COLONIAL BRAZIL

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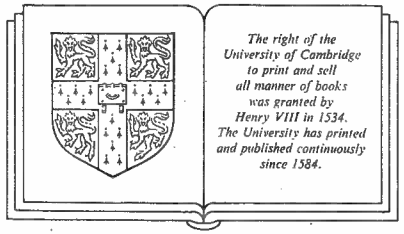

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CONTENTS

MAPS

FIGURES

6

IMPERIAL RE-ORGANIZATION, 1750–1808

Around 1738 the Portuguese ambassador to Paris, Dom Luís da Cunha, wrote that 'in order to preserve Portugal, the king needs the wealth of Brazil more than that of Portugal itself'.[1] Despite the abundance and diversity of its natural resources and manufactures, its large population and its military and naval strength, Portugal could not have survived if it had been reduced to its European territory alone. For two and a half centuries the Portuguese crown and a large part of the population had derived their main income from the commercial exploitation of the resources of their overseas territories. By the middle of the eighteenth century Brazil was by far the most important. A brief survey of the Portuguese empire will show how accurate Luís da Cunha's statement remained at the accession of Dom José I in 1750, and will help to explain the policy adopted with regard to Brazil during the second half of the eighteenth century.

To the east of the Cape of Good Hope, the *Estado da India*, which comprised all the Portuguese possessions from the east coast of Africa to Macao and Timor and which was controlled from Goa on the west coast of India, had been suffering from local rebellions and wars as well as the incursions of other European colonial powers. The Portuguese had long since lost their trading and shipping monopoly in the East and the Portuguese presence there was restricted to a few ports and trading posts. The *Estado da India* was thus weakened territorially – and also economically. It faced severe competition from England, Holland and France in importing goods from the East (spices, silks, cotton

* Translated from the French by Mrs Susan Burke; translation revised by Cynthia Postan; chapter reduced in length and in part reorganized by the Editor.

[1] *Instruções inéditas de D. Luís da Cunha a Marco António de Azevedo Coutinho* (ed. Pedro de Azevedo and António Baião, Academia das Sciencias de Lisboa, Coïmbra, 1930), 218.

goods, porcelain, furniture and diamonds) and it had practically abandoned imports from Mozambique (ivory, slaves, gold) to Indian traders from Surat, with the result that the Portuguese crown had for some time been earning less than it was spending on the maintenance and defence of those conquests which in this part of the world were all that remained from a glorious past.

Various Portuguese settlements along the west coast of Africa had been either repeatedly attacked by foreigners or else the scene of local riots, notably in the Cape Verde islands and in Angola. Brazil had suffered two civil wars (the War of the *Emboabas* in the gold mines of the Rio das Mortes, 1708–9, and the War of the *Mascates* at Recife, 1710–11) and two attacks by the Spanish on the outpost of Colônia do Sacramento at the mouth of the Río de la Plata (1706 and 1736). However, this western part of the empire, especially Angola and Brazil, had made, and was continuing to make, considerable territorial gains.

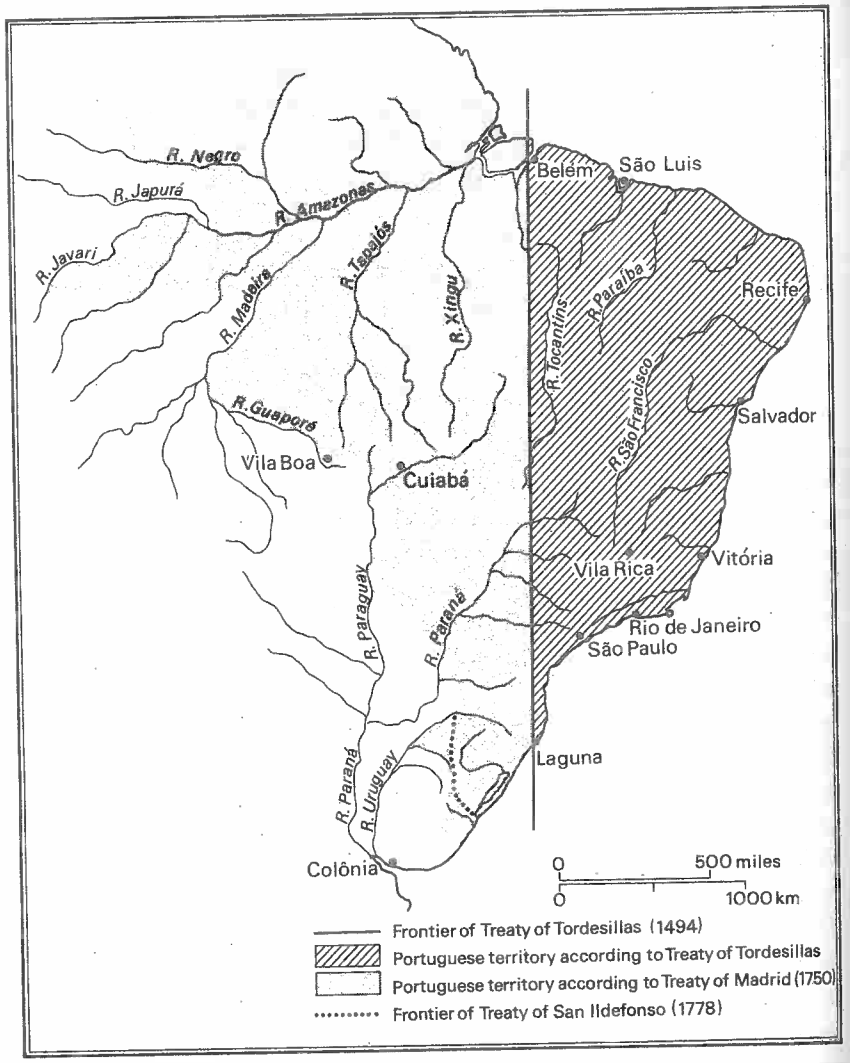
Moreover, on the economic side, while Angola and the territories in the Gulf of Guinea were treated more and more as reservoirs of slave labour, from Minas Gerais, Mato Grosso and Goiás came gold, and from the Serro do Frio diamonds; from Grão Pará e Maranhão came some coffee and cacao, which were added to Brazil's traditional exports of sugar, tobacco, brazilwood, timber, drugs and spices, whale oil and whalebone. Every year the *frotas* (fleets) of Bahia, Pernambuco, Rio de Janeiro and Maranhão unloaded cargoes of sugar and tobacco at Lisbon, through which all the empire's trade had to pass. Only a very small proportion of this was destined for the market of the metropolis: the rest formed the major part of Portugal's exports, along with wines from Oporto and olive oil, to the great markets of Europe, where they were exchanged for manufactured goods and grain which then returned to Brazil via Lisbon, where only essential supplies for the metropolis and for the rest of the empire were unloaded. Increasing quantities of gold from Brazil also went to centres of foreign trade, especially London, as an official means of balancing the trade deficit, but also as a result of the smuggling and fraud which was common in Brazil, the Río de la Plata and even the port of Lisbon itself. Thanks to its products and its trade, Brazil had thus become, by the middle of the eighteenth century, not only an important element in the wealth of the metropolis but also one of the chief sources of government income. This was accomplished through a complex fiscal system involving taxes on production, consumption, internal circulation, imports and exports in

addition to special temporary duties. It is, however, impossible to estimate with any degree of accuracy exactly what proportion of Portugal's total income at mid-century came from Brazil.

During the second half of the eighteenth century and the early years of the nineteenth century – the reigns of Dom José I (1750–77), Dona Maria I (1777–92) and the Prince Regent Dom João (1792–1816) – Portuguese colonial policy was largely in the hands of three remarkable men: Sebastião José de Carvalho e Melo, better known as the Marquis of Pombal (1699–1782), a representative of the lesser nobility who had been envoy extraordinary in London and then Vienna (1738–49) before entering the service of Dom José I as Secretary of State for Foreign Affairs and War and later Secretary for Internal Affairs and President of the *Erário Régio* – in effect a prime minister in charge of the most important affairs of the empire from 1750 to 1777; Martinho de Mello e Castro (1716–95), son of a governor of Mozambique and grandson of the Count of Galveas, viceroy of Brazil, who was Portuguese envoy at The Hague and London (1751–70) and then Secretary of State for the Navy and the Overseas Territories (1770–95); Dom Rodrigo de Souza Coutinho (1755–1812), son of a governor of Angola and ambassador to Madrid, who was Portuguese envoy at Turin (1778–96) and then Secretary of State for the Navy and the Overseas Territories (1796–1801), president of the *Erário Régio*, the Royal Treasury (1801–3) and, finally, Secretary of State for War and Foreign Affairs (1808–12). All three were *estrangeirados*, that is to say, men who had acquired great experience in the more advanced courts of Europe, and who were fired with a burning desire to pass on to their country the benefits of their experiences abroad in order to raise it to the level of those nations which were currently the most intellectually and economically developed. All three were of noble birth, though coming from different strata of the aristocracy; they all belonged to families with past or present connections with the colonial administration; they had all received a legal training at the University of Coimbra; and their policies were based on a firm belief in the absolute power of the king, supported by an 'enlightened' government. As far as colonial policy was concerned their aims were identical: they believed that Brazil was vitally important to the very survival of the metropolis, and so they wanted to extend its territory as far as possible, to strengthen its administrative, judicial and military structures by reinforcing the absolute power of the monarchy, and to ensure that the Brazilian economy developed strictly within the framework of the colonial pact, in other words, to the exclusive benefit of the metropolis. Their intention was to preserve the internal unity of the enormous territory of Brazil and, above all, the unity of the empire as a whole, which was achieved, with the establishment of the Portuguese court at Rio de Janeiro in 1808.

TERRITORIAL CHANGES IN BRAZIL

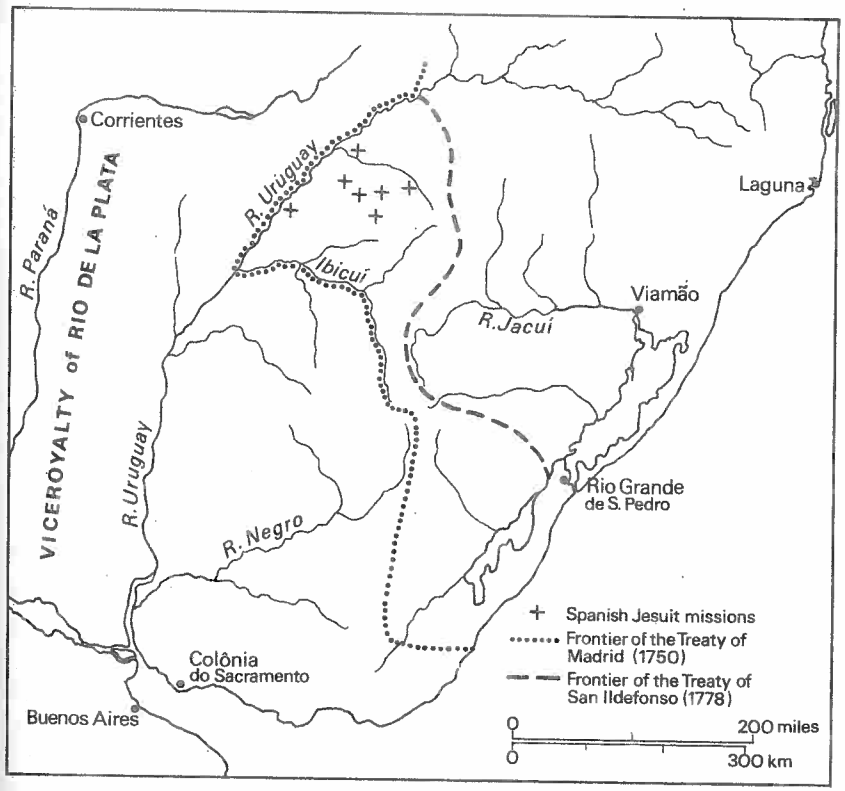
The last great act of Dom João V's reign had been the Treaty of Madrid (1750) which, superseding all previous treaties from Tordesillas in 1494 to Utrecht in 1713, had attempted to delimit the frontiers of Spanish and Portuguese possessions in America, Africa and Asia on the basis of actual occupation. There was one exception: Portugal renounced all claim to Colônia do Sacramento, while in exchange Spain ceded an area on the east bank of the Uruguay river occupied by Jesuits and Indians grouped into *aldeias* – the so-called Territory of the Seven Missions – which Spain undertook to evacuate as soon as possible. Although agreement on frontiers had to be reached, the exchange of territories was openly criticized by many, in both Madrid and Lisbon as well as in South America. Pombal – Dom José I's Secretary of State for War and Foreign Affairs – had to implement a treaty that he had neither negotiated nor approved. He doubted whether the Territory of the Seven Missions would actually be ceded and he resolved not to hand over Colônia until the Seven Missions had been completely evacuated. In return, the Spanish had strong grounds for suspecting that the Portuguese would not in fact give up their claim to Colônia, a centre for silver smuggling and strategically important for control of the Río de la Plata. The negotiations over the implementation of the treaty, therefore, took place in an atmosphere of mutual distrust, and so did the work of two mixed commissions of engineers, mathematicians, cosmographers, cartographers and other experts which were supposed to conduct a geographical survey of the interior of Brazil to mark the frontiers. In fact, the northern commission never got off the ground. And the southern commission experienced endless delays and disputes. Meanwhile, in the Territory of the Seven Missions the Spanish Jesuits and the Guaraní Indians refused to obey the order to evacuate and in 1754 openly rebelled against His Catholic Majesty's troops. The War of the Guaranís ended in 1756 with the crushing of organized resistance, though peace did not come to the region. Mutual suspicion deepened,



Brazil before and after the Treaty of Madrid, 1750

the discussions became increasingly hostile and it was clear that the Treaty of Madrid was unenforceable. On 12 February 1761, in a treaty signed at the Pardo, it was nullified.

Territorial disputes between Portugal and Spain continued for a further sixteen years before a new compromise was reached. The Treaty of San Ildefonso (1 October 1777) was less favourable to Portugal than



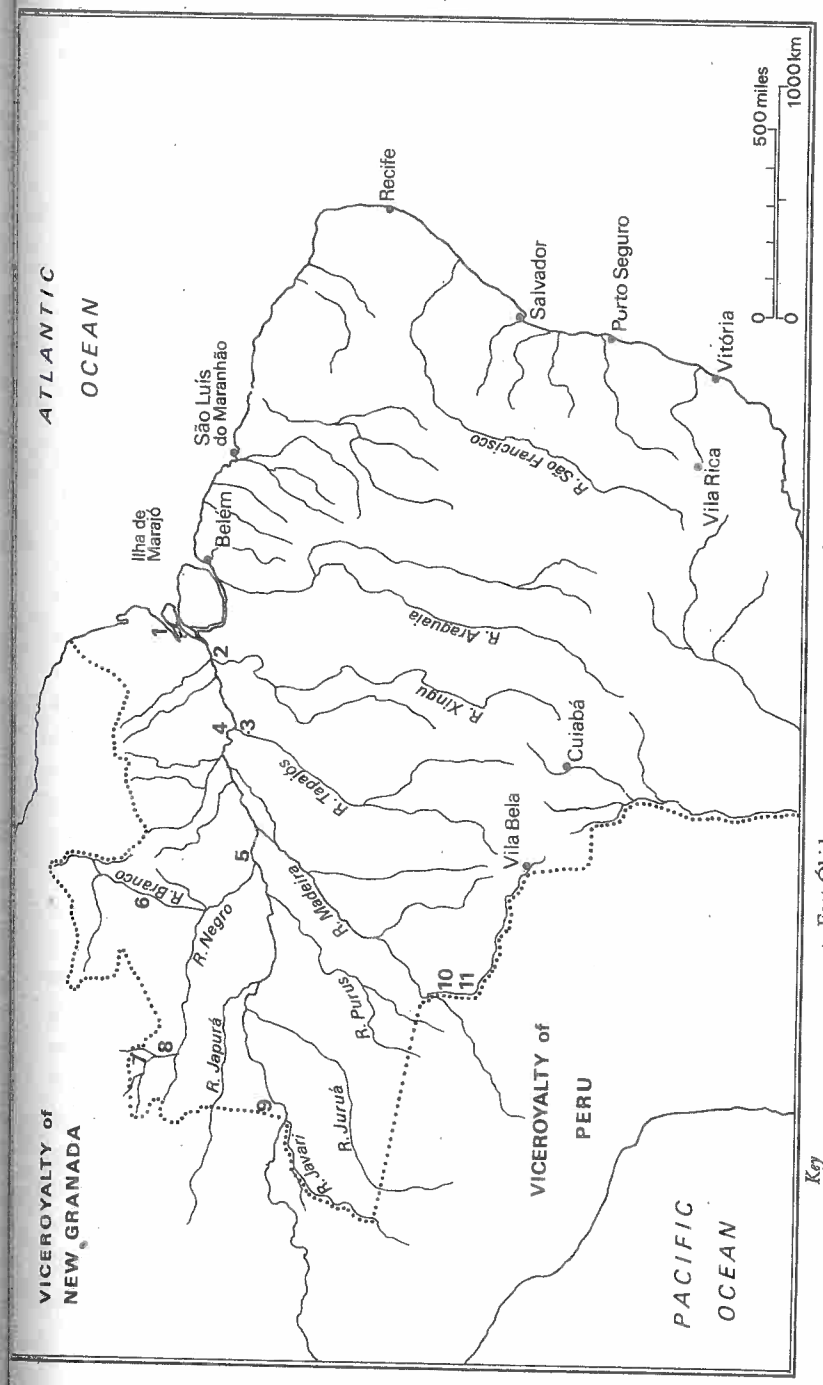
The territories exchanged: the Seven Missions and Colônia do Sacramento

the previous two treaties, since her only advantage was to retain her sovereignty over the Rio Grande de São Pedro and the island of Santa Catarina, losing Colônia do Sacramento as well as the Seven Missions territory. The treaty was followed by further attempts at fixing the frontiers, both north and south, but progress was slow because both governments still secretly hoped to expand. The news that Portugal had been invaded by Spain in 1801 led to another flare-up of war in southern South America between their Catholic and Most Faithful Majesties, when the Spaniards tried unsuccessfully to establish themselves to the south of the Mato Grosso and the Portuguese invaded the Territory of the Seven Missions, making a successful conquest which the silence of the Treaty of Badajoz (1801) later confirmed.

While military operations continued in the southern part of Brazil throughout the whole of Dom José I's reign, Pombal, following the policy initiated by his predecessor, Marco António de Azevedo Coutinho, exploited Portugal's advantages in the key areas of the north and west, vast regions not yet fully explored: the Estado do Maranhão, bordering the French, Dutch and Spanish colonies to the north of the Amazon, and the captaincy of Mato Grosso, created in 1748 and considered to be 'the key and the rampart' of the interior of Brazil on the Peruvian side.[2] Before the Portuguese-Spanish mixed commissions began work on the frontiers it was clearly necessary to collect as much geographic information as possible, to encourage new discoveries, even to take possession of territories which had not yet been occupied by the other powers – in other words, the sovereignty of the Portuguese crown had to be asserted over as large an area as possible. To do so, the Portuguese strengthened their defences by adding to the network of fortresses along the Amazon river and its main tributaries and by encouraging the occupation of areas which were still deserted or where the population had been decimated by epidemics. This was done mainly by installing Portuguese settlers from areas with a surplus of labour – the famous *casais* of the Azores and Madeira. They were given material assistance and were expected to work without the help of slave labour. In this way the fortresses of Gurupá, Macapá, São José de Rio Negro, São Joaquim, São Gabriel, São José de Marabitanas, Tabatinga, Braganza and Principe da Beira were restored or created, as well as the new capital of Mato Grosso, Vila Bela, on the east bank of the Guaporé river.

However, these relatively simple measures did not provide an adequate solution to the problem of how to colonize such vast regions. This was particularly true in the Amazon basin where a small population of Portuguese extraction, mostly poor, lived amongst a large Indian population, part of which was still at liberty outside the influence of the colonizing power while the rest led a miserable existence either in the aldeias of the Jesuits and other missionaries or in slavery – in defiance of the law – in the service of individual settlers. Pombal, helped

[2] See the royal instructions given in 1749 to the governor of Mato Grosso, and in 1751 to the governor of the Estado do Grão Pará e Maranhão, in Marcos Carneiro de Mendonça, *A Amazônia na era pombalina*, 3 vols. (Instituto Histórico e Geográfico Brasileiro, Rio de Janeiro, 1963), I, 15–24 and 26–38.



The northern and western defensive systems of Amazonia and the Mato Grosso

by his half-brother, Francisco Xavier de Mendonça Furtado, governor and captain-general of the Estado do Grão Pará e Maranhão, drew up a set of measures concerning the Indians. According to Pombal, 'the only way to dominate a barbarous nation is to civilize it and establish a bond between conquered and conquerors, who will live in society under the same laws, as one people without any distinctions; if we conduct ourselves there (in Brazil) in relation to these wretched Indians as the Romans conducted themselves here (in Portugal), in no time at all in Pará there will be as many Portuguese as there are at present natives living in the forests – just as we ourselves have lived at certain periods'.[3] Mendonça Furtado himself wished to introduce *casais* from the Azores into the villages of Xingú and Tapajós Indians in order to encourage active relations between the two groups – which was forbidden under the constitution of the Jesuit missions – and he did not hesitate to suggest that marriages between white men and Indian girls, far from being regarded as shameful, should become a source of honour and privilege, since this was the only way to 'populate this vast Estado and to make the local people realize that we honour and esteem them, and most suitable to change into genuine love the hatred that they quite naturally feel for us as a result of the poor treatment and the scorn we have meted out to them, and to give us a common purpose. Without this', he concluded, 'it is not possible for this vast country to survive and prosper.'[4] The interests of the state are transparently obvious in these statements, as well as the underlying hostility of the Portuguese government towards the Jesuits and their mission to convert and educate the Indians. However, we should not doubt the sincerity of 'enlightened' men anxious to save their brothers from 'the darkness of barbarism' and to establish a new relationship with them, nor deny the significance and consistency of the legislation promulgated between 1755 and 1758 intended to give dignity to the Indians, to liberate and educate them and integrate them into Portuguese society. The aldeias were converted into parishes (*paróquias*) under the jurisdiction of the secular clergy. The largest of them were elevated to the status of *vilas*, with their own local administration and a Portuguese instead of a Tupi name: over 70 vilas were created in this way, with names like Alenquer,

[3] Pombal to Mendonça Furtado, Lisbon, 15 May 1753, in Carneiro de Mendonça, *A Amazônia na era pombalina*, I, 390–1.

[4] Mendonça Furtado to Pombal, Pará, 11 October 1753, in Carneiro de Mendonça, *A Amazônia na era pombalina*, I, 414.

Barcelos, Borba, Chaves, etc., reminiscent of Portuguese provincial towns.

In the southern half of the country there were similar attempts to forestall foreign invaders by means of a settlement programme, though these took different forms. The defences of Río Grande de São Pedro and the island of Santa Catarina were strengthened, and *casais* from the Azores and emigrants from other parts of Brazil were actively encouraged to settle there. In the captaincy of São Paulo Pombal sought to maintain Portuguese sovereignty over the western territories by establishing settlements every ten leagues, by civilizing the Indians and by teaching them to work – in other words, by setting up 'colonies of vilas and aldeias complete with judges, aldermen and municipal authorities (*câmaras*), modelled on those founded by Francisco Xavier de Mendonça Furtado in Pará'.[5]

Finally, Pombal completed the administrative reorganization of Brazil which had been begun during the reign of Dom João V. The aim was to provide a political and administrative structure to serve the geographical and strategic needs arising from the Treaty of Madrid and the new economic realities and problems of communications arising from the continuing exploration and settlement of the interior of Brazil. Essentially, the measures were of two kinds: first, new captaincies were carved out of territories which were too vast and too difficult to administer directly, and secondly, the last remaining small captaincies, nominally in private hands but often abandoned by their donataries, were taken back by the crown.

The vicissitudes of the Estado do Maranhão provide a good example of the kind of reorganization which took place. The Estado was made up of three crown captaincies (Pará, Maranhão and Piauí) and six small private captaincies (Cabo do Norte, Ilha Grande or Marajó, Xingú, Cametá, Caeté and Cumá on the periphery of the Amazon delta) but after 1751 its structure was radically altered when it received the title Estado do Grão Pará e Maranhão. This officially recognized the strategic importance and superior economic strength of Pará. The Estado was split into two 'governments', with a governor and captain-general residing permanently in Belém do Pará, the capital since

[5] Pombal to Dom Luís António de Souza, governor of São Paulo, 22 July 1766 (MS of the Arquivo Histórico Ultramarino, Lisbon, *Conselho Ultramino*, Códice 423 (São Paulo), 'Estado Político nº 7').

1737, and a 'deputy' governor living in the old capital, São Luís do Maranhão. Between 1752 and 1754 the six small captaincies were taken away from their donataries and incorporated into the Estado, while in 1755 the western part of the enormous captaincy of Pará was hived off to form a new subordinate captaincy, São José do Rio Negro, like Maranhão's subordinate captaincy of Piauí.

The Estado do Brasil was similarly reorganized, beginning in 1752. The last small private captaincies were taken back from their owners and incorporated into the nearest crown captaincies: Itamaricá into Pernambuco; Itaparica, Paraguaçu, Ilhéus and Porto Seguro into Bahia; Campos dos Goitacazes into Rio de Janeiro and Itanhaém into São Paulo. The captaincy of São Paulo, which was subordinate to that of Rio de Janeiro, was restored to its former status as a captaincy-general (1765). Finally, the seat of government was moved in 1763 from Bahia (where it had been established since 1549) to Rio de Janeiro. This was a logical consequence of the displacement of the economic, political and strategic centres of gravity in the Estado do Brasil, which had been taking place since the end of the seventeenth century, from the north-east (Bahia and Pernambuco) towards the centre (Minas Gerais, São Paulo and Rio de Janeiro) and the south (island of Santa Catarina, Rio Grande de São Pedro and Colônia do Sacramento). Lastly, the Lisbon government's desire to unify all its South American territories outweighed any consideration of the peculiarities of the immense area of the Amazon basin. The Estado do Grão Pará e Maranhão was dissolved in 1774. Its captaincies were then transformed into captaincies-general (Pará and Maranhão) and subordinate captaincies (São José do Rio Negro and Piauí) and integrated into an enlarged Estado do Brasil.

ADMINISTRATIVE REORGANIZATION

The process of simplifying the administrative divisions of Brazil was not accompanied by a parallel simplification of the administrative machinery of government either in the metropolis or in the colony. Nor were any concessions made to local autonomy. Throughout the second half of the eighteenth century, as the economic dependence of the metropolis on its richest colony grew, the administration of the empire became increasingly complex and political authority was further centralized and strengthened.

In Portugal the new government of José I, soon dominated by

Pombal, reacted against the weakening of royal authority during the last years of João V and took various measures which were intended to re-establish respect for the authority of the state and to discourage disputes which hampered the smooth functioning of government as well as to stifle criticism of the king and his ministers. Individuals, factions and institutions who were accused or merely suspected, rightly or wrongly, of criticizing the power of the state were eliminated. The *Mesa do Bem Comun dos Mercadores* (the corporation of Lisbon merchants) which dared to protest against the creation of a trading company for Grão Pará e Maranhão was abolished at a stroke in 1755; aristocratic families were accused of plots against the king and were tortured or imprisoned for life (for example, the trial of the Távoras and the Duke of Aveiro in 1759); other noblemen, higher civil servants, magistrates, priests and clergy who were suspected or accused of either plotting, criticizing, maladministration or corruption were imprisoned or exiled; and the Jesuits who were accused of betraying the principles and basic aims of their mission, accumulating excessive wealth, establishing a state within a state, obstructing the implementation of the Treaty of Madrid, disloyalty, even treason, were expelled in 1759 from Brazil and the whole of the Portuguese empire.[6]

Throughout the reigns of Dom José I, Dona Maria I and the Prince Regent Dom João there was a long campaign, not entirely successful, to strengthen and rationalize the machinery of government affecting Brazil. As early as 1736 the creation of three secretaries of state (Home Affairs; Navy and Overseas Territories; and War and Foreign Affairs) had been a move in this direction, but it was Pombal who was largely responsible for making the system work, and for giving the ministry of the Navy and Overseas Territories effective control over the other metropolitan bodies which shared responsibility for colonial affairs. This higher body, placed under the direct control of the king, nominated the principal officials of the administration in the colonies (the viceroy, the governors of the captaincies, the financial and judicial officials, and the highest ranks in the army and the church). It also supervised general policy and issued orders about the economy and the administration of justice, as well as about the affairs of the missions. However, some specialized matters continued to go through the

[6] For further discussion of the expulsion of the Jesuits from Brazil, see ch. 7 below.

traditional channels of existing councils and organizations (such as the *Conselho Ultramarino*, the *Mesa da Consciência e Ordens*, the *Conselho da Fazenda*, the *Junta do Tabaco*). Therefore the intricate web of authority and overlapping functions so characteristic of the old regime did not disappear. It was even compounded by the creation of new administrative bodies set up to resolve the various problems which, in one way or another, arose concerning colonial affairs. The following were amongst the most important of the new bodies. The *Junta do Comércio* (Board of Trade), 1755, had as its original purpose the encouragement and regulation of commerce and everything to do with trade and navigation, including the organization of fleets bound for Brazil and the prevention of smuggling (see below p. 489). This committee was essential to Pombal's policy for the industrial development of the metropolis (see below p. 491). It was a symbol of the close alliance between the great merchants involved in the tobacco monopoly and the central government, and it acquired increasingly wide powers until in 1788 it was elevated to the status of a royal tribunal under the title of *Real Junta do Comércio, Agricultura, Fábricas e Navegações destes Reino e seus Domínios* (Royal Committee for Trade, Agriculture, Factories and Navigation). The Royal Treasury (*Erário Régio*), 1761, had overall control of all the financial transactions of the metropolis and its colonies, and Pombal himself was its first president. It took over all the functions of the ancient *Casa dos Contos*, destroyed in the earthquake of 1 November 1755. The Royal Treasury broke with tradition in two ways: in its centralizing function – important from the political angle – and in the introduction of techniques not yet common in public accounting, such as double-entry book-keeping and the systematic treatment of the various kinds of income and expenditure. The Treasury was divided into four departments (*Contadorias*), each responsible for part of the empire; administration of the finances of Brazil was thus divided between two Contadorias, based on the two major judicial divisions (Bahia and Rio de Janeiro). The Council for Finance (*Conselho da Fazenda*), was reformed in 1761, when the Erário Régio was created. Its function was to deal with disputes over the collection of crown revenues, and it continued to control the *Armazéns da Guiné e India*, its associated shipyards and the *Casa da India*, whose function had been reduced to that of a customs office. In 1790 the Conselho da Fazenda was taken over by the Erário Régio. The jurisdiction of the Ministry of Financial Affairs (*Secretaria de Estado dos Negócios da Fazenda*), 1788, covered all economic aspects of the empire, and the fact that the secretary of state in charge was *de jure* president of the Erário Régio ensured that these two bodies worked closely together. The Council for the Admiralty (*Conselho do Almirantado*), 1795, was responsible for the navy, and hence for organizing convoys for the merchant fleet and a permanent squadron to protect the Brazilian coast.

Within Brazil, following the transfer of the seat of government from Bahia to Rio de Janeiro in 1763, it became customary for the governor-general (viceroy) to receive letters-patent designating him the *Vice-Rei e Capitão General do Mar e Terra do Estado do Brasil*. The holder of this office was given such wide powers that the absolute power of the sovereign, with authority over all the captaincies, appeared to be delegated to him. In practice, his only real authority, as before, was over the captaincy in which he lived – previously Bahia, now Rio de Janeiro. Only the governors of the subordinate captaincies of Rio de Janeiro were under his control: all the governors of captaincies-general were directly dependent on the Ministry for the Navy and Overseas Territories in Lisbon, to which they were answerable and from which they took their orders. Only in an emergency could the viceroy request direct military aid from them.

The municipalities represented an important sector of the Brazilian-born population and were a potential source of conflict with Lisbon. However, the system was now so highly centralized that the Câmaras in the capitals of captaincies were even deprived of one of their essential powers: in the absence of the viceroy or the governor, the town council (*Senado da Câmara*) had originally been responsible for the interim administration of public affairs, but in 1770 Pombal withdrew this prerogative in favour of a provisional government of three members: the bishop or dean; the *Chanceler* of the *Relação* (High Court of Appeal); and the highest-ranking officer in the army – the *Ouvidor* (crown judge) of the Câmara being able to replace the bishop or the *Chanceler* only if either of these were not available.

The creation of the Erário Régio in Lisbon produced an important reform affecting the powers of the *provedores da fazenda*, the principal local financial administrators. From 1767 the finances of each main captaincy were to be administered by a *Junta de Fazenda*, a collegiate body of five or six members, including the *provedor*, with the governor as its president. These juntas, which were independent from one another, were responsible for collecting and distributing royal income and they

were accountable only to the inspector-general of the Erário Régio in Lisbon, as the office of *Provedor-mor da Fazenda* was abolished in 1770. The creation of these Juntas da Fazenda was thus the means by which reforms attempted in Portugal were to be extended to Brazil. The provedores also lost some of their powers through the creation of specialized bodies; for example, checking the quality of sugar and tobacco which was taken over in 1751 in Bahia, Recife, Rio de Janeiro and São Luís do Maranhão by *Mesas de Inspecção de Açúcar e Tabaco*, and the management of ammunition stores and shipyards which was handed over to a naval intendant (*Intendente da Marinha e Armazéns Reais*), in Bahia, Rio de Janeiro and Recife. A campaign to raise the standard of administration and to stamp out bribery and extortion should also be mentioned: the rights and duties of the various offices were defined and fixed salaries were introduced, thus putting an end to the traditional system of bonuses paid in cash or kind. However, as local magnates and business men were closely involved with the administration of finance, either because they were tax farmers (*contratadores*), owned certain offices, or else exercised certain functions, such as serving on a Junta da Fazenda, this reform was largely ineffective.

The first of the judicial measures taken by the new government of José I was to establish in 1751 a second *Relação* (High Court) in Rio de Janeiro, with the purpose of giving speedier justice to the people who lived in the south, far away from the Relação in Bahia. It was made up of ten *desembargadores* (high court judges), including the *ouvidor do cível* and the *ouvidor do crime* and was presided over by the governor. The Relação in Rio de Janeiro had jurisdiction over the thirteen districts (*comarcas*) covered by the captaincies of the south and the interior, and like the Relação at Bahia, it possessed both judicial and administrative powers. The attempts to speed up judicial procedures were backed up by the introduction first in Pará and Pernambuco (1758), then throughout Brazil (1765) of committees of justice (*Juntas de justiça*) composed of one or two ouvidores, the *juiz de fora* (district crown judge) and the governor of the captaincy. Pombal also introduced legislation designed to reduce corruption in the judicial system. By fixing the stipends of magistrates and officers of justice in the various comarcas of Brazil, together with those of the magistrates in the Relações of Bahia and Rio de Janeiro (1754), the oppression suffered by plaintiffs and prisoners was alleviated. Another important innovation was that

Roman law was abandoned in favour of natural and international law, and secular magistrates were no longer allowed to base their decisions on canon law. Henceforward 'in the temporal matters within their jurisdiction', they could only follow 'the laws of our country and subsidiary laws, together with praiseworthy customs and legitimately established practices' (*Lei da Boa Razão*, 1769). This modernization of judicial concepts might be compared with other decisions taken during Pombal's ministry, such as the freedom granted to the Indians in Brazil (1755 and 1759), abolition of African slavery in Portugal (1761 and 1773), abolition of discrimination between 'old Christians' and 'new Christians' (1768 and 1773), turning the Inquisition into a tribunal dependent on the government (1769), and even reforming the University of Coimbra (1772). These reforms should be regarded as an attempt to free Portugal from 'obscurantism' and to place her amongst the most 'enlightened' nations of Europe.

The Treaty of Madrid focused attention on the need to defend Brazil's frontiers and led as we have seen to the construction and repair of fortresses in the north and south. Dom José I's government was also concerned with the problems of military organization in general, starting with the recruitment of regular troops in metropolitan Portugal (*tropas de linha*, *tropas regulares*, or *tropas pagas*). Ever since the beginning of the period of overseas expansion, Portugal had, in fact, adopted the habit of sending to the colonies regiments largely composed of delinquents, vagrants and other elements deemed undesirable at home. These regiments were then made up to strength by the more or less compulsory enlistment of local personnel, often of similar quality. As a result, there were problems arising not only from the lack of discipline within the regiments but from the trouble they frequently caused in the community, which provoked numerous complaints from the governors.

The main efforts to reform the army took place during the 1760s, as a result of serious military defeats which were sustained more or less simultaneously in various parts of the Portuguese empire. During the Seven Years' War, not only did Spanish troops invade north-west Portugal but from Buenos Aires the Spanish seized Colônia do Sacramento (October 1762) and launched a successful attack on the captaincy of Rio Grande de São Pedro (April 1763). These defeats were particularly serious because of the almost total lack of resistance by

Portuguese troops, their lack of discipline and the excessive number of desertions. To remedy this situation, Pombal called on his traditional ally, England, which immediately sent reinforcements to Portugal under the command of one of the most prestigious officers of the time, the Count of Schaumburg-Lippe. It was he, together with the English and German officers who accompanied him, who took in hand the Portuguese troops, who were poorly organized, poorly trained, poorly equipped and poorly paid. His reforms, which only affected Portugal itself, encompassed the whole organization of the army, from recruitment and equipment to tactics. This work was to be rounded off some years later when the reforms in the education system which Pombal had promoted began to bear fruit; in other words, when young Portuguese nobles educated at the Royal College of Nobles at Lisbon (inaugurated in 1766) and then at the University of Coimbra (reformed in 1772) had acquired the intellectual baggage of mathematics, physics and military arts considered indispensable for the training of officers. However, there were never enough trained Portuguese personnel, as we can see from the permanent presence of foreign officers – German, English, French and others – in the Portuguese regiments and squadrons, in the metropolis as well as in the colonies, from the reign of José I to that of João VI.

In Brazil, Pombal was most concerned with the protection of the threatened captaincies of the south and in 1767 he sent to Rio de Janeiro three of the best (and recently reformed) Portuguese regiments, as well as two military specialists, the Austrian general, J. H. Böhm (who had been the adjutant of the Count of Lippe in Portugal and to whom was given the title of inspector general of the troops of Brazil), and the Swedish general, J. Funk (who had come to Portugal from England in 1764), who had the job of reinforcing the fortifications of Rio. General Böhm, who was used to dealing with European troops in European conditions, did not take sufficient account of the social and even the climatic conditions of Brazil and his rigid methods sometimes had dire results which were severely condemned by the Marquis of Lavradio, viceroy of Brazil, under whom he served (1769–79). One of the most serious faults with which he was reproached was that of not having understood the exceptional importance of locally enlisted troops, the only ones capable of solving the Portuguese problem of defending an empire infinitely greater than herself and scattered all over the world. A force of this kind had been planned from the beginning of the first

governor-generalship (*regimento* of Tomé de Souza, 1548), being divided into two types: first, the permanent militia (*tropas auxiliares* or, from 1796, *milícias*) who were recruited by unpaid conscription and with officers of the same type who were sometimes instructed by officers of the Portuguese regiments, and, secondly, reserve troops, known as *ordenanças*, who included the rest of the available male population and whose activity in peace time was restricted to occasional exercises. The milícias were frequently called upon to defend their territory whereas the corpos de ordenanças were more important in maintaining order, by supporting the action of the civil administration. Since their officers were chosen by the governors of the captaincies from lists drawn up by the Senados das Câmaras according to social hierarchy criteria, they did, in fact, reinforce this social hierarchy, based as it was on wealth and ownership of land.

Throughout the second half of the eighteenth century, the various ministers in charge of colonial policy urged the governors of the Brazilian captaincies to reduce the number of exemptions and privileges which a large section of the male population could invoke to avoid military service, as well as to organize and train the troops needed to supplement the Portuguese regiments of the *tropa paga*. In addition, the captaincies had to be ready to help one another in the event of an attack from outside, and from 1757 this was one of the essential points in Pombal's directives. These instructions, which sprang directly from the effects of the Treaty of Madrid, became incorporated into what, some years later, was to be called 'the fundamental system which today governs the political, military and civil administration of the whole of Portuguese America, adapted to each captaincy of this continent, according to its situation and circumstances' and which was constantly evoked through the last decades of the eighteenth century.[7]

REORGANIZATION OF THE ECONOMY

A balance sheet of the Portuguese economy in mid-eighteenth century reveals the disastrous situation into which, paradoxically, Brazilian gold

[7] See, for example, the instructions to the governors of the captaincies of Mato Grosso (13 August 1771), Goiás (1 October 1771), São Paulo (20 November 1772 and 24 January 1775), Minas Gerais (24 January 1775), quoted by Marcos Carneiro de Mendonça, 'O Pensamento da metropole portuguesa em relação ao Brasil', *Revista do Instituto Histórico e Geográfico Brasileiro*, 257 (1962), 52–5, as well as instructions to the governor of Minas Gerais (29 January 1788) (MS of the Biblioteca Nacional, Lisbon, *Coleção Pombalina*, Códice 643, f. 168).

and diamonds had led the empire during the previous 50 years. A prisoner of clauses of the famous Methuen Treaty of 1703, Portugal had gradually relinquished her developing manufactures in favour of a return to viticulture and the export of wine and olive oil. She found herself increasingly dependent on the outside world and, above all, on England, her principal trading partner and major supplier of manufactured goods, and time-honoured guarantor of her political independence. Had they been invested in a more general effort at development, Brazilian gold and diamonds could have stimulated a better exploitation of Portugal's natural resources, agriculture and mining and, even more, the manufactures needed to satisfy the increased demand in Brazil arising from population growth and greater wealth. Instead, they were used for ostentatious expenditure and, above all, as an easy method of financing a steadily worsening deficit in the balance of payments. At the same time, Brazilian gold, clandestine as well as legal, was one of the factors in England's own industrial and commercial growth. Towards the end of Dom João V's reign the easygoing climate and false euphoria of a long period of peace was already beginning to evaporate and signs of a crisis were increasingly apparent, and during the reign of José I the crisis deepened. Lisbon was destroyed by an earthquake and fire on 1 November 1755 and the rebuilding was to prove immensely costly. Two expensive wars with Spain over the southern borderlands of Brazil during the third quarter of the century put a further great strain on Portugal's resources. And at the same time, the crown's income from Brazil declined sharply from the 1750s to the 1770s, largely because of a 50 per cent drop in the yield from gold and diamond mining.[8]

Economic policy under Pombal

Pombal, who had been brought up on the ideas of English mercantilist thinkers of the first half of the eighteenth century and was impressed by the wealth and power of England which he had observed closely for several years, was without doubt the politician of his age who had most understanding of the serious imbalance in the Portuguese economy and of its causes. All Pombal's policies sprang from two main concerns: to increase crown revenue by encouraging trade, especially with Brazil,

[8] For gold and diamond mining in eighteenth-century Brazil, see ch. 5 above.

and, at all costs, to reduce the deficit in the overall balance of trade, and hence to reduce Portugal's economic dependence on England. Pombal, a pragmatist, found his weapons in the traditional arsenal of mercantilist ideas and policies, but made them more wide-ranging and effective, adapting them to changes in economic conditions and trends.

Because sugar, tobacco, gold and diamonds, Brazil's main products, played a crucial role in Portugal's overall balance of trade and in crown revenue, Pombal first turned his attention to them when he attempted to stimulate the economy by introducing fiscal measures controlling production, prices and transport costs. With regard to gold, Pombal abandoned the capitation tax which had been in force since 1734 and returned to the system of taking 20 per cent of the gold dust compulsorily smelted in the *Intendências do Ouro* and the *Casas de Fundição* (*alvará* of 3 December 1750 and *regimento* of 4 March 1751). He simultaneously banned the use of gold as currency, as well as its removal from the mining zone. These measures had three aims: they were to spread the tax burden more fairly, to make the repression of smuggling more effective and to increase production to meet the obligation to provide the Royal Treasury with an annual quota (100 arrobas of gold, about 1,400 kg). As for diamonds, so many had been produced that prices had fallen on the European market and, despite severe penalties, diamond smuggling was almost out of control. Since duties were payable to the crown in the form of a capitation tax levied on each slave employed, according to a system (*contrato*) in force since 1739, the administration of the contrato was changed in 1753 in order to maintain prices and stabilize the market. Henceforth, the mining of, and trading in, diamonds were separated into two contratos under the strict control of the crown. The initial success of this new arrangement proved ephemeral and the government actually lost revenue. Therefore, in 1771 Pombal ended the contrato system by setting up a general inspectorate for diamonds. This was dependent solely on the Erário Régio and its function was to administer directly the royal monopoly for the mining and sale of diamonds.

As sugar and tobacco were taxed so heavily that they ceased to be competitive with sugar and tobacco produced in the English, French and Dutch colonies, steps were taken to lighten export duties and reduce freight charges (*regimento da Alfândega do Tabaco* of 16 January 1751 and *decreto* of 27 January 1751). Inspection offices were set up in Bahia, Recife, Rio de Janeiro and São Luís do Maranhão to control the quality

and price of these two commodities (the *Mesas de Inspecção do Açúcar e Tabaco*, set up by *alvará* of 1 April 1751). Efforts were also made to develop cultivation of these products in new areas (e.g. tobacco around Rio de Janeiro and sugar in the Amazon basin). Pombal paid special attention to tobacco, a particularly valuable foreign export, as is clear from a later regulation aimed at improving the cultivation, processing and storage of tobacco (alvará of 15 July 1775).

It was obvious that if all these industries were to be stimulated there had to be more slave labour and various attempts were made to channel the slave trade towards Brazil alone: the export of African slaves outside the Portuguese colonies was totally prohibited in 1751, in 1761 slaves sent to Portugal itself were given their liberty, and these two measures were followed, logically, in 1773, by the total abolition of slavery in Portugal.

Finally, the desire to profit from all Brazil's products and to make a stand against smuggling (which had reached vast proportions during the reign of Dom João V) led to a strengthening of the fleet system in which fleets sailing between Portuguese and Brazilian ports left on fixed dates (alvarás of 28 November 1753 and 25 January 1755). The *comissários volantes*, small-scale itinerant merchants trading between Portugal and Brazil, whose activities were hard to control, were banned (alvará of 6 December 1755).

The suppression of the *comissários volantes* fitted in with Pombal's policy of creating a highly structured commercial sector, in which small middlemen were to be deliberately squeezed out to the advantage of owners of large amounts of capital, and monopoly trading companies modelled on those of England (especially the British East India Company), Holland and Spain were to be encouraged. One company had been formed in 1753 to increase trade with China and with the Indian coast. This was the *Companhia de Comércio do Oriente*, whose principal shareholder was Feliciano Velho Oldemberg, one of the most important merchants in Lisbon, and well known as a tobacco farmer and as the man who introduced emigrants from the Azores into Brazil. In 1755 the *Mesa do Bem Comun dos Mercadores* (the corporation of Lisbon merchants) was abolished (decreto of 30 September 1755) (see p. 480) and the *Junta do Comércio* (Board of Trade) set up (decreto of 30 September 1755 and statutes of 12 December 1755) (see p. 481). During the same decade several trading companies – for Brazil, for metropolitan Portugal and for Mozambique – were established.

That Pombal wanted to attract men who disposed of large amounts

of capital is clear from the constitution of the great companies. Important social privileges were granted to the shareholders: nobles were offered guarantees that they would not lose their status; commoners – government officials, metropolitan and colonial merchants, colonial landowners – who applied for a certain number of shares were given access to the military orders and opportunities for ennoblement; and foreigners received an assurance that they could participate on the same terms as nationals. The new companies had much wider objectives than previous trading companies. They were to promote shipbuilding as well as navigation and to develop vast areas of Brazil by improving traditional methods of production and by introducing new crops. Pombal also hoped that, through these companies, he would be able to control all economic activity, avoid over-production, fix prices in the light of the international competition on the European markets, guarantee the quality of the products and, finally, achieve a better balance between imports of manufactures and the means to pay for them.

Three monopoly trading companies were created for Brazil: the *Companhia Geral do Comércio do Grão Pará e Maranhão* (1755–78) was set up, (a) as the means by which African slaves could be introduced into the Amazon basin to take over from the local labour force after Indian slavery was abolished (1755–8), (b) to contribute to the agricultural development of a potentially rich region through the purchase and transportation of colonial staples, traditional and new and, later (c), to control and regulate imports of manufactures from metropolitan Portugal, through a monopoly of trade and navigation. Its role was of great importance in the development of the cultivation of rice and cotton, in an increased production of timber and dyestuffs, as well as in the production of meat (cured and salted) and hides. The *Companhia Geral do Comércio de Pernambuco e Paraíba* (1759–79) was closely modelled on that for Grão Pará and Maranhão. It was to help remedy the shortage of agricultural labour by importing large numbers of African slaves and to contribute to a revival in the production and export of sugar. It was also hoped to increase exports of leather, tobacco and new commodities such as cacao. Like the Maranhão company, it was later expected to develop the colonial market for Portuguese manufactures. Finally, the *Companhia de Pesca da Baleia das Costas do Brasil* (1765–1801) took the place of the farmed-out royal monopoly. It increased the quantity and quality of whaling and of the extraction of

oil and whalebone, thanks to a heavy investment of capital in slave labour and in equipment (boats and tools) for the new fishing grounds. It also encouraged sperm whale fishing hitherto untried in Brazil.

During the period 1753–65 colonial trade had been considerably reorganized: shipping controlled, capital concentrated, monopolies reinforced. The greater part of the Brazilian colonial trade in the ports of Belém do Pará, São Luís do Maranhão and Pernambuco was henceforward monopolized by the fleets of the companies of Grão Pará and Maranhão, and of Pernambuco and Paraíba. The maintenance of the *frotas* – which in practice now served only Bahia and Rio de Janeiro – was not so important. In any case, more than ten years' experience had once again made clear the inconveniences of this rigid and always controversial system: the failure to establish proper shipping schedules in Portugal and in Brazil, the deterioration of perishable goods like sugar and tobacco as a result of being kept too long, the consequent problem of disposing of them at a profit and the long delays in getting payments, extensive contraband. All efforts by the Junta do Comércio to reform the fleet system failed. So, in 1765, in a move which illustrates Pombal's pragmatism, the frotas were abolished. Licensed vessels were free to sail to and from the ports of Bahia, Rio de Janeiro and all other ports where the companies did not have exclusive rights. The following year the ban on coastal trade between the Brazilian ports was also lifted.

Historians usually date the beginnings of Pombal's 'industrial' policies to the years 1769–70, thereby giving the impression that up till then the minister had neglected manufacturing. In fact, Pombal's observations even before he joined the government of José I in 1750 reveal that he understood clearly that a large number of prosperous small-scale workshops needed to be encouraged just as much as the large-scale manufactures, such as the famous Lisbon silk manufactory (*Real Fábrica das Sedas*). Pombal's 'industrial' policy rested on two fundamental elements: (1) obtaining raw materials within Portugal itself and the colonies, and (2) maintaining and developing small manufacturing units whose output could be integrated into the working of larger concerns which undertook the finishing processes. The organization charged with promoting industrial development by recruiting foreign master craftsmen, creating workshops, factories and the larger productive units and granting privileges of manufacture and sale was the *Junta do Comércio*. Set up in 1755, it was given responsibility for the Real Fábrica das Sedas in Lisbon, then in financial difficulties. This indicates

clearly the destination for which at least some of its output was intended, since, as well as representatives of the junta itself, there were on the board representatives of the Grão Pará and Maranhão company, and, some years later, of the Pernambuco and Paraíba company. During the 1760s a series of shocks – the costs of war in Europe and southern Brazil, the continuing decline of sugar exports from Brazil, the beginning of the decline in Brazilian gold production, the consequent decline in revenue from tithes, the fifth and other taxes and dues – profoundly altered the basis of the economic structure of the Portuguese empire. It now became more essential than ever to reduce the deficit in the trade balance, especially by stimulating production of Portuguese manufactured goods to compete with English and French goods in Portugal, Brazil and other colonies. The Junta do Comércio set in motion by means of loans the policy of import substitution which Pombal had planned through the creation of factories and workshops. In the years 1765–6, but continuing into the early nineteenth century, factories producing cotton, linen, wool and silk goods, hats, leather goods, hardware, glassware, tapestries, clocks and watches, buttons, metal buckles, ivory combs and many other luxury items were set up, in large part due to *private* initiative. The years 1769–70 did not, as is generally accepted, represent the point of departure for Pombal's 'industrial' policy, but saw the culmination of an *official* initiative which provided assistance to a very few large factories, either reorganized or newly formed, and imposed various protectionist measures. The Portuguese manufacturers had close ties with the Brazilian trading companies, who supplied them with the raw materials, for example for dyeing and weaving, and subsequently conveyed the finished products to Brazil.

In Brazil the great trading companies of the north and north-east helped to improve the production and export of traditional staples (cacao in Pará, sugar in Pernambuco) and to introduce new export crops (cotton in Maranhão, rice and coffee in Maranhão and Pará).[9] The authorities in the central and southern captaincies also tried with some success to stimulate traditional agriculture (sugar and tobacco). They were also encouraged by Pombal, especially after 1765, to diversify agriculture and adapt new products which were likely to find a market in the metropolis and further the policy of import substitution. And

[9] For a full discussion of the agricultural renaissance in Brazil in the second half of the eighteenth century, see ch. 7 below.

the extremely energetic viceroy, the second Marquis of Lavradio (1769–79) gave his active support. Planters were provided with seeds and cuttings brought from the metropolis or selected locally, and profitable sales were guaranteed, the crown itself sometimes being the main purchaser. Though good in intention and principle, the policy did not always work out in practice because private enterprise was feeble and royal finance lacking: there were both successes and failures. Tobacco was a commercial failure. The inferior quality produced in the captaincies of Rio de Janeiro and São Paulo could only be marketed locally or in Africa. Cotton and silk were also failures, and only insignificant quantities were produced. Hemp, greatly in demand for ships' ropes and for which Portugal depended entirely on foreign imports, also failed as a crop. There were repeated attempts to cultivate it in the captaincy of Rio Grande de São Pedro, but to no avail, even though the climate appeared to be favourable. Cochineal, a dyestuff for which New Spain was the main source of supply to Europe, was partially successful in Rio Grande de São Pedro and on the island of Santa Catarina. On the other hand, there were several very significant successes. There was, for example, a great expansion in sugar production in the Campos de Goitacazes region, to the north-east of Rio de Janeiro. Between 1769 and 1778, the number of *engenhos* (mills) doubled, the production of sugar increased by 235 per cent and that of *cachaça* (rum) by 100 per cent. Wheat, already grown in the captaincy of São Paulo, was introduced without difficulty into Rio Grande de São Pedro, and early success in the decade 1770–80 was the prelude to the profitable development of this cereal. Finally, under the Marquis of Lavradio's government, rice and indigo, already since the 1750s reasonably successful in the captaincy of Rio de Janeiro, were protected to give planters and merchants an incentive to take up production. Export of these products to the metropolis then began in ever greater quantity.

There is still insufficient information from Portuguese sources to make an overall evaluation of the economic policies pursued in Pombal's time, especially as the available statistics are distorted by smuggling. But British statistics (see Table 1 on p. 494) reveal a favourable trend in Portugal's balance of trade with England.

Portugal's deficit at the start of the period appears unusually large, but we can see that 25 years later it had been reduced by about 70 per cent, exports having increased by just over 34 per cent and imports decreased by just over 44 per cent. The sharp decline in the import of

Table 1 *Portugal's Balance of Trade with England: 1751–75*
(average annual value in £1,000s)

Years	Exports Portugal–England	Imports England–Portugal	Balance
1751–55	272	1,098	−826
1756–60	257	1,301	−1,044
1761–65	312	964	−652
1766–70	356	595	−239
1771–75	365	613	−248
Total	1,562	4,571	

Source: Elizabeth Boody Schumpeter, *English Overseas Trade Statistics (1697–1808)* (Oxford, 1960), 17–18.

manufactured goods, most noticeable after 1765, illustrates the success of Portugal's joint policies of manufacturing import substitution and great colonial companies. For example, 78 per cent of manufactures imported into Brazil by the Companhia Geral do Comércio de Pernambuco e Paraíba between 1760 and 1777 were produced by the Real Fábrica das Sedas in Lisbon which administered several units producing widely differing goods (silks and various textiles, buttons, hats, combs, clocks, etc.).[10]

Economic policy after Pombal

The death of Dom José I in 1777 brought some important political changes. Dona Maria I's accession was followed immediately by the fall of Pombal (who actually resigned of his own accord), precipitated by a powerful reaction – known as the *Viradeira* – to 27 years of tyranny: political prisoners were liberated and rehabilitated, political exiles were allowed to return to Portugal – a breath of freedom swept through the country. However, most of the men who had held government office in Pombal's time remained in power. Martinho de Mello e Castro, for example, had been Secretary of State for the Navy and the Overseas Territories and remained so until his death in 1795. Economic policy followed the same broad lines. There were very few measures which

[10] Percentage calculated from Kenneth R. Maxwell, *Conflicts and conspiracies: Brazil and Portugal 1750–1808* (Cambridge, 1973), 261, table 3. On the Real Fábrica das Sedas, see J. Borges de Macedo, *Problemas de história de indústria portuguesa no século XVIII* (Lisbon, 1963), 152–3.

ran directly counter to Pombal's policies and these largely affected the two companies trading with Brazil. Ever since these had been set up they had become ever more unpopular with merchants in Portugal and Brazil and with colonial landowners who were critical of their pricing policies, especially with respect to slaves, and their limited achievements after two decades. The Companhia Geral do Comércio of Grão Pará and Maranhão was abolished in 1778 and that of Pernambuco and Paraíba in 1779. Free trade between Portugal and northern Brazil was established. In 1777 the control of factories in Portugal was transferred from the Junta do Comércio to a specially-created body, the *Junta de Administração das Fábricas do Reino*, but ten years later (1788) there was a return to Pombal's formula, with a single *Real Junta do Comércio, Agricultura, Fábricas e Navegações* (see above p. 481). Otherwise, not only was the policy of import substitution and expansion of trade pursued with remarkable continuity throughout the reign of Dona Maria I and the *de facto* regency of her son, Dom João, after 1792, but the principle of the colonial pact was also reaffirmed on several occasions, by Martinho de Mello e Castro as well as by his successor Dom Rodrigo de Souza Coutinho.

In metropolitan Portugal preference was always given to private enterprise, so new factories were set up and the management of the woollen mills at Fundão, Covilhã and Portalegre was granted to individuals (1788). The efforts of the state itself concentrated particularly on stimulating silk manufacture. Finally, new protectionist tariffs favoured the entry into the colonies of goods manufactured in the metropolis (1794 and 1797).

In Brazil the development and production of traditional and new staples continued to be encouraged, and the economic policies begun under Pombal benefited from two important geopolitical changes. The first came after 1777 when the North American War of Independence forced England to look for new sources of raw materials for her rapidly developing cotton industry, especially cotton itself and dyestuffs, and the second came after 1789, when the French Revolution and Napoleon's rise to power led to revolution in Saint-Domingue (and the destruction of the world's leading sugar industry) and war on the European continent. As a result Portugal found other profitable outlets on the international market for her colonial products like sugar (from Pernambuco, Bahia and, increasingly, Rio de Janeiro), cotton (from Maranhão but now also Pernambuco, Bahia and Rio de Janeiro), tobacco, indigo,

cochineal and cacao, and, naturally, demand pushed up prices. Moreover, rice production was expanding rapidly in Rio de Janeiro as well as in Pará and Maranhão, and the metropolis was soon self-sufficient. Rice, like indigo, was the object of very important protectionist measures between 1777 and 1783. Coffee cultivation, grown largely for local consumption, spread throughout Brazil during the eighteenth century. Its production was now concentrated in the captaincies of Rio de Janeiro, São Paulo, Espírito Santo and Minas Gerais, where climatic conditions were nearly perfect, and, towards the end of the century, exports to the metropolis and other European markets, especially from Rio de Janeiro, became increasingly significant.

Meanwhile the various illicit forms of trade (gold smuggling inside and outside Brazil, illegal exports of colonial products and imports of foreign manufactures) were undermining Portugal's whole economic policy during the difficult years of recovery, but they were not the only problems posed by Brazil to a government more than ever anxious to preserve its prerogatives. There was concern that small workshops producing all kinds of luxury cloths and gold and silver embroidery were proliferating. This local production was not only competing with similar industries in the metropolis, but was in the long run threatening to engender in the richest of Portugal's colonies a desire for economic and political independence. The existence of these problems led Martinho de Mello e Castro to publish simultaneously in 1785 two *alvarás*, one of which was intended to strengthen the measures against all forms of fraud and smuggling, while the other ordered all workshops and factories in Brazil producing cloth other than the coarse cotton intended as clothing for slaves or as packing material for exported goods to close. In fact, the second of these alvarás may not have had the impact some historians have assumed. But it is true, all the same, that the 'Pombaline' policy adopted by Mello e Castro reaffirmed Brazil's political and economic dependence on the metropolis, in accordance with the principles of the mercantilist colonial system. Until the court of the Braganzas was transferred to Rio de Janeiro in 1808, the colonial pact was never called into question by the government which, even after the independence of the United States of America and Saint-Domingue, or after the two attempted revolts in Brazil in 1789 and 1798, never admitted the possibility of relaxing its hold. However, the growth of a more liberal spirit can be detected, particularly in the attitude of Mello

e Castro's successor, Dom Rodrigo de Souza Coutinho, who put forward somewhat different arguments for maintaining the links between Portugal and Brazil. These arguments were no longer based on the authority of classic mercantilist principles, but were inspired by 'mercantilism influenced by enlightenment, enlightened mercantilism'[11] and by a new vision of the Portuguese empire.

The first attempts to reform the Portuguese education system had been undertaken at Pombal's instigation and they continued during the reign of Dona Maria I. They quickly produced a generation of men with a new philosophical, scientific or technical outlook, who joined forces with an older generation of 'enlightened' men in an attempt to introduce reform and progress into Portugal. Besides traditional institutions such as the University of Coimbra, which was reformed in 1772, various other bodies made a powerful contribution to this movement. Curiously enough, it was in Brazil that the first scientific academy in the Portuguese empire was created in 1772. This was the *Academia Científica* of Rio de Janeiro which was founded to stimulate the study of natural sciences, physics, chemistry and agriculture, and hence to develop or improve Brazil's economy. Like another institution which followed it a few years later (the *Sociedade Literária*, 1786–94), the Academia Científica did not survive for long (1772–9) but it helped promote the diffusion of new staples for export. In Lisbon, the *Academia Real das Sciencias*, founded in 1779, played an important role by arousing public interest in the study of subjects connected with the economy and industry. The first three volumes of the famous *Memorias Economicas da Academia Real das Sciencias de Lisboa para o adiantamento da Agricultura, das Artes e da Industria em Portugal e suas Conquistas* were published as a series of articles between 1789 and 1791. They included various studies relating to Brazil which illustrate the persistence of colonial mercantilism, combined with a desire for improvement. There were monographs on whaling, cotton, sugar prices, raw materials still needing to be exploited and sectors of the economy needing development. A 'physical and economic' description of the Ilhéus region of Bahia even contained a detailed development plan. The Academy of Science applied itself to the stimulation of agriculture, but as part of

[11] The expression is Fernando Novais's in *Portugal e Brasil na crise do antigo sistema colonial (1777–1808)* (São Paulo, 1979), 230

a general trend which emphasized agrarian development rather than as a result of genuine physiocratic influence.[12] However, it also took an interest in metallurgy, notably by enabling two young Brazilians trained at the University of Coimbra to make the long journey to Europe to study the most important metallurgical establishments and to inform themselves about current scientific theories. As a scientific body, the Academy could not intervene directly in economic policy, so it was at the most no more than what we would today call a pressure group. On the other hand, some of its members later held important office in the government or in the administration and had a hand in policy-making. For example, the specialists in mineralogy and metallurgy sent to Europe by the Academy rose to highly responsible and influential positions, one as inspector general of Brazil's gold and diamond mines (Manuel Ferreira da Câmara) and the other as inspector general of Portugal's mines (José Bonifácio de Andrada e Silva).

But clearly it was at government level itself that 'enlightened' men were to be found, capable of formulating overall policies, of influencing the decisions of the sovereign and of shaping the destiny of the nation. The most important of these men, especially for Brazil, was undoubtedly Martinho de Mello e Castro's successor, Dom Rodrigo de Souza Coutinho. While Secretary of State for the Navy and for the Overseas Territories (1796–1801), and later, while president of the *Erário Régio* (1801–3), Dom Rodrigo de Souza Coutinho corresponded almost daily with the prince regent. These letters, and those he wrote to the viceroys, governors and other officials in Brazil, religious and secular, offer ample evidence of the wide scope of his projects and, in particular, of his persistent efforts to consolidate Brazil's pre-eminent position in the Portuguese empire. He was tireless in seeking to promote progress in every aspect of Brazilian life, especially in the economic sector. Some of his projects were a continuation of the work of his predecessors (e.g. the attempts to introduce crops, such as hemp, and to develop others, such as cinnamon, pepper, cochineal, etc.). But some projects were extremely original; for example, he wanted to make a cadastral survey

[12] The question is a contraversial one: see especially Magalhães Godinho, *Prix et monnaies*, 284, and Albert Silbert, *Le Problème agraire portugais au temps des premières Cortès libérales 1821–1823* (Paris, 1968), 22. Here I accept the conclusions of Abílio Carlos d'Ascensão Diniz Silva, 'La Formulation d'une politique de développement économique au Portugal à la fin du XVIIIe siècle', Mémoire for the diploma in Sciences Économiques, University of Paris-I, 1969, 44–5 and 56–7, whose views depend on the analysis of the *Memorias Economicas* and on the observations of Joseph A. Schumpeter, *History of economic analysis* (6th edn., London, 1967), 157–8.

of the territory; he also wished to introduce the ox-drawn plough and to popularize 'scientific' agriculture among Brazilian landowners by distributing free pamphlets on agronomy printed in Lisbon and specially written in, or translated into, Portuguese by the learned Brazilian, Frei Mariano da Conceição Veloso. Some of Dom Rodrigo de Souza Coutinho's other projects sought to extend the use of cleaning and shelling machinery for cotton and coffee and of new technology in sugar production; to protect the forests by strictly controlling felling; to encourage the search for saltpetre; to improve the productivity of the iron mines in the captaincy of São Paulo, to develop the nascent iron and steel industry there and to extend these efforts to the captaincies of Rio de Janeiro and Minas Gerais; to promote the establishment of banks offering credit and discounts to agriculture and trade, as well as insurance companies; to promote freedom of circulation of goods in the Brazilian interior; and to establish regular packet-boats sailing between metropolitan Portugal and Brazil. His most important ideas are set out in a long report on 'the improvement of His Majesty's domains in America' which he put before the government and the Council of State in 1798, two years after he had been appointed Colonial Secretary.[13]

Leaving aside for the moment the political aspects of this important document, let us consider the economic proposition based on the minister's own ideas and on the various reports from his advisers. At the risk of encroaching on a domain reserved in theory for the president of the *Erário Régio*, who had sole responsibility for the administration of finance throughout the empire, Souza Coutinho considered it part of his duty to suggest ways of remedying the lamentable state of royal finances. Not only did he propose ways of reforming their administration, but also of modifying fiscal policy itself. He suggested that in every captaincy the junta de fazenda should administer all taxes directly. In other words, the 'pernicious' system of tax farming (contratos) would be abolished, an experiment which had already been carried out successfully in Minas Gerais. Book-keeping would be improved, estimates and accounts would be drawn up annually; and a plan to replace the tithe by a land tax proportional to the net income of the land would be studied. Next, local currency and the circulation of gold dust would be abolished and replaced by paper money. Coins of the

[13] Published by Marcos Carneiro de Mendonça, *O Intendente Câmara, Manuel Ferreira da Camara Bethencourt e Sá, Intendente Geral das Minas e Diamantes 1764–1835* (Rio de Janeiro, 1933), 268–90.

same value as those in circulation in metropolitan Portugal, however, could continue to be used. One or two mints were to be established in the captaincies of Minas Gerais and Goiás, while those in Rio de Janeiro and Bahia would be abolished. The *districtos diamantinos* were to be opened up and their deposits freely exploited. However, the diamonds were still to be sold to authorized representatives of the crown alone. The 20 per cent tax on gold would be reduced to 10 per cent; the tax on salt would be abolished altogether; all duties on imports and exports would be reduced to 4 per cent and a preferential system would be introduced for goods from the metropolis: 2 per cent on manufactured goods and a complete exemption for iron, steel, wines and olive oil. Duties payable on black slaves would be abolished throughout Brazil, except in ports, where they would be reduced. The special import duties (*entradas*) on black slaves and on various products (iron, steel, copper, gold dust, olive oil and wines) would be abolished in the captaincy of Minas Gerais. To compensate for the loss of revenue resulting from all these changes it would be necessary to introduce a stamp duty, already in force in the metropolis, together with moderate taxes on houses in the coastal towns and on all shops, inns and drinking establishments. There would also be a reduced capitation tax on all slaves. A postal service would be introduced throughout the Brazilian interior, the profit going to the Fazenda Real; and finally, lotteries would be set up, as in the metropolis.

For Souza Coutinho, influenced as he was by Adam Smith, the wealth of nations depended on 'the products of the land, the wages of agricultural workers and craftsmen, and on the income from accumulated capital which was used either to improve the land and make it productive or to increase the work force, and only in our time had this indisputable truth been concealed by the subtleties of the sect of Economists' – in other words, the physiocrats. So it was from within the framework of a pre-liberal economy that Souza Coutinho made his first attempts to reform the fiscal system in a way which was to affect not only Brazil but the whole empire: by relieving fiscal pressure he hoped to stimulate economic activity in Brazil, certainly, but also in Portugal since any increase in production in the colonies should improve her trade. In fact, the prosperity of the whole empire was at stake, since any increase in state revenue was essentially derived from the increased income of private citizens.

As is well known, the government of the Prince Regent Dom João

was never distinguished for making speedy decisions; in addition, there was considerable opposition to a daring programme which was likely to disrupt cumbersome administrative machinery and the entrenched interests of a powerful financial oligarchy. We should not, therefore, be surprised that many of the measures put forward by Dom Rodrigo de Souza Coutinho in his report of 1798 were only slowly realized, and that many more were indefinitely postponed. Nevertheless, the minister did manage to abolish the farming of the salt tax in 1801. The farm of the tax on whale fishing was partially abolished in May 1798 and dropped completely in 1801. The planned reduction in tariffs and the introduction of new taxes were modified to suit local needs and the requirements of the Treasury.

Souza Coutinho was particularly concerned about the decline in gold production. We know that the regulations governing the various stages of production and the levying of the *quinto* (fifth) had not changed since Pombal's time, in spite of the social upheaval provoked by the unfair compensatory tax (the *derrama*), notably in Minas Gerais in 1789 where the Inconfidência Mineira was an unsuccessful plot for independence.[14] At last, in 1803 efforts were made to revive this basic industry along the lines suggested by the minister and his advisers: exchange bureaux for gold dust were to be set up in each of the captaincies involved; the Rio de Janeiro mint was to be transferred to Minas Gerais and the Bahia mint to Goiás; and a junta was to be set up to administer the mines and the minting of money. This junta was to be composed mainly of mineralogists (mine-owners with experience or trained technicians), and the presence of such experts working alongside the civil servants shows that there was a new spirit, which was also reflected in the plan to set up local schools of mineralogy and metallurgy modelled on German schools. It was hoped that technological progress would in this way jolt gold production out of the rut it had been in since 1765. To encourage the efforts of the mine-owners the quinto was reduced to a tax of 10 per cent. As for diamonds, the oppressive system of totally isolating areas containing diamond deposits was abandoned: the Districto Diamantino was opened up again, gold prospecting was authorized there and a new method of sharing out and working the concessions was adopted. Miners were advised to form societies or companies in order to increase their profits. The sale of diamonds, however, was still the exclusive prerogative of the crown:

[14] For the further discussion of the Inconfidência Mineira, see ch. 7 below.

the stones were either inspected and bought in the main diamond centre (Arraial do Tijuco) by a junta de fazenda specially created for the purpose, or else, in areas too far from this centre, in the exchange bureaux which had been set up to deal with gold dust.

No doubt the delay in deciding to put these measures into practice often reduced their impact. The reforms came too late. However, they were necessary and helped prepare the way for the upheavals which were to shake the empire after 1808.

A fair idea of the success of the economic policy of Pombal's successors can be gained from examining Portugal's trade with England, as was done for Pombal's period, using as a basis the English data which run in a continuous series up to the year 1800. However, it is worth checking the result against Portuguese sources on the balance of trade for which we also have a continuous series from 1796.[15] This series is particularly interesting because it covers the whole of Portugal's export trade, not only with foreign countries but also with each of her colonies. The figures enable us to evaluate the internal structure of the economy of the Portuguese empire and to assess the efforts made to reorganize it. We shall, therefore, draw on English data for the period 1776–95, and on Portuguese data for the period 1796–1807.

Table 2 on p. 503 shows that between 1776 and 1795 there was the same continuous trend in Anglo-Portuguese trade already observed in Pombal's period (see above, Table 1 on p. 494).

Between 1776 and 1795, Portugal's exports to England increased by 90 per cent, while imports from England only increased by 13 per cent. During the period 1791–5 this led to the first spectacular reversal of the balance of trade in favour of Portugal: the balance which had previously been negative now showed a large surplus. Benefiting from the international trends which worked in favour of her trade, Portugal had clearly succeeded in expanding her trade by promoting her colonial products. Brazilian cotton, for example, was playing an increasingly important role in Portuguese exports: between 1781 and 1792 the total

[15] Pointed out and used for the first time by Adrien Balbi in his famous *Essai statistique sur le royaume de Portugal et d'Algarve*, 2 vols. (Paris, 1822), I, 401–45, these trade figures have been used more recently and partially by a number of historians, notably Magalhães Godinho, Borges de Macedo, Silbert and, above all, by Fernando Novais, *Portugal e Brasil*, 285–96 and 306–91 (graphics and figures), as well as by José Jobson de A. Arruda, *O Brasil no comércio colonial* (São Paulo, 1980).

Table 2 *Balance of Trade with England: 1776–95*
(average annual value in £1,000s)

Years	Exports Portugal–England	Imports England–Portugal	Balance
1776–80	381	525	−144
1781–85	340	622	−282
1786–90	597	622	−25
1791–95	724	594	+130
Total	2,042	2,363	

Source: Elizabeth Boody Schumpeter, *English Overseas Trade Statistics (1697–1808)*, 17–18.

weight of Brazilian cotton exported annually from Portugal to England rose from 300,000 lbs to 7,700,000 lbs, while during the same period France also imported about 1,376,000 lbs of cotton per annum.[16]

For the period 1776–95, Portuguese sources can only provide two complete sets of trade figures, one for 1776 and one for 1777 (see Table 3). These indicate that a radical change in the economic structure of the Portuguese empire was taking place, an observation which is confirmed by later data (from 1796).

Table 3 *Portugal's Balance of Trade: 1776–7*
(value in milréis)

Years	Portugal–Colonies	Portugal–Foreign Countries
1776	+1,177,159	−1,795,390
1777	+ 545,329	−1,492,427

Source: Fernando A. Novais, *Portugal e Brasil na crise do antigo sistema colonial (1777–1808)*, p. 289.

Table 3 shows us the beginnings of the change since the deficit in Portugal's trade with other countries was reduced by nearly 17 per cent, while the balance favouring the metropolis in its trade with its colonies decreased by nearly 54 per cent. The latter figure is particularly

[16] For English data, see Maxwell, *Conflicts and conspiracies*, 255, and for French data, Magalhães Godinho, *Prix et monnaies*, 361.

important as it shows clearly that the colonies were tending to improve their economic position as against the metropolis, and we shall see later that Brazil's dominant position – for which we have precise data after 1796 – was preparing the way for the colony's economic and political independence.

It is no exaggeration to say that the period 1796–1807 appears to have been a new Golden Age for Portuguese trade. In her dealings with foreign countries Portugal enjoyed a constant surplus in her balance of trade, except in 1797 and 1799. The average annual value of exports increased by nearly 4 per cent and imports by only 2.6 per cent, as Table 4 shows.

Table 4 *Portugal's Balance of Trade with all Foreign Countries: 1796–1807*
(value in milréis)

Years	Exports Portugal–Foreign Countries	Imports Foreign Countries–Portugal	Balance
1796	16,013,356	12,652,771	+3,360,585
1797	11,822,970	14,498,399	−2,675,429
1798	15,053,960	14,729,238	+324,722
1799	17,688,107	19,755,284	−2,067,177
1800	20,684,802	20,031,347	+653,455
1801	25,103,785	19,337,425	+5,766,360
1802	21,405,349	17,942,240	+3,463,109
1803	21,528,379	15,068,304	+6,460,075
1804	21,060,962	17,841,034	+3,219,928
1805	22,654,204	19,656,685	+2,997,519
1806	23,255,505	16,440,921	+6,814,584
1807	20,999,506	13,896,318	+7,103,188
Total	237,270,885	201,869,966	

Source: Novais, *Portugal e Brasil*, 320 and 322.

After 1798 Portugal's trade with England always showed a balance in Portugal's favour, and from 1800 there were even some significant improvements, as can be seen in Table 5 on p. 505.

If we compare Tables 4 and 5, we can see that Portugal's imports from England represented 34 per cent of the total value of her imports from all foreign countries, and that Portugal's exports to England represented 39 per cent of the total value of all her exports to foreign countries. This shows clearly that, while England remained one of

Table 5 *Portugal's Balance of Trade with England: 1796–1807*
(value in milréis)

Years	Exports Portugal–England	Imports England–Portugal	Balance
1796	4,887,076	4,951,737	−64,661
1797	3,979,976	4,627,613	−647,637
1798	6,828,261	6,661,419	+166,842
1799	9,058,217	8,835,649	+222,568
1800	6,702,836	2,911,061	+3,791,775
1801	9,651,014	4,879,357	+4,771,657
1802	8,472,170	6,693,774	+1,778,396
1803	10,514,250	5,587,493	+4,926,757
1804	7,462,492	5,764,885	+1,697,607
1805	8,865,210	5,837,705	+3,027,505
1806	6,587,150	8,201,116	+1,613,966
1807	7,971,196	5,422,272	+2,548,924
Total	92,593,814	68,760,115	

Source: Novais, *Portugal e Brasil*, 356 and 358.

Portugal's main trading partners, she was no longer the almost exclusive partner that she had been for so long. Portugal maintained regular trading relations with about fifteen countries, and the volume of business conducted annually with Hamburg, Russia, Spain and France, for example, is evidence of an interesting diversification.[17]

An analysis of Portugal's trade figures from 1796 to 1807 also yields much detailed information about the economic structure of the Portuguese empire – both within itself as well as in relation to foreign countries.

If we look at the overall picture of Portugal's trading relations with its colonies, Portugal showed a deficit in the balance of trade in most years, as we can see from Table 6 on p. 506.

Imports from the colonies, then, increased annually by an average of 10 per cent. On the other hand, the growth rate of exports from Portugal to the colonies, which had averaged over 17 per cent per annum until the end of 1799, fell after this year to just below 3 per cent per annum – an indication of the growing importance of the contraband trade in English manufactures. At the end of the period the balance of trade showed an overall surplus of 10.6 per cent in favour of the

[17] Balbi, *Essai statistique*, I, 431–42.

Table 6 *Portugal's Balance of Trade with all her Colonies: 1796–1807*
(value in milréis)

Years	Exports Portugal–Colonies	Imports Colonies–Portugal	Balance
1796	7,527,648	13,413,265	−5,885,617
1797	9,651,734	5,519,870	+4,131,864
1798	12,418,654	12,802,090	−383,436
1799	20,458,608	15,169,305	+5,289,303
1800	13,521,110	14,850,936	−1,329,826
1801	13,133,542	17,527,723	−4,394,181
1802	12,800,313	12,966,553	−116,340
1803	12,741,308	14,193,353	−1,452,045
1804	14,905,960	13,579,874	+1,326,086
1805	12,245,019	15,843,481	−3,598,462
1806	11,313,313	16,103,966	−4,789,653
1807	10,348,602	16,968,810	−6,620,208
Total	151,065,811	168,939,226	

Source: Novais, *Portugal e Brasil*, 310 and 312.

colonies. This amply confirms the trend noticeable from the figures for 1776 and 1777, when the surplus in favour of the metropolis had begun to decline.

These trade figures also enable us to assess the exact place Brazil occupied in the total volume of Portugal's trade: Brazil alone accounted for over 83 per cent of the total value of goods imported by Portugal from her colonies, and for 78.5 per cent of Portugal's exports to her colonies.[18] Even more striking are the respective percentages from each part of the Portuguese empire within the total value of Portuguese exports to foreign countries (100 per cent): products from the metropolis, 27.43 per cent; products from Brazil, 60.76 per cent; products from other colonies, 2.95 per cent; re-exports, 8.86 per cent.[19]

Thus, despite a certain revival of Portuguese commerce with those of her colonies in Asia which had in earlier times been her principal source of wealth, the overwhelming preponderance of Brazil is clear,

[18] Novais, *Portugal e Brasil*, 290. See also ch. 7 below, table 11, 'Brazilian exports to Portugal 1796 and 1806', and table 13, 'Balance of Trade between Portugal and leading Brazilian captaincies, 1796–1806'.

[19] Novais, *Portugal e Brasil*, 292–3. See also ch. 7 below, table 12, 'Origins of exports from Portugal to Europe, Barbary and United States, 1789, 1796, 1806'.

whether we look at the internal or the external structure of Portugal's economy. Portugal's international trade owed its positive balance to the exports of Brazilian staples.

At the end of the eighteenth century, when Britain and France's union with several of their American colonies had already been severed, the question of Brazil's dependence on Portugal was raised. In the preamble to the report 'on the improvement of His Majesty's domains in America', the economic aspects of which have been examined above, Dom Rodrigo de Souza Coutinho (in charge of colonial affairs since 1796) expounded his ideas on the political system which he considered would enable Portugal to keep its overseas empire. Assuming *a priori* that 'the happy position of Portugal' as middleman between northern and southern Europe made the union of the Portuguese colonies with the metropolis 'as natural as the union of the other colonies, which have declared their independence of the motherland, was unnatural', the minister defended 'the inviolable and sacrosanct principle of unity, the basis of the monarchy, which must be jealously maintained so that Portuguese, wherever they are born, may consider themselves uniquely Portuguese'. He then went on to state its corollary: it was important to reinforce commercial links between the metropolis and its colonies, above all Brazil, 'the chief of all the possessions that Europeans have established outside their continent, not because of what it is at present, but because of what it can become if we can develop all the advantages offered by its size, situation and fertility'. To ensure the defence of Brazil from its neighbours Dom Rodrigo recommended that it should again be divided into two great regions, each depending on a military centre, Belém do Pará in the north and Rio de Janeiro in the south, according to a geopolitical plan which would allow Portugal 'gradually and imperceptibly' to 'expand to the true natural frontier of our possessions in South America, in other words, the northern bank of the Río de la Plata' – the old expansionist dream which none of the three frontier treaties signed with Spain since 1750 had been able to dissipate.[20]

A few years later, another ancient dream was revived by certain statesmen anxious to preserve the integrity of the Portuguese empire and the independence of its rulers from increasing French pressure. This was an idea of the old diplomat, Dom Luís da Cunha, who, in 1738, had foreseen that the king of Portugal would transfer his court to Brazil

[20] Memorandum of Dom Rodrigo de Souza Coutinho, see note 13.

and assume one day the title of Emperor of the West.[21] Soon after the breakdown of the Peace of Amiens (1802), Dom Rodrigo de Souza Coutinho and other counsellors, weighing up 'the new risks and imminent dangers' which threatened the Portuguese monarchy, decided that in the last resort the prince regent must move to Brazil.[22] However, the dream did not become a reality until France invaded Portugal. On 28 November 1807, under the protection of an English squadron, the royal family and part of the court left Portugal for Brazil.

Thus, the reorganization of the empire, which had been in progress ever since 1750, was brought to its logical conclusion by pressure of outside forces. Already the most important economic unit in the world-wide Portuguese empire, Brazil now became its political centre. The step taken in 1807 was a decisive one, but not in the way Souza Coutinho imagined it would be. Far from serving as a base for the 'complete reintegration of the monarchy' Brazil, following the return of Dom João VI to Lisbon in 1821, initiated the disintegration of the Portuguese empire by proclaiming its independence in 1822.[23]

[21] *Instruções inéditas de D. Luis da Cunha a Marco António de Azevedo Coutinho*, 211.

[22] Dom Rodrigo de Souza Coutinho to the Prince Regent Dom João, 16 August 1803, in Angelo Pereira, *D. João VI Principe e Rei*, 4 vols. (Lisbon, 1953–7), I, 127–36. Totally rejected at the time by the Portuguese government, this hypothesis was analysed in all its consequences a year later by the British Admiral Donald Campbell in an important report to the Foreign Office: see Andrée Mansuy, 'L'Impérialisme britannique et les relations coloniales entre le Portugal et le Brésil: un rapport de l'Amiral Campbell au *Foreign Office* (14 août 1804)'. *Cahiers des Amériques Latines*, 9–10 (1974), 138, 147–8, 152 and 186–9; also Maxwell, *Conflicts and conspiracies*, 233–9.

[23] On the period from the arrival of the Portuguese court in Rio de Janeiro in March 1808 to the return of Dom João VI to Lisbon in April 1821, and on the background to Brazil's declaration of its independence from Portugal in September 1822, see Bethell, *CHLA*, III, ch. 4.