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## **PORTUGAL'S EMPIRE IN AFRICA AND ASIA, 1415-1975**

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Keywords: Living standards; colonialism

The Arthur Lewis Lab for Comparative Development  
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# PORTUGAL'S EMPIRE IN AFRICA AND ASIA, 1415-1975<sup>1</sup>

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## Abstract

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## 1. Introduction

Portugal's empire began with the conquest of Ceuta (1415) and lasted until the decolonization process (1974-1975).<sup>2</sup> Portugal was, hence, both the leader of the first wave of Western colonization and the last to relinquish its empire during the twentieth century. In this chapter, I focus on the African and Asian dimensions of Portugal's empire. I begin by reviewing the nature and organization of Portugal's empire, and then provide an interpretative comparison with the Spanish, Dutch, British, and French empires. I provide a summary of relevant events and chronologies, considering dimensions such as terms of openness vs. protection, slavery and slave trading, the role of early colonial settlers, and the impact of the empire on the metropolitan economy. Finally, I consider the consequences for the colonized regions.

## 2. The nature and organization of Portugal's empire

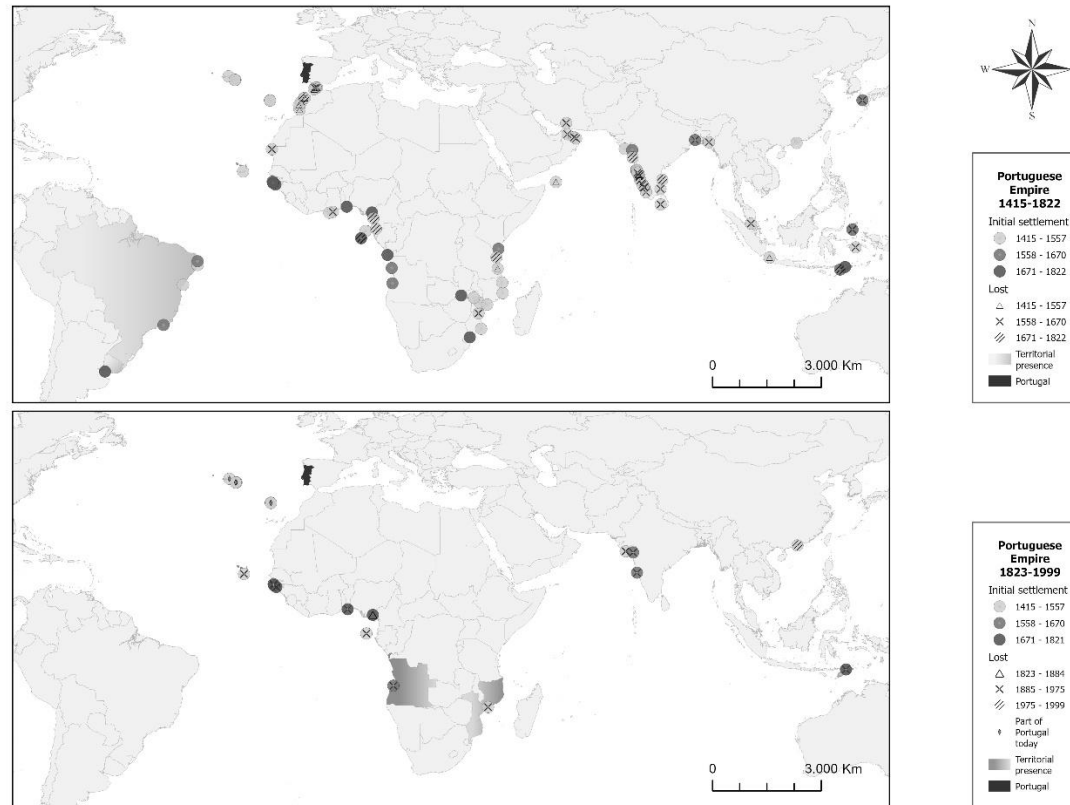
Portugal pursued expansionist political and commercial objectives over almost six centuries, holding mainly scattered coastal colonies in several locations including Ceuta, El Jadida (Mazagão), Cape Verde, São Tomé e Príncipe, Madeira, Azores, Brazil, Angola, Mozambique, Guinea-Bissau, Goa, Malacca, Timor, and Macao (Figure 1). With the important exception of 18<sup>th</sup>-century Brazil, the empire was, before the 20<sup>th</sup> century, never territorial in nature. Instead, it was what may be called a thalassocracy: a seaborne empire, composed of coastal cities and fortresses. In Africa, European settlers were never great in number and remained in a limited number of urban settlements until the second half of the twentieth century.<sup>3</sup> In Asia, the number of European settlers was always dwarfed by the locals, and the Portuguese could only ensure personal security by relying on alliances with local powers combined with the military technologies in which they had an advantage: ships and forts, defended by gunpowder artillery.

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<sup>2</sup> Macao remained under Portuguese administration until December 1999, when it was handed over to China. It had only been "leased" from China, which never ratified any perpetual treaty recognizing Portuguese full sovereignty over the peninsula and neighboring small islands (Clarence-Smith 1985, p. 2).

<sup>3</sup> A partial exception was the *prazeiros* (Afro-Portuguese landowners) in the Zambezi Valley (in current-day Mozambique) during the early modern period.

**Figure 1.** Portugal's empire and overseas settlement



Source: based on various sources including Marques et al. (2003) and Clarence-Smith (1985, pp. 40, 84), who in turn relied on various documents including those produced by the *Sociedade de Geografia de Lisboa*. I thank Susana Münch Miranda for the conversations that helped improve this map.

Note: the map indicates settlement, which can mean the existence of a fort but not necessarily direct jurisdiction and political control of the surrounding regions. Ports of call for victualing, without permanent physical presence, are not included. These include Table Bay or Saint Helena, Ascension, and Tristan da Cunha. Portuguese presence at Newfoundland was limited to fishing fleets and is hence also not considered here. Boundaries correspond to modern (2022) borders.

Colonization was gradual, and settlement often did not mean formal administration of the territories. In the second half of the 15<sup>th</sup> century, Portuguese boats and merchants went down the African coast, but in many regions trade could not take place due to political hostility of local kingdoms and settlement difficulties – including those related to diseases, particularly malaria. Accordingly, settlements were often small in scale and limited to archipelagos or islands close to the coast, which had a more salubrious environment and were easier to defend.

In West Africa, off-coast archipelagos at some distance from the coast served as safe bases of operation, namely Cape Verde for the Upper Guinea region, and São Tomé and Príncipe for the Gulf of Guinea. This strategy shielded settlers and traders from African adversaries and competition from other colonial powers, such as the French in Senegal (Clarence-Smith 1985, p. 3). On the African continent, settler presence only took place in the form of a few forts in the Portuguese Gold Coast, namely Fortaleza de São Jorge da Mina in Elmina and Forte de Santo António near Axim (both later taken over by the Dutch in the 17<sup>th</sup> century and today part of the territory of Ghana), plus as a few fortified trading posts (*feitorias*) and religious missions elsewhere. The Portuguese moved to new locations, including Luanda, Benguela, and Cacheu (in northwestern Guinea-Bissau) in the 16<sup>th</sup> century, while some earlier *feitorias* were abandoned; the number of settlers was then less than 300 (Marques 2018, p. 31-33). Failure was common. In Benin, Christianisation failed, the local king refused to give up on his control of the slave trade, and from 1537 the resident Portuguese were hunted down and killed (Marques 2018, p. 47).<sup>4</sup> Benin remained engaged in commerce with Europeans, but on its own terms. In many other areas, control of the territory and ties to Portuguese rule became nominal at best until the late nineteenth century.<sup>5</sup>

After Brazil was lost in 1822, Portugal possessed two important coastal towns in Angola, namely Luanda and Benguela, and controlled parts of the immediate hinterlands around these

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<sup>4</sup> Following the Dutch takeover of the Portuguese Gold Coast around 1637-1642, a new fort provisioned by São Tomé e Príncipe was built in 1721 in Benin to support the slave trade: the Forte de São João Baptista de Ajudá (Ouidah). It stayed in Portuguese hands until 1961, when it was lost with a takeover by the Republic of Dahomey (modern Benin).

<sup>5</sup> In the Zambezi Valley, from the 16<sup>th</sup> century, large estates were ruled by Luso-African landowners known as *prazeiros*. These relied on an army of slave-warriors armed with guns for the purposes of collecting taxes, hunting, raiding, and trading with other local communities. Over time the system diverged from metropolitan intentions, and by the 18<sup>th</sup> and 19<sup>th</sup> centuries the *prazeiros* had become semi-independent warlords who used their private *chikunda* armies to control regional trade in ivory, gold, and slaves. See Newitt (1969, 1995), and Isaacman and Isaacman (1975). From the late nineteenth century, Portugal's Mozambique Company took control of the area, which it failed to substantially develop.

ports, which had been central for the Atlantic slave trade. By contrast, Mozambique was involved in the Indian Ocean trade, with gold, ivory, and slaves exchanged by Indian subjects of the Portuguese crown for goods such as Indian cotton cloth.<sup>6</sup> From the mid-nineteenth century, it shared a border with the two Boer republics, until their defeat by the British during the Second Boer War (1899–1902), and then with the Union of South Africa and the Republic of South Africa, with whom it shared cooperative economic and political interactions, including intelligence sharing, military support, and economic aid designed to fight against independent black nationalist movements.

The empire in Africa largely relied on a racially mixed catholic elite born in the colonies, who lived under Portuguese civil law and were subjects of the crown, staffing the intermediate and lower ranks of bureaucracy, as well as the officer corps and church for little pay. Miscegenation was not equally successful everywhere, but the creation of such communities was at times fostered as a matter of colonial policy.<sup>7</sup> Importantly, *mulatos* often had good connections with indigenous states and societies and were resistant to local tropical diseases which, by contrast, were deadly to metropolitan settlers (Boxer 1963, Clarence-Smith 1985, p. 4). Well into the twentieth century, Brazil was a more attractive destination for emigrants than the African colonies. Mozambique and large stretches of Angola suffered from tsetse fly infestation, hindering stock rearing and leading to human sleeping sickness epidemics as well. In addition, malaria and other tropical diseases were widespread. Until the use of quinine and other prophylactics, from the late nineteenth century, economic opportunities were limited, and survival probabilities were dire (Clarence-Smith 1985, pp. 7-10).

The rulers of the Portuguese First Republic (1910-26) intensified trends from earlier decades, becoming highly engaged in colonial warfare and protracted "pacification" campaigns leading to gradual control of interior territories. They disarmed and imposed taxation on indigenous people, granting their lands to settlers and colonial companies, while enforcing a legal distinction between "civilized" (not necessarily white) and "native" peoples, with the latter treated in a paternalistic manner, and often exploited. Poor administrative policies, the First World War, and priority given to metropolitan interests, as well as overreliance on forced labour and limited

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<sup>6</sup> Clarence-Smith (1985, p. 3). The Atlantic slave trade remained on a modest scale there until the 1820s.

<sup>7</sup> More work is needed on this, but it seems certain that – mirroring the analogous situation in the Americas – Lusophone Africa had a more entrenched elite, with intermarriage being less frowned on than was the case in the British Empire. For the case of elite formation in the latter, see Simson (2025).

enforcement of legislation produced in Lisbon meant, however, that colonial development stagnated during the First Republic (Clarence-Smith 1985, pp. 12-14). From the 1930s, the Estado Novo regime made efforts to restore financial order in the colonies, and a repressive system of cotton cultivation was imposed on hundreds of thousands of Africans. Cotton, sugar, and vegetable oils made up around three-quarters of imports from the colonies, which reached the peak of economic utility to Portugal in the 1950s. Portugal's trade with its empire never consisted of more than 22% of its total trade, a proportion considerably lower than that of Britain with its Commonwealth and colonies at the same time (Clarence-Smith 1985, pp. 16-17). Portugal joined the EFTA as a founding member in 1960, and the GATT in 1962, pushing its export sector towards non-colonial markets. In 1960, Angola's population was under 5 million, spread across an area larger than France, West Germany, and Italy together, but with two-thirds of the country having insufficient rainfall or covered with Kalahari sands, hence being one of the most infertile soils in the world. Mozambique had, in turn, a territory which was around two-thirds that of Angola, and a population of 6 million. By comparison, the population of the rest of Portugal's empire by then barely reached one million (Clarence-Smith 1985, pp. 10-12, 181). Everywhere except for the less than 9 million citizens of Portugal itself, whites were a small minority.

In Asia, Portuguese expansion began with Vasco da Gama's voyage to India in 1498. The maritime "empire" which emerged over time would span from East Africa to Japan. In practice, what existed since the early 16<sup>th</sup> century was a string of *feitorias* aiming to control key points in the spice trade.<sup>8</sup> Strategic conquests included Goa in 1510, which became the capital of Portuguese India; Malacca in 1511, a crucial choke point in Southeast Asian trade; and Hormuz in 1515, guarding the entrance to the Persian Gulf. Portuguese navigators also reached the Moluccas, Macao (1557), and Nagasaki (1571), integrating them into a global trading network. This Asian empire was never about territorial colonization, which would have been infeasible. Instead, it was a "trading-post empire" designed to dominate maritime routes through a combination of naval power, fortifications, and diplomatic alliances. Settlements typically included a small Portuguese ruling and merchant elite, supported by mixed communities of Luso-Asians, Christian converts, and local intermediaries. Catholic missionary activity, particularly by the Jesuits, accompanied trade. Missionaries aimed to convert local populations, with results that

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<sup>8</sup> With other commodities such as silks and porcelain becoming more relevant once trade with China began.

were patchy at best.<sup>9</sup> Failure was common. In Southeast Asia, for example, the Portuguese tried to settle in Java but were expelled in the 1520s. By the 17th century, Portuguese influence in Asia declined systematically, due to local political changes and under pressure from the Dutch and English East India Companies, who seized key posts such as Malacca (1641) and Hormuz (1622).<sup>10</sup> Yet Portugal retained important enclaves, notably Goa, Daman, Diu, Macau, and Timor, well into the 19th and even 20th centuries.<sup>11</sup> These outposts served as enduring symbols of an earlier age of maritime dominance, sustaining unique cultural links between Europe and Asia.

Portugal's colonization projects were most successful in Brazil. The city of Olinda, in the modern state of Pernambuco, was founded in 1535, and that of Salvador (in Bahia) in 1549. The latter remained Brazil's capital until it was transferred to Rio de Janeiro in 1763.<sup>12</sup> There were more than 120 sugar mills by the 1580s, a number which would approach 250 in the following decades. The plantation economy generated massive demand for African slaves, which were considered more hardworking, and known to be more familiar with agriculture, than was the case with the indigenous people of Brazil. Additionally, African slaves were more resistant to diseases and did not enjoy the same level of militant protection from segments of the Catholic Church (Marques 2018, pp. 41-42).

The organisation of Portugal's empire and economic relations was varied in nature and changed over time. Nonetheless, the merchant companies of Spain and Portugal are typically presented in the literature as extractive, rent-seeking, crown-owned institutions. They are often contrasted with those of the Netherlands and England which would have enriched free merchants (Acemoglu et al 2005; Acemoglu et al. 2019, p. 281; Neal and Cameron 2016, pp. 133-4). However, as a matter of fact, in Spain, trade with its empire was conducted by private merchants who paid taxes to the crown. And in Portugal, there were no monopolies in the Atlantic until 1650,

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<sup>9</sup> Boxer (1978).

<sup>10</sup> The role of competing European powers in the relative decline of Portugal's Asian empire must not be over-emphasized relative to that of local political changes (Subrahmanyam 2012). See also Boyajian (2008, p. 153).

<sup>11</sup> Borders were by no means static. For example, Portuguese India doubled in size (though not population) in the late 18<sup>th</sup> century, and the frontiers between the Dutch and Portuguese territories in Timor and some neighboring islands were not always clear, though in the 19<sup>th</sup> century it would be the former which expanded at the expense of the latter (Clarence-Smith 1985, p. 2).

<sup>12</sup> The Treaty of Tordesillas (1494) could not be enforced, and Brazil's borders were decided by multiple subsequent conflicts and negotiations including the Treaty of Madrid (1750). Conflicts were common; Sacramento, for example, located in modern-day Uruguay, was founded by the Portuguese in 1680 and changed hands several times during the 18th century due to its strategic importance as a port on the Río de la Plata. Some border disputes continued into the late 19th and early 20th centuries.



and the situation with regard to the Asian trade was considerably more complex than usually depicted. Even in the 16<sup>th</sup> century, private participation accounted for a relatively large part of the Portuguese trade with Asia; it was only trade in spices that was typically a royal monopoly, though not always.<sup>13</sup> Overall, Portugal's trading and monopoly rights were not systematically different from those of the other main Western European colonial powers (Table 1).

**Table 1.** Comparative imperial monopoly trading rights

|                    | 1500-1550 | 1550-1600 | 1600-1650 | 1650-1700 | 1700-1750 | 1750-1775 | 1775-1800 |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>England</b>     | n. a.     | n. a.     | S         | S         | S         | S         | S         |
| <b>Netherlands</b> | n. a.     | n. a.     | S         | S         | S         | U         | U         |
| <b>Portugal</b>    | C         | C         | S/C       | S/C       | C         | C/G/S     | C/G       |
| <b>Spain</b>       | G         | G         | G/C       | G         | G/C       | G/C       | G/S       |

Notes: C=consortium; G=guilds; S=joint-stock companies, U=ambiguous/unclear. Not applicable cases are indicated as n.a. This summary table is based on prior unpublished work joint with Leonor F. Costa.

Likewise, for both Iberian powers, navigation and trade in the Atlantic and Indian trades were regulated, but the same was the case for England and the Netherlands, where, again, regulated navigation was the norm (Table 2). In Portugal, the royal agency *Casa da Índia* was in charge of the East Indies fleets from the early 16<sup>th</sup> century.<sup>14</sup> It is sometimes described in the literature as the enforcer of a royal monopoly, but it makes more sense to describe it as a sort of public-private partnership. The merchandise was private, and the *Casa da Índia* provisioned the fleet, i.e., with food and military supplies. The ships themselves were built by private contractors (Costa 1997). The crown had occasional monopolies over certain trades in the early Asian empire, especially spices and pepper.

<sup>13</sup> See, for example, Silva (1974).

<sup>14</sup> The *Casa da Índia* is not to be confused with the *Estado da Índia*, which was concerned with the administration of the empire and consisted of a loose network of settlements, forts, and trade posts that stretched across the Indian Ocean and reached Japan. It relied on negotiations and compromise with local rulers (Subrahmanyam 2012).

**Table 2.** Commercial and navigational relationships according to regulation and barriers to entry of national citizens

|                          | 1500-1550     |             | 1550-1600     |             | 1600-1650     |             | 1650-1700     |             | 1700-1750     |             | 1750-1775     |             | 1775-1800     |             |
|--------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                          | Atlan-<br>tic | In-<br>dian | At-<br>lantic | In-<br>dian | At-<br>lantic | In-<br>dian | At-<br>lantic | In-<br>dian | At-<br>lantic | In-<br>dian | At-<br>lantic | In-<br>dian | At-<br>lantic | In-<br>dian |
| <b>England</b>           | N/A           | N/A         | N/A           | N/A         | N/A           | R           | F/R           | R           | F/R           | R           | F             | R           | N/A           | U           |
| <b>Nether-<br/>lands</b> | N/A           | N/A         | N/A           | N/A         | R             | R           | R             | R           | R             | R           | R             | R           | U             | U           |
| <b>Portugal</b>          | F             | R           | F             | R           | F             | R           | R             | R           | R             | R/F         | R/F           | F/R         | F             | F           |
| <b>Spain</b>             | R             | N/A         | R             | N/A         | R             | N/A         | R             | N/A         | R             | N/A         | R             | N/A         | F             | N/A         |

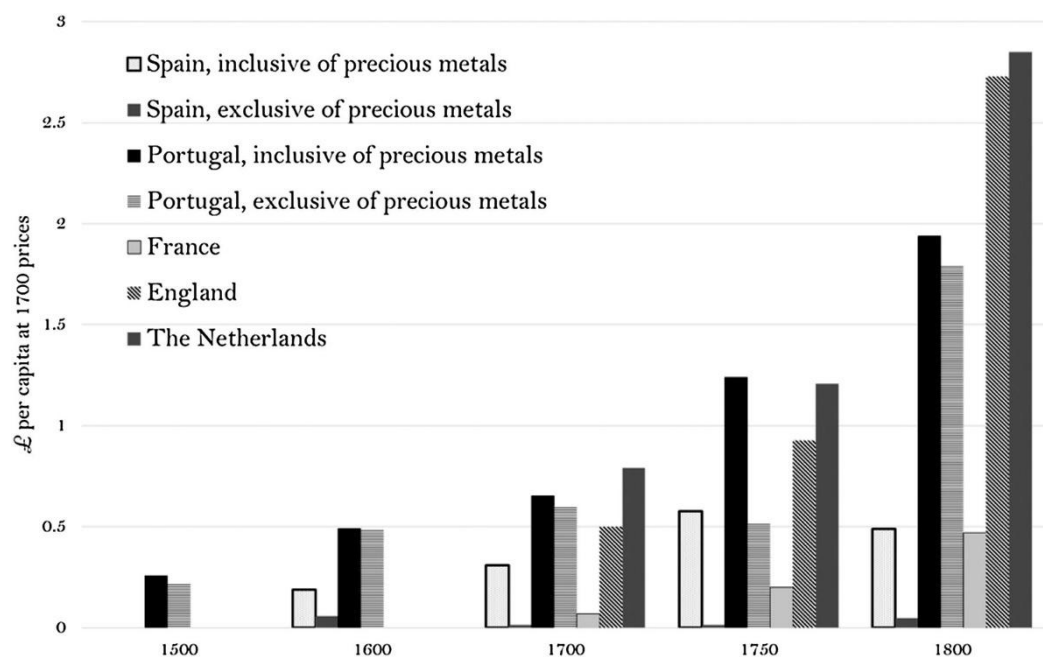
Notes: R=regulated navigation; F/R=both regulated and free navigation areas coexisted; F= free navigation; U=ambiguous/unclear. Two symbols indicate a period of transition and its approximate order. This summary table is based on prior unpublished work joint with Leonor F. Costa.

Furthermore, the interaction between the nature of state institutions and trade is far from straightforward. Acemoglu et al. (2005) suggest that merchants who became rich due to overseas trade gained political power in England and the Netherlands as a result, but the most dynamic phase of Portugal's intercontinental trade was in fact when the monarchy was most absolutist, during the 18<sup>th</sup> century (Figure 2).<sup>15</sup> Tilly (1993, p. 62) claims that the fiscal dependence of the Portuguese crown on maritime revenues meant that no representative institutions ever developed. For Tilly and others who repeat his claims, Portugal exemplifies a state that never developed strong internal representative structures due to its external revenue sources. The reality was more complex. The colonial empire grew to have its largest effect on the economy over the country's less representative period, the 18<sup>th</sup> century, when it also had the largest effect on the crown's fiscal capacity (Costa et al. 2015, Costa et al. 2024). At the same time, Portugal had institutions that provided checks and balances on executive power into the second

<sup>15</sup> It is of course not possible to observe the counterfactual of a different political regime for Portugal, so it is possible that trade levels would have been even higher under more inclusive institutions during the 18<sup>th</sup> century.

half of the 17<sup>th</sup> century (Henriques and Palma 2023). It was only with the discovery of large quantities of gold in the 18<sup>th</sup> century that a resource curse ensued, with negative economic and political consequences: counterfactual estimates suggest that by 1800 Portugal's GDP per capita was 40% lower than it would have been without its endowment of Brazilian gold (Kedrosky and Palma 2025). Portugal continued to diverge from Western Europe over the nineteenth and first decades of the twentieth century (Palma 2023).

**Figure 2.** Per capita intercontinental trade, at constant prices of 1700.



Source: Costa et al. (2015, p. 9). Notes: The 1800 trade values for France correspond to 1788 and those of the Netherlands to 1780. Reproduced with permission of Oxford University Press.

Portuguese military power overseas was always limited, and their presence in foreign lands depended on local alliances. The Persian and Ottoman empires were mighty opponents. Portugal's navy and coastal forts secured key strategic ports across the Indian Ocean and Atlantic, but resource constraints meant several Asian outposts (e.g. Malacca) were later lost to rivals, especially the Dutch VOC.<sup>16</sup> However, in Brazil, Portugal decisively defeated the Dutch WIC, which had conquered parts of Bahia and Recife.<sup>17</sup> This happened despite the WIC having been founded with a capital larger than that of the more well-known VOC (Findlay and O'Rourke 2009, p. 184). This reflected at least in part a conscientious strategic choice: Portugal's rulers

<sup>16</sup> For a comparison of the number of ships sent to Asia by the different European powers, see Steensgaard (1970).

<sup>17</sup> Baerle (2011).

decided that investing in Brazil was more appealing than in Portugal's scattered possessions in Asia.<sup>18</sup> We must hence be wary of simplistic explanations about superior military organization underpinning Dutch dominance, despite such forces having conquered several prior Portuguese possessions in Southeast Asia, though ultimately not Goa or Macao, despite close attempts.<sup>19</sup>

In an attempt to react to the changing geopolitical situation in the Indian Ocean and in Europe by copying the VOC's methods, a chartered company – The Portuguese East India Company – was chartered by the crown and operated between 1628 and 1633.<sup>20</sup> The king was to be just one of the stockholders, albeit an important one; ultimately, the company did not succeed. One important factor in this was the heavy overhead costs of Portugal's empire, and Portugal's link with the Spanish Crown proved to be a burden as well.<sup>21</sup> From the start, the company faced challenges: lack of investor confidence, competition from the Dutch and English, and heavy dependence on crown subsidies. Despite ambitious plans, it struggled to raise private capital, leaving the crown as the primary funder — undermining the joint-stock model it was supposedly based on. Internal opposition, especially from entrenched bureaucracies like the *Conselho da Fazenda*, and conflicts with colonial officials in Goa, further paralyzed operations. Additionally, the company's inability to secure reliable shipping schedules, poor coordination with military authorities, and administrative interference eroded its viability. The failure to attract and retain effective administrators in Asia and Lisbon added to its woes.

In the 18th century, another short-lived attempt at a joint-stock company was aborted due to scandals of one of the main protagonists, who had the tobacco monopoly. But there were other chartered companies.<sup>22</sup> The chartered *Companhia do Comércio da Ásia Portuguesa* was not a

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<sup>18</sup> Hence, the decline of Portuguese Asian trade was not due to an inherently inferior trade model (Boyajian 2008). Brazil's business model was based on importing consumer goods and agricultural and mining equipment from Europe in exchange for sugar, gold, cotton, tobacco, and coffee (with the emphasis on these different commodities varying over time). Slavery was integral to Brazil's economy until its late and gradual abolition over the 19<sup>th</sup> century, but the slave trade was a risky and not especially profitable business (Miller 1997, p. 457). Slavery delayed Brazil's long-run economic development (Lambais and Palma 2023).

<sup>19</sup> Relatedly, Portugal's *Carreira da Índia* exhibited a remarkably high rate of shipwrecks during the period of the Iberian Union (1580-1640), but not afterwards (Boxer 1960).

<sup>20</sup> Disney (1977, 2010).

<sup>21</sup> Silva (1974, p. 152). Between 1580 and 1640, the king of Portugal was a Habsburg who was also the king of Spain.

<sup>22</sup> A Company of Macao (1710-1720) was granted permission to carry out five voyages to China within ten years (Miranda and Salvado 2019, p. 73). A (second) Company of Macao existed in 1741-1757: the royal charter was granted for sixteen years, with no limit to the number of voyages that could be carried out; but it stopped outfitting ships after 1747 (Miranda and Salvado 2019, p. 74). See also Sim (2012).

joint stock company but simply a private company formed by a few businessmen.<sup>23</sup> It sent ships to Asia from 1753 to 1760, but eventually went broke.<sup>24</sup> With the Marquis of Pombal – the de facto ruler of the country between 1755 and 1777 – new chartered companies appeared for trade with Brazil: *Grão Pará e Maranhão* and *Pernambuco e Paraíba*, which also did voyages to Asia, namely to China, Bengal and Coromandel (in Eastern India).

### **3. The value of Portugal's empire for the metropolitan economy**

Portugal's mercantilist empire never produced much net value for the mainland. Defence was costly and several early ventures proved to be of negative commercial value. For example, Moroccan outposts such as Ceuta required heavy military and maintenance upkeep, while generating scant revenue (Thomaz 2022, p. 58, Palma 2023, p. 87). Until the twentieth century, Portugal's colonial economy in Africa and Asia was centred on trade. Portuguese ships imported exotic spices and silks from Asia, largely paid for by American silver (Palma and Silva 2023). From Africa, they brought mainly gold and slaves, exchanged for goods including textiles, fire weapons, spirits, metal manufactures, and trinkets including glass beads; slaves were mostly taken to Brazil, well into the nineteenth century, to support a plantation economy (Lambais and Palma 2023). After 1822, trade with Portugal's remaining colonies only surpassed the trade with (by-then independent) Brazil from the late 1880s. Even then, the flow of capital to Brazil remained greater (Clarence-Smith 1985, p. 6).<sup>25</sup> In the 1960s–70s, independence wars in Angola, Mozambique and Guinea-Bissau imposed heavy strains on Portugal, consuming manpower and funds, while hastening the empire's end.<sup>26</sup> Meanwhile in Asia, India annexed Goa (1961) and Indonesia occupied East Timor (1975).

More enslaved Africans disembarked in Brazil than in any other country in the New World.<sup>27</sup> Over a quarter of all Africans forcibly brought to the Americas arrived in Brazil, the estimated

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<sup>23</sup> This company is not part of Pombal's reforms. It is the result of a proposal submitted to the crown by Feliciano Velho Oldenberg (Miranda and Salvado 2019, p. 74).

<sup>24</sup> This company was owned by Feliciano Velho Oldenberg (1754-1763). It had 16 ships, 11 of which were sent to Coromandel/Bengal, and 5 to Macao/China; the last was sent in 1757, and the company stopped operations after that (Miranda and Salvado 2019, pp. 77-79).

<sup>25</sup> Large emigration to Brazil began in the 19th century and continued during the first decades of the 20th century, generating large remittances for the Portuguese economy (Esteves and Khoudour-Castéras 2009).

<sup>26</sup> Many prominent leaders of the independence movements had studied in Portugal, where they had been exposed to new political ideas.

<sup>27</sup> There were around 12.5 million embarkations in Africa, corresponding to 10.6 million disembarkations in the Americas (Slave Voyages n.d.). Considering only documented voyages, approximately 8.4 million slaves were taken from Africa to the Americas: Brazil received 3.2 million, compared with 520,000 to the Spanish American

total of 3.2 million being more than ten times those shipped to the modern territory of the United States.<sup>28</sup> The Atlantic slave trade (c. 1500-1850) supported the production of exportable commodities produced in Brazil, such as sugar, gold, and cotton. This slave economy underdeveloped Brazil, as it led to an economy characterized by low wages, low capital accumulation, and low levels of innovation (Leff 1982, Lambais and Palma 2023). If, on the contrary, slavery or the slave trade had been engines of development, as is often claimed without comparative evidence for other nations, Portugal and Brazil should have become the richest countries in the world.<sup>29</sup> This clearly did not happen.<sup>30</sup> Widespread slavery was associated with low innovation and wages, and it was not until the end of the slave trade that Brazil was able to begin altering its development path (Palma et al. 2021, Lambais and Palma 2023).<sup>31</sup> Brazil became independent, de facto in 1807, and formally in 1822. The Atlantic slave trade to Brazil, in fact, intensified after independence, peaking around 1825-1830 with an average of around 58,000 enslaved people per year entering Brazilian ports, especially Rio de Janeiro, Bahia, and Pernambuco.<sup>32</sup> This happened despite international pressure, particularly from Britain, to suppress the trade. The history of Portugal and its empire shows that slavery and colonialism were never adequate foundations for wealth accumulation and inclusive distribution anywhere, even if they did make certain individuals rich.

No systematic quantitative comparisons of extraction and coercion practices are available, but information for other empires suggests that Portugal's rule was not fundamentally different in this regard. In fact, elsewhere the numbers reached levels that were occasionally more impressive: net transfers of funds from Java to the Netherlands in the 1850s consisted of 4% of Dutch

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mainland, 4.4 million to the Caribbean, and 300,000 to mainland North America (Slave Voyages n.d.). Considering the intra-American slave trade, the disparity becomes even higher: in this trade, 850,000 slaves disembarked in Brazil, 172,000 in the Spanish American mainland, 205,000 in the Caribbean, and 130,000 in mainland North America. Lambais and Palma (2023) provide further details.

<sup>28</sup> Slave Voyages (n.d.). Considering the intra-American slave trade would make the disproportion even larger. Note additionally that Portuguese merchants were disproportionately involved in the Atlantic slave trade, even when slaves were supplied to other parts of the New World, besides Brazil.

<sup>29</sup> Eltis and Engerman (2000, p. 130) note that the slave sector formed a much larger share of the Portuguese economy than it did in its British counterpart. In other words, if slavery could contribute significantly to industrialization, one might have expected Portugal to become Europe's first industrial economy.

<sup>30</sup> A more sophisticated argument would be that slavery only supported sustained and relatively inclusive development in places with adequate institutions. While this is more plausible, the critical factor is then institutional quality, rather than the presence of slavery itself. Furthermore, Brazil's resource curse was reliant on slavery, which contributed to the institutional divergence of Portugal, as well as Brazil proper (Kedrosky and Palma 2025).

<sup>31</sup> From a comparative perspective, the literature elsewhere likewise shows that the reliance on slavery was not an appropriate foundation for the emergence of modern economic growth. See, for example, Olmstead and Rhode (2018), Wright (2020), or Gardner (2023).

<sup>32</sup> Slave Voyages (n.d.), Eltis and Richardson (2010, p. 280).

GDP and more than half of total government revenue; to generate this extraction, labour demands imposed by the colonial regime were strongly associated with increased mortality rates among the local population (de Zwart et al. 2022). A similar extraction level for just one location was never present in the Portuguese context, and it was at most rare even for the empire as a whole (Costa et al. 2024).

In the 19<sup>th</sup> and 20<sup>th</sup> centuries, Portugal's remaining residual empire in Asia was of little importance, but its (expanding) African empire promised large extractive returns, which were, however, ultimately unfulfilled except for some wealthy merchants.<sup>33</sup> The empire once again was not an engine for metropolitan development. Angola and Mozambique exported coffee, cotton, and minerals, but volatile markets and harsh labour regimes were not conducive to sustained development, either of the colonies or of Portugal itself (Palma 2023; Carvalhal and Palma 2023). Exports to Africa in the last phase of Portugal's empire were meagre, with trade involving large administrative and warfare-related costs.<sup>34</sup> Colonial exploitation was not the cause of Portugal's fast convergence to European living standards, from around a third of the GDP per head of the core of Europe's richest countries in 1940 to 55% in 1973 (Palma 2023, p. 219).

By the early twentieth century, Portugal imported from its colonies relatively modest quantities (a few thousand metric tons) of raw products such as oilseeds, coffee, sugar, and maize (Clarence-Smith 1985, p. 123). Trade with the colonies was worth around 15% of the value of Portugal's trade in 1972-3. Since trade was worth around 20% of GDP then, this implies that annual trade with Africa was only worth around 3% of GDP. In the 1950s, trade with the colonies was worth 22% of Portugal's trade, but much smaller as a percentage of GDP than in 1973; as a result, trade with Africa should have been again around 3% of GDP.<sup>35</sup> Even though there

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<sup>33</sup> The key here is to distinguish private as opposed to public, or at least widely distributed, wealth accumulation. Likewise, in the Belgian Congo, for instance, the state and taxpayers did not benefit much from the extraction, certainly in comparison to the enormous revenues from the Netherlands Indies that flowed into the Dutch state treasury (de Zwart et al. 2022).

<sup>34</sup> Colonial fiscal commitments corresponded to around 2.5% of Portugal's GDP during 1912-1974, with military spending accounting for more than four-fifths of the total. From the beginning of the wars of independence in 1961, costs escalated, and colonial expenditures peaked at nearly one-third of total government spending (Lopes 2024).

<sup>35</sup> In 1950, the trade between metropolitan Portugal and its colonies was only 22% of the total value of Portugal's trade, and it was on a decreasing trend (as European integration grew), reaching 14% in 1973. Furthermore, the weight of external trade as a percentage of Portugal's GDP increased from 15% in 1950 and 20% in 1973. Hence, colonial trade can be said to have been worth around 3% of Portugal's (metropolitan) GDP during the 1950-1973 period. For further details, see Palma (2023); for the numbers underlying these calculations, see Clarence-Smith (1985, pp. 230-231) and Afonso and Aguiar (2005).

were some additional transfers, all of this could not have been enough to pull economic growth meaningfully.<sup>36</sup> The empire was not cost-free: there were large administrative and, from the 1960s, warfare-related costs associated with Africa. There was war on three fronts: Angola, Guinea, and Mozambique. Revenues were not profits.

We know the true proximate reasons why Portugal's economy industrialized and grew. The country benefited from the European Golden Age, but there were also internal factors. Human capital – in particular, basic literacy among children – improved markedly with Salazar's dictatorship from the late 1920s. Three-quarters of people had been illiterate in Portugal in 1900, but this problem was largely solved (among children) by the 1950s. Partly as a result of solving this secular bottleneck, there was structural and demographic change, and the economy began industrializing from the 1930s, with a further boost in the 1950s. From 1960, Portuguese market integration with European markets deepened considerably. Portugal's small economy benefited from this trade openness and the opportunities that came with it as a result.<sup>37</sup> The external sector of Portugal's economy grew due to market integration with Europe, not Africa. The Portuguese (white) elite in Africa grew from less than 20 thousand in the early twentieth century to the around 600-700 thousand that returned to Portugal during 1974-5, plus a few who stayed, or moved to South Africa. This corresponds to an all-time peak.<sup>38</sup> The Marxist-Leninist idea that it was because of exploiting Africa that Portugal grew and converged in this period is incorrect.

The mere existence of colonial trade does not imply that it brought large profits to Portugal. The empire had nonnegligible costs, including opportunity costs: money and manpower invested in it could not be used elsewhere. The colonies had to be administered and needed to be defended, requiring considerable investments. Angola's colonial budget between 1819 and 1914, for example, was almost always in deficit, representing a net cost to Portugal (Lains 2003, pp. 230). In particular, from the start of the independence wars from the 1960s, Africa had a growing weight, which at times became very large for Portugal's budget, at the expense of social spending in the metropole itself.

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<sup>36</sup> Lains (1998).

<sup>37</sup> There were similar integration stories in other backward parts of Europe: Spain and Greece also converged at the time but did not have important colonies to exploit.

<sup>38</sup> At that point, comparatively speaking, these were not small population numbers. For example, the population of Portugal itself was under 9 million, and Kenya only had 60,000 Europeans at its height, yet it was thought of as a settler colony (Republic of Kenya 1967).



Elsewhere, the trends were similar. The French empire initially cost the metropole little: only an average of 0.5% of national income between 1833 and 1939 (Cogneau 2023, p. 33). The empire was self-sufficient for most of the time, with net transfers small in either direction. The later empire was more expensive: between 1946 and 1962, increased colonial costs as well as wars in Indochina and Algeria pushed costs to 2.6% of GDP (Cogneau 2023, p. 385). French trading companies typically paid African producers below-market prices for their own benefit (Tadei 2018). Colonies largely financed themselves through coercive taxation, while private investment was limited but steady, with the main beneficiaries being a small elite of settlers, capitalists, and officials. After independence, nationalist elites inherited and perpetuated authoritarian state structures (Cogneau 2023). Likewise, the British Empire largely financed itself through colonial revenue, reducing the burden on Britain's treasury (Gardner 2017).

In sum, the idea that Portugal developed itself thanks to the exploitation of its African colonies does not have an empirical foundation. We may speculate that the elites of the Estado Novo dictatorship, which ruled until 1974, felt that such returns were eventually coming, that some of them personally benefited, and hence for those reasons keeping the empire was part of their stated ideology, but large returns for the society overall never materialized.<sup>39</sup> A comparative analysis with other historical epochs of Portugal, as well as with other colonial powers, also shows that colonial trade cannot explain Portugal's take-off towards modern economic growth from the 1950s. Trade with the colonies reached a peak in the 1950s, in relative terms, when it became around 20-25% of the balance of trade (net exports), corresponding to only slightly more than half a century earlier.<sup>40</sup> By comparison, in the first decade of the 20<sup>th</sup> century, indeed until 1914, more than 15% of Portugal's exports were going to the African colonies, and corresponding re-exports of goods such as rubber, cocoa, and coffee, were more than 21% of Portugal's external trade.<sup>41</sup> Yet, at that time Portugal's macroeconomic growth performance was poor. Additionally, this weight was larger than the equivalent one in other colonial powers such as France or England, which grew more than Portugal despite also being considerably richer.<sup>42</sup>

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<sup>39</sup> It was also the case that the Estado Novo elites became increasingly convinced as time went by that some form of political solution to the war and independence for the African territories was going to be inevitable in the future.

<sup>40</sup> See Palma (2023, p. 241) and Afonso and Aguiar (2005).

<sup>41</sup> Lains (2003), pp. 225-226.

<sup>42</sup> Palma (2023, pp. 241-2).

Ultimately, Portugal held on to its African empire during the 20<sup>th</sup> century for a few decades longer than most other European powers.<sup>43</sup> In the years following the Second World War, trade monopolies and barriers turned the empire into a somewhat autarkic trade model, with African countries specializing in the export of agricultural products and raw inputs, such as Mozambican cotton, while importing Portuguese textiles, for example, from the metropolitan economy. Portugal's increased integration with other European economies, especially from the 1960s, sat uneasily with that model. The African independence wars that began in 1961, reaching three fronts by 1964, were associated with a more "modern" model of state-regulated colonization, decreased labor coercion and discrimination, as well as higher levels of strategic investment in infrastructure (such as the Cahora Bassa dam in Mozambique), plus an embryonic "welfare state" (Amaral 2024).<sup>44</sup>

#### **4. Consequences of the empire for the regions that were colonized**

After having considered the consequences of the empire for Portugal, I now review the evidence on the legacy for the colonized regions. It makes sense to separate the description of what we know about the evolution of living standards over time from the discussion concerning the potential measurement of causal impacts of the colonizing powers. I now consider each in turn.

Colonizing powers did not replace benign institutions anywhere; previous local rulers, where states existed, ruled over societies that were by no means inclusive.<sup>45</sup> It is difficult to imagine a counterfactual under which in the absence of any European contact, the regions of most former colonies would be more developed or would have more inclusive institutions today. For example, while Europeans exploited the sinister Atlantic slave trade for around three and a half centuries, they also forced its end for humanitarian reasons over the 19<sup>th</sup> century.<sup>46</sup>

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<sup>43</sup> Still, the point should not be overemphasized. For example, French rule in Algeria lasted until 1962.

<sup>44</sup> British colonial policy also transformed over time, from extractive agrarian governance to a more development-oriented approach (Hodge 2007). For the evolution of labor policies in British and French Africa, see Cooper (1996).

<sup>45</sup> See, for example, Alfani and Carballo (2023).

<sup>46</sup> Relatedly, Europeans themselves faced regular attacks by Muslim corsairs from North African states who raided coastal settlements and shipping, capturing Europeans for the slave markets of North Africa and the Ottoman Empire. Victims were used as laborers or sex slaves in harems, in the galleys, and for ransom. It was only in the first half of the 19th century that Western military intervention and colonial conquest (culminating with the French conquest of Algiers in 1830) greatly suppressed these activities. Until then, raids were often devastating for coastal villages, fishing industries, and ships in transit. More than a million Europeans were enslaved in North Africa between 1500 and 1800 (Davis 2003).

Not much is known about living standards in the Portuguese empire.<sup>47</sup> One way that economic historians have compared living standards is through real wage calculations, and we now have such estimates from around the colonial world, although few for Portuguese colonies. A recent study using Portuguese sources related to the *Estado da Índia* analysed Indian real wages for 1500–1650, arguing that the Great Divergence was already visible by the early 1500s; Indian living standards were low and declining over the 16<sup>th</sup> and early 17<sup>th</sup> centuries (Carvalho et al. 2024). In turn, living standards in Angola were low between the 18<sup>th</sup> and early 20<sup>th</sup> centuries, though they did rise from the late 1960s (Carvalho and Palma 2023). Angolan unskilled workers were poorer than some other Africans, namely those in Ghana and Nigeria, while being close to some counterparts in Eastern Africa (Kenya and Tanganyika), and better off than the poorest settings, namely Nyasaland (Figure 3).<sup>48</sup> Much similar data exists for other parts of the Portuguese empire in the archives, but it is yet to be systematically collected and analysed.

Unlike what is frequently claimed, borders in Africa were not mostly decided at the 1884–1885 Berlin conference. The borders determined then were not arbitrary, being instead to a large degree determined by geography, precolonial states, and negotiations between Europeans and Africans, based on prior historical contingencies. Historical political frontiers directly affected 62% of all bilateral borders, while straight lines were not very common or relevant (Paine et al. 2025). An implication is that claims that Africa’s political problems began with the Berlin conference, or with colonialism in general, must be mitigated.<sup>49</sup> Africa’s deep structural development issues predated such events.<sup>50</sup> In much of the current literature, the impact of the slave trades and colonialism is overstated at the expense of local agricultural geographies, disease climates, and indigenous social organization. For example, in the precolonial period, African societies were, for the most part, not politically organized on ethnicity, and states were

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<sup>47</sup> A large international literature now exists, facilitating comparisons concerning both real income and inequality. See, for example, Jerven (2010), Frankema and Waijenburg (2012), Alvaredo et al. (2021), Broadberry and Gardner (2022), Frankema et al. (2023), Frankema and Waijenburg (2023), Hillbom et al. (2024), Fourie et al. (2025).

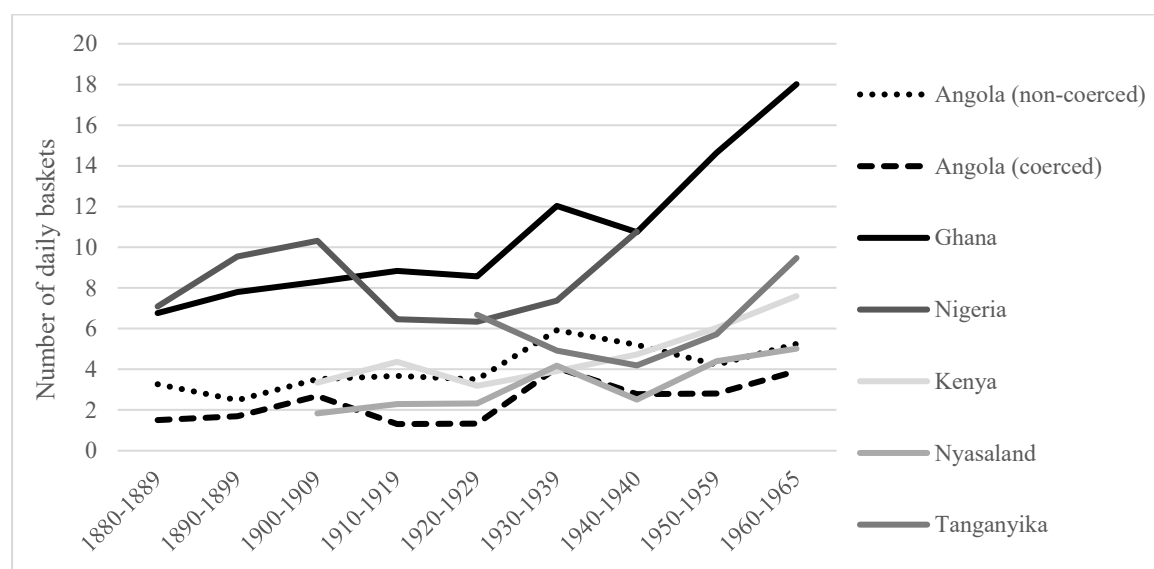
<sup>48</sup> Unfortunately, the degree of coercion for the compared locations is not always clear, but there was labor coercion in East Africa, which the data for at least Kenya, Nyasaland, and Tanganyika reflect (Frankema and van Waijenburg 2012, p. 921).

<sup>49</sup> See, for example, Frankema (2010, 2011), Gardner and Roy (2022), and Roy (2025).

<sup>50</sup> Likewise, as mentioned, claims that the slave trade promoted by colonialists made Africa poor or the West rich do not have a solid empirical foundation. African societies were based on slavery before the arrival of Europeans, and it was indeed the latter who were responsible for the gradual end of slavery from the 19<sup>th</sup> century. The slave trade was associated with only modest profits (Marques 2018, p. 64; Miller 1997, p. 457). Concerning these and related matters, see Austin (2008), Abad and Maurer (2021, 2024, 2025), Palma et al. (2021), and Lambais and Palma (2023), as well as Conley and Kelly (2025), who cover statistical problems with several well-cited studies.

relatively rare; this corresponded to deliberate choices to stop centralization from emerging (Henn and Robinson 2025). Even before European presence, there was a great deal of destructive conflict in Africa, involving the capture of livestock, foodstuffs and – importantly – enslaved people; hence, starvation and impoverishment were strategic choices imposed for political reasons (Reid 2012, p. 7).

**Figure 3.** Angolan unskilled urban daily real wages in African perspective, 1860s-1960s



Sources: for Angola, Carvalhal and Palma (2023); for others, Frankema and van Waijenburg (2012). Daily real wages indicate how many (individual) subsistence baskets an unskilled daily wage could afford. Angola includes only real wages paid to African workers.

During the 19<sup>th</sup> and 20<sup>th</sup> century phases of colonization, Portugal was poorer than the other major Western colonizers and appears to have allocated comparatively fewer resources to its colonies (Jerónimo and Pinto 2015, Alexopoulou and Juif 2017, Fernández-Cebrián 2022, Alexopoulou and Frankema 2024, Dolan 2024, 2025, Jones and Gibbon 2025). Perhaps this is not surprising, however, given that Portugal itself was a poor country which invested little in education and healthcare until well into the twentieth century (Amaral 2019, pp. 181-82, Palma and Reis 2021).

Over the 19<sup>th</sup> century, even before the proper formal colonial administration of many regions of Africa by European powers began in the last decades of that century, warfare in Africa went

through an important transformation. This was characterized by the professionalization of armies, the adoption of new military technologies (including firearms), and the emergence of centralized command structures.<sup>51</sup> This, in turn, had profound effects on the political and social landscapes of African societies. Colonial rule both disrupted and co-opted existing African military traditions: the “scramble for Africa”, which was in fact a multitude of invasions and prolonged armed incursions, that resulted from a small number of European officers being able to leverage superior weaponry and organization as well as Africans’ own knowledge of enemies and terrain (Reid 2012, pp. 107-8). While colonial powers imposed new structures, they also integrated and manipulated indigenous systems of warfare for their purposes.

The early emergence of inclusive societies in the USA, Canada, Australia, and New Zealand, with European-like institutions for a large fraction of their populations – but not all, until well into the twentieth century – was the historical exception, not the norm. Development did not turn out as well in most of the regions that were colonized, including most British and French Africa, India and Pakistan, the Caribbean and Dutch Suriname (bordering Brazil), the Dutch East Indies (approximately modern Indonesia), and French Indochina (primarily consisting of modern Vietnam, Cambodia, and Laos).<sup>52</sup> Most colonies, regardless of the identity of the colonizer, failed to exhibit much sustained and inclusive economic or political development.<sup>53</sup> In this sense, their outcomes were not remarkably different than those of Portugal’s formal colonies in comparable geographies.<sup>54</sup> Everywhere, the legacy of the colonial interactions continues to influence contemporary African military and political dynamics. Most African countries emerged at independence with institutions that were arguably worse than those that they had at the time of colonization, leading to authoritarianism and economic decline (Acemoglu and Robinson 2010).

The inherent difficulties in assessing the legacy of colonialism are evident in the divergent perspectives of postcolonial societies today. A recent survey covering Cape Verde and Angola

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<sup>51</sup> Reid (2012, p. 107). In previous centuries, by contrast, European activities were constrained by climate and disease, with firearms having had a rather limited impact across sub-Saharan Africa (Reid 2012, p. 78).

<sup>52</sup> Acemoglu et al. (2001) distinguish “extractive” from “settler” colonies. Relatedly, see Engerman and Sokoloff (2012).

<sup>53</sup> Evidently, high living standards for a small, discriminatory elite, as observed in South Africa, cannot be considered inclusive. For the unusually hopeful case of Botswana, see Hillbom and Bolt (2018). For evidence that plausibly random variation in colonization lead to development relative to a no-colonization counterfactual, see Feyrer and Sacerdote (2009). See also Easterly and Levine (2016).

<sup>54</sup> In fact, Cape Verde, which was uninhabited before the arrival of the Portuguese in the 16<sup>th</sup> century, currently has a population of around half a million and is stable democracy, and among Africa’s most developed countries.

showed that while the citizens of both countries have a positive view of independence, the colonial period is nevertheless seen as positive or very positive by 43% of the citizens of Cape Verde: the same percentage that considers it to have been negative or very negative (António 2025a, pp. 20, 23-4). It is unlikely that this can be attributed to the absence of war in the territory of Cape Verde, given that in Angola the equivalent percentages are 47% vs. 46% (António 2025b, pp. 20, 23-4). It seems more likely that it was the political and economic trajectory of the last half-century that has contributed to these similarly divergent opinions.<sup>55</sup>

## 5. Conclusion

In this chapter, I showed that Portugal's empire was, for the most part, not fundamentally different than those of other Western European colonial powers. Apart from different geographies, the empire was run in similar ways and had roughly comparable outcomes for both the metropolis and the colonized regions. Portugal as a whole did not benefit economically in the long run from its empire. That this was the case despite the centrality of slavery for the economies of Angola and Brazil, as well as arguably that of Portugal itself in certain periods, is suggestive evidence that for other colonial empires, too, slavery and colonialism were not the sources of their take-off towards modern economic growth.

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<sup>55</sup> For example, following independence, Angola plunged into civil war while the PAIGC (which had fought for the independence of both Cape Verde and Guinea-Bissau) established a one-party state and carried out widespread executions of several thousand African soldiers who had served in the Portuguese colonial army.

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