing area, as well as an important Brazilian port and a major outlet for European manufactured goods. This justified the Dutch firm's long-standing relationship with Portuguese agents based there. By contrast, shipments to the third port, Recife, by De Bruijn & Cloots were only sporadic as this north-eastern captaincy's economy had not fully recovered from the devastation of the Dutch-Portuguese War (1630–1654).

De Bruijn & Cloots used two forms of agency when trading to Brazil – on the one hand, itinerant traders (*comissários-volantes*) and skippers, and, on the other hand, trading houses in the colony. The one they chose depended on the type of goods to be sold in Brazil and the desired timing of the turnover. Although the itinerant traders' origins are yet to be determined, they seemed to have emerged in the early 1700s because of the growth in colonial trade and the opportunities this provided for individuals lacking the capital to trade on their own account. Their numbers increased in response to the interest of foreign merchants based in Lisbon in participating in the trade with Brazil. They saw this type of intermediation as a way to overcome the increasingly restrictive mercantilist barriers imposed by King João V. These petty traders were free agents, rather than employees, who travelled back and forth as passengers on the Brazilian fleets, carrying goods to be sold in Portuguese America in the outbound fleets, and returning with the proceeds, in their own name, in exchange for a commission. Similarly, skippers could be used as commission agents to fulfil the same functions, although this was a less flexible form of agency.

De Bruijn & Cloots' criteria for deciding whether to select itinerant traders or skippers are unknown. While for Bahia, they appear only to have used

31 Dauril Alden, "Price Movements in Brazil Before, During, and After the Gold Boom, with Special Reference to the Salvador Market, 1670–1769", eds. Lyman L. Johnson and Enrique Tandeter, *Essays on the Price History of Eighteenth Century Latin America* (Albuquerque: University of New Mexico Press, 1990), 335–371.

32 João Paulo Salvado, "The Rise and Fall of a Lisbon Family Business, 1710–1773: The Case of the House of Torres", *Itinerario* 43, no. 1 (2019): 149.

skippers, for Rio de Janeiro they maintained a long-standing relationship with an itinerant trader, José Martins Bernardes. The instructions they gave him shed light on the rules that governed the activities of their agents, and thus extend our knowledge on how this form of agency was used and monitored by the principals. Bernardes was entrusted with the task of dispatching goods in Lisbon and clearing them in Rio de Janeiro under his own name before selling them at the prices set by the Dutch partners. As for payments, the instructions he was given changed over time to include amendments regulating the use of gold dust as a means of payment. Prior to 1720, Bernardes was instructed to favour gold coins and gold dust over sugar crates which he could accept only in exceptional cases.³³ Its characteristics meant gold dust could be easily hidden and smuggled into Lisbon and so Willem and Paulo instructed Bernardes to spread the earnings among passengers on various ships in the inbound fleets. Using passengers as 'gold couriers' was a well-known, albeit risky, practice also used by Portuguese merchants to avoid paying the royal fifth (*quinto*).³⁴ After 1719, when the Crown banned the circulation of gold dust in Portugal and Brazil and tightened measures to prevent gold smuggling, De Bruijn & Cloots instructed their agent to prioritize gold coins to be shipped on board royal warships in accordance with the new regulations.³⁵ To enable subsequent scrutiny, Bernardes had to keep detailed records of all transactions, market prices and costs incurred. In return, he earned a commission of 2% of gross sales.³⁶

For De Bruijn & Cloots, as for all foreign merchants, recourse to itinerant traders meant the promise of a quick turnover that coincided with the length of time – usually less than a year – that Brazilian fleets needed for a round trip.³⁷ Thus, the shipments entrusted to Bernardes generally consisted of goods that could easily find buyers – such as fabrics and haberdashery – and whose

33 Bernardes was to accept gold dust in payment only if the price of each *oitava* did not exceed 1,500 réis (ANTT, JAT, bk. 185, pp. 148–149 and 157).

34 A. J. R. Russell-Wood, "The Gold Cycle, c. 1690–1750", ed. L. Bethell, *Colonial Brazil* (Cambridge: Cambridge University Press, 1988), 234; Charles Boxer, *The Golden Age of Brazil: Growing Pains of a Colonial Society, 1695–1750* (Manchester: Carcanet Press, 1995), 200–201, 317–318.

35 Two royal decrees – dated 11 February 1719 and 20 March 1720, respectively – substantiate the measures introduced to prevent gold smuggling. See *Collecção chronologica de leis extravagantes*, Vol. 1, tomo 1 (Coimbra: Real Imprensa da Universidade, 1819), 397–401 and 404–406.

36 ANTT, JAT, bk. 294, p. 691.

37 Virgílio Noya Pinto, *O ouro brasileiro e o comércio anglo-português: uma contribuição aos estudos da economia atlântica no século XVIII* (São Paulo: Companhia Editora Nacional, 1979), 135–184.

value was usually under 3 million *réis*.³⁸ The speed associated with this form of encroachment not only ensured a quicker return on trade investments, but also offered two other advantages: a better match between supply and demand, and a reduced risk of the moral hazard associated with commissioners.³⁹ Bernardes regularly travelled on behalf of the Dutch firm in the fleet bound for Rio de Janeiro, with no apparent conflict with his principals, for at least eight years.⁴⁰ There is no evidence, however, that De Bruijn & Cloots used itinerant traders when trading to other Brazilian ports. We assume that in those cases, therefore, cargoes were entrusted to ship captains, with instructions to forward them to Portuguese trading houses in Brazil, thus demonstrating use of the second form of agency.⁴¹

Merchants in the major Brazilian ports offered services beyond the scope of itinerant traders. First, these merchants sold larger quantities of goods, as well as goods with slower turnover (such as firearms and gunpowder) and, second, they could be entrusted with responsibility for collecting debts or supervising other agents on behalf of their principals. For De Bruijn & Cloots, the slower turnover was offset by the opportunities for gaining entry to these trading houses' networks and the access these networks provided to larger markets such as the gold mining areas in the Rio de Janeiro hinterland or the sugar-producing areas of Bahia and Recife. This access offered opportunities for higher volumes of business. These advantages were offered in return for a commission of 3–4% on gross sales, double or at least higher than the commission paid to itinerant traders.⁴²

De Bruijn & Cloots sought to work simultaneously with several trading houses in the Brazilian ports to mitigate moral hazard and to achieve their goals as effectively as possible. In the early years of trade with Bahia, shipments were consigned to three merchant houses: De la Camp & Vienne, João de Freitas Carneiro and Rocha & Álvares Calheiros.⁴³ However, all these relationships were short-lived, and the Dutch partners later found more suitable commissioners

38 ANTT, JAT, bk. 185, pp. 148–149 and 157.

39 We follow here the conceptual framing of moral hazard usually used by economic historians. See David Rowell and Luke B. Connelly, "A History of the Term 'Moral Hazard'", *The Journal of Risk and Insurance*, vol. 79, no. 4 (2012), 1051–1075; Juan Flores Zendejas, Norbert Gaillard and Rick Michalek (eds.), *Moral Hazard. A Financial, Legal, and Economic Perspective* (London: Routledge, 2021).

40 José Martins Bernardes remained active in trade with Rio de Janeiro until 1741 (Costa et al., *O ouro do Brasil*, 218).

41 The use of skippers can be attested too for Recife (ANTT, JAT, bk. 294, p. 589).

42 ANTT, JAT, bk. 199, p. 73–74, letter to João Maciel Ferreira, 28 October 1721. The commission charged by correspondents in Rio de Janeiro varied between 3.5% and 6%, depending on the type of transaction (Donovan, "Commercial Enterprise", 259).

43 ANTT, JAT, bk. 201, p. 66, 14 March 1716 and p. 585, 13 April 1717.

in João Maciel Ferreira and Jacinto Barbosa, who served them for four to five consecutive years.⁴⁴ In the course of twelve years in Rio de Janeiro, De Bruijn & Cloots worked with three trading houses: João da Fonseca & Co., who was their agent for eight consecutive years; Lourenço Antunes Viana; and Muzzi & Álvares Preto.⁴⁵ Meanwhile Basílio Rodrigues Seixas was their sole agent in Recife, which attests to the fact that this port played only a marginal role in the Dutch involvement in the Portuguese Atlantic trade.⁴⁶ In the years before De Bruijn & Cloots were awarded the tobacco monopoly contract, these agents were regularly instructed to favour sales in which buyers paid immediately since the Dutch firm preferred to make a quick return, albeit with a smaller profit, to be remitted in gold coins or dust.⁴⁷ Once they became tax farmers for the tobacco monopoly, however, the firm's trade relations with the colony changed significantly. Its first network of agents gained added importance, while also being combined with the new forms of intermediation that we examine in the next section.

Benefiting from the Portuguese 'Colonial Exclusive' with the Tobacco Tax Farm

The Portuguese tobacco monopoly, aimed at levying an excise tax on consumption, consisted of the exclusive right to process and distribute Brazilian tobacco in the domestic market (Portugal, Madeira and the Azores), and was contracted routinely with businessmen for a three-year period beginning in 1700.⁴⁸ Among the privileges granted to tax farmers, whether subjects or non-subjects of the King, was the privilege of sending one ship (*navio de licença*) annually to Brazil outside the convoy system. This privilege, introduced in 1702, was intended to allow the monopoly holders to procure tobacco directly in Brazil, in addition to the tobacco shipments carried by the Bahia fleet.⁴⁹

44 ANTT, JAT, bk. 186, p. 95, 15 August 1720 and bk. 208, 28 December 1723.

45 For João da Fonseca, see ANTT, JAT, bk. 203, p. 87, 2 February 1715, and bk. 198, fl. 249v, 18 April 1724; for Lourenço Antunes Viana, *idem*, JAT, bk. 185, p. 150, 25 February 1719 and bk. 190, fl. 23v, 12 December 1726; for João-Francisco Muzzi & Luís Álvares Preto, see *idem*, bk. 208, fl. 29v, 28 December 1723.

46 ANTT, JAT, bk. 294, p. 589, 31 December 1722.

47 ANTT, JAT, bk. 186, p. 95, letter to João Maciel Ferreira, 15 August 1720.

48 João Paulo Salvado, "O estanco do tabaco em Portugal: contrato-geral e consórcios mercantis, 1702–1755" in *Política y Hacienda del tabaco em los impérios ibéricos (siglos XVII–XIX)*, ed. Santiago de Luxán (Madrid: Centro de Estudios Políticos y Constitucionales, 2014), 133–153.

49 Jean-Baptiste Nardi, *O fumo brasileiro no período colonial: lavoura, comércio e administração* (São Paulo: Editora Brasiliense, 1996), 125–126.

According to the seventh clause in their contract, De Bruijn & Cloots enjoyed this prerogative as long as the ships they used sailed under the Portuguese flag and were manned by Portuguese captains and crews.⁵⁰ It should be stressed that these ships did not constitute a derogation of the 'colonial exclusive', nor were foreign tobacco tax farmers allowed to trade freely with Brazil. It simply meant that the tobacco contractor could place a cargo of goods on the Brazilian market each year and use the proceeds to buy tobacco. This, in turn, meant that the Dutch tobacco tax farmers were able, in any case, not only to trade legally with Brazil, but also to benefit from a competitive advantage in that they could obtain better prices because, theoretically, they did not have to compete with the cargoes arriving on the ships of the convoy system.

During the six years of the tobacco tax farm, De Bruijn & Cloots expanded their trading activities in Brazil by skilfully exploiting 'grey areas' in the clause that granted them the privilege of sending out an annual ship. This clause left two aspects undefined: first, it did not explicitly mention the port of destination in Brazil and, second, it did not set limits on the licensed ship's tonnage. Regarding the first aspect, the Dutch obtained authorization for three of their ships to make a multilateral voyage and call at two ports (Rio de Janeiro and Bahia) during a single round trip, even though this authorization was opposed by the Tobacco Board, the Overseas Council, and the Lisbon merchant community. It violated the rules governing direct voyages in the fleet system and allowed only one destination in Brazil.⁵¹ De Bruijn & Cloots also turned the second undefined aspect in the clause to their advantage by buying or freighting unusually large ships of 700–800 tons. At that time, merchant vessels of 400 tons were already exceptionally large in the Luso-Brazilian trade, and ships of 200–350 tons were the mainstay of the British Atlantic trade.⁵² Thus, the Dutch increased the cargo space on their licensed ships by three- to fourfold, leaving no doubts about their intention to expand their business in the colonial trade. This strategy was not aimed at transporting more tobacco in the return cargoes, but rather at maximizing profits by placing larger volumes of European goods in the Brazilian market, while also profiting from the sale of cargo space to third parties. In addition, the higher tonnage could be used for delivering enslaved Africans procured in Elmina to Brazil, thereby exercising a privilege also contained in the seventh clause.⁵³

⁵⁰ ANTT, JAT, bundle 11, doc. without number, 5 June 1723.

⁵¹ *Ibid.*

⁵² Davis, "English Foreign Trade", 78–79.

⁵³ AHU, Bahia, Avulsos, bx. 29, doc. 2631.

Based on some special permissions obtained from King João V, De Bruijn & Cloots eventually organized more voyages to Brazil outside the fleet system than had been foreseen in the seventh clause of the tobacco contract. These included two ships sent in late 1723, one to Rio de Janeiro (*Nossa Senhora do Triunfo*) and the other to Bahia (*Nossa Senhora da Concórdia*), via Elmina. This special permission may have been granted because De Bruijn & Cloots had been unable to use the *Nossa Senhora do Triunfo*, which they owned, on the second voyage (Table 1).⁵⁴ The Dutch partners also obtained permission in 1723 to send a ship (*pataxinho de aviso*) under 60 tons to Bahia.⁵⁵ Between 1723 and 1725, this smaller ship played a crucial role in transmitting up-to-date information between Lisbon, Bahia and Rio de Janeiro, thus helping the partners to overcome the typical time and communication lags common to multilateral Atlantic voyages.

The firm took advantage of the licensed voyages to Brazil through two large ships bought specifically for this purpose. The *Nossa Senhora da Concórdia* was the first to be outfitted and ready for the first voyage, setting sail from Lisbon in late 1722. She was a well-armed ship with 32 guns and crewed by 100 men. Four of the eight licensed voyages were carried out by this vessel, the last one in 1726.⁵⁶ The second ship, the *Nossa Senhora do Triunfo*, an eight-year-old vessel bought in England, was somewhat smaller and proved to be a poor choice. She required careening and consequently had to be replaced on the second voyage (1723) by a chartered ship, the *Nossa Senhora do Monte do Carmo, Santo Elias*. Although the *Nossa Senhora do Triunfo* was able to undertake the third voyage, she was eventually decommissioned, and the partners were forced to charter two other ships for the 1726 and 1727 voyages (Table 1).

What all these ships had in common was their size and volume, with all of them intended to simultaneously carry large quantities of European goods and enslaved Africans from Elmina to the Brazilian markets. Of the three planned slave shipments, two were carried out, while the last one failed to obtain royal permission.⁵⁷ The exact volume and value of the shipments to Brazil are unknown because of missing records in the firm's archive. However, De Bruijn & Cloots' correspondence demonstrates that they depended on their transnational business network both for capital and goods, with the cargoes of European goods shipped to Brazil being jointly owned by trading partners

54 ANTT, JAT, bk. 198, fl. 158, letter to João Maciel Ferreira, 14 May 1723; idem, bk. 208, fl. 15v, letter to João Maciel Ferreira, 26 June 1723; AHU, Bahia, Avulsos, bx. 21, doc. 1849.

55 AHU, Bahia, Avulsos, bx. 18, doc. 1593, 30 October 1723.

56 ANTT, JAT, bk. 200, p. 726.

57 ANTT, JAT, liv. 200, p. 784, letter to Lourenço Antunes Viana, 5 February 1726; AHU, Bahia, Avulsos, bx. 29, doc. 2631, 2 February 1727.

TABLE 1 Vessels dispatched by De Bruijn & Cloots to the Portuguese South Atlantic,
1722–1727

Departure / Lisbon	Ship	Ownership	Ports of Call	Final Destination	Return / Lisbon
17 Dec. 1722	<i>Nossa Senhora da Concórdia</i>	De Bruijn & Cloots	–	Bahia	2 Sept. 1723
26 June 1723	<i>Nossa Senhora do Monte do Carmo, Santo Elias</i>	Chartered	Rio de Janeiro	Bahia	5 July 1724
28 Dec. 1723	<i>Nossa Senhora do Triunfo</i>	De Bruijn & Cloots	Elmina	Rio de Janeiro	11 Feb. 1725
28 Dec. 1723	<i>Nossa Senhora da Concórdia</i>	De Bruijn & Cloots	Elmina	Bahia	11 May 1725
13 Nov. 1725	<i>Nossa Senhora da Concórdia</i>	De Bruijn & Cloots	–	Bahia	11 June 1726
22 Sept. 1726	<i>Santo António, Santa Quitéria</i>	Chartered	–	Bahia	July 1727
30 Dec. 1726	<i>Nossa Senhora da Concórdia</i>	De Bruijn & Cloots	Rio de Janeiro	Bahia	31 Dec. 1727
3 Feb. 1727	<i>Nossa Senhora da Ajuda, Europa</i>	Chartered	–	Bahia	*Sept. 1727

* Estimated date

SOURCES (FOR DATES OF DEPARTURE AND RETURN): AHU, BAHIA, AVULSOS, CX. 16, DOC. 1440; *NHPB*, VOL. 1, 86; ANTT, JAT, BK. 208, FL. 15V AND FL. 53V; ANTT, JAT, BK. 208, FL. 29V; *NHPB*, VOL. 1, 111; *NHPB*, VOL. 1, 117; *NHPB*, VOL. 1, 121–122; ANTT, JAT, BK. 208, FL. 186V; ANTT, JAT, BK. 190, FL. 60V; ANTT, JAT, BK. 190, FL. 26V; ANTT, JAT, BK. 190, FL. 79V; ANTT, JAT, BK. 190, FL. 34.

from Amsterdam, London and Lyon.⁵⁸ In this sense, it seems clear that, by then, the partners had accumulated both capital and business acumen that enabled them to increasingly trade on their own account, even if they shared risks with other partners to the detriment of commission business. This shift is consistent with their plan to expand and diversify their business by taking

58 ANTT, JAT, bk. 319, fls. 5, 26, 47, 57, 97 and 111; idem, bk. 312, fls. 1, 24, 33 and 65.

advantage of the opportunities offered by the tobacco monopoly. A similar transition from the commission business to trading on their own account is noted within the life-span of non-Dutch and non-early modern merchant houses.⁵⁹ The trajectory of this firm, however, contrasts with the general trend of Dutch merchant houses from the late seventeenth century to move from trading on their own account to the commission business.⁶⁰

Given the volume and variety of trade to be handled by the licensed ships, De Bruijn & Cloots added two new forms of agency to their existing networks in Rio de Janeiro and Bahia. This involved their resorting to supercargoes, while also assigning tasks to ship captains. Supercargoes were relatively unusual in the Portuguese South Atlantic, unlike in the Caribbean and the Chesapeake, where this form of agency was used regularly.⁶¹ Of the eight voyages made by De Bruijn & Cloots, four made use of supercargoes, albeit for different reasons. In the case of *Nossa Senhora da Concórdia* (1722) and *Nossa Senhora do Monte do Carmo, Santo Elias* (1723), De Bruijn & Cloots hired experienced merchants exclusively to sell the large quantities of European goods that they wanted to place on the colonial market.⁶² They probably did not trust the Brazilian agents to handle this task effectively.⁶³ After evaluating the results of the first two shipments, however, the Dutch decided against using supercargoes and instead chose to reduce the volume and value of outgoing cargoes being shipped for their own account. After 1725, ship captains and Brazilian agents were regarded as better able to handle smaller amounts of cargo.⁶⁴

59 Mark Häberlein, "Production, Trade, and Finance", ed. B. Ann Tlustý and Mark Häberlein, *A Companion to Late Medieval and Early Modern Augsburg* (Leiden: Brill, 2020), 101–122. See also Sheryllynne Haggerty, *British Atlantic Trading Community. Men, Women and the Distribution of Goods, 1760–1810*, Leiden: Brill, 2006.

60 Joost Jonker and Keetie Sluyterman, *At Home on the World Markets. Dutch International Trading Companies from the 16th century Until the Present* (Montreal: McGill-Queen's University Press, 2001), 83–91.

61 Jacob M. Price, *Perry of London: A Family and a Firm on the Seaborne Frontier, 1615–1753* (Cambridge, Mass.: Harvard University Press, 1992), 30; Donovan, "Commercial Enterprise", 316. On the supercargoes in Euro-Asian trade, see Louis Dermigny, *La Chine et l'Occident: le commerce à Canton au XVIII^e siècle, 1719–1833*, 1 Vol. (Paris, SEVPEN, 1964), 359–364.

62 Frederico Apriarius was the supercargo on the first voyage of *Nossa Senhora da Concórdia* in 1722 (ANTT, JAT, bk. 198, fl. 87v, letter to João Maciel Ferreira, 6 December 1722; idem, JAT, bk. 208, fl. 5, letter to João Maciel Ferreira, Frederico Apriarius, and captain Vitoriano Dias Jordão, 9 December 1722), while Manuel Gomes Mosquito was appointed supercargo of the *Nossa Senhora do Monte do Carmo, Santo Elias* (ANTT, JAT, bk. 208, fl. 40v, 25 March 1724).

63 This assumption is surmised from a letter to Manuel Gomes Mosquito (ANTT, JAT, bk. 208, fl. 40v, 25 March 1724).

64 ANTT, JAT, bk. 208, fl. 15v, letter to João Maciel Ferreira, 26 June 1723.

The situation regarding the purchase of slaves on the third and fourth voyages – undertaken by *Nossa Senhora do Triunfo* and *Nossa Senhora da Concórdia* (1723) – was different as, here, a supercargo was considered necessary for dealing with the challenges and complexity of this business. Moreover, the Dutch and English investors who had partnered with De Bruijn & Cloots for this venture insisted on this.⁶⁵ Daniel Casamayor, an English merchant and specialist in the slave trade, was thus commissioned to supervise the procurement of human cargoes for both ships from the British and Dutch strongholds on the Gold Coast,⁶⁶ as well as being responsible for overseeing the sale of enslaved Africans in Rio de Janeiro. Casamayor evidently fulfilled his principals' expectations as De Bruijn & Cloots considered him for a third slaving expedition that was planned for 1726, but for which they did not receive royal permission.⁶⁷

Against the background of this licensed shipping system, De Bruijn & Cloots made ship captains important agents by entrusting them with complementary functions. In addition to their usual duties, such as supervising the loading and unloading of merchandise and collecting freight charges, captains were expected to assume the duties traditionally entrusted to supercargoes in the event the latter fell ill or died, while after 1725 they were also responsible for delivering goods to the Brazilian agents.⁶⁸ On the last voyage of the *Nossa Senhora da Concórdia*, for example, the captain received instructions to sell the ship in Brazil, to carry the proceeds in cash in his own name, and to collect outstanding debts from Brazilian agents. The tobacco contract was approaching its end and the firm wanted to settle pending accounts.⁶⁹ Like the supercargoes, the captains charged a commission of 6% of gross sales for these tasks.⁷⁰ Not surprisingly, De Bruijn & Cloots took great care in selecting

65 ANTT, JAT, bk. 198, fl. 168, letter to João da Fonseca, 20 June 1723.

66 ANTT, JAT, bk. 208, fl. 30, letter to Daniel Casamayor and captain Manuel de Almeida Soares, 30 December 1723; AHU, Conselho Ultramarino, Consulta de Partes, bk. 55, fl. 141, 3 November 1723. Daniel Casamayor was probably the son of Luís Juan Casamayor, a merchant born in Navarra and who moved to England, settling in Bristol in the late-seventeenth century (*Descent of the Family of Casamayorga or Casamayor from the Royal Houses of Castille and León* (London: Taylor and Co., 1871), 2). De Bruijn & Cloots' relationship with Daniel Casamayor is documented in the correspondence books as continuing until 1731 (ANTT, JAT, liv, 184, p. 578, 30 October 1731).

67 ANTT, JAT, bk. 200, p. 784, letter to Lourenço Antunes Viana, 5 February 1726.

68 ANTT, JAT, bk. 208, fl. 46, letter to Vitoriano Dias Jordão, 19 April 1724 and fl. 120v, letter to Gaspar dos Santos Negreiros, 12 November 1725.

69 ANTT, JAT, bk. 208, fl. 205, letter to Gaspar dos Santos Negreiros, 11 December 1726; idem, bk. 190, fl. 24, letter to Gaspar dos Santos Negreiros, 12 December 1726; idem, JAT, liv. 208, fl. 221, 21 February 1727.

70 ANTT, JAT, liv. 208, fl. 15v, letter to João Maciel Ferreira, 26 June 1723.

these agents and chose trained naval captains, establishing close relationships with two captains, Vitoriano Dias Jordão and Gaspar dos Santos Negreiros, in particular.⁷¹

Finally, merchants in Bahia and Rio de Janeiro with whom the firm had already done business before the tobacco contract were also used as agents for the licensed shipping. These merchants played an important role in selling the remaining cargoes, collecting debts from credit sales, and, in the case of Bahia, procuring tobacco for the inbound journey or, as happened in 1724, facilitating the sale of 780 enslaved Africans from Elmina.⁷² To ensure the necessary liquidity for the tobacco purchases, Rio de Janeiro-based agents were regularly instructed to remit the proceeds of sales and debt collections to Bahia, and this served to reinforce the role of the agents in Bahia.⁷³

De Bruijn & Cloots thus sought to combine three forms of agency to exploit the licensed vessels. Supercargoes, captains and Brazil-based merchants all performed specific functions and were so closely intertwined that the failure of one of them could jeopardize the success of the entire operation. In this sense, it is not surprising that the firm tried to mitigate its agents' opportunism by making them co-responsible for the outcome of the shipments, including for the sale of outgoing cargoes, purchases of tobacco and other colonial staples, the transport and sale of enslaved Africans, and the remittance of the proceeds. This strategy was a means to ensure mutual monitoring by agents, as is evident in the instructions that De Bruijn & Cloots gave to all agents both collectively and individually.⁷⁴ For the firm, this was yet another way of reducing asymmetric information, in addition to thoroughly checking each agent's accounts. Ultimately, however, and because the results of the voyages were somewhat disappointing, the firm opted to use two forms of agency only – ship captains and Brazilian-based merchants – a decision attesting to the partners' ability to respond to quickly changing circumstances.

71 Gaspar dos Santos Negreiros was an experienced captain, specializing in the Atlantic routes (ANTT, Mesa da Consciência e Ordens, Ordem de Cristo, Habilitações, Letra G, bundle 6, doc. 112, 1716), and led the expeditions of 1723, 1725 and 1726, while Vitoriano Dias Jordão led the voyages of 1722 and 1724.

72 ANTT, JAT, bk. 208, fls. 20 e 25v, 28 December 1723 and fl. 43v, 18 April 1724, letters to Jacinto Barbosa; idem, bk. 208, fl. 90, letter to João Francisco Muzzi & Luís Álvares Preto, 4 April 1725; AHU, Bahia, Avulsos, bx. 23, doc. 2103, 16 July 1725.

73 ANTT, JAT, bk. 208, fl. 118v, letter to Jacinto Barbosa, 9 November 1725 and fl. 205, letter to Gaspar dos Santos Negreiros, 11 December 1726.

74 ANTT, JAT, bk. 198, fl. 87v, letter to João Maciel Ferreira, 6 December 1722; idem, bk. 208, fl. 5, letter to João Maciel Ferreira, Frederico Apriarius and Vitoriano Dias Jordão, 9 December 1722 and fl. 45, letter to Vitoriano Dias Jordão, 19 April 1724; idem, bk. 190, fl. 24, letter to Gaspar Dias Negreiros, 12 December 1726.

Dealing with Agency Problems

Like other European merchant houses engaged in transatlantic trade in the early eighteenth century, De Bruijn & Cloots performed their business activities under conditions that generally increased risks and imposed uncertainties. These conditions, which largely homogenized business practices among early modern merchants, have long been known. These included: natural hazards that affected sea voyages; low-level technology that slowed communications, delayed transactions and the concomitant high capital and credit requirements; and the restrictive legal frameworks governing colonial trade.⁷⁵ De Bruijn & Cloots faced these general risks, as well as those specifically arising from the Brazilian gold cycle. With market transactions increasing exponentially, the colonial market was highly unstable, easily oversupplied, and subject to extreme price fluctuations.⁷⁶ Moreover, the gold rush exacerbated the agency problems that affected all Lisbon trading houses, whether Portuguese or foreign, participating in Brazilian trade.⁷⁷

The agency problems that the Dutch firm encountered, and the strategies used to mitigate them, contrast with those of Francisco Pinheiro, a prominent Lisbon businessman involved in colonial trade in the early 1700s. After being confronted with the opportunistic behaviour of his first local agents, Pinheiro sent his brother to Rio de Janeiro. While turning to a kinship relationship was a standard option in a context of added risk, it proved to be a poor decision in this case, and Pinheiro eventually replaced his brother by other Brazilian agents with whom he worked simultaneously and whom he also frequently replaced.⁷⁸

In contrast to Pinheiro, Willem de Bruijn and Paulo Cloots could not rely on family members when trading with Brazil. In the early years of their trade with Bahia, therefore, they commissioned shipments to multiple agents to spread risk, similar to what Pinheiro did after losing trust in his brother. Between 1716 and 1719, the Dutch entrusted goods to three Bahian merchant houses: João de Freitas Carneiro, Rocha & Calheiros and De la Camp & De Vienne.⁷⁹ However, unsatisfactory results meant the business relationship with the first two of these merchant houses was short-lived. Willem and Paulo consequently vested their hopes in De la Camp & De Vienne, a Franco-German trading house and

75 Mathias, "Risk, Credit and Kinship", 15–35.

76 Donovan, "Commercial Enterprise", 168.

77 Costa et. al., "Social Capital", 3.

78 Donovan, 'Commercial Enterprise', 153 and 162.

79 ANTT, JAT, bk. 201, p. 585, letter to João de Freitas Carneiro, 13 April 1717 and p. 585, letter to Vitoriano da Rocha and Domingos Álvares Calheiros, 13 April 1717.

one of the few foreign merchant houses still active in Bahia at the time.⁸⁰ This choice was probably influenced by the partners' personal relationship with Jacques François de Vienne, with whom they had probably socialized in Lisbon before he moved to Bahia.⁸¹ However, De la Camp & De Vienne proved to be untrustworthy, with the returns on commissioned sales of gunpowder and textiles between 1717 and 1719 being systematically delayed and still not having been paid in full in 1724.⁸² While delayed returns were a common problem in Atlantic trade, De Bruijn & Cloots suspected in this case that their capital was being deliberately withheld and put into short-term investments in Brazil, and so felt compelled to sever the business relationship. The outstanding debt of 1,400,000 réis was eventually recovered through a lawsuit filed with the court in Bahia by João Maciel Ferreira, who pretended to the colonial authorities to be the creditor.⁸³ Interestingly, this example challenges the prevailing view that foreign merchants were unable to turn to the colonial courts to settle outstanding debts because they could not openly admit to being the true creditors.⁸⁴

When the Dutch partners realized that social proximity did not protect them against dishonest behaviour, they encouraged João Maciel Ferreira, one of their Portuguese clerks, to settle in Bahia and to act as their commission agent. Ferreira had begun his apprenticeship in their *comptoir* as a young man in February 1713 and was responsible, among other duties, for clearing imported goods at the Lisbon customs house.⁸⁵ Having known him for seven years and feeling confident that he was familiar with their business procedures and practices, the Dutch assumed that he could be their trusted frontman in Bahia. They may even have favoured his establishing himself as an independent merchant in the colony around May or June 1720.⁸⁶ That same year, he received the first consignment of goods from his former employers,

80 ANTT, JAT, bk. 201, p. 66, letter to Paul Gerard de la Camp, 4 March 1716.

81 Jean-François Labourdette, *La nation française a Lisbonne de 1669 a 1790: entre colbertisme et libéralisme* (Paris: Fondation Calouste Gulbenkian, 1988), 156.

82 ANTT, JAT, bk. 201, p. 584, letter to De la Camp & De Vienne, 15 April 1717; idem, bk. 294, p. 586, 31 December 1722; idem, bk. 294, p. 602, 16 March 1723; idem, bk. 249, fl. 133, 20 April 1723.

83 ANTT, JAT, bk. 190, fl. 167v, letter to João Lourenço Veloso, 27 January 1731.

84 This view is based on complaints by the English Factory in Lisbon in 1715 (Boxer, "Brazilian Gold and British Traders", 462–463).

85 ANTT, JAT, bk. 244, fl. 2, February 1713; idem, bk. 193, fl. 73, letter to Manuel Rodrigues Santos, 16 May 1713.

86 We assume that João Maciel Ferreira set sail for Bahia in late March 1720. See *Notícias Históricas de Portugal e Brasil, 1715–1750* ('NHPB'), ed. Manuel Lopes de Almeida, Vol. 1 (Coimbra: Imprensa da Universidade de Coimbra, 1961), 45.

along with instructions to collect outstanding debts from De la Camp & De Vienne and João Freitas Carneiro. To this end, De Bruijn & Cloots used their connections with the royal court in Lisbon to obtain a guarantee from the newly appointed viceroy that their agent would receive adequate protection.⁸⁷

However, despite a promising start, João Maciel Ferreira proved unsuited for the new challenges posed by the first licensed ship sent to Bahia as part of the tobacco tax farm. The *Nossa Senhora da Concórdia* set sail in late December 1722 with a cargo of food and textiles. According to the Dutch partners' plan, the cargo was to be sold in the Bahian market and the proceeds were to be used only for purchases of high-quality tobacco, while the rest was to be remitted in gold coins. This task was to be completed in the shortest possible time so that the *Nossa Senhora da Concórdia* could be re-outfitted for the second voyage which was due to leave Lisbon in the late spring of 1723. To mitigate agency problems, De Bruijn & Cloots entrusted the entire undertaking to three agents – Vitoriano Dias Jordão, the ship's captain; Frederico Apriarius, the supercargo; and João Maciel Ferreira – who were jointly responsible for the result. Accordingly, the commission was to be divided equally among them.⁸⁸ However, the expectations the firm had placed on this first licensed ship were soon dashed when she failed to arrive in Lisbon on time and the partners were forced to hastily charter the *Nossa Senhora Monte do Carmo, Santo Elias* to meet the schedule for the second licensed voyage. Further disappointment followed when the *Concórdia* finally landed in Lisbon in September 1723 carrying mainly low-grade tobacco.

In evaluating the poor results, De Bruijn & Cloots concluded that their agents had disregarded their instructions and made decisions detrimental to the partners' interests as principals. They also recognized that it was of paramount importance to have an experienced tobacco trader with extensive network connections to growers in Bahia for purchases of high-quality tobacco. João Maciel Ferreira was unable to meet these requirements as he had been in Bahia for only just under three years. As a result, the Dutch cut all business relations with him. Moreover, they held all three agents responsible for the results of the *Concórdia* and drew yet another important lesson: there was no point in employing a supercargo to handle the sale of European goods in the colonial market and so Frederico Apriarius would not be re-employed.⁸⁹

87 ANTT, JAT, bk. 186, pp. 95–96, letter to João Maciel Ferreira, 15 August 1720. Vasco César de Meneses, Count of Sabugosa, was appointed in April 1720 and left for Bahia in September of the same year. He remained in Brazil as viceroy for fifteen years (*NHPB*, Vol. 1, 47, 52 and 63).

88 ANTT, JAT, bk. 208, fl. 5–5v, letter to João Maciel Ferreira, Frederico Apriarius and Vitoriano Dias Jordão, 9 December 1722.

89 ANTT, JAT, bk. 208, fl. 23v, letter to João Maciel Ferreira, Frederico Apriarius and Vitoriano Dias Jordão, 28 December 1723.

Since the second ship had already sailed for Brazil and two more ships were still being fitted out, De Bruijn & Cloots had to act quickly. Between September and December 1723 they selected Jacinto Barbosa as their new agent in Bahia because he had previously supplied them with tobacco of reasonable quality and had a reputation as a reliable and skilful tobacco trader.⁹⁰ In this case, the lack of a personal relationship was compensated for by the fact that they could attest to Barbosa's relationship of trust with other prominent Lisbon merchants with whom they did business and who were known to specialize in tobacco imports. Replacing João Maciel Ferreira with Jacinto Barbosa meant the partners incurred further expenses, including the cost of buying a small ship (*patachinho de aviso*) to transport the new instructions to Bahia, for which they obtained special permission from the Overseas Council.⁹¹ Although this permission was granted on the grounds that the partners had suffered losses on the first voyage, it is difficult to assess the extent of these losses since the cargo book (*cargoesoen boeck*) no longer exists.⁹²

While the problems encountered by the *Concórdia* were perceived as a principal/agent problem, we should emphasize that De Bruijn & Cloots' instructions regarding the exclusive purchase of high-quality tobacco were difficult to fulfil given the productive cycle of the plant.⁹³ In fact, most of the high-quality tobacco from the 1722 crop had already been shipped to Lisbon by the time the *Concórdia* reached Bahia, and the rest was in the hands of Bahian merchants who refused to sell it at the low prices offered. As a result, Dias Jordão, Apriarius and Maciel Ferreira decided to procure tobacco directly from the growers, hoping in this way to comply with the instructions. At that time, however, the growers had only old and low-quality tobacco to sell since it was still too early for the 1723 harvest. All in all, these events led the Dutch partners to realize not only that they needed a tobacco specialist in Bahia with good connections in the tobacco-producing areas, but also that their purchasing of the best tobacco had to coincide with the first harvest which took place in September and had to be completed before the arrival of the licensed ship.

90 ANTT, JAT, bk. 208, fl. 20 and 25v, letter to Jacinto Barbosa, 28 December 1723.

91 AHU, Conselho Ultramarino, bx. 18, doc. 1593; idem, Conselho Ultramarino, Provisões, bk. 97, fl. 106v.

92 This book is mentioned in one of the journals of De Bruijn & Cloots (ANTT, JAT, bk. 294, p. 691).

93 Catherine Lugar, "The Portuguese Tobacco Trade and Tobacco Growers of Bahia in the Late Colonial Period", *Essays Concerning the Socioeconomic History of Brazil and Portuguese India*, ed. D. Alden and W. Dean (Gainesville: The University Presses of Florida, 1977), 28–32; Stuart Schwartz, "Plantations and Peripheries, c. 1580–c. 1750", *Colonial Brazil*, ed. L. Bethell (Cambridge: Cambridge University Press, 1987), 100–101.

This realization was instrumental in their plan to use two ships in rotation for carrying out the licensed voyages.

Agency problems such as these were absent in Rio de Janeiro where the purchase of colonial staples was not an issue. Moreover, there is no evidence of relationships with any of the firm's agents ending acrimoniously. However, the strategies used to mitigate risks in Rio de Janeiro were no different from those used in Bahia. In other words, the Dutch partners worked simultaneously with two or three merchant houses which were selected on the basis of reputability and trust, and which were recognized as being reputable and trustworthy by other Lisbon merchants.⁹⁴ De Bruijn & Cloots were fortunate in their choice of agents in Rio de Janeiro as, considering the number of years they were active, these were probably better-organized merchant houses. Nonetheless, the demands for agency and the difficulty of the tasks at hand were undeniably less in Rio de Janeiro than in Bahia given that the sales of wholesale goods in the former entailed a different type of challenge than was the case in Bahia. In Bahia, connecting the cycles of a cash crop to the constraints of a colonial market framed by a political economy which gave precedence to a compulsory fleet system, proved to be extremely difficult.

Conclusion

This research has provided insight into a Dutch mercantile house operating out of Lisbon and may illustrate how other Dutch merchant houses in this specific chronology organized their involvement in exploiting the empire of others. De Bruijn & Cloots relied on a transnational business network that extended far beyond their country of origin to include merchants and investors in several European cities and for whom they conducted commission business or shared ownership of goods. With these advantages as a starting point, the firm leveraged its entry into the protected Brazilian market by pooling capital and supplying a variety of manufactured goods sourced from various European port cities and economies. This approach to business contrasted with that of the English merchants and their Lisbon-based factors, who limited themselves to linking Portugal and Brazil to their domestic economy whether by supplying textiles or by re-exporting Brazilian gold and Portuguese domestic goods. Implicitly, therefore, the way this Dutch firm organized its business demonstrates that,

94 Both Lourenço Antunes Viana and Muzzi & Álvares Preto worked as commission agents for Francisco Pinheiro for several years without incident. Donovan, "Commercial Enterprise", 162, 250–251, 270–271 and 273.

despite the 'colonial exclusive', the economic exploitation of the Portuguese South Atlantic was also open to the direct, albeit covert, participation of European capital. Profits derived from colonial trade were thus diverted and channelled to other European economies despite the continuing existence of mercantilist barriers.

Interestingly, the circumventing of the Portuguese 'colonial exclusive' on the ground was carried out exclusively through Portuguese agents who acted as the Dutch firm's frontmen. There is no evidence of partnerships with Portuguese merchants being used to enter the colonial market which was one of the traditional ways for foreigners to participate in trade with Spanish America via the *Carrera de Indias*. While this case study confirms the centrality of already known forms of agency – itinerant traders and Brazilian merchant houses – other relationships, too, emerged. Supercargoes were used only in the framework of legal participation in the South Atlantic trade and in situations involving trade in enslaved Africans, whereas ship captains' agency was more significant than has usually been assumed, with the choice of agency form being determined by variables such as the typology of the supplied goods, the desired speed of turnover and the level of trust or else by certain distinct features of the Brazilian port cities.

Whereas the selection of agents was an important issue in long-distance trade, it was even more critical in contexts characterized by low levels of trust and where agency problems were the norm. And while the solutions devised by De Bruijn & Cloots to mitigate risks and dishonest behaviour by their agents may not have been novel, they were applied consistently and relentlessly during the period under observation. These solutions ranged from economic incentives and the mutual monitoring of agents to the diversification of agents and forms of agency, with *ex post* monitoring resulting in ties with untrustworthy agents being severed. All of these cases and examples demonstrate how the Dutch firm constantly adapted to problems and changing circumstances.

Acknowledgment

João Paulo Salvado acknowledges the support of the Fundação para a Ciência e a Tecnologia (FCT), under reference DOI 10.54499/DL57/2016/CP1372/CT0005.