

The Global History of Portugal

From Prehistory to the Modern World

Edited by Carlos Fiolhais, José Eduardo Franco and José Pedro Paiva

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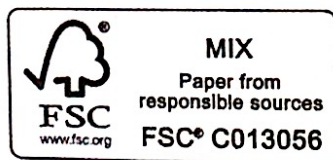
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1703

The Methuen Treaty

The Methuen Treaty symbolizes the strategic alliance between Portugal and England and it is considered as the reason for the opening of the domestic and the colonial markets to the English merchant communities of Lisbon and Porto, giving them a decisive role in the economic development of Portugal and its empire.

The Methuen Treaty was a commercial treaty signed between Portugal and England in 1703, in the context of the War of Spanish Succession (1701–1714) and the diplomatic realignment of Portugal with the maritime powers (England and the United Provinces). The treaty included two articles on the commercial relationship between both parties: Portugal agreed to readmit English woollen textiles, which required the lifting of restrictions imposed by a series of sumptuary laws issued between 1668 and 1702. In exchange, England guaranteed the import of Portuguese wines for two-thirds of the tariffs imposed on French wine.

By mid-eighteenth century, the treaty began to be perceived negatively. Contemporary authors blamed it for the failure of industrial and agricultural development in Portugal and for the deficit in the balance of trade. In the international context, the treaty served as a positive example to emphasise the competitive advantages that productive specialization could bring to both countries. In the twentieth century, Marxist analyses insisted in the unfavourable nature of the treaty, stressing Portugal's dependence on England caused by the imbalance of exchanges and resulting in restricted economic development. Recently Portuguese historiography has re-examined the effects of the treaty seeing structural limitations and other events as contributors to the dominant position of England in the trade with Portugal.

An evaluation of the Methuen Treaty needs to include an analysis of the historical context of the early eighteenth century. The dynastic crisis in Spain and the subsequent war in Europe resulted in Spain and France confronting the Holy Roman Empire, England and the United Provinces. Allied at first with the Franco-Spanish block, Portugal changed sides on 16 May 1703, with the signing of a double treaty of alliance with England, the Holy Roman Empire, the United Provinces and Savoy. Events between July and October 1702 had contributed to this change of heart. The siege of Cádiz, the defeat of the French navy, and the capture of the Spanish Atlantic fleet in the Bay of Vigo by the Anglo-Dutch navy combined, highlighted the vulnerability of Portuguese ports and overseas trading routes, vulnerabilities that the Franco-Spanish alliance was in no position to defend. These developments, associated with a diplomatic offensive by the maritime powers drove King Peter II to join the Great Alliance.

In this diplomatic realignment, John Methuen, special envoy of Queen Anne, played a decisive role. In contrast with the representatives of the United Provinces and the Holy Roman Empire, Methuen established a good personal relationship with Peter II, a relationship that turned out to be decisive in the signing of the treaty on 27 December 1703. The pact between both countries aligned the British mercantile interests in Iberia with the economic interests of the Portuguese monarchy.

British historians argue that Methuen took the initiative in the negotiations with the king. His family connections to cloth production and trade made him aware of the

many complaints among English traders concerning the restrictions caused by the sumptuary laws and their negative effect on the import of woollen cloth into the Portuguese markets. These laws had long been a problem, but the interruption of direct trade between Spain and England after 1702 only exasperated further the English cloth traders. For them, it became imperative the accessibility to the port of Lisbon to serve as a distribution centre for imports and exports to Iberia, particularly Spain, and the Mediterranean. As the third largest market for English woollen cloth, Spain guaranteed the English access to raw wool and silver, essential to maintain the global circulation of other goods. In Lisbon, Methuen became the spokesman for the various trading groups importing and exporting, via Lisbon into Spain.

Portuguese interests in the framework of the treaty have also been amply discussed in the literature, with an emphasis on wine production for export. However, there is no evidence of an organized group of wine-growers having lobbied the court for an advantageous agreement. At the same time, there is no evidence that the Duke of Cadaval and the Marquis of Alegrete, representing King Peter II in the negotiations, hoped to profit from the treaty, since the income from their estates did not depend on the production of wine. Notwithstanding, among the Portuguese products that could counterbalance the import of English woollen cloth, wine was perhaps the obvious choice. Not only did wine exports show encouraging signs of growth, but the English embargo on French wine was an opportunity to increase the Portuguese quota in the English market. In light of the developments of 1703, it seems that the economic interests of the monarchy justified accepting the treaty. In a time of war, with the defence of the country and its empire at stake, customs restrictions included in the sumptuary laws were incompatible with the financial needs of a monarchy, whose income depended overwhelmingly on customs revenues. In this sense, the signing of the treaty signalled the end of the industrial protectionism of the 1670s and 1680s and symbolizes a renewed policy of openness to foreign trade.

In order to discuss the impact of the Methuen Treaty, one needs to consider the two sectors specified in its clauses.

While it certainly contributed to the internationalization of Portuguese wines, it is hard to blame the treaty for the failure in development of the woollen industry. At the time, the Portuguese textile industry was evidently unable to compete with English woollen cloths, and the terms of the treaty only precipitated the suspension of the Count of Ericeira's policy of industrial stimulus. The growth in English imports was but one of the reasons for the trade deficit between Portugal and England. More importantly, the Brazilian gold boom stood at the core of the widening of the Portuguese domestic and colonial markets, aggravating thus the trade deficit with England.

The Methuen Treaty is often perceived as the culprit for the opening of domestic and colonial markets to the English merchant communities of Lisbon and Porto, affording them a decisive role in the economic development of Portugal and its empire. Notwithstanding the benefits English trading communities enjoyed after the treaty, they were not alone in their penetration of the Portuguese markets.

From the mid-fifteenth century, Lisbon was commercially attractive to various foreign communities. The role of the Genoese and the Flemish in the Portuguese overseas expansion is well-known, as are the investments of large German banking houses, who played an important part in the country's financial and commercial activities.

The Italian community, on the other hand, arrived in Lisbon in the late Middle Ages and remained well into the Early Modern period. Italian traders prospered in the leather trade that they held under a royal monopoly. They also profited from a royal monopoly in Brazilian sugar that was consequently channelled to the Mediterranean ports, after this had been replaced by sugar from the West Indies in the Northern European markets. Furthermore, the Italians financed various exploratory ventures throughout the Portuguese world, linking these investments with short-term loans to the Crown and to the purchase of public debt.

Contemporary with the Italians, and also long-term residents in Lisbon, were the Germans. Coming from several states in the Holy Roman Empire and divided between Catholics and Protestants since 1517, they remained close to royal circles. They were attracted to Lisbon because of its role as a redistribution market for exotic goods from colonial markets, but during the eighteenth century members of the German community also became contractors of royal rents, connecting their commercial activities with financial services to the Crown, to private institutions and businesses.

The Italians and the Germans had long competed with the Flemish, who had played an important part, since the fifteenth century, in the settling and development of the Azores. Their community in Lisbon was dominated by agents of textile traders from Bruges, to be replaced in the sixteenth century by the great commercial houses of Antwerp. While investing in colonial products traded via Lisbon, the Flemish from Antwerp, either as permanent residents or as commercial travellers, competed fiercely with their northern counterparts.

After the revolt of the Low Countries (1568–1648), the Flemish community divided between Protestants (Holland and Zealand) and Catholics (Flanders). The latter group concentrated their efforts on buying and transporting goods from the South Atlantic to Antwerp. The former community, although enemies of the Habsburg kings during the Union of the Crowns (1580–1640), were essentially concerned with trade in grain from the Baltic in exchange for salt, fruit and wine, and serving as agents for the commercial houses of Amsterdam that bought and carried sugar and brazilwood directly from the colony to the Northern European markets.

There are two key differences between these groups. Firstly, the Flemish never traded with their own fleets, depending instead on Hanseatic or Portuguese shipping. The Dutch, on the other hand, always had their own fleets, with low freight costs and the ability to attract foreign crews, to make use of different flags during embargoes on Portuguese ports. Secondly, disposing of a large, cheap merchant fleet gave the Dutch the chance to organize illegal trade with the Portuguese colonies, especially in the South Atlantic, eliminating Lisbon as port of call. This is what transformed the Dutch community from agents of northern European trade into independent entrepreneurs, particularly interested in the financial sector. It was in this sector that they distinguished themselves as Crown rentiers and bankers, especially in the second half of the seventeenth century and throughout the eighteenth century. The prominence of the Dutch community is reflected in the signing of a trade agreement identical to that of Methuen in 1704 (ratified in 1705). Nevertheless, this treaty with the Dutch did not result in the predominance of Dutch textiles in exchange for Portuguese wine.

All foreign communities in Portugal coexisted with the British, despite the Methuen Treaty. The beginning of the Brazilian gold boom contributed to the

vigorous growth and socio-economic activities of these communities, consolidating the status of Lisbon as a cosmopolitan and global city up to the 1760s.

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1717

The Palace of Mafra, or a Global Vision of the Baroque

The monumental complex of Mafra is a majestic symbol of the reign of King John V and a paradigm of royal taste, linking the ceremonial splendour of papal court festivities with the prestigious French model of Louis XIV. Its principal architect, Johan Friedrich Ludwig, was a German trained in Rome, and from Rome, too, came materials, works and artists.

The time when the Palace of Mafra was built – the foundation stone was laid in 1717, and the basilica was consecrated in 1730 – was one of notable dynamism in architecture and the visual arts in Portugal and its overseas empire, particularly in the Atlantic. The forces at work here arose from different origins, and brought different meanings. Benefitting from an exceptional set of circumstances, particularly the flow of mineral wealth from Brazil, King John V (1707–1750) launched an ambitious cultural, artistic and building programme, aiming to raise his court to the level of its main European counterparts. Furthermore, due to developments in traditional techniques and aesthetics, new artistic forms or syntheses came into use. Curiously enough, it was the latter that most contributed to define, in the Atlantic area, a distinctly Portuguese visual universe.

The monumental complex of Mafra (palace, convent and basilica, totalling 40,000 square metres, with a 220-metre long façade), is a majestic symbol of the reign of King John V and a paradigm of royal taste, linking the ceremonial splendour of papal court festivities with the prestigious French model of Louis XIV. Its principal architect, Johan Friedrich Ludwig, known in Portugal as Ludovice (c. 1670–1752), was a German trained in Rome, and from Rome, too, came