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**The General Contract of Tobacco
and the Azorean economy
(17th and 18th Centuries)**

Margarida Vaz do Rego Machado

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Special Issue

Crossing Borders: The Social and Economic Impact of the Portuguese Maritime Empire in the early Modern Age

Edited by

Nunziatella Alessandrini and João Teles e Cunha

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Table of Contents / Indice

Nunziatella Alessandrini and João Teles e Cunha <i>Introduction</i>	5-8
1) Commercial Routes and Commodities	
Jürgen Pohle <i>Sugar, Pepper, Precious Stones: The Economic Impact of the Portuguese Overseas Expansion in the German World around 1500</i>	9-34
Mark Häberlein <i>Connected Histories: South German Merchants and Portuguese Expansion in the Sixteenth Century</i>	35-53
Arlindo Manuel Caldeira <i>The Island Trade Route of São Tomé in the 16th Century: Ships, Products, Capitals</i>	55-76

João Teles e Cunha 77-103
The Carreira da Índia and the struggle for supremacy in the European spice trade, ca. 1550-1615

2) Mercantile Networks, its Agents, and Cross/Intra-Cultural Trade

Rui Manuel Loureiro 105-125
Searching the East by the West: Martin Behaim revisited

Paulo Jorge de Sousa Pinto 127-146
The casados of Melaka, 1511-1641: Strategies of Adaptation and Survival

Elsa Penalva 147-170
Imperative Minorities and Transoceanic Connections (c. 1572 - c. 1621)

Nunziatella Alessandrini 171-193
Italian Merchants in Habsburg Portugal (1580-1640)

Carla Vieira 195-229
Dislocating a Trade Network: New Christian and Jewish Merchants Between the Portuguese and the British Empires (1700-1730)

Margarida Vaz do Rego Machado 231-248
The General Contract of Tobacco and the Azorean Economy (17th and 18th Centuries)

Book Review / Recensione

Giuseppe Seche 251-254
Antoni Furió (ed.) (2020) *En torno a la economía mediterránea medieval. Estudios dedicados a Paulino Iradiel*. València: PUV.

The General Contract of Tobacco and the Azorean Economy (17th and 18th Centuries)*

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Abstract

From the second half of the 17th century, the Tobacco trade became one of the main revenues for the European colonial empires. In Portugal there was a general contract, based on a system of contracts and exclusive businesses, with associated financial and tax benefits. How were the regulatory and surveillance mechanisms of this monopoly transposed to insular spaces? What kind of behavior did contractors have in island society? What is the role of the tobacco trade in the Azorean economy? These are some of the questions we will try to answer in this text.

Keywords

Açores; Portugal; Tobacco contract; Contractors, Monopoly rights.

Resumo

A partir da segunda metade do século XVII, o comércio do tabaco passou a ser uma das principais receitas dos impérios coloniais europeus. Em Portugal existia um contrato geral, baseado em regime de contratos e negócios exclusivos, com benefícios financeiros e fiscais associados. Como foram transpostos para os espaços insulares os mecanismos reguladores e de vigilância deste monopólio? Que tipo de comportamentos tinham os contratadores na sociedade insular? Qual o papel do comércio do Tabaco na economia açoriana? Estas são algumas das perguntas que tentaremos responder neste texto.

Palavras-chave

Açores; Portugal; Contrato do tabaco; Contratadores; Direitos monopolistas².

* This article is the result of many discussions taken under the projects: *La Integración de las economías atlánticas: el papel del tabaco en los imperios ibéricos 1636-1832*; *La configuración de los espacios atlánticos ibéricos: de políticas imperiales a políticas nacionales en torno al tabaco (siglos XVII-XIX)*.

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1. Conclusion. -2. Bibliography. - 3. Manuscripts. - 4. Curriculum vitae.

The archipelago of the Azores played an important role within the heart of the Portuguese overseas empire. Its geographic position made it a fundamental stopover for ships returning from the Orient, as well as for those sailing from the American continent via Seville, and later from Brazil. Indeed the Azores provided vital support to the maritime expansion, i.e., navigation: foreign merchants were present in the Azores since the 1500s, awaiting the arrival and departure of the ships; this allowed them to carry out their business, a situation that continued throughout the Old Regime and even later, especially in the 19th century, when the orange trade flourished and brought prominence to the Azorean ports.

O préstimo açoriano na correspondência intercontinental persiste à passagem do tempo e à sucessão das hegemonias económicas, porque faculta sempre a conexão entre a velha Europa e a costa de África e as paragens mais longínquas do Oriente e do Novo mundo (Meneses, 2001, p.14).

The Azores' participation in the Atlantic routes remained a constant in their economic history, which, conditioned by external stimuli, re-centred their ports according to the dynamics of the international routes. When the economic power shifted to northern Europe, and the colonial component extended to the American continent, the archipelago re-adapted, retaining its centrality within the periphery of the system of oceanic routes. The South Atlantic trade route, i.e., Brazil, was the one most dynamic and used by Azorean wholesale merchants. However if we analyze the entry books of Azorean Customs from the 17th and 18th centuries, numerous arrivals from Bahia, Pernambuco, and Rio de Janeiro are recorded, with the most common cargoes being sugar, soles and half-soles, wood, sugarcane spirits, and whale oil (Machado, 2006, pp. 148,149). There is, however, no information regarding tobacco.

The question, therefore, beckons: What happened in relation to the tobacco trade, when we know that in the 17th and 18th centuries it was one of the major Brazilian exports and was grown in several areas of northeastern Brazil, especially in the region of Bahia? Is it possible that, contrary to what occurred in Europe, and even in continental Portugal, this product had little economic importance in the Azores? This chapter analyses the role of the tobacco trade in the Azorean economy and its connection to the General Contract of Tobacco.

In Portugal, as in Spain, revenue was collected from the tobacco trade through a monopoly³; this alternated between being controlled directly by the Crown on the one hand, being leased to private individuals on the other. One important aspect of the Portuguese tobacco monopoly was that it restricted the area of production to Brazil, i.e., Bahia. Tobacco growing was forbidden both in the metropole and also in the archipelagos of Madeira and the Azores. But the restrictions were not only limited to its production; the processing of tobacco was only allowed in the *Estanco* factory in Lisbon – others were created later in Oporto, Madeira, S. Miguel, and Terceira, but under the direction of the General Contract in Lisbon⁴ – and the only legal route of entry of tobacco into the metropole and the islands was the direct one between Brazil and Lisbon⁵. (Machado, 2014, p. 159; Costa, 2014, pp. 23,24; Salvado, 2014, p. 133).

The Tobacco Contract was a monopoly created during the Iberian Union, in the reign of Phillip IV (1621-1649), and it controlled the sale of tobacco. The contract lasted between 1636 and 1865, with short periods of liberalisation of its sales. Between 1633/63 and 1636/39, it was acquired by a Jewish merchant on the Madrid market, but the restoration of Portugal's independence in 1640 interrupted that lease, which was then passed on to Álvaro Fernandez and Diogo Fernandes Sequeira (Garret - Gordillo- Lúxan, 2012, p. 37)⁶. As it was necessary to oversee the entire process, from cultivation to manufacturing and sale, and in order to avoid illicit trading, the *Junta da Administração do Tabaco*⁷ (Tobacco Administration Board) was founded in 1674, along with a tobacco factory in Lisbon, where only the tobacco received in rolls from Brazil could be ground into powder. Tobacco sales were limited to the *Estanco* stores (properly indicated and authorized by the contractors and sub-contractors) (Caldeira, 2000, p. 575). Prices were also subject to legislation, and although initially this was free, the contract of 1691 stated that a contractor himself, or via his administrators, could sell tobacco at whatever price they wanted, without any legal action being taken to prevent it⁸. In the first decades of the 1700s, a

³ When we use the word tobacco monopoly, we are referring, on the one hand, to a privilege of the monarch, who has the power to establish rights over trade and, on the other hand, to the prerogative to reserve for himself the production, sale and distribution of tobacco.

⁴ Estanco = Monopoly: commercial power granted by the State to a company. It can also be a store specializing in the sale of tobacco.

⁵ The only exception was the creation of a second route between Bahia and the Portuguese African colonies.

⁶ On the organization of the Tobacco Contract in Spain see also: Romero, 2007.

⁷ See also: Figueiroa-Rego (2019), pp 41 e 42.

⁸ Biblioteca Pública e Arquivo Regional de Ponta Delgada, (from now on; BPAPD), Livro de registo da Câmara de Ponta Delgada dos anos de 1655 a 1718).

regiment was issued in which the different qualities of tobacco were tabulated, together with the highest price.

This whole economic and administrative apparatus was also put into practice in the Azores, whereby the contractors general of the Kingdom delegated their competences to the tobacco contractors of the islands. These sub-leases could be done jointly for the entire archipelago or in branches (or segments), whereby it appears that the most common version was segment leasing in the two cities, Angra and Ponta Delgada, although we also find, for some years, a branch for the town of Horta. In the Azores, the great royal monopolies, throughout the kingdom, such as, for example, whale oil or tobacco, took place in accordance with the normative and institutional framework defined by the state with the respective consortia, unlike the royal insular rents which, following the creation of the Captaincy-General and the Royal Treasury in Angra (1766), were auctioned in this Azorean city, usually by companies formed by insular merchants. All contracts were leased for periods of 3, 6, or 9 years, leading to greater stability and greater potential benefits for the general contractor⁹.

In January 1645, a provision issued by King John IV on 8 August 1644 was transcribed in the Register Book of the Customs in Ponta Delgada informing the governors of the island of S. Miguel that the Royal Revenue Council had leased to Diogo Sequeira and João Duarte the “Contract of the monopoly of Tobacco of the Kingdom of Portugal and its Conquests, with the exception of Brazil and places in Africa”, for a duration of six years and for the annual amount of 64,000 *cruzados*. The provision also stipulated that after that date no one was allowed to sell tobacco without the authorization of the contractors, and that all those who until then had sold tobacco were obliged to declare the amount they still had left, for which a maximum price of one *cruzado* for every *arrátel* of powdered tobacco was prescribed, while tobacco in rolls sold for 3.5 ounces per *arrátel*, and the price of snuff was to be agreed on by both parties. In addition, “devassas” (searches) were ordered to ensure that everyone complied with the order (Machado, 2014, p. 160)¹⁰.

Enforcing the exclusive sale of Brazilian tobacco was not easy since before 1645, all kinds of tobacco was consumed freely, particularly tobacco from Castile and from Portuguese production. Any farmer could grow tobacco, and the system of impunity permitted the nobility and the clergy to cultivate it on

⁹ For further knowledge on royal contract in Portugal end in Azores see: Costa, Fernando, 1992; Costa, Leonor, 2014; Costa - Salvado, 2019; Hespanha, 1993; Madureira, 1997, pp. 102-104; Pedreira, 1995; Salvado, 2014, pp.133-153; Costa, Ricardo, 2005; Machado, 2005, pp. 153-186; 2017; Melendez e Machado, 2019, pp.101-118.

¹⁰ BPARPD, Livro de Registo da Alfândega de Ponta Delgada, 1639 a 1654, fol. 328.

their lands. With a view to addressing this problem, new and abundant legislation was prepared to ensure that offenders were penalized. The consultations with the “Junta de Administração do Tabaco” attest to the complexity of this issue. Sanctions were enacted according to the social standing of the offenders: In the case of *fidalgos* (noblemen) who ordered tobacco to be pressed in their houses or any other place, the tobacco was confiscated, and the perpetrator had to pay a fine of 2,000 *cruzados*, as well as serve a two-year sentence in the kingdom of the Algarve. Anyone not a *fidalgo* but enjoying similar privileges had their tobacco confiscated and was made to pay a fine of 1,000 *cruzados*, as well as being exiled to Mazagan for two years. The sanctions intensified as they went down the social pyramid, with the worst punishment being flogging and five years in the galleys. There were constant appeals by the *Junta* to move the authorities to control and outlaw the illicit tobacco trade. In the Azores, for example, the *Junta* issued petitions for His Majesty to order the governors, magistrates, *juizes de fora* (judges appointed by the King) and other royal officials, as well as the Bishop and clerical magistrates, to punish offenders exemplarily and carry out searches in the houses of all social strata, including convents¹¹.

Information about the cultivation, and especially about the pressing and sale of tobacco in convents, resulted in attempts to legitimize the searches in these “sacred” places. A document dated 29 April 1676 – referring to a search in the Monastery of S. Bento and justifying the confiscation of a stromp and other instruments used in the production of powdered tobacco, as well as the subsequent penalization of the monk who was manufacturing it – argues that:

Ainda que os religiosos e mais pessoas eclesiásticas sejam isentos de jurisdição real por ser secular, por razão de domicílio são vassallos e como tal obrigados e sujeitos ao poder económico e político de seu Príncipe, guardando suas leis, dando-lhe fidelidade, obedecendo a seus mandados e zelando o bem comum dos seus vassallos¹².

This problem was transversal to all the Kingdom. There were many complaints from the tobacco contractors on the islands of the Azores, where the manufacturing and sale of tobacco in several convents and houses of noblemen went unpunished, despite inquiries being carried out. This led to a constant illicit trade in tobacco, resulting in considerable losses to the contractors.

¹¹ Torre to Tombo (from now on: TT), Junta da Administração do Tabaco, Consultas, maços nº1, doc 73, junho 1671; Maço nº2, doc.34; Março de 1681, between others.

¹² TT, Junta da Administração do Tabaco, Consultas, maço nº1, doc.42.

But this activity was not limited to the sowing and pressing of tobacco; the sea that bathed the coasts of the Azores was also a stage for contraband. As mentioned above, the Azores were linked to Brazil by a direct route, i.e., the big port of Bahia, from where Brazilian tobacco was exported. Many complaints were made by the tobacco contractors, denouncing the carelessness and lack of control regarding the ships arriving in Azorean ports. Several accounts substantiate the illicit tobacco trade that took place at sea. One such appeal was made in 1678 by the contractor of the island of Terceira and its adjoining islands, in which he reported that the prelate of S. Mateus, António da Silva Ferreira, had gone out to sea to fetch tobacco rolls illicitly, which he then sold in his parish. Another case was that of father Antonio da Pax from the island of Faial, who sold two barrels of illegally acquired powdered tobacco (Machado, 2014, p. 162; 2020 pp. 108-112; Silva, 2001, p. 583; Santos, 1974, pp. 258-265). The State took action all over the country, and many people were detained, while others (i.e., the ecclesiastics) were denaturalized. The lists of individuals condemned to the galleys and deported to Angola and Brazil got longer and longer. It is not surprising, therefore, that the Reverend John Colbath, who visited Portugal in the late 1600s, felt that the severity of treatment for anyone pressing tobacco for their own use was comparable only to the treatment which counterfeiters received in England (Hamson, 1982, p. 154).

The first allocation we find of a lease for the Azores was made in 1691 for S. Miguel and its adjoining islands¹³. Based on this contract and comparing it with the general contract of the Kingdom, we learn that it had been bought in Lisbon by Jacinto Siqueira, resident in S. Miguel, for a period of three years and for the amount of 4,000 *cruzados* per year, to be paid in cash and divided into quarterly payments of three months. This contractor committed to sending, at his own expense, the stromps and workshops that he deemed necessary for the manufacturing of tobacco.

After careful analysis of all the other conditions of the contract, it becomes evident that they replicate those of the general contract, adapted to a regional scale, whereby the contractors and *estaqueiros* enjoyed the same privileges as the contractors general. For example, only contractors and *estaqueiros* were allowed to manufacture and sell tobacco, while anyone who dispatched tobacco in the Customs of Ponta Delgada could not take any tobacco home nor store it in their warehouses without first declaring the rolls, *arrobas*, and quality of the different grades of tobacco. In addition, they were exempt from levies and tolls, and also from having to provide *aposentadoria* (accommodation) which they

¹³ BPAPD, Livro de Registo da Câmara de Ponta Delgada dos anos de 1655 a 1718.

could, in turn, use for the sound administration of their contracts. Instead, all illicit trade in tobacco was to be penalized, and the contractor could appeal to the governors, judges, procurators, and magistrates for assistance in order to carry out confiscations and denunciations. Contractors could also sell tobacco for whatever price they wanted (the regiment that tabulated the price of tobacco was only created in the first decade of the 1700s)¹⁴, as well as lease or transfer the contract separately according to places, towns and cities, and for the administration of these islands and of the Royal Treasury. Furthermore, His Majesty could appoint an officer or clerk in each place. Contractors could benefit from wagons to transport tobacco and receive munitions for their defense. Another very important condition, especially regarding contraband, was that contractors, at their own expense, could send guards to the ships arriving from Brazil in order to carry out searches and other proceedings without interference from shipmasters or shipowners.

During the 17th and 18th centuries, the privileges granted to the tobacco contractors, as well as their profits, increased. According to Arlindo Caldeira the average annual consumption of tobacco in Portugal went from 21,085 *arrobas* in the late 17th century to 87,624 *arrobas* in the late 18th century (Caldeira, 2000, p. 15). In 1644, the Tobacco Contract provided the State with an income of 64,000 *cruzados* Whereas in 1684, it yielded 1,000,000 *cruzados*, and in 1730, it reached 1,700,000 *cruzados* (in 1708, the annual earning reached 2,200,000 *cruzados*) (Caldeira, 2000, p. 15).

Although we do not have enough quantitative data to confirm that the contract in the Azores yielded outstanding profits, we do know from reliable sources that the returns were, nonetheless, high, and that the bidding and purchasing of contracts grew steadily: In 1678, for example, the branch of the island of Terceira was bought for 2,410,000 *réis*, increasing to 3,300,00 *réis* in 1681. In the following triennial, the price in Terceira dropped to 1,130,000 *réis*, while in S. Miguel, it went for 1,300,000 *réis* a year. In 1688, the contract for all

¹⁴ Due to the big discrepancy in prices, a regiment was issued in the first decade of the 1700s in order to standardise prices according to the different qualities of tobacco. This was recorded in the books of the Municipal Council of Faial in 1722 as follows: Sample tobacco (*amostra* or *amostrinha*, the best quality tobacco, made with the innermost leaves of the rolls) cost 2,000 *réis* per *arrátel*, and 8 *vinténs* for an ounce of loose tobacco. City tobacco (manufactured with intermediate leaves) cost 1,600 *réis* per *arrátel*, while an ounce of loose tobacco cost 6 *vinténs*; and simonte tobacco (the most ordinary and obtained from the outside leaves) cost 1,200 per *arrátel*, while the loose tobacco cost 96 *réis* per ounce. Finally, the wholesale price of tobacco in rolls (which was cheaper since it had no industrial preparation) cost 800 *réis* per *arrátel*, and half a *tostão* for an ounce of loose tobacco.

the islands of the Azores was bought for 10,000 *cruzados* (4,600,000 *réis*)¹⁵ in each of the three years, increasing fivefold in 1744, when the contract for all the islands was bought for 55,000 *cruzados* per year = 25,300,000 *réis* (Machado, 2014, p. 164).

If we then draw a parallel with the most important royal contract of the region, that of the *Dízimos do trigo* and *Miúnças* (tithes of wheat and taxes) of the island of S. Miguel – which was bought in 1767 for 13,200,000 *réis* (Machado, 2006, p. 156) even though the timeframe was different (based on our knowledge of prices in the Azores during the second half of the 1700s, we can affirm that the Tobacco Contract was even greater than in 1744) – we get an idea of the magnitude of this contract. A comparison worth drawing is that between the Tobacco Contract and the Whaling Contract. In the case of the latter, in 1767, the contractor subleased the sale of whale oil in all the islands of the Azores to Nicolau Maria Raposo for an annual rate of 6,000,000 *réis* (Machado, 2006, pp. 45 e 46). This allows us to verify that in the Azores also, the Tobacco Contract was the main source of revenue for the State.

Another difference between the tobacco and the whaling contract reveals a tighter control exercised by the redistributing centre, i.e., Lisbon. While in the case of the subleased whale oil contract the merchant Nicolau Maria Raposo sailed to Rio de Janeiro in his own ships in order to buy the oil and from there sent it directly to the Azores, in the Tobacco Contract, by contrast, redistribution to the Azores was effected from Lisbon, without taking into account the illicit trade that was carried out in the seas of the Azores.

The book of entries of the Customs of Ponta Delgada for the 1760s¹⁶ reveals that all the ships that arrived with tobacco came from Lisbon¹⁷. Furthermore, most of the tobacco was in rolls, although some was in powder and transported in barrels (in the 1760s, only one ship brought powdered tobacco).

¹⁵ For the purpose of converting *cruzados* into *réis*, the following ratio was used: 1 *cruzado* = \$480 *réis* (Arragão, s.d., vol. 2, pp. 41-92).

¹⁶ Some of the books of entry from the Customs of Ponta Delgada are seriously damaged and not accessible to researchers. Therefore, as a sample, the decade of the 1760s was used, when whale oil was entering the island of S. Miguel directly from Pernambuco, Bahia, and Rio de Janeiro.

¹⁷ Although this situation was normal given the privileges of the contract, it would be prudent to cross-reference this with the *livros de manifestos*, since one of the entries in 1689 taken from a commercial book – which was part of the estate of Nicolau Borges de Bettencourt – makes reference to a ship that arrived from Bahia bringing tobacco, among other goods.

**Entry of tobacco in the port of Ponta Delgada
(1764-1783)**

Date	Number of ships	Quantities
1764	4	104 rolls and 8 barrels of powder
1765	4	210 rolls
1766	4	90 rolls
1768	1	40 rolls
1769	5	132 rolls
1774	2	70 rolls
1775	3	70 rolls
1776	3	85 rolls
1777	2	110 rolls
1778	-	_*
1779	3	270 rolls
1780	-	_*
1781	3	177 rolls
1782	3	90 rolls
1783	2	110

Source: BPAPD, records of the Customs of Ponta Delgada, Entry books, 1763 to 1780

As mentioned above, this tobacco came from Lisbon, usually directly to Ponta Delgada; there were, however, four exceptions. One galley arrived in Ponta Delgada after a stopover on the island of Terceira; another ship went to Faial; another to Terceira; and the fourth to Santa Maria, the latter two with stopovers in Ponta Delgada, demonstrating that the other islands received tobacco directly from Lisbon. As a general rule, the Tobacco Contract in the Azores was divided in three branches: Ponta Delgada, Angra, and Horta.

Most of the ships that transported tobacco to Ponta Delgada in the 1760s were foreign: 11 galleys from Denmark, 9 from England, 2 from Holland, and 16 Portuguese. These vessels were generally consigned to the tobacco administrator, who at that time was Captain José de Azevedo. In most cases, the ships used sand or gravel ballast with the tobacco rolls, while other cargoes are rarely mentioned. However, in the last two years of the 1770s and early 1780s, the ships that arrived were consigned to the major merchants of S. Miguel, together with other cargoes, and with particular frequency to the two merchants Leocádio Vieira and António Francisco e Carvalho.

As such, the arrival of foreign ships in the Azores with a certain amount of tobacco, albeit with complementary cargoes of “sand ballast” consigned to the tobacco contractor, points to other economic problems. These are all interconnected and reveal the importance both of the contract itself, and of the tobacco contractors, to the Azorean economy in two ever-present aspects: The free exportation of cereals on the one hand, and the limitations on circulation and re-exportation of other goods from the Azores to Brazil on the other.

Several charters restricted free commerce between the Azores and the Brazilian ports. One example is the charter of 1736: not only did it prohibit the exit of foreign products from the Azores to Brazil and allowed only goods produced in the islands to be exported, it also restricted the number of ships with a maximum tonnage of 500 boxes sailing from the islands to Brazil to three per year: two from Angra, one from Ponta Delgada (Meneses, 2011, pp. 292 - 293). Although in the 1740s the number of authorized vessels increased slightly, it was always a great privilege to obtain a license to send a ship to Brazil. In 1744, this privilege was extended to the contractor general of tobacco, Feliciano Velho Oldemberg, granting him the right to send a vessel to Brazil during each year of his contract. The ship was not allowed to exceed 250 tons, and for every 100 tons he was obliged to take with him two couples emigrating from the islands, on condition that i) he not alter the prices of the goods; and that ii) he return straight back to the Kingdom with the fleet (Meneses, 2011, p. 296).

This restriction on free navigation and external commerce brings us to the tobacco contractor’s privilege to send foreign ships consigned to their administrators on the islands; this, in turn, related directly to the problem of free exportation of cereals from the islands.

A large part of the profit obtained from the tobacco contract on the islands was used to purchase cereals for export to mainland Portugal, Madeira, and the Portuguese bastion of Mazagan, areas where there was always a shortage of these staple crops, especially wheat. Proof of this is the account of the main wholesale merchant on the island of S. Miguel, Nicolau Maria Raposo, who in his correspondence in the last third of the 1700s wrote that the tobacco contractors were the biggest buyers of cereals in the archipelago and therefore set the highest prices for these goods to be sold. This explains Raposo’s instructions to his buyers sourcing goods on the island: in their purchases, they were to use as the highest limit the prices established by the aforementioned contractors (Machado, 2006, p. 198).

The trade in cereals was one of the most important businesses on the island (Machado, 2008, pp. 478, 479) and involved an added value that was not overlooked by buyers. By purchasing wheat, barley, and corn (the latter in

lesser quantities until at least the end of the 18th century) and reselling the grain in mainland Portugal, these goods acquired a higher value because the island currency was worth 25% less than that of the Kingdom (Mendes, 2008). Therefore, investing the tobacco profits in goods was not only tempting but indispensable, given the sparse economic activity on the island. It was therefore important to have ships ready to set sail immediately on lading the cereals, bearing in mind the transport difficulties on the island, and the at times urgent need to get the wheat out of the granaries and thus avoid the danger of grain weevil infestations¹⁸. Perhaps the biggest problem was obtaining shipping licenses from the Municipal Council, who, afraid that uncontrolled exportation of cereals would result in local shortages, did everything they could to prevent large amounts being removed, especially wheat (Machado, 2008, pp. 95-98).

It was not easy to sidestep these challenges, thus one important aspect was the privilege of being able to send tobacco rolls on foreign ships that, in turn, brought back wheat on the return trip. Even more desirable were the special licenses that enabled tobacco contractors to circumvent the Municipal Councils' attempts to prevent the exit of wheat and barley.

Several royal orders in the records of the Council of Ponta Delgada reveal indications of the following nature:

Ordem para se não embarçar os contratadores gerais do tabaco, Anselmo José da Cruz, Policarpo José Machado e companhia, de embarcarem para o Reino cereais a saber: da ilha da Terceira e Graciosa, 600 móios de trigo, 300 móios de cevada e 300 de milho; da ilha de S. Miguel e S. Maria: 800 móios de trigo, 200 móios de cevada e 300 móios de milho¹⁹

This problem was presented on several occasions to the *Junta da Administração do Tabaco* (Tobacco Administration Board) which proposed to the King that the licenses be granted without exception, and that preference be given to exportation. Exports were essentially to Lisbon, although sometimes to Figueira da Foz, and also to Mazagan (the Azores was obliged to supply wheat to the latter until 1769, when the Portuguese lost this stronghold). Furthermore, it was often the big contractors in Lisbon who secured the leases for this trade, and not the Azorean merchants, i.e., the tobacco contractors in Lisbon, as is exemplified herein (Meneses, 2008, p. 162). Once again, the connection between the State's interests and those of the big monopolists is confirmed.

¹⁸ Gorgulho -insect found in cereals, being the humidity one of the main causes of its spread.

¹⁹ BPAPD, Câmara Municipal de Ponta Delgada, Livro de registo nº 4, 1769, fol. 27.

But the activity of the tobacco contractors in the economy of the Azores was not limited to cereals. The islands had an abundance of vineyards, and the contractors also invested in wine, and especially *aguardente* (spirits).

Apart from commerce, the tobacco contractors had great influence and power over credit practices in the Azorean markets, and this greatly fomented the business of bills of exchange between Portugal²⁰ and foreign markets. Whenever Nicolau Maria Raposo, for example, needed a loan – even though he was considered one of the few wealthy merchants in the Azores – he would ask for credit from the tobacco contractors. In 1782, for instance, he persuaded the tobacco contractor Joaquim da Costa Barradas to lend him 20,000 *cruzados*, paid in bills of exchange in Rio de Janeiro, in order to purchase linen cloth from the Island, that he wanted to send to Brazil (Machado, 2006, p.162). The tobacco contractors were also the major creditors of the Royal Treasury, enabling the Crown to secure transport for Azorean couples emigrating to Brazil.

Between 1740 and 1770, a constant scarcity of wheat on the islands of the central group, i.e., Pico, Faial, S. Jorge, and Graciosa – as well as the Crown's effort to permanently settle the area of Santa Catarina in southern Brazil – resulted in the departure of couples from the islands to the American territories (Meneses, 2011, pp. 405-433). In 1747, a dispatch issued by the Overseas Council ordered credit to be granted by the tobacco contractor of the island of Faial, Francisco Silva Carvalho, in order to pay for the expenses of transporting Azorean couples; the dispatch also ordered that a bill of exchange be issued to the treasurer of the Royal Treasury. It became common practice to use credit provided by the tobacco contractors to finance transportation expenses. These included the costs exacted from the couples – who travelled to Faial from the islands of Graciosa and S. Jorge – upon embarkation onto the contractor's ship (Machado, 2019).

In the decade of the 1750s, the destinations for Azorean couples changed to Maranhão and Pará, but the recourse to credit from the tobacco contractors continued. One such example was a loan of 200,000 *réis* made in 1753 by the tobacco contractor of Faial, João Chamberlin, to finance the departure of 426 people; for this, he received a bill of exchange to be cashed in Lisbon (Machado, 2014, p. 170).

The economic importance of the tobacco contractors – even those who leased the contract of the islands, either in its entirety or in branches – seems unquestionable; yet the same cannot be said of the social importance of the

²⁰ Remember that due to the lower value of the Azorean currency, it was the bills of exchange that circulated between the insular markets and the metropolis.

Azorean contractors, at least until the late 1700s. Who were they? Were they part of the social and commercial elite of the Azores?

Although, as yet, a complete list of contractors is not available, what can be observed is a certain volatility among the men who bought the Contract General of Tobacco of the islands in the second half of the 17 century, with the exception of two consecutive acquisitions made by Joaquim Siqueira. In 1688, he bought the contract for all the islands, and in 1691 for the branch of S. Miguel only. Some of the contractors may have belonged to the group of the islands' wholesale merchants in the 17th and 18th centuries, revealing by then a higher social status. However, when comparing the names of the tobacco administrators and those of the *estaqueiros* to all the other royal contractors in the Azores (at least during most of the 18th century), none of them coincide. The mercantile elite of the Azores, consolidated by the Pombaline government²¹, was not represented in these purchases of the Tobacco Contract. This is surprising, given the fact that, being important merchants, they usually attempted to involve themselves in all the business opportunities available. Is it possible that, in view of the situation in Portugal with many contractors going bankrupt, the Azorean mercantile elite preferred to invest in other royal contracts in the islands?

After the 1780s and during the first two decades of the 19th century, contractors in all the islands tended to keep the tobacco lease on for several years. What changed? Can we apply João Paulo Salvado's theory (Salvado, 2014, pp. 147-150) to the Azorean context and postulate that in the first years of the contract, the merchants who bought the Tobacco Contract – many of them having gone bankrupt – were neither the most affluent, nor did they belong to the Portuguese mercantile elite? There are strong indicators that this was indeed the case, and there are equally strong indicators that after the 1780s, the profile of the contractor/*estaqueiro* in the Atlantic islands changed along similar lines to the trajectory in the Kingdom, in other words, the general contractor appointed administrators who, for a percentage of the turnover, managed wholesaling there (Costa - Salvado, 2018, pp. 17-18).

1. Conclusion

The economic activity related to the Tobacco trade in the Azores showed a great dependence on the metropolis and on the controlling done by the Tobacco

²¹ On the action of the Marquês de Pombal regarding the elitization of wholesale traders: Costa - Rocha - Sousa 2013, pp. 121-138; Pedreira, 1995; Macedo, 1982.

Administration Board. The prohibition of growing tobacco in the region, as well as the prohibition of importing the plant directly from Brazil, meant that the only tobacco route through the Azores archipelago was Lisbon-Azores, which in a way clashed with the interests of the island's merchants who had always traded directly with Brazil. Furthermore, the ban on growing tobacco in the Azores began to be challenged in the 19th century, after some experiments showed that the region had favourable conditions for the production of the plant. This prohibition was an obstacle to agro-industrial development, at a time when the Azorean economy was going through a major crisis with the collapse of the citrus plantations and the export to the United Kingdom. Freedom of tobacco production was only achieved after the abolition of the contract in 1864 and had as its main leader in the archipelago the Society Promoting Agriculture in S. Miguel (Machado, 10).

The Royal Tobacco Contract was leased to traders, normally from Lisbon, who, in turn, would sublease it to island traders or traders residing in the Islands (Salvado, 2014, pp. 137-141; Machado, 2014, pp. 159-164).

Integrated in this economic policy of monopoly and privileges of all kinds, the contractors who rented the Archipelago's contract granted by the State (sometimes subdivided into three branches: S. Miguel and S. Maria, Terceira, and Faial) will have an economic importance in the islands and a strong connection to the State. The privileges they had in sending foreign ships to the islands with tobacco and taking back the cereals or wine from the islands, the several orders they gave to the City Councils so as "not to hinder" the exit of these same cereals, as well as the obligation to take Azorean couples to Brazil in their ships are examples of this connection between the interests of the State and those of these big monopolists.

However, the autonomy of these insular contracting companies was losing steam, especially after the second half of the 18th century, when the general contracting companies started to appoint administrators and not subcontractors who, in exchange for a percentage of the turnover, managed wholesale sales under strict rules.

The Tobacco Contract under the Old Regime in the Azores did not play a more active role in international trade, as the Portuguese metropolis did not allow the Azores to re-export the product. The privileges of the big contractors in the metropolis, at a time of monopolies and close ties between the latter and its economic agents did not allow this. However, we have no doubt of how important this business was in the islands, as the synergies created by this trade generated profits that were invested in the purchase of cereals, wines, and brandy and their subsequent exportation, in the credit market and in the spread

of the circulation of bills of exchange between the islands, the Kingdom and abroad, which integrated the islands, whether one liked it or not, in the international routes of the Atlantic or in the Atlantic system of tobacco.

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Margarida de Mendonça Vaz do Rego Machado obtained her PhD in Modern History from de University of Azores, Portugal. Currently retired she was a professor in the Department of History, Philosophy and Arts of the Faculty of Social and Human Sciences from the same university. Researcher at CHAM-CH at Universidade Nova de Lisboa and Universidade dos Açores, she was director of CHAM-Açores.

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