PASSIVE RESISTANCE: PORTUGUESE DIPLOMACY OF CONTRABAND TRADE DURING KING JOHN V’S REIGN (1706-1750)

by
Ernst Pyne

During the reign of king John V foreign diplomats negotiated their nation’s ability to engage in illegal practices in Portugal and her colonies. In return for their military support and protection, English, French and Dutch representatives pressed the Portuguese government to condone their nations’ involvement in contraband trade. The ability of the Portuguese government to hold off such foreign pretensions, depended primarily on their room to maneuver within European political theaters.

Ever since the 1690s, when gold was found in Brazil, foreign interest in the Portuguese economy increased. Gold was a highly valued commodity as it was a necessary ingredient for coins. Money meant power loyalty of troops depended on the prompt payment of their wages. As a result, the management of the gold flow of from Brazil through Portugal became an object of international competition, most notably by the two leading European powers, England and France. Both had a critical need for gold in order

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** Department of History, The Johns Hopkins University, U.S.A.

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to finance their recurrent wars against each other. As for the Portuguese government, it restrained English and French pretensions by keeping as much gold as possible within the country.

The Portuguese king forbade foreign ships from exporting Brazilian gold from Portugal and from trading directly with Portuguese ports. Still, violation of contraband laws by foreigners was that was a negotiable issue. Depending on the status of the nation and of the persons involved, there existed a degree of flexibility which could allow for some illegal trade. This article discusses the degree to which the Portuguese government's freedom of action was circumscribed as regards contraband trade. I will demonstrate how foreign diplomats stimulated illegal gold trade, and show with what tools that the Portuguese king confused these unlawful exports.

The ability of the Portuguese government to restrain illegal commerce in gold depended on Portugal's international military and economic status. In that regard, Portugal was very vulnerable. From a military point of view, Portugal had to seek allies in order to maintain her very independence from Spain and keep an equilibrium with other European powers who might invade its European and overseas territories. Economically, Portugal was dependent on foreign nations for supplies of textiles and other products to its colonies, and for grain to feed its own population. Thus Portugal relied on foreign military and economic aid in order to survive as a nation and preserve her overseas empire. Recognition of these harsh realities forced Portugal to make concessions regarding trading practices. One such concession was partial allowance of contraband trade. In theory such concessions took the form of granting privileges to foreign nationals ("nations") resident in Portugal, and the signing of commercial treaties. In practice, Portuguese officials raised obstacles to the implementation of concessions granted at the negotiating table, choosing whether or not to enforce mercantile laws, especially pragmatic or sumptuary laws.

A discussion of these privileges, pragmatics and other measures of the Portuguese government is not new. These topics, as well as the illegal export of gold from Portugal, have received extensive treatment by historians such as: Charles R. Boxer, Allan Christelow, A.D. Francis, H.E.S. Fisher, S. Sideri, V.M. Shillington and A.B. Wallis Chapman, from an English perspective; Jean-François Labourdette on French interests; and Víctorio Magalhães
Godinho, Jorge Borges de Macedo, Kenneth R. Maxwell, and Virgílio Noya Pinto for the Portuguese dimension.

Regardless of differing national perspectives, all these historians mentioned England’s and France’s importation of Brazilian gold from Portugal, and the Portuguese measures to curb this flow. As for sources, all the above-mentioned authors used diplomatic correspondence, and as a consequence, they paid considerable attention to the role of treaties and privileges. This was especially evident in the works of Francis, Shillington, and Wallis Chapman, all of whom wrote detailed diplomatic histories. These authors have not pointed out, however, how the concession of such privileges stimulated and enhanced the ability of foreigners to engage in illegal practices, and how the Portuguese government responded by a series of measures intended to effectively nullify the impact of such concessions.

This article concentrates on the Joanaíne period during which the production of gold in Brazil was subject to much royal attention. King John V was especially preoccupied with gaining administrative control over

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district of the General Mines (Minas Gerais) 2. In Portugal, a mayor royal preoccupation was to gain control of the economy. The measures the king took to mitigate the impact of foreign pressures on the Brazilian and Portuguese economies took the form of regulation. These constituted a passive form of resistance against foreign merchants engaged in illegal trade. Such measures did restrain foreign trade, but did little to stimulate Portuguese commerce. Ideas to activate the Portuguese empire’s economy were proposed by statesmen such as Dom Luís da Cunha and Sebastião José Carvalho e Melo (later marquis of Pombal) 3. Their new economic proposals were only fully implemented during the reign of king Joseph I (1750-1777), when advocates for this school of economic thought obtained absolute power.

Foreign nations that supported the defense of Portugal against Spain were rewarded by trading privileges. Not surprisingly, many of the privileges which the Portuguese conceded to the English, French and Dutch were made during the seventeenth century. In 1640 Portugal had regained her independence from Spain. Subsequent Portuguese policy was directed towards securing its territorial integrity from Spanish aspirations. Therefore Portugal sought alliances with the three most important seafaring seafaring countries in Europe: England (1642, 1654, 1661 and 1703), the Dutch Republic (1661 and 1705), and France (1667). Portugal started peace negotiations with all three countries, and all three exacted a stiff price for lending their support to Portugal.

The concessions that the Portuguese government was forced to make were the granting to foreign nations of jurisdiction over their residents in Portugal by means of a judge conservator, the right to have consuls in Brazil, the freedom to settle four families in the three most important port cities of Brazil, and the privilege to trade with Portuguese America by us-

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ing their own vessels in the Portuguese fleets. In return, those nations promised - and fulfilled their promises - to give military protection to Portugal. Both England and the Dutch Republic obtained these privileges as a consequence of peace treaties. These two countries honored their pledges of support to Portugal, the first directly after Portugal obtained her independence, and the second in the aftermath of Dutch conquests of Portuguese colonies in the East and West Indies, when both countries negotiated settlements.

France, however, remained more reluctant to support Portugal, choosing the Spanish side against Portugal after the conclusion of the treaty of the Pyrenees (1659). Still, France was able to obtain the same privileges as the English and the Dutch, but on a far less enduring and firm basis. Its peace treaty with Portugal (1667) was only valid for ten years, and the Portuguese authorities claimed that concessions were only observed as a favor after the treaty expired.

In the beginning of the eighteenth century the favored status of the English and the Dutch strengthened, whereas the less favored position of the French further weakened. Portugal joined the Anglo-Dutch coalition against the French and Spanish in the War of the Spanish Succession. Ties with England were strengthened by a tripartite peace treaty and a commercial treaty negotiated by Methuen in 1703. By the terms of the Methuen treaty, an exchange between English textiles and Portuguese wine was arranged. Both countries promised to import the other’s product at a lower tariff than its competitors. Two years later the Netherlands concluded a similar commercial treaty with Portugal. The French also tried to obtain equal advantages, but two attempts to conclude such a commercial treaty failed. After the conclusion of the Peace of Utrecht, the French tried to profit from tensions between Portugal and Spain. As a price for their role as an intermediary, French diplomats tried to obtain some favorable concessions. In 1740, a similar situation occurred, when tensions between Portugal and Spain almost led to war. But in both cases, French diplomatic efforts met with failure.


5 Labourdette, “L’Ambassade de M.de Chavigny”; 41; Dispatch of the French Consul in Lisbon, De Verney, to Secretary of State, July 12, 1740, Archives Nationales Paris [A.N.P.], Affaires Étrangères [A.E.], B/6071, ff.254v–256r.
What was the relationship between trading privileges and contraband trade? Portuguese authorities saw in those privileges a loophole whereby foreign nationals could engage with impunity in illegal trade. This view was well founded, as foreign diplomats expressed similar opinions.

In particular, French diplomatic reports documented such a role for those privileges. For instance, in 1714, the French ambassador to Lisbon advocated the settlement of French consuls as a means of helping direct illegal trade to Brazil. The French consul to Lisbon, Du Verger, held ideas similar to those of his superior. He also tried to gain the support of Portuguese governors in Brazil for French illegal trade. Da Verger’s claims that governors in Brazil were less corrupt than their colleagues in Spanish America did not deter him from issuing proposals encouraging illegal trade to Portuguese America. He recommended that a great number of French vessels should anchor in the port of Salvador, as the sheer size of their numbers would compel the necessary acceptance by the Portuguese of contraband trade. Da Verger’s strategy was that, should one Brazilian governor refuse to allow this illegal trade, he could be more amenable once he saw how a fellow governor had been won over and was tolerating this commerce. Thus, in a partly coded dispatch the French consul suggested that:

“When the fleets depart from here, and there are changes of governors in some parts, we should contact the nominees to those positions in the hope that, in exchange for some reward, we can pledge them to promise to admit into their port some vessel of which they will be informed, so that we can treat this affair with them beforehand.”

6 Dispatch Abel de Mornay to French Secretary of State, October 23, 1714, A.N.P., A.E., B/652, fl. 182v-185v.
De Verger recommended that, in order to have any success, this should be a very subtle process. This was wishful thinking. When Monsieur Cangard supposedly a diplomat appointed by the French king to vice-consul in Rio de Janeiro, arrived in Lisbon in 1714, the cautious approach failed. The French ambassador reported with shame, that Monsieur Cangard openly talked about his designs to open direct trade to Brazil and that he had already made his personal arrangements for this commerce with local merchants. As a consequence, the ambassador remarked:

"It will not be easy to destroy the impressions, which are already in the minds of the Portuguese, that the French are established in the [Portuguese] conquests in order to let the whole nation engage in direct commerce with them."

It must also have been extremely painful when, in 1728, Le Gentil de la Barbinais published his journal in Amsterdam. In this he openly related how he had traded with the authorities in Salvador fourteen years earlier.

Thus it was hardly surprising that Portuguese authorities wanted to restrict any kind of concessions which might unwittingly promote illegal trade. They did so by curtailing foreign privileges. Portugal took three measures: expulsion of foreign individuals from Brazil; refusal to allow foreign vessels to sail for Brazilian ports even if they were incorporated into the annual fleets from Portugal; and, finally, the expulsion of those consuls and merchant families who had taken up residence in Brazil as the result of the peace treaties. Let us consider such measures and their ramifications at greater length.

9 Dispatch De Verger to French Secretary of State, September 25, 1713, A.N.P., A.E., Bf 1652, f. 442r-443v.
11 Dispatch Abbe de Morray to French Secretary of State, July 9, 1715, A.N.P., A.E., Bf 1653, f. 387r-388v: "qu'il n'est pas en dehors de rendre les impressions que celles ont faits sur l'esprit des Portugais deja prevenus que les Français ont establis dans ces conquêtes toute la nation y sera commence en doute." 
12 [Le Gentil de la Barbinais], Nouveau Voyage au Tour du Monde par M. le Gentil, (Amsterdam, Pierre Mortier, 1728).
During, and shortly after, the War of the Spanish Succession, Portuguese authorities began to curb privileges which permitted active participation by foreign subjects in the Brazil trade. Henceforth Portuguese America would be closed to foreign influences, and all trade to Brazil would be through the intermediary of Portuguese merchants.

In the package of measures against foreigners, the first measure was the order for expulsion of certain individuals who were present in the colony. First to be expelled from Brazil were the French Capuchins. The Portuguese government ordered that no new friars should be sent to Brazil, even though the Secretary of State had recommended their services to the French consul. The French diplomat remarked that:

“One treats this case as an affair of state. The foundation of all decisions now being taken is circumvention that foreigners should not know too much about what is happening in Brazil” 13.

A year later, six out of the nine Capuchins had arrived in Lisbon from Brazil, while the other religious deep in the interior were to be sent over immediately 14.

A royal letter of 1713 ordered that any foreigner who was not a merchant and who did not have a Portuguese spouse and children should be expelled 15. This order remained in force throughout the eighteenth century, but there were exceptions. When foreigners had skills which were needed in Brazil, they were permitted to stay. But if they subsequently became nuisances, they were ordered to leave. Such was the case of two foreign doctors who both wanted to stay in Rio de Janeiro. One of them, the

13 Dispatch, Rousile to French Secretary of State, October 21, 1700, A.N.P., A.E., B/ 1851, f. 115v-117v: “On trate icy cette affaire comme ségez d’estat, la persiision que les estrangers ne cireuissent trop ce qul se passe au Brasil est le fondement des resolutions prise.”


German Johan Adolph Schaan petitioned in 1730 for dispensation from this ruling. The other, a Flemish doctor from Brugge who arrived in Rio de Janeiro on the Dutch vessel "Vesvandenburg" in 1789, successfully cured several people. Since there were only four doctors for the whole population of Rio de Janeiro, the viceroy, Luís de Vasconcellos e Sousa, pleaded with the secretary of state for his continued presence in Brazil. Others were less fortunate. Pedro Folgman, a naturalized Dutchman, was very helpful to his fellow countrymen in Rio de Janeiro when their vessel Don Carlos was confiscated in 1725. The governor, Luís Vahya Montêore, did not appreciate this help and ordered his expulsion. Still, to expel all foreigners from Brazil was nearly an impossibility. Indeed, there were foreigners in Brazil of whom the authorities had no knowledge. For instance, in 1776 a Scotsman, Charles Campbell, wrote to the British plenipotentiary, Robert Walpole. Campbell had lived for about fifty years in the region of Sabará, formerly one of the richest gold mining districts of Brazil. At the age of seventy two, he wanted to sell his lands in Minas Gerais and return to his native country. Only through the personal intercession of the Earl of Weymouth, the British Secretary of State, was he able to achieve this goal.

The crown took further restrictive measures in 1710. The king ruled that vessels sailing with the three Brazilian bound fleets (Salvador, Rio de Janeiro and Recife) could only be of Portuguese origin. The British consuls in Lisbon and Porto protested in vain, fearing that by giving in to these measures, inevitably Portuguese authorities would feel no inhibition about abolishing other privileges.

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At the same time another set of measures was promulgated. English and Dutch merchant families and consuls that had settled in Brazilian ports were to be expelled. At first the British in Lisbon complained that they could no longer travel freely to Brazil, and that effectively this precluded settlement of new families in the three main port cities of Portuguese America. Dom Luís da Cunha, the Portuguese ambassador to England, asked the English to renounce the privilege of settling four families in the main Brazilian ports. According to the treaties with France, the French were conceded the same privileges embedded in the treaties with England. Dom Luís da Cunha argued that English merchants did not need their families in Brazil as they had established enough contacts in order to successfully engage in commerce. Curtailment of the privileges of the French would eliminate them as potential trading rivals, especially since the French planned to use those families and consuls for the purpose of engaging in illegal trade. The British community in Lisbon did not buy Dom Luís da Cunha’s argument, because they did not fear their French fellow traders and saw in Da Cunha’s previous claims an attempt to curtail their own participation in trade.

The Portuguese government then resorted to drastic measures. The English trader Ralph Galston arrived in Lisbon from Rio de Janeiro on the fleet of 1716. He was a merchant who had resided for about seven years in Rio de Janeiro and had built up a successful business until the governé executed orders from Lisbon to expel him on the unfounded charges of having committed some crimes. Similar problems arose in Salvador, where the viceroy, Conde de Anjela, tried to expel three British families.

23 Dispatch William Poyntz to Paul Methuen, October 20, 1716, PRO, SP 89, vol. 24, f.124r-130v.
24 Dispatch William Poyntz to Paul Methuen, December 4, 1716, PRO, SP 89, vol. 24, f.139v-140v.
but they were successful in postponing their expulsion for a year.25

Remonstrances by the English plenipotentiary in Lisbon to the Portuguese secretary of state, Diego de Mendonça Corte Real, had no effect. The Portuguese secretary replied that Ralph Gulton had been a persona non grata in Rio de Janeiro for years, because of his trading with the French, and that the king had long wanted to recall him. The secretaries claimed that this measure would not be an obstacle to English families continuing to live in Brazil.26 The only result of the English diplomatic protest was that Ralph Gulton was allowed to return to Rio de Janeiro for one year in order to liquidate his commercial interests.27

The expulsion of English merchants continued. The next fleet from Brazil brought the news that all English merchants in Salvador had been required to show licenses from the Portuguese king authorizing their permanence.28 The consul general openly expressed his fears that all three English families would be expelled, thereby making their privileges null and void. He got the reassuring answer from the secretary of state that all but one merchant could stay and the justification for his expulsion was that his two-year term had expired. The secretary went on to say that the terms of the treaties would be fully upheld.29

Although the Portuguese crown was only partly successful in expelling English traders from Brazil, their presence was made uncomfortable. For new traders it became equally difficult to settle in Portuguese America. In February 1723 an English merchant tried to settle in Salvador; although he promptly obtained a license to settle in the Brazilian capital, a full two years elapsed before he obtained all requisite permissions to travel...

25 Dispatch Mr. Worsley to Paul Methuen, December 72, 1716, PR.O., SP 89, vol. 24, f.141r-142v.
26 Dispatch Diego de Mendonça Corte Real to Henry Worsley, January 7, 1717, PR.O., SP 89, vol. 25, f.3r-4v.
27 Dispatch Henry Worsley to Paul Methuen, April 2, 1717, PR.O., SP 89, vol. 26, f.58r-59v; Dispatch Diego de Mendonça Corte Real to Henry Worsley, April 1, 1717, PR.O., SP 89, vol. 25, f.26r-27v.
to Brazil. Another obstacle was that the Portuguese government claimed that the quota of sailors had already been filled. The English protested that all English persons in Brazil were counted in this quota, which included sailors who had jumped ship and had settled in Brazil and married Lus-Brazilian wives.

The Dutch experienced similar problems. In 1729 the governor of Pernambuco expelled two merchants of that nation, Pieter de Graaf, and his companion, Nicolaas Couse. They were sent to prison, with their release conditional on their signing a document stating that they would not return to Brazil.

The Dutch strongly opposed these new Portuguese measures, and threatened to withdraw their promise of military support for Portugal. When, in 1712, news of Duguay Trouin's conquest of Rio de Janeiro arrived in Portugal, Dutch and English diplomats were convoled and asked for military support. The Dutch sent home a secret dispatch, which suggested making such military support conditional on the Portuguese adopting a more benign policy on matters of commerce.

"On this occasion it seems important to me to suggest to the States General if this would not be the appropriate time to demand satisfaction of the Count of Tacoura on the bad treatment

30 Dispatch Diogo de Mendoza da Corte Real to Thomas Lewsley, February 1, 1723, P.R.O., S.P. 89, vol. 30, f. 143r. Dispatch William Cayley to Lord Vincent Throckmorton, July 7, 1720, P.R.O., S.P. 89, vol. 31, f. 23v-23r; Dispatch French consul to Lisbon, De Montagne, to the Council of Marine, March 21, 1723, D.N.P., A.E., B-1061, f. 25v-


32 Secret Dispatch Resident Huysmans to Fagel, July 12, 1729, Algemeen Rijksarchief [A.R.A.], States General [S.G.], Lisboa Portugal, 7022/1; Dispatch Resident Huysmans to Fagel, October 18, 1729, A.R.A., S.G., Lisboa Portugal, 7022/1.

33 Secret Dispatch Dutch Resident in Lisbon, F. Schonenberg to Secretary of the States General, Fagel, January 18, 1712, A.R.A., S.G., Lisboa Portugal, Secret, 7009/1. " Bij deze occasie omtrent mij hae de Hooghe diensten van Hoog Hoogen voro voor te stellen, of nu niet om eenige tussende samenvoeging van de Grave Tavares [sic] er serieuze termen bij deze gelegenheid te verkrijgen gegeven wier, weg quilke deszelfs commanderen onderdanen alhier gehouden werden, zoo in de zaak van de preys of 1 soat, als den groothandel, en niet tegenwoordigheid is niet te willen geven, dat de Holandische sig in Brazill establissemert, nietteminstande sult tegens de traanen."
of the Dutch here, especially as regards the price of salt and the commerce in grain, and refusal to allow the Dutch to settle in Brazil, although this is established by treaties."

In other words: linkage between military support and commercial concessions was made, as issue that the English would repeat vigorously at a later stage.

Whereas the English and the Dutch negotiated for the continued presence in Brazil of merchant families and consuls, the French had to start from zero if they were to have some French representation in Portuguese America. In this they achieved a measure of success. The French pursued a sound policy and were successful in intimidating Portugal to the degree that Portugal had little option but to acquiesce to French demands.

The Portuguese diplomatic position vis-à-vis the French was fundamentally untenable. The French position was that they would renege on the terms of the Treaty of Utrecht (1713) if their privileges were not fully restored. So intense was the pressure on the Portuguese that the English plenipotentiary repeatedly reported on what he viewed as excessive French influence in Portugal. He even thought that Portugal had concluded a secret commercial treaty with France which would permit French nationals to trade directly to Brazil.

Although these rumors proved to be untrue, the French did negotiate for a vice consul in Salvador, something that both English and Dutch had failed to accomplish. This was no mean achievement. France had had a consul in Salvador before the War of the Spanish Succession and had attempted to reclaim this right after both countries were once more at peace. Despite hesitancy and recalcitrance on the Portuguese side, the French were persistent and nominated a Monsieur de Pantigny, who presented his credentials to the Portuguese king. After two months he was "excusado", in other words he was flatly refused.


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Initially the French ambassador informed his superiors in Paris that the problem was bureaucratic: the Desembargo do Pazo (Supreme Court of Justice) had favored the nomination, but in the Conselho Ultramarino (Overseas Council), the Procurador de Contas (King’s prosecutor) had opposed it. Nevertheless, a few days later, Diogo de Mendonça Corte Real, the Portuguese secretary of state, coolly explained to the French ambassador that the English and the Dutch were not allowed to have a consul in Salvador and that a vice consul would suffice. The secretary remarked that if His Excellency, the French ambassador, were to let the matter drop, the secretary of state would review the issue of the establishment of French merchant houses in Salvador. The ambassador was left in little doubt but that the outcome would be positive.

Although Portuguese authorities finally relented, two years passed before a vice consul was allowed to go to Salvador. This was not Monsieur Pattigny, as he had left for Gibraltar on secret business matters, but a Monsieur Du Vienne, a wealthy and trusted French trader in Lisbon, who had enough capital to provide French vessels calling at Salvador with the necessary credit.

Franca was not to enjoy this privilege for long. A mere three years later, Du Vienne reported that the viceroy wanted to expel him, and a year later this became effective. The viceroy claimed that his patent as vice consul had been granted for three years and that the Portuguese king could no longer tolerate a French consular presence in Brazil.

French consular problems with Portuguese authorities were not confined to Brazil. Similar difficulties arose in the Azores, where local au-

37 Dispatch Abbe de Momay to French Secretary of State, October 2, 1714, A.N.P., A.E., B/0653, f.167v-168r.
38 Dispatch Abbe de Momay to French Secretary of State, October 23, 1714, A.N.P., A.E., B/0653, f.182v-185r.
40 Dispatch De Montagnac to Council of Marine, August 27, 1720, A.N.P., A.E., B/0658, f.169v-c; Dispatch idem. to idem., November 4, 1721, A.N.P., A.E., B/0659, f.200v-201v; Dispatch Vice Consul of Salvador, Du Vienne to French Secretary of State, November 16, 1721, Quay d’Orsay [Q.D.O.], Consulaires et Commercial, Bahia, vol. 1, f.52v-53r.
authorities acted autocratically. The French consul in Fayal found out how precarious was his position when he protested against a new tax which the municipal council had imposed. He was told that he could accept the new tax or appeal against it to Lisbon, but that until a decision was reached in Lisbon and communicated to the Azoreans he would remain in prison. 41

The last measure that impacted equally on all three nations - Britain, the Netherlands and France - was the restriction of competence of the judge conservator. These judges represented a serious threat to Portuguese authority. Foreigners could not be arrested or brought to trial without the approval of their own judge conservator, whose nation paid his salary. The Portuguese administration had to condone this arrangement, but with great resistance.

In 1742 the Portuguese king determined that economic disputes between Portuguese and English merchants would be settled by the municipal council in Lisbon instead of by the judge conservator. There were many protests against this measure, especially by English and Dutch diplomats, but without any results. 42

The Portuguese strategy of eliminating foreigners from the Brazil trade had been a success, at least temporarily. Portuguese control was partly regained, and the position of Portuguese merchants in the Brazil trade strengthened. Foreigners were only allowed to stay in Brazil on Portuguese terms, or their position was made untenable. Direct foreign participation in the fleet system had diminished and foreign merchants were obliged to trade with Brazil using their Portuguese colleagues as intermediaries. After minimizing direct trade to Brazil, the Portuguese government now started to take measures to gain more control over the flow of Brazilian gold entering and leaving Portugal itself.

In Portugal, a law had been passed in 1325 which had forbidden exportation of noble metals. These kinds of laws existed in many other countries, such as Great Britain, as gold exports were seen as detrimental to the na-

41 Dispatch Consul in Fayal, Mr de Harangue, March 29, 1724, A.N.P., A.E., B/5487, f. 41r-44v; Dispatch Consul in Lisbon, Du Verger to French Secretary of State, May 23, 1754, A.N.P., A.E., B/50662, f. 30-86v.


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tional interest. Gold and silver were essential to the maintenance of a monetary system, since paper money did not exist. Absence of noble metals were the preferred medium for paying soldiers and, during the many wars of the seventeenth and eighteenth centuries, the outcome of such hostilities was as much determined by availability of gold and silver reserves as by the respective warring factions as by their tactical skills in the field. Brazilian gold became very attractive to both foreigners and nationals, and control over the flow of gold bullion was hotly contested and controversial.

Throughout the first half of the eighteenth century Britain had a heavily positive balance of trade towards Portugal. A significant proportion of products imported into Portugal from Britain had Brazil as their final destination. In particular, cheap English textiles were attractive to both free inhabitants and slaves in Portuguese America. In order to pay for these commodities, much of the gold exported from Brazil passed through Portugal to Britain. Officially this export was forbidden, but was condoned in order to obtain goods from Britain and other European countries. As much was even admitted by Pombal. The question was thus not whether illegal traders should be prosecuted, but how exports of gold from Portugal could be streamlined and controlled. An opinion of one of the counselors of the Conselho da Fazenda (Council of the Treasury), was that the export of gold by foreigners should be allowed, but not to such a degree that, on the one hand, Portuguese merchants would be starved for capital on the other, that there would be too little money in circulation.

The illegal transportation of gold from Portugal to England generally was done by packet boats and military vessels. These vessels had diplomatic immunity, which meant that they could not be searched by Customs or other harbor authorities. A clear distinction must be drawn between different kinds of illegal exports of gold: export of gold powder, which had not been taxed by the Portuguese and Brazilian authorities; and...
export of coins minted from gold, on which taxes had been paid. Even though authorities frowned on the latter practice, the former was more detrimental to the king’s treasury.

There were many reports about the illegal transportation of powder gold. The French consul to Lisbon, De Montagnac, observed after the arrival of the fleet from Rio de Janeiro in 1725 48:

"That an English warship left the harbor, which twelve days before had entered and anchored in the middle of this fleet and we are sure that it carried on board a quantity of gold which had not been registered."

Embarrassing was the fact that such activities were carried out quite openly and blatantly. In fact, transportation of Brazilian gold in Lisbon occurred on the waterfront, directly under the nose of King John V who, from his open palace windows, had a good view of the frequent disputes between English sailors and Portuguese authorities. 49

In all cases, British diplomats protested against the imprisonment of their countrymen and confiscation of their holdings of gold; in virtually all occasions, these persons were freed and their money restored to them. In the case of one English merchant, whose gold coins were seized by Portuguese custom officers in 1734, the British plenipotentiary, Lord Tyrwhyt, was reluctant to intervene. The British minister claimed that the British merchant had been so imprudent about his smuggling activities that his arrest and confiscation of his goods had been his own fault 50. In his lordship’s opinion, indiscretion and blatant defiance of Portuguese authority were clear reasons for confiscation and arrests.

There were some test cases of the confiscation of gold from important persons which threatened the basis of the Anglo-Luso alliance, namely the condoned exportation of gold. In 1721, the case of the banker Wingfield caused outcries of indignation from the English government. The Portu-

48 Dispatch De Montagnac to French Secretary of State, February 13, 1725. A.N.P., A.E., B/062, f.239r-240r: "Qu’un vaisseau de guerre Anglais sorti de ce Port 12 jours avant centa et mouilla auxz au milieu de cette flotte de laquelle l’on est presque qu’il aura chargé quantité d’or qui pouvoit y être embarqué sans être enregistré."

49 See "Brazilian Gold," 465.

50 See "Brazilian Gold," 467-468: Dispatch Newcastle to Tyrwhyt, February 2, 1734 (Old Style), British Library, Additional Manuscripts 23627, f.51r.
guise authorities arrested him after his house in Lisbon had been searched and gold found, much in powder form. Only after the English government threatened to send warships to enforce his release was the case resolved amicably. One outcome was the suggestion that henceforth a small duty would be levied on exports of gold and silver 51.

This tolerance for the illegal export of gold provided that it was licensed became a reality in the 1740s, as the *Alçá de Sua de Moeda* (Judge of Money Exports) signed documents to this effect 52. Still, even these taxes were avoided by some merchants who lived on brokerage fees derived from the differential rates charged to export gold not only by the Lisbon authorities, but also by merchant ships, packet boats and military vessels 53.

No only the British were involved in this export of gold from Portugal. Often the Dutch also had war vessels in the harbor, which awaited the arrival of the gold transports from Brazil 54. French vessels tried to interest their government in sending over military vessels, but their proposals fell on deaf ears, even though Portuguese officials did arrest some French merchants 55.

Exportation of gold to England was illegal de jure, as it was forbidden by law, but was de facto condoned by the Portuguese. The illegality of this trade permitted Portuguese authorities to correct some of the abuses and to diminish somewhat the gold flow, especially of untaxed powder gold. But, in general, there was little that the Portuguese authorities could do, except to set some examples. Yet another Portuguese measure to decrease the gold flow was to impose summary laws or pragmatics. These laws

52 Copies of some by Marco Antonio de Araujo Coutinho to Antonio Freire de Andrade Encarnado for the export of gold from Portugal to other countries in the 1740s can be found in: Arquivo Nacional do Torre do Tombo, Ministério do Reino, n.° 300. I would like to thank Tiago Costa Pires dos Reis Miranda for this reference.
54 Dispatch Du Verney to French Secretary of State, October 31, 1741, A.N.P. A.E., B/86672, fl. 209r-211v; H.E.S. Fisher, *The Portugal Trade*, 100.
were, in fact, protective measures directed against imports of foreign textiles for which Portugal paid in gold.

The Portuguese government struggled with the problem of how to stop Brazilian gold from flowing to Great Britain. Raising barriers to foreign settlement in Brazil was only partially successful. The huge imbalance in the trade deficit ruled out measures aimed at Great Britain and Northern Europe 56. Faced by this unsolvable problem the Portuguese government opted for a program of revitalization of the Portuguese manufacturing sector.

Textiles were the most important foreign import into Brazil. In order to stimulate Portuguese production, the Portuguese government, at the end of the reign of King John V, turned to an old and proven method: the introduction of pragmatic or summary laws. These laws had also been used during an earlier attempt at industrial revitalization by the Count of Ericete at the end of the seventeenth century 37. A pragmatic law was meant to be against luxury but, in practice, it restricted the import of certain types of textiles into Portugal and its colonies.

The government introduced the first pragmatic law in 1745. This law hit the French hard, since prohibition was especially targeted at textiles produced in that country. French merchants had to withdraw from the market products that they had already sold to Portuguese retailers and export them back to France. The law was strictly enforced. People who infringed clauses of this law were arrested on the streets of Lisbon 38. Although there were some modifications to the pragmatic, it was never fully revoked, and the French continued to suffer from its consequences for the rest of the eighteenth century 39.

37 See: Carl A. Hanson, Economic and Society in Baroque Portugal, 1668-1710, (Minneapolis, University of Minneapolis Press, 1981).
38 Dispatch Du Vemay to French Secretary of State, June 3, 1749, A.N.P., A.E., B/6679, f. 239r-239v.
Yet another way of controlling the market was the erection of trading companies. The Portuguese government made some attempts in this area during the Joaneine period. Still, state interests were limited, and it was difficult to attract any capital invested whether foreign or national in these projects. One such example was the Corisco company. This company was organized in 1724 by a few foreign merchants, the most important being the French captain Jean Dansant. The purpose of the company was to erect a fortress near the Mina Coast on the island of Corisco and to use it to deliver slaves to Brazil. The project provoked strong foreign opposition. The English consul talked one of his compatriots out of it. The French treated Dansant as an enemy of the state. But it was the Dutch who destroyed the fortress that the company had erected on Corisco and who captured some of its ships. The company was to survive for only three years.

Although this trading company had a limited life and resulted in failure, it did provoke a debate about the necessity of such companies. One of the major problems of such trading organizations was that they needed considerable start-up capital, which had to come from foreign and national investors. This support was very difficult to obtain, since all financiers lacked confidence in such projects. Only when the state actively began to participate in these trading companies, did they have a degree of success. But, as there was no consensus among Portuguese ministers on this issue, it had to wait until the Pombaline ministry for such projects to obtain full governmental support.

Was exactly the Joaneine anti-contraband trade policy? There was consistency in curbing the participation by foreign nations in the gold trade. Also, Portugal tended to favor those countries that offered protection against Spain.

60 Dispatch De Montagnac to French Secretary of State, January 11, 1724, A.N.P., A.E., B/0662, f.167r.
62 Dispatch De Montagnac to French Secretary of State, August 15, 1724, A.N.P., A.E., B/0662, f.134v-135r.
63 Dispatch De Montagnac to French Secretary of State, December 25, 1725, A.N.P., A.E., B/0662, f.331r-333v.
64 Dom Luis da Cunha, Instruçōes inéditas, 137-138, 150-151.

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These policies were a form of passive resistance, namely to restrain foreign influence in Brazil as much as possible. An active policy stimulating Portugal’s own industry only came into being during the last year of King John V’s reign with the implementation of the Pragmatic. But this can hardly be credited to the king’s account, because he had been ill for several years and was no longer able to govern.

Portuguese administration was in a state of evolution throughout the first half of the eighteenth century. By the end of the 1730s, the governor of the Southern Brazilian provinces, Gomes Freire de Andrade, finally imposed a workable form of administration on Brazil’s mining districts. As a consequence large quantities of gold flowed to Portugal. At first, there was no need to restrict foreign nations’ share of this gold stream, as this would only lead to alienation of nations sworn to protect Portugal. Thus, it was preferable to pursue policies to impose some kind of mutually acceptable control over this trade, rather than to use brute force to stop all illegal commerce. But in the early 1750s the Portuguese royal treasury was sorely in need of more funds and a more active policy became essential. Thus, a new policy was developed of actively stimulating Portuguese industry, alongside the old policies of restraining the impact of foreign traders on the Portuguese economy.