

Merchant groups in the 17th-century Brazilian sugar trade: Reappraising old topics with new research insights

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Abstract

This paper examines the role of the New Christians within Portuguese mercantile organizations during the early modern period. It stems from the case of the General Brazil Company, because the foundation of this enterprise provides an example of how the 17th-century Portuguese authorities dealt with New Christian issues, allowing for a survey of Portuguese historiography on the subject.

Keywords

General Brazil Company, merchant organization, interest group activity, sugar trade, Brazil, 17th century

In 1654, the Portuguese empire in Brazil was restored to its former size, once the North-eastern region had been reconquered from the Dutch West India Company. It is worth noting that the final stages of the struggle gave the Portuguese General Brazil Company a political reward, with the Dutch West India Company surrendering to its naval forces. Founded to defend the Portuguese sugar fleets, and because of its receiving the monopoly of four fundamental commodities by royal charter, the Brazil Company met with fierce opposition in political circles, which condemned its inefficiency in not organizing escorts with the necessary regularity. However, despite this hostile climate, or simply because of it, , after the glorious victory over the Dutch, was able to write in an official paper from the Overseas Council: “This company that one says is harmful has conquered Pernambuco for this crown without spending a penny from the royal treasury” (Costa 2000: p. 58).

The military effort to recover Pernambuco is one of the main subjects of Portuguese and Brazilian historiography. The work of Evaldo Cabral de Mello and José Antonio Gonsalves de Mello, together with Charles Boxer’s ever-visible research into Portuguese colonial issues, deserves particular mention (Boxer 1952, 1957; Mello 1987, 2000; Mello 1998). However, the episode described above introduces other recurrent issues of Portuguese history, perhaps most notably Portuguese backwardness. Firstly, it stresses the formal position of , who presumably should not have been involved in the Pernambuco revolt, whilst declaring his support for a stockholding firm founded by royal charter to protect colonial flows, including those from Pernambuco ports. Secondly, the Inquisition and its negative effect on merchant welfare has turned the Brazil Company into a paradigmatic case study. The company, thought of as an organization created by and for New Christian interests, was a reminder of João IV’s so-called tolerance toward the New Christians, thanks to Father António Vieira’s ascendancy at the royal court. Because it was short-term, such a policy prevented the Portuguese bourgeoisie from prospering and achieving a political role (Torgal 1981). This is one of the most widely publicized ideas of Portuguese historiography, from which Charles Boxer himself did not escape, one of his articles being quoted in every study on the Company, although the author was merely enlarging upon João Lúcio de Azevedo’s work on both New Christians and António Vieira (Boxer 1949).

This paper deals with merchant groups and commercial organizations in the Brazilian sugar trade in the seventeenth century and cannot avoid these Portuguese historiographical topics. Rather

than adopting a counter position by reflecting on David Grant Smith's research into the role of Old Christians in 's circle of financiers (so often forgotten), this paper examines the importance of religious or naturalizing fractures within merchant organization (Grant Smith 1974, 1975). It questions the significance of such symbolic and legal distinctions, not only for economic purposes but also for political involvement. This paper seeks to stress the role of social groups other than the New Christians, considering interest group activity as part of a wider analytical framework, though not entirely explored here, which has rent-seeking as its mainstream concept (Ekelund & Tollison 1997). In many ways, it is an attempt to refresh the old historiographical status quo by resuscitating studies that are often forgotten.

The first section summarizes the Brazil Company's creation and shows how its royal charter clarifies what was under discussion besides the New Christian capital guarantees. The second section relates to the structural fracture among Portuguese and foreigners for re-exportation flows, which helps to reappraise some organizational features that the Company had to count on. The third section stresses the links of the Company's directors and stockholders with foreigners residing in Portugal and with agents abroad, forming a network of traders with both multiple regional and social roots. This may help to clarify the relevance of certain diplomatic agreements, such as that of 1654 between Portugal and Great Britain.

Old and New Christians in the formation of the Brazil Company

On 10 March 1649, a royal charter granted to one company the monopoly rights over four essential goods ordinarily exported from Portugal to Brazil: wine, cod, oil and flour. The monopoly represented a trade-off of property rights, so common in early modern Europe, when the fiscal needs of the State required this sort of agreement between the Crown and economic interest groups. However, the Brazil Company had a particular feature which made it distinct from the Dutch West India Company (with whom it had to fight for the Pernambuco region) and justified its further rights of collecting a tribute tax called *avarias*. It was not founded to explore or discover new colonial areas, but rather to supply an escort to Portuguese shipping, which means that it was founded to provide a public good whose supply was hindered by the disastrous financial state of the royal treasury. In this sense, the royal charter claimed to be a contract between the King and any merchant stockholder of this company who had been exempted from the sequestration of goods and capital by an ordinance of 6 February, 1649.

Notwithstanding the above-mentioned clemency, the charter of 10 March considered the Company project a business deal and not a Crown gift. What exactly, then, was this charter? The answer differs according to one's standpoint. No wonder, given the mismatched build-up to the foundation of the Company. The mainstream of any analysis, however, stresses the underground interests of the New Christians, who by then had found a remarkable spearhead at the royal court in the person of António Vieira. Lucio de Azevedo started a historiographical Portuguese tradition with his study on New Christians in Portugal and presented Antonio Vieira with an irreplaceable role. In any of his works, one will find mention of the important role played by Antonio Vieira as João IV's Ambassador in The Hague, helping Francisco Sousa Coutinho in peace negotiations with the Netherlands. On one of his journeys, António Vieira established contacts with Portuguese Jews in France, while in Portugal he had preached on behalf of New Christian interests, underlining the need for them to return to Portugal after the difficult period of severe persecutions launched by the Inquisition, which had forced them to flee to European trading centers (Azevedo 1992 [1918-1920]; 1975 [1921]).

Given the evidence of António Vieira's special relationship with merchant Jews, on the one hand, together with the fact that the Company had been founded with special exemption from the sequestration of capital and goods, on the other hand, it seems hard to criticize the intellectual construction of Lucio de Azevedo which attributes to Vieira and his protected New Christians the principal role in the Company project. Furthermore, poor political relations between Jesuits and the Inquisition reinforced this reasoning, as contended by I. Révah (Révah 1975).

It was, however, Charles Boxer and his deserved international recognition that helped to spread Lucio de Azevedo's ideas. In 1949, he wrote the article that was to crystallize the interpretation of the factors involved in the foundation of the Brazil Company (Boxer 1949). José Antônio Gonsalves de Mello's contemporary research into João Fernandes Vieira, the leader of the Pernambuco revolt of 1645, which has a remarkable chapter on the critical year of 1648 in the Company's formation, would not normally have been expected to become known outside Brazilian intellectual circles (Mello 2000 [1952]). In fact, it took almost twenty years for this work to become widely known, precisely thanks to Boxer. In his short survey of Brazilian historiography in 1970, Charles Boxer praised Gonsalves de Mello's skills as a historian, but the time had not yet arrived to recognize the accuracy of his readings of Father Antônio Vieira's small role in this state of affairs (Boxer 1973). Instead, he noted how little the history of the Brazil Company had been improved, notwithstanding the efforts of Gustavo de Freitas (FREITAS 1951). According to Boxer's somewhat critical point of view, Gustavo de Freitas had carried out good archival research but had not made much of a contribution towards deepening our knowledge about the company. Despite this critical review, every study of the 17th-century Brazilian economy was condemned to quote Gustavo de Freitas' article (Mauro 1983), which, in turn, merely reproduced Boxer and Azevedo's insights.

Indeed, just after Boxer's article, José Antônio Gonsalves de Mello published a biography of the leader of the Pernambuco rebellion against Dutch occupation. Actually, Gonsalves de Mello recognized in the diplomatic missions of Antônio Vieira the best evidence of his detachment from any policy aimed at supporting the Pernambuco revolt. Vieira and Francisco de Sousa Coutinho wished to sign a peace treaty without delay, giving up Pernambuco, whilst the Company itself was a military project, conceived in the meantime by the Portuguese political decision-makers, who thought of it as a weapon against the Dutch. There were, then, two opposite strategies. Varnhagen had already attributed this diplomatic context to one of Vieira's pieces of Portuguese Baroque Literature, entitled "Papel Forte", in which Vieira justified the best long-term option for giving up Pernambuco to the Dutch (Varnhagen 1871).

During this diplomatic movement of 1648, the peace treaty was being studied by the main Portuguese political councils, who rejected the treaty, using the arguments of Pedro Fernandes Monteiro, a political actor almost ignored by traditional historiography, but one who became the best proxy of the future Company stockholders at the royal court (Costa 1999). This Treasury Councillor argued that Pernambuco could be recovered if shipping were protected, suggesting the "privatisation" of defence and inviting the King, as a common person, to become a stockholder of a proposed company.

The role played by other individuals from the King's circle in negotiating the contract of the Brazil Company deserved further studies. Evaldo Cabral de Mello, republishing one of his most recent works, changed his previous analysis, which was heavily indebted to Portuguese traditional historiography and to its rather unfounded thesis. Digging up an example of 19th-century Brazilian erudition, Cabral de Mello questions the role of Antônio Vieira and reassesses the convenience of considering other social actors (Mello 2001).

Now, if Antônio Vieira seems definitely to have been uninvolved in the Brazil Company and the recovery of Pernambuco, should New Christians remain in it? The research of David Grant Smith into the group of 17th-century Portuguese merchants should have been considered paramount in Portuguese social historiography (Smith 1974, 1975). Inexplicably, it is rarely quoted, with just a few exceptions (Pedreira 1995, Olival 2001, Schwartz 2003). The reasons for the scanty acknowledgement by the Portuguese historiography of David Grant Smith's work is not the concern of this paper, but it has helped to solidify the rough picture that has been painted of a merchant group and the respective upper strata being squeezed by the Inquisition, since "merchant" is almost a synonym for "New Christian" in Portuguese early modern historiography, although David Grant Smith had provided evidence of Old Christian merchants in the Portuguese Restoration. He quoted several tax farming contracts and other sorts of deals between the State and the financial elite, who supplied the Portuguese army at the borders of the Alentejo. He also took the most convincing step towards identifying the social background of those who signed the Brazil Company contract on behalf of merchant interests.

This group of stockholders, whose names are registered in the Company charter, were not overwhelmingly New Christians. The Old Christians were also within Dom João's circle of financiers

and had links with New Christians for tax farming purposes as much as they had for the foundation of the Company. Recent research has disclosed the business roots of this economic elite, highlighting how their Brazilian interests were managed after the Dutch occupation of North-Eastern Brazil and how they became involved in the sugar economy, changing shipping organization and effecting a vertical integration of the production, shipping and trading of sugar. Their wide-reaching geographical connections, joining Lisbon to Porto and Viana do Castelo through several shipping partnerships during the 1630s and early 1640s, are one of the most interesting features of this group. Capital flows linking those three main Portuguese sugar ports question the idea of a mercantile elite confined to Lisbon's commercial infrastructures. As for shipowning partnerships, those linking Portuguese merchants, both Old and New Christians, with the English community in Portugal, residing in either Lisbon or Porto, deserve special mention.

As far as this paper is concerned, the heterogeneous nature of the upper social ranks of merchants, joining together New and Old Christians and linking both of them to foreigners, is the most relevant conclusion of recent research (Costa 2002). Though reaching the same conclusion, Daviken Studnicki-Gizbert questioned the value of an economic approach to such multicultural business organizations (Studnicki-Gizbert 2003). Studnicki-Gizbert emphasises common cultural and moral codes as the main cohesive factor, which would make the heterogeneity of social roots an irrelevant feature of merchant networks, bringing to mind the classical work of Philip Curtin (Curtin 1984). Notwithstanding the relevance of informal institutions for the stability of merchant networks, well demonstrated by Avner Greif and other authors who have been integrating cultural beliefs into economic analysis inspired by the neoclassical paradigm (Greif 1994, 2000), this paper seeks to highlight proximity to the political centre as this group's cohesive device. Sharing the same social space enhanced the political ability to glean rental contracts, whether by promoting economic organizations such as the Brazil Company or through the diplomatic negotiation of exclusive colonial rights. Reciprocally, there was a political organization that, for fiscal reasons, recognized the role of the upper strata of merchants, reinforcing the political aspect of the link (GaucI 2003).

The heterogeneous nature of the higher ranks of 17th-century Portuguese merchants calls for new interpretations of the royal ordinance of 6 February 1649, which exempted anyone who invested capital in a company to be created in the near future from the sequestration of goods. The spirit of such an ordinance suggests the existence of a capitalist group threatened by the Inquisition's persecutions. It was, indeed, threatened. Since the partnerships bound together New and Old Christians, any part of the merchant group could directly or indirectly suffer the consequences of an incident that might disturb business.

Not surprisingly, at the time when the royal councils were examining the proposed peace treaty with the Netherlands, sent by Antonio Vieira and the Ambassador Francisco de Sousa Coutinho, Gaspar Malheiro, one of the most important Old Christian merchants of the Restoration period, wrote to the King, expressing his agreement with the formation of a company to defend the shipping of sugar. He did not forget to underline how difficult it would be to amass the capital needed to fit out large well-armed ships. In his paper to the King, this financier suggested the need for royal grace and favour, remembering how fragile the group was because of the Inquisition's persecutions. A fairly explicit suggestion was made for an ordinance very similar to the one that would be published a few months later on 6 February, 1649.

There is now good reason to consider the role of Old Christians in the formation of the Brazil Company, not only because of the overwhelming presence of this group in financial circles (remember the contract of the Embassies with an Old Christian named Gaspar Pacheco), but also because of their interest in a policy that would protect property rights, pressing the King to publish the ordinance to be quoted in the Company charter.

However innovating this may sound, it was far removed from a climate of religious tolerance. Most of all, multiple insights have shown that the exemption policy was a deliberate short-term policy. In this case, its purpose was to amass capital. The next year, in 1650, all the New Christians living in the Kingdom were forced by a royal order to invest in the Company, being threatened otherwise with the Inquisition, in a clear demonstration of how the religious spectrum could be used for economic and political purposes. Moreover, the promoters of this coercive policy were the stockholders of the company themselves, including Old and New Christians, who asked the King for help in resolving their

shortage of capital. One must remember that this specific shortage of capital for fitting out the second escort was critical in that year because of diplomatic tensions between Portugal and Cromwell which seriously affected the English merchant interests in Portugal, including those who were the Company's creditors, such as the Bushells (Mauro, 1983: 533 Shillington & Chapman 1907: 193)

Actually, the privilege of exemption from the sequestration of goods must also be appraised in the light of alien interests, either those of the foreigners residing in Portugal or those of the Portuguese and foreigners living in Europe. That is why the ordinance of 6 February 1649 was to be cited in one of the clauses of the contract between the Crown and the group of the Company, although with one slight, yet significant, difference. It was negotiated capital and goods freed from sequestration regardless of religious or diplomatic motives that could legitimise it.

The group involved in the foundation of the Company foresaw diplomatic tensions that might possibly lead to disruptions and to the ordinary sequestration of the goods of foreigners who were considered to be subjects from unfriendly kingdoms. This is undoubtedly evidence of interconnections between the Portuguese merchant elite and foreigners already active in Portuguese foreign trade. Therefore, diplomatic, and not strictly religious, concerns widened the range of situations that needed to be legally covered by the ordinance of 6 February by the time the Company charter came to be written.

In an article written three decades ago, Jorge Borges de Macedo took the ordinance as a strategy for attracting foreign capital and, in particular, for ensuring the stability of agencies abroad, considering the possibility of the Company's seeking to integrate colonial and intra-European flows in the same enterprise. Although the article was intended to be just an overview of colonial and other Portuguese charter enterprises, and not a specific study of the history of the Brazil Company, it duly noted how rough the approaches of the exemption from sequestration could be if confined to New Christian interests (Macedo 1979).

Such an enlarged conception of the ordinance of 6 February calls for a re-evaluation of European markets, as well as of foreign capital in the Company's management. The way in which investments and business interests related the Company to foreign traders will be discussed after a description of the active groups involved in the re-exportation of colonial goods.

Foreigners and the re-exportation of Brazilian sugar

The analysis of the re-exportation of Brazilian sugar from the main ports during this period of the Portuguese Restoration can only be based on the records of the Porto customs-house. Due to the 1755 earthquake, similar sources for Lisbon were lost.

The increasing share of taxes paid by foreigners is one of the most significant aspects of the upward trend in re-exportations shown in Porto's customs records in the 1640s. Foreigners were already to be found in Portugal in the 1630s (Silva 1988). There might have been a link between migration movements and the persecution of the New Christians, of course. In the coastal centres of the Algarve, for instance, the growth in the English community was the logical aftermath of the Inquisition's persecutions (Magalhães 1990, 1993). Also in Lisbon, the city government warned the Council of Portugal several times during the 1630s about the need to allow foreign merchants to exploit the stores left empty by the New Christians. Immigration could help to compensate for the Portuguese lack of merchant skills and capital. The misfortune of the New Christian traders was a reason for the Lisbon Government to criticize royal policy and survey the group of factors that could potentially ruin Portuguese foreign trade, whose taxes were, in turn, one of the Crown's main financial resources.

Nevertheless, the actual roots of those involved in Portuguese-European trade, and those active in Brazilian trade, paint a less simple picture than that outlined by the Lisbon Government's complaints during the Habsburg period. Firstly, New Christians might have been imprisoned or been forced to leave Portuguese territory, although not all their relatives would have been caught or would have fled at the same time. This selective persecution policy, however perverse it might have been, would also have enabled the social capital of the group to suffer less damage than that suggested by the sum of persecuted individuals. Some families continued to run Brazilian businesses, although they had two generations who had been persecuted by the Inquisition. A few case studies offer evidence of such a

situation, which had particular consequences in the social reproduction of the group (Novinsky 1972; Mello 1996; Costa 2002) Secondly, it would have enabled those who left Portuguese cities to manage the economic flows from Hamburg or Amsterdam, maintaining their links with members of the group who remained in Portugal (Mauro 1970: 34).

The Inquisition did not stop its persecutions after the Portuguese Restoration. Only the ordinance of 6 February, inserted in the Company charter, was to have that wider result because it was read as a general order of the King to prevent the sequestration of goods, whether the target was Company stockholders or not. Regional differences still remained, however. The activity of the Inquisition of Évora, for instance, does not show such a downward trend (Coelho 2002). Nonetheless, the ordinance might have helped to prevent business networks from being destroyed and might have reduced the Inquisition's fierce activity, which had reached one of its peaks around 1645, due to an anti-Semitic ideology that had helped to fuel the Pernambuco revolt. Rebel leaders attributed the Jewish success in Recife to the West India Company's administration of Pernambuco (Mello 1987), finding one of the sources of legitimacy for expelling the Dutch from there. The hatred directed towards New Christians was not really new in the context of colonial Brazil, but it acquired a clearer shape when the Dutch came onto the scene in South America. As Stuart Schwartz underlined, Spanish political propaganda attributed the ease with which the Dutch forces captured Bahia in 1624 to New Christian treason (Schwartz 2003: 167-178).

How resistant the New Christian group was to political manipulation and to the intolerance of the Inquisition is not important here, for the real issue is the needs of those who fled to Europe because they had correspondents in Portugal. No wonder that one of the most remarkable Portuguese Jewish families in Amsterdam and Hamburg, Nunes da Costa, who supported the financial demands of João IV's embassies, had an Old Christian proxy in Porto (Swetschinsky 1980, 1981). In fact, Old Christians took a major step forward in international business as a consequence of this process, which created multi-religious networks for intra-European trade. Such predatory behaviour was no different from that of a foreigner who expected the Portuguese King to allow him to reside in Portugal seeking intervention in colonial monopolized transactions. Multi-national partnerships would arise, with Portuguese partners acting as spearheads for foreigners in Brazilian business. It is rather significant that a Bahian correspondent of English traders in Lisbon and Porto became the colonial administrator of the Brazilian Company, revealing the usefulness of English networks to the Company's management. The fact that the Company had the monopoly on cod, a commodity mainly provided by English merchants, may not be of secondary importance for explaining this predatory behaviour.

Regulation shaped the structure of the groups involved in imports from Brazil and those active in re-exports, maintaining formal colonial business exclusive to the Portuguese. Those few foreigners who paid taxes at the Porto customs-house for imports of Brazilian goods – overwhelmingly sugar – had shipowning partnerships with Portuguese partners. It should be noted, however, that the group directly linked to colonial imports was much larger than the one involved in European trade. In 1647, these latter traders formed a group that was less than half the size of the colonial one. So, precisely when European flows were in question, foreigners had the principal role. However, such superiority varied according to the market in question, in a clear demonstration of how the European market system was, indeed, “composed of many partial markets, a sort of ‘private market’ of the separate merchants” (ORMROD 1984). The Portuguese retained a good share of the re-exports of sugar to Hamburg and France, which is a relevant feature considering that, by contrast, the English market was shielded against the intrusion of Portuguese traders. This seems to be a particularity of English communities abroad, who were very successful in excluding aliens from trading with the mother country (KLEIN 1984; GAUCI 2003: 68). Though an interesting topic, this is not a main issue; rather it is worth noting that England was the principal market for Brazilian sugar re-exports at this time.

Data for Italy, one of the significant European regions besides northern Germany demanding Portuguese Brazilian commodities, are missing from the records of the Porto customs-house. Perhaps because of this missing information, (which, on the other hand, must be taken as evidence that re-exports to Italy did not pass mainly through Porto, but through Lisbon instead), England turned into the principal market, consuming more than 40% of re-exports alone. Not surprisingly, English merchants became the main agents of Porto's re-exports, leading the re-export in Brazilian sugar during

the 1640s and 1650s. Even though Barbados was to change the position of Brazil in English foreign trade, the links with Portugal and with Portuguese merchants – whether Old or New Christians – remained a key business strategy for controlling American colonial commodities. After sugar had lost its relevance, and because the demand for Madeira and Douro wine was increasing in American colonies, Portugal kept her place in English Atlantic trade routes.

Such an important role for the economic relations with Portugal explains the sensitivity of the English community to the diplomatic climate.

The Brazil Company and multinational interests

A good example of how the success of English traders in Portugal was dependent on re-exports is given by the disruption to Anglo-Portuguese diplomatic relations after the regicide of Charles I. His relatives, Prince Maurice and Rupert, went to Lisbon to seek João IV's political support. In England, Parliament had liquidated Charles I's army and Oliver Cromwell definitely controlled the situation. João IV sided with the royalists without considering the respective political and economic effects. In 1650, the naval forces of Blake stood at the mouth of the Tagus, waiting for the Brazilian fleet in order to make reprisals against the Portuguese capital.

These episodes from revolutionary periods in both kingdoms brought Portuguese and English interests closer together and interfered with the Brazil Company. The English royal members in Portugal not only brought Blake to Lisbon to damage the royalist forces and the Portuguese sugar fleet (not as well protected by the first escort organized by the Brazil Company as it should have been), but also jeopardized the English community in Portugal. Firstly, João IV ordered all the English goods in Portugal and Brazil to be sequestered. Official records of required procedures referred to Portuguese traders in Brazil who were operating as English spearheads. A few, yet nonetheless important, networks were disturbed by this diplomatic incident. Secondly, part of the Company's fleet was chartered to the English and dependent on English loans, which would be ended by involving the Company in this sequestration. After all, the sugar fleet had sailed with a reduced escort, making Blake's task easier, because of the King's orders (Costa 2002: 538, Boxer 1950, 1951).

The royal decision affected the Company managers as much as the English community in Portugal. Blake's action resulted in the disastrous arrival of the fleet from Rio de Janeiro, which seriously reduced the Company revenues. On the other hand, up until 1652, when negotiations for a peace treaty began, the diplomatic uncertainty had badly affected English traders in Portugal, considering that they are completely absent from customs-house records. They might have preferred to wait for a less risky situation to restart their activity or to wait for their sequestered capital to be rescued.

This is good evidence of how the war climate, though influenced by Blake's superior forces, affected the welfare of English traders in Portugal and how their business connections were part of the inner circle of the Brazil Company's leaders. No wonder that both mercantile elites – English and Portuguese, linked by the Company – became pressure groups for a rapid signing of the peace treaty.

In fact, the Treaty was negotiated with the interference of interest groups. Cromwell consulted the English "merchants of Portugal", bringing Edward Bushell to the negotiations, who happened to be a brother of Company creditors residing in Portugal. On the other side, João IV's ambassador had Thomas Maynard as an adviser. He was a merchant living in Portugal by then, who was sent to London for diplomatic reasons. He had started his career as a factor of one of the top English agents in Porto and after the signing of this Treaty became the English Consul-General in Portugal (Shaw 1998).

The 1654 Anglo-Portuguese Treaty can be read as a dictate from Cromwell, taking advantage of the situation to force the Portuguese economic space to open up, including the hitherto exclusive colonial domain. It can also be seen as a device for increasing the Portuguese importation of some types of textiles by forcing down the tax rates at Portuguese customs. Notwithstanding the obstacles to the English imports created by customs procedures, which in practice disrespected the tax rate fixed by the treaty, this diplomatic agreement was a demonstration of the English vantage point (Shaw 1998). It was not a mere contract and its context is rather different from that of 1661. However, the point is that it was negotiated taking into account the interests of merchants residing in Portugal and who had investments that overlapped with those of Portuguese colonial enterprise.

The 1654 treaty highlights the fragile position of João IV as much as the strength of the Brazil Company: the monopoly of the four commodities was a matter of great concern and was therefore explicitly referred to in one of the Treaty's clauses. The need for peace was equally urgent for both the English and the Portuguese merchant elite, both of whom were close to 's circle of financiers. The bargaining process for peace brought together the very interest groups involved in preserving the specific colonial privileges of the Company, which remained untouched despite Portugal's initial fragile position. Not surprisingly, a fraction of the English merchants who dealt with the Portuguese market considered the prevailing monopoly of the Company a lost opportunity to invade the Portuguese American colony, seeking a way of getting closer to Argentinian and Spanish silver. That is why some English voices reiterated their political opposition to the Company managers, which, in turn, does not mean that the English community acted as a single political block. It might have done so if all its members had been outside the enterprise's circle of financiers. The same is also true for the New Christians, who were far from being a single interest group.

Whilst English merchants in Portugal were waiting for the diplomatic situation to change, disappearing temporarily from customs records between 1650 and 1652, the Company faced a shortage of capital. The situation called for the use of the ordinance of 6 February as a device to force New Christians to invest in the Company, as has already been mentioned above. It was designed to force low ranking traders or New Christians out of business. A few of them with quite an international profile did not want to invest and were forced to do so by the Company managers. Coercive actions such as this are evidence of scissions within the New Christians, who were in fact critical at this political moment. It is worth noting that such coercive measures call for a reappraisal of the Company historiography, which previously has thought of it as an enterprise formed by and for New Christian interests.

The documentary legacy of the Brazil Company is unfortunately lost, hindering any research into its financial structure. Yet, notaries provide the identification of some of the stockholders (who were registered in the royal charter¹) and the recognition of their business links with English traders or English agents, whether in Brazilian or Portuguese ports. There is also further, even though somewhat rougher, information on Italian stockholders. These were people claiming to have been living in Portugal long enough to deserve symbolic social rewards, such as the insignias of Portuguese Military Orders, proving their purity of blood. The "Italian period" of the Company is contemporary with the period of English political and diplomatic disturbance. It seems that managers turned to other international networks to counterbalance the occasional English retirement.

It is not the aim of this paper to summarise the history of the Brazil Company. There is no place to describe the tensions within Portuguese political councils caused by a contract signed between the Company and high-ranking Italian families to organize an escort for the fifth convoy. Portuguese Overseas Council meetings referred to Esteban Paravicino and Cardinal Mazarino as figures who were involved in a suspicious contract with the Company. The latter was not necessarily truly involved, but the former, indeed, sent a proxy to sign a contract with the Brazil Company at one of the Lisbon notary offices. Italian capital guided the Company's business choices in the mid-1650s, when Barbados began to compete with Brazil, causing the demand for Brazilian sugar to fall sharply in what were previously the main consumer markets. But in this contract with Paravicino, the institutional undercover support for Italians to migrate to Brazilian ports was understated. That is why the Overseas Council thought of any argument, including the suspicion of conspiracy, as a way of hindering the Italian intermission, as if Brazil were outside any national interest other than that of the Portuguese (Costa 2002: 553-554).

In short, the history of the Brazil Company may be told in the light of the permanent negotiation between the State and socially heterogeneous interest groups. Foreigners, mainly Italians and English, linked to Portuguese partners by royal privileges, were part of that history, just as in many royally privileged organizations in early modern Europe.

Conclusion

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The Brazil Company was, then, something other than a brilliant idea of António Vieira to bring back New Christian capital to Portugal, an occasionally tolerant kingdom undergoing a revolutionary process. In turn, Portuguese merchants in the middle of the 17th century were more than a complex group of new Christian families in difficulty because of persecutions by the Inquisition.

In early modern Europe, group economic actors were more heterogeneous than those that may be revealed by using single criteria for social distinctions. 17th-century Portugal was no exception. According to what has been argued in this paper, New Christians were an important part of the game, indeed, but not because they formed the overwhelming majority of the merchant group. Rather because group economic actors could use that symbolic scission, as well as other sorts of legal scissions, to acquire monopoly rents.

Actually, the history of the Brazil Company is a case study for interest group activity and it must be reappraised under the framework of a rent-seeking analysis, which still presents a challenge to historians of the mercantilist period (Ekelund & Tollison 1997). Further research into interest groups in Portuguese history should question how they used and were used by the State, under a specific form of cost-benefit logic, through negotiations of both property rights and monopoly privileges. Research into Portuguese merchant organizations, expressing the politicised features of the economic system (including diplomatic agreements), may provide new insights into that old question of the long-term factors of Portuguese backwardness.

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