International Consortiums, Merchant Networks and Portuguese Trade with Asia in the Early Modern Period

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In a well-known passage in his Magnus-opus, An Enquiry into the Nature and Causes of the Wealth of Nations, Adam Smith, the father of modern economic science, argued that 'the discovery of America and that of a passage to the East Indies by the Cape of Good Hope are the two greatest and most important events recorded in the history of mankind'[1]. While there clearly is an element of exaggeration in this statement, it nevertheless underscores the critical role of the two events in the emergence of an early modern world economy. The three principal segments of this economy, namely Europe, the New World, and Asia came together for the first time directly as a result of the great discoveries of the last decade of the fifteenth century. Unlike in the case of the New World, there had been a certain amount of interaction between Europe and Asia since antiquity and there is evidence to suggest that regular trade relations between the two continents went back at least to the early years of the Christian era.

What the discovery of the all-water route via the Cape of Good Hope achieved was the overcoming of the transport-technology barrier to the growth of the Euro-Asian trade. The volume of this trade was no longer subject to the capacity constraint imposed by the availability of pack animals and river boats in the Middle East. It was indeed a critically important coincidence that the discovery of the Cape route and of the New World took place almost simultaneously. For without the enormous quantities of American silver reaching Europe through the sixteenth century, the enhanced trading opportunities between Europe and Asia opened up by the Cape route would essentially have been frustrated. Euro-Asian trade had traditionally been one involving the exchange of Asian luxury and other goods basically against European silver and, to a smaller extent, gold. This 'bullion for goods' pattern of trade was an outcome of the inability of Europe to supply goods that could be sold in Asia in reasonably large quantities at competitive terms. Europe at this time had an undoubted overall superiority over Asia in the field of scientific and technological knowledge, but not as yet the distinct cost advantage that came with the Industrial Revolution in the late eighteenth and nineteenth centuries. This put the Asian, and particularly the Indian producers, with their considerably lower labour costs and a much longer history of sophisticated skills in handicrafts of various kinds, in a position of advantage over their European counterparts in the production of a variety of manufactured goods. As a result, Europe really had no option but to pay for the Asian goods overwhelmingly in terms of precious metals. Ever since the fourteenth century or so, the output of precious metals in Europe had by and large been stagnant raising fears of deflationary tendencies cropping up. This, coupled with the bullionist inhibitions regarding the export of precious metals, would almost certainly have created a situation where the non-availability of significant additional quantities of precious metals for export to the East would by and large have rendered the opportunities opened up by the availability of the Cape route quite redundant. It is in this context that one must appreciate the critical significance of the two great discoveries – that of the New World and of the Cape route to the East Indies – having taken place almost simultaneously. It is from this time onward that one can legitimately speak of the emergence of an early modern world economy embracing in an organic and interactive manner all three of its principal components, namely the New World, Europe, and Asia.

I

EURO-ASIAN TRADE

Since it was the Portuguese who had discovered the Cape route, they promptly monopolized it and even asked the Pope to legitimize the arrangement. The result was that for a whole century, until this arrangement was successfully challenged by the Dutch and the English in the 1590s, the only merchant group engaged in trade between Europe and Asia along the all-water route was the Portuguese. Partly because of the absence of a strong mercantile tradition among the Portuguese comparable in any sense to that of the northwestern Europeans, and partly because the Crown had taken the lead in providing finance and the infrastructural support to the efforts which had culminated in the discovery of the Cape route, the overseas enterprise in Asia was dominated from the very beginning by the Portuguese Crown. The principal organizing unit at the Lisbon end was the Casa da India, a royal trading firm entrusted with the overall charge of the trade with Asia. The Asian end of the enterprise was supervised by an administrative set-up described from the 1560s onwards as the Estado da India. This had its headquarters theoretically in Lisbon but for all practical purposes in Goa under the charge of the Viceroy nominated by the Crown. The Viceroy was assisted by, among others, informal councils which by 1563 had evolved and become more institutionalized as the Council of State. Its members, apart from the Viceroy as President, were the archbishop of Goa, the chief inquisitor, two or three of the older fidalgos resident in Goa, the head of the High Court, the Captain of the city of Goa and the Vedor de fazenda or chief financial official. The Viceroy had command over all Portuguese posts as well as military and naval forces from the Zambezi valley in Africa to Macao in China. The subordinate settlements followed the structure of control established in Goa. In the first half of the sixteenth century, 'Portuguese India' did not designate 'a space that was geographically well defined but a complex of territories, establishments, goods, persons and administrative interests in Asia and East Africa, generated by or subordinate to the Portuguese Crown, all of which were linked together as a maritime network'[2].

While the Portuguese Crown had formally filled in as the principal entrepreneur in the enterprise in the absence of a strong national mercantile class, it did not really possess the wherewithal to play that role with any degree of seriousness and hope of success. It was a question of neither entrepreneurial talent with a capacity to charter into an unknown and highly risky commercial venture nor the necessary finance to fund the enterprise really being available in any serious manner with the Portuguese Crown. It was in that context that international consortiums and merchant networks of various European nationalities assumed a critically important role in taking the enterprise forward. It is indeed difficult to imagine a scenario that the Portuguese enterprise would have taken in the absence of these consortiums and networks. It is also useful to remember that these consortiums and networks were central not only to the European end of the Portuguese enterprise but equally importantly to its Asian end. The funds carried to the East were provided in an important manner by the consortiums or syndicates of merchants, financiers and bankers of various European nationalities. The procurement of pepper and other goods in Asia was also organized in the latter part of the sixteenth century by the syndicates. Finally, the disposal in Europe of the cargoes brought in from the East was also left essentially to the syndicates. In this scheme of things, the Portuguese Crown is widely believed to have become the lynchpin of a redistributive enterprise.

In Asia, the Portuguese enterprise had a multiplicity of facets. In its economic dimension, there was in the first place the official presence in the form of the Estado da India, which was supposed to take care of the commercial interests of the Crown. But the employees of the Estado from the Viceroy down simultaneously engaged extensively in trade on their private account under a variety of arrangements. And, finally, there were the private Portuguese traders who operated either under the protection of the Estado or outside of it. It is important to realize that over time through the sixteenth and the first half of the seventeenth century, there were important shifts in policy in respect of one or more of these constituents. The Portuguese enterprise can then be seen to have had an evolutionary character rather than a well-defined or unchanging profile.

In keeping with the traditional composition of the Asian imports into Europe, the principal item sought by the Portuguese Crown in Asia was spices – overwhelmingly pepper – though some other goods were also procured. On the basis of the better known cases of the Dutch and the English East India companies' trade in pepper and other spices, one ordinarily associates the spice trade primarily with the Indonesian archipelago (Sumatran pepper and Moluccan cloves, nutmeg and mace) and only marginally with Sri Lanka (cinnamon) and the southwest coast of India (pepper). This characterization, however, is totally inapplicable to the Portuguese case. Their early occupation of Malacca (1511) notwithstanding, the overwhelming bulk of their pepper procurement was done in the Malabar region (and later Kanara as well) on the southwest coast of India. This made India their principal theatre of operation throughout the century and a half of their trading history between Europe and Asia. It was only in the context of the intra-Asian trade that the Portuguese connection with other parts of Asia, including China and Japan, became quantitatively significant.

On the return of Vasco da Gama to Lisbon in 1499, the Portuguese government had formed a syndicate for trade with Asia, in which both the Crown and certain private interests participated. In the voyage of Pedro Alvarez Cabral which left Lisbon on 9 March 1500 with thirteen ships, for example, ten were on the account of the Crown, while the remaining three belonged to different syndicates of Portuguese noblemen and Italian financiers. But from 1506 onward, the trade in precious metals from Portugal to India, and that in pepper and other major spices in the reverse direction, was reserved as a royal monopoly. Private trade in monopoly items was, however, allowed to naval personnel, and to certain privileged institutions and individuals under royal license. More importantly, it would seem that the participation of private enterprise in the role of financiers continued. On occasions, this could be quite important. Thus the fleet of 1510 under the command of Diogo Mendes de Vasconcelos was largely staffed and financed by the Florentine commercial house of Sernigi and its associates. The procurement of pepper in India was organized by the Estado while the sales in Europe were through contract sales based until the middle of the century at Antwerp and thereafter at Lisbon.

The mounting liquidity problems of the Crown forced a major reorganization of the trade with Asia in 1564 when the first of a series of contracts giving over trade on the Cape route to private parties was concluded. The remaining part of the century witnessed a variety of experiments carried out in an attempt to identify the optimal strategy that would ensure the Crown maximum monopoly revenue without obliging it to be directly involved in the conduct of the trade with Asia. In *1570*, the trade in pepper and other spices was opened to free competition, although the Crown also continued to participate in the trade itself and retained its monopoly on the export of precious metals to Asia[3]. The Asian contract system was introduced in *1575*. The first beneficiary of the new arrangement was the Augsburg merchant Konrad Rott together with his associates who included the Milanese merchant, Giovanni Batista Rovalesca. Under this arrangement, Rott received intact the royal monopoly of the Cape route-the procurement of spices in Asia, their shipment to Europe, the provisioning of the carracks in Lisbon and Goa, and the distribution of pepper in Europe. Just before his death in *1580,* dom Henrique renewed the Rott-Rovalesca contract for another five years. Under the terms of the contract, the contractors were supposed to purchase each year in India a total of 30,000 quintals of pepper-15,000 on their own account and 15,000 on the king's account. The contractors were free to sell their half of the pepper as they chose; the king would also sell all of his 15,000 quintals (which cost him nothing) to the Rott-Rovalesca consortium at 32 cruzados per quintal. The consortium thus enjoyed exclusive European distribution of Portuguese pepper[4]. A sharp decline in the European price of pepper, however, forced Rott out of business. In February I586, a new Asian contract was concluded for a period of six years with Rovalesca in association with Giraldo Paris. They were authorized to take in other associates subject to the approval of the Crown. In April, the Augsburg firm of Welser joined in with a five-twelfths share. In 1587, the Fugger brothers also came in with a share of a quarter. This group was required to supply to the king 30,000 quintals of pepper per annum at a price of 16 cruzados per quintal[5]. The Casa da India sold the pepper to the European contractors at prices negotiated each year in Lisbon. The European distributors included, besides Welser and Fugger, several investors who were not party to the Asian contract. The consortium marketed pepper through a network of correspondents in Hamburg, Lubeck, Middelburg, Amsterdam, Leghorn and Venice. By not awarding the European distributorship to the group holding the Asian contract, the king gambled that he could bargain more effectively in Lisbon for a premium price for his pepper[6]. The contract system continued until 1598 when, following the English and Dutch intervention in the seaborne spice trade, private enterprise was no longer willing to take up the pepper contracts. In any event, the experiment with the contract system had not been particularly satisfactory for either side. The syndicates were consistently unable to import the quantities specified in the contracts and never managed to make adequate profits. The bankruptcy of Rott has already been noted: his Milanese counterpart Rovalesca was also forced to follow suit.

In the context of the continuing problem of liquidity, the formation of the English and the Dutch East India companies in 1600 and 1602 respectively would seem to have been instrumental in spurring the Portuguese (and Spanish) Crown to consider the establishment of a Portuguese India Company[7]. The Company was finally founded in 1628, but the experiment was not particularly successful, and as early as April 1633 it was decided to dissolve the Company. The last batch of cargo on the account of the Company left Goa in 1634. The Crown monopoly of pepper was partially relaxed in 1642 with the rights of the Casa da India being confined to purchasing the pepper on arrival in Lisbon at a pre-determined price. But the arrangement failed to stimulate the trade to any significant extent. The tonnage leaving Asia for Lisbon, which had stood at 13,710 tons during 1631-40, went up during 1641-50 only to 16,030 tons. In the second half of the seventeenth century, it was only during 1671-80 that this figure exceeded 10,000 tons[8].

Pepper procurement in India

Throughout the sixteenth and the first half of the seventeenth century, an overwhelming proportion of the pepper imported into Lisbon was procured on the southwest coast of India. Thus, against the total of approximately 17,300 quintals imported into Lisbon in 1506, the average amount imported each year from Cochin alone during 1506 and 1507 was 13,214 quintals. Between 1510 and 1518, the latter figure went up slightly to 13,293 quintals. As against this, the total amount imported into Lisbon was 20,020 quintals in 1513 and 20,415 quintals in 1514[9]. In the early part of the seventeenth century, the significance of Malabar/Kanara pepper increased even further. Thus between 1612 and 1634 pepper procured at Malacca, the only source other than the southwest coast of India, accounted for only 3.26 per cent of the total amount of pepper shipped to Lisbon[10].

On the southwest coast of India, the procurement of pepper was begun at Calicut on the Malabar coast, where the Portuguese had first arrived. But relations with the pardesi merchants of the town as well as the Samudri raja deteriorated fast. The conflict with the merchants had its origin mainly in the Portuguese insistence on being provided with pepper before the Red Sea merchants had been served. The Portuguese attack on a sambuk was retaliated by their factory being looted which, in turn, led to an attack on the port and a bombardment of the town in 1501 that lasted for two days. The era of peaceful trading which, occasional instances of violence notwithstanding, had been the norm in the Asian waters for centuries, had finally been shattered by the Portuguese. At any rate, it was found more expedient to shift the centre of pepper procurement to Cochin where the more cooperative Mappila and the Syrian Christian merchants were used as brokers and immediaries. With the aid of the dependent raja of Cochin, the Portuguese tried to establish a monopoly in pepper there. But since the raja had no real control over the areas where pepper was grown or over the routes used for its transportation, the monopoly never really worked in any effective sense. At his own level, of course, the raja provided all help by giving protection to the river boats bringing pepper to Cochin, by guaranteeing loans raised by the Portuguese from private sources as well as by providing loans himself[11]. The friendly relationship between the Estado and the Mappila merchants at Cochin, however, did not last very long. By the end of the third decade of the century, the merchants had declared a holy war – jihad -against the Estado. This hostility continued in one form or another into the seventeenth century.

In the second half of the sixteenth century, in addition to Cochin, Kollam and marginally Cannanore on the Malabar coast, the Estado also began procuring pepper on the Kanara coast. Shipments from the mid-1560s onward generally included some Kanara pepper and, from the last decade of the century onward, Kanara definitely outstripped Malabar as a source of pepper. Information available for the period 1612 to 1634 suggests that, roughly speaking, Kanara provided two-thirds of the total Indian supplies as against Malabar's one-third[12].

The new route vs the old route

Until the English and the Dutch challenged it in the last decade of the sixteenth century, the Portuguese enjoyed a largely unqualified monopoly of the trade along the Cape route. Was their trade on this route a net addition to the Euro-Asian trade in spices and other goods or did it represent largely a diversion of the trade along the long-established water-cum-land route via the Levant? There is very little doubt that in the early years of the sixteenth century the Portuguese policies were indeed instrumental in spelling almost a total disaster for the trade along the old route. The attempt at monopolizing the spice trade was unambiguous. It called for a total exclusion of Asian shipping from the Persian Gulf and the Red Sea: the instructions to Pedro Alvares Cabral, in charge of the first major commercial voyage to India that left Lisbon in March 1500, included the initiation of steps designed at blockading the passage to the Red Sea. The rest of the Asian trade would be regulated to exclude trade in spices. The instrument used to implement this policy was the cartaz, a safe-conduct that all Asian ships were obliged to carry on pain of seizure in the event of non-compliance. The document obliged the Asian ship to call at a Portuguese-controlled port and, following the establishment of the Portuguese customs houses there, to pay customs duties before it proceeded on its voyage. Enemies of the Portuguese and banned goods such as spices were not to be carried. There is some evidence that an equivalent of the cartaz existed in the Asian seas before the arrival of the Portuguese, but there can be little doubt that the scale on which this restrictive measure was used by the Portuguese was unprecedented. The measure indeed represented an institutional constraint on the freedom of navigation on the high seas.

The policy of exclusion of the merchants from Calicut, Cambay and other ports on the west coast of India from the Red Sea and the Persian Gulf was highly successful. Hormuz at the entrance to the Persian Gulf was captured in 1515: the failure to capture Aden was made up for by the dispatch each season from Goa of a fleet to lie off the entrance to the Red Sea, usually cruising between Aden and Bab-el-mandeb and returning to Hormuz in April. Raids on departing fleets at Calicut were common and the result was practically a ruination of the spice trade with the Persian Gulf and the Red Sea. It was reported as early as 1504 that the Venetian galleys calling there found no spices at either Alexandria or Beirut. Two years prior to that, concerned at the loss of the substantial revenues that the spice trade used to bring him, the Mamluk of Egypt had sought the good offices of the Pope to try and dissuade the Portuguese from choking the flow of spices through the Red Sea!

The dislocation in the spice trade, however, proved only temporary. By the second decade of the sixteenth century cracks had already begun to appear in the Portuguese system. A series of circumstances combined to produce this result. A key element in the situation was the financial priorities and compulsions of the Estado da India. Given the rather precarious state of the finances of this body, it was imperative that no opportunity of taxing Asian shipping by making it call and pay duties at Portuguese controlled ports such as Malaca, Goa and Diu be missed. Hormuz, taken in 1515, was one such strategically located port. Pepper and other spices passing through the port and destined for consumption within west Asia posed no problem: the choice between tax revenue and the cost of the infringement of the European monopoly arose only in respect of that part of the cargo which would eventually reach Venice or Genoa via Aleppo. The choice was made in favour of the tax revenue and, as Steensgaard has suggested, between 1524 and 1543 an average of 90,000 xerafins was earned as customs duties per annum at Hormuz. Steensgaard's characterization of the Portuguese enterprise as 'redistributive' in character has in part at its base such parasitical siphoning off of a part of the profits of Asian trade. Another circumstance that prompted the Portuguese to allow pepper shipments to pass Hormuz was the desire to earn the goodwill of Persia against an increasingly aggressive Ottoman empire. Whatever the motivation, the Portuguese decision involved a diversion of the spice trade from the Aden-Cairo-Alexandria axis to the Basra-Baghdad-Aleppo axis.

But that diversion was strictly temporary, and from the late 1530s onward the Red Sea spice trade began to revive. After an initial vigorous and successful phase, the Portuguese blockade of the Bab-el-Mandeb became increasingly ineffective for a variety of reasons. For one thing, considerations of strategy as well as of economics often obliged the Portuguese authorities to issue a limited number of <u>cartazes</u> for the Red Sea ports. Thus, as early as 1515 Albuquerque found it necessary to grant the Samudri raja a certain number of <u>cartazes</u> for the merchants based at his port, enabling them to resume trade with Aden and Jeddah. On other occasions, a similar concession was extended to other puppet rulers. Important business associates such as Khwaja Shams-ud-din Gilanai as well as merchants providing credit to the Estado had to be similarly accommodated. In some cases, such as in that of Gilani, trade in pepper was explicitly permitted, while in most others the understanding was that pepper would continue to be treated as a prohibited article. But for all practical purposes, the distinction made little difference and nearly all ships going to the region carried pepper legitimately or clandestinely. And then, of course, there was the trade in pepper carried on by various categories of the Portuguese in contravention of the official policy. The network of this trade included the Red Sea and there was very little the Portuguese official machinery was able to do about it.

It needs to be emphasized that the Estado simply lacked the resources in men and ships to sustain an effective blockade of the Red Sea year after year. The only area in which the Portuguese were reasonably successful was in preventing ships from Malabar from going to the Red Sea. But shipping from Kanara and the Bay of Bengal continued to carry Indian pepper to the Red Sea from the late 1530s and the early 1540s onward, mainly through the agency of the Gujarati merchants. It seems that considering the expense and the poor rate of success, the Portuguese abandoned the Red Sea expeditions around 1569, clearing the way for a full-fledged revival of the Red Sea traffic in pepper. C.R. Boxer, who has traced this revival, is of the opinion that the volume of Acheh pepper reaching Jeddah at the end of the sixteenth century was larger than what the Portuguese were taking to Lisbon by the Cape route[13].

Portuguese share of the European pepper market

That brings us to the question of the Portuguese share of the European pepper market during the sixteenth and the first half of the seventeenth century. In the late 1570s or the early 1580s, Konrad Rott estimated the size of the European pepper market at 28,000 light quintals[14]. In 1611, Hans Kampferbek, the Hanseatic Consul at Lisbon, put this figure at 30,000 light quintals[15]. Magalhaes Godinho’s figure of 10,378 light quintals in 1587 would put the Portuguese share in the 1580s at 37 per cent: the figure would go up to 75 per cent if the annual average of the Portuguese imports between 1587 and 1590 was taken into account. As for 1611, the Portuguese import figure of 10,869 light quintals in 1612 would account for 36 per cent of the total European market: the figure is not changed perceptibly even if the average of the imports between 1612 and 1634 is taken into account.

The historiography on this question is quite extensive and wide-ranging. In two papers published in The American Historical Review in 1933 and 1940 respectively, Frederic C. Lane first talked of the revival of the Levantine trade to Europe and suggested that the economic importance of the Cape route in the sixteenth century may have been seriously exaggerated. According to him, Venice imported as much or more pepper from Alexandria in the 1560s as it had done in the late fifteenth century[16]. In his 1974 book, Steensgaard argued that in the 1570s and the 1580s the Portuguese average annual import of about 20,000 quintals would have accounted for only about 40 per cent of the total amount of pepper brought into Europe. In the decade of the 1590s marked by unprecedented shipping losses, this would have been halved to about 20 per cent[17]. In a paper published in 1979, C.H.H. Wake maintained that the Steensgaard scenario needed a drastic revision because he had both overestimated the size of the European market and underestimated the extent of the Portuguese imports. On the basis of his reinterpretation of the Magalhaes Godinho data on pepper imports, Wake argued that until 1550, and again in the 1570s and the 1580s, the Portuguese accounted for upward of 75 per cent of Europe's pepper imports. Regarding the role of the Levant trade, Wake emphasized the existence of an important spice market in west Asia itself and the consequent need to distinguish between the total Asian supplies entering the Red Sea and the Persian Gulf, and the part that eventually reached Europe. He then argued that the supplies bought by the Venetian and other European merchants in the Levant were regulated strictly in accordance with the quantities brought to Lisbon earlier in the year by the Cape route. As a result, 'the Levantine trade ebbed and flowed with the changing fortunes of the Portuguese enterprise'. In the 1560s, for example, when the Portuguese imports are known to have been limited, the Venetian imports from Alexandria are generally believed to have been very large. The Venetian revival was cut short by the Cyprus war of 1570-3 which, in the analysis of Wake, coincided with the recovery in the Portuguese trade.

Finally, when Portugal's imports were marked by unprecedented maritime disasters in the 1590s, the Venetian trade again enjoyed a revival[18].

As for the period from the early part of the seventeenth century onward, the area of disagreement is considerably less. It is generally agreed that the rise of the Dutch and the English East India companies spelt the near ruination of both the Levant routes as well as the Portuguese Euro-Asian trade. Pieter van Dam, the historian of the Dutch East India Company writing at the end of the seventeenth century, refers to an estimate dated 1622, according to which the Portuguese were supplying only 20 per cent of the total European demand of 7 million pounds of pepper, the remainder being divided between the Dutch and the English[19].

II

INTRA-ASIAN TRADE

Throughout the sixteenth and the first half of the seventeenth century, trade between Portugal and Asia remained the raison d'etre of the Portuguese enterprise in the East. But that should not lead us to lose sight of the fact that trade within Asia-or what the Portuguese termed 'trade from India to India'-was also a very important component of the Portuguese commercial presence in Asia. Indeed, beginning as early as the period of Afonso de Albuquerque (1509-15), the intra-Asian trade of the Portuguese was considerably larger in value and substantially more lucrative than the trade between Goa and Lisbon. It is another matter that, while a large part of the profit in the intercontinental trade went to the Portuguese Crown, the profit from the intra-Asian trade accrued overwhelmingly to private individuals. Precise quantitative data are hard to come by but the available evidence would seem to establish the broad orders of magnitude. A Dutch estimate pertaining to 1622 put the working capital invested annually by the Portuguese Crown and country traders in the intra-Asian trade at the enormously high figure of f.50 million. But in all likelihood, this particular estimate was grossly inflated on purpose in order to obtain larger amounts of capital from the Netherlands. That the value of the

Portuguese intra-Asian trade around this time was nevertheless quite impressive is, however, borne out by the 1630 Bocarro estimate of the annual investment in this trade from Goa alone being 2.85 million xerafins (the equivalent of f.6.6 million)-about fifteen times the value of the Portuguese India Company merchandise exported to Lisbon that year[20]. The Portuguese participation in intra-Asian trade was substantial during the sixteenth century as well. Luis Filipe F.R. Thomaz has argued, for example, that even in respect of an item such as cloves, of the total amount bought by the Crown factors (which did not amount to more than 12.5 per cent of the estimated output in the Moluccas), less than a third (32 per cent) found its way to Lisbon, the rest being sold in places such as China, Burma, Indonesia, India and Persia. As for profitability, Thomaz has pointed out that against an annual average of 33,000 cruzados earned by the Captain-Major together with the captains of each of the naus of the returning fleet from Goa to Lisbon between 1570 and 1590, the average annual profit earned in the intra-Asian voyages around 1580 was five times as much[21].

Some of the Portuguese intra-Asian trade fed the export of Moluccan spices to Lisbon: indeed these spices were procured overwhelmingly against Indian textiles. But the bulk of this trade was aimed simply at earning profit. Quite early in the sixteenth century, mainly with the help of Tamil keling merchants settled at Malacca, the Portuguese managed to make their way into a complex intra-Asian trading network of goods and routes with Malacca as the centre-point. The goods that figured in this network originated, apart from southeast Asia, in China, in India and, on a limited scale, in the Middle East. The southeast Asian goods included cloves from the Moluccas, nutmeg and mace from Banda, and pepper from Sumatra and Sunda, besides items such as sandalwood from Timor, camphor from Borneo, gold from Sumatra, tin from Malaya and precious stones from Burma. These goods were first collected at Malacca and then re-exported to China, Japan, and to various ports in the Indonesian archipelago as well as those around the Bay of Bengal. Some of the cargo was also sent on to the west coast of India, whence a part found its way to Persia and the Near East and another to Europe via the Cape route.

The principal item procured in China was porcelain, though silk, lacquer, jewellery and copper coins were also obtained there. Malacca served as the principal transit point for redistribution to the western India, Near East and Europe complex as well as to the archipelago and the Bay of Bengal complex. After the founding of Macao in 1557, however, the transit role of Malacca for the archipelago was increasingly eroded and direct connections were established. India, as noted earlier, mainly provided textiles which were used primarily to buy the Indonesian spices and drugs. This practice was so established and so extensive that in many of the treaties concluded between the Portuguese and the suppliers of spices the prices of the latter were specified in terms of Indian textiles, rather than in any currency. As far as goods available in the Middle East were concerned, the Portuguese involvement was rather limited and confined to goods such as silk, carpets and worked leather, and base metals such as iron, copper, lead and mercury.

The voyages undertaken included both those on the high-seas circuits as well as those on the coastal ones. From Tome Pires, we know the details of one of the coastal voyages from Malacca to the Moluccas. A direct route via Brunei, which the Portuguese initiated around 1525, would have taken only forty days. But the preferred route was a much longer one taking as many as eleven months to traverse. The principal commodity carried on the outward trip was Indian textiles and the first stop was in eastern Java at ports such as Gresik and Panarukan where the better quality textiles were exchanged against caxas and sapecas, Chinese copper coins of small value. The coins were employed to buy rice as well as low-quality cotton textiles at Bima which, in turn, together with the remainder of the Indian textiles loaded at Malacca, were used to buy mace, nutmeg and cloves in Banda and the Moluccas respectively. The hopping trip was extremely profitable and fully justified the much longer time taken.

Crown participation in intra-Asian trade

The extensive Portuguese network of intra-Asian trade grew basically along the lines defined by the pre-existing commercial system. As it happened, the period of the Portuguese apprenticeship was shortened considerably by the advice and assistance provided by the keling merchants of Malacca. In the wake of the Gujarati merchants' increasing withdrawal from the city following its conquest in 1511, the Tamil keling merchants had emerged as the single most important group of Indian merchants operating from Malacca. Amongst the Portuguese, the lead in the matter of getting into intra-Asian trade in a big way was taken by the Crown, though the period over which the Crown's involvement in this trade lasted was not very long.

An important branch of Asian trade that the Crown initially monopolized for itself was the spice trade with the Moluccas. However, from the very beginning, the monopoly was a rather loose one with crew members of the royal ships being allowed participation. In addition, rights were also granted to selected state officials to engage in a limited amount of trade in the 'forbidden goods'. On occasions, a shortage of resources also obliged the Crown to permit private participation: thus in 1523 a cargo of cloves was loaded in Ternate on private ships because the royal factory did not have the wherewithal to buy it. This was repeated two years later because the factory did not have a Crown ship with adequate capacity. There were also cases, as in 1524 and 1536, when private Portuguese traders managed to violate the royal monopoly by paying more for the cloves than the Crown factor was willing to pay. All these problems persuaded the Crown in 1539 formally to declare the trade in cloves and nutmeg free subject only to the condition that anybody dealing in these spices would be obliged to provide one third of the quantity bought to the Crown factors at cost price[22].

The Crown also participated in several other branches of Asian trade-mostly those linking Malacca to the Bay of Bengal but marginally also in the western Indian Ocean-basically as a 'merchant among merchants.' In the decade 1511-20, the Fazenda Real (or royal treasury) carried out a number of exploratory commercial voyages and a whole series of crown routes (carreiras) was created. This was done in close cooperation with the keling merchant community of Malacca, whose doyen at the time was one Nina Chatu. The cooperation often took the form of ventures undertaken jointly by the Crown and Nina Chatu. One such venture was the voyage of the Sao Joao which left Malaca for Martaban in Burma in August 1512, returning in May 1513. The same ship was then sent to Pulicat, again in partnership with Nina Chatu and on similar terms. There was an equal division of the cargo space between the Crown and Nina Chatu, each party sending factors on board to administer its share of the cargo. All expenses during the voyage, whether on repairs, maintenance, food for the sailors, or loading and unloading charges, were divided equally between the two parties. On its trip to Pulicat, the vessel also caried individual Portuguese and other merchants on board together with their goods, evidently paying freight charges to the party in charge of the relevant shipping space. Persons not travelling aboard also participated in the venture by handing over money to those on board in commenda. One Afonso Galego, for example, had handed over 200 cruzados to two chatys on board ship, on the understanding that they would give him 300 cruzados on their return, at 50 per cent on the principal sum[23]. According to Thomaz, this percentage usually was 35 to 50 on trips from Malacca to southeast Asia and 80 to 90, going up to as much as 200, on trips to India and China[24].

By the late 1520s, the practice of sending a ship each to Pegu and Pulicat annually on the independent account of the Crown had become increasingly established. The Pegu run moved from an initial Malacca-Pegu-Malacca route to a Goa-Pulicat-Pegu-Goa pattern. The Coromandel voyage similarly moved from the Malacca-Pulicat-Malacca route to a Goa-Pulicat-Malacca-Goa route. The original practice of the nakhuda (or captain) of the vessel being an Asian was also given up, and all principal posts on board were now occupied by Portuguese officials. The posts of captain and factor were sometimes granted to the same individual and were remunerated by a share in the cargo space. This space could be used by the official himself or he could rent it out: in either case the goods carried in it were exempt from customs duties at Malacca[25].

In 1518, a fleet of two vessels under the command of D.Joao da Silveira arrived in Chittagong on the newly created carreira de Bengala. Gradually, the Bengal voyage took on an annual character, and while most of the ships went to Chittagong, some called at Satgaon as well. Initially, these voyages originated in Goa and went to Bengal via Coromandel, but in the 1530s they are also known to have occasionally originated in Malacca. By the 1540s, there were two regular carreiras to Bengal, one each to Chittagong and Satgaon. Vessels operating on these routes were either owned or hired by the Crown and, as usual, the captain carried as perquisite a proportion of the cargo space and exemption from the payment of customs duties at Portuguese customs houses, whether at Malacca or Goa[26].

As pointed out earlier, the period over which the involvement of the Portuguese Crown as an entrepreneur in intra-Asian trade lasted was comparatively brief. Indeed, already in the 1530s and the 1540s changes in both the nature and the scale of Crown involvement in this trade were discernible. In the first place, Crown shipping was increasingly giving way to private shipping. Thus it was reported around the middle of the century that of the seven or eight ships that sailed each year from Malacca to Coromandel, only one belonged to the Crown[27]. Also, even on trips operated with Crown shipping, the investment of Crown capital in the cargo was on the decline and they were increasingly being converted into some kind of a freight service. Sanjay Subrahmanyam has discussed this development in relation to the carreira that operated on the route Goa-Pulicat-Malacca-Goa. A detailed account of the annual nau operating on this route is available for 1550 which shows that the Crown no longer invested capital of its own in the cargo on the Pulicat-Malacca run. The business was run purely as a freight service, the total charge on goods freighted being 12 per cent of value, half on account of freight charges and the other as customs duty in Malacca. The captain of the vessel received one-fourth of the freight space as a perquisite which he normally rented out, retaining the entire 12 per cent to himself. On the Malacca-Goa voyage, on the other hand, he was given only a sixth of the freight space, which again was free from duties at Goa[28].

The 1540s and the 1550s witnessed a growing debate regarding the advisability of continued Crown participation in Asian trade in whatever capacity. The poor profitability of the venture in its incarnation as a freight service had a lot to do with this. It was repeatedly pointed out that the group that benefited most from this pattern of trading was that of the ships' captains. They almost always redistributed the cargo in such a way that the most profitable part of it (value for volume) fell to their share of the cargo space. The alternative of going back to the status quo ante of the Crown itself owning the cargo carried was scarcely practical given the state of the finances of the Portuguese state in India at this time. Available evidence points very strongly in the direction of a severe contraction in customs receipts-the principal component of state finance-in Portuguese Asia in the 1540s and the 1550s. Other circumstances also contributed to the gradual withdrawal of the Crown from participation in intra-Asian trade. One was what Magalhaes Godinho has termed the 'Atlantic Turning' of Portuguese policy in consequence of the successful first stage of the colonization of Brazil. Another was the fact that the 'official perception of the Portuguese influence in the East became closer to the idea of empire, and put the emphasis on the sovereign role of the state to the neglect of its commercial activities.'[29] The result was a virtual completion of the process of Crown withdrawal from intra-Asian trade by about 1570. Only one carreira voyage-that from Goa to the Banda islands-is believed to have survived intact into the 1580s. But the Crown kept for itself the right to give benefices as rewards for service. Thus was born the so-called system of concession voyages, which came to constitute the backbone of the Portuguese private merchants' trade in Asia.

Portuguese private traders' participation in intra-Asian trade

The bulk of the Portuguese private traders engaged in intra-Asian trade were residents of the settlements which together constituted the Estado da India. These people operated under the jurisdiction and the patronage of the Estado. Those operating outside its jurisdiction were derisively called chatins. Within the Estado framework, the various categories of residents at a settlement such as Goa included government officials, soldiers, ecclesiastics, Jews and New Christians, and the casados moradores or married settlers. Members of each of these groups participated in trade to varying degrees. The government officials engaged in trade, for example, included persons at all levels beginning with the Viceroy himself. Thus, D. Miguel de Noronha, Fourth Count of Linhares and Viceroy between October 1629 and December 1635, is known to have been fairly active in intra-Asian trade, particularly that channelled through Goa. There is evidence that he extensively abused his official position in a variety of ways including trading in prohibited goods[30].

But while each of the components of the Estado settlements community is known to have participated in Asian trade, by far the most important group would seem to have been that of the casados moradores. While a small segment of the casado community in Portuguese Asia did have a landed character, the bulk of the group made its money by engaging in maritime trade. Some of these traders are known to have amassed enormous fortunes. Thus four members of this group declared bankruptcy in 1633 in Japan to the amount of 1.25 million taels' worth of silver[31]. The group consisted of both white and black casados – the latter being native Christians. The whites themselves were subdivided between the reinois born of white parents in Portugal, the casticos born of white Portuguese parents in Asia, and the mestizos, born in Asia usually of a Portuguese father and an Asian or Eurasian mother. The exact number of the casado population in Portuguese Asia is not known for any point in time, but Bocarro does provide approximate numbers for 1635. These were 4,800 for white casados and 7,485 for black casados. The largest settlement was in Goa with 800 white and 2,200 black casados[32]. The casado traders had extensive dealings with other European and Asian trading groups as well as the Estado da India, in relation to which it also constituted some kind of a pressure group[33]. The privileges extracted from the Estado included occasional limited commodity monopolies and special rates of customs duties etc.

The decade of the 1630s witnessed catastrophic losses for the Portuguese country traders at the hands of the VOC. One Portuguese source estimated their losses between 1629 and 1636 at some 155 ships destroyed or captured, besides goods worth 7.5 million xerafins (=5.62 million cruzados) lost[34]. This, however, does not imply, as is sometimes assumed in the literature, that the private Portuguese trade from India practically came to an end around this time. The 1640s were a peaceful decade for Dutch-Portuguese relations which was a positive factor in the Portuguese merchants' trade from Nagapattinam. However, the Dutch pass policy forced a movement away from the Malay peninsular ports. But this turned out to be only temporary and, following a relaxation in the Dutch policy, trade with these ports was resumed in the 1670s. The loss of Nagapattinam to the Dutch in 1658 indeed constituted a setback to the Portuguese trade from Coromandel. But their response was to relocate themselves in large numbers at the port of Porto Novo to the north, which over the last quarter of the seventeenth century emerged as a major country trading port. An analysis on the basis of information available in the Dutch shipping lists of the ownership pattern of the ships, excluding Company ships and small coastal craft, that left this port between 1681-2 and 1685-6 for various Asian destinations shows that the Portuguese were a major group of merchants owning ships and operating from this port. The number of ships departing and owned by this group was seven out of a total of nineteen in 1681-2, six out of fourteen in 1682-3, six out of ten in 1683-4 and 1684-5, and seven out of fourteen in 1685-6. The single most important shipowner amongst the Portuguese was one Manuel Teixeira Pinto. By far the most important port of destination for the Portuguese shipping from Porto Novo was Acheh, followed by Pegu, Malacca, Goa and Manila[35].

The Portuguese merchants' trade from Bengal too survived their expulsion from the port of Hugli in 1632. Francois Bernier noted the existence of a prosperous Portuguese mercantile community in Hugli in 1666. It included substantial traders and shippers such as Joao Gomes de Soto, who had the Bandel church at Hugli rebuilt, and who traded not merely on his own account, but also had close relations with the English Company. The Dutch shipping lists for the ports of Hugli and Balasore, pertaining to the last quarter of the seventeenth and the early years of the eighteenth century, do contain the names of several Portuguese merchants, ships on whose account arrived at and departed from the two ports over this period. The scale of this shipping would, however, seem to be somewhat smaller than that from southern Coromandel[36].

The Portuguese merchants based at partner ports also carried on a certain amount of trade with ports on both the east and the west coasts of India. During the eighteenth century, by far the most important group of these merchants was the one based at Macao. The growing problems faced by this group in the early years of the century in the neighbouring markets of the South China Sea forced it to turn increasingly to markets in the Indian Ocean. An analysis of the Dutch shipping lists, as well as the information available in the English Company records for the period 1719 to 1754, shows that Portuguese ships called with varying frequency at the ports of Bengal, at Madras and Nagapattinam on the Coromandel coast, at Cochin, Tellicherry and Anjengo on the Malabar coast, and at Surat. Some of these ships, particularly those calling at Surat, are known to have in fact been owned by Asian merchants flying the Portuguese flag for convenience. By far the most important ports of call for the genuine Portuguese shipping were Cochin, Tellicherry and Madras. Over the period 1719 to 1754, Portuguese shipping called at Cochin regularly between 1723 and 1742 except in 1733, with the number of ships each year varying between two and six. Between one and four of these ships were Macao based. From the early 1740s onward, the main Malabar port of call was Tellicherry, with the number of ships in a year often being as many as six and reaching the top figure of eight in 1749. This shipping was also dominated by that from Macao. The principal commodity carried to Malabar was Chinese sugar which was exchanged there mainly against pepper and sandalwood. In the case of Madras, the only years between 1719 and 1754 when Portuguese shipping did not call at the port were 1734, 1741, 1747 to 1749, and 1754. The numbers each year, however, were generally more modest than those at Cochin and later Tellicherry, varying between one and five. Most of these ships were also Macao based[37]. The emergence in the second half of the eighteenth century of English private traders as major competitors in the Indian Ocean and the South China Sea undoubtedly affected the trade of the Macao merchants adversely. But this did not prevent them from continuing to be an important segment of the trading community in the region[38].

By virtue of being the discoverers of the Cape route to the East Indies, its sole users during the sixteenth century and continuing their presence in the Indian Ocean until the end of the eighteenth century, the Portuguese played the role of the pioneer in facilitating the emergence and the growth of the early modern world economy. They were able to play this role with the active assistance and cooperation of various international consortiums and syndicates as well as merchant networks both in Europe and in Asia.

Endnotes:

[1] Adam Smith, An Enquiry into the Nature and Causes of the Wealth of Nations, 1776, reprinted from the 6th edn., London, 1905, vol. 2, p.139.

[2] Sanjay Subrahmanyam and Luis Filipe F.R. Thomaz, 'Evolution of empire: the Portuguese in the Indian Ocean during the sixteenth century", in James D. Tracy (ed.), The Political Economy of Merchant Empires, State Power and World Trade 1350-1750, Cambridge, 1991, p.304.

[3] Sanjay Subrahmanyam and Thomaz, 'Evolution of empire', pp.310-11.

[4] James C. Boyajian, Portuguese Trade in Asia under the Habsburgs 1580-1640, Baltimore and London, 1993, p.20.

[5] Hermann Kellenbenz., 'Autour de 1600: le commerce du poivre des Fugger er le marche international du poivre', Annales Economies-Societies-Civilisations, vol. II(1), 1956, pp.1-28.

[6] Boyajian, Portuguese Trade in Asia, p.22.

[7] The details of the project can be followed in A.R. Disney, Twilight of the Pepper Empire, Portuguese Trade in Southwest India in the Early Seventeenth Century, Cambridge, Mass., 1978, Chapters v and vi.

[8] Glenn Joseph Ames has argued that 'as opposed to the dismal period from 1640-1663, when the Carreira was virtually moribund and contact between Lisbon and Goa was interrupted for years at a time, a regular seaborne trade between the metropolis and India was definitively re-established' from 1668 onward when Prince Regent Pedro assumed power in a palace coup. Ames' data cover the period between 1668 and 1682 (Glen Joseph Ames, 'The Carreira da India, 1668-1682: maritime enterprise and the quest for stability in Portugal's Asian empire', The Journal of European Economic History, vol. 20(1), 1991, pp.7-27).

[9] For the amounts imported from Cochin, see Magalhaes Godinho, Os Descobrimentos e a Economia Mundial, vol. III, pp.10-11.

[10] Calculated from Disney, Twilight of the Pepper Empire, Appendix 2.2, p.162.

[11] Jan Kieniewicz, 'The Portuguese factory and trade in pepper in Malabar during the sixteenth century', The Indian Economic and Social History Review, vol. 6(1), 1969, pp.68-9.

[12] Between 1612 and 1634, the share of Kanara pepper in the total amount procured on the southwest coast of India was 63.38 percent as against 36.06 percent from Malabar. If the small quantities procured at Malacca are also included, the share of the Kanara pepper works out at 61.31 percent, that of the Malabar pepper at 34.88 percent, and that procured at Malacca at 3.26 percent. (Calculated from Disney, Twilight of the Pepper Empire, Appendix 2.2, p.162).

[13] C.R. Boxer, 'A note on Portuguese reactions to the revival of the Red Sea spice trade and the rise of Atjeh, 1540-1600', Journal of Southeast Asian History, vol. 10(3), 1969, pp.415-28.

[14] The regional distribution of this figure was as follows:

Portugal (including Africa and Pegu)	=	1,500 light quintals		
Spain	=	3,000	“	“
France	=	2,500	“	“
England, Scotland and Ireland	=	3,000	“	“
Italy	=	6,000	“	“
Poland, Bohemia, Hungary, etc.	=	12,000	“	“
TOTAL		28,000	“	“

(Kellenbenz, ‘Autour de 1600’, pp.1-28)

[15] The regional distribution of this figure was as follows:

Spain and Portugal	=	3,000 light quintals		
Italy	=	2,000	“	“
France	=	3,000	“	“
Flanders	=	2,000	“	“
Germany (and other northern provinces)	=	20,000	“	“
TOTAL		30,000	“	“

(Kellenbenz, ‘Autour de 1600’, pp.1-28)

[16] Frederic C. Lane, ‘Venetian shipping during the commercial revolution’, American Historical Review, vol. 38, pp.228-9; ‘The Mediterranean spice trade, further evidence on its revival in the sixteenth century’, American Historical Review, vol.45, p.586.

[17] Niels Steensgaard, The Asian Trade Revolution of the Seventeenth Century: The East India Companies and the Decline of Caravan Trade, Chicago, 1974, pp.163, 168.

[18] C.H.H. Wake, ‘The changing pattern of Europe’s pepper and spice imports Ca.1400-1700’, The Journal of European Economic History, Vol.8(2), 1979, pp.385-7.

[19] Pieter van Dam, Beschrijvinge van de Oost-Indische Compagnie (ed. F.W. Stapel and others), The Hague, 1927-54, Book 1, Part II, p.167. Quoted in K. Glamann, Dutch-Asiatic Trade 1620-1740, Copenhagen/The Hague, 1958, p.74.

[20] George B. Souza, The Survival of Empire: Portuguese Trade and Society in China and the South China Sea, 1630-1754, Cambridge, 1986, p.169; Disney, Twilight of the Pepper Empire, p.24.

[21] Luis Filipe F.R. Thomaz, ‘The Portuguese in the seas of the Archipelago during the 16th Century’, pp.81-5. Originally published as ‘Les Portugais dans les mers de l’Archipel au XVIe siecle’, Archipel, 18 (1979). Available in translation in Trade and Shipping in the Southern Seas, Selected Readings from Archipel (18), 1979, Paris 1984, pp.75-91.

[22] Thomaz, ‘The Portuguese in the seas of the Archipelago’, pp.75-91.

[23] Sanjay Subrahmanyam, 'The Coromandel-Malacca trade in the 16th century: a study of its evolving structure', Moyen Orient et Ocean Indien, vol. 3, 1986, pp.55-80.

[24] Thomaz, 'The Portuguese in the seas of the archipelago', p.79.

[25] Sanjay Subrahmanyam, 'The Coromandel-Malacca trade', p.60.

[26] Sanjay Subrahmanyam, 'Notes on the sixteenth century Bengal trade', The Indian Economic and Social History Review, vol. 24(3), 1987, pp.265-89.

[27] Thomaz, 'The Portuguese in the seas of the archipelago', p.78.

[28] Sanjay Subrahmanyam, 'The Coromandel-Malacca trade', p.64-5.

[29] Thomaz, 'The Portuguese in the seas of the archipelago', p.77.

[30] Anthony Disney, 'The Viceroy as entrepreneur: the Count of Linhares at Goa in the 1630s', in Roderich Ptak and Dietmar Rothermund (ed.), Emporia, Commodities and Entrepreneurs in Asian Maritime Trade, c.1400-1750, Stuttgart, 1991, pp.427-44.

[31] C.R. Boxer, The Great Ship of Amacon, Annals of Macao and the Old Japan Trade, 1555-1640, Lisbon, 1959, p.131; Souza, The Survival of Empire, p.30.

[32] Subrahmanyam and Thomaz, 'Evolution of empire', p.322.

[33] It is known, for example, that Ferdinand Cron, an important casado trader, lent his own money or money raised using his personal credit and standing on numerous occasions to the Portuguese State in Goa. (Sanjay Subrahmanyam "An Augsburger in Asia Portuguesa: further light on the commercial world of Ferdinand Cron, 1587-1624', in Ptak and Rothermund (ed.), Emporia, Commodities and Entrepreneurs, p.405).

[34] Souza, The Survival of Empire, p.172.

[35] Sanjay Subrahmanyam, 'Staying on: the Portuguese of southern Coromandel in the late seventeenth century', The Indian Economic and Social History Review, vol.22(4), 1985, pp.445-63.

[36] Om Prakash, 'The Dutch East India Company and the economy of Bengal 1650-1717', unpublished PhD dissertation, University of Delhi, 1967, pp.479-82; Subrahmanyam, 'Staying on'.

[37] Souza, The Survival of Empire, pp.156-68.

[38] The Dutch shippping lists for the 1760s, for example, record the continuing arrival of Macao shipping at Nagapattinam. (See shipping list for 1764, Nationaal Archief (NA), VOC 3077, ff.1139-40 and for 1766, VOC 3164, ff.607-8).