

FALSIFYING GOLD: TRADE AND TRADE STRATEGY IN PORTUGUESE SOUTHEAST AFRICA IN THE SEVENTEENTH CENTURY

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As early as 1629, reports had begun to flow in that the gold that was reaching India from Southeast Africa was falsified i.e. it was being debased by addition of impurities. The seventeenth century Portuguese observers were unanimous in their opinion that the African miners and traders were not responsible for this debasement and only after the gold had passed from their hands into the hands of the Portuguese in Southeast Africa that impurities were being added. The Portuguese and Indian landlord-traders of the Rivers of Cuama (i.e. the Zambezi valley), as well as, the settlers of Moçambique were accused of this malpractice. The Portuguese officials, too, were not above suspicion. Involvement of the captains and the factors stationed in Sena and Tete, as well as in Moçambique, was alleged many a time. Perhaps, the worst victims of this malpractice were the Goan treasury and the traders from Portuguese India, especially Goa, Diu and Chaul. The India based traders – Portuguese and Indians – lamented that they were cheated into selling their wares in return for this debased gold. Hence, it comes as no surprise that these traders were the first to raise their voice against it. The India based traders accused traders, officials and settlers in Southeast Africa of debasing the gold by as much as thirty percent of its value.¹ The Southeast African officials, especially the captain, quite interestingly, did not deny the charges but insisted that it would ruin them if the *ouro corrente* – the falsified gold – was not allowed to circulate, not just in trade with the private India based traders, but also for payments to the treasury.

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¹ 19-1-1645, AHU, *Moçambique*, caixa 2, doc. 62.

The idea of the present paper is to examine this little known aspect of the trade and monetary history of Southeast Africa. The event is, however, not studied in isolation but placed in the overall framework of India-Southeast Africa trade as well as the politico-economic state of East Africa around the mid-seventeenth century. We begin by looking at some characteristics of the production and trade of gold in East Africa in the early modern period (1500-1800).

Gold Production and Trade during the Early Modern Period

It is generally accepted that even before the Portuguese came to settle and establish their hegemony on the East African coast in the early 16th century, most of the East African gold was exported to India though some of it also found its way to the Middle East, especially the Turkish Empire. Vitorino Magalhães Godinho is of the opinion that by the 1570s, the Portuguese were able to put a lid on the exports to areas other than India and thereafter, the Southeast African gold flowed exclusively towards India.²

Southeast African Gold: Measurement Issues

According to Godinho,³ the gold exports from Southeast Africa were as follows:

Year	Amount	Source
1585	573.75 kg	Sasseti
1591	716 kg	João dos Santos
1610	850 kg	Diogo do Couto
1667	1487.5 kg	Manuel Barreto

It may not, however, be prudent to accept this data at its face value. For, besides the expected problems emanating from errors in observations, there are

² Vitorino Magalhães Godinho, *Os Descobrimentos e a Economia Mundial*, vol. 1, 2nd Edition, Lisbon, 1991. One may argue that Godinho may have been correct about the official flow of gold but what about the gold that was smuggled out? There is enough evidence to suggest that early in the 16th century, when the Portuguese captured the port of Kilwa – the regional centre for international trade – and tried to suppress the Muslim traders based there, these merchants left Kilwa and reestablished themselves in the nearby islands to carry out trade ‘illegally’ with the Middle East. However, towards the close of the 16th century, the Portuguese were to a large extent able to discourage the Angoche based and other coastal African traders to trade with the Middle East. This did not however eliminate smuggling, for, under the Portuguese hegemony, the new smugglers, who were generally the Portuguese and Indian settlers or even the Portuguese officials, found it much more convenient and lucrative to smuggle gold to India rather than any other area.

³ V. M. Godinho, *Os Descobrimentos ...*, p. 207.

serious measurement problems in the present data. Godinho has to rely upon the data given by the contemporary observers who, depending upon their own training and knowledge, provide data in varied units of measurement. Principally, the amount of gold exported is expressed by the contemporary observers by either converting from the African unit of weight – the *matical* (metical, mithiquial) – to a European measure of weight (for example *mark*) or by converting into equivalent Portuguese currency such as *cruzado*, *xerafim* etc. To arrive at the kilogram equivalents in the above table, in the first case, Godinho apparently converts the unit from a measure of weight say *mark* to kilogram and in the second case, by taking the weight equivalent of that currency. Both these conversions are essentially problematic for a variety of reasons. Firstly, the available data is not unanimous on the exact value that a *matical* represents in terms of weight. There are clear spatial as well as inter-temporal changes in its value. To add to the uncertainty, there is no evidence to suggest of any standardization in terms of the purity of the gold that is being measured in terms of the *matical*. Further, when the value of *matical* is expressed as equivalent value of prevalent Portuguese currencies, say *cruzado*, the ambiguity is compounded since just like the *matical*, the Portuguese currencies too changed in value, both with space and time. All these factors put together give rise to very different values for the *matical* at a given point of time and over time. For example, in 1570s, Monclaro declared that each *matical* of gold was equivalent to one *cruzado* and a *testoon* (*tostão*),⁴ i.e. around 1.67 *xerafins* or 500 *reis*.⁵ Another estimate, from the mid 16th century, however, puts it equal to 1.5 *xerafins*.⁶ William Rea, on the other hand, believes that each *matical* was worth much more and he attributes a value of 10.7 *xerafins* to a *matical*.⁷ As can be seen, these values are hardly comparable.

But perhaps, the biggest challenge comes from the observation made by the Dominican friar, João dos Santos at the close of the 16th century. According to Santos, even though the *matical* was worth 480 *reis* in theory, the gold was so plentiful in the rivers that its real value was really no more than 100 or 120 *reis* which would make a *xerafim* worth 3 *maticais*. Now, clearly, if there is any truth in Santos' observation, even if qualified in terms of time and space, it makes

⁴ Francisco de Monclaro, “Account of the Journey Made by Fathers of the Company of Jesus with Francisco Barreto in the Conquest of Monomotapa in the year 1569”, in G. M. C. Theal (ed), *Records of South East Africa*, vol. 3, p. 234.

⁵ Most sources take the value of a *cruzado* to be 400 *reis*, a *xerafim* to be 300 *reis* and a *tostão* to be around 100 *reis*.

⁶ Francisco de Monclaro, “Account of the Journey Made by Fathers of the Company of Jesus with Francisco Barreto in the Conquest of Monomotapa in the year 1569”, in G. M. C. Theal (ed), *Records of South East Africa*, vol. 3, p. 234.

⁷ William Francis Rea, *The Economics of the Zambezi Mission 1580-1759*, Institutum Historicum S I, Rome 1976, glossary, p. 176.

the entire exercise of calculating the volume of gold production or exports by looking at the *xerafim* or *cruzado* equivalent of *matical* unreliable.

The case remains similar even when we look at the weight equivalence instead of the currency equivalence. There is clear evidence that in terms of weight too, the *matical* was not standardized. Different observers have given different values of the *matical* in terms of weight. According to Godinho's data, the value of the *matical* over time ranges from 4.223 grams to 4.830 grams. Estimates by others fall even outside this range.⁸ Unfortunately, contemporary observers do not always provide us with the rate of conversion that they have used and, hence, ambiguity creeps into the data.

Southeast African Gold: The Data

Keeping in mind the above limitations, let us take a brief look at the available data. According to the data compiled by S. I. G. Mudenge, in the year 1500, around 8000 kg of gold was exported out of Southeast Africa. This figure fell rapidly from around 6000 kg in 1510 to less than 1000 kg in 1600; thereafter it slowly rose to around 1500 kg in 1667 and then declined again.⁹ Manuel Lobato also found comparable data; according to him, about 830 kg of gold was sent to Goa in 1610.¹⁰ One may note that most of this data is based on the official and semi-official reports, therefore, in all probability, it does not include exports taking place as a result of smuggling (that we know for sure was carried out during this period). C. R. Boxer claimed that in 1511, three quarters of the gold exported from Sofala was smuggled out.¹¹ This is indeed very high. However, as the years progressed and the Portuguese control in the area became more effective, they were able to stem the 'smuggling' by the coastal Muslim traders. Hence, in all likelihood, the smuggling figures must have come down in the later years. Nevertheless, the Muslim traders were not the only ones who tried to evade the official monopoly. There is little doubt that the Portuguese resident traders of Southeast Africa as well as the officials posted there, more often than not, indulged in smuggling or evasion of customs duty and taxes. Although it is difficult to really put a number on it, Pearson suggests that even if we presume

⁸ W. F. Rea, *The Economics...*, p. 176.

⁹ S. I. G. Mudenge, *A Political History of Munhumutapa c. 1400-1902*, Zimbabwe Publishing House, Harare, 1988, p. 382.

¹⁰ Manuel Lobato, "Relações Comerciais entre a Índia e a costa Africana nos séculos XVI e XVII: O Papel do Guzarate no Comercio de Moçambique" in *Portuguese India and its Northern Province: Proceedings of the 7th International Seminar on Indo-Portuguese History*, Lisboa, 1995, p. 168.

¹¹ C. R. Boxer, "A Portuguese El Dorado: Monomotapa and Moçambique", *Geographical Magazine*, 33, N° 3, 1960, p. 284 as quoted by M. N. Pearson, *Port Cities and Intruders: The Swahili Coast India and Portugal in the Early Modern Era*, Baltimore and London, 1998, p. 50.

that the smuggling was not as high as the 75 percent that Boxer has claimed and bring down the figure to 50 per cent, it would mean an export figure of 2000 kg per annum.

Clearly, there were fluctuations in the volume of exports from year to year for a variety of reasons. Many a time, transportation problems disrupted the flow of gold towards the ports. At times, man-made disasters such as wars and natural disasters such as famines were responsible for this disruption. For example, around 1505, when the Portuguese occupied the port of Sofala, they reported that even though the war between the Sachiteve i.e. the ruler of the kingdom of Quiteve (located near the Sofala port) and the Monomotapa, the King of Mokaranga (one of the prominent gold production areas in the Zambezi region) seemed to have abated, the trade links between the interior and Sofala were yet to be re-established. In the first eleven months of trading, the Portuguese factor was able to collect a mere 592.5 *maticais* or 123 grams of gold (taking a *matical* to equal 4.83 grams).¹² By 1513, this collection had increased to 6000-7000 *maticais* i.e. 1.45 kg of gold during a period of 8 months and over a two-year period to 25,028 *maticais* i.e. 5.2 kg of gold. This, indeed, appears to be a very low figure. But before we blame the war between Sachiteve and the Monomotapa for it, we need to remember that this data only pertains to the exports out of Sofala and unfortunately, no figures are available for exports that took place from other alternative trade routes, especially the rival Zambezi route. Also, as we shall subsequently see, the issue of gold availability, especially for export, is rather a complicated one and it would be imprudent to try and explain it on the basis of random events such as wars and famines alone. The production and export of gold from the region during the early modern period was closely linked to the social, economic and political conditions of Southeast Africa.

Just like the data on exports, the estimates for the total production of gold vary widely. According to an estimate by Roger Summers, the per annum production of gold during the 16th century would have been around a million ounces i.e. around 28,000 kg.¹³ Phimister, however, feels that this figure should be brought down to just about half a million (14,000 kg.).¹⁴ According to Phimister, the variation between Summers' and his assessment is due to the difference in their estimates regarding the efficiency of gold extraction from the ore. According to him, the lack of technical knowledge restricted extraction of gold to the rainy seasons and a lot of gold was lost while separating the metal from the

¹² Oliveira Boléo, "Vicissitudes Históricas da Política de Exploração Mineira no Império de Monomotapa", *Stvdia* 32 (June 1971), p. 170. (1 *matical* has been taken to be equal to 4.83 grams of 24-carat gold by Boléo).

¹³ R. Summers, "Ancient Mining in Rhodesia", Salisbury: Museum Memoir N° 3, 1969 as quoted in I. R. Phimister, "Pre Colonial Gold Mining in Southern Zambezia: A Reassessment", *African Social Research*, 21 June, 1976, p. 16.

¹⁴ I. R. Phimister, "Pre Colonial Gold Mining...", pp. 16-17.

dress since the only method the miners used, besides roasting it, was washing it with water. The more advanced techniques, such as the mercury amalgamation technique, which was already being used in the Americas, had not reached the African shores. He states:

Although the Shona¹⁵ were extremely able prospectors, their mining operations were handicapped by ventilation and water problems. Failure to solve the latter problem severely restricted the depths to which the Shona could mine, as work invariably stopped at the water table. Moreover, the milling and recovery processes were laborious and inefficient. All these factors placed considerable restrictions on the amount of gold available for trade...¹⁶

As we have considered in some detail elsewhere,¹⁷ the issue at hand was not simply a question of using dated technique in mining; it was a larger issue of a subsistence level economy with low productivity of agriculture trying to incorporate mining as an allied activity. The backwardness of agriculture imposed an indirect constraint on the advancement of mining since the subsistence economy was unable to spare full time workers for mining. Lack of production surplus meant that there was no capital available for improvement of the mining techniques. The terms of trade also had a role to play, for remunerative mining ventures would have encouraged both investment in mining techniques and an increase in the labour time devoted to it.

There is also a political or strategic angle to this. Many a time, it is alleged that the African rulers tried to restrict mining activity in their lands and strictly prohibited opening of new mines for strategic reasons. The argument is essentially that the African rulers were afraid that their lands would be snatched away by the Portuguese if they came to know that rich mines existed on these lands. The 17th century Portuguese writers insisted that even in the mines that were already being worked, the miners were under strict instructions from their rulers not to extract any large pieces of gold. In case any large pieces were found, they were to be put back in and the mines were to be covered so that no one came to know about them. This was done, despite the fact that by doing so, the rulers were bound to lose money on trade as well as taxes. This view, however, needs to be taken with a grain of salt for more than one reason. First, hindsight knowledge makes it clear that there were no large-scale gold deposits in the area. Secondly,

¹⁵ Although Shona is relatively a modern term, it by and large refers to the dominant ethnic group living in the area under consideration in this study. For a detailed analysis of who may be considered the Shonas, see the introductory chapter of David Beach, *The Shona and their Neighbours*, Oxford, 1994.

¹⁶ I. R. Phimister, "Pre-Colonial Gold Mining...", p. 15.

¹⁷ See Kartikeya Kohli, Chapter 11: "An Ideal Trade Regime: Theory and Practice" in *Trade Administration and Trade Regimes: The Portuguese in Southeast Africa in the Seventeenth Century*, Unpublished Ph. D Dissertation, University of Delhi, 2006.

this imagery of all-powerful Portuguese, who could takeover the lands in Rivers of Cuama with the least of efforts, is just that – imagery. In reality, it would have required a very harsh and prolonged battle, lots of men and resources that the 17th century Portugal and *Estado da Índia* were in no position to supply. Thirdly, there is enough evidence to show that during the first half of the 17th century and in some instances, even before that, some African rulers were not all that averse to conceding the gold mines or small tracts of land that contained these mines to some of the Portuguese residents of the Rivers as long as the latter adhered to the local norms. While some of these lands were sold to the Portuguese, others were granted to them as a reward for military assistance that they had rendered to the local rulers and chiefs. In short, one needs to be cautious in subscribing to the view that the African rulers may have restricted the supply of gold only as a strategy to save their lands from the threat of Portuguese take-over.

A careful study reveals that these restrictions were of a special kind. They were principally aimed at curbing sudden and sharp swings in the supply of gold and not the gradual flow of gold. Most evidence points to rulers forbidding the opening of new mines and extraction of very large pieces of gold but no restrictions appear to have been placed on digging for gold per se. The situation did change during the second half of the century and it is possible that in areas where the Portuguese acquired a lot of land, some rulers might have tried to restrict gold mining to discourage the Portuguese from acquiring more land. Further, it must be noted that this impression is based on the descriptions of the Portuguese observers and none are available that give us the African point of view. Under these circumstances, it is difficult to confirm or deny with absolute certainty the exact motives behind a conscious policy to restrict the supply of gold. It, however, should not stop us from trying to look for probable factors that could explain these restrictions. This brings us to the issue of the terms-of-trade.

Gold Pricing and the Terms of Trade

Historians appear to agree that in the 17th century Southeast Africa, the prices of cloth were quite high relative to gold. While this appears to be a valid observation, one needs to be very careful with the numbers that accompany this observation. For example, in 1634, the Castellan of Moçambique, Vasconcelos de Brito noted that 14,000 *corjas* (700 bars or 280,000 pieces) of cloth bought in Goa for 264,000 *xerafins* fetched 1,270,000 *xerafins* in Southeast Africa, when sold at the market rate of 10 *matacais* per *corja*.¹⁸ The problem with this seemingly accurate and simple information once again is, – the value attributed to a *matacal* of gold. Calculations in the present case render the value of a *matacal* to

¹⁸ Christovão Brito de Vasconcellos to King, 7-9-1631 and 1-2-1632, summarised in 19-11-1632, AHU, *Moçambique*, as quoted in E. Axelson, *Portuguese in South East Africa...*, footnote 92, p. 76.

be 3.02 *xerafins*, a value, yet again, different from all others that we have seen earlier. So the important question at this stage is whether we have a way out? Roger Summers gives us some inkling of what the cost (in terms of labour time) of the gold required to get one piece of cloth was. He puts across the issue rather graphically:

A single piece of calico... would have cost the poor miner about 10 oz. of gold and three pieces [of cloth] would have absorbed the greater part of a season's production.¹⁹

In such circumstances, one cannot but agree with Phimister when he states:

Individuals and communities would have been unwilling to invest their labour time for so little return, and this broad feature may have encouraged rulers to deliberately restrict output [of gold] in the hope of increasing the price of gold.²⁰

Such adverse terms-of-trade would also provide little justification for investing capital in improving the mining techniques. Further, it goes a long way in elucidating the 'laziness' of the African miners and to explain why they were not willing to dig more gold than was sufficient to meet their minimum requirement of cloth. Further still, it also throws some light on the issue as to why the Portuguese traders (and the Muslim traders before them) tried to entice the people to dig gold by giving them cloth on credit. In short, while, initially, it may appear that the constraints on gold production and exports that were structural in nature could be explained in relation to seemingly autonomous factors such as the state of technology, deeper analysis indicates that even that was a function of the socio-economic aspects of the African society as well as of the Portuguese trade regimes in Southeast Africa. Constraints imposed by some of the African rulers on gold mining were largely an attempt to improve the adverse terms of trade offered by the Portuguese. Restricting the supply of gold was a tactical response to the Portuguese monopolisation of Southeast Africa's external trade. To some extent, both sides were victims of circumstances. Neither could afford to increase the supply of their respective trade goods (namely cloth and gold), unless the other did the same. Unilateral action of easing the supply of one's own product was bound to worsen the terms-of-trade for the one who took such a step. This stalemate was not just a short term phenomenon, it acted as a long term independent constraint and kept the gold supply limited even in the long run since it discouraged any augmentation, of either labour or capital, for developing the mining technology.

¹⁹ R. Summers, "Ancient Mining..." as quoted in I. R. Phimister, "Pre Colonial Gold Mining...", p. 22.

²⁰ I. R. Phimister, "Pre Colonial Gold Mining...", pp. 22-23.

Production and Export of Gold: The Rest of the World

Now, what is very clear is that the gold production in Southeast Africa during the early modern period was far below its potential. M. N. Pearson is of the opinion that the Spanish discovery of gold and then silver in the Americas in the sixteenth century made East African gold less competitive and for this reason, the demand for gold from East Africa diminished and ivory gained at its expense.²¹ But how did the production of gold in Southeast Africa compare with the other gold producing areas of the world? According to the estimates made by A. Kobata, the per annum world production of gold, during the period 1521 to 1640, was about 7.75 tonnes. Spanish America exported around 900 kg per annum in the 1510s; which increased to 2,500 kg in the 1540s and to a high of 4,300 kg in the 1550s. Japan – the main Asian country to produce gold – witnessed a production of 4,000 kg a year in 1660s, which rose to 11,500 in the 1670s and then declined steadily to 3,000 a year in the 1680s. During the peak years of the West African gold production (i.e. between the year 1500 and 1520), the Portuguese received about 700 kg of gold a year from that region. The production in Brazil was much higher in the same period although, the peak there came much later when alluvial gold in Minas Gerais was discovered in the 1690s. In 1699, 725 kg of gold was exported from Brazil to Lisbon. In the next two years, exports more than doubled to 1,785 kg and by 1705, they had grown ten fold to 7,258 kg per annum. From 1712 to 1755, well over 10,000 kg per year was exported from Brazil to Portugal.²²

To put things in perspective, it may be recalled that during the early modern period, the production of silver far exceeded that of gold at the global level. As Om Prakash has pointed out, the sixteenth century saw a phenomenal growth in international trade in precious metals but most of this was in the form of silver exports from the mines of Bolivia, Columbia, Mexico, Peru and some other places in the Americas. The American silver was mainly shipped to Europe but some of it also went to Asia via the Pacific route. Even in Asia, Japan's production of silver far exceeded that of gold. For example, as noted above, Japanese production of gold was around 4,000 kg a year in the 1660s, which increased to 11,500 kg per annum in the 1670s and then declined to 3,000 kg a year in the 1680s. In contrast, it has been estimated that anything between 33,750 kg to 48,750 kg of silver was shipped out of Japan per annum between the years 1560 to 1600.²³

²¹ M. N. Pearson, *Port Cities and Intruders*, pp. 50-51.

²² Hanson C. A., *Economy and Society in Baroque Portugal 1668-1703*, London and Minnesota, 1981, p. 245.

²³ It is noteworthy that Japan imposed and lifted these bans on export of gold and silver at different periods in the 17th century. For example, export of gold from Japan was banned in

It is noteworthy that unlike the American silver, the East African gold did not come to India via Europe. The Portuguese, once they established their hegemony over the gold exporting East African ports, followed, more or less, the trade patterns of their Asian predecessors and took this gold directly to India. Also, for the Portuguese, India was not just the principal destination of Southeast Africa gold – it was the only destination. They do not appear to have taken, at least officially, any gold to the Middle East in contrast to their Asian predecessors.

To understand why, under the Portuguese, India became the only destination for Southeast African gold, one needs to focus on the special position that Southeast Africa held in the Portuguese *Estado da Índia*. Although it is beyond the scope of this paper to look at this issue in its entirety, (and we have attempted this task elsewhere²⁴), in what follows, we very briefly try to place Southeast Africa in the *Estado* at the time when the Palace revolution took place in Portugal, ending Spain's 60 year rule on Portugal. This is done with an aim to understand the context in which falsification of gold came to pervade Southeast Africa and the reaction of Lisbon as well as Goan authorities to this phenomenon.

The Grand Picture: *Estado da Índia* and Southeast Africa c. 1640

It is a well-known fact that when Portugal declared its independence from the Spanish rule in 1640, it entered one of the toughest periods of its history, which lasted until the late 1660s. The separation from the Spanish Crown drastically altered Portugal's power equations and political relevance vis-à-vis the other European powers. Spain naturally became an enemy and a long drawn war with it began almost immediately. Spain's European enemies (especially the powerful French and the English) were Portugal's potential allies and they did provide help against Spain but only after they had extracted a pound of flesh from the already bleeding Portugal. Holland, which supposedly had no quarrel with Portugal, but had assumed a hostile posture towards the Portuguese overseas territories prior to the 1640s because Portugal was part of the Spanish dominion, did not change its attitude towards them any time soon. Even after 1640, it continued to gun for Portugal's overseas territories in Asia and Americas, on one pretext or the other. An exception was, nevertheless, made in Europe. The Dutch did offer immediate respite to Portugal by agreeing to a truce in Europe for the

1641 but was lifted in 1664. In 1668, the export of silver was banned by Japan. For details, see Om Prakash, "Precious Metal Flows in Asia and World Economic Integration in the Seventeenth Century" in *Bullion for Goods*, Delhi, 2004, pp. 311-325. It may be noted here that, given the nature of the data available, all these figures are basically good estimates and at best, they provide us with a general idea of the magnitudes involved.

²⁴ K. Kohli, *Trade Administration...*

next ten years (1641-51). However, overseas, in Asia and America, where the actual stakes lay, the peace treaty was implemented much later. Batavia took cognisance of the treaty as late as December 1644 (having already occupied the key fortress of Malacca in 1641).

During the sailing season, the Dutch subjected Goa to blockade every year from 1638 to 1644. Despite this outlandish behaviour on the part of the Dutch, the Portuguese had little choice but to maintain peace on their side. Because of the ongoing wars, both in Europe and overseas, the meagre human and material resources of the tiny Iberian nation were stretched to the limit. Lisbon understood, quite correctly, that given its precarious condition in Europe, the Portuguese could ill afford to engage in any brazen adventure against the Dutch in the East. For instance, when the Portuguese King was informed that, despite the agreement to suspend all hostilities in the East, the Dutch were blockading Goa and had captured the annual ship from Moçambique to Goa, the King asked the Viceroy of India not to do anything that could cause a rupture with the Dutch, as the treasury could not afford to send any reinforcements to India. This advice came in spite of the feeling that this incident was not an aberration and more of such attacks could be expected in the near future. The King advised the Viceroy not to lower his guard despite the treaty but ironically, at the same time he entertained a faint glimmer of hope that eventually, by following the course of restraint, the Portuguese might be able to claim back their former forts, including that of Malacca, which the Dutch had snatched away from them.²⁵

If peace-time was short in the East, respite from war was still shorter in Brazil (1641-1645). But unlike the East - where once the peace treaty came to an end, the *Estado da Índia* suffered steady losses of its territories, forts and factories to the Dutch (and even to Asian rulers) - in Brazil, the Portuguese were able to recover what they had lost earlier. The Dutch had come to occupy northern parts of Brazil as early as 1635 but were driven out of them completely by 1654. It may be added that Angola too had been taken over by the Dutch in 1641, but was regained by the Portuguese in 1648. Brazil's dependence on Angola for the supply of slaves, naturally made it a 'must have' for the Portuguese. As historians have often pointed out, this outcome – losses in the East and gains in the West – was not a mere chance, but the logical result of a deliberate choice made by Portugal to put most of its eggs in the Western basket. The decision made perfect economic sense too. The sun was setting on the spice trade of the East and the sugar trade of Brazil was the rising star. The struggle in the East was made all the more difficult because, besides the Dutch, many of the Asian opponents were a force to reckon with by themselves and often teamed up with the Dutch to oust the Portuguese. This had been the case in Malacca where the

²⁵ King to Viceroy, 6-12-1642, *Records of South East Africa* (hereinafter RSEA), 4, pp. 295-296.

King of Johor had supported the Dutch against them. The situation was repeated in Sri Lanka a few years later. By 1659, the Portuguese had completely relinquished their control over the island to the King of Kandy and his Dutch allies. All the Portuguese forts in Malabar including Cochin had fallen to the Dutch by 1663. On the Kanara coast, the Shivappa Nayaka of Ikkeri reclaimed his ports of Basrur, Honawar and Mangalore. The rising Omani power was instrumental in adding Mascat to this long list of losses. Bombay, too, was 'lost' to the English when it formed a part of the dowry of Catherine of Bragança to the English monarch. The remaining possessions of the *Estado* that were not lost outright did not remain unscathed either. The annual blockade of Goa resurfaced and the city was tormented for seven years in a row from 1656-1663. Diu had its share of woes when, in 1668, the Omani fleet sacked the town with ease.

Survival and Growth in Southeast Africa c. 1640

Recently, it has been amply realised that amidst the general trend of decline in the Portuguese *Estado da Índia*, there were certain areas that not only escaped this fate but even prospered economically. Southeast Africa was perhaps the most important of such areas. It became the prized possession of the *Estado* as it generated more revenue than most other *Estado* possessions. Before we proceed further, two observations are in order.

First, though Southeast Africa may have gone against the trend as far as the political and economic fortunes of the *Estado da Índia* were concerned, it was, by no means, isolated or unaffected by the events in the other parts of the *Estado* or, for that matter, even that of Europe and America. As we have already seen, Southeast Africa had close trade ties with India and events such as the blockade of Goa by the Dutch affected its trade prospects as well as its logistics. Attempts were made to link Southeast Africa with the other areas of Portuguese dominion as well. In the early 1640s, for instance, in response to the loss of Angola, the Portuguese endeavoured to establish trade links between Moçambique and Brazil. The reason is not difficult to fathom. The Dutch capture of Luanda had stopped the supply of slave labour to Brazil from Angola, hence, desperate attempts were made to develop Moçambique as an alternative to Angola.²⁶

Second, it has often been suggested that Southeast Africa escaped the fate of Malacca or Ceylon because Portugal's European rivals did not find it attractive enough. In other words, had either the Dutch or the English found strong enough reasons to believe that Southeast Africa was indeed the treasure-trove that many Portuguese believed it to be, they would have snatched it away from the Portuguese. But this, obviously, is a matter of speculation and while nothing can be said with certainty, arguments can be put forward to oppose this stand as well.

²⁶ Recapture of Angola in 1648 made this branch of trade uneconomic and unnecessary.

It may be argued that given its strategic importance as the port of call for the *carreira da Índia*, Moçambique, if threatened, was bound to be defended tooth and nail by Lisbon as well as Goa. This was especially true after 1640, when faced with the rapid loss of their other possessions in the East, the Portuguese authorities, especially in Goa, came to regard Southeast Africa as the prized holding of the *Estado*. Southeast Africa owed this special status because it was amongst the few areas that continued to show a surplus on their revenue accounts even in these turbulent times. Further, both Lisbon and Goa, despite their poor financial situation, were willing to spare men and money for defending Moçambique whenever any reasonable threat loomed on the horizon. Also, the fact that the Portuguese were able to take both Brazil and Angola back from the Dutch suggests that it is a folly to presume that if only the English or the Dutch had wished, they could have occupied Moçambique. In other words, it is anybody's guess as to what would have really happened if any serious attempt had been made on Moçambique by the Dutch or the English or, for that matter, even by the Arabs. As it happened, but for small blips now and then, the sailing was smooth on the Southeast Africa coast, it did not have to face any serious military threats during the period being considered.

The External Influences and Southeast Africa

The changed political scenario in Europe after the Portuguese restoration and the relatively unchanged political equations in the East signified the same thing for Southeast Africa – namely that Lisbon and Goa had their hands full, and they did not have either the will or the resources to look beyond their immediate geographical vicinity. This meant Lisbon and Goa were likely to pay little or no attention to Southeast Africa unless and until some major crisis, which had the potential to threaten severely either the security or the trade of Southeast Africa, struck it. Under less drastic circumstances, the authorities in Goa became very stingy with their meagre purse and, if they could, they were more than willing to divert resources away from Southeast Africa towards Goa and its neighbourhood. In 1643, for example, the Governor of the *Estado* ordered that the 2000 *xerafins* obtained from the *renda do tabaco* (the revenue from the tobacco tax), that had earlier been earmarked for the fortification related expense in Moçambique, should be diverted towards fortifying Vasai (Baçaim) and Daman.²⁷ Also, Goa was not willing to let go of the income it derived from the trade with Southeast Africa. Hence, Goa's policy towards Southeast Africa, simply put, was to get the maximum trade benefits with minimal investment.

Lisbon appears to have followed this rule even more stringently. It followed a policy of minimal interference. While in the past authorities in Europe had

²⁷ Undated, c. 1643-44, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 91.

promoted both the hunt for silver mines and Portuguese settlements in Southeast Africa, now Lisbon authorities gave short shrift to special projects and schemes for developing trade, mining or settlements. The few plans or projects that were suggested appear to have been vetoed by the King. For example, in 1644, the newly formed *Conselho Ultramarino* of Portugal recommended sweeping changes in the Southeast African administration, including separation of the defense administration from the trade administration. It was of the opinion that the captain should retain only the role of the castellan of the fortress of Moçambique and should no longer have the monopoly rights over the Southeast African trade. The trade, it was felt, should be thrown open to all subjects of the *império* on paying eight percent customs. A new settlement scheme was also proposed. As it had been very difficult to get people from Europe to settle in Southeast Africa as recently as 1635, it was envisaged that this time, poor married couples should come from Asia rather than from Europe. These new settlers, it was proposed, should be given land and material help. It was also decided that the newcomers would not restrict themselves to just agriculture and mining and, for the first time ever, be involved in manufacturing. They would produce cotton cloth, which could then be used to trade for gold and ivory. Agriculture was not to be totally abandoned. Some of the newcomers, it was proposed, should also grow raw cotton and some settlers could also be engaged as prospectors – seeking a route to the Great Lakes and Angola.²⁸

Conselho Ultramarino's proposal, however, fell flat as the King was not swayed by these lofty plans. He focused his attention on preserving his existing wealth, especially his crown and his kingdom, rather than risk squandering what he had for capturing elusive new wealth. With the threat of Spanish Invasion looming large, he gave no thought to the 'conquest' of Southeast Africa and even refused to change the system of trade in Southeast Africa.²⁹ The decision to maintain a status quo in the trade regime of Southeast Africa was significant given that it came on the heels of the revolutionary decision to free the Lisbon-Goa trade in all goods (with the exception of cinnamon) for all Portuguese of the *império*.³⁰ The Crown, thus, permitted the citizens of Portugal and the Portuguese settlers in Brazil, Angola, Southeast Africa and Asia to participate in the Euro-Asian trade, but kept Southeast Africa out of their reach.

Hands off Approach – The Possibility

What impact did this 'hands off' approach of the authorities have on the trade and economy of Southeast Africa? Let us begin by looking at what

²⁸ E. Axelson, *Portuguese in South East Africa...*, pp. 115-116.

²⁹ *Ibidem*.

³⁰ Alvará, 12-12-1643, *RSEA* 4, pp. 295-296.

possible outcome it could have had. Given that the captains of Moçambique were nearly always looking for more independence from the overseas authorities, they would have no doubt welcomed any move that reduced external intervention in the Southeast African administration. At the same time, the situation was likely to worsen for the majority of the Portuguese settlers in Southeast Africa. Unchecked by Goa and Lisbon and with all his powers intact, a monopolist captain was bad news for the Portuguese settlers of Southeast Africa. He was likely to turn more brazen in his quest for profits and show little regard for their rights especially when he *had* to collect his 'booty' within a short span of three years for which he held his office. Completely focussed on the short run, the captains were prone to neglect the task of building long term fruitful relationships with the African polity or, for that matter, even care about the long term security of the fortress.

In the long run, however, a reduced involvement of overseas authorities in the internal affairs of Southeast Africa was likely to result in declining overseas support for Southeast Africa, both in financial and manpower terms. Over the years, as the state support waned, the captain's ability to control and mould the political and economic situation in the African interior was also expected to decline. The African polity was bound to defend its own interests and the Portuguese settlers in the Rivers of Cuama were also not going to take attacks on their trading interests lying down. After all, these settlers had grown quite powerful over the years without much state support. During the 1640s itself, many of these settlers had come to acquire vast amount of lands in the African hinterland and had built huge armies of slaves. The lawlessness amongst these Portuguese landlord-traders was notorious and the captains found it difficult to control them. Attempts to discipline them were often met with violence on their part. As early as 1635, the residents murdered a judge, Pedro Nogueira, who had come from Goa to collect fines from some of the richest and the most powerful settlers of the Rivers.³¹ Still worse, the authorities did not have the nerve to even investigate this crime. No judge in Goa was willing to go to Moçambique to launch an investigation. This was so in spite of the fact that the murdered man had belonged to a family whose members were committed to the legal profession. His father, Miguel Nogueira, had been a judge and so was his brother, Ignacio Nogueira.³² At this point, one may ask, if the captain and his authority

³¹ E. Axelson, *Portuguese in South East Africa...*, p. 110; King to Viceroy, 27-3-1646, *RSEA* 4, p. 306.

³² King to Viceroy, 27-3-1646, *RSEA* 4, p. 306. Incidentally, about ten years after Pedro's death, his brother, Ignacio Nogueira, petitioned the King to grant him the *ouvidoria* of Mascas as a compensation for his brother's death. It may be noted in passing that notwithstanding such incidents, it is our contention that the authorities in Moçambique and to some extent even the authorities in Goa and Lisbon were more unwilling to intervene than unable to intervene in the affairs of Southeast Africa. After all, the rise of the landlord-trader was not a hidden phenomenon,

weakened, would it also not adversely affect the interests of the Crown in the long run? After all, it must be remembered that the captains of Moçambique, like that of the other forts and ports of the *Estado*, donned two hats at one time – one, of a private trader and two, of the administrative representative of the Crown.

Hands off Approach – The Ground Reality

By quirk of fate, in the initial years of the Bragança rule, none of the captains of Moçambique held on to their posts long enough to find out whether the change in the situation overseas did or did not bring in any benefits to them. Diogo de Vasconcelos, who reached Moçambique to take up his post sometime in 1639 or 1640, died almost immediately after arriving in Moçambique. His twenty-year-old brother-in-law, Francisco de Sottomayor became the temporary custodian of the post.³³ The remaining two years of Vasconcelos' term were auctioned once again. Francisco de Silveira Claveiro (or Craveira) of the Order of the Christ – a resident of Chaul – turned out to be the successful bidder and acquired the post for 30,000 *xerafins*. He took possession of his post on 3rd January, 1641 and died within a year.³⁴ In early 1642, a successor was appointed, whose name remains unknown. For reasons unknown, he, too, does not seem to have remained in his post long and three captains, namely, Domingos de Govea Coutinho, Antonio de Brito Pacheco and Luis do Rego de Negreiros, followed him in quick succession.³⁵ Finally, in February 1643, Julio Monis da Silva was lucky enough to break the jinx of captaincy. He served his full term of three years as the captain and thus put an end to the period of instability. Monis da Silva was succeeded in 1646 by Alvaro de Souza de Távora who, too, completed his full term.

nor had they become powerful overnight. If the authorities, in spite of showing concern on the lawlessness in the Rivers, did not intervene in a significant way, it was because they did not find this phenomenon serious enough to warrant any major intervention. For a detailed discussion see K. Kohli, *Trade Administration...*

³³ E. Axelson, *Portuguese in South East Africa...*, p. 116. According to Axelson, Vasconcelos had bought the said post from his predecessor D. Lourenço de Sottomayor who ruled for two successive terms as the captain of Moçambique. It is not very clear how D. Lourenço de Sottomayor had come to acquire two successive terms of the captaincy. As far as his own term in office was concerned, he himself had bought the post from the Condessa de Atalaya – the senior-most claimant of the royal mercê. (See *Diário do Terceiro Conde de Linhares, Vice Rei da Índia*, Tome 2, Biblioteca Nacional, Lisbon 1943, p. 328). In all likelihood, the second term had belonged to him by virtue of being the next man on the mercê list, whose rights he sold to Vasconcelos.

³⁴ 5-1-1650, HAG, *Conselho da Fazenda* 8, Códice 1166, fl. 31. Almost ten years later, the *Conselho da Fazenda* was still deliberating as to how his property, left behind in Moçambique, should be recovered so that royal dues could be claimed from it.

³⁵ King to Viceroy, 26-8-1652, *RSEA* 4, p. 320; E. Axelson, *Portuguese in South East Africa...*, p. 116.

The departure of the captains of Moçambique in quick succession in the first half of the 1640s created utter chaos in the local Portuguese administration. We find the King complaining to the Viceroy about disorder in his treasury at the Rivers of Cuama.³⁶ Apparently, the coffers were empty and there was no money to pay for the garrison stationed at the court of the Monomotapa. He commanded the captain of Moçambique to find, by any means possible, the resources required to maintain a garrison of thirty to forty soldiers at the court of the Monomotapa. He suggested that the residents of Moçambique and the Rivers might be induced to contribute one *corja* (20 pieces) of cloth per head in order to finance the said garrison.³⁷ The situation in the island of Moçambique, where the captain himself resided, was no better. General mismanagement prevailed, soldiers were underpaid and according to the reports reaching Lisbon, no attempt was being made to contain the rising costs of servicing the fortress. The King came to know that infirm and old soldiers in Moçambique, who should have been discharged from duty at such hard times or retained only on half pay, continued to draw full salaries. The hospital at the fort, which had been described as 'well equipped' in 1635, existed no more and in 1644, the King issued instructions to the Viceroy to establish a new one there.³⁸

On the trade front, the annual shipment to India had become irregular. When a ship was sent, its cargo space was often under-utilised. In 1642, the captain of Diu lamented that the income from the ships coming from Moçambique and Pate was quite low and as a result, he was unable to finance the annual *armada do norte* and was forced to pay the soldiers only a quarter of their salary.³⁹ In his opinion, this shortfall could be met only if Goa consented to give Diu a share of the customs revenue from the ships that came from Moçambique, but Goa, it appears was in no mood to share the profits it received from Southeast African trade with Diu, or for that matter, with any other port in Portuguese India.⁴⁰

³⁶ King to Viceroy, 21-3-1646, *RSEA* 4, pp. 304-305.

³⁷ King to Viceroy, 25-3-1646, *RSEA* 4, pp. 305-306.

³⁸ 19-8-1636, AHU, *Moçambique*, caixa 2, doc. 19; King to Viceroy, 4-4-1644, *RSEA* 4, pp. 299-300.

³⁹ Undated, c. 1642, HAG, *Conselho da Fazenda* 5, Códice 1163, fls. 190. Armada do Norte was supposed to accompany the trade ships from the ports in Gujarat to Goa or vice versa.

⁴⁰ Goa at this time was reeling under Dutch blockade and could not receive any ships at its docks, thus ships such as those coming from Moçambique were being diverted towards the northern towns especially Diu and Chaul but Goa still held on to its claim of customs revenue from these ships. This issue snowballed into a major controversy later. Goa based merchants and officials tried to deny Diu and the other northern towns of the *Estado da Índia* a share of the Moçambique trade, and the latter did all in their power to retain this trade. During the years of the Dutch blockade, Goa had had no choice but to tolerate a shift in the port of call for the overseas trade to the north. However, when the blockade was lifted in 1644, and the trade prospects improved, Goa went back to its original stand wherein Goa was the only admissible port of call for international ships.

Clearly, after 1640, as its trading options in the Indian Ocean shrank fast, Goa did not wish to lose the lucrative Moçambique trade, even to rival ports within the *Estado*. Around the mid seventeenth century, an unrelenting effort was made by Goa-based traders and officials to scuttle the redirection of the Moçambique trade from Goa to the northern towns. In the years ahead, despite their best efforts, this problem did not really get resolved. It is not hard to understand the desperation shown by all involved. Just like the Goan merchants, merchants based in the *provincia do norte*, particularly Diu, saw Southeast African trade to be amongst the few lucrative markets that were still open to them in the shrinking *Estado* and they were not willing to give it up even if the Goan administration commanded them to do so.

Thus, despite the mal-administration in Southeast Africa (which had got the Lisbon authorities worried too), India based merchants – Indians and Portuguese – were bullish on Southeast African trade. As long as gold was flowing out from Southeast Africa and coming to India, they could take the short term disturbances (like the one that took place in the early 1640s) in their stride. However, the news that Southeast African gold was being falsified hit at the very core of the Southeast African trade – a trade on which so many hopes were centred after 1640. To put the things in perspective, the falsification of gold i.e. addition of impurities to debase gold, had not sprung up overnight; the Goan merchants had complained as early as 1629 that Southeast African gold was being falsified before being exported to India. But it was in the next few decades that the falsification increased exponentially and the flow of bad gold acquired alarming proportions. It even made the authorities in Lisbon sit up and take notice.

Falsification of Gold

The *Conselho da Fazenda* met in Goa on the first day of February 1629 to discuss the petition by the city against the alleged falsification and to discuss the possible solution to the problem. In their petition, the citizens of Goa had asserted that the practice of falsification had begun in the previous few years and was increasingly becoming a menace for the trade between India and Southeast Africa. The purity of gold was being diluted by adding brass (*latão*) to it. The Council decided that to put an end to this malpractice, an assayer of gold should be sent to the Rivers of Cuama where he would be responsible for certifying the purity of the gold. All gold, it was stated, should meet the purity standards of the *São-Thomés* (coins minted by the *Estado da Índia*) at least and the seller should carry a certificate from the said assayer that his gold met this minimum standard. In case the assayer found that the gold was of a touch (purity level) lower than those of *São-Thomés*, the accompanying certificate should reflect this

fact.⁴¹ However, nothing much appears to have come out of this resolve of the *Conselho da Fazenda*. Either the assayer was never sent, or if he was sent, he was not able to establish an effective system. By the 1640s, the problem appears to have increased manifold and the practice of falsifying gold became so rampant during the second half of the 17th century that almost all the gold that circulated in Southeast Africa was of the falsified variety, wherein it went by the name of *ouro corrente*. The Indian merchants once again appealed to the authorities, this time even directly to Lisbon, to take some strict action against it. According to the records of the *Conselho Ultramarino* in Lisbon, the merchants had alleged that the gold was debased by as much as 30 percent.⁴²

At this point, one may ask, if the Goan merchants knew that the gold was being falsified and even knew the extent of the falsification, couldn't they just refuse to take such gold in payment or, alternatively, adjust their prices to compensate for the debasement? Was it not possible for them to check the quality of gold before they took its delivery? As few details are available pertaining to the merchants' payment networks or, for that matter, even the procedure by which these payments were made and received between India and Southeast Africa, one can only speculate on some of these issues. To begin with, it may be recalled that the Moçambican trade was, for most of the seventeenth century, the monopoly of the captain of Moçambique. He was, thus, the principal purchaser of the goods imported from India.⁴³ Generally, the captain took these goods on credit and was seldom prompt with his payments. The lag in payments, in all probability, was a year or more. Thus, the Indian exporters who had sold their ware on credit to the captain's agents (or alternatively, the financiers who had given advances to these agents to buy the goods) found only after a year or more of delivering the merchandise (finance) that the captain had made his payments with falsified gold.

It is unlikely that all the gold that was sent was 'bad' for, in such a case, the exporters (financiers) could retaliate the next time by increasing the price (interest rate) of their goods (loans) in nominal terms. However, if the sent gold was a mixture of the good and the bad, then it would have been difficult for the exporters to pre-empt the captain, as the amount of the bad gold would, in all likelihood, vary from year to year. The captain, who had the advantage of being the last to make the payments, could adjust the quality of gold according to the nominal prices that were demanded for the Indian goods.

⁴¹ 1-2-1629, HAG, *Conselho da Fazenda* 3, Códice 1161, fls. 45-45v.

⁴² AHU. 19-1-1645, AHU, *Moçambique*, caixa 2, doc. 62.

⁴³ No doubt, some of the goods fell into the hands of the settlers in Southeast Africa as a result of smuggling. A small portion was also purchased by the residents 'legally' as a result of the limited trade privileges that the Crown had awarded to the residents of Moçambique and the Rivers. Quite often, the captains grabbed even these goods from the settlers on the pretext of defence requirements or some other essential state exigency.

Pure or Impure: Standardization of Southeast African Gold

The other important issue is as to how to detect falsification. It is well known that gold extracted from mines always has some degree of impurity. Rare are the cases when the gold extracted from mines is completely pure. In such a scenario, how does one know if a particular sample has been deliberately falsified or is a natural sample with too many impurities? Does any criterion, a universally acceptable standard, a measure exist for 'too much' impurity? As mentioned earlier, the purity level of *São-Thomé* was taken as an acceptable standard in 1629. The same standard was reaffirmed in 1646 when the *Conselho da Fazenda* in Goa decided to send an assayer each to Moçambique and to Sena to assay all the gold circulating there.⁴⁴

The Council declared that to stop losses to the royal treasury, the two assayers would be asked to divide and accordingly brand all gold into two categories; the first with a purity higher than that of the *São-Thomé* and the second with a purity lower than it. The residents of Southeast Africa were expected to get all the gold in their possession assayed within a month of the publication of the said order. At the expiry of this period, the gold that had not been assayed in either the Rivers area or Moçambique was liable for confiscation by the administration. The order also stipulated that the 'currency' of Southeast Africa – the *ouro corrente*, which 'was commonly used in Moçambique and the Rivers and was, allegedly, accepted by all the inhabitants as well as the foreign merchants', would have to undergo the same examination by the assayers. The assayers were also expected to carry out a comparison of the *São-Thomé* and the *ouro corrente* to assess the difference in the purity levels between the two.⁴⁵

What was the purity level or the touch of *São-Thomé*? In 1629, *São-Thomé* was being minted with a touch of 43 points. However, Viceroy Filipe de Mascarenhas (r. 1641-1645) decided to introduce a new 41 point standard during his rule. It may be noted that the change effected by the Viceroy was a result of the rising price of gold. As the real value of the gold coins rose above their nominal value, people began to melt the currency. To stem this tendency, the Viceroy

⁴⁴ 29-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 146-147; 14-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 152v; King to Viceroy, 8-2-1649, *RSEA* 4, p. 307.

⁴⁵ The Council realised that besides the gold in circulation, the gold coming from Manica and Mocaranga too would have to be assayed for it was well known that 'different mines there produced gold of different purity and it could cause losses to the merchants of those parts'. At the same time, the Council asserted that the gold 'which comes out of the mines without any impurity and has its purity level equal to or more than that of the *São-Thomé novo*, should be marked by the assayers as such and should be transferred in the same state in which it was mined'. 29-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 146-147.

ordered the issue of new coins, the *São-Thomé novo* with a lower gold content.⁴⁶ In this context, it may be emphasized that this was not an irreversible change and as the price of gold fluctuated, the gold content in the coins was adjusted accordingly. In December 1646, a decision was taken to revert back to the standard of the old *São-Thomé* i.e. those with 43 point touch. However, 27 years later in November 1673, when Luis de Mendoça Furtado was the governor of the Estado, the 41 point standard set by Viceroy Mascarenhas was reintroduced. Thus, we would not be too far from the truth if we sum up this issue by saying that the traders and officials of Goa expected that the gold that was sent from or traded in Southeast Africa should bear the touch of at least 41 points, if not 43 points, failing which it would be considered to be 'falsified'.

Falsification of Gold: Private vs. Public Interest

The aforementioned clear and precise criterion for detecting falsification, however, does not seem to have deterred the falsifiers. Many cases of 'innovative' approaches to falsification and smuggling of gold come up in the seventeenth century documentation. The public vs. private interest conflict was all too common. In one such case, much to the chagrin of the *Conselho da Fazenda*, it was found that the factor at Moçambique, Antonio de Maris da Fonseca, had simultaneously shipped some low quality and some 'pure' gold to Goa. While the low quality gold was earmarked for payment to the royal treasury at Goa, the 'pure' gold was set aside for trade on the factor's private account. This division on the basis of quality – quite similar to one made by many present day Indian contractors who work for the government⁴⁷ – did not amuse the authorities and an enquiry was ordered. According to the *ensaio* (report) presented in the *casa de moeda* by a Dr. Francisco Cardoso de Figueiredo, the gold that had been sent for the treasury did not render more than 183 *xerafins* per mark, while the gold Fonseca had had sent on his own account rendered 228 *xerafins* per mark.⁴⁸

⁴⁶ A. C. Teixeira de Aragão, *Discrição geral e Historia de Moedas Cunhadas em nome dos Reis, Regentes e Governadores de Portugal*, Tomo 3, Lisboa, 1880, Doc. 80, 83, 88, 98 & 99. Also see, J. Ferraro Vaz and M. Correia de Souza, *Dinheiro Luso-Indiano (Indo-Portuguese Money)*, [Bilingual], Braga 1980, pp. 153, 170, & 192.

⁴⁷ In present day India, it is quite common to see suppliers segregating the market into the government and the private sector. Such segregation is more common in sectors where it is not very easy to detect the difference in the quality e.g. in case of construction materials. The same supplier supplies lower quality goods to the government through the tender system (at times, goods of an inferior quality are manufactured separately for supplying to the government) but to the private consumer who is willing to pay higher prices, they supply better quality goods. The issue gets more complicated with the presence of graft in the system and other variables such as the political climate etc. Further, in the case of sales to the government, the fact that the buyer is not the final consumer has an important role to play.

⁴⁸ 1 mark = 8 ounces (approx.).

The *Conselho da Fazenda* decided that this was a clear case of breach of trust and it was only fair that the good quality gold that Fonseca had sent on his private account should be confiscated to compensate for the loss to the royal treasury.⁴⁹

However, not all cases proved so easy to resolve. The variation in the quality of gold that came in from Moçambique was not always so uniformly segregated between the 'good' and the 'bad'. It was more likely that some 'good' gold and some 'bad' gold would be mixed and sent in a consignment making detection and prosecution more difficult. It was reported in the *Conselho da Fazenda* on 17th October 1641 that gold which had come from Moçambique, destined for the mint, varied a lot in terms of its quality. Some of it was valued at 45 points and some others at 43, 39 and 37 points. Owing to the low quality of the majority of the gold, it was impossible to coin *São-Thomés* from it unless some good quality gold was imported from China or Venez^{os} (Venice?). However, by doing so, the treasury would have incurred losses and thus it was decided that the good quality gold, with more than 43 points of purity, should be used to coin *São-Thomés* and the low quality gold, i.e. which was lower than 39 points, should be sold in the open market.⁵⁰

Falsification of Gold: Remedy and Resistance

As the century progressed, such onetime solutions and punishments were found to be insufficient to stem falsification. As mentioned before, if one goes by the rising number of complaints that the Goan administration received as the years progressed, the flow of falsified gold into Goa, which had been only a trickle in the 1630s, seems to have developed into a flood. By 1646, the issue no longer remained confined to the *Estado da Índia*. The authorities in Lisbon began to feel concerned. They ordered the Viceroy to find a remedy as soon as possible. For Lisbon, perhaps, the most disturbing part of the whole affair was the circulation of *ouro corrente* as a *de facto* currency in Southeast Africa. Logically, once the majority in Southeast Africa accepted the debased gold as the currency, the fact that it was not a legal tender had little significance since it did not put its users at any disadvantage vis-à-vis those who decided to deal only in the legal tender. The economists tell us that in such a situation, Gresham's law would operate and the little 'good' money that had come in with the traders was bound to be driven out of Southeast Africa.

⁴⁹ 20-8-1638, HAG, *Conselho da Fazenda* 5, Códice 1163, fls. 40v-41.

⁵⁰ 17-10-1641, HAG, *Conselho da Fazenda* 5, Códice 1163, fls. 181v. It was also recommended that the buyers of this low quality gold should be permitted to carry it outside Goa. Given that gold was more expensive in the Indian hinterland, by allowing the buyers to carry it out of Goa, the treasury was likely to fetch a better price for it. The councillors left the implementation and the final details of the matter to the discretion of the *vedor da Fazenda*.

It was reported in 1646 that all the *patacas* had flown out of Moçambique to Madagascar and other places. Simultaneously, the *Conselho da Fazenda* at Goa declared that it had definite information that Southeast Africa had no currency of its own. This implicitly meant that only coinage from other parts of the world, especially Goa, was acceptable as currency in Southeast Africa. However, the situation on the ground was very different. Traders from India complained that they were forced to accept ten '*cruzados*' of *ouro corrente* for each piece of cloth and the said '*cruzado*' was little more than copper.⁵¹

Needless to say, the trade was being adversely affected by this situation. Traders from India were getting increasingly wary of sending cloth to Moçambique. This greatly perturbed the Goan authorities, as they were desperate to protect the customs revenues of their city. Goa-Moçambique trade had slowly and gradually emerged as the most important income-earning route for the Goan customs. To protect this stream of revenue, it was quite clear that falsification of gold had to be stopped. Many alternatives were suggested. To begin with, the Viceroy issued a decree in 1646 that new silver *xerafins* of the style and standard that had been minted during the viceroyalty of the Count of Linhares would be again minted and sent to Moçambique to be used as legal tender.⁵² Each *xerafim* was to equal 400 *reis* in value. Silver was deliberately chosen for coinage as, in light of the falsification of gold, it was a safer bet.⁵³

The remedy of sending assayers from Goa to certify the quality of gold, a measure that had been used earlier, also found favour with the Viceroy. In 1647, Viceroy Filipe de Mascarenhas dispatched two assayers to Southeast Africa. Instructions were issued that one of them should be stationed at Moçambique and the other in the Rivers of Cuama. The initial results of the assayers' efforts were quite positive and the Viceroy also found support for his actions from Lisbon.⁵⁴ Encouraged by this, the Viceroy declared that the *ouro corrente*, which

⁵¹ 14-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 153; 24-8-1658, AHU, *Moçambique*, caixa 2, doc. 102 (second letter); 24-8-1658, HAG, *Livro das Monções* 26A, fl. 119. It may be noted that practically throughout the 17th century, the pure *cruzado* was equal to 1.33 *xerafins*.

⁵² The *Conselho da Fazenda* decided to send a total of 5442 coins of silver, each of 400 *reis*, in the two *navios* of the newly appointed captain of Moçambique, Alvaro de Souza de Távora. He was expected to set sail for that port shortly. He was expected to set sail for that port shortly. See 29-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 155.

⁵³ Regimento by Viceroy D. Filipe de Mascarenhas, 24-1-1646, Goa, *Livro de Regimentos e Instruções* No. 4, fl. 100v, reproduced in A. B. Bragança Pereira, *Arquivo Português Oriental*, Tomo 4, vol. 2, Parte 2, pp. 119-120. The Viceroy also identified the sources from which this silver was to be obtained for making the new currency and expected the factor at Moçambique to pay for it in pure gold, 14-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 153.

⁵⁴ 29-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 146-147; 14-1-1646, HAG, *Conselho da Fazenda* 6, Códice 1164, fl. 152v; King to Viceroy, 8-2-1649, *RSEA* 4, p. 307; King to Viceroy, 24-1-1652, *RSEA* 4, p. 316.

was being freely used as a means of exchange amongst traders and was even being sent to Goa to pay the dues to the royal treasury, would not be allowed to circulate henceforth in Southeast Africa.⁵⁵ This order, however, came under attack from the captain of Moçambique, Alvaro de Souza de Távora – the very man who would have been expected to implement the order. He asserted that this prohibition imposed by the Viceroy on the circulation of *ouro corrente* was tantamount to the breach of his (captain's) contract. *Ouro corrente*, he argued, had been in circulation for many years and was in circulation when he began his term as the captain. The captains before him had been making their annual payments to the royal treasury in the same 'currency' and he too, when he accepted the contract, had expected to pay the 33,000 *cruzados* of contract money in it. But now, he was required to pay the said 33,000 *cruzados* in gold bearing a purity of at least 30 points, which would be equivalent to 50,000 *cruzados* of the *ouro corrente*. He estimated that he would now suffer a loss of almost a third of the total value of his contract, for besides the direct losses that he would earn by paying for the contract money in 'pure' gold; he feared losses in the trade of the other goods that he had introduced in the Rivers and other areas. According to him, goods worth 40,000 *cruzados* were traded per annum in these areas. Here again, if he lost a third of the value, his total losses would be approximately around 35,000 *cruzados* of *ouro corrente*. He therefore requested that the order, which prohibited the circulation of *ouro corrente* in Southeast Africa, be withdrawn. At the same time, perhaps not being very hopeful that the order would be rescinded, he simultaneously wrote to the King alleging a breach of contract and demanded compensation for the losses he had incurred because of the said order.⁵⁶ Notably, he perceived that the entire exercise only served the interests of the India-based merchants to the detriment of all Portuguese living in Moçambique. The India vs. Moçambique angle was quite clear in his petition and it was supported by a testimonial from the *ouvidor* of Moçambique, Manoel Dias de Carvalho in addition to the many testimonials given by private settlers from Moçambique.⁵⁷

Indications began to appear soon that no efforts were being made by the Moçambican authorities to ban *ouro corrente* from circulating in Southeast

⁵⁵ 30-8-1648, AHU, Moçambique, caixa 2, doc. 81.

⁵⁶ King to Viceroy, 27-3-1651, RSEA 4, pp. 313-314; King to Viceroy, 24-1-1652, RSEA 4, p. 316.

⁵⁷ 30-8-1648, AHU, Moçambique, caixa 2, doc. 81. What is worth noting is the hiatus between the actual purity level of *ouro corrente* and the standard of purity that the Indian merchants expected and demanded. By Távora's own admittance, the purity level of *ouro corrente* was approximately 33 percent less than even the *cruzados* containing a purity of 30 points. It may be recalled that the purity demanded by the Indian importers of Moçambican gold was equivalent to that of *São-Thomés*, which had a touch of 41 to 43 points which was way above the purity level of the *cruzados*.

Africa. Filipe de Mascarenhas' term as the Viceroy ended in 1651 and the group of governors who took over the reigns of the *Estado* from him, *au contraire* were not impressed by the work of the assayers. They informed the King that the assayers were unable to do anything about the *ouro corrente* and it was very much in circulation as before.⁵⁸ Their successor, Viceroy Vasco Mascarenhas, the King's nephew and the count of Óbidos, also agreed that the assayers had proved to be largely ineffective in reducing the falsification of gold. In his letter dated 8th January 1653, he declared that he intended to call a council of persons experienced in the affairs of Moçambique to consider the measures that should be taken to avoid the heavy losses resulting from the falsification of gold. On receiving this information, the King urged him to dispatch to Moçambique a dependable judicial official – a *pessoa de letras* – with orders to prosecute those persons who had falsified gold. Further, the two guiltiest persons were to be sent to Goa to be punished with rigour and publicity to set an example for others. The King reminded the Viceroy that the offence of falsifying gold was similar to the falsification of money and the guilty should be severely punished.⁵⁹ In all likelihood, however, the Count of Óbidos did not find the time to implement his resolves. In a sensational coup in Goa in 1653 itself, he was dethroned and a junta headed by Bras de Castro took over the reigns of the *Estado*.

The situation in Moçambique with respect to the falsification of gold was not affected much by this coup in Goa and the coming of a new Viceroy two years later too does not appear to have altered the situation much. The new Viceroy threatened to punish the offenders by rigorous imprisonment but we do not have any evidence to suggest that it had any noteworthy impact. The King, in the meanwhile, kept urging that a remedy should be found to the problem and people knowledgeable in the affairs of Moçambique should be consulted to arrive at a solution.⁶⁰ Looking at the documents relating to this issue, it may safely be concluded that almost ten years after Filipe Mascarenhas had sent the assayers to Moçambique, the Goan establishment betrayed a strong sense of pessimism in the matter. The new Viceroy, Rodrigo Lobo da Silveira informed the King in 1658 that he had discussed the issue with some persons experienced in the affairs of Moçambique and it appeared that no one could think of a fool proof solution to the problem. His own assessment of the situation, along with the comments of the experienced personnel that he consulted, sums up the situation quite appropriately:

the gold that is traded – which is purest when it is still in the hands of the Africans – as soon as it arrives in the hands of the Portuguese it is melted/ and mixed [with baser metals]; most of this gold then passes through the hands of

⁵⁸ King to Viceroy, 24-1-1653, RSEA 4, pp. 322-323.

⁵⁹ King to Viceroy, 23-2-1654, RSEA 4, pp. 325-326.

⁶⁰ 5-2-1656, AHU, Moçambique, caixa 2, doc. 102.

the factor of Sena who is the representative of the captain of Moçambique, who receives it as payment for the goods that he sells and then remits it to the captain of Moçambique. The captains and other inhabitants of Moçambique too are involved in the falsification and the merchants of India are the victims of all this. They sell one piece of their cloth for ten *cruzados* of *ouro corrente*, which is little more than copper. The pure variety of gold they possess is sold only at a premium. The remedy that must be applied is that His Majesty should order that rigorous punishment would be given to those who do not make the payment in [pure] gold and the only currency that should be allowed to be circulated in Moçambique should be the legal one (*moeda de lei*). The payment to the treasury should be made only in this currency and also the payment to the merchants who take their goods to Moçambique from Goa since it is only in pure gold that the true value of their ware can be paid. It was also suggested that the inhabitants of Moçambique should also be compelled to buy only through the legal tender so that they do not come to losses. Also, as the trade to Moçambique is the only one that is still profitable in the *Estado da Índia*, it should not be thrown away.⁶¹

Herein lay the rub. While the Southeast African trade was too precious to be thrown away, the obvious remedy to the problem of falsification required better control by Goa (and thus, indirectly, by Lisbon) over the Southeast African authorities as well as the landlord traders. In other words, curbing the military and economic power of the landlord-traders and sometimes, even the captain of Moçambique, was an essential requirement for curbing their lawlessness in general and falsification of gold in particular. But, as discussed earlier, given the circumstances in Goa and Lisbon, the overseas authorities found it very difficult to impose strict controls over Southeast Africa. Further, to the extent that the 'hands off' approach meant a prosperous Portuguese landlord-trader in Southeast Africa, the authorities were not all that sure if curtailment of the power of the landlord-traders was in their best interests. After all, for most part, the increase in the power of the Portuguese settlers was likely to lead to an increase in the supply of trade goods from Southeast Africa to Goa while the brunt of their power was likely to fall on the African polity and population. Clearly, falsification of gold was a different matter. It was bound to adversely affect not only the India based merchants but also the customs revenue at Goa. However, as the above discussion has shown, ad hoc measures that tried to resolve the issue of falsification without addressing the larger issue of the growing power and independence of both the landlord-traders and the captain and the other officials did not meet with much success.⁶²

⁶¹ 24-8-1658, AHU, *Moçambique*, caixa 2, doc. 102 (second letter), copy in HAG, *Livro das Monções* 26A, fl. 119.

⁶² There is some evidence to suggest that the policymakers in Lisbon turned their attention towards Southeast Africa in the 1670s, once Dom Pedro took over the reigns of power in Portugal.

Conclusion

Quite clearly, the issue of the falsification of gold was a complicated one. The origin of this problem lay in the process of the Portuguese penetration of Southeast Africa. While the jury is still out on what the extent of Portuguese landlord-traders' power in the seventeenth century Southeast Africa was, there is little doubt that in comparison to the previous century, it had increased manifold. Also, not many would deny that the major brunt of this power was borne by the African *fumo* or village level chiefs whom the Portuguese and Indian landlords tried to replace. It is also realized that the Portuguese obsession with gold mining and trade, by and large, had a negative impact on the African agriculture. The highly adverse terms-of-trade that the Portuguese offered to the African gold miners which severely limited the possibility of growth in gold mining has also been discussed to some extent in the literature. In this gamut of affairs, it has been believed that the Portuguese landlord-traders of the Zambezi valley acted as agents of the captains of Moçambique. Recent research has also demonstrated that during the second half of the seventeenth century, the Portuguese landlord-traders made use of their newly acquired military and economic strength to offer increasingly adverse terms of trade to the African supplier of gold *vis-à-vis* the hegemony of the 'centre' on the 'periphery'. Implicit in this description of events is the assumption that while the landlord-traders, backed by the captain of Moçambique, could and did act as 'price makers' for African goods, they were 'price takers' as far as Indian cloth or other trade goods were concerned. This was so because the supplier of Indian goods was often a monopolist, be it the Crown, or an individual like the captain or a group of individuals, such as a Junta, who held the monopoly contract for supplying Indian trade goods to Southeast Africa and the landlord-trader had little choice but to accept the price of these imported goods as 'given'. This condition was somewhat modified through smuggling but there were limits to what could be achieved through this illegal trade.

The present paper has, however, shown, perhaps for the first time, that the Portuguese officials and resident-traders in Southeast Africa used their increased strength not just to get a better trade deal from the African rulers and traders but also used it to tilt the terms of trade against the monopolist Indian suppliers. The falsification of gold was but a manifestation of this increased strength. The blatant use of *ouro corrente* by the landlord-traders and officials in South-

Glenn J Ames, *Renascent Empire? The House of Braganza and the Quest for Stability in Portuguese monsoon Asia, c.1640-1683*, Amsterdam, 2000, p. 186. One does not seem to find much reference to the falsification of gold in post 1670 documents. Unfortunately it is difficult to ascertain if this was so because the problem diminished in the later years or that *ouro corrente* seized to be extra-ordinary and became so mundane that it did not merit a mention in the later years.

east Africa not only as a 'currency' in Southeast Africa but also as a medium for paying dues to the royal treasury and the export of this falsified gold as a trade good was a brazen attempt on their part to alter the terms of trade with the suppliers of the Indian trade goods. This puts a new light on the relationship between the monopolist captain (backed by the Portuguese and the Indian landlord-traders of the Rivers of Cuama) and the monopolist ship operators from India (backed by traders who sent their goods on these ships and the financiers who financed them). The situation was complicated further as the State authorities in Goa and Lisbon were drawn into this tussle. But given their own precarious situation in Asia and Europe, they were in no position to intervene closely in Southeast Africa. This 'hands off' approach of the authorities in Goa and Lisbon followed since 1640s produced, at best, a mixed result. While it weakened the official Portuguese position in Southeast Africa, it allowed unfettered growth of the private Portuguese landlord-trader – the predecessor of the celebrated eighteenth century *prazo* owner. Falsification of gold, thus, was as much an expression of the growing strength of the landlord-trader as it was a manifestation of growing lawlessness in Southeast Africa around the mid seventeenth century.

“COM VONTADE PROMPTA PARA O QUE FOR DO SEU AGRADO”.
REDES SOCIAIS E NEGÓCIOS ENTRE GOA E MOÇAMBIQUE
EM MEADOS DE SETECENTOS

EUGÉNIA RODRIGUES*

Durante grande parte do período moderno, as relações mercantis externas de Moçambique fizeram-se preferencialmente com diversos portos portugueses do Índico Oriental. À medida que o Estado da Índia se contraía, os negócios e as alfândegas desses portos tornaram-se gradualmente mais dependentes das trocas com a África Oriental. Não sendo em volume de transacções o mais importante, o comércio entre Moçambique e Goa sustentava a viagem de um barco anual.

Desde 1744, o monopólio do comércio de Moçambique, respeitante aos Rios de Sena, era gerido directamente pelo Conselho da Fazenda do Estado da Índia, através da Administração do Comércio que substituíra a insolúvel Junta de Comércio de Moçambique e Rios de Sena. Mas à margem das corporações de negociantes que contratavam o fornecimento de mercadorias àquele organismo da Fazenda, funcionários e mercadores individuais procuravam oportunidades para participar nos negócios.

As redes sociais envolvendo indivíduos das duas margens do Índico, remontando em alguns casos ao reino, mas na sua maioria forjadas na capital do Estado da Índia, serviram de suporte a uma relevante circulação de serviços, créditos e produtos entre Moçambique e Goa. Esse trânsito configurou a troca de presentes destinados a reforçar laços pessoais entre indivíduos de ambos os territórios. Mas, essas redes de sociabilidade eram igualmente movimentadas para financiar ou negociar directamente mercadorias tão distintas como produtos de luxo para consumo das elites coloniais ou artigos para os mercados africano e asiático.

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