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THE ECONOMIC REVIVAL of Portugal and her overseas empire was expected to follow the definitive conclusion of peace with Spain and the United Provinces of the Northern Netherlands in 1668-1669, but it largely failed to materialize during the next two decades. The Portuguese economy depended chiefly on the reexportation of Brazilian sugar and tobacco, and on the exportation of Portugal's own salt, wine, and fruit. These went to pay for the imports of cereals, cloth, and other manufactured goods, mostly from Northern Europe. The value of those exports never sufficed to pay for these essential imports; and the country's balance of payments problem became increasingly critical as British and French West Indian sugar production came into competition with the older Brazilian.

''Who says Brazil says sugar and more sugar,'' wrote the planters of Bahia to the Crown in 1662. A couple of years later a visiting English seaman noted of Brazil: ''The country is much abounding with sugars, which is the best sugar for the most part that is made.'' He added that Rio de Janeiro, Bahia, and Recife, ''all yearly lade many ships with sugar and tobacco and Brazilwood for the merchants of Portugal, [Brazil] being a great enriching to the Crown of Portugal, without which it would be but a poor kingdom.'' But in 1671 the experienced English consul-general at Lisbon, Thomas Maynard, ''a very stirring man on his nation's behalf,'' reported to his government: ''All their sugars which are arrived this year, with all other commodities [which] this kingdom affords to be exported, will not pay for half of the goods that are imported, so that their money will all be carried out of their kingdom in a few years.''[1] The position was aggravated by the general economic depression which was then affecting much of Western Europe, and by a decline in the

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[1] Maynard's letter of December 9, 1671, and his other reports in Public Record Office London, State Papers Portugal, 89/11 (hereafter cited as PRO, SP 89/-).

annual imports of silver to Lisbon from Spanish America via Cádiz and Seville, since the bulk of the Portuguese coinage came from this source.

Nor did the situation look any more cheerful on the other side of Portugal's Atlantic empire. The Brazilian planters continually complained (as did their French and English competitors in the Caribbean islands) that falling prices, poor trade, high taxes, and costly, inefficient Negro slave labor all combined to render their occupation an extremely thankless and hazardous one. Brazil was also suffering from an acute shortage of coin at this period, since the merchants of Lisbon and Oporto who supplied the colony with English manufactured goods and other imports now preferred to collect payment in specie whenever they could, instead of accepting the equivalent in sugar as hitherto. In 1690 the governor-general of Brazil complained that more than 80,000 cruzados worth of specie had been exported recently from Bahia to Oporto alone. If Brazil's unfavorable trade balance continued at this rate, he averred, her entire economy would soon collapse.

The deteriorating economic situation of Portugal's Atlantic empire was worsened by the ravages of smallpox throughout Angola during the mid 1680s and by the introduction of yellow fever into Brazil, where Bahia and Pernambuco suffered heavy mortality in 1686-1691. Writing from Bahia to a friend at Lisbon in July 1689, Padre António Vieira, S.J., observed gloomily: "This year many sugar-mills ceased grinding cane, and next year only a few of them will be able to function. Prudent people advise us to dress in cotton, to eat manioc, and to revert to using bows and arrows for want of modern weapons; so that we shall shortly relapse into the primitive savagery of the Indians and become Brazilian natives instead of Portuguese citizens."[2]

There was obviously some exaggeration in these complaints; but plenty of other evidence shows that Portugal's Atlantic empire suffered a real and profound economic depression for most of the last quarter of the seventeenth century, even if it was not quite so catastrophic as the jeremiads of Padre António Vieira and his contemporaries asserted. Not for the first or the last time the darkest hour preceded the dawn, and the last decade of the century saw an unexpected economic revival. The Brazilian sugar industry, which seemed to be on the verge of complete collapse in 1691, began to recover

[2]António Vieira, S.J., to Diogo Marchão Temudo, Bahia, July 13, 1689, in João Lucio d'Azevedo (ed.), *Cartas do Padre António Vieira* (3 vols., Coimbra, 1928), III, 581.

shortly afterwards, probably because the increased demand in Europe had exhausted the stocks piled up during previous years at Lisbon. Moreover, Brazilian sugar was still regarded as better than the West Indian varieties. At any rate, the observant circumnavigator, William Dampier, who visited Salvador in 1699 long enough to get a good idea of what was going on, noted that it was "a place of great trade," with plenty of shipping in the harbor, including thirty-two large ships from Portugal, two slave ships from Angola, and "an abundance" of coastal shipping. He added: "The sugar of this country is much better than that which we bring home from our plantations: for all the sugar that is made here is clayed, which makes it whiter and finer than our *Muscavado* as we call our unrefined sugar."

But the spectacular revival of the Luso-Brazilian economy, which began in the 1690s, resulted mainly from the belated discovery of alluvial gold. This was found on an unprecedented scale in a remote and forbidding region some two hundred miles inland from Rio de Janeiro, which at once received the name *As Minas Gerais*—"The General Mines." The exact date and place of the first really rich gold strikes are uncertain. The traditional accounts vary, and official correspondence by the governors of Rio de Janeiro and Bahia gives only belated, partial information about the finds of the first ten years. In the present state of our knowledge, it seems a fair assumption that alluvial gold was found on an unexpectedly profitable scale almost simultaneously by several individuals and by roving bands of Paulistas in the years 1693-1695. These pioneers were ranging through the virgin bush and forest country of what is now Minas Gerais, looking not so much for gold as for Amerindians to enslave and for silver, such as the Spaniards of Mexico and Peru had found in such dazzling quantities. As often happens, the Paulista pioneers who first struck it rich tried to keep the secret of their finds from the outer world. Inevitably they failed to do so, and by 1697 the first of the great modern gold rushes had begun. Writing to the Crown in June of that year, the governor of Rio de Janeiro reported that the Caeté diggings alone "extend in such a fashion along the foot of a mountain range that the miners are led to believe that the gold in that region will last for a great length of time." New and rich workings were discovered almost daily over a wide area, where every river, stream, and brook seemed to contain alluvial gold in paying quantities.[3]

The Paulista discoverers did not long remain in unchallenged pos-

[3] For the great Brazilian gold rush, 1695-1720, see C. R. Boxer, *The Golden Age of Brazil, 1695-1750* (Berkeley, 1962), 30-203, and the sources there quoted.

session of the gold diggings. A swarm of adventurers and unemployed from all over Brazil and even Portugal quickly converged on the mines, following a few wilderness trails from Bahia, Rio de Janeiro, and São Paulo. These unruly crowds which poured into Minas Gerais speedily divided into two hostile groups. The first comprised the original Paulista pioneers and their Amerindian auxiliaries, servants, and slaves. The second comprised the newcomers from Portugal and from other parts of Brazil (chiefly the hinterland of Bahia), together with their slaves, who were mainly of West African origin. By 1705 eyewitnesses estimated the total population of the Mines at anything between 30,000 and 50,000 souls. Most of these belonged to the second group of immigrants, whom the Paulistas scornfully termed Emboabas. Toward the end of 1708 a small-scale civil war broke out between these two groups, and intermittent skirmishing continued for almost exactly a year, though it is doubtful if over a hundred men were killed on either side. The result was a decisive victory for the Emboabas, who expelled their Paulista rivals from most of the region. In subsequent decades the defeated Paulistas trekked ever westward, discovering successively the gold diggings of Cuiabá, Goiás, and Mato Grosso, but wherever they went, they were followed by the Emboabas.

During the "War of the Emboabas" both sides had appealed to the government at Lisbon for support. This gave the Crown the chance to send out a governor and to create a skeleton administration in Minas Gerais. Difficulties over the collection of the quinto real, a twenty percent tax on all the gold mined, caused a great deal of discontent, which eventually culminated in a revolt of June 1720 against the governor at Villa Rica de Ouro Preto, the principal mining town. This revolt was suppressed with a mixture of guile and force. The Crown raised a regiment of dragoons, mainly recruited in northern Portugal, to reinforce the royal authority in Minas Gerais, which remained unchallenged for nearly seventy years. Colonial mints for coining the gold dust into bars or money and for levying the quinto were established at Rio de Janeiro, Bahia, and Villa Rica de Ouro Preto. During the late 1720s diamonds were also discovered in Minas Gerais, and in 1740 the so-called Diamond District was placed under a particularly strict and onerous Crown régime, unparalleled in the colonial world. The Diamond District was thereby virtually isolated from the rest of Brazil, for persons wishing to enter or leave it must hold written permits from the intendant in charge.

The discovery of gold and diamonds in Brazil and their exploitation on an unprecedented scale had several major effects. For one thing, it led to the first large shift of population from the coastal regions of Pernambuco, Bahia, and Rio de Janeiro to the mining regions in the interior. Secondly, while greatly stimulating the colonial economy, and thus helping to solve one economic crisis, it started another by attracting both bond and free labor from coastal plantations and towns to more remunerative employment in the mining regions. Thirdly, the gold and diamond boom increased the purchasing power of many people in Brazil, thus giving a great impetus to the trade between Portugal and its richest colony. This, in turn, enabled the mother country to settle its unfavorable balance of trade with the rest of Europe by means of payment in Brazilian gold. The gold and diamonds also permitted King John V to avoid calling the Cortes (Parliament of the Three Estates) and asking them for money during the whole of his long reign, 1706-1750. He is reported to have boasted: ''My grandfather feared and owed; my father owed; I neither fear nor owe.''

The more percipient Portuguese authorities regarded the spectacular gold rush of the early days with mixed feelings. Dom João de Lencastre, the governor-general at Bahia, writing to the Crown in January 1701, rejoiced that the latest news from Minas Gerais formed a singularly auspicious opening to the new century, since it gave promise of great wealth and prosperity to the mother country. Nevertheless, he added, there was a grave risk that Brazilian gold would ultimately be of no more use to Portugal than American silver had been to Spain. After entering the Tagus, gold might leave the same river soon afterwards in payment for imports of cereals, manufactured goods, and luxury articles from France, England, Holland, and Italy, ''so that these countries will have all the profit, and we will have all the work.'' Doubtless, he wrote, the King's advisers were considering this matter; but meanwhile the gold fields of Minas Gerais irrestibly attracted many people who otherwise would have contented themselves with cultivating the staple Brazilian crops of sugar and tobacco. A shortage of field hands had already developed in Bahia, Pernambuco, and Rio de Jaineiro, ''and will soon be felt in Portugal itself, if something is not done in time to stop it.'' Last but not least, the quintos were hard to collect in the remote, unruly mining communities, and gold dust all too easy to smuggle out of the country.[4]

Dom João de Lencastre proved a true prophet. Much of the gold

[4] Dom João de Lencastre to the Crown, Bahia, January 12, 1701, in Virginia Rau & Maria Fernanda Gomes da Silva (eds.), *Os Manuscritos da Casa de Cadaval respeitantes ao Brasil* (2 vols., Lisboa, 1958), II, 14-17.

that was so laboriously mined in the interior of Brazil quickly found its way to foreign countries and especially to England, despite all efforts of home and colonial authorities to stop it. During the War of the Spanish Succession, when the Portuguese government asked the British for help in convoying the homeward-bound Brazil fleets from Rio de Janeiro, Bahia, or Pernambuco, the British were only too anxious to comply. As Lord Galway, the envoy at Lisbon, wrote to Lord Dartmouth in July 1710: "The securing of the Brazil Fleet is certainly of the utmost importance to this kingdom and to our trade, the payment of all that is due to our traders depending on the safe return of the fleet, and certainly for all manner of reasons, too much care cannot be taken to preserve it, since the loss of it would be attended with fatal consequences."[5] Three months later, another Englishman at Lisbon reported the safe arrival of the Brazil ships, adding: "I am assured that by the most moderate computation this Fleet brings in gold the value of fifteen millions of *cruzados,* and in sugars and tobacco about twenty millions, a cruzado is about half-a-crown English"—thus bringing £1,800,000 or thereabouts in gold. The writer went on to explain the nature of this Anglo-Portuguese-Brazilian trade: "All their gold, sugars, and tobaccos are the returns of our own manufacturers, which our people give them upon credit, to be paid upon the return of the Brazil trade. Three parts in four of the corn expended here, and all the dyed cloth is imported by the English, so that 'tis plain these people live by us, and cannot live without us."[6] Other vital Portuguese imports paid for wholly or partly with Brazilian gold included dried cod and other fish from Newfoundland, butter and beef from Ireland, and hats made from felt, beaver, and castor.

At this time Portugal itself was suffering severely from the War of the Spanish Succession, into which it had unfortunately been dragged by the maritime powers. Although Duguay-Trouin sacked Rio de Janeiro in 1711, the English traders at Lisbon were flourishing, as one of their number, John Milner, complacently reported to his home government: "The advantage of this trade has been very great and beneficial to Britain. We import from thence of our manufactures, four or five times the value we take of their commodities, and as their trade to the Brazils every year improves, ours will also; this and the vast quantity of corn we import returns all in money again, and 'tis not easily computed what vast sums go by every con-

[5] Galway to Lord Dartmouth, Lisbon, July 7/18, 1710, in PRO, SP 89/20.

[6] T. LeFevure to Lord Dartmouth, Lisbon, October 13/14, 1710, in PRO, SP 89/20.

voy, nay every packet. The fleet with Sir John Norris, though they stayed a very few days, carried away large sums, several houses [firms] sending £20,000, £30,000, to £40,000 a house, and all some.'"[7]

In war and peace alike Brazilian gold went to England on board Royal Navy vessels and by the weekly Falmouth-Lisbon packet boat service. Both warships and packet boats were immune from search by the Portuguese customs and all other officials. Naturally, the merchants at Lisbon, both British and foreign, preferred to remit their gold to England by this means, since the export of specie and bullion from Portugal had been strictly forbidden since the Middle Ages. Ordinary merchant ships were liable to search by the customs, and the gold found on board was usually confiscated, though it might be regained through judicious bribery of the ill-paid officials who had seized it.

Needless to say, the smuggling of Brazilian gold did not commence with its arrival in the Tagus. It was a major problem for the authorities in Brazil itself, beginning with the widespread attempts to avoid payment of the highly unpopular quinto or royal fifth. Tax evaders included itinerant friars who carried gold dust out of the mining region concealed in hollow images of saints—*Santos de pau oco.* These clerical gold smugglers gave the Crown an excuse to promulgate a decree in June 1711, forbidding the establishment of any religious orders in Minas Gerais, a prohibition which lasted for the rest of the colonial period. Antônio de Albuquerque, the first governor of Minas Gerais, had forecast in 1710 that three-fifths of the quintos reais would never be collected by the Crown's agents, whatever precautions were taken to prevent smuggling and embezzlement. Forty years later, Alexandre de Gusmão, the King's Brazilian-born private secretary asked rhetorically: "Is it to be expected that anyone would voluntarily deprive himself of a fifth part of his capital, when he can conceal it with a little risk and trouble?"

And so it proved. Tax evasion was rendered all the more tempting by the wild and mountainous terrain of the mining regions, by the lack of good roads, by the bureaucratic delays involved at the smelteries where the quinto was extracted, and by the venality of many poorly paid Crown officials. Last not least, the Crown would only pay for its gold purchases at the fixed rate of 1,200 reis the oitava, whereas they were worth from 1,350 to 1,500 on the open market. Smugglers from two French ships which called at Bahia in 1715 were alleged (by jealous English rivals, it is true) to have raised the

[7] John Milner to Lord Dartmouth, October 19, 1711, in PRO, SP 89/21.

price of gold there from about 1,400 to 1,800 reis the octave. Hence the temptation to sell gold to foreign contrabandists rather than to the Crown.

Gold was smuggled out by unfrequented rivers and paths through the *sertão* to Rio de Janeiro, Bahia, and Recife (whence some of it was again diverted illegally to the slave trade in West Africa), to the Azores, to Buenos Aires, and even to French Guiana. Still greater quantities were smuggled out by the annual fleets to Lisbon and in homeward-bound East-Indiamen, hidden "in barrels and chests and faggots of sugar" or in the cabins and hulls of those ships.[8] The Crown repeatedly issued most stringent orders to prosecute offenders, threatening the severest penalties for those who were convicted. Sometimes small fry were caught, but nobody dared give evidence against the powerful people who operated smuggling rings, perhaps because these often included the officials who should have been enforcing the laws against them. Moreover, as an eighteenth-century governor of Bahia complained, informers were regarded in Brazil with the utmost contempt ("que o ser denunciante hé a maior deshonra que pode ter hum homem").[9]

The polyglot officers and crews of East Indiamen were among the most persistent contraband traders, since Chinese silks and porcelain and Indian textiles fetched higher prices in colonial Brazil than anywhere else in the world, if a French witness of 1730 is to be believed. After 1663 homeward-bound Portuguese Indiamen almost invariably called at Bahia, and foreign Indiamen very often did so in the eighteenth century on the pretext of needing water or provisions or of being disabled by a storm. The citizens of Bahia naturally preferred to buy their oriental merchandise from the crews of these ships, rather than pay the much higher prices—usually 36% or 40% more—demanded by merchants who imported them by the official route from Lisbon. As António Rodrigues da Costa, a perceptive overseas councillor, noted in 1715: "The advantages which the vassals of Brazil derive from this contraband trade with foreign ships, makes them wish that all the Brazilian ports were opened to foreign nations, and

[8] This practice was not, of course, confined to the Portuguese. A dispatch from Brigadier Dormer, the British envoy at Lisbon, to his government in 1727, mentioned the loss of one of the homeward-bound treasure ships of the Spanish *Flota* from Havana in the Azores, adding: "Little of the merchandise could be saved; 134 chests of silver were landed at Flores, each chest containing 3,000 pieces-of-eight. The gold was almost all lost, having been put into sugar chests to keep it from being registered." PRO, SP 89/34.

[9] Quoted in José Roberto do Amaral Lapa, *A Bahia e a Carreira da Índia* (Marília, 1966), 179.

makes them dislike the home government which forbids it."[10] The opening of the ports had to wait nearly a century for the prince regent's arrival with the royal family in flight from Napoleon; but it is interesting to see that the latent desire for independence was already there.

Under a series of treaties concluded with England and the United Provinces between 1654 and 1669 the Portuguese Crown had been compelled to allow four merchant families from each of those two nations to reside at Bahia, Rio de Janeiro, and Recife. This forced concession was much resented by successive Portuguese monarchs, and their representatives in Brazil were always on guard against any attempt to expand it or even to make full use of it. Dampier remarked on his visit to Bahia in 1699 that a certain Mr. Cock was then the sole English resident merchant in the city of Salvador. "He had a patent to be our English Consul, but did not care to take upon him any public character, because English ships seldom come hither, here having been none in eleven or twelve years before this time."

In 1715, the Portuguese government suggested to the English that they should voluntarily relinquish this privilege, as otherwise it might have to be extended to the French. The Portuguese pointed out that the English and Dutch trade, like that of all foreigners with Brazil, was already channeled through Lisbon, since direct trade in their own ships was not allowed. The English government was at first not entirely unsympathetic to this approach; but it provoked a violent remonstrance from the merchants of the English factory at Lisbon. "It is to be observed," they wrote in October 1716, "that at this time there are but three British houses in the Bahia, and but one in the Rio de Janeiro, that can properly be called a house of business . . . , and in Pernambuco, Paraíba and Maranhão, there is not one British family, nor any such permitted to settle in those parts." A certain Mr. Hayes, had gone to Rio de Janeiro to establish a second British firm there, but the governor had soon expelled him in flagrant disregard of treaty rights. The Lisbon factory pointed out that

> our trade to the Brazils through Portugal is much more considerable than the trade of both those nations [French and Dutch] put together. . . . We ought to insist on the retention of this privilege, on account of the advantage that our British Factors that reside there do reap by such commissions which are 10% on the sales and returns. Besides that we have often experienced great inconveniences by trusting our own and our friends' effects in the hands of Portuguese Factors in the Brazils, who by reason of the distance of the place (which hinders our sueing them by law) render accounts of our

[10] *Documentos Históricos* (Rio de Janeiro, 1952), XCVI, 180.

effects when and how they please. If the said Portuguese Factors prove to be Jews and are imprisoned by the Inquisition, all the effects found in their hands are immediately seized, and ours among the rest generally lost.[11] But whether they are Jews or not, whenever they die, our effects are demanded there by a Tribunal called the Judges of the Dead and Absent, from whence they are with great difficulty (if ever) recovered.

If British factors were no longer allowed to reside in Brazil, they averred, the Portuguese government would next try to prevent the British merchants in Portugal from trading to Brazil under their own names, as they were already trying to do in Madeira, and as the British merchants resident in Spain were forced to do in trading with Spanish America. This would be an almost insuperable hindrance to the recovery of any debts, as the Spanish precedent showed. They denied that the British factors in Brazil were particularly implicated in the contraband trade, and insisted that this smuggling was mainly the work of supercargoes in visiting French ships. "So that on all accounts," they concluded, "we are humbly of opinion that the privilege already granted us ought to be preserved, and reinforced, and by no means given up to the importunity of the Court of Portugal."

The dispute dragged on for a couple of years, during which the Portuguese expelled one resident British merchant from Rio de Janeiro and another from Bahia. But the government eventually allowed them to return and gave the British official assurances—probably insincere—that they were not trying to deprive British traders of their treaty rights, but merely trying to insure that the number of four resident merchant families was not exceeded.[12]

In point of fact, it does not seem that this modest limit was ever reached. No references have been found to British merchants or their families resident in Brazilian ports after the year 1725. There may have been one or two; but if so they were probably Roman Catholics who had married Portuguese or Luso-Brazilian women. The envoy at Lisbon wrote to Lord Carteret (Secretary of State) in February 1723: "I can venture to assure your lordship that in all Brazil there is not above one British house established, unless they look upon

[11] This refers to the recrudescence of the persecution of *christãos novos*, or crypto-Jews in Brazil, which was an unpleasant feature of the period 1707-1740 and involved many planters and merchants, chiefly in the region of Rio de Janeiro. Cf. Arnold Wiznitzer, *Jews in Colonial Brazil* (New York, 1960), 146-165.

[12] Remonstrance of the Lisbon Factory, d. October 20, 1716 and other relevant dispatches in PRO, SP 89/23-24. The few English traders at Bahia were also involved in illicit gold and slave trade with West Africa during the early eighteenth century. Cf. Pierre Verger, *Flux et reflux de la traite des nègres entre le golfe de Bénin et Bahia de Todos os Santos du 17e au 19e siècle* (Paris, 1968), 48-51.

some English and Irish Roman Catholics as such, who are of no consideration, and may be placed there to evade our Treaty and to prevent any of His Majesty's Protestant subjects and substantial traders, from reaping the benefit of it.''[13] In April of that year a London merchant, Henry Johnson, was given leave by the Portuguese Crown to reside as a businessman at Rio de Janeiro, and another (name and destination unspecified) in July 1725. Mrs. Nathaniel Kindersley, during her stay at Salvador in August and September 1764, was lodged in the house of the only Englishwoman there, who was a Lisbon-born Roman Catholic married to a Portuguese merchant.[14]

Despite the arguments and assertions of the Lisbon factory in 1716, it is clear that by about 1730 at any rate, the British merchants at Lisbon and Oporto were trading to Brazil mainly if not entirely through Portuguese merchants resident there, as is implied by a number of scattered references.[15] As regards the share of the British in the contraband gold trade at Brazilian ports, principally at Rio de Janeiro and Bahia, it is obvious that their ships were concerned in this despite their efforts in 1715-1718 to blame it all on the French. As a result, the few foreign ships which called at Brazilian ports in genuine distress found themselves sometimes refused aid by a zealous governor. This happened to the *Carter Galley* from Bristol, which foundered off Recife when forced to sail in an unseaworthy condition. Commenting on this disaster and on the owners' claim for compensation in November 1717, the British envoy at Lisbon observed: ''The many pretences ships of all Nations have of falling into the Brazil ports, and there doing a prohibited trade, makes the case of the unfortunate, who are forced in there, not so much regarded when application is made to this Court for any loss they may have sustained.''[16]

Serious as was the contraband gold trade at Brazilian ports, particularly Bahia and Rio de Janeiro, it did not annoy the Portuguese government quite so much as did the continual drain of Brazilian gold from Lisbon to England, since the former involved chiefly gold-dust, the latter gold coins. We have seen that the balance of trade was heavily in England's favor, as Consul Burnett reminded his gov-

[13] Lumley to Lord Carteret, February 3, 1723, in PRO, SP 89/30.

[14] *Letters from the island of Teneriffe, Brazil, the Cape of Good Hope, and the East Indies* (London, 1777), 21-52, for her stay at Salvador in 1764.

[15] Two viceroys of Bahia, the Count of Sabugosa (1720-1735), and his successor, the Count of Galveas (1735-1749), both alleged that Portugal's trade with Brazil was then largely controlled by English and other foreign merchants, operating through Portuguese agents in Brazilian ports. The allegation was undoubtedly exaggerated, but it had some substance.

[16] H. Worsley to Joseph Addison, November 9, 1717, in PRO, SP 89/25.

ernment in September 1721: "For as the British manufactures imported for the consumption of this kingdom and of its colonies amount to more than five times the value of all the commodities exported from hence, it is evident that the overplus must be remitted in specie."[17] Nor were the English profits limited to their preponderant share of the foreign trade with Portugal and Brazil (via Lisbon), as Lord Tyrawly explained in June 1732: "For notwithstanding all other nations trade with Portugal, yet our ships are the carriers for all, and we the brokers, for there is not a foreigner trades with Portugal but his affairs pass through our hands, and we share in some part of his profit; for we have either freight, brokerage, commission, or exchange upon all that is done by all nations paid us either in Lisbon or at London. We are at least 2,000 English in Lisbon, and we have very often 100 sail of English ships in this river."[18]

In a dispatch of January 12, 1732, Tyrawly had explained the counterproductive effect of the quinto and duty on coinage in Brazil itself. "The penalty of running gold is very great . . . , and the temptation to it is also very considerable. . . . The traders to the Mines, finding this duty too heavy upon them, have chosen for several years to run the risk, which they have hitherto done with great success; and the gold they brought in this clandestine way, whether in dust or in bar, has been bought chiefly by our English Factors, from whence our own Mint in the Tower has been from time to time so well supplied."

As indicated previously, most Brazilian gold that was remitted to or via England from Lisbon was sent either by the weekly Falmouth packet boats or else by ships of the Royal Navy, all of them immune from search by the Portuguese customs. The gold was transported from the Lisbon waterfront to the ships in their boats, whose crews were armed with cutlasses, swords, and pistols, though they were supposed to keep these weapons out of sight in a locker or on the bottom. Waterfront affrays were numerous between Portuguese longshoremen and English sailors, leading to mutual complaints on both sides; and they were a particular annoyance to King John V, who could see what went on at the waterfront from his palace windows. One may judge how far the king's annoyance was justified from a dispatch of Lord Tyrawly to the Duke of Newcastle, dated September 29, 1734.[19] James O'Hara, second Baron Tyrawly, was an

[17] Burnett to Lord Carteret, September 29, 1721, in PRO, SP 89/29.

[18] Lord Tyrawly, private letter to the Duke of Newcastle, June 6, 1732, in PRO, SP 89/37.

[19] PRO, SP 89/37.

irascible Irishman who had served with distinction during the War of the Spanish Succession both in the Iberian Peninsula and in Flanders, where he was severely wounded at the battle of Malplaquet. He had none of the normal diplomat's caution and affected a soldierly bluffness, so that his dispatches are extremely outspoken and compulsively quotable, even at considerable length:

Your Grace may be assured, the King of Portugal would not care, or complain, how often a parcel of drunken English seamen and Portuguese porters and watermen beat one another, if there was not a circumstance that His Majesty lays more to heart. Your Grace perhaps does not know, that there is not an English man of war homeward-bound from almost any point of the compass, that does not take Lisbon in their way home, and more especially if it be at a time when the Portuguese Rio de Janeiro and Bahia Fleets are expected. The reason of this is in hopes that when the effects of these Fleets are given out, that they may pick up some freight by carrying part of it to England. This, I know, My Lord, puts the King of Portugal out of all patience, because it is breaking in so plain and barefaced a manner upon the prohibition of carrying money and gold-dust out of his country. Indeed, if there was no other method for us to send it home, this would be right, but we have our packets that go constantly and merchant-men that usually attend the Lisbon trades, that are fully sufficient to carry our balance home. And both these have their plausible pretence of coming here, the packets with our letters, the merchant-men with our goods; besides that the officers and even the sailors of these are so acquainted with the nature of the place that they know how to go about this business privately and discreetly. But everybody knows that a man of war can have no other business in life here but to carry away money; and they generally go about it so awkwardly, that I have often wondered they are not caught in the fact. The ships of the Newfoundland station constantly touch here on their way home, how many leagues it is out of their way I need not tell your Grace.

Seven years later, Tyrawly was still harping on the same string, denouncing (in January 1741) the "caprice, stubbornness, or ignorance, of a [typical] captain of a man of war, vices most of them are tainted with," and the difficulties in which their arrogant and truculent behavior often landed him. "I would rather," he continued,

see Pandora's Box with all the evils the poets feign [it] with, come into this river, than one of our men of war, whose sole view is in search of profit for themselves, by carrying home merchants' money; and if they have not already got the sum which satisfies their avarice, let the consequences be ever so ruinous to those merchants who have already put their money on board, and want to have it delivered in London to answer the bills drawn by a packet-boat that has sailed, they will still remain here two months longer, to get 20 *moedas* more freight to themselves; and their convoys [are meanwhile] at the expence of victuals and wages to their owners waiting for them.[20]

[20] Tyrawly to Newcastle, January 7, 1741, in PRO, SP 89/40.

Unfortunately we do not have any long runs of accurate statistics concerning the amounts of Brazilian gold that were taken from the Tagus to the Thames or to Falmouth in this way, but a few random examples will give some idea of their value. Tyrawly wrote to Newcastle on May 30, 1728: "About four months since, one of the King's ships that was here when the Brazil Fleet came in, carried to England 100,000 moedas, another carried 20,000 two months since, and during the time I have been here all the King's ships that have gone from hence, which are about four or five, have all carried away money, more or less, and the packet-boats as regularly as they go out."[21] The purser of H.M.S. *Winchester* personally carried several thousands of moedas daily on board his ship between July 21 and August 10, 1720 (O.S.), including "upwards of 6,000" on one of those days alone.[22] Captain Augustus Hervey, RN, took home a freight of 80,000 moedas from Lisbon in 1748, and another 63,533 moedas in 1753, apart from 30,000 moidores from Lisbon to Gibralter and Italy in 1752.[23] Figures for the Falmouth packet boats are hardly less sparse. The *Hanover* packet, which narrowly escaped being detained at Lisbon in April 1746, since she was smuggling Jews as well as gold, carried "above 70,000 moedas" belonging to the Lisbon factory, and obviously this was nothing exceptional.[24] Between March 25, 1740 and June 8, 1741, the Falmouth packets carried Brazilian gold to a total of £447,347; while in the calendar years 1759 and 1760 it totaled £787,290, and £1,085,559, respectively.[25] The Portuguese seldom carried out their oft-repeated threat to stop and search the ship's boats of the men-of-war and the packets. But Tyrawly wrote in March 1732 that if they did, "there will be absolutely an end of all remittances of gold-dust, bars, moedas, and diamonds to England, and consequently of the balance of trade."[26]

Lord Tyrawly criticized the captains of the Royal Navy for their share in the contraband gold trade, and he also deplored the lack of discretion shown by some Lisbon factory merchants. When his home government instructed him to demand the restitution of 175 moedas

[21] Tyrawly to Newcastle, May 30, 1728, in PRO, SP 89/35.

[22] MS Journal of John Sargent, Purser of H.M.S. *Winchester*, Lisbon, 1720, in the National Maritime Museum, Greenwich, in C. R. Boxer, *Some Literary Sources for the History of Brazil in the 18th Century* (Oxford, 1967), 26.

[23] David Erskine (ed.), *Augustus Hervey's Journal, 1746-1759* (London, 1953), 76, 126, 143.

[24] PRO, SP 89/44.

[25] H. E. S. Fisher, "Anglo-Portuguese Trade, 1700-1770," *Economic History Review*, II-Series, XVI (1963), 219-233, especially 224.

[26] Tyrawly to Newcastle, March 20, 1732, in PRO, SP 89/37.

which the customs officers had confiscated from a British merchant-ship, Tyrawly retorted (April 17, 1734): "It is impossible for Your Grace to conceive the indiscretion of people here in that so dangerous article of their business, and the merchants here will talk as publicly upon the Exchange of what money they have shipped for England, and with as little secrecy send it on board, as they do a chest of oranges. If people will be so indiscreet, they must take their sufferings for the reward of their indiscretion."[27] Five years earlier he had informed the Duke of Newcastle in a private letter that with about half-a-dozen exceptions the members of the Lisbon factory were "a parcel of the greatest jackanapes I ever met with; Fops, Beaux, drunkards, gamesters, and prodigiously ignorant, even in their own business."[28]

Nor was it only the Lisbon end of the contraband gold trade that drew his lordship's critical fire. When large consignments of Brazilian gold arrived, the London newspapers regularly announced the fact, and this indiscreet publicity provoked him to a characteristic outburst in a dispatch of August 22, 1738: "It is a most miserable thing, that there is no stopping the mouths of our news writers; they set down the gold they hear, or dream, we extract from Portugal with just as little caution, as they do the oats and barley that are sold at Bear Key. . . . If these people could be confined to the accounts of highwaymen, and horses stolen or strayed, their papers would be every bit as diverting and instructive to the generality of their readers."[29]

This complaint, incidentally, was of long standing. One of his predecessors at Lisbon had written home in March 1716:

One thing I must desire you would be so kind as to mention to Mr. Stanhope, that we find it extremely inconvenient that the writers of our newspapers should be suffered to insert (as they have done of late) that the men of war and packet-boats from hence import vast sums of gold,—as for example the *Gibraltar* man of war that went late from hence, our papers say she carried £200,000 sterling in gold (which is about ten times as much as she really had on board). This was immediately transcribed into the Portuguese *Gazette* printed in this city, with a malicious design (I don't doubt) of enraging the populace against us that are livers [residents] here, who were already too much our enemies on account of the jealousy they entertained of our merchants carrying off their bullion; and now they see it confirmed in our own as

[27] PRO, SP 89/37.

[28] Tyrawly was still of the same opinion in 1752. "He now condemned the Factory as a set of dissatisfied, restless, proud and extravagant fellows. . . . In short, at last he grew outrageous with the Factory and abused them all." Erskine (ed.), *Augustus Hervey's Journal*, 121. See also Tyrawly's dispatch of May 9, 1733, in SP 89/37, and his dispatches of 1752 in SP 89/48.

[29] Tyrawly to Newcastle, August 22, 1738, in PRO, SP 89/40.

well as in their prints [they] are ready to rise against us. For though the government here have been all along sensible that the exportation of their gold has been and must be unavoidable (they having nothing else wherewith to balance our trade), yet the commonalty have in great measure been kept ignorant of it, and reckon it a heinous crime in us to rob them (as they call it) in such a manner. To prevent the ill consequences, therefore, of such things being made public, it would be extremely convenient that strict orders were given to all the printers and writers of our newspapers that they would forbear mentioning anything of that nature for the future.[30]

The foregoing extracts show the difficulty of estimating how much Brazilian gold actually did enter England in the eighteenth century. It is also highly uncertain how much of this remained in England, since much was reexported via London to Amsterdam, Hamburg, and elsewhere on the continent, because of the frequent availability of English shipping and the special facilities offered by English firms and houses. As late as 1770, when the production of Brazilian gold was on the decline, we find a merchant-banker of Saint-Malo importing "l'or de Portugal" from Lisbon via London and Calais.[31] Estimates vary widely, and one must always be wary of figures in a trade where so much contraband was involved, but we know that the London mint coined "above a million of Portugal gold" into English money in the years 1710-1714 alone.

Apart from what was reminted into golden guineas, Luso-Brazilian gold coins were widely current in many parts of Great Britain and Ireland, sometimes almost to the exclusion of the national issue. Thus an Exeter man wrote in 1713: "We have hardly any money current among us but Portugal gold." The Receiver-General for Cornwall complained in 1737 that "now and for many years past the importation of Portugal gold coin hath been so great in Cornwall that very little specie of any other kind is to be met with there." He further asserted that "great part are given in payment for bills on London by the merchants' agents in that county, in order to comply with their principals' directions and to save them the expense of land carriage which is 3/8 per cent." In the same year, the Lords of the Treasury and Master Worker of the Mint commented that "the gold of Portugal . . . is the foreign gold that is chiefly current in Ireland," where the *dobra* of 12,800 reis passed for £4 and the *peça* of 6,400 reis for 40/-.[32]

[30] W. Poyntz, Lisbon, March 10, 1716, in PRO, SP 89/24.

[31] Louis Dermigny, *La Chine et l'Occident. Le Commerce au Canton au XVIIIe siècle, 1719-1833* (3 vols., Paris, 1964), I, 432.

[32] Historical Manuscripts Commission, *Calendar of Treasury Books and Papers, 1735-1738* (1900), 199-201, 315, 320. As a typical example of the way in which

Taking one thing with another, the value of the annual flow of Luso-Brazilian gold into England during the first half of the eighteenth century was probably between one and two million pounds sterling—this at a period when the annual production of the Brazilian mines was estimated at something between £3,000,000 and £4,000,000. After 1716, at least, the gold registered and shipped in the annual Brazil fleets was listed in the cargo manifests which were published within a few days or hours of arrival in the Tagus, but of course the amounts given do not include contraband and unregistered gold. By a law of 1720 all gold, whether in coin, bar, or dust, was supposed to be registered in the convoying warships, of which these were usually two but sometimes only one. The fleets from Bahia and Rio de Janeiro were naturally the richest, but those from Pernambuco and Pará usually had some gold on board and often considerable amounts.

Although the English and other foreigners usually referred to "Portugal gold," virtually all this gold was clearly of Brazilian origin during the eighteenth century, though in some years a little West African gold was included in the shipments from Brazil. The gold produced in Portugal's Eastern empire, mainly in Moçambique and Timor, circulated only in East Africa and in Asia, the greater part being coined into gold *São Tomés* and *xerafines* at the colonial mints of Goa and Diu. The coins produced by these two mints are mostly of indifferent design and roughly struck. They contrast unfavorably with those struck in the Brazilian mints of Bahia, Rio de Janeiro, and Minas Gerais (Ouro Preto), and in the metropolitan mints of Lisbon and Oporto, which all produced some of the finest gold coins ever put in circulation. One series which especially comes to mind is that with the portrait-bust of King John V, struck first in Portugal (1722) and then in the Brazilian mints (1727). The portraits were the work of the celebrated Portuguese painter, Vieira Lusitano, and the dies were engraved by a French technician employed at the Casa da Moeda at Lisbon, Antoine Mangin. Slight changes in the details of the dies were made in successive years, so as to lessen the risk of forgery, and those used in the Brazilian mints were received from the Lisbon mint.

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substantial payments were made in the U.K. with Luso-Brazilian gold coins at this period, in October 1740, the Treasury authorised the payment of £15,000, "in Portugal money," to an Irish firm at Cork, for beef, pork, and butter supplied to the Royal Navy (*Calendar of Treasury Books and Papers, 1739-1741*, 275). Of the £50,000 worth of specie voted by Parliament for the relief of Lisbon after the earthquake of 1755, not less than £30,000 was remitted "in Portugal gold coin" (PRO, SP 89/50, minutes of Treasury Board meeting on November 29, 1755).

These Luso-Brazilian coins circulated widely throughout the Western world, including North America and the West Indies, until well into the nineteenth century, sometimes in their original form and at other times counterstamped by the local or regional authority. The most popular and convenient denomination (apart from the moeda or moidore of 4,000 reis), was the peça of 6,400 reis, which eventually came to be called the "half-Joe" in the Anglo-Saxon world. The dobra of 12,800 reis was struck only between the years 1727 and 1733, since it was often clipped or falsified, besides being too large for convenient general circulation.[33]

After 1761 shipments of Brazilian gold to Portugal fell off markedly. Sebastião José de Carvalho e Mello, better known by his later title of the Marquis of Pombal, was inclined to attribute this fall to an increase in gold smuggling and tax evasion, but the main reason was the exhaustion of the alluvial deposits and the consequent fall in gold production. All Pombal's fiscal and administrative reforms could not offset this fundamental cause, but it was several years before the gold shipments from Portugal to England showed any marked reduction. The figures for the gold imported into Falmouth from Lisbon by the packet boats are extant for the years 1761-1769. They show that nearly a million in sterling was remitted in each of the last four years, and the exceptional sum of £1,186,714 in 1764 (these figures do not include the gold remitted by warships and merchantmen). As English exports to Portugal declined precipitately during the same period, it seems likely that perhaps one-third of this gold was on foreign account, though it is also possible that in view of their declining interests, the English merchants were repatriating large sums of commercial capital from Portugal to England at this time.[34]

H. E. S. Fisher, the latest historian of Anglo-Portuguese trade, from whom the above suggestions are taken, also reminds us that Brazil's total exports seem to have fallen from about £4,800,000 to about £3,000,000 between 1760 and 1776. After this a revival set in, largely because Portugal was able to profit by her neutrality during

[33] The standard work on these coins is still in many respects A. C. Teixeira de Aragão, *Descripção geral e histórica das moedas cunhadas em nome dos Reis, regentes e governadores de Portugal* (3 vols., Lisboa, 1874-1880). See also Severino Sombra, *História monetária do Brasil colonial* (Rio de Janeiro, 1938); K. Prober, *Catálogo das moedas brasileiras* (São Paulo, 1966), Álvaro da Veiga Coimbra, *Noções de numismática brasileira* (São Paulo, 1960), R. & J. Friedberg, *Gold Coins of the World* (New York, 1965), 65-66, 330-331.

[34] H. E. S. Fisher, "Anglo-Portuguese Trade, 1700-1770," 230-233, for the above and what follows.

the American War of Independence, when the cotton grown in the Brazilian northeast replaced the North American variety in the British market. But this stimulus did not affect the precipitous decline in the production of gold, to which Ichabod had been written by the end of the eighteenth century.

According to Fisher, the inflow of Brazilian gold was crucial to the increasing gold circulation and to the establishment of the gold standard in England and facilitated trade with the ''hard currency'' areas of Europe. The manipulation of this gold trade notably aided London's rise to the position of the leading European financial center, which it wrested from Amsterdam.[35] This was something which the Paulista pioneers of the sixteen-nineties presumably never dreamed of when they struck it rich in Minas Gerais, but which the Governor-General at Bahia dimly foresaw at the dawn of Brazil's ''Golden Century.''

[35] Pending the publication of Dr. Fisher's book on Anglo-Portuguese trade, 1700-1770, further information on the decline of Brazilian gold production and the course of Anglo-Portuguese-Brazilian commerce in the second half of the eighteenth century can be found in the following works: V. M. Shillington & A. B. Wallis Chapman, *The Commercial Relations of England and Portugal* (London, 1907), 280, 295; Visconde de Carnaxide, *O Brasil na Administração Pombalina (economia e política externa)* (São Paulo, 1940), 76-140; Jorge de Macedo, *A situação económica no tempo de Pombal. Alguns aspectos* (Porto, 1951); Vitorino Magalhães Godinho, *Prix et Monnaies au Portugal, 1750-1850* (Paris, 1955); Kenneth R. Maxwell, ''Pombal and the Nationalization of the Luso-Brazilian Economy,'' *HAHR* (November 1968), 608-631, which I had not seen when preparing this paper for a meeting at the Casa do Brasil in London on September 12, 1968.