

During the seventeenth century Portugal had faced severe challenges. Much of its eastern empire had been lost and, although independence from Spain had been declared in 1640, a prolonged war had followed that only finally came to an end in 1668. Meanwhile, economic depression and a declining population had resulted in a feeling of national pessimism preventing any significant cultural revival. To survive the threats to its newly won independence, Portugal sought allies, with rival factions favouring a French or an English alliance. Eventually, it was the English alliance that did most to secure Portugal's interests, though at some considerable cost. Three treaties were signed with England, in 1642, 1654 and 1661. These secured English military and naval help against Spain and were sealed with a marriage, which made the king's sister Queen of England. The price paid was that English merchants in Portugal were accorded a privileged position, being allowed to establish their own factories, to practise their religion exempt from interference by the Inquisition and to appoint their own 'judge conservator' to adjudicate in cases in which they were involved.

The European war which broke out in 1701 over the succession to the throne of Spain, presented Portugal with a dilemma which was to become only too familiar as the century wore on. An alliance with France would place Portugal's overseas possessions at the mercy of the Dutch and English fleets, but an alliance with the English would leave Portugal vulnerable to invasion from Spain. Neutrality might leave Portugal a prey to both sides. In the end the king, Dom Pedro II, chose to side with the English, joining the Grand Alliance and allowing the allies to use Portugal as a base for operations in Spain.

The accession to the Grand Alliance was sealed with a treaty in May 1703 and in December another treaty, always known as the Methuen Treaty, dealt with economic matters and profoundly influenced Anglo-Portuguese relations until a new treaty was signed in 1808 in the circumstances of another European War. By the Methuen Treaty Portuguese wines imported into England were given a one third tariff preference over French wines, while Portugal allowed English woollen manufactures to enter Portugal free of duties. This apparently modest adjustment to the relations between the two countries had very significant consequences. Taking advantage of their privileged position British merchants now expanded their operations in Portugal, using their presence in Lisbon, Porto and Madeira to penetrate the closed markets of Brazil. British exports to Portugal grew rapidly from an annual average of £353 000 in 1698-1702 to over £1 000 000 between 1730 and 1760. It was not just woollens that Britain exported, but a variety of manufactures destined for onward shipment to Brazil, and even wheat as Portuguese agriculture, now given over increasingly to wine, was unable to feed the population, while the Portuguese taste for *bacalhau* (salt cod) became dependant on imports from Newfoundland. Although the export of Portuguese wine to Britain also increased, the balance of trade was strongly in Britain's favour, between 1726 and 1765 never falling below an annual figure of £500 000. This deficit had to be met with bullion payments, as correspondence in the State Papers frequently points out.⁽¹⁾ This favourable balance had important strategic implications as it enabled Britain to pay for the timber and naval stores from the Baltic that were vital for British sea power.

This great expansion of trade was made possible by the discoveries of gold and diamonds in the interior of Brazil after 1693. Although it took some time to organise an effective administration in the Brazilian interior, by the 1720s the remittance of gold to Portugal had transformed the finances of Portugal, if not the structure of its economy. In 1720, 30 000 kilos of gold were imported, levelling off between 1740 and 1755 to an annual figure of 14 000 to 16 000 kilos.

The liquidity that the gold gave to the Portuguese economy greatly assisted the expansion of British commerce but it also raised problems between the British community and the Portuguese Government. Portuguese regulations forbade the export of bullion but the British Factory regularly sent gold to Britain on board warships or in the so-called 'Falmouth packets' with which the Portuguese authorities were unable to interfere. This remained a source of acute controversy between the two countries, which is reflected in its frequent discussion in the State Papers.^[2]

It was not only the smuggling of bullion that caused controversy. The wording of the 1654 treaty, which was supposed to regulate Anglo-Portuguese relations, was obscure, and no agreed text of the treaty was in existence. The Portuguese were always trying to limit British privileges, particularly in the area of freedom of religion, but there were also disagreements over the clauses that granted access to trade with Brazil, over the exemption of naval stores from paying customs dues, over the rights of Portuguese officials to search British ships and over the rights of British seamen to serve in the Portuguese navy.^[3]

The dominance of the British merchants in Portugal was aided by the activity of the Inquisition which, during

the reign of Dom João V (1706-50), showed a final burst of activity, targeting among others New Christian merchants involved in the sugar trade. In 1717 Henry Worsley, the British Consul in Lisbon, commented that less sugar was expected from Brazil 'by the Inquisition taking up the planters who are most of them Jews'.^[4] The British sometimes allowed Jews to take refuge from the Inquisition on board their ships, as well as debtors and other fugitives from the law.^[5]

The large quantities of gold that flowed into the Portuguese treasury secured the financial independence of the king, and enabled him to establish an absolutist regime modelled on that of France. The Cortes was no longer summoned and João is famously reported to have said that his grandfather loved the nobility, his father feared them but he neither loved them nor feared them.^[6] He proceeded to build a magnificent palace at Mafra outside Lisbon, a Portuguese Versailles but, like Spain's Escorial, attached to a monastic foundation. The building of Mafra began in 1717 and annually employed between 15 000 and 45 000 workmen until its completion in 1755.

The alliance with Britain secured the interests of both countries, allowing Britain to use Lisbon as a naval base for operations in the Mediterranean and as a listening post for gathering intelligence, whilst also guaranteeing the security of Portugal and its colonies. However, the State Papers show the constant anxiety on both sides that the alliance might break down. Britain feared that Portugal might conclude an alliance with Spain or Austria (with whom there were royal marriage ties) though on the whole British statesmen agreed with Thomas Burnett, their Envoy in Portugal between 1719 and 1727, that if it came to a European War Portugal would never dare break with the Maritime

Powers.^[7] In the event Portugal remained neutral through the 1720s and the possibility of a war with Spain, which Dom João apparently seriously considered in 1734-5, came to nothing. Neutrality was maintained throughout the war of the Austrian Succession though not without the accusation that Portugal sometimes allowed French and Spanish cargoes to be carried in Portuguese ships.^[8] The security enjoyed by Portugal enabled the king to pursue an idiosyncratic foreign policy, the main objective of which was to obtain favoured status with the Vatican. Large sums were expended in Rome and were ultimately rewarded when the Pope conferred on the king of Portugal the title of Most Faithful Majesty. The religious culture of the period also saw large sums expended on church building and decoration, in particular the lavish *talho dourado*, associated with Portuguese baroque architecture of the period.

The Brazilian gold rush meanwhile led to the great expansion of settlement in Brazil which pushed the western borders far beyond the Tordesillas line, as far as the Andes and south to the Rio de la Plata where the Colonia do Sacramento was established upriver of Buenos Aires. The new frontiers of Brazil were recognised in the Treaty of Madrid signed in January 1750 shortly before the king died.

The death of Dom João in July 1750 and the accession of Dom José (1750-77) quickened the pace of change in Portugal. Dom João had married an Austrian princess and through her influence, Sebastião José de Carvalho e Melo (always known by the title later conferred on him as Marquês de Pombal), a former ambassador in Vienna, who had married an Austrian noblewoman, was appointed as Minister for War and Foreign Affairs. The new minister and the team of people he gathered

around him, which included members of his family, had radical ideas for modernising Portugal. His position was hugely strengthened by the dramatic events of 1755. In November of that year Lisbon and much of southern Portugal were struck by a severe earthquake, which was followed by a fire and tsunami.^[9] Large areas of the city were destroyed and there were at least 15 000 deaths. Pombal was eventually entrusted with dealing with the crisis, organising the short term relief measures and the longer term rebuilding of the city. Lisbon was reconstructed as a modern commercial city along lines developed by Austrian military engineers and use was made of a new form of timber frame construction that was designed to withstand earthquakes.

By the mid-1750s imports of Brazilian gold were in decline and Pombal wanted to strengthen and diversify the economies of Portugal and Brazil, and to modernise the administration of the country. He planned also to reduce the dominant position of the British but without endangering the alliance on which Portugal's security depended. His plan involved establishing monopolistic companies to handle commerce with northern Brazil, and between 1755 and 1759 the Grão Pará e Maranhão and the Pernambuco e Paraíba companies were established. These were large state-run corporations whose object was to promote the economic development of the colony and to limit the activities of the merchants through whom the British had dominated the Brazilian market. As Edward Hay, the British Envoy in Portugal, wrote to Pitt, the Portuguese wanted 'to be principals in their own trade and as independent of foreigners as possible'.^[10]

Pombal also aimed to bring the wine trade under state regulation, as wine exports had begun to fall. By

establishing the Companhia Geral da Agricultura das Vinhas do Alto Douro, the areas where designated port wine was produced were limited and British wine exporters and other consumers had to buy from the vineyards approved by the Company, which was then able to regulate the quality and prices of this vital export. The British Factory complained vigorously, even hysterically, about the Company. As their agent in London wrote, 'the British Merchants neither can nor will rest contented under the Portuguese oppressions. They have a right to the protection of the British Government, and they expect it... it will be most amazing and most fatal if Great Britain submit to such injuries and indignities from so feeble and so ungrateful a power'.^[11]

Pombal's campaign against British economic domination also took the form of promoting Portuguese consumer industries. In 1756, a Junta do Comércio was established to provide financial and technical assistance for a range of industries including glass, clothing, paper, ceramics and the processing of tobacco and sugar. Most important of all was the beginning of cotton textile manufacture, the protection of which was not forbidden by the Methuen Treaty. These economic measures had some success and, as gold remittances from Brazil declined, there was a corresponding falling off of trade with Britain and a lessening of Britain's influence in Portugal.

As the minister's power grew and his measures impinged increasingly on vested interests, he became embroiled in a struggle for power with the religious and aristocratic elites in Portuguese society. The Jesuits in particular controlled vast tracts of land in Brazil, dominated education in Portugal and had a powerful position at court and among the aristocracy. Pombal

was determined to destroy the power of the Jesuits and to reform the relations with the Church, especially the Inquisition. In this he was motivated partly by personal resentment against individuals who he believed were opposing his measures, but also by a broader desire to modernise Portuguese public life along the lines of the Austrian Enlightenment, which he had witnessed as ambassador in Vienna.

The opportunity to move against the Jesuits and his aristocratic opponents was provided when in 1758 there was an attempt on the king's life. Dom José encouraged Pombal to hold a show trial in which two of the major aristocratic families were found guilty, and to abolish the Society of Jesus in the Portuguese dominions in the following year. These drastic measures, in effect a coup against the established elites, were followed by major reform measures – the Inquisition was brought under tight control by the appointment of Pombal's brother as Inquisitor, a series of confrontations with the Vatican redefined the position of the Church in Portugal and major reforms were instituted in the educational structure of the country, in particular in the University of Coimbra where a new curriculum more in keeping with the ideas of the Enlightenment, was introduced. Pombal also followed the example of Austria in abolishing slavery in Portugal, and granting civil rights to New Christians and to the Amerindian population in Brazil.

Pombal's economic measures closely affected the interests of the British Community and were reflected in the State Papers, where British Ministers grappled with the implications and had to deal with demands from the British Factory for vigorous action to protect British interests. However, although Pombal had taken strong measures to limit British economic dominance

in Portugal, he had by no means abandoned the alliance on which Portugal's security depended. Indeed, during the Seven Years' War when Portuguese neutrality was challenged and Portugal directly threatened by a Spanish invasion, British aid was called upon to repel the invaders in a short and rather ineffective frontier war in 1762-3.

With the death of Dom José in 1777, Pombal was dismissed by the new monarch Maria I, who reinstated the exiled noble families and released the imprisoned Jesuits. However, the main structures of Pombal's reforms remained intact and a new generation of bureaucrats and administrators, educated at Coimbra and brought to the fore to administer the Brazilian Companies and the other reform projects, formed a new elite influenced by the ideas of the Enlightenment. With the outbreak of the French Revolution the ruling elites in Portugal became increasingly divided between those who saw in the French Revolution a continuation of the ideas that Pombal had stood for through his reforms, and the older aristocratic families who had recently been restored to some of their positions of influence. In these divisions were the seeds of the civil strife that was to affect Portugal from 1808 onwards and which was to last for two generations.

NOTES

^[1] SP 89/26 f. 31. William Poyntz (British Consul in Lisbon) to James Cragg. Lisbon, 21 May 1718; SP 89/29 f. 147. Henry Worsley (British Envoy) to Lord Carteret, Lisbon 29 Sept. 1721

^[2] For example, SP 89/24, f. 52. William Poyntz to Stephen Poyntz, Lisbon 10 Mar 1716; SP/89/29 f. 174. Thomas Burnett (British Consul in Lisbon) to Lord Carteret, Lisbon 29 Sept. 1721.

^[3] For example, SP 89/25 f. 147. William Poyntz to Joseph Addison, Lisbon 13 Aug 1717.

^[4] SP 89/25 f. 175. Henry Worsley to Joseph Addison, Lisbon 25 Oct 1717.

^[5] For example, SP 89/32 f. 95. Duke of Newcastle to James Dormer (British Envoy), London 20 Sept. 1726.

^[6] SP 89/33, f. 155. James Dormer (British Envoy) to Duke of Newcastle, Lisbon 14 July 1726.

^[7] SP 89/33 f. 51. Thomas Burnett (British Envoy) to Charles Delafaye, Lisbon 9 Mar 1726.

^[8] SP 89/46 f. 231. Sir Benjamin Keene (British Envoy) to Duke of Newcastle, Lisbon 21 Aug 1747.

^[9] SP 89/50 f.114, Abraham Castres (British Envoy) to Sir Thomas Robinson (Secretary of State), Lisbon 6 November 1755.

^[10] SP 89/51, f. 97. Edward Hay (British Envoy) to William Pitt, Lisbon 8 May 1758.

^[11] SP 89/51 f. 261. Thomas Plumer to R. Wood, London 4 May 1759.

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CITATION

Newitt, Malyn: "Eighteenth Century Portugal." *State Papers Online: Eighteenth Century 1714-1782 (Part III)*, Cengage Learning (EMEA) Ltd, 2017

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