CHAPTER FIVE

THE COST OF SHIPPING

Buying cheap in one place and selling dear in another was the inviolable principle of merchant activity, then as today. However, many variables affected the ability to trade and to gain. When a merchant considered trading along a particular route, he was—in part—limited by the extent of his commercial contacts. Beyond this, merchants relied on the availability of shipping and infrastructure in various ports that would make their trading possible. These imposed obvious transaction costs and were an important calculation in their trade.¹

This chapter considers transaction costs in the trade in Brazilian sugar and treats three main themes. The first is the port system and the ports themselves, since their size and efficiency affected the speed with which sugar could be delivered to markets. The second is the operating costs of shipping, which was one of the main expenses for merchants. These costs were mainly conditioned by the types of vessels used and the lengths of voyages. Finally, the chapter examines the ownership and supply of shipping, since the supply of ships contributed to the cost of transportation in general. Specifically for the Brazilian sugar trade, the demand for ships in the empire probably exceeded domestic supply. The chapter concludes by showing how foreign-built ships entered the Portuguese merchant marine and examines the patterns of ownership that made this possible. The originality of this chapter—which otherwise owes a great debt to the monumental work of Leonor Costa—lies precisely in this latter conclusion. By extending the scope of her study to Dutch archives I have been able to modify her conclusions to show important trans-imperial integration even in the area of shipping.

The working of the port system, the cost of shipping and the cost of ships were indispensable pieces of knowledge to merchants in the early modern period. Along with information about prices in different places, this enabled them to adopt profit-making strategies. These concerns were reflected when they contracted with a captain to carry freight. Contracts varied somewhat in style from place to place, but their basic elements were the same. A merchant-freighter agreed to pay a captain to deliver goods to one place and—usually—to return with others. These were to be delivered within a set period of time, and therefore envisioned a maximum turnover time in port. Contracts also accounted for related incidental expenses, such as tolls. In the event of disputes, they also allowed for systems of adjudicating conflicts, usually stipulating that they be judged by a group of respected merchants who were not interested in the transaction.

Unfortunately for historians, most shipping arrangements transacted between 1550 and 1630 were by mutual verbal agreement between parties who knew each other. Merchants hired a notary in only a minority of cases, and probably usually in a climate of uncertainty or distrust. It is impossible to know with precision how representative are the data from freight contracts.\(^2\) Also, freight prices could fluctuate widely, even in the short term. But, although their use for quantifying trade is limited, freight contracts remain the best source for indicating patterns of trade and also for showing cost, which is at least loosely indicated in the freight price. They may also indicate changes in shipping costs over time.

A salient feature of the Brazilian sugar trade was that it was decentralized and operated out of many ports both in the colony and in Europe. In Portugal, the trade’s growth offered new opportunities for the kingdom’s northern and smaller harbors, including Porto and Viana. These had been shut out of the trade routes between Portugal and Asia but were allowed to trade with Brazil. They were already well connected with international markets, and furthermore, the wine estates of their hinterland—Entre Minho e Douro—offered a readily negotiable commodity for Brazilian markets. Along with Lisbon, these harbors contributed to the supply of shipping available to merchants.

\(^2\) For a general discussion on Dutch freight contracts see: Winkelman, ed., Bronnen voor de Geschiedenis van de Nederlandse Oostzeehandel, 2:VIII–XIII. For the Portuguese freight contracts Leonor Costa is excellent: Costa, O transporte no Atlântico, 1:23–26, 250–72.