

**THE CHANGING OF THE GUARD
BRITISH FIRMS IN THE PORT TRADE 1777-1840¹**

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Introduction: Change and Continuity

On the twenty-fifth of February 1777, the Marquês de Pombal, prime minister of Portugal, was greeted at court by Cardinal da Cunha. The Cardinal told the man who for twenty years had been the most powerful politician in Portugal, "Your Excellency has no longer anything to do here." In the *ancien regime*, politicians, however powerful, depended on the breath of kings, however weak. Dom José I, weak in body for several months and feeble in spirit throughout his reign, had breathed his last on the previous day.

Many contemporaries hoped that the prime minister's legacy would pass as quickly as his power. The British merchants in Porto in particular had, as their consul put it, "the greatest hopes that the time is now arrived to deliver them from the oppression of the Douro Wine Company".² Pombal had created this company (more formally the *Companhia Geral de Agricultura das Vinhas do Alto Douro* and hereafter the *Companhia*) some twenty years before. Through his agent and the *Companhia's provador*, the hated Frei José de Mansilha, he had attempted to control every aspect of the wine trade.³ With Pombal in disgrace, Mansilha in prison, and "[t]wo

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² PRO: "An Account of the Present State of the Wine Trade, Porto (June 1777)", Board of Trade records (BT) 6 63, fo 121ff.

³ For the history of the *Companhia*, see SCHNEIDER, Susan Cora. - *O Marquês de Pombal* (trans. Jorge Oliveira Marques), Lisboa: Regra de Jogo, 1980. For the extent of Pombal's control over the *Companhia* and the trade, see MARTINS, Conceição Andrade – *Vinho, Vinha, e Política Vinícola em Portugal: Do Pombalismo ao Regeneração*. Dissertação de doutoramento, Universidade de Évora, 1999.

Dezembargadores, our Conservador & the Juiz," as one merchant gleefully noted, "hard at Work looking over the Wine Co's Books & Papers", prospects looked good. "Sistemas," the same merchant went on, "begin to change".⁴ But, like the city of Lisbon, which he had rebuilt, and the distrust of Jesuits, which he had fomented, Pombal's *Companhia* long survived his fall and was still a significant factor at the end of the period under discussion here (1777-1840) as it was the dominant factor at the beginning.

In the long history of the port trade, however, the *Companhia*'s long reign (if not its role) can seem almost insignificant. Among the major exporters at the beginning of this period are some famous names—Warre, Croft, Offley, Hunt Newman—that were not only well established long before the *Companhia*, but that survive even to this day. The endurance of these firms, the historical dominance of the British, and the long reign of the *Companhia* might then suggest that this period was one of remarkable stability. (After all, it was to give stability to a previously unstable trade that the *Companhia* was founded.) In fact, it was one of significant change. For while the *Companhia* was there at the end, as at the beginning, its role was challenged continuously throughout and between 1834 and 1838, following the liberal revolution, it was almost completely disbanded. Similarly, while British firms dominated the trade at both the beginning and the end of the period, they were different British firms. After the Napoleonic wars, the old oligarchs who had dominated the trade well before Pombal and his *Companhia*, found themselves aggressively challenged by newcomers. The firms of Sandeman, Cockburn, Graham, and Martinez might seem to us now as ancient as any. In this period, they were upstarts, and with brash new methods they elbowed the old port gentry aside. By 1832, Sandeman, established in Porto for barely eighteen years, had become the leading British exporter (toppling Offley, who had held the position for the better part of a century). By 1837, Martinez was in second place. (Nor were these changes transient. By 1870, the first four exporters were, Sandeman, Cockburn, Martinez, and Graham.) Furthermore, the undermining of the old guard involved more than British firms. In 1777, 10 Portuguese firms (excluding the *Companhia*) took part in the European trade in port wine. In the years after the Napoleonic invasions, some 250 Portuguese firms of one sort or another took part. Together these firms had helped shrink the British share of the trade, which in 1777 had stood above seventy-five percent, to less than ten percent in 1811. They kept it below fifty percent for most of the 1820s. By 1840, however, the British share of exports (at sixty-six percent) was almost as dominant as in 1777. So, while the end of the period, with the *Companhia* running the trade and the British atop the list of exporters, can look remarkably like the beginning, despite surface continuity, there is a good deal of underlying change to explain.⁵

⁴ AAF: Hunt Letter book 1775-79, Hunt to Christopher Hake, 19/4/1777.

⁵ Data on exports for 1777, 1786, 1796, and 1805 come from TT: Alfandega do Porto, Mesa do Consulado e Fragatas, Saídas (numbers 277, 444, 770, and 1046). Export data for British firms, 1792 to 1810, from

Grounds for Change

Continuous or changing, the port trade inevitably took place in a larger field of economic and political movements. The period under discussion ends with Portugal and Great Britain, political allies since before the Treaty of Windsor (1387), eschewing treaties and ending in the process a chain of continuous commercial agreements extending back to 1654 and including the famous Methuen Treaty (1703). It was, of course, more than chance that the separation of these two old allies coincided with the alliance of two old enemies, England and France. The period begins as well as ends with old associates falling apart. In 1777, Britain's thirteen colonies, aided by France, were fighting for independence. While the political fortunes of allies often rise and fall together (as Portugal was to discover to its cost during the Napoleonic wars), the same is not always true of commercial fortunes. Brazil rapidly made good the loss of North American cotton to British factories. As Brazilian cotton had to pass through Portugal, the war thus gave a boost to the Portuguese economy, which had languished in the last years of Pombal's power.

If war was thus good for Portuguese commerce, peace by contrast was less promising. The Treaty of Paris, which concluded the American revolutionary wars, led Britain and France to consider a trade treaty in 1786. Opening the ports of Bordeaux and threatening lower duties on French wine, this friendliness worried the Portuguese wine interest in particular. Nevertheless, the port wine trade continued to grow, putting pressure on the *Companhia* to increase the area in which port wine could legally be grown. The revolution in France and ensuing war with Britain then swept any worries about competition from France away. Moreover, the war, after a brief slump, invigorated the British economy. So, once Britain asserted its supremacy at sea, Anglo-Portuguese trade, and particularly the wine trade, flourished. The early nineteenth century thus brought remarkable prosperity to Porto, port merchants, and the wine-growing region of the Douro. It also brought a good deal of trouble as Napoleon attempted to enforce his "continental blockade" against Britain. When the Portuguese failed to close their ports, Napoleon sent in his army—three times—to do the deed. British merchants found themselves putting their books, goods, and families on vessels for a quick departure—as did the Portuguese Court, which wisely fled to Rio de Janeiro in 1807. But the wine trade, escorted like the Court by the British navy, continued, and Portuguese traders like their country survived remarkably well in the absence of their supposed superiors.

Peace was not so generous to the trade. In 1815, Britain, the principal market for port wine throughout the century, entered a period of stagnation and even deflation. "People of landed

SHAW, T.G. - *Wine, the Vine, and the Cellar*. Second edition. London: Longman, Green, 1864, table XIII. Exporters and exported volumes for 1809 and 1811 and succeeding years from the annual lists published by the Alfandega do Porto, collected by Offley (Porto), but now in the SANDEMAN archives. Total export volumes from MARTINS, Conceição Andrade - *Memória do Vinho do Porto*. Lisboa: Instituto de Ciências Sociais, 1990, quad 66.

interest," one British importer lamented, finding "greater difficulty in getting any rent" were "obliged to give up luxuries".⁶ Port was inescapably a luxury. The weak British market and a series of poor harvests in the Douro (1816-1819) quickly depressed the trade. Merchants in Porto and Britain went bankrupt. An improved British economy and better harvests in the early twenties unfortunately encountered political turmoil in Portugal. Overseas, Portugal lost its American colony in 1822.⁷ And at home, Porto, which led the liberal revolution in 1820, suffered from the absolutist backlash, first in 1823 and again during the Civil War of 1828-34. The latter included a nine-month siege, when Porto was cut off by both land and sea.

Eighteen thirty-four brought an end not only to the Civil War and the Anglo-Portuguese alliance, but also to both of the two *Companhias* that had attempted to rule the trade. (This wine trader's nightmare had arisen from the two governments that claimed legitimacy during the Civil War.) In the spirit of Adam Smith (whose free-trade manifesto *The Wealth of Nations* appeared just before the fall of Pombal), the Douro, Porto, Vila Nova de Gaia, and the wine trade in general were thrown open to the laws of the market. Unfortunately, the market and the weather proved remarkably cruel, "Five successive Vintages having been unfavorable in the Upper Douro, and with the last proving the worst," as a trade circular of 1840 put it.⁸ Hunger and poverty mounted in the Douro. In Lisbon, pressure mounted each year for some—any—regulation. So, at the end of our period, the ideals of Adam Smith were thrust aside and the pragmatics of Pombal's mercantilism revived in a reborn *Companhia*.

The Golden Age

Between the stagnation of 1777 and the stagnation of 1840, the port trade passed through what Norman Bennett rightly calls its "Golden Age."⁹ In this, British firms were clearly dominant. Their reign appears to have been made easier by the weakened state of the *Companhia*. "Since the decease of the late King," Sir John Croft wrote in 1786, "though the Wine Company still subsists, there is a greater latitude shewn by them to the English, in respect to their purchasing of wines ... and a much greater allowance and indulgence from the Portuguese Wine Company in respect to a free trade". This latitude, however, has some odd manifestations.¹⁰ Pombal, for example, has often been accused of driving the British out of the trade. With greater latitude, we

⁶ AFF: Thomas Holdsworth Hunt, Maisonette, to Hunt (Porto), 21/11/1821.

⁷ Most of the Anglo-Brazil trade had, however, bypassed Portugal since the highly contentious treaty of 1810.

⁸ GUILDHALL: 1840 Trade Circular, Smith Woodhouse, June 1, 1840. Ms 8651.

⁹ BENNETT, Norman R - "The Golden Age of the Port Wine System, 1781-1807," *International History Review*, 1990 12(2): 221-248.

¹⁰ CROFT, John, *A Treatise on the Wines of Portugal*. London: Ward for Todd, 1788, p. 13.

might expect them to return. A consular report for the British government on the state of the trade in 1786, however, points only to continuous decline. The Board of Trade had asked the consul in Porto for the number of wine firms operating and, somewhat begging the first question with a second, asked also, "to what causes you impute their decline?" On cue, the consul responded that in 1769 there were thirty-nine, in 1786, twenty-one and that "this diminution may be referred to the many Alarms and vexations occasioned by the Institution of the Wine Company".¹¹ As table 1 shows, the response fails to acknowledge that under Pombal, when the *Companhia* was at its most forceful, the number first rose to forty-seven in 1771. Even in the year of Pombal's disgrace, it was still forty-two. Only after Pombal's departure, under the "greater allowance and indulgence" of the new *Companhia* did these numbers fall. It is hard, then, to accept the consul's direct link between the power of the *Companhia* and the number of British firms. Moreover, as the table shows, under a weakened *Companhia*, British firms were unable to increase their share of the lucrative British market. In 1777 they held eighty percent of the trade. By 1786, despite the loosening of controls, it was about the same, at eighty five percent. But now this share was concentrated in fewer hands. Pombal, on this evidence, may have kept the British market more open to competition from other British firms than it became in his absence. If anything, between his fall and the disruption of the Napoleonic war, the leading British firms seem to have formed a tighter oligarchy than before.

Table 1: Number of British exporters and share of exports to Britain (by volume) held by British firms, selected years, 1756-1796¹²

	1756	1765	1769	1771	1777	1783	1784	1785	1786	1796
No. of British firms	32	41	39	47	42	26	26	22	23	22
Share of British market	n/a	n/a	n/a	n/a	86%	n/a	n/a	n/a	85%	63%

n/a = not available

The British Firms of the Eighteenth Century

What did the members of this oligarchy look like? The British firms of the period divide into roughly three types. The firm of Offley (Porto) exemplifies one.¹³ It made its living in two ways.

¹¹ PRO: BT 6 63.

¹² For 1756, 1765, 1771, see SCHNEIDER, *op cit*; for 1769, 1783, and 1784, see PRO BT 6 63; Remaining Years, TT: Alfandega do Porto, Mesa do Consulados. For analysis of this table and the related argument, see DUGUID, Paul – [All in the Details], *Douro-Estudos e Documentos* 10 1999: []. As that paper notes, it is hard to ascertain the nationality of several exporters listed in these sources, and numbers will inevitably vary according to who is or is not deemed British. Here, as elsewhere in this paper, the term British includes Irish unless otherwise marked.

¹³ Firms changed their names continuously until the middle of the nineteenth century. In general, I shall refer to the first name of the dynasty and the location, using Offley (Porto) to refer to the dynasty of firms in Porto in which Offley was the principal member. By contrast, Offley (London) refers to the London dynasty. Offley (Porto) and Offley (London) were financially and administratively two different, though

It sold wine to Great Britain and, in the classic relationship reflected in the Methuen Treaty, imported manufactured wool and cotton goods from Britain into Portugal.¹⁴ It bought and sold the wine. The manufactured goods, however, it took on commission (mainly from the firm of Milnes and Holdsworth), accepting little risk but lower potential profits. The distinction between these two sides of the businesses is quite clear. In 1779, for example, the wine account provided a profit of 55,246\$00; the commission account merely 2,555\$000.¹⁵

Warre & Co (Porto) exemplifies the second type. Though its books do not survive, the company appears to have been in the eighteenth century much as James Warre described himself in the early nineteenth, a "general Merchant" principally involved in "the Portugal and Brazil Trade". It was also, Warre said, "an Importer of Wines from other countries".¹⁶ The firm nonetheless had a significant trade in port wine, exporting on average about 2,200 pipes a year between 1792 and 1802, putting it fourth overall in this period. (It falls behind the leader, Offley, and the firms of Croft & Co. and Perry Friend, both of which appear to have conducted business much like Offley). But Warre evidently had sufficient business elsewhere that when the trade hit hard times, the firm simply withdrew from the port wine trade. Between 1810 and 1834 it appears in the export lists in just two years, and then with paltry consignments. It is not clear how extensive a presence in Porto it had, but evidently the wine trade was not essential to its survival as it was for Offley, where to give up the wine trade would be to give up ninety-five percent of its profits.¹⁷

Hunt (Porto) represents the third type of British firm. Like Offley, it had a well-established presence, taking part in a three-cornered trade, sending wine to Great Britain and salt to Newfoundland and bringing Newfoundland bacalhau to Porto. (The city, Hunt's correspondence shows, exhibited a marked preference for this fish over fresh fish, smoked salmon, and even salted Norwegian cod.) The Newman family, longtime partners with the Hunts, traces its roots in this business back to the fourteenth century.¹⁸ Operating through a series of

closely connected, firms. See DUGUID, Paul & SILVA LOPES, Teresa - "Ambiguous Company: Institutions and Organizations in the Port Wine Trade, 1814-1834." *The Scandinavian Economic History Review* 47(1) 1999: 84-102.

¹⁴ Offley (Porto) occasionally imported other goods, but this was more by way of speculation than a steady trade.

¹⁵ OFFLEY: Offley (Porto) ledger, 1799.

¹⁶ WARRE, James. - *The Past, Present & Probably the Future State of the Wine Trade: Proving that an Increase of Duty Caused a Decrease of Revenue..* London: for J.Hatchard and J.M.Richardson, 1823, pp. 1-2. Later, Warre certainly had property in Porto—Croft rents lodges from the firm from 1831.

¹⁷ Warre also sent wine to Brazil in 1823 and 1825. His London operation may have been taking wine on commission during this period. See the comments on Jose Henrique Soares, below.

¹⁸ See NEWMAN, Sir Ralph - "Pedigree of [Newman Hunt & Co, London and Newman & Co Newfoundland]". London: Privately Printed, 1950. See also *The Story and Origin of Hunt, Roope, & Company, London and Oporto and Newman & Company, Newfoundland, 1395-1951*. London: Hunt Roope and Company, 1951, which traces their trade with Portugal back to 1614.

relatively autonomous firms and with its own fleet, the families had businesses in Newfoundland, the West of England, and Porto (which controlled another operation in Viana at this time). The apparent autonomy of each branch was important for the Porto house as it took consignments from other bacalhau shippers and could not afford to be seen favoring family ships. It was, however, accused of this—and was, furthermore, guilty.¹⁹ Given the importance of fish to Hunt's business, its income was much more delicately balanced between profits on wine and commission than Offley's. In 1777, it earned 2,829\$000 from Wine and 3,564\$000 on commission. A year later priorities reversed and fish provided only 1,833\$000 while wine supplied 4,305\$000. Nonetheless, Hunt's interest in wine was evidently small at this stage.²⁰ In 1777 it exported 366 pipes and was seventeenth among British exporters, where Offley exported 4,927 and was emphatically first. By the period 1792-1802, however, Hunt averaged 2,100 pipes per year and had boosted itself to seventh position. Nevertheless, when the market slumped in the 1820s, Hunt, like Warre earlier, had sufficient alternative income to draw down its wine exports to a negligible level. When it reached the position of seventh largest British exporter, above it was Lambert, Kingston, a wine firm in the Offley mould. Below it was Quarles Harris, which like Hunt plied the three-cornered trade in fish, salt, and wine. The firms mentioned so far (Offley, Croft, Perry Friend, Warre, Lambert Kingston, Hunt, and Quarles Harris) together with Stevenson Searle, Smith Pennell, and Bearsley made up the dominant British firms and therefore the dominant wine firms in this period.²¹

The Particulars of the Wine Trade

In their wine business, these firms depended almost entirely on the British market, for which the houses in Porto developed alliances with a British "correspondent".²² Corresponding houses, usually based in London, would gather orders from the retail trade and send these to Porto. The

¹⁹ The company not only favoured its family's ships, but forged invoices to make it appear otherwise. See AAF: Hunt (Porto) to Arthur Holdsworth 25/10/1818 and elsewhere.

²⁰ AAF: Hunt Newman ledger 1776-1779. The company's letters make it clear that in Porto generally the wine and port trade were interdependent. When wine sales fell there was insufficient money in Porto to establish a good market for fish.

²¹ All but Perry Friend, Quarles Harris, Stevenson Searle and Smith Pennell certainly predate the *Companhia*. Quarles Harris may also claim to be older than the *Companhia*, but not does not seem to have been working from Porto in this period. The name appears in the export lists first in the 1790s, allying itself with Thomas Stafford, who had long been in the trade, and in the following decade formed a partnership with Swann Knowsley.

²² Throughout this period, Brazil was intermittently an important market for cheaper Douro wine. As this market held relatively little interest for the British, I have not discussed it here. In 1777 the *Companhia*'s monopoly on the Brazil wine trade was rescinded, but until 1821 that market was still dominated by the *Companhia*'s. In the mid-twenties, some firms, including Quarles Harris and Hunt, did take a brief interest, but it remained primarily the province of Portuguese exporters. See DUGUID, Paul and SILVA LOPES, Teresa da - "Divide and Rule: Regulation and Response in the Port Wine Trade, 1812-1840" in T. Gourvish (ed), *European Business History Yearbook*, 2000. More generally, the British were reluctant to explore new markets. See DUGUID, [All in the details.]

Porto house would then blend wine to suit the order and send it and an invoice direct to the customer, who would be responsible for insurance, shipping charges, and the hefty duty payable in Britain. Customers would then pay the London correspondent in sterling. The latter firm would extract its commission (in the early 19th century, this was around £1 per pipe) and credit the balance to the account of the Porto house.²³ So the Porto firm made its money on the profits on wine, whereas London made its money on commission. It was generally London, however, with its knowledge of the market that set the price.²⁴ It's convenient, then, to think of the organization of these firms in terms of sales (in Britain) and supply (from Portugal). These two determined the size of the operations and the finances needed to sustain these operations. Using Offley (Porto) and Hunt (Porto) as examples (because their records survive), we can examine each of these aspects of the old guard of port firms.

Sales: London houses gathered orders through a network of agents positioned throughout the British Isles. For example, in the 1790s, Offley (London) hired two brothers from Perth, David and George Sandeman to take responsibility for Scotland and the north of England. George, it appears, was recommended by a Mr. Evans of Hatton Street, for whom he had worked as a clerk. (Evans was a partner in the Lisbon House of Evans, Offley, & Sealy, a firm linked by partnership to the Offley firms in London and Porto.) George's job was to gather orders throughout his territory. Each order earned him 2 milreis a pipe commission.²⁵ He also received travel expenses, though the commission alone would have absorbed about one half of London's £1 per pipe income. David Sandeman bargained for a more complex commission scale that could take his rewards per pipe up to 3 milreis.²⁶ (A decade earlier, when an agent asked Hunt (London) for 3 milreis per pipe, the firm called the demand "exorbitant".²⁷)

²³ See GUILDHALL, Sandeman, Gooden & Forster Waste Book, 1809-1812, Ms 8646. For details of these processes in the nineteenth century, see DUGUID, Paul - "O Vintage antes do *Vintage*," *Douro: Estudos e Documentos*, 9, 2000: 57-73. The Porto firms generally refused orders from private customers as this undercut the wine merchants, their principal customers. Occasionally they would ship pipes in the names of their clerks to gratify a friend without alienating a good client.

²⁴ London correspondents were often retailers too. They consequently had an interest in keeping margins in Porto low. The material effects this had on the profits of Porto firms inevitably caused friction between corresponding houses.

²⁵ At the standard exchange rate, there were just under four mil reis to the pound sterling.

²⁶ SANDEMAN: Offley (London) to David Sandeman, 23/2/1793

²⁷ AFF: Hunt (Porto) to J. Olive Cutler, 1/1/1788.

Table 2: Offley and Hunt, exports to Britain by destination and total exports (in pipes), selected years²⁸

	1777				1786				1796			
	Offley		Hunt		Offley		Hunt		Offley		Hunt	
	Pipes	%	Pipes	%	Pipes	%	Pipes	%	Pipes	%	Pipes	%
Ireland	431	9	1	0	157	5	65	16	64	2	915	44
Scotland	1,057	22	5	1	423	14	36	9	419	14	423	20
English Outports	2,302	47	195	53	1,325	45	160	39	1,714	56	490	23
London	874	18	160	44	961	33	138	33	788	26	118	6
TOTAL	4,927		366		2,960		413		3,045		2,089	

The London house probably gathered most orders for London itself, whereas its commission agents served the rest of the country. Wine they ordered was predominantly shipped to the "out" (i.e. non-London) ports, as table 2 shows. In 1777, for example, Offley (Porto) sent only eighteen percent of its wine to London. Forty-seven percent went to the English outports, and the balance to Scotland and Ireland. As a small concern in 1777, Hunt (Porto) sent forty-four percent to London. When its wine business grew, the table shows, the London portion dropped. There may, then, have been greater elasticity in the outports, making these the best markets for firms to expand their trade. The London market, by contrast, was probably lucrative but highly competitive. The brief relationship between George Sandeman and Offley (London) ended when Sandeman sought the right to sell in London, but Offley (London) was unwilling to give this up. On Offley's refusal, Sandeman took his services to Warre.²⁹

Supply: To meet these orders, the Porto firms had to buy wine from the Douro. The primary venue for this was the annual spring sale, which the *Companhia* oversaw. For this, as others have well explained, the *Companhia* determined how much wine would be available for export to Britain.³⁰ This was known as "factory", "legal", or *embarque* wine. Another portion of the year's wine was set aside for the Brazil market. This was known as "separated" wine. A third portion, known as *ramo* wine, was set aside for the taverns of Porto. Having determined how much of every farmer's wine fell into each of these categories (very poor wine could also be set aside for distillation), the *Companhia* set prices for each. Merchants could only purchase wine once the edict announcing the price was issued. At that point, farmers were at least in theory obliged to sell their wine at the set price (or *taxa*) to the first person to appear at their *adega* offering to buy it. Only the British were allowed to pay less than the *taxa*. No one could pay more.

²⁸ Source, TT: Mesas do Consulado. I have included the small amounts of wine sent to Wales (principally to Chepstow) in the figures for the English outports.

²⁹ SANDEMAN: Offley (London) to Offley (Porto) 8/11/1793. David Sandeman continued working for Offley, at first through the partnership Sandeman & Archer, Perth.

³⁰ See BENNETT, - "The Golden Age".

In the last quarter of the eighteenth century, the number of wine growers in the Douro increased from just under two thousand to more than three thousand and the area under cultivation spread from the Baixo Corgo to the Cima Corgo. To purchase, as Offley did regularly, between three and five thousand pipes from throughout this area and under these conditions was a remarkable undertaking that required a good deal of forethought and preparation—all of which could be easily upset by the *Companhia's* capricious last-minute decisions. The central figures in these transactions were the firms' *comissários*, who worked all year in the Douro and seem to have built long-term relationships to Porto houses. José Henriques de Silva Pereira of Régua served Offley throughout the eighteenth century and was succeeded by Lourenço Henriques de Silva Pereira, presumably José's son, in the nineteenth. João Manuel Martins Teixeira, also of Régua, began working for Hunt in the early 1790s and stayed with the firm until his death in 1835, when his son Marcos petitioned to take his place. (He was apparently not accepted).³¹ The *comissários* were paid a commission on each pipe they purchased.³² Once the wine was pressed, the *comissários* roamed the Douro tasting wine and sending samples to Porto, where simultaneously reports from the market in Britain were arriving. In Offley, as the purchase approached, representatives from Porto—and even from London—would travel up into the Douro to deal directly with its *comissários* and farmers (or "*freguezes*"). Hunt, by contrast, managed its part in its much smaller purchase primarily by letter. When the *edital* was issued, principles and agents hurried to the *adegas* where they hoped to buy wine.

All this, at least, was what was supposed to happen. In fact, as Norman Bennett has shown, it was nearly impossible for large firms to deal so extensively in such a short period.³³ As Offley might buy from 200 farmers and half as many *adegas* in one year, the first-to-the-door obligation was particularly burdensome, and instead the firm provided loans to many earlier in the year that could be redeemed in wine at the time of the purchase.³⁴ These implicit contracts no doubt reduced the frenzy of the purchase. On the other hand, firms with contracts and loans found themselves guiding their purchases as much by the state of their outstanding loans as by the quality of the wines on offer. Offley was always eager for "the reduction of our immense Debts in the Country" at the time of the spring purchase.³⁵ Furthermore, the *Companhia* always stood

³¹ AAF: Marcos José Teixeira to Hunt, 13/2/1835.

³² In the nineteenth century this varies from 500 to 1,000 reis per pipe.

³³ See BENNETT, Norman R. – "Wine Growers of the Upper Douro, 1780-1800." *Portuguese Studies Review*, 1992 2(1):28-45 for a detailed account of these operations.

³⁴ BENNETT, "The Golden Age". Hunt's books show that it too occasionally advanced money ahead of the fair, though its letters suggest that the firm preferred not to do this.

³⁵ SANDEMAN: Offley (London) to Offley (Porto), 31/1/1794. Concerns about clearing these debts run through Offley's letterbook for this period.

ready to punish those breaking its rules. Farmers might have their wine condemned to distillation; exporters might have their shipments suspended.

A detailed sampling of five harvests across twenty years in the eighteenth century shows Offley buying in some thirty-three *freguesias* with some 440 different farmers, who supplied on average 30.5 pipes each.³⁶ Some, however, supplied as few as three pipes; others as many as 225.³⁷ In this period, about eighty percent of the names appear in one year only.³⁸ In contrast to the long-term relationships with *comissários*, there was apparently a high turnover of *lavradores*. The *Companhia's* tight control of the market probably lessened the need for long-term, trust-building relationships. For Hunt, a sample of one year reveals 115 farmers in twenty-nine *freguesias*. These *lavradores* are considerably smaller than Offley's, averaging only 16 pipes each.³⁹

The firms not only made illegal contracts, they also paid illegal prices. Though the *Companhia* set the maximum, the firms faced pressures and temptations to pay an illegal *maioria* or *excesso* over the top. Pressure came from farmers with good wine and was transmitted through the company's *comissários*, always caught between the firm's demand for high quality wine at the *taxa* and the farmers' demand for high prices for such wine. Hunt's letters to its *comissários* in this period insist that they have no interest in wine above the *taxa* (or outside the demarcation). Nagging repetition suggests that *comissários* regularly resolved their dilemmas by ignoring these instructions.⁴⁰ Because *maiorias* could be discretely hidden in a firm's books, it is impossible to prove that they were not paid, but in sample harvests examined in the accounts of Offley and Hunt, there is no clear evidence in the eighteenth century—as there is in the nineteenth—of these firms paying *maiorias*. Loans may have been an alternative way to ensure supply. The notorious year of 1788, which we will come to in a moment, may thus be an exception for these firms—though probably not for "brokers".

³⁶ Offley seems to have been slow to move into the subsidiary demarcation opened up by the *Companhia* in after 1788 (see below). Though its books do show four *freguesias* in 1795 that are not present in the earlier years sampled, none is in the new areas opened up for export. For the old guard's prejudices against the *Cima Corgo*, see below.

³⁷ This sample of farmers include twenty-four clergy (including five abbots), fifty-one women, nine *dezeembargadores*, seven military officers, and one *rendeiro*. For a more detailed analysis, see BENNETT, "The Golden Age."

³⁸ If the sample had included consecutive years, this figure would almost certainly be lower.

³⁹ Five are clergy, thirteen are women, two *dezeembargadores*, four military officers, and one a *rendeiro*.

⁴⁰ To get the wine exporters required, their *comissários* may also have made loans on their own initiative. Offley (Oporto) became so exasperated with its agent for acting this way against instructions that it threatened to transfer these loans to the *comissário's* account. (See Offley (Porto) to José Henriques da Silva Pereira 6/5/1797.)

Table 3: Portion (%) of wine (pipes) purchased by Offley in the Douro, 1779-1799

Year	1779	1780	1781	1782	1783	1784	1785	1786
% Douro	100%	63%	100%	100%	90%	85%	75%	97%
Year	1787	1788	1789	1789	1790	1791	1792	
% Douro	64%	100%	79%	79%	87%	94%	80%	
Year	1793	1794	1795	1796	1797	1798	1799	
% Douro	100%	100%	100%	100%	0%	66%	76%	

These brokers (who were almost all Portuguese) played a critical role in the trade. Like the British firms, brokers bought wine in the Douro, but unlike the firms, brokers then sold this wine in Porto and Gaia to exporters in need of extra wine. In the Douro, brokers provided a valuable market for farmers when the exporters proved conservative in their purchase. And in Porto they provided wine for exporters when the demand from Britain proved contrastingly liberal.⁴¹ Inevitably, prices from the brokers were higher than from farmers in the Douro. So the British preferred to buy all their wine in the Douro. They would buy in the cities only when a sudden surge in orders outstripped their stocks or the fair became unmanageable. Nevertheless, from 1783 to 1787, as table 3 shows, Offley's purchases at the fair dropped steadily. They dropped because, as the exporters loudly complained, the port district and the amount of wine qualified were too small for the growing British market. In these conditions, wine bought by the brokers no longer became a supplement in good times but a necessity even in average years. Consequently, as we shall see, in 1788 the British tried to outmanoeuvre the brokers, and in response the *Companhia* was forced to open a subsidiary demarcation and increase the amounts of wine available for the British market.⁴² As we can see from table 3 once this extra demarcation took hold, the Douro portion of Offley's purchase gradually returned to 100 percent.⁴³

Size of operation: Except during the frenzy of the purchase, when partners even travelled from London to help, the Porto end of the business needed few people. Hunt's books for the 1770s show a resident partner, one British clerk, and one Portuguese clerk in the office.⁴⁴ The British clerks appear to turn over annually and may be serving some sort of rotating apprenticeship. This

⁴¹ See DUGUID, Paul - "Lavradores, Exportadores, Comimssários, e Capitalistas: Os Componentes da Região do Vinho do Porto," *Douro--Estudos e Documentos*, 1996 2: 201-224.

⁴² FONSECA, Álvaro Baltazar Moreira da Fonseca. *As Demarcações Marianas no Douro Vinhateiro*. Porto: Instituto do Vinho do Porto, 1996.

⁴³ Two years, 1792 and 1797 are obvious exceptions to this trend. In 1792, Offley takes about 1,130 pipes in a bankruptcy settlement involving Bartholomew Casey. (For Casey's bankruptcy, FERREIRA PINTO, J. A. (Ed.) -- *O Comercio do Vinho do Porto através da Correspondencia de John Whitehead, Consul Britânico na Mesma Cidade, Enderecada a Mr. Warre, 1793 a 1800*, Porto : Publicações da Camara Municipal do Porto, Gabinete de Historia da Cidade. 1960, p. 76, though the firm is misidentified as Barth Company. In 1797, few firms went to the fair, in consequence, most were probably forced to buy from brokers.

small company managed both the fish and wine business.⁴⁵ Perhaps because it left almost all the supervision of the purchase in their hands, Hunt also operated with two *comissários* in the Douro, where Offley, despite its much larger purchase, only had one. The size of the firm grows, as we shall see, in the next century.⁴⁶

Finance: The wine trade was a capital-intensive business. Stock was expensive and had to be held for the process of maturing, blending, and shipping. Suppliers expected quick (and even, as we have seen, advance) payments. Customers in Britain, by contrast, were often slow to pay. The delay between payables and receivables only made exchange-rate fluctuations and usury laws more problematic than they otherwise would have been. Consequently, managing the finances of a firm was a delicate art, and, as we shall see, those who lacked the art were often pushed into bankruptcy.

Businesses of this era were, in general, financed from three sources: capital supplied by partners, retained profits, and various kinds of debt and long-term credit. The port houses in general were particularly averse to long-term debt and relied primarily on the first two sources. Hunt drew a capital of £9,500 (35,821\$) from four partners in 1776, keeping this and the profits for three years before distributing the partners' profits and refinancing the firm.⁴⁷ Offley, as its shipments would suggest (see table 2), worked on an altogether larger scale and organized its finances in a different fashion. The partners' accounts in this period collectively add up to a low of 285,120\$ (about £75,000) in 1783 and a high of 426,502 (about £112,700) in 1790. (To put these figures in perspective, a contemporary noted that a general overseas merchant required £3,000 to £4,000 " to engage in foreign trade to any great advantage", so even a small house like Hunt needed about three times such a sum.)⁴⁸ The Offley partnerships rolled continuously into one another, keeping both capital and profits in the firm until particular partners either drew on their profits or withdrew from the partnership. The low figure quoted came in 1783 just after one partner, Charles Etty, withdrew his capital and earnings, the high in 1790, before another, Thomas

⁴⁴ The resident had an allowance of 1000\$ per annum; the British clerk a salary of 218\$ and the Portuguese clerk a salary of 72\$. As salaries tend to get paid out of different accounts (sometimes the wine account, sometimes the profit and loss account, sometimes a house account), I have not been able to get reliable figures for Offley in the eighteenth century to compare with those I give for the nineteenth century, below.

⁴⁵ A master cooper and various day labourers worked in the warehouse, but there is no reliable data on how many worked there or how much they were paid.

⁴⁶ The firm also paid rent on the counting house of 200\$ per annum and on lodges in Gaia and the Douro. In the nineteenth century, Hunt's counting house was at Rua Nova dos Ingêleses, 53.

⁴⁷ Hunt's partners in this period were Thomas Newman (the resident), John Olive, Arthur Holdsworth, and D.N. Land. Land was operating with capital borrowed from Olive and Holdsworth.

⁴⁸ HANCOCK, David - *Citizens of the World: London Merchants and the Integration of the British Atlantic Economy* New York: Cambridge University Press, 1995, p. 241.

Fydell, withdrew his. Over this period, the firm had some fifteen partners, though never more than six at one time. As this suggests, when this firm sought to increase its business, it found capital by drawing in new partners with fresh capital. The partners were predominantly wine merchants from different areas of Britain. Etty seems to have come from Oxford, Fydell from Lyme.

Hunt's accounting makes it easy to calculate their profits. In 1779, the partners distributed a profit of 16,372\$ on capital of 35,821\$, a return of 46 percent, or just over 13 percent per annum. Offley's returns are harder to assess, but one partner's account (William Champion's) grew at just under nine percent per year over the same period, which assuming only profit on the wine and nothing else (such as interest or allowances) was added, would reflect the company's rate of profit. In 1793, an Offley partner defended the firm against accusations of "immense" profits, arguing that these "did not exceed 42/- [shillings] per pipe". Pipes that year shipped at £22-27, so the return would have been between eight and ten percent. In closing the writer notes, "when we add that we have upward of £150,000 engaged you will not perhaps consider our Profits as *immense* or think that we are carrying on an enviable trade".⁴⁹

Not only was the capital large, in Offley's case it was relatively inaccessible for long periods (in contrast to Hunt who, as we have seen, distributed capital and profits predictably at the end of every partnership).⁵⁰ Though Thomas Fydell, who left the Offley (Porto) partnership in 1792, had agreed that he would leave in 1790 (so the departure was no surprise), he had a hard time getting his funds.⁵¹ He first applied in January 1793 and was repeatedly put off by Offley's need for a "regular winding up". Even a request to be paid in wine was deferred (in part because Offley (Porto) were sure that Fydell wanted to set up his own export house in competition).⁵² By March, the financial slump in England made resolution more urgent for Fydell, whose brother Richard had extended himself on the back of Thomas's credit. But resolution was now less appealing to cash-short Offley. Creditors pressed Richard Fydell harder than his brother was pressing Offley. In consequence, a meeting of creditors was called, but "before it took place", Offley (London) wrote to Porto, Richard Fydell, "was found to have h_g himself". The writer

⁴⁹ SANDEMAN: Offley (London) to Thomas Outram & Co, 28/4/1794. The rule of thumb for the period suggested that business ventures should return twice the standard rate of interest. Government consols at the time paid three percent. Business interest, however, was normally five percent. Thus Hunt offered good prospects, whereas Offley's was only marginally attractive.

⁵⁰ These regular distributions became more irregular in the nineteenth century.

⁵¹ The Fydell's brothers were probably sons of an earlier Offley (Porto) partner, also called Richard Fydell. His account closes in 1780 when funds in it are credited to the "late R. Fydell". The account of Thomas Fydell begins the same year.

⁵² Relations were further complicated when the Fydells sent circulars suggesting that Offley's head partners were leaving the trade in the hands of novices. See SANDEMAN: Offley (London) to Thomas and Joseph Outram & Co, 3/1/1793.

was unable to spell out the critical word—one that haunted the businesses of the period and perhaps intensified the Porto merchants' aversion to debt.⁵³

The large amount of capital involved may have produced mediocre returns, but it did help protect the established traders from competition, consolidating the trade in the hands of those able to put up the capital. It may, for example, have been the need for capital that forced Offley Campion and John Hesketh & Co to merge in the 1780s. Indeed, it seems reasonable to see the capital demands of the trade as part of a "British defence" acting to keep competition at bay. As we saw earlier the consul responding to the question mentioned earlier, "to what cause do you impute the decline" in the number of port houses, instinctively blames Pombal. He was unable to avoid adding, however, what might be a little closer to the truth: that there was also "a disinclination for the establishment of new Houses in a commerce where very large Capitals are required".⁵⁴ The firms themselves saw capital at least as a strategic advantage. In 1786, Hunt's resident partner boasted to a client that "the great advantage we have is ... having a very large Capital employed".⁵⁵ As such, it was also a capital defence.

The Fracas of 1788

Whether through their capital, their stocks, or their expertise, the British traders of this period made up a distinct and powerful block that deserves to be called "oligarchy". Much of the time however, it was prevented from using the power it possessed to the full not only by the *Companhia*, which acted as an important counterbalance, but also by the limits competition placed on collusion. On the rare occasions its fractious members were prepared to work together, the British could defy the *Companhia* and the state. Their power is evident in the fracas at the purchase of 1788. By the end of 1787, there was very little wine available in Porto and Gaia, and merchants looked to the purchase of the following year to make up their stocks. Unfortunately, the wines of 1787 were of "roim qualidade". Hunt initially sought just 200 pipas and only at the *taxa*. But as orders from Britain came in, Hunt's instructions to the Douro rose to six, then seven, then eight hundred pipes of high quality wine (of which there was very little) and only at the *taxa* (at which there was very little likelihood).⁵⁶ Presumably, every other house increased its orders, too. And Portuguese brokers also sought to increase their chance to make money. The only thing

⁵³ SANDEMAN: Offley (London) to Offley (Porto), 5/3/1793. Accounts were not finally settled until the September of that year. One reason Offley(London) offers for the delay when it finally does settle accounts is the debts in the Alto Douro, which it claims were hard to calculate. See SANDEMAN: Offley (London) to Thomas Fydell, 21/9/1793.

⁵⁴ See PRO BT 6 63 fo 121.

⁵⁵ AFF: Hunt (Porto) to Mitchell & Anderson, 1/7/1786.

⁵⁶ See AFF: Hunt (Porto) letters to the *comissários* Manuel Ferreira Romano and José Manuel Martins Teixeira from November, 1787 to May 1788. The specific quotation is from a letter to Romano, 4/11/1787.

not growing was the amount of legal wine available. The likelihood of a combative confrontation grew.

Quite what happened remains unclear, despite subsequent enquiries. The Portuguese government claimed that Hesketh (now a partner in Offley) organized the British because he had lost his usual suppliers by paying too far below the *taxa* for wine in the previous years. (In fact, Offley paid everyone at the *taxa* in 1787.) Gathered, at Lambert's house in Godim before the fair, the British apparently divided up the good adegas among themselves, making plans to exclude Portuguese brokers, even if it meant buying more wine than they needed. Bearsley was accused of buying twice as much wine than normal as well as sending armed *bravos* to the adegas of Persegueda and Vilarinho dos Freires to keep others away.⁵⁷ That seems to have set the tenor of the whole purchase, which soon dissolved into accusations and recriminations.

By mid February, a major investigation was under way in the Douro. Judges took sworn depositions from farmers, *comissários*, brokers, and merchants. Letters spun back and forth between the city and country as interested parties tried to wheedle, bully, cajole, or threaten accommodating testimony out of one another, and failing that, at least to find out what others had said. Hunt was particularly anxious to find out which way its *comissários* would lean—towards the farmers, who strenuously denied receiving *maiorias*, or towards the firms, who claimed *maiorias* had been extorted. Its letters piously reminded its *comissários* to have care for the condition of their souls as they gave sworn testimony.⁵⁸ (Persuaded by fear of hellfire or otherwise, the *comissários* did lean to Hunt's side and were consequently denounced by the farmers. Hunt, to its credit, leapt to their defense.)

The Porto consul, John Whitehead, shuttling up and down to Lisbon to plead on behalf of the British, strongly denied the accusations against his countrymen. But that was what he was paid to do. The firms' letters suggest that several of the accusations had substance. Certainly, the British ended up fighting among themselves over who had requisitioned which adegas. It seems reasonable to believe that they fought with the Portuguese as well. One of the investigation's discoveries, however, was that, though the British might have conspired against the brokers, they were not very successful. Much of the wine from the fair ended in the hands of the latter, who had been willing to pay greater *maiorias* than the British. But, as Hunt's letters confirm, the British certainly did their best.

In the end, though the British (with the exception of Warre) had all at the very least behaved quite as badly as everyone else, they were too powerful to punish. Indeed, they were

⁵⁷ PRO: "Translation of the Information given by the Chancellor of the Tribunal of the Relaçam of Porto, to the Secretary of State", BT 6 63 fo 262ff.

⁵⁸ AFF: Hunt (Porto) to Romano, 1/3/1788.

rewarded. Brokers were forced to turn over their wine to the British and at the *taxa*. (Offley's wine accounts show 1,722 pipes "received by order".) The brokers thereby lost not only the wine, but the *maioria* as well. The British, on the other hand, paid at the *taxa* for wine for which they had expected to pay a premium. And in response to the British claim that the fracas arose because there was too little wine to go around, the *Companhia* was ordered to expand the demarcation, which inevitably decreased the bargaining power of the farmers and the brokers while increasing that of the merchants. As we have seen, Offley had little difficulty finding all the wine it needed in the Douro in the remaining years of the century, though the British market grew to record heights.

The Factory, Its Trials and Tribulations

Before moving out of the eighteenth century and into the Napoleonic wars, it is worth pausing to assess the character of the British export community in its moment of victory over Portuguese farmers, brokers, *Companhia*, and state.⁵⁹ The port factory in the eighteenth century (it was dissolved in 1810), as we have seen, comprised small, wholly or partially independent houses, most of which were based in Porto and linked through interlocking partnerships to corresponding houses in Britain. Some of these links were fairly tight. Offley (Porto), for example, generally deferred to Offley (London). Others were comparatively loose. Olive & Cutler, Hunt's correspondent, was treated with conventional respect but no especial deference.

This factory constituted an independent, privileged, and protected community. Its members, however, did not necessarily portray themselves this way. Endless letters to consuls, Boards of Trade, the Foreign Office, Portuguese ministers, parliaments, and anyone else who would listen declare the factory to be severely oppressed. The *Companhia* was a monstrous affront that would reduce them to "slavish dependence".⁶⁰ The trade and British interests were in constant danger from the interference of "outsiders" (who curiously included the Portuguese). And the British government was cruelly indifferent to the pleas of so important a sector. So the

⁵⁹ These port firms, we should remember, made up only part of the British community in Porto at the time. Many of the others may well have been factors, though paradoxically they would not have been members of this rather exclusive factory. It's hard to estimate how many firms or factors were in operation, but a conservative calculation suggests some 180 distinct trading operations in the period 1780-1840. About half of these worked in the port trade at one time or another. For this estimate, I have used the *Registos de Privilégios* in the Arquivo Distrital do Porto as well as export lists. It is certainly a conservative estimate. For example, I have listed the name Offley as a single entry, but it subsumes distinct entries for Etty, Offley & Co; Charles Etty; João Hesketh; Guilherme Campion & Co; Offley Campion, & Brooks; Guilherme Brooks & Co; Campion, Offley, & Hesketh; James Forrester; Offley, Forrester & Webber; & Joseph James Forrester. Among the 180 it is interesting to note four women registered as "negociantes da nação britânica": Lucy Henrique Kingston ("socio na Caza de Comercio de Lambert Kingstons e Egan"), Joanna McCarthy, Margarida Allen, and Izabel Little. No other mention is made of family members so these presumably were merchants in their own right.

⁶⁰ PRO: BT 6 63, answers to question 14.

factory always complained. But were such complaints always justified? Sympathetic British commentators tend to assume they were. Less charitable eyes find it easier to see the merchants as a whining, petulant, constantly dissatisfied crew. What significance, for example, can be read into its regular fights with the *Companhia*, if members of the community fought with each other almost as often? (As even a nineteenth-century consul noted, "Our countrymen here although very good people are unfortunately so divided into Parties and so hostile to one another that I have had a difficult task to fulfil to promote a spirit of reconciliation and good feeling".⁶¹) But any assessment made on the evidence of the unceasing stream of appeals and complaints must take into account the function of these appeals, which was to gain support and thereby advantage in trade. In writing to plead for sympathy, demand assistance, or protest affronts, the merchants and the consuls they employed were as unlikely as they would have been unwise to offer balanced assessments of their position.

The true character of the factory no doubt lies somewhere between the extremes of forever oppressed, forever complaining, and forever at war. The merchants were hard working businessmen with eyes for little more than trade. Nevertheless, they were important to Portuguese commerce and so could exercise privileges, both explicit and implicit, that their competitors generally lacked. And they worked in a country that was important to British commercial and strategic interests.⁶² Consequently they could expect more support from their government than similar traders in other countries could. Taking advantage of their position (and despite their often craven pleas to England), factory members undoubtedly displayed in Portugal a good deal of that swagger that citizens of world powers have been known to show abroad and that can be hard for any but their own to accept and insufferable to those who bear its brunt. Nevertheless, when we look at how they have been portrayed, Julio Diniz's Mr Whitestone probably presents a more just portrait than Camilo Castello Branco's savage *bestialidade*, though Camilo rightly confronts the awfulness of political and commercial arrogance. These, of course, are nineteenth-century portraits. They seem apt, however, for the previous century, when trade was good and the factory dominant. Curiously, as the eighteenth century drew to a close, there were already signs that the economic dominance on which the particular sense of entitlement displayed by the old port wine oligarchs was based was less stable than before and would need to be reasserted.⁶³

⁶¹ PRO: Thomas Sorrel to an illegible correspondent, 6/9/1833, FO 63 391.

⁶² For a good account of the strategic interests involved, see BONIFACIO, Maria de Fátima - *Seis Estudos sobre o Liberalismo Português*. Lisbon: Editorial Estampa, 1991.

⁶³ DINIZ, Julio - *Uma Família Inglesa*. Lisbon: Biblioteca Ulisseia, [n.d.]; CASTELLO BRANCO, Camillo - *O Vinho do Porto: Processo de Uma Bestialidade Inglesa*. Lisbon: P&R, [1984].

The Portuguese and Comparative Disadvantage

The events of 1788 and the fate of the brokers draw attention to the role of the Portuguese in the trade. So though this chapter is focussed on the British firms, it should already be clear that they did not operate independent of the Portuguese. Furthermore, though the "British defence"—built around the need for specialized knowledge, good connections (both in the vineyards of the Douro and the retail trade in Britain) and abundant capital—may have served to keep British competition at bay, it didn't necessarily affect Portuguese competition in the same way. After all, it was very much Portuguese specialized knowledge and Portuguese connections that the British relied on for both making and buying wine. Nor did the Portuguese exporters in Porto face the overheads and risks involved in setting up an overseas venture that confronted foreigners and absorbed their capital. Thus while capital may have been less available to the Portuguese, it was also less necessary. It is no surprise then, that as the eighteenth century drew to a close, British firms became increasingly aware of the Portuguese as potential competitors. While fighting off Fydell's attempt to set up in Porto, Offley also worried about "the Portuguese ... getting too great a footing in this trade".⁶⁴ The firm had reason to worry: in 1796, the British share of the export trade, which had stood at eighty-six percent a decade earlier, fell to sixty-three percent.

Here, the major competitor was undoubtedly the *Companhia*. While John Croft noted that the *Companhia* was administratively more compliant after Pombal's death, it became commercially more competitive. During Pombal's reign, the *Companhia* exported an average of 446 pipes per year to Europe (principally to Britain).⁶⁵ Such figures seem to justify the repeated claim that it exported wine principally to raise the profile of the trade in general (rather like a modern trade association). In 1777, following Pombal's fall, the *Companhia's junta* became far more business-minded. That year it exported more than three thousand pipes to Britain, and by 1805, its exports had reached four thousand. Though they had previously protested the *Companhia's* old unbusiness-like ways, the British immediately inveighed against its new business focus. The *Companhia* also gained a reputation for shipping cheaper and better wine, a charge the British found hard to deny.⁶⁶

But private Portuguese merchants also put pressure on British dominance. For while the overall number of exporters remained fairly steady, rising from 62 in 1777 to 69 in 1796, the number of British, as we have seen, had fallen, from 42 to 22. Most of the growing balance were

⁶⁴ SANDEMAN: Offley (London) to Offley (Porto) 6/6/1794.

⁶⁵ SCHNEIDER, - *O Marquês de Pombal*.

⁶⁶ A letter of 1776, concludes, "The New Board of Directors of this Co have come to a Resolution to open a Correspondence with only the principal Wine Merchants of Each City, and to supply them with much better and cheaper Wine than they can have from any one of the Merchants of O Porto". They were particularly distressed at the rise of Kopke to the board of the Junta, whom they regarded as "a person of well known unfriendly Sentiments to them." PRO: BT 6 63 fo 121ff.

Portuguese.⁶⁷ Evidently able to compete when given the chance, the Portuguese traders nevertheless suffered severe handicaps, both at home and abroad. At home, the Portuguese financial system was primitive, making both capital and insurance, essential for merchants, difficult to come by.⁶⁸ The *Companhia*, moreover, tended to discourage Portuguese (who rivalled the *Companhia* in the brokering trade) and so implicitly favor the British. Indeed, although as we saw earlier the British consul claimed that the *Companhia* restricted the number of British in the trade, the rise in Portuguese exporters as the *Companhia's* control lightened suggests that it was in fact Portuguese exporters who were most inhibited by the *Companhia*. The British privileges in Portugal, moreover, did not simply put British merchants on a par with Portuguese ones. Their quasi-diplomatic privileges gave them great advantages over their domestic rivals, including limited immunity from civil arrest, the Inquisition, and military impressment.⁶⁹

In Britain, by contrast, Portuguese traders could claim no particular privileges. When he was ambassador in London, Pombal had tried to gain equivalent privileges for his countrymen, but had failed.⁷⁰ And whereas the British port traders were concentrated in Porto, and so could find strength in numbers, the other end of the trade (as table 2 suggests) was spread around many destinations, allowing the Portuguese merchants no equivalent means of solidarity in a foreign country. Unlike the British, the Portuguese merchants would have had to suffer xenophobia in comparative isolation. Moreover, an extra tax levied on foreigners importing wine into Britain put the Portuguese at a further disadvantage.⁷¹ In all, where the British could advantageously operate both ends of the trade, Portuguese were, again at both ends, at a comparative disadvantage.

⁶⁷ Of the balance, eight names in the export lists were neither British nor native Portuguese. These were Amsink & Robinson from Sweden, Archer & Ca from Hamburg, Manuel Guerner and Christovão Geurner, from Germany, Bernardo Clamouse Brown, who was of Irish, French, Flemish, and Dutch ancestry, Daniel Bull, from Holland, Nicolão Kopke, from Hamburg. Burmester, according to Sellars, was also from Germany. Almost all these identifications are problematic. Kopke was also a naturalized Portuguese, while at different times Brown, Bull, and Burmester were each granted British privileges. Several, naturalized though they may have been, also had diplomatic privileges from their own countries. Kopke, meanwhile, was consul for the Holy Roman Empire and his relatives claimed diplomatic privileges from Hamburg, the Hanseatic League, the Ottoman Empire, and Denmark, while Browne's relatives at different times claimed diplomatic privileges from France and the United States. See DUGUID, [All in the Details]

⁶⁸ British firms including Croft, Quarles Harris, and Sandeman wrote insurance for Portuguese shippers. Harris and Croft were agents for London insurers. Sandeman may have acted as an insurer itself. Though the British often took no commission in dealing with Portuguese competitors (see AFF: Hunt (Porto) to illegible correspondent, ?/5/1777) they were unlikely to damage their own interests in the process.

⁶⁹ LIVERMORE, H.V. "The Privileges of an Englishman in the Kingdoms and Dominions of Portugal," *Atlante*, 1954 2(2): 57-77 and ADP: *Registos dos Privilégios*.

⁷⁰ The domestic privileges Pombal gave to the *Companhia's junta*, were however, interestingly similar to those the state granted to the British. See MARTINS - "Vinha, Vinho".

⁷¹ FISHER, H.E.S. *The Portugal Trade: A study of Anglo-Portuguese Commerce 1700-1770*. London: Methuen & Co, 1971, p. 79n.

Yet despite all the disadvantages, the Portuguese did compete, aided by a variety of strategies. To compete in Portugal, some sought special privileges of their own. A few allied themselves with the British (Portuguese working for the British had British privileges).⁷² Others imitated the naturalized Portuguese families (Vanzellers, Kopkes, Bulls, and Clamouse Browns) and served as consuls and vice-consuls for other European powers, thus gaining diplomatic privileges. Some sent wine into Britain through native importers or agents (thus avoiding the tax on foreign importers and the difficulty of working in the outports). Nonetheless, many Portuguese merchants preferred to avoid the export part of the trade all together and, working primarily as brokers, took export opportunities only speculatively, despite the *Companhia's* harassment and British glee when such speculations failed. The number of names in the export lists, therefore, does not necessarily represent steady traders. Moreover, several Portuguese merchants would export nominal amounts simply to gain the right to buy on the first days of the wine purchase in the Douro, which were reserved for exporters.⁷³ Nevertheless, despite these difficulties and strategies, many Portuguese did export steadily and with some success. Not only were there more active Portuguese exporters to Britain in 1796 than ten years before, but the average number of pipes each exported almost doubled, rising from 167 to 308.

The export figures for 1796 also suggest that the Portuguese may have been more agile at exploiting new opportunities than the British, expanding, for example, into the Irish market. In 1780, London had lifted its prohibitive export restrictions on Irish woollens, and the Irish immediately focussed on Portugal, which the Methuen Treaty made a lucrative market for British textiles. The Portuguese protested that Ireland was not mentioned in the Methuen Treaty and slapped a tariff on the Irish goods. The Irish responded with a prohibitive tax on Portuguese wine, and a mini-trade war ensued, complicated by London's refusal to allow Ireland to negotiate on its own behalf. The Portuguese removed the tariff on woollens in 1787 and slowly Irish-Portuguese relations reestablished themselves.⁷⁴ As the Irish market opened, however, it was the

⁷² In the nineteenth century, the *Registos dos Privilégios* show prominent Portuguese, such as António Bernardo Ferreira (vol. 13, fo 70v) and Manuel António Costa Seixas (vol. 15, fo 44v) registering as employees of British firms (in these cases, of Smith Woodhouse and Marmaduke Gray, respectively).

⁷³ Several Portuguese merchants began by buying the *renda* of various freguesias in the Douro, which, as Gaspar Martins Pereira has shown, could produce returns of thirty to forty percent, and thereby built fortunes. Pedro Gil, his son-in-law José Bernardo Ferreira, and José's more famous brother António may each have built their considerable fortunes on *renda*. António was a regular buyer of the *renda* of Pezo, which, as António de Barros Cardoso shows, belonged to the *Mitra* of Porto. See PEREIRA, Gaspar Martins - *O Douro e o Vinho do Porto: De Pombal a João Franco*. Porto: Edições Afrontamento, 1992, pp. 40-42 and CARDOSO, António de Barros [].

⁷⁴ See LAMMEY, David - "The Irish-Portuguese Trade Dispute, 1770-90," *Irish Historical Studies* 1986 25(97): 29-45.

Portuguese who exploited it. While they were responsible for only nineteen percent of the wine shipped to Britain in 1796, they could claim fifty-six percent of the wine to Ireland.⁷⁵

Into the Nineteenth Century: War and its Aftermath

While the Portuguese evidently could and did compete in the export trade to Britain, the Napoleonic wars helped to lighten disadvantages they faced. The war brought the port trade first an economic downturn, then an economic boom.⁷⁶ Undoubtedly there were hardships for all, but these did not affect all stages of the export trade nor both British and Portuguese alike. In the early panic, as we have seen, the market in Britain stagnated and wine merchants like the Fydells went under. Next, in the period before the French invasion, it was the turn of shipping to suffer. Impressment in Britain made ships and crews scarce. Even vessels sailing with military convoys were regularly captured by the French—and occasionally recaptured by the British. The risks kept insurance high. They also gave neutrals a clear advantage, so the Portuguese, as Offley (London) feared, increased their endeavours "to get part of the carrying trade".⁷⁷

If the war at sea drove them into the carrying trade, the war on land drove the Portuguese into the export trade itself. Successive invasions by the French in 1807, 1809, and 1810 endangered the life and property of the British in Porto. Most fled, taking with them what they could of their books, wine, and capital. What they couldn't take, they transferred to the hands of neutrals, like Martinez, a Spaniard who represented Christopher Smith's interests or Joseph Camo and Jeronimo Carneiro Geraldez, an American and a Portuguese who took over Campbell's assets.⁷⁸ The effect on the export lists was quite dramatic. By 1809, there were no British in the top ten exporters. Number eleven is Martinez, number twelve, Campbell. Typical of the entrepreneurial Portuguese that came to the fore in this period is Thomas da Rocha Pinto. Rocha Pinto had been an exporter of wine since 1792 and of other goods since at least 1777. In those years, however, he worked primarily in the Brazil trade from Porto. But in 1805, as the more nervous British firms began to leave, Rocha Pinto exported some 350 pipes of wine to Britain.

⁷⁵ The wine sent to Ireland amounted to about 11,000 pipes. Some of this may have gone on to England, for Ireland, as Francis suggests, was a popular route into England. See FRANCIS, A.D. - *The Wine Trade*. London: A. & C. Black, 1972,

⁷⁶ The war years have received more attention than most other periods in port wine history, and Borges de Macedo has classically described the effects of the "continental blockade". For this reason, I will move fairly quickly over the details of the period. See MACEDO, Jorge Borges de - *O Bloqueio Continental*. Lisboa: Gradiva, 1990 and BENNETT, Norman R. - The Vignerons of the Douro and the Peninsular War. *Journal of Economic History*, 1992 21(1):7-29.

⁷⁷ In 1794, two vessels managed to be captured, liberated, and captured again in the course of a voyage from Lisbon. SANDEMAN: Offley (London) to Offley (Porto) 3/6/1794; Offley (London) to Offley (Porto) 12/2/1792.

⁷⁸ For Camo and Martinez, see SELLARS, Charles - *Oporto Old and New*. [Porto]: [Privately printed], 1899. For Geraldez, see TAYLOR: account books of Campbell, Webb, Carmo, & Grey.

By 1809, when his wine trading peaked, he stood third in the export lists, behind Joaquim da Costa Lima e Cunha, and the *Companhia*, with 2,700 pipes exported. But after this his trading dwindled slowly to 70 pipes in 1817, for reasons that will become clear and that throw light on structural difficulties faced by Portuguese in this trade.

After 1810, finally assured that the French were gone for good, the British firms began to return. What they returned to was far from a continuation of the "Golden Age". For the first decade of the century, exports had averaged 44,000 pipes per year. In the second, the average fell to 24,000. Moreover, in 1811, the price of wine at export, which had risen steadily through the war, began a steady decline, forty-year decline.⁷⁹ In 1811 itself, exports were at their lowest for almost fifty years, and the British claimed only seven percent of what little there was. To these conditions, some previously well-established firms returned only slowly—Croft not till 1812, Lambert not till 1818, and Warre, as noted earlier, not in earnest till 1834. Others did not return at all. Babbington, Pennell, Stafford, Stevenson, and Thompson—names famous in Porto for many years—disappeared from the lists. These had been prominent partners in Portuguese houses, thus their failure to return indicates the failure of capital to return to the trade even when firms did. The firm of Croft not only had to return without Thompson, a long-term partner, but Fred Croft slowly drained his capital from the firm in the postwar years. The effects of this dearth are evident. Offley, whose capital we saw exceeded 425,000\$ in 1790, had just under 75,000\$ in 1812. This shrank to 50,000\$ by 1815, less than one eighth of prewar heights.

By 1815, the war's economic boom had come to an end, deflation set into Britain, and trade looked gloomy indeed. The British consul in Porto inevitably still sought to blame the poor trade on "the impolitic conduct of the Board of the Wine Company."⁸⁰ But the true reasons for gloom are better captured in a letter from Thomas Hunt, in Dorset:

The wine business is now coming to the crisis I have long dreaded- the sale in London is very trifling & in the country I believe not much better. People are now obliged to be economical for farmers cannot pay their rent & Gentlemen who have not very large property are likewise obliged to be less expensive than they have been. Numberless people who were differently employed during the War are now without the means of living as they used to do & wine is one of the expences they can best dispense with. Spirits are now to be bought from smugglers at a price equal to the duty only, & it is supposed that drinking Grog is as cheap as wine would be at 1/6 p Bottle. In Ireland, I understand, Wine is seldom introduced at table after Dinner among the middling class of People or Merchants except when they have particular Company. Whiskey Punch or Grog is substituted for it, consequently not one quarter part of the wine is used in comparison to what there was formerly. Gould told me that they do not now sell 100 pipes of Port wine where they sold 500 a few years since & French wine still less. In addition to this, there is no knowing who to trust. The friend who I

⁷⁹ MARTINS, *Memória*, quad. 66.

⁸⁰ PRO Bt 6 64 fo 208.

sometimes apply to concerning the stability of Houses, told me it was necessary to be very cautious who are sold to, for the wine Houses were without exception the most rotten set in London & that he would not trust one out of ten of the Wine Merchants in London.⁸¹

The effect of these conditions on the trade's old oligarchs was dramatic, as the following table comparing exports before, during, and after the war shows:

Table 4: Average exports of major British firms (in pipes) before, during and after the Napoleonic Wars⁸²

	1792-1802	1803-13	1814-32
Campbell & Co	1,373	670	392
Croft & Co	2,718	617	1,064
Hunt & Co	2,090	426	283
Lambert & Co	2,136	796	796
Offley & Co	3,366	1,364	1,212
Quarles Harris & Co	2,037	966	1,198
Stephenson Searle	1,952	447	0
Swann & Co	1,218	684	700
Snow	490	312	16
Warre & Co	2,230	412	47
AVERAGE	1,961	669	571

In all, major part of the British defence had been capital, stocks, and profits. These had fled with the merchants, but did not necessarily return with them. Their absence laid the firms open to competition. After their prewar expansion and wartime service, the Portuguese seemed well set to take advantage. Yet the most challenging competitors turn out to have been British. As the century unfolded, the Portuguese portion of the trade actually fell. We need to account for both these outcomes.

The Newcomers

Several firms tried to set up in Porto after the war. Between 1811 and 1832, 48 new British names appear in the export lists. Over the nineteenth century, the most significant were undoubtedly Sandeman in 1814, Cockburn in 1815, Graham in 1826, and Martinez, who, after withdrawing in 1816, returned again in 1834.⁸³ As noted earlier, these arrivals in the first quarter of the century dominated the trade by the last, with Sandeman already in front by 1832 and Martinez close behind. An examination of these newcomers to Porto provides a way to

⁸¹ AAF: T.H. Hunt, Maisonette to Hunt (Porto), 25/10/1815

⁸² Source, SHAW. T.G. *Wine and the Vine* Table XIII, supplemented by data from TT: Alfandega do Porto.

⁸³ Though Martinez was himself Spanish, I include the firm among the British because the firm was apparently a subsidiary of the London house Martinez Jones Gassiot & Co, and the Porto resident was W.Y. Jones. COCKBURN: Martines Jones Gassiot & Co Journal, 1834-1836.

understand the problems of the Portuguese and, among the British, what might be thought of as the changing of the guard.⁸⁴

In contrast to the older firms, these newcomers represent the new type of merchant that historians have noted in this period, provincial in the best sense, dissenting in several senses, and restless with conventional English ways. (In letters held by the Sandeman family, for example, George Sandeman shows noticeably liberal sentiments in his response to the French revolution.) As such, they must have troubled their older and more staid competitors. With the Graham brothers excepted, these were not "general Merchants", like Warre or three-way traders like Hunt. They were even reluctant to dabble in incoming goods in the way Offley or Campbell had done. And, focussed on the wine trade, they came with experience in its complexities. Martinez was merely returning to a trade it had entered on behalf of Christopher Smith. (It would leave and enter again before it had a strong enough footing to survive.) The Cockburn brothers had been wine merchants in Leith since 1805 (and customers of Sandeman, as had been Wauchope & Moodie, also of Leith, who joined the Cockburn brothers in the Portugal venture).⁸⁵ George Sandeman, as we have seen, had worked for Offley, then Warre and as we shall see had since operated from London in tandem with a Portuguese exporter.

George Sandeman was clearly ambitious, refusing to be checked by Offley in the London market. He remained, however, on good terms with the Offley firm and John Forrester, one of its partners in Porto. In London, Sandeman imported Lisbon wine from Charles Offley, while in Porto the Sandeman and Offley houses maintained cordial relations and occasionally worked together.⁸⁶ Since the 1790s, George Sandeman's London house had been importing wine from Xerex, Lisbon, Madeira, and Bordeaux as well as Porto.⁸⁷ This firm also dealt in cotton from

⁸⁴ For accounts of the new merchant, see CHAPMAN, Stanley - *Merchant Enterprise in Britain: From the Industrial Revolution to World War I* Cambridge: Cambridge University Press, 1992; HANCOCK, - *Citizens of the World*.

⁸⁵ R.J. COCKBURN & Co. 1931. *A Centenary Retrospect: R. & J. Cockburn 1805, Cockburn & Campbell 1831-1931*. In London: Privately Printed.

⁸⁶ In Sandeman's early years in Porto, Offley provided a good deal of advice and support. Occasionally, the two bought lots of wine in the Douro jointly, then divided the lots when they arrived in Porto. Where they did not actively cooperate, Sandeman was careful not to intrude or compete too directly. So, for example, in 1816, Sandeman sent the following instructions to its *comissário* in the Douro: "A respeito das Adegas do S^{nr} Zeferino em caso do S^{nr} Joze Henriques ter acabado de tratar com ele o que he preciso saber primeiram^{te}, V^m pode offerecer lhe 85\$ metal para a adega de Bateiras ou ultimamente 90\$." S^{nr} Joze Henriques was José Henriques da Silva Pereira, the Offley *comissário*. S^{nr} Zeferino was Zeferino José Pereira do Lago, was a major Douro wine grower, with *vinhas* in Cazaes, Vilharionho de Cotas, and Fornelos. He probably lived in Penafiel. SANDEMAN: Sandeman (Porto) to Carlos António Pereira da Silva 9/3/1816. For Pereira do Lago's address see FONSECA, *As Demarcações Marianas*, p. 75. The warm relationship between Offley and Sandeman frayed in the 1840s.

⁸⁷ The partnerships of Sandeman (London) were Sandeman Robinson, Sandeman Gooden, Sandeman Gooden & Forster, then on Gooden's death, Sandeman Forster. Until 1809, Sandeman (London) imported Sherry from Lacoste & Lagarde in Jerez. In 1810, James Gooden, one of the Sandeman partners, attempted to set up an export house there, but was quickly driven from Spain by Napoleon. For the next 70 years,

Pernambuco and wrote insurance. Its port wine came from Warre, for whom it served as both customer and agent until 1803. In the following years, Sandeman switched to the Portuguese merchant we have already met, Thomas da Rocha Pinto. For the next decade, Sandeman in London gathered sales for Rocha Pinto's export house in what appears to have been a loose joint venture. It must, however, have become as clear to Sandeman then as it is to anyone who looks at their books today that, while the commission was good, Rocha Pinto's margins were probably better, and to have both was better yet. So in December 1813, George Sandeman established his own supply line (nominally independent of his London partners James Gooden and Albert Forster). He set up house at the wake of one of the first postwar failures in Porto, that of Noble Perkins, from whom Sandeman (Porto) bought necessary lodge utensils. The Porto house began exporting in 1814, run by George Sandeman's nephew, George Glas Sandeman.⁸⁸

Not surprisingly, Rocha Pinto's business simultaneously began its steep decline. Seventy-five percent of its exports in 1812 had turned up in Sandeman's books in London. The transformation of this principal outlet into a competitor must have been devastating. In 1815, George Glas wrote to London that Rocha Pinto "has been obliged to buy large Adegas of inferior wines from his fregueses, so that we need fear no competition with him in point of quality". When Rocha Pinto himself died later that year, his son was unable to sell this wine and "applied strongly to [Sandeman] to assist him". In the end, the business failed and its wine was sold at auction. Creditors received six shillings in the pound.⁸⁹

The failure cannot be blamed on the loss of Sandeman's business alone. Rocha Pinto evidently tried to survive without Sandeman just as Sandeman intended to survive without Rocha Pinto. But conditions, both immediate and structural, seem to have been against him. The immediate conditions generally were, as we have seen, miserable. Not only, as we have seen was there a postwar depression in Britain, in Portugal, though 1815 produced a fine harvest, the next four harvests were disastrous. Eighteen sixteen was so bad that most British firms simply

Sandeman (London) acted principally as a sherry importer, buying wine first from Duff Gordon, then from the Pemartin family firm. Only when the latter collapsed in 1879, did Sandeman reestablish an export business in Jerez. GUILDHALL: Sandeman, Gooden Journal 1806-1809; HALLEY, Ned - *Sandeman: Two hundred years of port and sherry*, London: House of Sandeman, 1990, pp. 91-98.

⁸⁸ Although the Porto house was nominally a wholly Sandeman concern, Albert Forster (son of John Forster, partner and cousin of George Sandeman) was sent out to Porto to replace George Glas Sandeman and manage the faltering business in 1818. The cause (or perhaps the effect) of this posting may have been Albert's marriage to Susan Roope in June 1818. She was daughter of Cabel Roope, Porto resident of Hunt, Newman. Albert was replaced by George Glas's brother, Thomas Glas, in 1821 but appears to have stayed on in Porto at least until 1822 when his second daughter was baptised. (Marriage and baptism data from the records of the Anglican church in Porto transcribed in the Salt Lake City archives of the Church of Latterday Saints.)

⁸⁹ SANDEMAN: Sandeman (Porto) to Sandeman (London) 15/3/1814, 8/5/1815, and 3/6/1817. It is probably Rocha Pinto's heirs who then seek consular privileges as vice-consuls of Sardinia and the Two Sicilies. See ADP: *Registo de Privilégios*, vol 15, fo 18v and vol 16, fo 126v.

stayed away from the Douro on the spring of 1817, as they had done twenty years before. Many firms, both old and young, both British and Portuguese, failed. Soon long-established firms were becoming insolvent: Burmester in 1819, Patrick Hely in 1821, Page Noble in 1822. A couple of years later Hudson, a postwar start up and Snow, one of the old guard, went under. And in 1824, Campbell, one of the oldest of the old, after limping along for several years, sold all its assets at firesale prices to its junior partner, Joseph Taylor, and got out of the business.⁹⁰ The Portuguese merchants, however, seem to have suffered more extensively and earlier from the downturn in the trade than the British. As table 5 shows, thirteen major Portuguese firms had disappeared from the export lists by 1818. These were not simply wartime speculators. Some had traded since as early as 1782. Indeed, all the firms in table 5 had exported more than 200 pipes per year in the nineteenth century.

Table 5: Portuguese exporters averaging more than 200 pipes appearing to go out of business in the early post-war years⁹¹

	First Year	Last year	Avge exports
Joaquim da Costa Lima e Cunha	1796	1817	1,311
Joaquim José de Figueiredo	1805	1816	1,056
José da Cruz d'Ascensão	1789	1815	855
Thomas da Rocha Pinto, & Filho	1792	1817	774
Manuel José d'Amorim	1805	1812	679
Anna Perpetua de Barros e Mello	1805	1811	579
João Henrique de Magalhaens	1782	1817	501
João Manuel Martins Teixeira	1809	1812	417
J. G. Ferreira & J. A. d'Araújo	1811	1815	345
Joaquim José Duarte e Sousa	1812	1817	328
Luis Caetano de Sousa	1811	1813	272
João Ferreira Duarte & Ca	1799	1818	224
J. & Manuel Correia de Aguiar	1793	1812	218

This was clearly not a good time for Portuguese to try to expand overseas independently. Yet this was what Rocha Pinto and António Bernardo Ferreira, a highly entrepreneurial Douro farmer and Portuguese merchant, attempted to do in the postwar years. Rocha Pinto's firm, as we have seen, fell bankrupt. By 1818, Ferreira had prudently abandoned his attempt and returned to the less risky world of brokering, selling Douro wine to British exporters.⁹² That the successful

⁹⁰ See DUGUID Paul & SILVA LOPES, Teresa da - "The Company You Keep: The Port Trade and the Decline of the Wine Company," pp 285-309 in VIEIRA, A. (ed.), *Os Vinhos Licorosos e a História*. Funchal, Madeira: Centro de Estudos de História do Atlântico, 1998.

⁹¹ This table relies on (incomplete) annual export data from the Mesa do Consulado e Fragatas for 1796 and 1805, Alfandega export lists for 1809ff, and *Companhia* lists of "Commerciantes não Inglêses". The claim that these firms appear to go out of business is based on their disappearance from export lists. Some may, of course, have survived under another name.

⁹² GUIMARÃES, Gonçalves - *Um Portugues em Londres/A Portuguese in London* A.A. Ferreira SA: Arquivo Histórico, 1988.

ventures of the entrepreneurial British like Sandeman and Cockburn coincided with the failing ventures of entrepreneurial Portuguese like Ferreira and Rocha Pinto suggests that, bad though times were, timing was not the only problem for the Portuguese. They could not compete in Britain without the help of the British. And, in the postwar conditions, as some British firms failed and others sought to extend their control into Portugal, local help in Britain was hard to find. More generally it seems that, as we noted earlier (though in less abstract terms), "backward integration" by the British and "forward integration" by the Portuguese were not equivalent. For the British, coming to a single city where, with the help of the *Companhia*, trade had been "localized," there was a well-established system of Portuguese subsidiary trades providing help at the production end of the business. For the Portuguese trying to integrate forward at the same time, there was little equivalent local support available to deal with the difficulties of the distribution channel.⁹³ In all, this distinction suggests that the desirable position for a Portuguese merchant was to be neither directly competitive (like Ferreira) nor unduly subordinate (like Rocha Pinto), but rather to play a multifaceted, light-footed, and often complementary role. The presence of João Manuel Martins Teixeira in table 5 suggests this possibility. Before the war he was Hunt's *comissário*, after the war he returned to that job, and during the war, when he exported in his own name, he probably worked closely with Hunts British connections.

From Revolution to Civil War

Even those that survived the immediate postwar conditions faced a long struggle. By 1820, Sandeman saw trade contract and politics grow contentious and determinedly drew back: "The aspects of affairs here beginning to assume a serious turn," the Porto firm wrote to London, "we have determined on reducing our stake in this Country".⁹⁴ This was probably a sensible precaution. It had not long since, after all, been driven out of Spain and the firm's debts, as we shall see, escalated dramatically in 1820.⁹⁵ Hunt found its wine trade contemptuously dismissed by its London correspondents. A junior partner of the London house Newman, Hunt, Christopher described the wine business it took from Porto as insignificant and its returns "piddling", barely covering "the extra clerk's salary".⁹⁶ In a sulk, Hunt (Porto) put its wine business more or less on ice until 1825, exporting barely 100 pipes a year, where once it had shipped 2,000.

The slow recovery of the economy in Britain in the 1820s and a series of good harvests in 1820, 1821, and 1822, now had to deal with increasing political turmoil in Portugal. The liberal

⁹³ As the economist Alfred Marshall argued, clusters of firms are likely to produce such subordinate specialists. MARSHALL, Alfred – *The Principles of Economics*. 7th Edition. London: Macmillan, 1916.

⁹⁴ SANDEMAN: Sandeman (Porto) to London, 2/9/1820.

⁹⁵ See note 25

⁹⁶ AFF: Hunt (London) to Hunt (Porto), 13/3/1821.

revolution in Porto, ending the *de facto* rule of Marshall Beresford, startled the British and unsettled the political stability they relied on for their steady business. (Beresford's departure not only left the British with diminished political influence, but Croft with two unpaid for pipes of wine.) Firms undoubtedly took delight in the troubles the *Companhia* encountered with the new *Cortes* but were not surprised at its eventual survival. In the end, it was the *Cortes* that had more trouble surviving as the absolutist reaction set in. The trade enjoyed a couple of good years after the Villa Francada, but by the end of 1826, Offley (Porto) wrote to Longon, "everything here wears a very gloomy appearance and the reports in circulation are of an unpleasant nature".⁹⁷ Eighteen months later, Dom Miguel was proclaimed king and twenty-one port firms, both British and Portuguese, scuttled out of the trade.

The British were not friends of absolutism and suffered to different degrees under it. C.H. Noble was imprisoned for involvement with the provisional liberal *junta* of 1828 and his property sequestered.⁹⁸ The father-in-law of Sandeman's resident partner was publicly executed for his participation.⁹⁹ The collective sufferings of the community increased with the siege of Porto, between late 1832 and mid 1833, The British community was trapped inside the city with the liberal army. Shot and shell caused both personal injury and property damage as they rained on the Gaia lodges, Porto offices, and occasionally the Factory House. Offley lost a consignment of cotton in a customs house. Joseph Wright of Croft lost an arm when a shell crashed through his roof,¹⁰⁰ Merchants were cut off from Britain, from the wine country, and from the wine they had stored across the river in Vila Nova de Gaia. The British sent their consul to negotiate the removal of the stocks in Gaia, but the besieging *miguelistas* would only let them take it to overland to Aveiro.¹⁰¹ Collectively, the British turned this offer down, though Hunt, claiming its lodges were at greater risk than others, took some wine this way.¹⁰² By the time these negotiations were concluded, however, they were as good as superfluous. By mid 1833, the siege had been lifted, the river bar opened, and Porto merchants stood between a port-starved market (in Britain), on the one hand, and cash-starved suppliers (in the Douro), on the other—a position most merchants yearn for.

⁹⁷ OFFLEY: Offley (Porto) to Offley (London) 8/12/1826.

⁹⁸ See PRO: FO 63 337, Whitehall to Consul Crispin 1/10/1828. Kopke was also implicated and had to flee the city (Crispin to Whitehall, 18/7/1828).

⁹⁹ This was António Bernardo de Brito e Cunha. See *Thirteenth Annual Report and Review* British Historical Society of Portugal: Lisbon, 1986. Brito e Cunha was executed in the Praça Nova in May 1829 and his head exhibited on a spike for some time after.

¹⁰⁰ For the war see BENNETT, Norman – O Sistema do Vinho do Porto dos Anos 30 aos anos 50 do Século XIX: Guerra e Reorganização, <<*Douro-Estudos e Documentos*>> 1 (1996): 181-199.

¹⁰¹ See PRO: FO 63 391.

¹⁰² Hunt's dealings in salt may have given it prior experience with the port of Aveiro, where there were extensive salt flats.

Wine did not move swiftly from producer to consumer, however. The *Companhia* once again stood in the way. The two *Companhias* of the war were now reduced to one. But the conquering liberal *Companhia* was determined to punish anyone who had dealt with its absolutist rival. Offley, Hunt, Quarles, and Sandeman all had shipments suspended—Offley for buying brandy from the wrong *Companhia*, Hunt for using Aveiro (and thus paying duty to the enemy), Quarles for aiding the "rebel" Antonio Bernardo Ferreira (who appears to have remained in the Douro to avoid Liberal sequestrations in the city) by paying bills that fell due during the war, and Sandeman, for reasons that it would not disclose to the consul who made these reports, but which we shall discover in a moment.¹⁰³ The *Companhia's* ability to pester the exporters however, was short lived. On May 30th, 1834, the liberal government stripped its privileges and reduced it to a purely private company. With the privileges went the demarcation in the Douro and the restrictions at the river bar in Porto. The wine market was open to all.

Strategies for Survival

We can now contrast the newcomers with their older competitors from the golden age, using the same categories of sales and supply and the characteristics of the firms that we examined before. The comparison will then allow us to address the questions raised but so far not answered about how the British both changed and survived in these difficult times and how, by extension, they undermined the competitive Portuguese.

Sales: Sales as we have seen were much lower than before the Napoleonic wars. Offley, who again generally led the British merchants but now lagged the *Companhia* in export volume, only once exceeded 2,000 pipes, and in eight years between 1812 and 1832 didn't reach 1,000. No firm achieved the sort of figures Offley managed in the eighteenth century until Sandeman exported 4,600 pipes in 1835.

Table 6: Sandeman exports to Britain by destination, volume (pipes) and proportion, selected years¹⁰⁴

	1814		1822		1825		1830	
	Pipes	%	Pipes	%	Pipes	%	Pipes	%
Americas	21	4	0	0	0	0	0	0
Ireland	32	6	68	9	153	12	68	5
Scotland	5	1	85	11	99	7	138	10
Europe	0	0	0	0	0	0	1	0
Outports	391	75	415	54	726	55	612	43
London	90	17	192	25	327	25	562	39
TOTAL	539		767		1,316		1,426	

¹⁰³ See PRO: FO 63 691, Consul Sorrel to Backhouse, 6/10/1833 passim.

¹⁰⁴ Source: SANDEMAN: Livro das Entradas e Sahidas, 1814-1838.

Figures for Sandeman's exports by destination (table 6) suggest, again, that outports dominated the trade (keeping the Portuguese at a disadvantage). It's noticeable, however, that as Sandeman slowly climbed the export ladder, it increased the share it exported to the London market, perhaps vindicating George Sandeman's early fight for that city's customers. The British showed little interest in other markets until after the civil war. Then export figures from Hunt show that firm exploring new possibilities from 1834. Invoices for the immediate post-civil war period suggest that barely twenty-five percent of Hunt's wine went to Britain, forty-one went to North America, and the balance to South America, Asia, Australia, Africa, and European ports.¹⁰⁵ The price of wine at export generally declined in this period. But it is noticeable that Sandeman's remained between fifteen and thirty percent higher than Offley's until after the civil war. Evidently, Sandeman did not grow by undercutting its major rival.

Supply: Changing market conditions inevitably changed the firms' practices in the Douro. The British became more dependent on Portuguese brokers in both bad years and good. In 1817, after a bad harvest, most firms bought all the wine they needed in the city staying out of the wine country. (Hunt went only to buy from its regular supplier, the Oratório.¹⁰⁶ And Croft went both to maintain ties to some loyal suppliers and, in the absence of competition, to build ties to some important farmers, in particular the three Borges Belleza brothers with farms in Casal de Loivos, who at different times sold to most of the major British firms.) But even in good years, the brokers did good business.¹⁰⁷

In contrast to the previous century, Offley dealt with many fewer farmers. As we saw, it earlier dealt with 440 farmers in five years, now it dealt with 292 in twenty two. These farmers were also smaller, averaging twenty-one pipes where earlier they averaged thirty-one.¹⁰⁸ Loyalty did not increase. Sixty-three percent of the *lavradores* selling to Offley sold for one year only and ninety-two for fewer than five. The *comissário* was the only consistent seller, appearing in sixteen years. Sandeman's figures look comparable. It dealt with 313 farmers, sixty-six percent for one year alone and ninety-four percent for fewer than five.¹⁰⁹ Two, the brother of the firm's *comissário* and Braz Gonçalves Pereira of Covas, treated by the firm as almost a "single quinta"

¹⁰⁵ AFF: Hunt (Porto) ledger.

¹⁰⁶ PEREIRA, Gaspar Martins - "As Quintas do Oratório do Porto no Alto Douro," <<Revista de História Económica e Social>> 13 (1984): 12-50.

¹⁰⁷ See DUGUID, "Lavradores".

¹⁰⁸ Though the books are not reliable in identifying status, among these farmers eight can be identified as clergy (including one abbot), fifty-five as women, two as viscounts, one as military.

¹⁰⁹ Of these, thirteen are identifiably clergy (including two abbots), fifty-nine women, three viscounts, eleven military, seven *dezembarçadores*, and two *vereadores* (of Vila Real).

wine producer, each supplied for fifteen years.¹¹⁰ Sandeman farmers averaged twenty-two pipes each.

The most noticeable contrast between the rising Sandeman and the soon-to-be eclipsed Offley is marked by where they buy. In the first years after the war, Offley slowly expanded the number of freguesias in which it bought from eight in 1814 to twenty-two in 1816. But it then fell back to about a dozen each year until 1827, when the numbers drop again until in 1832 it buys in only six freguesias. Throughout, Offley bought heavily, as did most of the British, in Covas, Casal de Loivos, and Régua, which together account for at least fifty percent of its annual purchase. At first the wine it bought in Covas cost more than the average price it paid for any particular year. But after 1827, Covas became a source of cheaper-than-average wine for a cheaper-than-average firm. Hunt's letters suggest that at least some of the old guard may have been suspicious of the newer areas in the Cima Corgo. Thomas Hunt wrote from England in 1815, "From the appearance & state of your wine, I think you have a good deal from Covas & upwards - there have been complaints of some of the Wine tho' apparently of very deep colour when imported losing its colour & turning tawney very soon".¹¹¹

Sandeman, on the other hand, began in only four freguesias in 1814 (and is careful not to tread on Offley's toes). But as its exports rose, so did the number of freguesias in which it bought. By 1832, as the leading exporter, Sandeman bought twice as much wine as Offley, but from four times as many freguesias (twenty four, compared to Offley's six.) It too bought regularly in Covas and Casal, but also in Castedo, Castanheiro, Ervedosa, and Gouvães. Covas almost always provided Sandeman's more expensive wines, as did Casal. Régua provided cheaper wines. As it bought in more freguesias, Sandeman moved west down into the Baixo Corgo, but also south. Until 1829, eighty percent of its wine (by volume) came from north of the river (a figure Offley never dropped below), but by 1832, Sandeman's northern wine had sunk to fifty-five percent.

As a beginner, Sandeman at first paid much higher prices in the Douro than Offley, averaging 69\$ per pipe to Offley's 57\$ for the period 1814-1820. But for the period 1821-1832, the difference was only 55\$ to 53\$, with Sandeman still paying the larger amount. These prices (and the accounts in general, which are much less secretive about the matter than in the previous century) reveal that in this period firms regularly paid *maiorias* over the *taxa*, regularly doubling the official price of the wine. This was, nonetheless, a risky business. The *Companhia* would often requisition wine that firms had already bought, paying compensation at the *taxa*. As the

¹¹⁰ In fact, wine comes more regularly from the *comissário's* brother, José Jacinto Perreira da Silva of Regua, but these are referred to as "our Broker's wines" (see SANDEMAN: Sandeman (Porto) to Sandeman (London), 25/3/1820).

¹¹¹ AFF: T.H. Hunt, Maisonette, to Hunt (Porto), 25/10/1815.

brokers found in 1788, any money paid over that was lost. (The *Companhia* may have found such requisitions an easier way to keep prices in check than the old and endless investigations.) These *maiorias* suggest that, despite the expansion of the demarcated region and the contraction of the trade, farmers with good wine were still in a commanding position—especially in bad years. Letters show that farmers would use their advantage not only to sell their own *embarque* wine (and their separated and white wine too), but also to sell the wine from their inferior *quintas* as well as that of relatives and neighbours. Hence we see comments like the following from the Martinez *Diario* of 1834: "Agreed with Jozé Maria de Barros Lobo for the Wines at the Quinta of Zimbro ...under the condition of taking 15 Pipes of Wine belonging to his sister in law".¹¹²

Size of firm: In contrast to its earlier state, Hunt was a larger firm in the nineteenth century, with three English clerks and three Portuguese.¹¹³ Hunt's staff may reflect its involvement in the fish trade, for it is a little large than firms dealing primarily in port. Offley had two Portuguese clerks and added an English one only in 1827. It also paid the salary of two clerks in London.¹¹⁴ Sandeman began with one clerk, adding a second in 1830 and a third in 1840 as business grew. None was English. Croft at first has one English bookkeeper and three Portuguese clerks and eventually four Portuguese alone.¹¹⁵ From 1831, it has a salaried English manager not a resident partner, an early sign of another changes in the structure of the port trade.¹¹⁶

Finance: The period, as we have seen, produced a capital crisis for the firms. Offley shrank between 1812 and 1814. Campbell required an infusion of cash from its partners in 1813 as did Croft in 1813 and 1814, while in 1815, two London partners in Hunt's concerns turned down an appeal to invest in the Porto house.¹¹⁷ Similarly, profits, the other conventional source of finance in the port trade, were hard to come by in this period. One of Hunt's close connections had, as we have seen, only contempt for the returns on Hunt's wine business. Campbell failed to pay a dividend for five years before it dissolved its partnership—and then partners barely got their initial capital back. Croft paid no dividend from 1813 to 1824. Profits in general do not pick up

¹¹² COCKBURN: Martinez, Jones Gassiot *Diario*, 1834-1836, entry for April 1, 1834.

¹¹³ In 1819, the English (at 300\$, 480\$, and 600\$) were paid more than the Portuguese (at 240\$ each). Hunt also kept a salaried agent at Viana.

¹¹⁴ Offley's accounts record salary disbursements of between 1,000\$ and 1,400\$ for *tanoeiros*, but there is no indication of how many receive this money. Others also pay *tanoeiros*, but bury the salary in cooperage costs.

¹¹⁵ By 1832, these four are paid 600\$, 420\$, 384\$ and 240\$.

¹¹⁶ Croft at this time was a partnership between Sir John Croft and Holt, Gribble, and Gonne. Gribble may be the "importer of wine" mentioned in a Hunt (Oporto) letter. If this is so, then, like Sandeman, he integrated backwards along the supply chain by buying into Croft's business.

¹¹⁷ See AAF: T.H. Hunt, [Maisonette] to Hunt (Porto) 25/10/1815.

until the 30s and even then are precarious. The large dividend Sandeman pays to George and Thomas Glas in 1835 after 15 years without dividends was hurriedly taken back to cover losses in 1836.

The alternative source of finance, debt of one type or another, was, as I noted earlier, highly suspect in this trade. The merchants' suspicion may well have resulted from their privileged view of farmers, on one side of their business, and wine merchants, on the other, constantly struggling with debt, destitution, and even suicide. Nonetheless, as Fred Croft withdrew his capital from his family's firm, the firm was forced to borrow. John Croft provided a personal loan of £12,000 (evidently he was unwilling to put this into the unsecured stock fund). Vanzeller & Co provided another £18,000. This last loan points to another source of funds for the firms, the Portuguese. Some British seem unwilling to borrow in Portugal. Yet Sir John Croft, unable to foresee his firm's future need for loans, had earlier noted with distaste that the "less established houses" in the factory had long borrowed money from the Portuguese.¹¹⁸ Perhaps the established firms were more unwilling to be seen to borrow than actually to borrow. Nonetheless, whether borrowed openly or circumspectly, there evidently were funds available from the Portuguese, so it is time to turn back once again to their role in the trade and its complementary properties.

Portuguese Participation

Certainly, some firms combined Portuguese and British capital quite directly. The firm of Sobral & Pinto, was jointly financed by the Portuguese partners of that name and the long-established British firm of Swann Knowsley. Sobral & Pinto exported, but Swann Knowsley's name appears in the export lists. As this example suggests, the Portuguese and Portuguese capital may have been present in the trade more generally, but the privilege granted to British names may have made their presence invisible. Other Portuguese merchants formed what might be thought of as export-import joint ventures, as we saw with Thomas da Rocha Pinto. This relative dependence, however, always faced the risk of a British house deciding to compete rather than collaborate. As the books of one house were largely transparent to the other, weaker partners were always open to this danger—and as we have seen, in an asymmetric trade, the Portuguese were always the weaker partners. By contrast, brokering (selling wine to British exporters in Porto) was comparatively less risky. It was not without risk, however. Portuguese creditors had to take care when British firms they sold to failed. Pedro Gil and P.J.A. Souto must have suffered seriously from the failure of Hely, to whom they provided a lot of wine. In all, if you tangled with the

¹¹⁸ Croft, *A Treaty*, p. 14. With the contempt rife in his famous pamphlet, Croft calls the Portuguese "natural users", which has something of the flavour of alcoholics heaping abuse on brewers unless Croft's own loan was uniquely not usurious.

British, it was as well to have alternative resources, like João Manuel Martins Teixeira, António Bernardo Ferreira, or in this case, Gil and Souto.¹¹⁹

Ferreira's brokering relationship with the firm of Butler shows some of the necessities of what we might think of as a "Portuguese defence". Between 1814 and 1830, he effectively provided the procurement arm for Butler, much as Sobral and Pinto did for Swann Knowsley and Rocha Pinto for Sandeman. Ferreira supplied Butler with between twenty and fifty percent of the wine shipped in its name. But unlike Sobral and Pinto, in one way, and unlike Rocha Pinto in another, he avoided some of the risk that came from dealing too closely with the British. Unlike Sobral and Pinto, Ferreira appears to have no capital ties to the British firm. And unlike Rocha Pinto, he learned not to become dependent on them as an outlet. In 1814, Butler absorbed almost eighty-five percent of Ferreira's wine. But, alerted perhaps by the example of Rocha Pinto and his brother's problems with Hely, Ferreira diversified his relations and dropped his dependence so that by 1830 Butler accounted for only nineteen percent.¹²⁰

In the process, Ferreira learned how to profit from the Port trade without getting involved directly in exporting. So when Martinez returned in 1834, almost its first call was to Ferreira, who from this period on developed a reputation for providing credit and wine. As the Martinez partner Gassiot later acknowledged, the British port traders became increasingly dependent on the Portuguese to provide them with wine and credit in this way, making available

10,000 or 15,000 pipes of wine ... we might at any time, or within a week, buy 1,000 pipes or 10,000 pipes, and they would give us two, three, four, or five years' credit. My house was offered 3,000 pipes of wine at five years' credit, by Visconde Ferreira, if I would buy them ... You see, then, our operations were very simple, and we could carry on a large business with a comparatively moderate amount of capital.¹²¹

Hence, as the period in question draws to a close, we find British firms increasingly discussing Portuguese capital as Gassiot does and referring to the Portuguese themselves as the trade's "capitalists". "The present holders of wine are capitalists and will store it like gold", writes one. "Portuguese capitalists are forming deposits [of wine] in V. Nova, Regoa, & Pinhaõ", notes another letter from the same firm.¹²²

Signs of the Future

In the increasing reliance of some firms on Portuguese capital, we may see the business traits that helped the new nudge aside the old British firms. For, as we have seen, the new and the old

¹¹⁹ Details from the AFF: accounts of Pedro Gil and J.B. Ferreira.

¹²⁰ Data on Ferreira and Butler from the AFF: Ledger, Wine Account for those years. AFF: Hunt (Porto) letterbox 1830, J. Butler to Hunt 17/2/1830. Butler's letters to Hunt (Porto) in the 1830s show Butler favouring other brokers and soliciting help from Hunt.

¹²¹ See SHAW, T.G. - *Wine, the Vine*, pp. 176-177.

¹²² TAYLOR: Taylor letters, to London 25/10/1834; to London 13/5/1836.

differed in their use of credit and their reliance on Portuguese brokers. Sandeman (Porto) and Martinez (in its post-Civil War manifestation), both of which were set up on credit from London, were more willing to use more modern financial strategies, structured less around capital than around debt. This different outlook is evident in Sandeman's reactions to the hard times of 1816 to 1823. As many firms failed for lack of capital and most that survived contracted sharply, Sandeman took the risk of increasing its debt. Its interest payments, which sank slowly from 8,000\$00 in 1815 to 800\$000 in 1819, suddenly ballooned in 1820 to almost 8,000\$000 and remained high throughout the twenties.¹²³ In the course of the twenties, however, while it continued to rely on debt, the kind of debt slowly changed. What had first been debt to Britain, became significantly debt to Portuguese. By 1835, thirty-eight percent of Sandeman's liabilities were owed to Portuguese. In the same year, Martinez owes thirty-four percent of its liabilities to Portuguese creditors. Offley, by contrast, more used to lending than to borrowing, was fiscally sound but unadventurous with only eleven percent owing in Portugal.

So there are clear signs of a simultaneous development of debt and interdependence. Where once the Portuguese (like Rocha Pinto) had been dependent on British firms, now the British leaned heavily on Portuguese firms: the bulk of Sandeman's debt was to members of the Ferreira family. In 1833, as the siege of Porto ended, Sandeman engaged in a huge transaction with the Ferreira brothers and Pedro Gil, buying more than 3,000 pipes of Ferreira wine. (It was this deal that, gave Sandeman the postwar problems with the *Companhia* that Consul Sorrel couldn't fathom. Sandeman and Ferreira had gone to lengths to keep it secret, António Bernardo writing to his subordinates: "Ninguem mais deve saber deste negocio".¹²⁴) A year later, the firm bought another 5,000. These transactions made the roles of each firm complementary and their relation one of interdependence. Neither was in a position to take advantage of the other, as Sandeman had of Rocha Pinto. The deal represented an enormously important step for Sandeman, giving it ample wine to export as the siege of Porto ended and the Douro bar opened.

It was also a significant moment of change in the trade. For from this transaction, the trade was no longer one primarily of multiple small transactions, involving small merchants, small farmers, and cash payments. The world in which sales of 200 pipes appeared remarkable was disappearing, superseded by a trade of large transactions between large firms forming complex, implicit alliances among British and Portuguese capitalists structured around debt and interdependence. Small farmers would survive—they still do—but their place in the trade would be increasingly mediated by large brokers, whose complementary roles would become as important, if less visible, than those of the famous British exporters. Without Ferreira, the

¹²³ See DUGUID and SILVA LOPES, "Ambiguous Company" for the details of this argument.

¹²⁴A.B. Ferreira to José Pedroza Jr., October 12th, 1833.

evidence suggests, there may have been no Sandeman or no Martinez. With Ferreira, by contrast, these new firms were able to push aside the old guard, composed of eminent firms like Offley, Hunt, and Croft. In the process of this changing of the guard, British shipper forged less casual links between London and Porto, while Portuguese farmers, in particular the Ferreiras, opened their own robust conduits between the Douro and Porto. The character of the trade was changing, becoming less one of merchant capital and more one simply of capital.