

# **Enlightened Reforms and Economic Discourse in the Portuguese-Brazilian Empire (1750–1808)**

José Luís Cardoso and Alexandre Mendes Cunha

The main purpose of this article is to discuss the influence of economic discourse on the design and implementation of the economic and political reforms that occurred in Brazil throughout the second half of the eighteenth century (1750–1808).

During this period, the status of the colonies within the general framework of European empires underwent substantial change, culminating in their eventually obtaining political autonomy. The independence of the United States was the first sign of a much wider movement that dramatically changed the colonial relationships initially based on the dependency of overseas domains that were subject to a heavy tax burden and were not allowed to develop their own autonomous economic policies. According to the arguments usually put forward by the abundant mercantilist literature dealing with colonial issues, the colonies were basically supposed to

Correspondence may be addressed to José Luís Cardoso, Institute of Social Sciences, University of Lisbon, Av. Professor Aníbal Bettencourt 9, 1600–189 Lisbon, Portugal (e-mail: jcardoso@ics.ul.pt); or to Alexandre Mendes Cunha, Department of Economics, Federal University of Minas Gerais, Av. Antônio Carlos 6627, 31270–901—Belo Horizonte, MG, Brazil (e-mail: alexandre@cedeplar.ufmg.br). A preliminary version of this article was presented at the thirteenth annual conference of the European Society for the History of Economic Thought, Thessaloniki, Greece, April 23–25, 2009. We would like to thank Keith Tribe and two anonymous referees for their helpful comments and John Elliott for English revisions. The usual disclaimer applies. Alexandre Cunha would also like to acknowledge financial support from CNPq (the Brazilian National Council of Research) and FAPEMIG (the State of Minas Gerais Research Foundation).

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guarantee the supply of raw materials and consumer goods for either direct use in the mother countries or for reexport purposes. It was also intended that they should similarly function as a protected market for the placement of products manufactured in the metropolises.

It was this situation, by and large referred to as the “colonial pact,” that was about to change, subject as it was to the serious challenge presented by the arguments put forward by a new kind of enlightened economic and political discourse. Such enlightened ideas were to be found in certain types of late cameralist doctrines and in the policies implemented by the Portuguese colonial administration during the third quarter of the eighteenth century, as presented and discussed in section 1 of this article. However, they were mainly channeled through the writings and political activities of authors influenced by Adam Smith, whose system of political economy also included a new way of looking at the nature of colonial trade and the need for its reform. This topic will be discussed in section 2 of this article. In both sections, we shall be dealing with unpublished as well as printed sources, used here as illustrative elements that bear witness to the emergence and subsequent strengthening of economic discourse in Portugal and its main colony.<sup>1</sup>

In undertaking a more in-depth analysis of both types of reformist approaches to colonial administration in Brazil, we will also be concerned with stressing the relevance of the spread and dissemination of political and economic ideas. These new ideas proved to be crucial in fostering a new vision of the empire and a new design of colonial policy, together with its safe implementation. Even though certain types of economic discourse were originally conceived for other geographical environments, it is important to discuss how they served as models to be accepted, adapted, or rejected.

The readiness to remain open to the political and economic ideas being discussed in different corners of Europe throughout the second half of the eighteenth century was a key factor in the implementation of colonial reforms. Enlightened ideas proved particularly useful in the fight against excessive state control of economic activities in general, and simultaneously served as an appeal to strengthen the role of private economic agents. In this context, special emphasis has to be given to the way in which Portuguese reformers interpreted and applied the notions of “bet-

1. For a detailed description of the unpublished sources and relevant archival materials related to the use of economic principles in colonial affairs, see Cardoso 2001 and Cunha 2011.

terment,” the “common good,” and “public happiness,” learning from their reading and assimilation of the political and economic literature of the European Enlightenment, as expressed through the works of the French physiocrats, the German cameralists, and later through the works of Adam Smith and the modern science of political economy.

These notions convey the close relationship that was supposed to exist between the prince and his subjects, since they express the search for the well-being and happiness of the head of the state and, simultaneously, the attainment of material betterments that would also bring well-being and happiness to those who were governed. These notions of mutual interest and a sense of public duty and responsibility—as well as the consequent limits to royal authority—clearly showed that the era of traditional political absolutism was over. Therefore, the bulk of enlightened reforms did not consist in reinforcing the prince’s authority for its own sake but rather in increasing the capacity of his subjects to understand their rights and duties and thus be able to acknowledge the benefits related to public rewards while respecting the legitimate authority of the royal power.

This new approach to political reform did not weaken the message put forward by the regalist doctrines, namely, the call for a certain reinforcement of state intervention. However, such reinforcement should not be seen as denying the important role played by individual agents in economic life, but rather as a way to strengthen the opposition to the system of privileges granted by the church and religious orders, which were considered to have negative effects on economic and social organization. This is particularly relevant when considering the program of reforms implemented in Portugal by the Marquis of Pombal (the chief minister of King José I between 1750 and 1777), which will be discussed in section 1 of this article. Political decision-making put forward by Pombal represented the introduction of a new type of relationship between the state and the church, clearly to the advantage of the former. In fact, the immediate consequence of this new understanding of the scope of civil power was the decrease in the church’s influence over the public and social domains and the substantial reduction in its privileges and immunities. As regards the strengthening of economic activities by private agents, as well as the lowering of state intervention and control, the way in which Rodrigo de Sousa Coutinho (the most influential Portuguese minister between 1796 and 1811) handled the language of political economy was indeed effective enough to convince the subjects about the right direction of reforms implemented by the enlightened sovereign. This topic will be discussed in section 2.

This merging of two separate doctrinal discourses (political regalism and political economy) is key to understanding the nature of the reforms that, in both Europe and Brazil, were proposed and fostered by Portuguese authors, aiming at public happiness and economic prosperity. It was in this context that political economy emerged as the science of the legislator, a powerful instrument for promoting and directing a coherent program of social betterment that included special concern with colonial issues. This general interpretation does not preclude the permanence and continuity, throughout the period under study, of policy decisions inspired by mercantilist principles and doctrines. But it perhaps allows for a different appraisal of the presence of other sources encouraging the development of new and enlightened reforms.

### **1. Mercantilism, Cameralism, and Colonial Policy Reforms**

Briefly presented, the main argument put forward in this section is that certain types of state-administration doctrines currently associated with cameralism influenced the economic action of the Portuguese state in the second half of the eighteenth century. When referring to the Portuguese historical experience we shall use the term *quasi-cameralism* to emphasize that the influence and spread of a genuine, German cameralist tradition were mostly indirect.<sup>2</sup> However, the increasing attention paid by the crown to police matters is an illustrative example of the role that these doctrines played in the formation of Portuguese economic and political thought. The changing meaning of the term *police* throughout the eighteenth century shows how it gradually acquired a wider relevance and significance (see Adam 2006, 187–231), highlighting the all-encompassing nature of the term *police* (*Polizei*) within the broad cameralist doctrinal tradition. Before 1750, there was clear evidence that the term was associated with the traditional idea of “good order.” Nevertheless, in the second half of the century, the word progressively took on a new connotation linked to all sorts of themes regarding the state’s internal functioning as it

2. We take for granted that the spread of cameralism outside the German-speaking world was very limited (Tribe 2006, 545), especially if we consider it in the strict sense of a pedagogic discourse aimed at the formation of public servants in state administration. It is nevertheless clear that the quasi-cameralist teachings were assimilated in other European countries, namely, Spain and Portugal, where they served as parallel, supplementary sources for political and economic reform.

strove to further the “common good.” Such themes included not only public security problems but also much broader issues concerning economic and social life, population and natural resources, and the very organization of the state itself, thus expanding the scope of what were to be considered police matters (see Seelaender 2008, 92; and Tribe 1995, 8–31).

The reinforcement of the idea of the “common good” in the role to be played by the police paved the way for the use of the concepts of mutual interest and public happiness. This is a key point in understanding how the reformist perspective was simultaneously linked to the strengthening of the royal authority under Pombal’s governance. This was a period when the king’s direct involvement in the creation of laws and regulations was deepened, that is, the ruler acted first and foremost as a legislator. The same situation was to be found in other contexts shaped by the political rule of enlightened absolutism, as was the case with Austria, which provided the ideal political conditions and background for the emergence and development of the police state that lay at the core of cameralist doctrines (see Schiera 1995).

In Portugal, police matters were the king’s main concern as a legislator during the second half of the eighteenth century, and this was central in supporting the autonomy and intensity of reformist actions during the consulate of the Marquis of Pombal (1750–77). Before assuming his functions as head of government, Pombal served as Portuguese ambassador in London (1739–43) and in Vienna (1745–49), and these diplomatic experiences were quite relevant for his own intellectual formation. In London, he moved in the circle of the Royal Society and built up a personal library that included the most relevant books representative of the mercantilist literature, such as those of Josiah Child, Charles Davenant, Charles King, Thomas Mun, and William Petty. In Vienna, Pombal was well placed in the aristocratic milieu of the Austrian empire, and his connections were crucial for the development of new ideas on issues related to education reform and pedagogical innovation, which later became one of the most acclaimed outcomes of his political career. It is also worth noting that his stay in Vienna gave him a new perception of general problems concerning political administration and the sciences of the state.<sup>3</sup>

The attention given by Pombal to the rationalization of state administration can be clearly seen in the multiplication of decrees, permits, and

3. On the importance of Pombal’s Austrian sojourn as a source of inspiration for his future political reforms, see Maxwell 1995, 8–14.

laws throughout the period of his government (1750–77) dealing with such themes as the organization of economic activities (with special attention being paid to manufactures and trade circuits), the centralization of the public finance system, the creation of fresh knowledge about natural resources, and the incentives designed to help increase the size of the population (namely, through legislation directed at native Brazilians), as well as educational reform and its receptiveness to enlightened ideas. Finally, issues relating to the overseas economic and political administration, which is the main focus of our attention in this article, were also the subject matter of a significant part of the crown's legislative activity over this period.

This gradual change in the meaning of the term *police* from the mid-eighteenth century onward was the result, both in theory and in practice, of an attempt by the Portuguese crown to conform to the situation in other parts of Europe, as far as the importance assigned to this topic was concerned.<sup>4</sup> The decree of June 25, 1760, which created the General Intendancy of Police, clearly illustrates how the establishment of this institution was guided by the concern to draw closer to the measures being undertaken by other European countries.

The reinforcement of the royal authority in Portugal during the second half of the eighteenth century was linked to the increased importance of the central functions performed by the state. This led to an increase in the state's control over the system governing the king's attribution of favors (*mercês*) and privileges, which was a feature inherited from the social and political structure of the ancien régime. The reform of the Portuguese public finance system was another representative example of the process of centralization, since it was achieved through the assumption by the state of a range of fiscal tasks and functions previously performed by a scattered group of individuals, who were then rewarded with royal favors. The Lisbon earthquake of 1755, which also caused the financial ruin and disgrace of many of those individuals and therefore had chaotic effects on the existing fiscal organization, nevertheless offered momentum to this process and presented an excellent opportunity for replacing these scattered interests and rationalizing the functioning of the public finance system.

4. On the new emphasis given to policy in European economic and political literature, particularly with regard to the need for the implementation of security procedures, see Foucault 2004.

It should be emphasized that the theme of the rational centralization and administrative organization of state finance was one of the most prominent issues in eighteenth-century cameralist literature (Justi 1760, 1761–64; Sonnenfels 1787). In Portugal, the quasi-cameralist doctrines and practices were neither grounded nor expressed in philosophical terms and were not developed in the same distinctive way as, say, the “political metaphysics” of Johann Heinrich Gottlob von Justi (see Schmidt am Busch 2009). Nevertheless, there were clear signs of a different kind of practical attention being paid to the process of the rational centralization of public policies, as illustrated by the establishment of the Royal Exchequer (Erário Régio) in 1761.

The Royal Exchequer replaced the previously rather precarious administrative structure for tax collection and brought some order and rationality to the dispersed system of financial administration that had prevailed in Portugal until then. This was mainly achieved through the widespread use of double-entry bookkeeping techniques. The concern with the accountability of the system of state finance called for a rigorous monitoring of public accounts and an accurate gathering of information about each and every branch and department of the Royal Exchequer.<sup>5</sup> There was an important incentive for these innovative procedures in the state administration, given the chaotic situation of public records after the disastrous consequences of the Lisbon earthquake of 1755, as is clearly substantiated in the available primary sources.<sup>6</sup>

These accounting principles and centralization processes were also introduced into the Brazilian empire. An interesting example is offered by the guidelines established for bookkeeping at the Treasury Board (Junta da Fazenda) of Minas Gerais, Brazil, specifying the series of books that should be created and the strict rules that were to be observed after the arrival of the new officials in 1772. Moreover, the guidelines also stipulated the need for a close review of all the past registers compiled since the creation of the Royal Exchequer in 1761, in order to effectively organize the financial administration of the colony.<sup>7</sup>

5. Examples of the accounting organization and double-entry bookkeeping can be found mainly in the Historical Archive of the Court of Auditors, in Lisbon, as is particularly well illustrated in the books of the expenditure and revenue of the Treasury between 1762 and 1772.

6. National Archives of the Torre do Tombo (Lisbon), Ministério do reino, bundle 610, box 712.

7. Historical Archive of the Court of Auditors (Lisbon), Erário Régio, book 4072, pp. 105–15.

The economic ideas that formed the intellectual background to Pombal's rule may be depicted as a combination of the mercantilist canon (more specifically, a certain kind of Colbertism) with an attention to police matters (which in Portugal meant the combining of quasi-cameralist doctrines with the understanding of "police" that was prevalent at that time in the French political literature of enlightened despotism). Thus "police" was seen as referring to a set of procedures designed to secure public authority and to strengthen the state's power, or, in the terms used by Michel Foucault (2004, 321), "the set of means (laws and regulations) through which it is feasible to make the state forces grow, while keeping the good order of that state" (our translation).

As far as the Portuguese case is concerned, the outcome of these influences was the reinforcement of some precepts of mercantilism, namely, the concern with the balance of trade (which evoked the need for reforms in light of the increasingly unfavorable balance in its trade with England). This went hand in hand with new economic ideas, such as those relating to political economy as an instrument that was intended to serve as the science of the legislator.

In fact, the mercantilist features of the economic reforms introduced by Pombal can be chiefly linked to this central concern with the balance of trade, as well as with the colonial territories (above all, Brazil), which was essential for maintaining and reinforcing the colonial pact. However, the historiography of economic policy under Pombal reveals a substantial divergence in both its intentionality and its effectiveness. The main themes (monetary flows, balance of trade, manufacturing system, colonial pact, etc.) are usually described either as a series of single actions performed without any systematization at all or as a well-ordered scheme focusing on national economic development. While the emphasis that is placed on the nationalist aspects of Pombal's economic policy decisions is the result of the veneration of his outstanding character by subsequent generations, it is undeniable that Pombal's enduring legacy in economic issues is the establishment of a well-structured set of policies characterized by a strong appeal to economic protectionism.

The creation of the Board of Trade (*Junta de Comércio*) in 1755 can be described as the first step toward the systematization of economic policies (see Falcon 1982, 450). Its statute (approved on December 12, 1756) established the concern with the notions of public utility and the common good. The duties of the board went far beyond the strict sphere of the circulation of goods and market regulation. Its functions related not only to

trade but also to the support to be given to the creation of new manufactures and to technical professionalization (namely, through the setting up of the School of Commerce [Aula de Comércio] in 1759), which related to the broader purpose of promoting public happiness.

An interesting aspect to be noted about the School of Commerce is the emphasis it placed on the practical dimension of teaching, based essentially on double-entry bookkeeping, arithmetic, comparative standards of weights and measures, currency exchange, and insurance practices. João Henrique de Souza, the first teacher at the school, was in fact to become a registrar of the Royal Treasury a few years later. He was the author of an unpublished textbook corresponding to the contents of his classes at the School of Commerce, titled *The Art of Double-Entry Bookkeeping (Arte da escritura dobrada)*, which clearly confirms the applied nature of this teaching experience.<sup>8</sup> The increase in commercial activities was a direct contribution expected from the hundreds of students who graduated from this institution throughout the second half of the eighteenth century. Nevertheless, another equally important function of the school became increasingly clear during the period: training the people who would fill the various posts in the financial administration of the empire, particularly at the Royal Treasury.

However, it should be stressed that the main economic activity of the Board of Trade was concentrated on the renewal and intensification of colonial trade, which represented the focus of the reformist measures implemented by the government. This was particularly obvious from 1760 onward, when it became apparent that the flow of gold from Minas Gerais, Brazil, was progressively diminishing, as was the revenue from other colonial products for reexport. This recession had an obvious direct impact on the performance of the Portuguese balance of trade.

The colonial pact was not a passive, “wait and see” kind of agreement (see Falcon 1982). It called for the enhancement and empowerment of the colonial territories. Different strategies were implemented at the beginning, such as the creation of the “Inspection Committee,” aimed at ensuring both regularity and quality in the shipments of colonial products, mainly tobacco and sugar. However, the focal point of economic policy was the incentive for colonial production, based on the introduction of new products and the intensified control over smuggling activities. The latter may be understood as a central requirement for the

8. National Library of Lisbon, codex 13099.

development of a monopolistic strategy of resource allocation. The main instrument used to accomplish this double objective of controlling smuggling and stimulating production was the creation of trading companies.

The trading companies created for Grão-Pará in 1755 and for Pernambuco and Paraíba in 1759 enjoyed remarkable success, especially the first of these. Indeed, so successful were they that they became the target of severe protests and complaints by both Portuguese and foreign businessmen, who could not proceed with their commercial activities in protected areas. On the one hand, the trading companies reduced the freedom of economic agents; on the other hand, they served as a powerful instrument for reinforcing Portuguese national interests, as became apparent in the increasing activity of the Board of Trade. Even with the different levels of internal discontent and disapproval that they experienced, trading companies were a fundamental feature of the implementation of the Portuguese colonial monopoly.

Trading companies were not created for all the colonial territories. An alleged plan developed by the Portuguese government for the creation of another two new companies (for Bahia and Rio de Janeiro) was one of the targets for criticism in the *Memorials of the British Consul and Factor at Lisbon*, a pamphlet printed in London in 1766. There is no documentary evidence confirming the existence of such a plan. Yet it can be taken for granted that trading companies were created in areas where there was a need to stimulate commercial activity and where, at the same time, substantial financial resources were required to implement them. As a consequence of the considerable amount of capital involved, and given the need to cope with business competition and foreign interests in Brazilian territory, the joint participation of both state and private investors as stockholders in these companies was the best available solution. The official Portuguese response to the complaints by the British merchants clarified that the trading companies originally intended to be set up for Bahia and Rio de Janeiro would not be created because the trade in these regions was flourishing and was already a source of public happiness. It was further explained that such companies were created only for those regions where trade had not yet taken off or else was completely ruined (see Carvalho e Mello 1823 and Falcon 2005, 26).

Besides the creation of trading companies, colonial policy during this period was designed to achieve one main purpose: to exclude foreigners,

as well as their agents, from engaging in direct trade with the Portuguese colonies. With this purpose in mind, flexibility could be accepted in the regulation of colonial trade, provided that it served to stimulate less prosperous regions. A good example of this particular goal was the decree of June 10, 1755, which “remove[d] the existing impediments in the current system that ha[d] been preventing progress” in trade with Mozambique, allowing all the inhabitants of Goa and the farthest reaches of Portuguese Asia to trade freely.

The concern of the Portuguese crown with maintaining and increasing its fiscal revenue was, nevertheless, the most permanent guiding principle of policymaking. In line with this, some of the strategies used were the concession to private individuals of monopolies over the trade of some colonial products, as well as the assignment of the rights of tax collection over some colonial goods (tobacco is a well-known example). However, it is important to bear in mind that these measures should not be interpreted as bringing ever greater dispersion to the system of tax collection, but rather as a practical expedient for financing short-term public expenditure.

We may now conclude that the economic policies fostered by the Marquis of Pombal were not a mere extension of the seventeenth-century mercantilist doctrinal and political orientations. Although that mercantilist stance was not seriously challenged, the political reform and economic change that occurred in Portugal and Brazil during the second half of the eighteenth century proved that the prevailing mercantilist view could be complemented by the specific designs of enlightened government, which called for a different relationship between the legislator and his subjects. Pombal was able to implement a series of measures—especially in the context of the serious constraints caused by the Lisbon earthquake of 1755—that were certainly conceived under the rule of order and obedience, but that were also pervaded by a concern with the public interest and the common good.

One additional issue that helps us to understand the process involved in the formation of a new economic and political discourse in Portugal throughout this period is the influence of the philosophy of natural law; in other words, the importance of natural law as a justification for the political system of enlightened despotism. The philosophy of natural law was a powerful instrument that led to the reform of the University of Coimbra by the Marquis of Pombal in 1772, thus contributing to the replacement of the predominant scholastic orientation of that time.

The developments that had taken place in natural law since the seventeenth century clearly contributed to the gradual definition of economic aims and policy and offered further conceptual instruments and methodologies for the development of political economy.<sup>9</sup> In this context, the connection between self-interest and social welfare, conceived as a relationship of harmony and equilibrium, stood out as being particularly relevant, because it also fit in with the cameralist tradition of economic thought. In fact, the very notion of “police” (associated here with the internal order established through the action of the state, based on the production of the common good and public happiness) took on an important role as the point of convergence of the different discourses that led to the emergence of political economy as the science of the legislator, hence providing the necessary means for promoting political reform and economic change.

Summing up: the importance that these police matters had in the structuring of the Portuguese state and its reformist policies is a clear sign that political regalism and enlightened despotism could no longer be solely grounded in traditional mercantilist prescriptions and were therefore open to other influences, namely, those of the sciences of state administration. The work of Johann Heinrich Gottlob von Justi, one of the most influential cameralist authors in Europe, deserves here special consideration, as it also offers an example of this process of merging with the natural law tradition.<sup>10</sup> His contribution provided the most important systematization of police matters, which was later assimilated and adapted by different currents of thought and was therefore responsible for conferring internal consistency to the idea of a police science (*Policeywissenschaft*) that pervaded the implicit and explicit guidelines for economic reform, as we shall discuss in the beginning of next section.

9. As pointed out by Schumpeter (1954), the philosophy of natural law played a crucial role in the foundation of the social sciences and of political economy in particular. The natural law roots of the social sciences are grounded on the idea that, irrespective of any concrete, positive legislation, there exists a system of natural law made up of universally accepted and applicable rules and norms, resulting from the attributes of human nature and the needs of the collective social organism (see Cardoso 2004).

10. It is worth mentioning here a particular work written by Justi that circulated in Portugal (and Spain) in its French version and can be traced back to some libraries and collections of the period. This work (Justi 1769) may be understood as one of the references that informed enlightened governance and the economic reforms of that time. The original version in German (Justi 1756) was also translated into Spanish (Justi 1791) (see Reinert and Reinert 2009). On the influence of cameralist doctrines in Spain, see Lluç 1997.

## 2. Political Economy and Enlightened Colonial Policy

The concern with police matters in Portugal, as well as the attempt to build up a consistent framework for state administration, is clearly revealed by the Portuguese translation of the treatise written by Fortuné Barthélemy de Félice, *Eléments de la police générale d'un État* (Félice 1786–87). In a country where the number of translations of books related to political, economic, and financial issues was not abundant, it is worth stressing the particular attention that was paid to a book designed to provide an overall legal and administrative background to state activities and public means of governance. It goes without saying that the very existence and accessibility of a translation does not imply that the text has been properly assimilated and used by potential readers.<sup>11</sup> But it is an additional sign of the public consideration for a certain kind of political literature that the Portuguese intellectual and political elite could easily read in either French or English.

The dissemination of German-language works was considerably less important at that time in Portugal, which is certainly one of the reasons why the influence of the cameralist tradition was primarily channeled through the French version of the Baron of Bielfeld's *Institutions politiques*—hence the term *quasi-cameralism*. The third part of the book begins with a chapter devoted to Portugal (Bielfeld 1774, 1–42). In that chapter, posthumously published, when Pombal was in the final stage of his mandate at the head of government, the European readers interested in Portuguese affairs could learn that “since, in the past, this state had the most considerable possessions in other parts of the world, and since it still holds other quite important ones, it is in its own true interest to take great care over the conservation of its remote provinces, to take advantage of this favorable occasion to reestablish itself in those that it has lost, and, in the meantime, to both protect and encourage its commerce and navigation by all possible means” (Bielfeld 1774, 33; our translation). Indeed, there was no doubt about the role played by Portuguese colonial possessions.

Bielfeld's *Institutions politiques*, originally written in French, is an indispensable source for a better understanding of the cameralist influence beyond the Germanic world (Lluch 1996, 170). Much of the text is

11. On this caveat concerning the contextualization of translations of economic literature in the late eighteenth century, see Tribe 1988, 133–48.

devoted to the administration of the public finance system and to praising the centralization of financial functions by the state. Bielfeld's book certainly had a powerful influence on the training of public treasury employees in countries such as Spain, and probably in different parts of continental Europe (Lluch 2000, 726).

The fact that Bielfeld belonged to a pure German cameralist tradition has been the subject of some discussion (Tribe 1988, 83), given the importance of the French context in fixing the author's thoughts on political issues and on both economic and financial administration. Despite the recognition of the French legacy in Bielfeld's work, his German nationality certainly played a role in the acknowledgment made by Joseph von Sonnenfels in 1763, who suggested that *Institutions politiques* could serve as a possible textbook for the establishment of a chair in cameralistic sciences in Vienna.<sup>12</sup> Nevertheless, the discussion of themes relating to colonial policy, associated with political decision-making in the European sphere, is obviously one of the main reasons behind the interest in Bielfeld's work within the Spanish-Portuguese context. This influence of the cameralist formulations in Bielfeld's *Institutions politiques*, mixing together the topics of the centralization of the public finances, colonial policy, and general considerations about the science of government, was to continue until the first decades of the nineteenth century, with important effects on the formation of the Brazilian state.<sup>13</sup>

12. See Tribe 1988, 78–85. Another author whose work was quite influential on Sonnenfels was Forbonnais. It is interesting to note that the famous *Eléments de commerce* by Forbonnais was translated into Portuguese (Forbonnais 1766), thus showing the relevance of French economic and political literature in the shaping of administrative reforms. The importance given by Sonnenfels and other cameralist authors to Forbonnais and Bielfeld is the same as that seen in the Portuguese milieu.

13. Bielfeld's book was read and quoted by several Portuguese authors. The Brazilian historian Sérgio Buarque de Holanda points to many similarities between the economic works of José Joaquim da Cunha de Azeredo Coutinho (written mainly between 1794 and 1804) and *Institutions politiques*. There are, for example, coincidences to be noted in the presentation of the topics, as well as in the direct translation of some paragraphs of Bielfeld's *Institutions* (Holanda 1966, 45–46). Holanda also suggests some links between this German author and some Brazilian writers at the turn of the nineteenth century, including José Bonifácio de Andrada e Silva, one of the "founding fathers" of Brazilian independence. He also mentions in a footnote a curious work by an anonymous author, who in 1823 published in Rio de Janeiro a "summary of the political institutions of the Baron of Bielfeld," offering it to "the youth of Brazil." The author refers to himself simply as "a compatriot from the state of Pernambuco." Painstaking research at the National Library of Rio de Janeiro and in other writings of that time allows for our attribution (Cunha 2007, 231) of the authorship of this text to Gervásio Pires Ferreira (1823). The book was published in the first year after the political independence of Brazil, and the translator presented his work by mentioning the urgency and necessity of learning the "science of government."

As explained in the previous section, one of the greatest merits of Pombal's policies concerning Brazil was that they allowed for a reassessment of the suitability of the colonial economic institutions to the needs of both central and local administration. The measures put forward reveal that there was an overall stimulus provided for economic activities in Brazil, especially those in which the role of the colony was crucial for balancing the Portuguese export and reexport trade. However, such measures also implied a new awareness of the efficiency of the traditional regime of the colonial pact, based on exclusive trade and monopolistic practices granted by the state and operated by privileged trading companies.

From 1790 onward, particularly when Rodrigo de Sousa Coutinho became minister of the navy and the overseas territories in 1796, a new process of economic and financial reform was launched, with further effects on the running of colonial affairs. The aims and scope of those reforms kept alive the spirit of the colonial pact as strengthened by Pombal and should not be misunderstood as a symptom of a new emerging ideology of economic liberalism. The main problems at stake were ultimately the need to raise state revenues, to increase the production of colonial goods for reexport, to expand the structure of manufactures in the Portuguese European territory, and to reduce smuggling in the colonial trade. The full achievement of these objectives represented a serious challenge to the existing practices of colonial administration.

The great commercial prosperity enjoyed by the Portuguese empire toward the end of the eighteenth century was largely due to the role played by Brazil, not only as a supplier of raw materials and foodstuffs for which there was a growing demand in European markets (particularly sugar and cotton) and thus as a source of intense reexport trade, but also as a consumer of products manufactured in the mother country, as well as wine and slave labor from the African colonies.<sup>14</sup> Therefore, it was only natural that the enlightened minister Rodrigo de Sousa Coutinho should always keep a close watch on the political and economic administration of Brazil, aware of the crucial importance that the Brazilian economy and colonial trade had for maintaining economic equilibrium within the realm as a whole. In the wider context of the balance of power between European nations, the very existence and maintenance of colonial territories was an

14. This topic has merited a thorough analysis in both Brazilian and Portuguese historiography. To follow the main arguments and historical description, see Novais 1979, Arruda 1980, Alexandre 1993, and Pedreira 1994. For a summary and critical discussion of these arguments, see Cardoso 2009.

important factor of differentiation and a crucial condition for ensuring economic supremacy.

Coutinho did not break away from the traditional mercantilist blueprint concerning the role of colonies in European empires. Supported by a well-elaborated doctrine on the political unity of the Portuguese overseas territories, he was, however, ready to admit that, since “His Majesty’s dominions in Europe are nothing less than the capital and centre of his vast possessions” (Coutinho [1797] 1993, 48), each of the provinces of the monarchy spread across different continents should be given a distinctive identity and status. This was particularly true in the case of Brazil in the late eighteenth century, given its economic prominence. As for the economic unity of the empire, Coutinho believed that the previous conditions of the colonial pact should not be challenged, because “the relations of each dominion must, for their mutual advantage, be more active and more intense with the metropolis than amongst themselves, for only in this way will union and prosperity achieve their greatest heights” (49).

Nevertheless, the faith in these established principles did not prevent him from putting forward a well-balanced program of reforms that included the reduction of the tax burden that was associated with a wide range of economic activities taking place in Brazil. Coutinho was eager to accept a certain degree of economic autonomy in the colonies, knowing that the denial of that prerogative could inflame independent movements. As a reader of Abbé Raynal and other enlightened authors who presented critical reflections on the nature of colonial trade and the need for its reform, Coutinho knew that the old colonial pact, the system based on exclusive contracts and negotiated privileges, could be propped up, but could not be kept alive forever. He was particularly attentive to the fiscal regime and to the policies instigated by the spirit of greed and rapacity in relation to colonial riches. As a reader of Adam Smith, he was well informed about the sound principles that governments should follow in the realm of fiscal policy, namely, as regards the universal rules of certainty and convenience that should meet the needs and requests of taxpayers.<sup>15</sup>

Among the fiscal reforms that Sousa Coutinho tried to implement during his tenure as minister of the navy and the overseas territories, between 1796 and 1800, one should mention the reduction to one-half of

15. For a general discussion of the colonial question in Smithian and enlightened political economy, see Semmel 1970, Stevens 1975, and Winch 1965. We are forced to acknowledge that in recent years the subject has aroused little enthusiasm among historians of economic thought.

the tax on gold mining, and a general reduction of (or even total exemption from) import duties for goods entering Brazilian ports from continental Portugal, namely, wine, olive oil, iron, and manufactured products for current consumption. He was also particularly attentive to the need to improve the tax collection systems and the accounting techniques used in public finance administration.

Some of the proposals set out by Sousa Coutinho were not successfully implemented, even though his guiding principles were in keeping with a basic concern for providing Brazil with a modernized economic and financial structure that was adapted to the new needs of the whole empire.<sup>16</sup> It is nevertheless quite clear that the achievement of the goals of innovation and modernization also implied the adoption of a number of measures that would endanger some of the basic privileges of a colonial regime of the mercantilist type. Such was the case with the proposals for the abolition of the monopoly contracts on salt and whale fishing and for the reduction or removal of tariffs on metropolitan products at Brazilian ports. The instructions given to the governors of the provinces in Brazil also included identical proposals for the abolition of the privileges created by exclusive contracts, with the basic argument that this would be one of the main ways of increasing the crown's tax revenue. The system of monopoly rents generated by exclusive contracts was labeled by Coutinho as "criminal."<sup>17</sup> The constraints imposed on the circulation of products within Brazilian territory were considered "the ordinary source of all evil, without bringing any good, when on the contrary the entire and free circulation of all articles, and the security of the market, in which prices only depend upon competition, are the best means to reach a secure future, full of riches."<sup>18</sup> It was precisely in regard to these issues that Sousa Coutinho's actions revealed his strong commitment to using some of the enlightened arguments provided by Smith's system of political economy.

16. Similar attempts were made in Bourbon Spain and its American empire in the same period. For an integrated approach to the new conceptualization of the Spanish monarchy and its relation with a changing colonial economy and a reformed institutional setting, see Paquette 2008. This book also offers further clarification of the role played by the discourse of political economy in consolidating the reform program.

17. National Archives of Rio de Janeiro, *Instructions to the Governors*, "Vice-Reinado," box 748, September 10, 1799. The contents of this unpublished correspondence with the governors, as well as the meaning of the economic reforms put forward by Sousa Coutinho, are discussed in detail in Cardoso 2001.

18. National Archives of Rio de Janeiro, *Instructions to the Governors*, "Vice-Reinado," box 744, October 1, 1799.

One of the main concerns revealed throughout Coutinho's enlightened colonial administration was the support given to a better knowledge of the Brazilian territory and its natural resources. The organization of scientific voyages, the collection of statistical data, the description of living conditions, and the new plans for the allocation of economic resources were all issues that gained increasing importance for the design of colonial policy, thus offering clear evidence of the trust placed in scientific knowledge as a sound basis for political decision-making. With that purpose in mind, Coutinho opened a printing house (Casa Literária do Arco do Cego) intended for the publication of books on scientific subjects such as agronomy, botany, chemistry, and mineralogy, applied to the better use and more efficient economic allocation of natural resources in Brazil. The Casa Literária turned out to be an efficient network of Brazilian students and officials temporarily living on the continent, but who continued to pay close attention to the immense potential of Brazilian resources. An informal system of scholarships was in place, which allowed for the payment of translations, with Coutinho masterfully managing this educated network. He also supported a learned geographical society (Sociedade Marítima Militar e Geográfica), entrusted with the central task of producing cartographical instruments for the description of Brazilian territory. However, the statutes of this society also indicated the complementary purpose of encouraging enlightened knowledge as a way "to obtain a better situation of production, and to promote internal communication, as well as to favour the establishment of manufactures, which will easily find their natural and most convenient location" (quoted in Cardoso 2001, 91). It is therefore apparent that the policy of improvements put into action by Sousa Coutinho, whether or not inspired by the language of political economy, greatly contributed to a substantial change in colonial life.<sup>19</sup>

### 3. Conclusion

The reforms undertaken by both the Marquis of Pombal and Sousa Coutinho throughout the second half of the eighteenth century show that colonial administration was a key element within the overall economic and financial organization of the kingdom. The acceptance of new guide-

19. For a summary of the enlightened reforms implemented in colonial Brazil in the late eighteenth century, see Maxwell 1998.

lines for colonial policy was subject to the intermediation of different interests associated with the social and economic importance and power of the local and national elites controlling the circuits of colonial production and trade. However, the acknowledgment of enlightened principles of government was a wider process revealing the overwhelming attributes of a wise legislator. In this sense, the reforms that were implemented were an opportunity for the colonial administrators to accept changes that would ultimately lead to a better allocation of the available economic resources and, consequently, to a more efficient process of wealth creation. The promotion of scientific expeditions throughout the Brazilian territory referred to at the end of the previous section is a good example of the role attributed to science and enlightened reason in order to gain a better knowledge of the real economic capacities of the colony. And they also served as clear evidence of the process of modernization and change that could be experienced in Brazil.

The changes that occurred in the economic administration of Brazil, particularly those related to the political activities of Sousa Coutinho at the very end of the eighteenth century, undoubtedly helped spread a new type of economic discourse that could no longer accept the tenets of the old mercantilist tradition of the colonial pact. However, the great moment that established the political and economic conditions favorable for the dissemination of the new science of political economy was the transfer of the king and his court to Brazil in 1808, as a result of the Napoleonic wars in Europe. The opening of Brazilian ports to English trade was the first political measure taken by the king when he arrived at Bahia in January 1808. There could have been no better symbolic act for indicating the beginning of the end of the colonial regime based on privilege, monopoly, and exclusivity, and, as a result of this, the new language of economic liberalism and of the ideology of *laissez-faire* found an easy entrance into Brazilian territory (see Cardoso 2009). The opening of the Brazilian ports was followed by other measures of economic liberalization in Brazil that culminated with the signing in 1810 of the Treaty of Commerce and Friendship between Portugal and Britain. This treaty rewarded the British crown for its military help to Portugal against Napoleon's troops and inaugurated a new era of supporting British interests in Brazilian colonial trade (Manchester 1933). Sousa Coutinho, who in the meantime received the title of Count of Linhares, played a key role in the Portuguese government established in Rio de Janeiro and was the Portuguese representative

in the negotiations of the treaty. Linhares was able to justify his coherent pro-British stance and was led to accept the doctrinal presuppositions that dictated the new strategic guidelines for the development of the Portuguese economy. However, his adherence to a moderate type of free-trade ideology cannot be read as a mere consequence of his outspoken defense of British interests and must also be understood as the natural corollary of a process of doctrinal assimilation, which was certainly marked by his early reading of Adam Smith's *Wealth of Nations*.

In this new context, the use of the notions of public happiness, the common good, and economic betterment, which were all part of the language spoken by colonial reformers in the second half of the eighteenth century, turned out to be instruments of opposition to the old colonial regime, as well as a powerful way to support the process leading to the economic and political independence of Brazil, which finally came in 1822. This changing process did not, however, mean the removal of the quasi-cameralist way of thinking that had proved its usefulness when applied to the discussion of matters relating to police and administration. The huge number of reforms to be undertaken in state administration—either as an immediate consequence of the installation of the court in Rio de Janeiro between 1808 and 1822 or as a necessary measure for preparing the new administration after the political independence of Brazil—called for an appropriate use of the technical instruments and political language of state and police sciences. It is therefore understandable that a summary of Bielfeld's book should have been translated in Brazil after independence (Ferreira 1823) and that it was considered a relevant framework for the political and administrative shaping of the newborn country.

It proved possible to join the science of state administration (quasi-cameralism) and the new science of political economy together, provided that they genuinely served the purposes of economic change and political modernization. This is the essential conclusion to be drawn from the case that we have studied here when discussing political and economic reforms during the last phase of the Portuguese colonial empire. This case study ultimately shows that the strict boundaries drawn between schools or streams of economic thought may occasionally represent artificial constructions. The simultaneous assimilation of economic ideas related to distinct doctrinal fields is a key feature of the experiences of the intellectual flow and cultural assimilation of economic knowledge applied to specific historical conditions.

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