Sovereignty and Revolution in the Iberian Atlantic

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These are some of the might-have-beens that need to be understood as part of a more general appraisal. In the end, this book shies away from elegant theories premised on simplifying assumptions that gloss over how and why agents made the choices they did. If nothing else, the comparisons invoked here should illustrate the effects of strategic decisions by people who had to make judgment calls in a historic juncture in which the foundations of power were under threat at home and abroad. The choices and the conflicts they produced yielded to histories that none intended and few envisioned. Yet, in making history by groping through a labyrinth of forked paths they created the opportunity for their heirs to imagine anew the prospects for personal and political sovereignty.

1 Empires That Bleed

Introduction

In a letter to the ruler of the Portuguese empire, Dom João V, Overseas Councillor Alexandre de Gusmão, likened monarchies to bodies whose lifeblood was trade. Writing in 1748, he observed that losing trade was the "same as what happens to human bodies when blood is drained. Speaking frankly, this is where Portugal is heading, for while we struggle to extract money she is heading for poverty and, as a consequence, her Ruin." Gusmão, a powerful minister and architect of imperial policy in the middle of the eighteenth century, echoed a longstanding belief in early modern European statecraft: private wealth and public welfare were inextricably tied to commercial power.[1]

The concern about the wealth of the empire and the health of the monarchy also obsessed insiders in Madrid. José del Campillo y Cosío, minister of state, navy, war, and the Indies to Felipe V, penned similar diagnoses and prescriptions that influenced later generations of imperial thinkers and policymakers, tapping into idioms of the body to drive home a point about state power. Spain's agriculture languished, Campillo argued. Her defenses were decrepit, her education was antiquated, and her administration amounted to lethargic enforcement of obsolete regulations. But above all, Spanish commerce had become the preserve of a handful of entrenched monopolies that stifled trade and business. Campillo's *Nuevo sistema de gobierno económico para la América* (1743) called for reconstituting the monarchy not as the agglomeration of dispersed provinces bound by systems of privilege, but as the center of vast dominions teeming with competitive traders: an ideal empire. *Nuevo sistema* also drew the parallel between monarchies and bodies sustained by the circulation of commodities flowing throughout the dominions and

[1]Alexandre de Gusmão "Calculo sobre a perda do dinheiro do Reyno offerecido a El Rey D. João 5 no anno de 1748 por Alexandre de Gusmão," in Biblioteca Nacional de Lisboa (hereafter BNL), Coleção Pombalina (hereafter CP), Códice 473, ff. 207–9. For more on de Gusmão, see Jaime Cortesão, *Alexandre de Gusmão e o Tratado de Madrid*, 2 vols. (Lisboa: Livros Horizonte, 1984). On the body metaphor for state power, see Ernst H. Kantorowicz, *The King's Two Bodies: A Study in Medieval Political Theology* (Princeton: Princeton University Press, 1957).

converging on the heart: Spain. "Commerce," he wrote, "is what maintains the body politic like the circulation of blood in the natural body."[2] If likening monarchies to bodies was nothing new in discourses of European statecraft, what was becoming clearer in the eighteenth century was how important the circulation of commodities was in defining power politics.

The apotheosis of mercantilist empires and the heightened attention to the ties between trade and monarchies, blood and bodies, coincided with the apogee of European dynastic rivalries. Especially once the political geography of dynastic boundaries of western Europe took shape after the Treaty of Westphalia in 1648, competitors looked overseas—and especially to the Americas—in the quest for markets, materials, and military superiority. For Iberian powers, the first claimants to extensive colonies in the Americas, expansion had always brought rivalries in tow. But after 1648, the Dutch, French, and increasingly the English fixed their attention on gains in the New World to settle scores in the Old World. So it was not just that Iberians were losing trade, and therefore blood. They were losing it to their rivals. Gusmão and Campillo were therefore vexed by a historic riddle: how could Portugal and Spain, mature empires, catch up with their rivals whose body politics were more youthful, vital, and energetic?[3]

Perceptions of backwardness and vulnerable sovereignty framed the policies with which imperial rulers and magnates governed their domains. The concern to reverse the trend raised a set of thorny issues about the proper balance between public good and private interest. In general, Enlightenment thinkers promoted the idea that private interests were not just the cornerstones of public good, but enjoyed an autonomous status. If monarchies needed trade, they had to accept their dependence on members of the civitas that did the trading. Thus, the health of the regimes was tied explicitly to the privileges of private trading fortunes. Wise monarchs encouraged private interests as a way of promoting public welfare. This has become a common way to understand the origins of modern political economy and of the Enlightenment's bequest to thinking about wealth and public affairs.

[2]José del Campillo y Cosío, *Nuevo sistema de gobierno económico para la América* (1:43; Caracas: Universidad de los Andes, 1971), p. 70. The work circulated privately, with official blessing, until after the author's death.

[3]A fine overview of the tensions created by imperial rivalry is Peggy Liss, *Atlantic Empires: The Networks of Trade and Revolution, 1713–1826* (Baltimore: Johns Hopkins University Press, 1983). See also the first half of Tulio Halperín Donghi, *Reforma y disolución de los imperios Ibéricos, 1750–1850* (Madrid: Alianza Editorial, 1985). On the relationship among economic discourse, political power, and the origins of capitalism in early modern Europe, see David McNally, *Political Economy and the Rise of Capitalism: A Reinterpretation* (Berkeley: University of California Press, 1988), esp. chap. 2.

But the view that there was an essential primacy to the private world of property and personal interests as a condition of the commonwealth was more troublesome when it came to Europe's less dynamic flanks. Iberian rulers and their ministerial circles did not shy away from the underlying notion that public and private spheres were autonomous. But autonomy was not the same as independence. Rather, they insisted on mutual dependence of private interests and public welfare because unfettered personal drives too easily cascaded into private vice and corruption. Some public check was necessary to curb the excesses of private avarice. Good rulers had to create a centralized, more effective state to prevent private rights from backsliding into personal privileges, and then obstacles to social betterment. Merchants and monarchs shared the same fate—and the prosperity of one gave a new lease on life to the other. The art of statecraft implied creating calibrated, countervailing sources of authority to balance—indeed, to integrate more virtuously—private and public domains while respecting the autonomy of each.[4]

If one hears echoes of Montesquieu's doctrine that abuses of power or privilege required checks and balances, this chapter explores how, in the Iberian context, the concern for a new equipoise was heightened because imbalances had weakened the monarchies and left them prey to Europe's rising dynasties. For Iberians, therefore, the political economy of statecraft reflected much more than a European skill. Rather, the fates of private and public fortunes were coiled in Atlantic imperial structures. Empire was the means to realize a strong monarchy and an opulent merchant class because merchant capitalism made its fortunes through imperial ventures and empires rested on political foundations that presumed that kings were natural conveyors of godliness and affluence to the rest of the world.[5]

Imperial Wars

If the Iberian Atlantic shared norms and institutions, it was nonetheless a turbulent sea of political and commercial rivalry. Warfare simultaneously integrated and fractured the legal frameworks of sovereignty for all

[4]Jorge Cañizares-Esguerra, "Eighteenth-Century Spanish Political Economy: Epistemology and Decline," *Eighteenth-Century Thought* 1 (2003): 295–314.

[5]J. H. Elliott, "Self-Perception and Decline in Early Seventeenth-Century Spain," *Past and Present* 74 (1977): 41–61; Laura de Mello e Souza and Maria Fernanda Baptista Bicalho, *Virando séculos: O império deste mundo, 1680–1720* (São Paulo: Companhia das Letras, 2000); Jacob Viner, "Power versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," in D. C. Coleman, ed., *Revisions of Mercantilism* (London: Methuen, 1964), pp. 61–91.

empires. Imperial warfare became, it seemed to many, a permanent state of affairs for Spain and Portugal. European rivals struggled and skirmished increasingly for commercial supremacy and carried their competition far from the seats of central power. In effect, imperial contestants displaced their conflicts over borders and alliances in the Old World, now that the legal cartographies were more or less recognized by the Treaties of Münster and Westphalia (1648) and Utrecht (1713), to fights over borderlands in the New World. These treaties may have acknowledged the sovereignty of the signatories and fastened some of the borders between states in Europe. But they also provided the interstate framework for ramped-up competition between them while displacing it overseas, creating the European architecture not for peace but for state aggrandizement and jostling for commercial supremacy through imperial warfare. Thus while national sovereignties began to take shape in Europe after 1648, imperial sovereignties became more contested than ever. "Beyond the Line," as one English saying went, "might makes right."[6]

This intensified European rivalry involved not just any kind of state. These were *imperial* states struggling for ascendancy not just within Europe but across the Atlantic world.[7] After all, what sparked the War of the Spanish Succession was Madrid's giving the *asiento* slave-trading contract to a French firm. Ten days later, fearing a French lock on the commercial networks binding Europe, Africa, and the Iberian Indies, England and Holland declared war against France and, ipso facto, Spain. Portugal, allied with England, thus got swept into the conflict. French forces took aim at Portuguese outposts. After attacking Principe, São Tomé, Benguela, and other Portuguese outposts in Africa, French troops invaded and sacked Rio de Janeiro, hoping to claim a vital corner of the Atlantic slave trade and open a French lifeline to the silver lodes in the interior of South America. Rebellions erupted in Bahia, São Paulo, and Pernambuco as colonists exploited the occasion to drive out intrusive Portuguese colonial officers. Brazil appeared to be breaking apart as its metropole got sucked into a war between rivals. Writing to Lisbon, Antônio Rodrigues da Costa noted that Brazilian riches were no guarantee that

[6]Stanley J. Stein and Barbara H. Stein, *Silver, Trade and War: Spain and America in the Making of Early Modern Europe* (Baltimore: Johns Hopkins University Press, 2000), p. 94; Eliga Gould, "Zones of Law, Zones of Violence: The Legal Geography of the British Atlantic, circa 1772," *William and Mary Quarterly*, 3rd ser., 60:3 (2003): pp. 479–480.

[7]There has been a slight tendency to argue that European state "systems" were, *in ovo*, clustered around urban centers and warred as they bumped up against each other to become nations. All I am arguing here is that Atlantic empire has to be located more centrally as a variable in state formation. Charles Tilly, *Coercion, Capital, and European States, AD 900–1990* (Oxford: Basil Blackwell, 1990), pp. 161–81.

Brazilian subjects would stay loyal to Portugal—or indeed any European master at all. Such were the peripheral implications of European imperial rivalry.[8]

The Treaty of Utrecht helped settle some of the boundaries between European powers, but it did little to put an end to Atlantic warfare. If anything, the relationship between interimperial warfare and transatlantic commerce got more entwined as the slave trade became a lucrative and large-scale venture binding Africa, the Americas, and Europe into an increasingly explosive, violent, and profitable knot. As part of the "peace" of Utrecht, the asiento contract was granted to the English South Sea Company, chartered in 1711, just in time to take advantage of the post-Utrecht settlement. Now English merchants could ship slaves and, more important, English manufactures tucked into holds below decks to Spanish colonies. Portugal was also fought over but collapsed more unambiguously into the British trading orbit after the 1703 trade and defense treaty between Lisbon and London. No wonder the French were so eager to stake a claim before the settlement and worked so hard to undermine English and Portuguese claims in the New World. So, while Spain and Portugal clung to their formal colonies, they themselves became informal branches for merchant capitalists in northern Europe.[9]

To make matters worse, Lisbon and Madrid tried to displace their dependency on and losses to other European powers by taking aim at each other. The Treaty of Tordesillas (1494) was supposed to inscribe legal foundations of the early modern imperial structures and define the borders of the Iberian domains. Instead, it guaranteed constant conflict around the River Plate borderlands. According to the treaty, all lands up to a line 270 leagues west of the Azore Islands fell within the Portuguese realm, and beyond that all claims were Spanish. This neat arrangement created a mess, however, when the imperial border sliced through the meandering rivers of the Platine drainage basin. Colônia do Sacramento, a small Portuguese toehold on the east bank, gave foreigners a perch on the Spanish riches descending by mule train from the great mines of Potosí in the Andes en route to the port of Buenos Aires. This was a geographic recipe for constant fighting that afflicted both sides. Alexandre

[8]Mello and Bicalho, *Virando séculos*, p. 61.

[9]Stein and Stein, *Silver, Trade and War*, pp. 120–21, and 131–41; Fernando A. Novais, *Portugal e Brasil na crise do Antigo sistema colonial (1777–1808)* (São Paulo: Editora Hucitec, 1979), pp. 15–28; Virgilio Naya Pinto, *O ouro Brasileiro e o comércio Anglo-Português* (São Paulo: Companhia Editora Nacional, 1979), pp. 113, 247–88; Geoffrey J. Walker, *Spanish Politics and Imperial Trade, 1700–1789* (Bloomington: Indiana University Press, 1979), pp. 206–10; H.E.S. Fisher, *The Portugal Trade: A Study of Anglo-Portuguese Commerce* (London: Methuen, 1971), pp. 32–40.

de Gusmão for one felt that Portuguese recovery in Europe should begin with peace with Spain. Rather than fight over distant possessions, draining blood from the imperial bodies, peace would allow the rivals to stand up to their more dangerous competitors, France and Britain. In 1750, he sponsored the drafting of the Treaty of Madrid (see fig. 1). This was supposed to separate the overlapping powers in the River Plate and clarify the borderlines separating the two Iberian empires so they could coexist in peace and concentrate their energies on promoting trade between the metropoles and their possessions. But suspicions die hard. The ink had barely dried on the treaty when Sebastião José de Carvalho e Melo, later the Marquis of Pombal, advised his stepbrother in Brazil to be on the lookout for the Spanish colonies belonging to a "gente de guerra e servile."[10]

Carvalho's worries were prophetic. Peace between the Iberians was futile because they each tried to overcome their dependency on England or France by trying to take advantage of the other's weakness. Spanish and Portuguese forces repeatedly violated the treaty's boundary provisions. The Seven Years War shattered the brief "peace" and was the climax of Iberian ignominy. English naval forces, with imposing artillery and outnumbering the defenders, overwhelmed Spanish colonial defenses. Two of Spain's naval bastions, Manila and Havana, fell to British forces. When the viceroy of New Spain heard the news of the fall of Havana, he braced the wealthiest of Europe's colonies for a British assault. In the end, France buckled before Spain and sued for "peace," sparing Mexico the fate of a possible British invasion. Portugal also took a beating, in spite of her alliance with the victor Britain. In 1762, Spanish troops crossed into Portugal and began marching onto Lisbon, before stalling and then withdrawing. The real fighting, as usual, took place in the colonies, where the two empires rubbed shoulders. In the River Plate borderlands, Spanish forces and their Indian allies used the occasion to drive Brazilians from the east bank.[11]

Atlantic treaties did not resolve the frictions of militarized imperialism. The Treaty of Paris (1763) was supposed to calm the waters. But relations

[10]BNL, CP, Códice 626, ff. 32–36, Carvalho to Mendonça, July 6, 1752. Three tributaries flowed into the River Plate, draining from Brazilian lands into a Spanish estuary. The Paraguay River starts in Matto Grosso; the Paraná drains much of Minas Gerais; the watershed of the Uruguay took from Santa Catarina and Rio Grande do Sul. All three bordered the two empires, and then flowed into the languid River Plate. For details on the treaty, see Cortesão, *Alexandre de Gusmão*, v. 2, pp. 507–40.

[11]Arquivo Histórico Ultramarino (hereafter AHU), Conselho Ultramarino (hereafter CU). Códice 235, f. 42, April 17, 1766; Kenneth Maxwell, *Conflicts and Conspiracies: Brazil and Portugal, 1750–1808* (Cambridge: Cambridge University Press, 1973), pp. 33–51. The Seven Years War also had paradoxical effects on the British empire. See Fred Anderson, *Crucible of War: The Seven Years' War and the Fate of Empire in British North America, 1754–1766* (New York: Vintage, 2001).

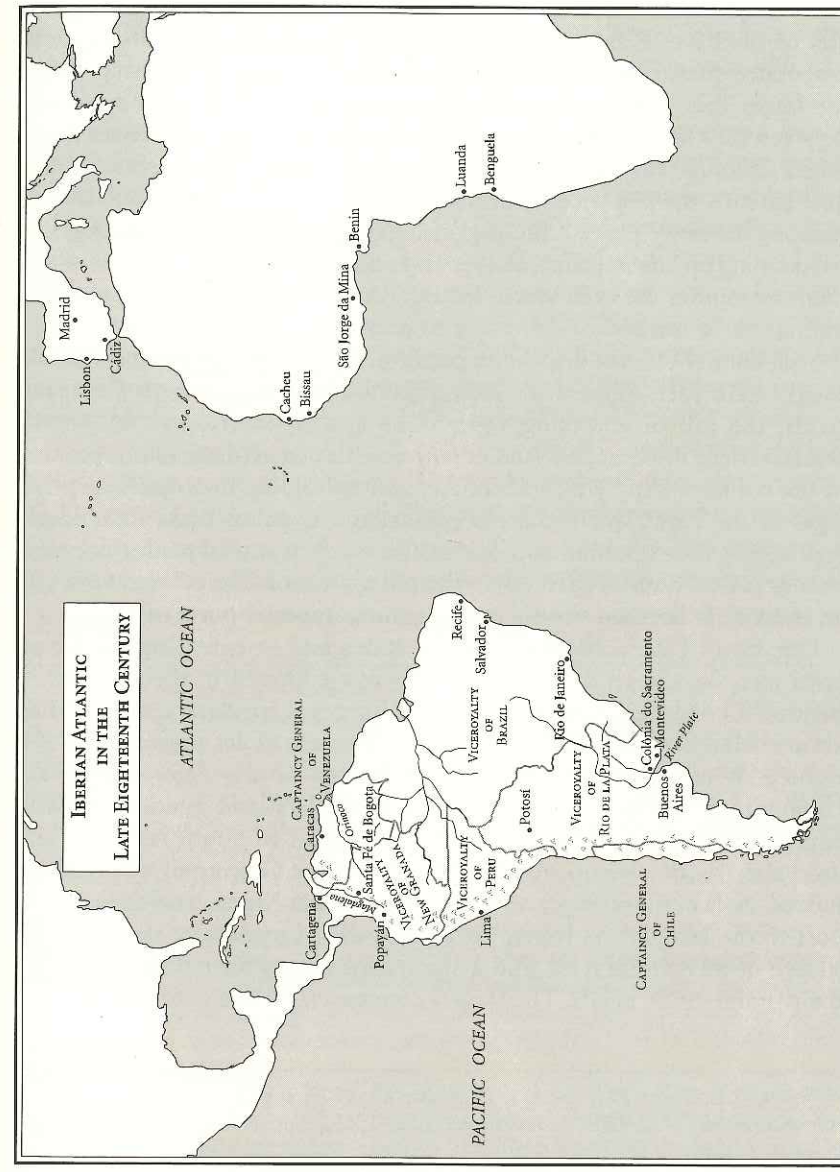

Figure 1. The Iberian Atlantic after the Treaty of Madrid (1750).

between Lisbon and Madrid remained strained. In fact, it was the bloodletting in the River Plate that prompted the government to relocate the capital of Brazil from Salvador to Rio de Janeiro in 1763 to help secure the Portuguese borders. In a tit for tat, Spain created a whole new viceroyalty of the River Plate, with a capital in Buenos Aires, in 1776. Iberians suspended their differences long enough to sign the 1777 Treaty of San Ildefonso that—once again—was supposed to clarify the boundaries between the two empires, especially in the borderlands of the River Plate, when Colônia was finally ceded to Spanish hands. As a gesture of this new entente, the new viceroy in Buenos Aires wrote to Rio de Janeiro celebrating the new "peace," and suggesting that each power turn its defenses to rounding up "delinquents, thieves and assassins." Peace would also allow them to go after the even worse scourge, *contrabandistas*, and apply their militias to "a method of delivering to each other fugitive slaves."[12]

Still, comity did not dispel competition. As long as Lisbon and Madrid fought with each other while losing ground to their northern European rivals, the job of enforcing restrictions against interlopers fell to the understaffed, ill-equipped, and corruption-ridden civilian administrators in the colonies. Applying restrictions and upholding metropolitan privileges in the New World therefore became a hopeless task. Reluctantly and fitfully, metropolitan authorities and many agents of peninsular merchants in the colonies gave up on the old system of "fleets" and fairs and let individual licensed vessels traffic among imperial ports of call.[13]

One sign of the difficulties Iberian states had in enforcing their own laws was the spread of smuggling. Always a hazard in the colonies, it became a bonanza for all sides (except for royal treasurers, who wailed about delinquents depriving the common weal of its revenues) as the eighteenth century wore on. The old nexus of the fleet system, the Panamanian isthmus, swarmed with smugglers and plunderers who launched raids and traffic along the north coast of South America, and used the Pacific side to penetrate the ports of Guayaquil and Callao. Indeed, even in times of peace, in Riohacha, Santa Marta, and the gateway port to the Magdalena River, Cartagena, illegal trade was an important source of mercantile rents and a significant means for colonists to meet their rudimentary needs. The largest commercial sluice in South America

[12]AHU, CU, Caixa 121, doc. 51, December 20, 1779; John Lynch, *Spanish Colonial Administration, 1782–1810* (London: Athlone, 1958), pp. 34–39; Kenneth Maxwell, *Pombal: Paradox of the Enlightenment* (Cambridge: Cambridge University Press, 1995), pp. 111–18.

[13]John R. Fisher, *Commercial Relations between Spain and Spanish America in the Era of Free Trade, 1778–1796* (Liverpool: Center for Latin American Studies, 1985), pp. 13–16; Walker, *Spanish Politics and Imperial Trade*, pp. 210–22.

was the River Plate, the crucial back entrance to the Andes. Practically from the time the Spanish began mining Potosí silver on a large scale, foreign merchants learned to ply the trails up from Buenos Aires through Tucumán to Potosí (which was why the Spanish government fought relentlessly for control of the east bank of the River Plate). Indeed, by the eighteenth century, the denizens of Buenos Aires were only too willing to join the venture as intermediaries between silver supply for Europe and colonial demand for the European manufactures.[14] Contraband in the Spanish colonies had spillover effects on Portugal's trade, whose regulators had difficulties of their own keeping traders in line. Even runaway slaves based in the hinterlands of Mato Grosso's *quilombos* made a swift business handling illegal traffic between the Brazilian littoral and the Andes—carrying contraband inland in return for silver destined for the coast. One 1785 report to Martinho de Mello e Castro, the minister in charge of the colonies, denounced the "multiplied damages, contraband, and violations across the continent, ports and coasts of Brazil . . . with irreparable harm to the licit and legal trade."[15]

As the problems mounted with each war, the jeremiads about decline and decay got more of a hearing. Monarchs and ministers soon discovered, however, that they were dealing with an ageless paradox: it would have been easier to emend the empires if the resources had been more abundant and margins for error more generous. But had it been easier to

[14]Archivo General de la Nación Bogotá (herein AGNB), Colonia-Contrabandos, VIII, ff. 385–406, report on contraband in Panama, 1748; Lance R. Grahn, "An Irresoluble Dilemma: Smuggling in New Granada, 1713–1763," in John R. Fisher, Allan J. Kuethe, and Anthony McFarlane, eds., *Reform and Insurrection in Bourbon New Granda and Peru* (Baton Rouge: Louisiana State University Press, 1990), pp. 123–46; idem, *The Political Economy of Smuggling: Regional Informal Economies in Early Bourbon New Granada* (Boulder, CO: Westview Press, 1997), pp. 39–106. For Buenos Aires, see Zacarías Moutoukias, *Contrabando y control en el siglo XVII: Buenos Aires, El Atlántico y el espacio peruano* (Buenos Aires: CEAL, 1988). Antonio García-Baquero González, *Cádiz y el Atlántico (1717–1778)* (Sevilla: Escuela de Estudios Hispano-Americanos, 1976), v. 1, pp. 486–91; Stanley J. Stein, "Un raudal de oro y plata que corría sin cesar de España a Francia: Política mercantil española y el comercio con Francia en la época de Carlos III," *Economía y Sociedad* 2 (1989): 219–79; Paloma Fernández Pérez, *El rostro familiar de metrópoli: Redes de parentesco y lazos mercantiles en Cádiz, 1700–1812* (Madrid: Siglo XXI, 1997), pp. 4–11.

[15]AHU, CU, Códice 311, ff. 22–23, January 5, 1785; Luiza Rios Ricci Volpato, "Quilombos em Matto Grosso: Resistência Negra em área de fronteira," in João José Reis and Flávio dos Santos Gomes, orgs., *Liberdade por um Fio: Historias de Quilombos no Brasil* (São Paulo: Companhia das Letras, 1996), pp. 213–49; Dauril Alden, *Royal Government in Colonial Brazil with Special Reference to the Administration of the Marquis of Lavradio, Viceroy 1769–1779* (Berkeley: University of California Press, 1968), chap. 14.

reform, there would have been less incentive. The greater the incentive and impulse there was to change, the more imperial rulers had to contend with monumental constraints.[16]

Anatomies of Reform

It is tempting to conclude that the structural imbalance between the incentives and constraints to change locked empires into fates they could not escape. Indeed, the history of empires has been dominated by just such master narratives of the cycles of rise and inevitable decline. One of the great works of history—Edward Gibbon's *Decline and Fall of the Roman Empire*—was published just as American colonists revolted against London; political events thereby gave it a prophetic echo. Readers in Spain and Portugal and their colonies did not have to stretch their imaginations too hard to recognize themselves in Gibbon's words about Constantine's capital: "the decline of Rome was the natural and inevitable effect of immoderate greatness. Prosperity ripened the principles of decay; the causes of destruction multiplied with the extent of conquest; and as soon as time or accident had removed the artificial supports, the stupendous fabric yielded to the pressure of its own weight. The story of its ruin is simple and obvious; and instead of inquiring *why* the Roman empire was destroyed, we should rather be surprised that it had subsisted so long." Gibbon's work contributed to what was by then a gathering concern about whether it was possible to combine empire with good government at all.[17]

But despairing did not lead automatically to doomsaying. Abbé Raynal, Edmund Burke, and quite a number of Iberian thinkers devoted enormous attention to showing that empire and good government were not *necessarily* incompatible, but that sordid habits—in the terms of the day, "corruption"—could turn a virtuous arrangement into a venal one. The prince's task, imperial theorists claimed, was to extirpate the source of corruption. The problem with empires was that possession of property was so prone to becoming the owner's personal passion because the opportunity to amass was so great. Accordingly the very foundations of virtue, possession, and trade could degenerate into oligarchies of wealth

[16]On the difficulties of institutional sclerosis, see Mancur Olson, *The Rise and Decline of Nations* (New Haven: Yale University Press, 1982).

[17]Gibbon, *Decline and Fall of the Roman Empire*, pp. 435–36; on the historiography of empire, see Anthony Pagden, *Peoples and Empires: A Short History of European Migration, Exploration, and Conquest from Greece to the Present* (New York: Random House, 2001), pp. xvi–xxv.

and power if not watched carefully. The awareness of these intertwined dilemmas compelled the figures of the Iberian Enlightenment to try harder to show that Madrid and Lisbon could be great cities ruling grand empires.[18]

The debacle of the Seven Years War was an eye-opener. No longer could Iberian rulers cope with the costs of a militarized peace by professing neutrality in the superpower conflicts while displacing the burdens of their weaknesses by taking on their immediate neighbor. The Portuguese minister to London, Martinho de Mello e Castro, informed his government in 1764 that Portugal was caught in a spiral. He warned that Spain would try to recover some pride after the humiliation of the Seven Years War by dwelling on false grievances with Portugal. And behind Spanish complaints were French ambitions. All this only threw the Portuguese back into an unwanted defensive alliance with Britain.[19] In Spain especially, the humiliation of war increased the volume of reformist discourses, especially once Carlos III acceded to the throne in 1759. The spasm of bread riots in Madrid in 1766 only intensified the sense that reform was more than urgent; it was a condition of survival.[20]

The reforms were the offspring of a particular brand of thinking about empires. While maintaining some affinities with the philosophy of history of the Enlightenment, eighteenth-century political economists were concerned with the proper balance between the state and civil society, the capacities of domestic agriculture and foreign trade as cornerstones of greatness and wealth.[21] Spanish and Portuguese writers were distinctive mainly in the degree to which they placed empire at the center of their diagnoses and prescriptions for national revival. First, while domestic agriculture was clearly anemic, attacking its malefactors got reformers into hot water because it meant assaulting feudal vestiges. This was all

[18]J. G. A. Pocock, "Gibbon's *Decline and Fall* and the World View of the Late Enlightenment," in his *Virtue, Commerce, and History* (Cambridge: Cambridge University Press, 1985), pp. 143–56.

[19]BNL, CP, Códice 611, f. 213, August 21, 1764, correspondence of Martinho de Mello e Castro. See also f. 238, August 22, 1764; AHU, CU, Códice 567, ff. 10–23, "Primera carta instructiva para o Marquez de Lavradío," April 14, 1769.

[20]Pierre Vilar, "Motín de Esquilache et Crises D'Ancien Régime," *Historia Ibérica* 1 (1972): 11–34; Stein and Stein, *Silver, Trade and War*, pp. 246–54; Stanley J. Stein and Barbara H. Stein, *Apogee of Empire: Spain and New Spain in the Age of Charles III, 1759–1789* (Baltimore: Johns Hopkins University Press, 2003), pp. 84–115; Allan J. Kuethe, "The Early Reforms of Charles III in the Viceroyalty of New Granada, 1759–1776," in Fisher, Kuethe, and McFarlane, eds., *Reform and Insurrection*, pp. 19–40.

[21]Lars Magnusson, *Mercantilism: The Shaping of an Economic Discourse* (New York: Routledge, 1994), pp. 1–25; McNally, *Political Economy and the Rise of Capitalism*, pp. 66–67, for comparisons of England and France.

too clear in the Spanish nobles' resistance to agrarian reforms and thus complicity behind the 1766 bread riots.[22] Dependence on nobles also had a political logic. Iberian political discourses had deeply seated Catholic conceptions born of the reconquest of Muslim power in the peninsula that relied on regional kingdoms for spiritual, political, and ideological success. As a result, monarchs had to contend with the ingrained power of nobles, who defended their local autonomy, principles of self-governing localities, and feudal might over peasants, all rooted in a medieval structure of urban self-rule of Castilian and Portuguese Cortes. Feudal elements thereby created the conditions for their own political utility to the monarchy even as they became obstacles to social and economic change. Complex, multilayered, decentralized regimes actively promoted the idea of the monarchy as the visible image of a mystical power, and steeped themselves in the courtly rituals of deference. But they did not centralize their metropolitan dominions to the same degree as did their rivals Britain and France.[23]

In this context, accenting imperial trade as a way to bring greatness to the monarchy was not just a second-best option. It was a foundational principle of theory and history. Ascribing to empire the source of Madrid's and Lisbon's greatness, in effect, converted what was a tacit assumption about overseas trade for other European powers into a basic theory of Iberian statecraft. This meant tackling the ailments of the empires at the capillary systems that connected the heart to the body's extremities, the colonies. For Campillo, a spokesman for reform, the ties between sovereignty and empire were clear enough—and the problem was best tackled as a transatlantic phenomenon: "In America, where commerce is in complete stagnation, only sickness and political death will come." And death in the Indies posed certain demise of the metropole. But it is also important to note that Iberian political economists were also explicit about how to conceive of empire. The Portuguese and Spanish domains rested on relationships between their component parts. For rulers in Lisbon and Madrid, empire was not a political or social structure that radiated outward from a "Portuguese" or "Spanish" nation. It was not the nation that had created empires. If anything, the sources

[22]John Reeder, "Economía e ilustración en España: Traducciones y traductores, 1717–1800," *Moneda y Crédito* 147 (December 1978): 47–70; Miguel Artola, *Antiguo Régimen y revolución liberal* (Barcelona: Ariel, 1978); Jorge M. Pedreira, "Physiocracy and the Sterility of Commerce, Industry and Money: Political Economy, Morality and Social Thought: Some Notes from a Portuguese Viewpoint," *Economies et sociétés* 22–23:1–2 (1995): 267–95.

[23]Pedro Cardim, *Cortes e cultura política no portugal do antigo regime* (Lisboa: Edições Cosmos, 1998); Stein and Stein, *Silver, Trade and War*, p. 159, on the "poly-synodal" character of the ancien régime.

of greatness—or recovery—flowed the other way around. It would only be through vitalizing empires, insisted reformers, that Iberian nations could ensure their sovereignty in the European concert of emerging nations.[24]

Making empire the framework of sovereignty helped adapt ideas of eighteenth-century political economy to Iberian settings. But it did not make the job of reform any easier. It just redefined the historical legacies that had to be overcome. To many observers, the empires had fallen victim to the very sources that had founded them. They were decrepit products of centuries of seigniorial habits, conquistador customs, and lax policies that thrived so long as there was access to gold and silver mines, forced labor, and fertile lands stolen from oppressed Indians. The Asturian economist Pedro Rodríguez Campomanes, a follower of Campillo, warned his sovereign of what was at stake if he hung on to old ways. In 1762, as English forces stormed Spanish outposts, he finished a major treatise for the new Spanish ruler, Carlos III, called *Reflexiones sobre el comercio español a Indias*. "The evil, Señor," he wrote to the king, "lies in the body of the Nation or in the rules that until now govern the Traffic with the Indies." What ensued in the treatise was an extended analysis of the misbegotten rules that choked what should flow more freely: trade between the metropole and its possessions in the New World. Campomanes excoriated the ruling habits since the Spanish monarchy set foot in the New World. Spanish magnificence during Carlos V's reign built on the "grand conquests of Hernán Cortés and Francisco Pizarro" and consolidated "the fundamental political System of the Indies." But these were weak foundations. Campomanes cited Montesquieu's observation that "Spain saw from the start that its discovered lands were the objects of Conquest, while other more refined peoples than they recognized that their attention could be directed by the reason of Commerce." Herein lay an important distinction that informed so many Iberian imperial theorists: there were different kinds of empires. For Campomanes the distinction between empires of conquest, whose greatness was tied to the moment of conception, and empires of commerce, whose greatness was self-sustaining, helped explain what was wrong with the Spanish realm. What once made Spain great was now obsolete. The French and British newcomers devised

[24]Campillo y Cosío, *Nuevo sistema*, p. 70; David Brading, "La monarquía católica," in Antonio Annino, Luis Castro Leiva, and François-Xavier Guerra, comps., *De los imperios a las naciones: Iberoamerica* (Zaragoza: Ibercaja, 1994), pp. 19–43; Allan J. Kuethe and Lowell Blaisdell, "French Influence and the Origins of the Bourbon Colonial Reorganization," *Hispanic American Historical Review* 71:3 (1991): 579–607; Anthony Pagden, *Lords of All the World: Ideologies of Empire in Spain, Britain and France, c. 1500–1800* (New Haven: Yale University Press, 1995), pp. 113–24; Robert S. Smith, "English Economic Thought in Spain, 1776–1848," *South Atlantic Quarterly*, 67:2 (1968): 313.

new "fundamental political Systems" for their colonies in order to fashion even more robust nations. Campomanes likened Spain to Carthage, and Spain's rivals to Rome: "When the Roman Republic began to prepare the ruin of Carthage, it did not have to use other means than to reduce to just a few countries the navigation of Carthaginians, and thus limiting the number of Galleys of war."[25]

The distinction between empires of conquest and empires of commerce was most powerfully captured in Abbé Raynal's Enlightenment magnum opus, *A Philosophical and Political History of the Settlement and Trade of the Europeans in the East and West Indies*, a prominent work on the bookshelves of Portuguese and Spanish reformers in the latter half of the eighteenth century (until it was formally banned by Spanish censors in 1779, whereupon it became a kind of underground classic). After contrasting the various European patterns of expansion, Raynal concluded that it would be easy to seize the Spanish colonies from Spain since their defenses were weak. But controlling them was another matter: "From inclination, from laziness, from ignorance, from custom, and from pride, they are strictly attached to their religion, and their government, and will never conform to new laws. Their prejudices will furnish them with weapons sufficient to repel their conqueror; as the Portuguese, thrown into a remote corner of the earth, formerly drove the Dutch out of Brazil when they had almost entirely subdued it." Raynal, Montesquieu, and even Adam Smith confirmed what Spanish and Portuguese reformers were already preaching: the empires had to change to survive.[26]

The idea that historical events—not some basic defect of moral character—necessitated reform also had wellsprings in the colonial fringes. Over the course of the eighteenth century, merchants in the colonies grew louder and louder in their clamor for reform—in large part in response to mounting competition and contraband. Merchants in the Caribbean and the River Plate were especially alarmed by the lack of order in commercial affairs. Merchants in Santa Fé in Nueva Granada pleaded for some relaxation of trading restrictions in 1764 so that they could adapt to the competition and therefore restore the colony's wealth. This would remove obstacles to their ability to counter the illegal competition and

[25]Pedro Rodríguez Campomanes, *Reflexiones sobre el comercio español a Indias (1762)*, ed. Vicente Llombart Rosa (Madrid: Instituto de Estudios Fiscales, 1988), pp. 3–4, and 360; François-Xavier Guerra, "The Spanish-American Tradition of Representation and Its European Roots," *Journal of Latin American Studies* 26:1 (1994): 2–5.

[26]Campomanes, *Reflexiones sobre el comercio*, p. 361; Abbé Raynal, *A Philosophical and Political History of the Settlement and Trade of the Europeans in the East and West Indies* (Edinburgh, 1792), book eight, p. 141; Richard Herr, *The Eighteenth-Century Revolution in Spain* (Princeton: Princeton University Press, 1958), chap. 3.

thus restore some control over local markets: "Those capable of maintaining themselves in this state of complete informality and indigence, with which this principal nerve of the body politic has suffered in our republic, desire the reestablishment of our ancient and deserved splendor. We implore his royal magnificence to allow for the solid establishment of the trade of this *carrera*." What they did not state—but which authorities kept decrying—was that in the absence of better official treatment, they might resort to their own, not entirely lawful, ways of doing business.[27]

Where the colonial pressures for change were strongest can be seen in the Portuguese empire. The historic weakness of Lisbon over Brazil, combined with the greater penetration of foreign, especially British, direct trade in the colonies, gave Brazil a preexisting autonomy compared to the Spanish colonies and a more assertive role to colonial merchants in imperial business. In important ventures like the slave trade, the seat of merchant power was based much more in the colonies than in the metropoles. Indeed, Luso-Brazilian merchants had become so autonomous that they did not have to call for de jure reforms with the same sense of urgency. While Granadan merchants groused about being unable to ply their wares within their viceroyalty, Portuguese and Brazilians were busy breaking down ancient barriers to trade across continents. As Luiz Felipe de Alencastro has recently shown, there was a flourishing *atlântico fluminense* (a Rio de Janeiro Atlantic) as early as the seventeenth century, in which the eventual capital of the colony enjoyed tremendous latitude to promote its circulation of commodities and captives independent from Portugal. Brazilian merchants had become so powerful in the South Atlantic, and so instrumental in the slave trade that boosted the expansion of the staple-exporting frontier in Brazil, that they compelled the king to sign a decree in 1758 opening trade routes between Angola, the Mina Coast, and Brazilian ports. In effect, the slave trade became the thin end of a wedge opening up Iberian Atlantic commerce to merchant capitalists on both sides.[28]

[27]AGNB, Colonia-Consulado III, ff. 142–47; Consulado IV, ff. 1–295; Walker, *Spanish Politics and Imperial Trade*, pp. 210–14; Allan Christelow, "Great Britain and the Traders from Cádiz and Lisbon to Spanish America and Brazil, 1759–1783," *Hispanic American Historical Review*, 28:1 (1947): 2–29; Cristina Ana Mazzeo, *El comercio libre en el Perú: Las estrategias de un comerciante criollo José Antonio da Lavalla y Cortés, 1777–1815* (Lima: Pontífica Universidad Católica del Perú, 1994), pp. 76–112.

[28]The next chapter will focus on this process more directly. Arquivo Nacional Torro do Tombo (hereafter ANTT), Junta do Comércio (hereafter JC), Maço 62, Caixa 204, f. 1; Luiz Felipe de Alencastro, *O Trato dos Viventes: Formação do Brasil no Atlântico Sul* (São Paulo: Companhia das Letras, 2000), pp. 199–204, 259–62. For later in the century, see João Fragoso and Manolo Florentino, *O Arcaísmo como projeto: Mercado Atlântico, sociedade agrária e elite mercantil no Rio de Janeiro, c. 1790–1840* (Rio de Janeiro: Diadorim, 1993).

In the Portuguese empire, restrictions on imperial trade had relaxed more gradually over a longer period of time until finally the government shelved the remnants of merchant convoy systems in 1765. But there were still constraints designed to favor Lisbon as the entrepôt for imperial commerce that drew constant complaints from merchants in the colonies. In 1772 a royal decree affirmed that intercontinental traffic was licit, so long as it did not involve "foreign" merchandise and carriers sailed through Lisbon. In the words of Minister Martinho de Mello e Castro, the law was designed to curb "the pernicious consequences that arise when ships coming from Africa sail directly to Brazilian ports." The decree "requires them to return directly to the City of Lisbon from Angola without calling elsewhere and [they are] completely forbidden from selling any goods" beyond Lisbon. Merchants immediately filed for exemptions. In 1777, the owners of the *Santissima Sacramento* got permission to sail to Asia provided the carriers paid their levies at Portuguese ports. And while they could not carry foreign produce *out* of Lisbon, they got permission to make calls in foreign ports, unload "national" produce, and pick up "foreign" goods along the way. By 1784, even the metropolitan minister Mello e Castro observed that trade had leaped ahead of its legal infrastructure and that the government had to do something to catch up with private initiatives.[29]

What political economists wanted was a workable compromise that would adapt the imperial realms without challenging domestic feudal privileges within the peninsula. They also wanted to accommodate colonial demands for greater liberty to trade within empire. Looking to empire was therefore a way of resolving the obstacles to Iberian renaissance (for those who looked backward) or Iberian national sovereignty (for those who looked forward). Though this reform paradigm was by nature a compromise, it did have a fundamental goal: to "nationalize" empires that had become decentered, sprawling domains vulnerable to external predators and were failing to magnify the opulence of the metropolitan cores. The reforms were aimed at turning centrifugal regimes inside out so that resources and loyalties could flow more smoothly and amply to Lisbon and Madrid. There were important analogous efforts afoot in other Atlantic systems. Indeed, it was the centralizing, metropolitan thrust that so alienated the British North American colonists before 1776. But if this was a compromise, little could disguise the fact that it meant a change in the basic relationship between the component parts of the empire, between the colonies and

[29]AHU, CU, Códice 962, ff. 2–4, 59–62.

the metropoles, and within the colonies themselves to solve the problem of Iberian sovereignty.[30]

The embodiment of this effort to re-center the Spanish empire was José de Gálvez. Visitador general to New Spain from 1765 to 1771 and minister of the Indies from 1776 until his death in 1787, Gálvez sponsored policies designed to bolster the sovereignty of the Spanish empire by reconstituting it as a functioning core with functional peripheries. While in New Spain he expelled the Jesuits who challenged the authority of the state, suppressed popular uprisings that rallied to the support of the banned priests, and sent military expeditions to pacify and settle the northern borderlands of Sonora. When he moved to Madrid, he established the new Viceroyalty of the River Plate, with a capital in Buenos Aires, to enforce Spanish sovereignty, and dispatched his own paladin, Juan Antonio de Areche, as visitador general of Peru. The common feature of all these initiatives was Gálvez's determination to extend law enforcement to the territorial limits of the Spanish empire and to enhance the power of enforcers within it. Gálvez, though not a thinker with Campillo's or other political economists' originality, converted their lines of thought into policy and applied a pragmatic vocation for reform to rebuild Spanish imperial sovereignty.[31]

The epitome of Gálvez's efforts to infuse fresh blood into the empire was *comercio libre*. In the wake of the Seven Years War, the Spanish government brought down some of the old barriers to trade within the empire bit by bit until it issued a sweeping decree in 1778. Gálvez put an end to decades of wavering over the preservation of old monopolies, the fleet system, and the legality of open trade within the empire. The king's decree announced that "only a free and protected Commerce between European and American Spaniards can restore Agriculture, Industry, and Population in my Dominions to their former vigor." Fourteen peninsular ports and thirty five American ports were given rights to trade within the empire without having to apply for special permission from the privileged entrepôt, Cádiz. Only New Spain and Venezuela were exempt—though their ports were swept into the new doctrine in the late 1780s. By 1789, there was a system of open trade within the Spanish Atlantic, in which the archipelago of colonial ports could trade with each other and the ports that circled the peninsula. The idea was to increase commerce

[30]P. J. Marshall, "A Nation Defined by Empire, 1755–1776," in Alexander Grant and Keith J. Stringer, eds., *Uniting the Kingdom? The Making of British History* (London: Routledge, 1995), pp. 208–22; idem, "Empire and Authority in the Later Eighteenth Century," *Journal of Imperial and Commonwealth History* 15:1 (1987): 105–22.

[31]Stein and Stein, *Apogee of Empire*, pp. 69–80, on Gálvez's background; Kuethe and Blaidsell, "French Influence and the Origins of the Bourbon Colonial Reorganization," p. 594.

as a whole within the empire, and thus expand the pool of rents that could be taxed by the royal treasury. Comercio libre would thereby ensure greater transfers to the metropole and the government from the colonies by conferring them expanded rights to trade within the empire. Here was a reform model of "defensive modernization," in Stanley and Barbara Stein's words, which sought to preserve and defend ancient systems of sovereignty by reconstituting the interests of empire.[32]

By the 1770s and 1780s, it was increasingly clear that defense of the ancien régime had to make commercial policies fit the needs of state builders. But it should be stressed that this was not "free" trade as we now understand the term. Commerce with "foreign" ports remained illegal. Only the licensed ports were gateways for long-distance trade. And remnants of protection for Spanish merchandise (like clothing, wines, oils, and furniture) persisted. The point was not to make imperial subjects absolutely free to enjoy rights to trade, but to direct these contingent rights to the larger purpose of funding the monarchy's treasury. Moreover, Gálvez still thought that the one area where the empire was defeating itself the most was in the mining industry, because its yield was allowed to trickle out of the empire. This was a sector that could more directly augment the resources of the state. He wrote, "Just as mining is the origin and fount for metals which give spirit and movement to all human occupations and the universal trade of this world, by justice it therefore requires the special attention of the government." Gálvez was not necessarily equating specie with wealth; money was not an end in itself. The point, in Gálvez's view, was not just to pump precious metals out of colonial ground but to ensure that they stayed within the commercial circuitry of the Spanish empire, buoying transactions across the realm.[33]

In this sense, Gálvez remained faithful to some deeper mercantilist precepts, if not a few mercantilist policies: economic life was governed by a "circular flow" subject to discrete and distinctive laws that determined levels and movements of prices, wages, and rents. The accumulation of bullion in state coffers may have been a necessary condition for a wealthy society, especially as it gave the state the means to uphold its sovereignty. But it was not sufficient. Mining would only contribute to national wealth if trade as a whole grew and could absorb the infusion of metals, circulating it through the commercial body. Therefore, Gálvez was breaking

[32]Stein and Stein, *Apogee of Empire*, p. 351; Fisher, *Commercial Relations between Spain and Spanish America*, pp. 9–10, 13–15; Walker, *Spanish Politics and Imperial Trade*, pp. 223–25 passim.

[33]Cited in Brading, "La monarquía católica," p. 36; McNally, *Political Economy and the Rise of Capitalism*, pp. 28–29.

from his predecessors by shifting the focus away from *peninsular* trade and unidirectional flow of bullion to Spain, that is, an overarching concern with the empire's "balance of trade." In its doctrinal place, Madrid now emphasized *imperial* trade and the favorable balance of trade between Spain and the rest of the world. The peninsula, the heart of the nation, could be rich provided the empire were rich, which meant expanding opportunities to trade to all precincts.[34]

A similar drive to promote "national" sovereignty through re-centered empire, striking a new balance between colonies and metropoles, took root in Lisbon. The zeal for reform came a little earlier, in the 1750s, in part because it was harder to maintain the illusion that the regime could survive without change. The gold bonanza from Minas Gerais had peaked. Then the Lisbon earthquake in 1755 and the Spanish invasion of 1762 intensified the urge to defend Portuguese sovereignty by nationalizing its empire. The champion of reform was Sebastião José de Carvalho e Melo, later titled the Marquis of Pombal in recognition of his overwhelming influence. Pombal did not have Gálvez's colonial administrative experience, but he did have the supreme confidence of the king, Dom José I, who gave Pombal almost complete control over the Portuguese empire. With Dom José's death in 1777, Pombal's influence quickly waned, and he was forced out of office in disgrace. Like Gálvez, he sought to ensure that precious metals of the empire remained within its borders and did not leak out, even to "friendly" rivals. If anything, Pombal's policies were more concerted because he believed there was one important obstacle to Portuguese greatness: her "alliance" with Britain. Writing in his memoir, he later noted that "the English had firmly bound the [Portuguese] nation in a state of dependence. They had conquered it without the inconvenience of a conquest."[35]

Pombal also had to do something about relations between Lisbon and Brazil. For half a century, Portugal thrived off colonial extraction of gold and diamonds. But the euphoria waned pretty quickly in the 1750s. Exhaustion of the most accessible lodes of diamonds and gold was one reason. But officials also pointed to the inability of the imperial state to enforce its own regulations, which let precious staples leak out through commercial regulations. One report from Minas Gerais in the 1750s observed that the decline of gold and diamond production had to do with the lax enforcement of mercantilist rules, not that the rules were choking output. No one stopped colonists from creating their own industries. Instead, Brazilians were becoming self-sufficient and imported less

[34]Eli Heckscher, *Mercantilism* (London: George Allen and Unwin, 1955), v. 2, pp. 175–86.

[35]Cited in Alan K. Manchester, *British Preëminence in Brazil, Its Rise and Decline: A Study in European Expansion* (1933; New York: Octagon Books, 1964), p. 39.

from Portugal. This kind of reporting was music to Pombal's ministerial ears. He was only too keen to welcome intelligence that reinforced his impulse to consolidate state power over the king's dominions. No less than Gálvez, Pombal was looking for a new model of empire, effectively to place colonies at the service of the nation, to shore up an old monarchy, and to put precious metals to work to make an empire of commerce. If anything, Brazilian gold had misguided Portuguese rulers into thinking they were wealthy: "Gold and silver are fictitious riches . . . the more they are multiplied, the less is their real value." The key to vitalizing and nationalizing the empire was striking a new balance between its components: Portugal should export manufactured goods to Brazil in return for primary staples so that the two sides of the Atlantic could complement each other's commercial needs through specialization. What was new was the proposition that the colony, and its trading fortunes, had to be thriving for the metropole to export its wares. Accordingly, Pombal supported merchants who would sustain the scheme, and, where necessary, he also fostered state-chartered firms to invest in colonial commercial ventures (Grão Pará and Maranhão in 1755, and Pernambuco and Paraíba in 1759). In this fashion, not only would trade rise, it would also become more national; Lisbon would become the central clearinghouse of its empire.[36]

In both empires, therefore, reform was about creating a new pact with, and within, the Americas—in effect to make them "real" colonies of late mercantilist empires. In a fundamental respect Pombal and Gálvez were proposing to put the two empires on sounder, if not more perfect, mercantilist foundations. The old conquest model, associated with the quest for gold, silver, and preciosities, was sterile, not stimulating. It had become an end in itself. The task for reformers was not simply to bury the old obsession with the flow of precious metals to private and public coffers, but to transform imperial trade so that bullion could flow more healthily through the body's arteries. In this fashion, Spain and Portugal need not repudiate the past but simply transcend it. Doing so required taking what they conquered and placing these possessions at the service of a different model of wealth and greatness founded on commercial activity.

If this package appeared to advocate an altered course of Iberian history, there were limits to its novelty. Freedom to enjoy property rights,

[36]AHU, CU, Códice 311, ff. 20–21, undated report on Brazilian industries, 1750s; Pombal cited in Manchester, *British Preëminence in Brazil*, p. 40; Maxwell, *Pombal*. See also Dauril Alden, "Late Colonial Brazil, 1750–1808," in Leslie Bethell, ed., *Cambridge History of Latin America* (Cambridge: Cambridge University Press, 1985), v. 2, pp. 601–60.

especially in commercial matters, was, in important and fundamental ways, still relative. Comercio libre was contrived under a regime in which commerce served public and private interests simultaneously—and both interests were best guarded by a strong state to constrain routine excesses of self-interested individuals. Iberian reformers had to overcome a very special kind of passionate avarice—love of conquest in pursuit of treasure. To rescue the monarchy from its own weaknesses, the state, guided by a new kind of enlightened minister, had to lure, cajole, and force the leading members of the civitas to follow a new paradigm of empire. By contrast, a new spirit of economic sentiments was at work in Britain and France, one that vindicated uncertainty and made a virtue out of a "fatherless world" (in Adam Smith's words). French and British political economists observed how this order emerged from the prosaic daily activities of self-interested people. This was a conceptual move that most important thinkers and policymakers in Lisbon or Madrid could not follow. While sharing the view that trade was more than simply a zero-sum game, and conceding that self-interest could be made, under the right circumstances, to promote general interests, political economists in Spain and Portugal were committed to precepts of order, hierarchy, and stability—all knowable by the prince. More than a mere suspicion of disorder or uncertainty was involved. So too was the perception of backwardness, especially in the vortex of imperial wars in which rulers had less and less control, and more and more was at stake. Commercial discourses crystallized the aspirations of Iberian thinkers whose primary concerns were the rebuilding the foundations of regal sovereignty at the core of world empires.[37]

Imperial Bargains

There was a rub in the prescription: building a great state was the ultimate goal, but the state was also the only agent capable of curbing private habits that deprived it of vitality. How could the state be the means to achieve greatness and the idyll at the same time?

The way out of the circular problem was an entente between political and economic power-holders—giving each room to maneuver autonomously,

[37]Emma Rothschild, *Economic Sentiments: Adam Smith, Condorcet, and the Enlightenment* (Cambridge, MA: Harvard University Press, 2001), pp. 223–29; for more on the subtle shifts in thinking about markets, see Albert O. Hirschman, *The Passions and the Interests: Political Arguments for Capitalism before Its Triumph* (Princeton: Princeton University Press, 1976). The term "comercio libre" was invoked by Campillo himself in 1743. See *Nuevo sistema*, pp. 146–47.

but interdependently. This solution, at first glance a matter of pragmatic balance, goes to the heart of another problem of empire. There is a tradition of explaining the nature of Spanish and Portuguese imperialism as the products of cozy pacts between ascendant monarchs and rentier elites, with vast colonial spoils as the bonding agent for an alliance of greed. Indeed, this has been a standard way of explaining European imperialism *tout court*. Lenin and Schumpeter, for all their differences, agreed that imperialism was the political outlet for social elites hungry for external profits and rulers yearning for grandeur.[38] This familiar functionalist treatment needs reconsideration. In part, it tends to convert what needs explaining—the compact between public and private power-holders—into a departure point. All-important sequencing, and thus causal linking, is reversed. At least in the case of the Iberian empires, it was the acquisition of the Americas that created the empires, and not empires and alliances of greed that conquered the Americas. The approach also exaggerates the compatibility and consonance between private and public power-holders, where there was in fact enormous strain and conflict. Indeed, the whole point of reform, as Campomanes and others insisted, was to break down private venal habits of those with entrenched stakes precisely because they undermined state power.[39]

Magnates and rulers were brought together through dependence on a specific kind of exchange between the fractious partners of the old regimes. For this reason, this book accentuates the bargaining and struggling over imperial spoils between its principal agents, which at times could be far more dysfunctional than common accounts have allowed. Here was the unstable imperial deal: Merchants enjoyed rents, returns on investment in trading activities that were protected from internal and external competition, and clustered in powerful guilds that governed the entry and exit of traders. Guilds served as self-regulating devices, with legal authority conferred by the monarchy to issue commercial licenses. They reinforced a system of privileged access to mercantile activity.[40] In return for the "legal personality" of their guilds, merchants earmarked a share of their proceeds for the imperial coffers, revenues for a cash-starved treasury. In this fashion, mercantile rents could fund the imperial

[38] For a useful survey of theories of imperialism, see Michael Barratt Brown, *The Economics of Imperialism* (London: Penguin, 1974), esp. chaps. 2–3.

[39] Alan Carling, *Social Division* (London: Verso, 1991), esp. pp. 15–30, for a critique of functionalist and intentionalist historical explanations. This view of empire as a consequence of expansion has been recently explored in Henry Kamen, *Empire: How Spain Became a World Power, 1492–1763* (New York: Harper Collins, 2003).

[40] Mark J. Roe, "Rents and Their Corporate Consequences," *Stanford Law Review* 53:6 (2001): 1463–94.

treasury, while rising state revenues could fund imperial defenses of mercantile property rights and their rentier machines.[41]

Interlocking relations between rulers and magnates was as true of Iberian empires as any other. There was one important nuance: the reciprocity of interests—indeed, the very definition of interests—was vulnerable to the state's chronic inability to make good on obligations to honor debts and protect rentier systems. What was lacking was not wealth but the state's credible use of power to enforce its distribution. If the state could not protect the privileges of imperial traders, rents seeped out into the hands of interlopers and free-riders. This in turn forced the imperial states to have to fight—albeit reluctantly—to defend their credibility. Fighting plunged the Portuguese and Spanish empires into a spiral of imperial warfare.

This was one circular problem. The other was that mercantile rents depended on the enforceability of merchants' instruments of exchange—promissory notes, bills of exchange—in effect the multiple ways in which merchant capital wound up in the hands of other traders and producers to release commodities into the world market. Unable to enforce these credit instruments, merchant rents would be insecure and thus eventually dwindle. And with atrophied rents, there was less capital around to flow into state treasuries. As a result, the principal threat to enforceable contracts came from the state itself, by far the largest single debtor and guardian of imperial trade. At the same time, the soaring state debt came from the need to defend imperial protection rackets from outsiders through constant war.[42]

The way out, for reformers, was through rekindling trade with the right kind of private initiative and spirit. One way to unfetter trade was to introduce greater commercial competition among "nationals" within

[41] Hilton Root, *The Fountain of Privilege: Political Foundations of Markets in Old Regime France and England* (Berkeley: University of California Press, 1994); John Brewer and Susan Staves, introduction, to their edited *Early Modern Conceptions of Property* (New York: Routledge, 1996), esp. pp. 1–18; Larry Neal, *The Rise of Financial Capitalism: International Capital Markets in the Age of Reason* (Cambridge: Cambridge University Press, 1990), pp. 14–16; Bruce G. Carruthers, *City of Capital: Politics and Markets in the English Financial Revolution* (Princeton: Princeton University Press, 1996), passim.

[42] This double dependence was central to the development of classical political economy. As David Ricardo would demonstrate in 1817, the price of capital, interest rates, depended on the intersection of supply and demand in the private repositories of funds—but that both supply and demand were profoundly shaped by public policies. When government consumption (especially in the form of taxes to fund wars) outpaced the growth of production in any given year, a country's stock of capital would shrink accordingly. David Ricardo, *On the Principles of Political Economy and Taxation* (Cambridge: Cambridge University Press, 1982), v. 1, p. 150. See also Tilly, *Coercion, Capital, and European States,* chap. 3.

each empire while curbing intrusions from foreigners. On the surface, this might appear to undermine merchants' privileges and free up ruinous competition. But Iberian reformers were as uninterested in pure competition as they were in absolute private property. The solution was to be found in the alchemy of a controlled, calibrated contest for shares of imperial markets. Alexandre de Gusmão felt that Portuguese sovereignty could be better ensured with an "active" model of empire. Until now, he declared to the king, we have relied on "passive trade," acting as the conduits for others to ship their manufactures and African slaves to Brazil, in return for American staples that fanned out to rival powers to consume. Meanwhile, big merchant houses rested on their easy earnings because they only had foreigners to compete with—and they dealt with that challenge by acting as the agents for foreign interests. He argued that if merchants in the metropole could be motivated to make their own commodities for export and seize a share of the slave trade, they could enhance their own fortunes, "augmenting their well earned Nobility" while stanching the efflux "of money that is extracted from our Kingdom." To accomplish this, the crown had to punish the "*gente inutil*" and reward the merchants who learned to compete with each other. What he meant by competition is perhaps more easily understood by contrast to its antonym: monopoly, especially as enjoyed by an idle few who operated as agents of shadowy foreign magnates.[43]

The antimonopoly call was especially pronounced in the prescriptions of Campomanes. For the Asturian reformer, one set of rules that supported monopoly was ruinous: the regulations that upheld the overseas trade monopoly of the port of Cádiz. From the turn of the eighteenth century, Cádiz and its powerful merchant guild claimed to control Spanish overseas trade. It cut out other peninsular ports and enforced its monopoly by colluding with the guild's satellites in Mexico and Peru. And increasingly, the French and British traders had learned to colonize the Cádiz monopoly from within, buying out Spanish houses to act as their agents to dominate the commercial sinews of the Spanish Atlantic.[44]

How to promote competition among nationals without destabilizing the rentier system as a whole? Part of the fix came from modifications to the formal decision-making and rule-enforcing bodies of the Spanish and Portuguese empires. For Pombal, administrative shuffling, especially to strengthen viceroys and governors so that they would not fall prey to private monopolists, especially foreigners, could go a long way. The State of Maranhão, for instance, was reorganized into a more centralized

[43]Gusmão, "Calculo sobre a perda do dinheiro do Reyno."

[44]Campomanes, *Reflexiones sobre el comercio*, p. 4.

jurisdiction (and his stepbrother dispatched as governor) and made more directly accountable to Lisbon. To cut out interlopers and, if necessary, local merchants and planters whom Pombal had always suspected of lethargic collusion with foreigners, Pombal chartered a metropolitan partnership, Companhia Geral do Comércio. This was not a state monopoly but a privately owned consortium with the rights to ship slaves, buy agricultural produce for export, and cut out foreign merchants who supposedly controlled the sale of imported manufactured goods in the region. Similar models were deployed in other regions, on the whole prying open colonial markets that foreigners had penetrated and pooling "national" merchants into coalitions to invest in empire more actively to extract sugar, tobacco, precious metals, and cotton for shipment to new Portuguese factories. This was a peculiar model of "competition" to be sure. But it conformed to Pombal's idea that making national merchants competitive meant opening more provinces for enterprise and fostering some metropolitan teamwork, all overseen by his loyal administrators, all of which was necessary to extirpate foreign monopolies.[45]

In the Spanish empire, furthering competition also meant administrative reforms, such as creating new jurisdictions (the Viceroyalty of the River Plate and the Captaincy General of Venezuela) and new tiers of bureaucracy, like intendants who would answer more directly to Madrid's policies. It also, as we have seen, meant breaking Cádiz's headlock on imperial commerce. So while creating a more centralized administrative structure, Gálvez threw open a multitude of colonial and peninsular ports so that they could trade more easily with each other, as well as weaken the corporate grip of Cádiz and the shadow interests of the foreign contingent there. The logic was less inconsistent than it might seem—centripetal bureaucracy with centrifugal trade. The former was supposed to check artificial monopolies condoned by law enforcers who had fallen prey to corrupt practices that gave some parties undue privileges. Centrifugal trade was supposed to create a larger class of merchants, into whose pools of capital the state could dip for resources on demand. Both policies were designed to re-center the empire while creating a more "national" or truly "imperial" merchant class capable of standing up to foreign competition.

To seal the deal between private merchants and the monarchies, ministers entrusted merchants' institutions to monitor the new competitive energies. The point was not to dominate private interests but to reaggregate

[45]Andrée Mansuy-Diniz Silva, "Portugal and Brazil: Imperial Reorganization, 1750–1808," in Bethell, ed., *Cambridge History of Latin America*, v. 2, pp. 478–79, 490–91. See also the classic study by Alden, *Royal Government*.

them so that private interests contributed to the common good. This was not always welcome news, especially for the holders of ancient privileges. When Lisbon merchants got wind of Pombal's new chartered companies, their Mesa do Bem Comum criticized the minister. Pombal responded by dissolving the merchant outfit, rounding up the patrician leaders, exiling some, and imprisoning others, and he told the quivering survivors that they could join new organizations—ones that would bend more easily to his model of empire. Pombal created entirely new bodies, like the Junta do Comércio (the Board of Trade) in 1755. Staffed by merchants, the junta and its network of satellites were supposed to regulate commerce, issue licenses, and dispense justice as a commercial court, thereby defining and enforcing the distinctions between licit and illicit commercial activity. Before long the junta also controlled the local Boards of Inspection that governed the pricing and quality of tobacco, sugar, and eventually cotton—and thus was a constant irritant in relations between merchants (who wanted to depress prices as much as possible) and planters (who fought for inflation). Out in the colonies, the junta eclipsed the old Mesa do Bem Comum branches, which had come under the control of landowner classes. Penalties for bad behavior included fines, embargos, prison sentences, and, most damaging, blacklisting from future commercial ventures by the omni-monitoring junta. With time, the junta formalized a system of matriculation and registration of traders. Playing by the rules allowed insiders to enjoy preferential access to colonial markets, even as they had to compete with each other for their share.[46]

This licensing system was a way of governing gentlemanly competition among imperial merchants. It should be noted that Pombal only chartered Portuguese "monopoly" trading firms where he perceived that provinces had already fallen into the clutches of the wrong kind of monopoly—one that would not serve the national interest. Charters were the exception that proved a more general rule inscribed in a royal decree of September 1765, which removed obstacles to the entry of national merchants wanting to engage in trade across the empire. Merchants could come and go as long as they complied with mercantilist rules and met the requirements stipulated by juntas. At times, this meant that the government was forced to break up collusive behavior. In early January 1769, for example, the government informed subjects that monopolies in the slave and marble trades were forbidden, and a few months later charged Domingos Dias da Silva with violating the laws of the empire by trying to restrict traffic between Angola and Lisbon. The

[46]C. R. Boxer, *The Portuguese Seaborn Empire, 1415–1825* (London: Hutchinson, 1969), pp. 184–86.

public decisions announced that the king "wishes to end these pernicious transgressions and help his loyal vassals." Especially where the slave trade was concerned, the government strongly encouraged competition in order to maximize the flow of captives from one side of the Atlantic to the other.[47]

There was a fine but important line to be maintained between domesticated competition and unbridled rivalry that might foster more uncertainty than opportunity. Self-regulating merchants had to be protected from excessive rivalry, all the way down the line to the most modest "retailer" operating in the very fringes of the Brazilian markets. These *comissários volantes*, itinerant hawkers, the final link in the commodity chains binding European manufacturers to their hinterland markets, operated outside the formally approved networks of merchandising. One of the difficulties in regulating them was that they were instrumental for plugging gaps where legal commerce had no, few, or simply inferior commodities to fill. At the same time they operated as legal handlers of Portuguese goods, able to maneuver in the complicated interstices of the vast market of the Brazilian hinterlands. Indeed, relying on the illegal truck and smuggling provided them with profits to make ends meet so that they could carry on the legal business. What was important for the juntas of Rio de Janeiro, Bahia, and Pernambuco was not the banning of the salesmen but controlling them, forcing them to comply with the power of the mercantile higher-ups. This was a way of shoring up the internal hierarchy within the commercial system that gave the members of the junta and the big magnates that ran it regulatory power over the capitalist pyramid underneath. It ensured that merchants from top to bottom played by rules that bridled market competition to reduce risk, ensure payments, and collect debts in the uncertain worlds of long-distance trading.[48]

In the Spanish Atlantic, merchants also acquired greater control over their own dealings, with the understanding that they would reciprocate with support for the regime. In Venezuela, in part because authorities were so incapable of controlling the smuggling from the Dutch and English islands of the Antilles, Madrid finally dismantled the Guipuzcoana Company in 1778, and in 1789, Venezuela joined the rest of South America by being thrown open to imperial trade under the mantle of

[47]ANTT, JC, Maço 62, Caixa 202, August 5, 1769; Real Alvará, December 10, 1765, and petition, August 13, 1776. Mansuy, "Portugal and Brazil," pp. 480–81, 489–90.

[48]ANTT, JC, Maço 10, Caixa 36, December 10, 1789; Catherine Lugar, "The Merchant Community of Salvador, Bahia, 1780–1830" (PhD thesis, SUNY Stony Brook, 1980), pp. 27–28, 32–39.

comercio libre. Now the entire Atlantic littoral was free to trade among the archipelago of imperial ports. This presented the crown with a dilemma: how to regulate the market activity of these autonomous outposts. This had conventionally fallen on the shoulders of the old monopoly guild in Cádiz, which had now lost its command over imperial commerce. For instance, in 1751, when a major Cartagena merchant, Diego Luis de Medina, died, his will was riddled with complications and burdened with debts. Cádiz dispatched two emissaries to take care of the muddle. But with comercio libre, monopoly companies and the monopoly port could no longer regulate commercial affairs. The difficulty was evident to state authorities and colonial merchants alike: commercial reforms expanded rights to trade but did little to create an enforcement mechanism for merchants to regulate competition to protect their rents.[49]

The solution responded to merchants' demands for a legal enforcement mechanism. In Venezuela, right after the Guipuzcoana Company was dismantled, and even before comercio libre extended to the region, merchants petitioned officials to create a local guild to monitor trading lest a commercial free-for-all wipe out their fortunes.[50] No sooner was the Buenos Aires market opened to imperial traders in 1778 than local merchants clamored for a system that would enable honorable capitalists "to work within the laws of Castile and the Indies." Now enjoying their newfound rights, they worried about excessive competition. Madrid's response was to approve requests to create merchant guilds, *consulados* in the main ports liberated under comercio libre. In 1792, guilds were erected in Havana, Caracas, and Cartagena; two years later Buenos Aires got its own consulado. The old control that Cádiz and its guild had over colonial trade gave way to a decentered network of guilds in the major entrepôts, with each guild in control of the business of matriculating members of the mercantile community and enforcing the commercial laws of the empire. It was now up to the colonial outposts of merchant power to monitor rent-seeking activity and to reciprocate their new relative sovereignty by expressing their loyalty to, and dividing their rents with, authorities.[51]

[49]AGNB, Colonia, Consulado, I, ff. 154–99; Manuel Bustos Rodríguez, *Los Comerciantes de la carrera de Indias en el Cádiz del siglo XVIII* (Cádiz: Universidad de Cádiz, 1995), 49–58.

[50]Archivo General Nacional Caracas (hereafter AGNC), Real Consulado, t. I, f. 1, July 1786.

[51]P. Michael McKinley, *Pre-revolutionary Caracas: Politics, Economy, and Society, 1777–1811* (Cambridge: Cambridge University Press, 1985), pp. 102–5; German O. E. Tjarks, *El consulado de Buenos Aires y sus proyecciones en la historia del Rio de la Plata* (Buenos Aires: Facultad de Filosofía y Letras, 1962), v. 1, pp. 48–57; González, *Cádiz y el Atlántico*, pp. 459–80.

Institutional reform—creating new centers of economic power like the Brazilian juntas or propagating old ones, like the Spanish American consulados—provided the formal means for merchants and monarchs to generate state revenues and commercial rents at the same time. Imperial authorities created institutional venues for resolving distributional contests between the state and merchant capitalists. Consider the reaction of Cartagena's merchants when they learned that royal authorities were considering reintroducing register ships. Even before they got their guild, they honed the art of joining together and petitioning the king in the supplicative voice of loyal vassals in need of—and deserving—succor. One entreaty noted that they owed their loyalty, and their fortunes, to his majesty's generosity. They were "the possessors of resources which can be abdicated for the benefit of his majesty's vassals," admitted the signatories. But they also possessed rights which, if enjoyed responsibly and faithfully, could help the region prosper for the benefit of all subjects—and of course his majesty's treasurers. So their petition went further than denouncing register ships. The merchants protested any further taxes and any more curbs on their ability to govern their own trading networks. In the interests of the province, and the empire, they had to defend their "natural liberty" and resist measures that would "annul the common good which is in great need of attending and alleviation."[52]

There is little evidence that capitalists saw themselves as absolute possessors of property rights or that public guardians enjoyed dominion over private transactions. The new discourses of freedom to trade did not counterpose individual rights against state power and vice versa; the sovereignty of property and politics in the Iberian empires were separable but not independent. There is little evidence, in short, that the steady advance of the market across the Iberian Atlantic yielded to practices and concepts that upset prescriptive mechanisms of rewards or heralded a new vision of society governed by laws of human nature determined by impersonal economic forces. Rather, imperial bargaining still rested firmly on a monarchical culture to legitimate it and the conviction that the equilibrium of life depended on the laws of man and his honorable comportment.[53] Perhaps this is why relational notions of property—with all their "feudal" connotations—have been so commonly (and too automatically) linked with anciens régimes while modern regimes have been associated with their acknowledgment of absolute and independent ideas

[52]AGNB, Archivo Anexo, Comercio, t. I, ff. 28–30.

[53]The contrast to the Anglo-American Atlantic is instructive. See Joyce Appleby, "Locke, Liberalism, and the Natural Law of Money," in her *Liberalism and Republicanism in the Historical Imagination* (Cambridge, MA: Harvard University Press, 1992), esp. pp. 58–60.

of property. Either way, this anachronism gets in the way of understanding the political mechanisms that pushed market revolutions into American colonies. Not long after his arrival in Brazil in 1768, the governor and captain general of Bahia, the Marquis of Lavradio, bemoaned the destitute state of his accounts and the "disanimated" condition of provincial trade. The combination "depressed" him. But he recovered, and invited "all the *homens de negocio* [merchants]" to meet with him to discuss the ways in which they might help the government. The marquis declared his intention to make it easier for traders to conduct business and capped off the entreaty for capitalist support by auctioning two tithe-collection farms. Writing to the Count of São Vicente, he applauded his own efforts. Until his arrival, there was much distrust and animosity between treasury officials and merchants. His gestures, he wrote, "have made of these people *uma bulha formidável*."[54]

What is important to appreciate is that the expansion of market forces and commercial freedoms was fully compatible with the idea of defending old empires to redouble ancient exclusions. Just as peace treaties and imperial warfare went hand in glove so too did market expansion and political control of imperial hinterlands. Promoting market activity and competition was seen as a way of supporting imperial transactions that fortified the regimes while raising the stakes of—and thus the conflict within—the expansionist game.

Profits and Patriarchs

Expanding merchants' self-regulatory bodies of the empires was one way of inducing change when the state was too hobbled to enforce its laws alone. Yet, putting these modifications to work did not rely on purely formal institutional mechanisms. Increasing the relative autonomy of the multiple nodes of merchant capitalism in the colonies reinforced informal networks of personal contacts, kinship, and credit relations that kept what Braudel famously called "the wheels of commerce" in motion. Personalized mechanisms of dependency among partners, family members, debtors, and creditors all combined the merchants of empire into transatlantic networks integrated by informal and asymmetrical bonds. Seen from afar, these networks did without a fixed center. Indeed, informal mechanisms of control and dependency reinforced the subtle shift in autonomy of colonial capitalists away from the metropoles to peripheral

[54]Marquês do Lavradio, *Cartas da Bahia, 1768–1769* (Rio de Janeiro: Arquivo Nacional, 1972), pp, 38–39.

nodes. This, too, was part of the compromise, though not altogether intended, between merchants and monarchs to revive imperial fortunes.[55]

Imperial trade over long distances was a diverse and risky enterprise. In an age in which insurance policies, futures markets, and long-term credit instruments—our modern, impersonal, trust-inducing techniques—were scarce or nonexistent, the magnates of the Spanish and Portuguese empires relied on tried and true personal means to handle the variety of businesses and the perils of losses. A useful way to deal with the specter of a loss in one branch of the Atlantic trade was to have lots of other branches. Consider the example of José Antonio de Lavalle y Cortés, a Peruvian-born merchant based in Lima, who exemplified the importance of diversification, not specialization, to cope with risk. And Lavalle was familiar with risk. Peruvian merchants knew only too well how volatile their fortunes could be: Madrid's decision to sever Alto Peru, and the mining districts around Potosí, from its axis with Lima and lump it into the new viceroyalty based in Buenos Aires hit them hard. No longer would the silver mines fuel their commercial ventures, as they disgorged specie into *porteño* pockets, leaving *limeños* scrambling for business. Lavalle and others had to explore alternatives. The cacao trade between Callao and Guayaquil provided a new source of income, though it was seasonal and prone to natural afflictions. Lavalle followed up then by reaching out to copper miners in Chile, and eventually after 1779 got into the slave-trade business to provide domestic servants to Peruvian notables and captives to coastal plantations and interior mines. By 1789, Lavalle had spread his energies and capital into a wide array of commodities so that he could compensate for a seasonal or yearly loss in one with returns from another trade, and to have a much more diverse "portfolio" than his predecessors who hung their fortunes on silver. Lavalle quickly rose to prominence in Lima's consulado and beyond into other official and quasi-official circles. He augmented his personal capital with political capital, helping to raise a local loan of 1.5 million pesos to fund the conflict with the Portuguese empire in 1777. The compound effects of the diversification of his personal and public business helped him win contacts and willing collaborators in the extended mercantile web radiating out of his house in Lima. Lavalle's trustworthiness gave him a reputation among his circle of investors of honoring their contributions with decent returns (up to 6 percent). Pooling funds allowed him to buy and

[55]Fernand Braudel, *Civilization and Capitalism, 15th–18th Century*, vol. 2, *The Wheels of Commerce* (New York: Harper and Row, 1982), pp. 134–37; see also Zacarías Moutoukias, "El crecimiento en una economía colonial del antiguo régimen: Reformismo y sector externo en el Río de la Plata (1760–1796)," *Arquivos do centro cultural Caluste Gulbenkian* 34 (1995): 772; González, *Cádiz y el Atlántico*, pp. 480–82.

sell on credit, that critical lifeline for commercial capitalism. Lavalle was one of many in the Spanish and Portuguese empires, each with his own personalized means to handle bills of exchange, discount commercial notes, and generally employ pre-corporate, pre-banking instruments to funnel the dispersed savings of the empires into credits and loans to sustain long-distance trade. Merchant houses integrated the diversity within regional economies of the empire, spurred by greater freedom to trade, under single roofs.[56]

Diversification was not restricted to branching out within a single merchant house. It also meant integration among houses, which allowed merchants to pool their capital and thus disperse risk. As well, integration meant gaining access to networks that reached into very local, particular markets, tastes, and preferences to minimize risk. Integration of merchant houses transpired through two principal means: short-term partnerships and longer-term alliances through intermarriage and mergers of kinship networks, a practice known as *parentela* or *patentesco*. Kinship was crucial for creating the organizational networks through which commodities and capital flowed. Parentela enabled branches of families to specialize within a diversified kinship network. Webs of kin relations, real and fictive, also extended informal relations into political, administrative, and even military spheres so that puissant families could ensure that the powers of the state be brought to bear on a problem—a tax, a forced loan, a deal gone sour, and even social uprisings—that might imperil the business. Consanguinity gathered loyalty, honor, and trust from the outer reaches of familial networks to their core, dominated by powerful patriarchs who knew all too well that these were the indispensable "familial capital" bases for their operations—buttressing their economic and social capital.[57]

The networks also operated, when needed, as enforcement mechanisms to ensure that payments flowed back and forth between contracting parties—and that commercial rents trickled in to the patriarch. A cousin, brother, or godson could be relied on to exercise pressure on debtors (or he himself might be a debtor) more effectively in the absence of strong

[56]Mazzeo, *El comercio libre en el Perú*, pp. 125–63; on Buenos Aires, see Susan Socolow, *The Merchants of Buenos Aires, 1778–1810: Family and Commerce* (Cambridge: Cambridge University Press, 1978), pp. 68–69; Jacob M. Price, "What Did Merchants Do? Reflections on British Overseas Trade, 1660–1790," *Journal of Economic History* 49:2 (1989): 273–79.

[57]Luciano Raposo de Almeida Figueiredo, *Barrocas famílias: Vida familiar em Minas Gerais no século XVIII* (São Paulo: Editora Hucitec, 1997), esp. pp. 81–103; Alida Metcalf, *Family and Frontier in Colonial Brazil: Santana de Parnaíba, 1580–1822* (Berkeley: University of California Press, 1992), pp. 87–119; Ann Twinam, *Public Lives, Private Secrets: Gender, Honor, Sexuality, and Illegitimacy in Colonial Spanish America* (Stanford: Stanford University Press, 1999), pp. 216–40.

courts, gendarmes, and states capable of compelling those in arrears to comply with their obligations. Informal enforcement powers and familial trust, the stick and the carrot, kept goods and payments flowing and provided the foundations for long-distance commercial activity touted by late mercantilist reformers. For all their rhetoric about vitalizing the empires through greater freedom to trade to strengthen the state, reformers relied on familial and paternalistic means to unblock imperial arteries. It is hard to miss the dynamic: adapting the empires redoubled the importance of traditional family-based loyalties.[58]

Membership in a prominent merchant family was the basis for membership in a whole set of other subsidiary and reinforcing networks. In the port of Cádiz, as Paloma Fernández Pérez has shown, a merchant had to marry a relative of a member of the powerful merchant guild as a condition for matriculating into the guild. In other words, family membership was the ticket to the public and quasi-public life of cities. In Cádiz, as in Lisbon, metropolitan merchant houses were open to new arrivals, foreigners and nationals alike, constantly cycling capitalists through the commanding heights of the imperial political economy.[59] The same obtained in colonial outposts. In Lima, Lavalle married into a merchant-mining-hacienda family and from there made his upward ascent. Once in the higher reaches of the mercantile elite, he made sure his sons found suitable partners from among Lima's other merchant households (two of them), and—to really diversify the network of influences—ushered the others into administrative (two more) and military (another pair) families and occupations. By the apogee of his power in Lima in the 1800s, Lavalle commanded a powerful web of loyal family allies, which he governed like a benevolent patriarch. Not only did they manage the divisions of his enterprise, but they acted as subsidiaries of his political and social dealings, raising funds to help the government

[58]Raymond de Roover, *Business, Banking, and Economic Thought in Late Medieval and Early Modern Europe* (Chicago: University of Chicago Press, 1974); Peter Mathias, "Risk, Credit, and Kinship in Early Modern Enterprise," in John J. McCusker and Kenneth Morgan, eds., *The Early Modern Atlantic Economy* (Cambridge: Cambridge University Press, 2000), pp. 15–35; Richard Grassby, *Kinship and Capitalism: Marriage, Family, and Business in the English-Speaking World, 1580–1740* (Cambridge: Cambridge University Press, 2001), pp. 413–17. Some of the issues about how historians deal with the "problem of persistence" are discussed in Jeremy Adelman, "The Problem of Persistence in Latin American History," in Adelman, ed., *Colonial Legacies: The Problem of Persistence in Latin American History* (New York: Routledge, 1999), pp. 1–14.

[59]Paloma Fernández Pérez, *El rostro familiar de la metrópoli: Redes de parentesco y lazos mercantiles en Cádiz, 1700–1812* (Madrid: Siglo XXI, 1997), pp. 124–31; Jorge M. Pedreira, "Os negociantes de Lisboa na segunda metade do século XVIII: Padrões de recrutamento e percursos sociais," *Análise Social* 116–117:2–3 (1992): 423–40.

crush the Indian insurgency in the Andes in the 1780s, pumping money into ecclesiastic endowments, and managing the Hospital of San Bartolomé. All were ways of consolidating influence, while building trust and loyalty necessary to mitigate and manage the risks presented by the backbone of his commercial fortune: long-distance imperial trade.[60]

The principal ports of the Spanish and Portuguese empires were cities dominated by closely knit, elite mercantile families, a patrician class interconnected as siblings, cousins, godchildren, and godparents, with each branch covering a domain of the business and increasingly involved in the noneconomic life of the empires. Marriage and kinship were therefore means to integrate social relations that served as the basis for integrated enterprises. But this did not necessarily mean that they were hermetically sealed networks. Nor did they inhibit social mobility—upward or downward. Indeed, faced with a major blow to the family business, a falling patriarch could bring down the whole extended network. Likewise, marriage was also a means of ascent. In the area around Rio de Janeiro, merchants clawed their way upward by marrying into local families of notables, especially landed estate owners. Not marrying strategically could slow the ascent; single merchants generally were poorer and had fewer assets—they certainly had less access to pools of investible funds in the hands of planters or even ecclesiastic estates. Sheila de Castro Faria has likened the struggle to find appropriate spouses in colonial Brazil to a relatively open marriage market that sustained commodity and credit markets. Gregório Francisco de Miranda, an immigrant Portuguese merchant of modest means, had the good fortune to find a wife, the daughter of a mill owner and former merchant, and thereby made his way up the social ladder. Small retailers, distributors, factors, and large wholesalers could be aggregated into loose familiar confederations. So, the networks were not just horizontal, integrating kinfolk within elites; they were also vertical, incorporating new members, many of whom were recent arrivals from the peninsula, into elites and ushering them upward through the ranks via marriage or fictive adoption.[61]

[60]Mazzeo, *El comercio libre en el Perú*, pp. 74–76; for Buenos Aires, see Socolow, *Merchants of Buenos Aires*, pp. 38–55.

[61]Sheila de Castro Faria, *A colônia em movimiento: Fortuna e família no cotidiano colonial* (Rio de Janeiro: Editora Nova Frontera, 1998), pp. 168–76, 192; Alida C. Metcalf, "Women and Means: Women and Family Property in Colonial Brazil," *Journal of Social History* 24:2 (1990): 277–98. This pattern reached even into deep hinterlands. See Liliana Betty Romero Cabrera, *José Miguel de Tagle: Un comerciante americano de los siglos XVIII y XIX* (Córdoba: Universidad Nacional de Córdoba, 1973), pp. 3–18; Ann Twinam, *Miners, Merchants and Farmers in Colonial Colombia* (Austin: University of Texas Press, 1982), pp. 72–86.

The development of the Portuguese and Spanish empires in the eighteenth century created and relied upon the consolidation of open elites across the commercial centers on both sides of the Atlantic Ocean. These elites were entrusted with managing the pressures of competition among them and investing their capital in businesses to extract staples from colonial hinterlands. They conveyed loyalty and rents to the centers of these networks ruled by patriarchs, and reciprocated with credit, protection, employment, and favors. Kinship therefore provided the foundations for capital formation in the empires. It also served as the homologue for systems of imperial power, for as these mercantile households enjoyed greater freedoms to trade and autonomy to regulate their affairs in the colonies, they reciprocated the expansion of their property rights with loyalty and revenues to the crown. As kin ties sustained the flow of influence and rents to patriarchs in the middle of mercantile networks, power and revenues flowed to the metropolitan centers of the empires through commercial hubs of coastal cities. From the patrician classes of these cities emerged the personal cornerstones of empire.

The Limits of Reform

The model of empire inspired by the dire warnings of de Gusmão and Campomanes, and applied by Pombal and Gálvez, aimed to promote change without a violent break with established customs and hierarchies. Commercial capitalism could spread in the Atlantic world without directly undermining the feudal remnants in Europe's Iberian peninsula. To a large extent, the model made good on its promises. Overseas trade grew and diversified. Sugar, dyestuffs, cacao, coffee, cotton, hides, meat products, and many others staples flowed from the hinterlands and gathered in the principal ports to be loaded onto vessels bound for distant markets. Much of it found buyers in the peninsula, so that commercial activity in the Iberian entrepôts rose in response to the inducements to trade more freely. Even silver, the emblem of all that was wrong with the ancient model of empire, boomed. So long as war did not cut deeply into the official ledgers, rising trade and mining buoyed imperial treasuries.[62]

Where the expansion of commerce was most felt was in the colonies. There, opportunities to trade allowed planters, modest farmers, and

[62]Fisher, *Commercial Relations between Spain and Spanish America*, pp. 16–46; for the Portuguese empire, see Jorge Miguel Viana Pedreira, *Estructura industrial e mercado colonial: Portugal e Brasil (1780–1830)* (Lisboa: Difel, 1994), pp. 51–63; on silver, see Richard L. Garner, "Long-term Silver Mining Trends in Spanish-America: A Comparative Analysis of Peru and Mexico," *American Historical Review* 93:4 (1988): 898–935.

peasants to drive commercial frontiers deeper into colonial hinterlands like the Llanos, the Pampas, the Campos de Goitacazes, Maranhão, and the Upper Magdalena. All the way along, producers, the menial and the magnates, were encouraged by merchants and their credit to join a "market revolution" without undermining patriarchal models of organizing trade or enforcing labor systems. In important ways, the colonies thrived even more than the metropoles—for the new model of freer infra-imperial trade especially unlocked the potential for intercolonial exchanges. Freer trade made legal what had been pushed underground between South American provinces and colonies, even across the fractious divide that separated Brazil from the Viceroyalty of the River Plate. The Peruvian Lavalle, for example, placed his orders for African captives to agents in Buenos Aires, who imported them from Rio de Janeiro, the swelling entrepôt for commerce between Angola and Brazil. The circuits of commodities, captives, and credit operated autonomously from Lisbon and Cádiz, creating powerful local and regional "economic spaces" in the colonies themselves. The metropolitan hubs tolerated—indeed encouraged—this decentered arrangement so long as it reinforced the centripetal flow of loyalty and revenues to the peninsula.[63]

Just as imperial reforms aimed to adapt the anciens régimes to the pressures of ramped-up interimperial competition without challenging the fundaments of the old order in the peninsula, so too at the hither edge of the empires reform was not intended to shake up established social hierarchies or the underlying principles of capital accumulation. Commercial expansion did not clear the stage for a "bourgeoisie," which, as it matured, might set its sights on toppling ensconced aristocrats or imperial officials. The merchant class that dominated the social geography of the colonies did not self-identify as a force for change in opposition to established arrangements and loyalties. In spite of their eager responses to freer trade, their interests were firmly committed to the comforts and convenience of tradition.

However, just because there were no colonial bourgeoisies itching to break free of old mores does not mean that the transformations unleashed by imperial reform did not destabilize ancient principles of empire. The compound effects of commercial and institutional reform did run into the brittleness of colonial societies. Indeed, for centuries, the imperial systems relied on local officials to legitimate Iberian rulership by softening the most exploitive edges of colonialism. But doing more than paying lip service to the moral and material concerns of subaltern peoples

[63]On "economic spaces," see Carlos Sempat Assadourian, *El sistema de la economía colonial: El mercado interior, regiones y espacio económico* (Mexico: Ed. Nueva Imagen, 1983), pp. 15–16.

of the Americas stood in the way of the centripetal drive of imperial reform since it thwarted market forces from penetrating more fully into social relationships of such stratified hierarchies. The spread of merchant capitalism to the fringes of empire undermined the authority of inherited local political cultures. Therefore, the new compromises of reform in imperial capitals and entrepôts dissolved older, more archaic compromises developed over the generations since the Conquest—local arrangements that were so effective in perpetuating Iberian rulership in the Americas because they did not eviscerate the moral authority of leaders. The clash between new and old compromises of empire came to a head in the 1780s, provoking widespread unrest that eventually put a limit on how deep the reforms could shake up imperial fortunes.

The most disruptive—and frightening—responses to reform erupted in the "deepest" of colonial societies: the Andes. Up and down the cordillera, from the Comuneros of Nueva Granada to the Indians of Chayanta, complex, hybrid movements rose up against local tax collectors and merchants. What they held in common was what they disliked: the combined pressure to exact commercial rents from producers and consumers and state revenues from colonial villages to central authorities. After months of demonstrations and large assemblies centered on the city of Socorro, on June 5, 1781, 20,000 irate vecinos began marching on the capital of Nueva Granada chanting, "Death to bad government and long live the king!" Leaders like Juan Francisco Berbeo denounced in particular the policies of the regent visitor general, who had arrived in 1778 bearing instructions to apply the new reform model of commercial opening and tightened fiscal measures. Taxes rose, as did consumer prices, until colonists began to denounce openly the visitor as a "rapacious tyrant" and a violator of the moral norms of "communal" decency. The Comunero Revolt, like so many of the uprisings across the region, was not an anti-imperial movement. It simply wanted to reverse the combined fiscal burdens and commercial uncertainties. Indeed, as Berbeo explained in the *Plan de Capitulaciones*, the movement was inspired by fealty to the king and determined to keep his imperial officers governing in the interest of his subjects, the commonwealth, and therefore his majesty. Faced with administrative "tyranny" and "corruption," it fell to the vecinos themselves to defend the monarchy from the enemy within. Taxes and loans in themselves were not the problem—unjust demands were. Defending "just taxes," the *Plan* noted that "as loyal vassals we offer" to pay when called upon. "When a legitimate need of His majesty, either involving the defense of the faith or even the smallest part of his dominion, is brought to our attention and he asks for a forced loan or gift, we shall contribute with great pleasure." The protests shook the confidence of viceregal administrators, who retreated from their fiscal demands and curbed the freedoms of merchants to charge the prices they wished.[64]

Popular colonial reaction to the new imperial deals did more than fuel protest; it sparked insurrection. The fiercest reaction erupted in the lower Andes, leading to the largest Indian insurgency in the New World since the Conquest. In early 1780, a mysterious message appeared on the wall of the customs house of Arequipa one night. It announced that "the *corregidor* will die and so will the duty-collectors, court clerks and those of their faction. . . . Long live our great monarch—long live Carlos III and may all duty-collectors die." In the ensuing weeks Indians and mestizos broke down the doors to armories, customs houses, and eventually the homes of prominent officials of Arequipa, Huaraz, and Pasco, leading to a full-scale insurgency led by José Gabriel Condorcanqui, soon to be known locally as Túpac Amaru II. Insurrection spread to the Aymara-speaking peoples of Alto Peru as well, as peasants and commoners rejected the ways in which Iberian rulers relied on local mediators to perpetuate the colonial extractive system. This subaltern uprising of Indians, creoles, and even a few Spaniards of humble occupations shattered the confidence of imperial authorities in Cuzco, Lima, and beyond. Manuel Godoy, Carlos IV's minister, later wrote in his memoirs that "no one ignores that the entire viceroyalty of Peru and part of the Río de la Plata were nearly lost in 1781 and 1782." It took years to subdue the highlands and restore a precarious semblance of order. And despite the temptation to blame a few hothead agitators or venal stewards for the unrest, colonial officials did manage to conclude that their model of reform was a potentially explosive mix in such stratified and highly coercive societies. The unrest put a halt to many fiscal reforms—which left the bargain between merchant elites and ruling officials, the exchange of rents and revenues, limping on one leg.[65]

[64]Anthony McFarlane, *Colombia before Independence: Economy, Society, and Politics under Bourbon Rule* (Cambridge: Cambridge University Press, 1993), pp. 211–16; idem, "Rebellions in Late Colonial Spanish America: A Comparative Perspective," *Bulletin of Latin American Research* 14:3 (1983): 313–38.

[65]Pasquines que se pusieron en la ciudad de Arequipa desde el día 10 de enero de 80," in Carlos Daniel Valcarcel Esparza, ed., *Colección documental de la independencia del Perú* (Lima: Comisión Nacional del Sesquicentenario de la Independencia del Perú, 1971), v. 2, pp. 108–9; Leon G. Campbell, "Social Structure of the Túpac Amaru Army in Cuzco, 1780–81," *Hispanic American Historical Review* 61:4 (1981): 675–93; Charles Walker, *Smoldering Ashes: Cuzco and the Creation of Republican Peru, 1780–1840* (Durham: Duke University Press, 1999), p. 53 and chap. 2 for the Amaru rebellion. On the Aymara speakers, see Sinclair Thomson, *We Alone Will Rule: Native Andean Politics in the Age of Insurgency* (Madison: University of Wisconsin Press, 2002), and Sergio Serulnikov, *Subverting Colonial Authority: Challenges to Spanish Rule in Eighteenth-Century Southern Andes* (Durham: Duke University Press, 2003). For an imperial postmortem, see Archivo General de Indias (hereafter AGI), Estado, Lima, 74/57, December 31, 1781, "Relación de Audiencia de Lima sobre la rebelión del Indio José Gabriel Tupac-Amaru."

Opposition and unrest did not stop at Spanish imperial borders; colonial limits to imperial reform rose up on the Portuguese side as well. In Brazil, grievances against tax collectors and usurious merchants had been mounting since Pombal unveiled his master plan. The fissures erupted finally in Minas Gerais in early 1789, led by Joaquim José da Silva Xavier, alias "Tiradentes." A lieutenant in the colonial Dragoons, son of a treasurer in the diamond district, and part-time tooth-puller (hence the dental moniker), Tiradentes led a conspiracy to kill the governor, declare independence, and create a republic in a sui generis emulation of the United States. The plot stumbled from the start. Its leaders assumed that the local militias would join them—and they did not. More important, Tiradentes went beyond the shared dislike of policies to proclaim a whole new order. Without dismissing an underlying nativist current to the grievances, independence and republicanism were at best fantasies that appealed to few colonists; and the prospect of arming and freeing slaves horrified the rest. Not even the slaves themselves appeared to be part of the conspiracy. So the insurgency failed before its flames could feed themselves. Still, as in the Andes, Brazilian colonial officials saw that there were underlying causes to the malaise, and decided to back off the imposition of the odious *derrama* tax that had inspired the conspiracy in the first place. When the governor of Minas Gerais suspended the levy, he defused some of the tension—and deployed his considerable ring of spies and snitches to round up the plotters before they could hatch their plan. The episode, nonetheless, was a lesson in the limits of imperial policy. The turmoil of the 1780s reminded imperial authorities that their sovereignty was not only threatened by other empires but there were also local colonial limits to their sovereign power.[66]

There was more to colonial resistance than anxiety about tax collectors and merchants' greed. Late imperial reforms also ran into an ingrained political and moral order that had allowed local societies to function at arm's length from centralizing royal authorities or mercantile patriarchs. Over the centuries, in short, colonial societies had built up systems of relative self-rule within the empires, premised on local management of legitimacy and social alignments. At times these practices were inscribed

[66]Luciano Raposo de Almeida Figueiredo, "Protestos, Revoltas e Fiscalidade no Brasil Colonial," *LPH: Revista de História*, no. 5 (1995): 56–87; "Ofício do Secretário de Estado da Marinha e Domínios Ultramarinhos, Martinho de Melo e Castro ao Vice-Rei Luís de Vasconcelos e Sousa," March 9, 1790, in *Revista do Instituto de Histórico e Geográfico Brasileiro* 153 (375) (April–June 1992): 132–33; Maxwell, *Conflicts and Conspiracies*, pp. 116–45; Paulo Roberto Pereira, "Inconfidência Mineira: Derrota da Utopia Liberal," *Revista do Instituto de Histórico e Geográfico Brasileiro* 156 (387), (April–June 1995): 331–41.

in abstract principles of a "pact of submission," a foundational moral reciprocity between kings and subjects, with the former upholding implicit norms of the latter in return for fealty. This is why insurgents often vowed to kill "corrupt" officials even though they were simply carrying out ministerial orders, while proclaiming their undying loyalty to the king.

Most often, the moral order can be found at work in the daily, prosaic activities of governance. With all the protest, subversion, and insurrection of the 1780s, it is easy to miss the underlying, deeply entrenched resistance to imperial reform as it introduced greater autonomy to merchants and the uncertainties of market competition. In the town of Pasto, in the southern highlands of Nueva Granada, grain prices crept upward in the early 1780s. On the heels of so much unrest across the Andes, officials grew alarmed. Pasto's mayor appealed to the governor for the power to restore ceilings on prices that had been left to float as part of the shift to greater commercial freedom. Moreover, he wanted the power to force merchants to open their granaries to sell their stocks. On the surface, the local official was seeking to restore a "just price" for subsistence goods, "for the common good and for the poor." Later in the appeal what Pasto's municipal council wanted was to be able to set prices for foodstuffs in accordance with local conditions and norms, and not let prices be set by private agents. The governor acceded: "distribute them [the grains and flour stores] to support the Public, charging the prices that you consider normal to balance the needs of the *vecindario* [the citizens] as well as to ensure the regular but not excessive profits of farmers." This customary sovereignty of local colonial societies was what imperialists and merchants wanted to shake up in the name of giving new life to the Portuguese or Spanish "nation." In practice, it was much harder to replace inherited, moral vestiges with new rational foundations for the conduct of imperial affairs without undermining local, decentered but shared assumptions about sovereignty and justice.[67]

Late imperial unrest was not—with Tiradentes' foiled plot being an exception that proved a more general rule of fidelity to the ancien régime—the precursor to colonial independence. This is not to deny that creoles expressed nativist, anticolonial reactions to peninsular policies. Nor does this deny that peninsulars saw in colonial unrest a warning sign that the imperium could not count on the loyalty of its colonial parts. In the wake of the Andean revolts, José de Abalos, the intendant of

[67]AGNB, Colonia, Cabildos, VI, ff. 1–35 (1785); J. C. Chiaramonte, "Modificaciones del Pacto Imperial," in Annino, Leiva, and Guerra, comps., *De los imperios a las naciones*, pp. 108–11; Mario Góngora, *Studies in the Colonial History of Spanish America* (Cambridge: Cambridge University Press, 1975), pp. 170–84; Serulnikov, *Subverting Colonial Authority*, pp. 122–31.

Venezuela, warned that America's "incomparable riches generally provoke ambition and avarice, and the genius and character of its *naturales* . . . gives them innate proclivities and inclinations to uprisings." But readers should not assume that reactive, local processes anticipated the evolution of nativism into nationalism. Abalos went so far as to suggest that the monarch consider letting the Andean and River Plate colonies go and become independent monarchies (tied by commonwealth kinship to the Spanish throne) not because colonials wanted national rule but because they were so costly to rule. Much less should the unrest of the 1780s be seen as episodes that sowed the seeds of independence that would flower in the nineteenth century. These were not, in short, mass movements that pointed to a future alternative world. Rather, they were complex local responses to—and checks on—the peninsular model of nation building through empire. Peasants, local counselors, priests, and native chiefs warned colonial authorities of the dangers of shifting the burden of imperial adaptation to local colonial communities—and when the going got really tough, they often joined the protestors and insurgents. The warnings and the violence were important signs that Iberian efforts to reconstitute the foundations of monarchical sovereignty ran up against the delicacy of colonial compromises at the imperial fringes.[68]

Conclusion

Efforts to rationalize the empires to defend Iberian sovereignty fastened on a deal between imperial authorities at the center and merchants scattered across the entrepôts of the empires. In a fundamental sense, they achieved their goal of increasing the flow of commercial traffic through private hands and official revenues to the public purse. In this fashion, both Portuguese and Spanish reformers could claim, with some justification, that they had created European nations by way of empire. The metropoles of old monarchies were becoming nations—and the provinces of the old empire were on the road to becoming colonies imagined as part of Atlantic commercial orders. This process was hardly complete, and with the revolts of the 1780s, it stalled.

[68]"Representación del intendente de Venezuela, Jose de Abalos, dirigida a Carlos III," in *Premoniciones de la independencia de América: Las refleciones de José de Abalos y el Conde Aranda sobre la situación de la América española a finales del siglo XVIII* (Madrid: Ed. Doce Calles, 2003), pp. 59–65; Sergio Serulnikov, "Customs and Rules: Bourbon Rationalizing Projects and Social Conflicts in Northern Potosí during the 1770s," *Colonial Latin American Review* 8:2 (1999): 245–48.

Whether this was a pause or a permanent halt, we will never know since the outbreak of the French Revolution redirected the course of imperial histories. Still, reform yielded important changes. Until the 1760s, military setbacks followed by unstable treaties had undermined the confidence in Iberian monarchies as world powers. Thereafter, concerted reform did give rise to the hope that the nation could be saved because it had an empire that was potentially more lucrative, and certainly more faithful, to the monarchy, especially compared to Spain and Portugal's rivals. Centralizing pressures in the French and especially British empires braced them more effectively for large-scale warfare—but they also began to crack under the weight of the escalating clashes. There were, of course, analogous pressures and reactions in the Iberian empires, but the metropoles backed off lest colonial resistances evolve into anti-imperial revolts. What could not be doubted was that the Iberian empires were more integrated on the eve of the French Revolution than they had been at the beginning of the century.[69]

Note the emphasis on integration, not centralization, of empires. Iberian imperial reformers were more concerned with the former than the latter. To defend the realms, enlightened ministers and political economists in Lisbon and Madrid sought to aggrandize the state by recalibrating the balance of power with the dominant elements of society: the puissant merchant elites in the entrepôts. In this sense, imperial reform involved modifying the relationships and compromises that upheld the empires, not doing away with them altogether. The reforms had marked effects, especially in the commercial hubs in the colonies. From Cartagena to Rio de Janeiro and Buenos Aires, powerful merchant classes overseeing institutional and informal networks of influence and social clout pushed the capillaries of exchange deeper into the South American hinterlands. This meant that while the empires were more integrated to serve the nation, they were also decentered to the commercial hubs and merchants circles that occupied such privileged locations in the reform model. If the needs of war pushed the imperial parts closer together, the commercial dynamics unleashed by competition and freer trade began to pull them apart.

On the eve of the French Revolution, contrapuntal forces were at work within the Portuguese and Spanish empires. Balancing them could be sustained as long as the peninsular capitals stayed out of serious trouble. This would soon change. When the outbreak of revolution in 1789

[69]Linda Colley, *Britons: Forging the Nation, 1707–1837* (New Haven: Yale University Press, 1992); Marshall, "A Nation Defined by Empire," for contrasts with nation building in Britain.

transformed the nature of European conflict from a rivalry between imperial dynasties into an ideological contest over the concept of dynasty itself, the contrapuntal tensions within the Iberian empires widened—and threatened their negotiated harmony. But before revolutionary warfare could deliver its full effects on the Atlantic system, imperial rulers, in a fateful convergence with the merchants of empire, would put their stamp on one more major reform. If silver and gold flows had been the primary arteries of the imperial nervous systems since the Conquest, there was a traffic that was thriving in the eighteenth century, and which motivated an intensified scramble for profits of the Iberian Atlantic: the slave trade. It is to the slave trade and the effects of integrating Europe, the Americas, and Africa into a more intense, if violent and gruesome, exchange between the regional components of the Iberian empires that we now turn.