

The Historical Journal

<http://journals.cambridge.org/HIS>

Additional services for *The Historical Journal*:

Email alerts: [Click here](#)

Subscriptions: [Click here](#)

Commercial reprints: [Click here](#)

Terms of use : [Click here](#)



MERCANTILE NETWORKS IN THE EARLY MODERN WORLD

AARON GRAHAM

The Historical Journal / Volume 56 / Issue 01 / March 2013, pp 279 - 295
DOI: 10.1017/S0018246X1200043X, Published online: 01 February 2013

Link to this article: http://journals.cambridge.org/abstract_S0018246X1200043X

How to cite this article:

AARON GRAHAM (2013). MERCANTILE NETWORKS IN THE EARLY MODERN WORLD. The Historical Journal, 56, pp 279-295 doi:10.1017/S0018246X1200043X

Request Permissions : [Click here](#)

REVIEW ARTICLE

MERCANTILE NETWORKS IN THE EARLY MODERN WORLD*

The capital and the colonies: London and the Atlantic economy, 1660–1700. By Nuala Zahedieh. Cambridge: Cambridge University Press, 2010. Pp. xvii + 329. ISBN 978052151423. £58.00.

Defying empire: trading with the enemy in colonial New York. By Thomas M. Truxes. New Haven and London: Yale University Press, 2008. Pp. xv + 288. ISBN 9780300118407. \$30.00.

East India patronage and the British state: the Scottish elite and politics in the eighteenth century. By George K. McGilvary. London: I. B. Tauris, 2008. Pp. xiv + 288. ISBN 9781845116613. \$85.00.

The familiarity of strangers: the Sephardic diaspora, Livorno and cross-cultural trade in the early modern period. By Francesca Trivellato. New Haven and London: Yale University Press, 2009. Pp. xiii + 470. ISBN 9780300136838. \$50.00.

Global trade and commercial networks: eighteenth-century diamond merchants. By Tijn Vanneste. London: Pickering & Chatto, 2011. Pp. xi + 269. ISBN 9781848930872. £60.00/\$99.00.

From the Indian Ocean to the Mediterranean: the global trade networks of Armenian merchants from New Julfa. By Sebouh David Aslanian. Berkeley, CA: University of California Press, 2011. Pp. 392. ISBN 9780520266872. \$55.00/£37.95.

Oceans of wine: Madeira and the emergence of American trade and taste. By David Hancock. New Haven and London: Yale University Press, 2009. Pp. xxix + 680. ISBN 9780300136050. \$50.00.

Perhaps reflecting an increasingly globalized world, international commercial networks in the early modern period have been of considerable interest in recent years. Since the 1980s, numerous studies have examined individual networks in detail, as well as emphasizing their utility in explaining other phenomena such as imperial growth, and offered explanations for why these constituted the most common institutional form for international trade during this period.¹ Most have concluded that trust was fundamental to the process. Understood as the expectation and exercise of reciprocal duties and predictable conduct, it allowed merchants to overcome informational

* I am indebted to Perry Gauci for commenting on the initial draft of this article, and to the anonymous reviewers for the *Historical Journal* for their suggested changes.

¹ See the summary in Natasha Glaisyer, 'Networking: trade and exchange in the eighteenth century British empire', *Historical Journal*, 47 (2004), pp. 451–76.

asymmetries and the slow speed of communication by delegating authority and initiative to trusted agents or correspondents who could respond better to circumstances and opportunities. Trust linkages also offered access to credit for start-up and working capital, enabling a merchant to expand the range and scope of his activities, and overcome shortages of cash flow that were inevitable in an economy still only partially monetized. They were generated in turn within economic networks by intermingled social and cultural structures, such as shared kinship or a common religious or regional identity: the fear of exclusion encouraged honesty, and overlapping personal ties permitted the speedy internal circulation of information concerning credit, reputation, and conduct, enabling standards to be enforced. Thus, in the seventeenth and eighteenth centuries a cohesive network of commercial and personal connections, such as the transatlantic Anglo-Scottish networks identified by David Hancock or the Jewish merchants studied by Gedalia Yogev, offered competitive advantages, making for more efficient economic trade.²

However only recently have historians begun to address the fact that this model remains at best an ideal type, and that real-world commercial connections were far more complex. Economic networks clearly delineated by informal linkages did indeed exist and might operate internally with a high degree of efficiency, but they were ultimately embedded within a much larger matrix of commercial transactions between parties who might lack the socio-cultural factors that generated trust. For instance, a network of Sephardim, Jewish merchants culturally identified with the former communities in the Iberian peninsula, who were importing diamonds from India to Amsterdam via London, would have to bargain and negotiate with non-Jewish producers, brokers, cutters, craftsmen, jewellers, and retailers in both Europe and Asia, as well as with the officials of the East India Company and the British state. Yet too often historians have analysed these networks as free-floating and isolated entities and there is therefore no consensus on what analytical tools could or should be used to examine this interaction: as Francesca Trivellato points out at the beginning of her study, 'rarely do historical studies offer a descriptive and analytical explanation of the ways economic cooperation worked across geopolitical, linguistic and religious boundaries' (p. 1). In other words, it is unclear how trust was generated without the direct personal linkages that enforced honest, reliable, and effective behaviour within early modern economic networks. It remains equally unclear what role institutions, both formal and informal, played in this process, and whether commercial networks interacted with them in a different fashion. Only recently have these issues begun to be addressed, and the books under review, all focused upon aspects of trade in the late seventeenth and eighteenth centuries, are therefore part of this

² David Hancock, *Citizens of the world: London merchants and the integration of the British Atlantic community, 1735-1785* (Cambridge, 1995); Gedalia Yogev, *Diamonds and coral: Anglo-Dutch Jews and eighteenth-century trade* (Leicester, 1978).

much broader 'second wave' of the historiography. All aim, more or less explicitly, to explore the creation and consolidation of trust at the margins of established mercantile networks, where they intersected with other trading, administrative, and political connections whose co-operation was vital for effective commerce.

The full range of these networks is only hinted at in Nuala Zahadieh's work *The capital and the colonies: London and the Atlantic economy, 1660–1700*, although this reflects the size of the topic rather than any failing in the book, which is an effective and deftly drawn survey of the Atlantic trade in the late seventeenth century. Indeed, what emerges most strongly is the sheer scale of these entrepreneurial enterprises, especially in London, which acted as a hub for much of the colonial import, export, and re-export trade. Zahadieh argues convincingly that the mercantile networks which stretched across the Atlantic cannot be analysed in isolation and represent only the tip of the economic iceberg, since they generated large numbers of associated or linked industries: in 1686, for example, the plantation fleet consisted of some 65,000 tons of shipping, representing a capital investment of around £780,000 or between two and three times as much as the total capital invested in coal mining during this period. This generated in turn a demand for marine services, such as maintenance, repair, insurance, maritime education, and provisioning – victualling these ships required anywhere between £17,000 and £34,000 a year – which were all supplied through mercantile or financial networks. Further chapters demonstrate that both imports and exports generated further invisible economic activity, and that commercial and industrial networks therefore sprang up to pack, process, and retail colonial imports such as tobacco and sugar, and to provide the manufactures exported to America.

What underpinned the success of this overall trade, Zahadieh argues, was not the mercantilist Navigation Laws or formal institutional frameworks. Although chartered companies such as the Hudson's Bay and Royal African companies continued to operate in the Atlantic, they did not dominate the trade as the East India Company did on the other side of the world. Instead, the level of trade reflected a dense and complex web of multilateral connections, obligations, and exchanges, stretched across national boundaries. Merchants were embedded within wider economic networks, investing in an interlinked series of financial, commercial, and industrial ventures that strengthened mutual interdependence and fulfilled functions usually provided by institutional structures. For instance, West India merchants might move sideways into marine insurance, banking, or finance; attempt to improve the vertical integration of their enterprises by investing in shipping and plantations; and even bolster their political and commercial standing by involving themselves in civic and national politics.

Backed up by detailed reconstructions of the connections that linked individual merchants, this analysis is extremely convincing, although the unique conditions of the Atlantic trade which discouraged the formation of

larger joint-stock companies seem overdrawn. Private trade networks flourished even within the East India Company on the other side of the world, in a large part because the entry of company factors into Indian domestic trade appears to have helped secure goods for the more strictly regulated international trade, while in the Mediterranean the Levant Company became by the eighteenth century little more than an umbrella organization for private traders. By the same token, given the immense liquidity requirements of the Atlantic trades, the absence of formal commercial institutions probably cannot be taken for granted: there could conceivably have been room for joint-stock companies to assemble and invest the capital for these trades, had not the Royal African Company sabotaged itself in the 1690s by backing the wrong political horse the previous decade. As Zahedieh notes, the Hudson's Bay Company survived this period as a viable commercial concern thanks in no small part to the support offered by whig merchants in parliament. Thus, although the argument that the Atlantic trade presented distinct economic and institutional conditions is largely convincing, the exact degree of functional differentiation is at times overstated.

In reconstructing the informal linkages that bound together merchants, great emphasis is also placed upon the social and cultural connections generated through a 'flourishing associational structure' (p. 103), which sat alongside purely economic bonds. Livery halls, trading companies, clubs, coffee houses, and other forums provided spaces for sociability and the exchange of information, all of which were vital in correcting informational asymmetries between networks and in circulating information about credit, reputation, and opportunities. Zahedieh also bolsters the argument that minority communities with strong ethnic, regional, or religious connections were particularly successful by virtue of this framework, which rewarded more closely knit groups with greater co-operation and thus lower transaction costs. One of the most interesting elements is the discussion of how political allegiance often served a similar purpose, with whig and tory traders forming trusted connections not only with political allies but also with increasingly politicized financiers, officials, and politicians in England and abroad. One regret is that this is not followed up in greater detail, since there is undoubtedly more to be said on this topic. Perry Gauci's recent work has illuminated how merchants attempted to utilize parliament for commercial means, while Zahedieh provides much useful material on how the Navigation Laws and inadequate infrastructure hampered trade, or individual merchants benefited from government contracts.³ But there is less focus on how Atlantic merchants used their political contacts to secure the state support that allowed them to dispense with more formal structures and institutions noted above. For example, the Cruisers and Convoy Act of 1708 committed around a quarter of the entire British fleet

³ Perry Gauci, *The politics of trade: the overseas merchant in state and society, 1660–1720* (Oxford, 2001).

to the protection of the country's seaborne trade, while naval campaigns against Caribbean piracy from the 1690s reduced the need for the expensive and heavily armed East Indiamen which dominated the Indian Ocean trade and required the heavy capital investments that favoured joint-stock companies. However, these are all comparatively minor points in what is ultimately an invaluable survey of the British Atlantic trade. Zahedieh establishes in effect the global or 'geographical' context in which this commerce operated, offering a 'horizontal' study that assesses the contribution that interlocking commercial networks made to its overall success.

Several other works adopt a narrower focus, upon an individual mercantile network rather than a trading area, but these studies – increasingly undertaken with an enhanced awareness of issues such as cross-cultural commerce and state intervention – provide equally useful studies of early modern commerce, and often at a far higher level of detail. For instance, the question of how much state structures contributed to the successful conduct of commerce is explored by Thomas Truxes in *Defying empire: trading with the enemy in colonial New York*, his detailed and strongly argued study of the American smuggling trade during the Seven Years War (1756–63). Mercantilism and economic regulation notwithstanding, by the middle of the eighteenth century the commercial networks of north and south America and the Caribbean were thoroughly interlinked, across national borders and territories, with New York at the centre of an entrepôt trade with the French sugar islands in the West Indies. Consequently, the outbreak of war made very little difference to the operation of these networks, many of them bound up in private or personal contacts based on kinship, friendship, and regional identity. Drawing on previous work on the Irish provisions trade, Truxes shows that a significant proportion of the merchants involved relied on similar sets of connections in order to reinforce trust. Such networks also overlapped heavily with provincial administration, many local officers and officials being either related to merchants or in their pockets. Despite the understandable reluctance of many merchants to commit their acts to paper, Truxes shows how the methodological challenge this represents can be overcome by reading legal records, administrative papers, and personal letters alongside each other and against the grain. In doing so, he exposes in persuasive detail how state structures and institutions were twisted out of shape in order to overlook or even assist acts of smuggling. Thus, sugar was bought at low prices in return for north American provisions, enabling the French Caribbean islands to resist British military pressure, and transported to New York in neutral Dutch, Danish, or Spanish ships, sometimes via a transfer at neutral entrepôts in the Lesser Antilles. Goods were also shipped directly under 'flag-truces', technically cartels intended for the exchange of prisoners. All of this was accompanied by the widespread falsification of paperwork with the collusion of customs, judicial, and civic officials, who combined to help suppress local opposition. Truxes therefore explores the contribution of state structures from an unusual and innovative angle, showing how under the right

circumstances they acted to strengthen the operation and effectiveness of commercial networks.

How far these networks relied upon their institutional backing and were unable to operate without it is revealed by the history of the British government's efforts to cut down on smuggling, which also provides a valuable insight into fiscal and political policy in colonial government. Initially, the bond between such structures made such intervention almost entirely ineffective: faced with a fairly weak set of imperial punishments or inducements, colonial officials consulted their interest, and found it most worthwhile to protect rather than prevent illicit trade. The unfortunate George Spencer, for example, when he attempted to report the smuggling trade to New York officials, found himself subject to both official and informal persecution, culminating in his arrest and deportation. However, by 1760, the inroads that smuggling was making into Britain's war effort became intolerable, with the result that the metropolitan government focused much greater political attention upon prevention and punishment. Colonial officials were no longer able to choose sides, or found that there was more opportunity and less risk in using their local knowledge and influence to detect and deter local smuggling operations. Judges in vice-admiralty courts became far less lenient and more willing to co-operate with naval officers to crack down on smuggling, as well as to co-ordinate their efforts with customs officials and the governors of other north American colonies. Efforts were made not only to prosecute individual ships in the vice-admiralty courts, but also their owners in the criminal courts, placing increasing pressure on merchants. Successful trials acted as a deterrent. Combined with a round-up of French agents in New York in May 1762, the trade became risky and uneconomic, and Truxes argues that by this stage confidence had collapsed entirely. The other side of the coin, of course, was that increased imperial involvement—embodied by the Sugar Act of 1764, which constituted a wholesale attack on the abuses that had allowed smuggling—ended the loose policy of salutary neglect which had helped render British rule acceptable to colonial societies, thereby contributing to the eventual imperial crisis of the 1770s. Truxes therefore presents a detailed and compelling study of concealed commercial networks during the Seven Years War, of support afforded by institutions incorporated by informal ties into such networks, and of the mutual problems this caused as the two steadily became separated from each other.

In *East India patronage and the British state: the Scottish elite and politics in the eighteenth century*, George McGilvary provides a study of a different commercial network that became detached even further from its commercial moorings and integrated instead into the British fiscal-military state as a source of political patronage. He argues that during the eighteenth century, the East India Company became one of a number of agencies used to reconcile Scottish elites with the Act of Union of 1707, and to dampen ill-feeling after the Jacobite rebellions of 1715 and 1745. The dukes of Argyll and Ilay, political 'managers' of North Britain between the 1720s and 1760s, used their political influence

to secure control over large swathes of government patronage in Scotland. Through John Drummond, a Scottish merchant linked with their interest who served as a director in the Company, Ilay in particular was able to secure for his clients valuable appointments as officers aboard East Indiamen, or commercial servants of the Company in India. By the time of Drummond's death in 1742, the process had become self-sustaining, a network of Scottish appointees at home and abroad providing entry to further aspirants while remaining responsive to the priorities of Ilay, who in 1743 succeeded his brother as earl of Argyll but continued to act as London's viceroy in Scotland. This comfortable intermingling of private and public networks persisted until the 1770s, when the tension between commercial and political priorities became unsustainable and new means of management were hammered out. The networks also expanded outwards, to penetrate the relatively closed circle of the East India shipping interest and, crucially, other commercial and financial institutions such as the banking firm of Drummond & Co. founded by John Drummond's nephew were pulled into the orbit of these Scottish networks by virtue of common connections. All of these conclusions are presented in extensive and even excessive detail: long lists of patrons and clients are incorporated into the text alongside potted biographies, making it difficult to keep track of developments, especially where individuals dispense patronage or favours across chapter breaks.

Insofar as McGilvary considers the economic or commercial implications of the narrative he presents, it largely confirms the importance of formal and informal political connections to the operation of trade networks. Political patronage, exercised by the government for its own ends, gave Scottish entrepreneurs a foothold in the East India Company. Once inside, strong cultural, familial, and political connections encouraged co-operation and they formed a 'distinctive business group' (p. 94) capable of exploiting opportunities by providing an outlet for unused Scottish capital. Although not the main focus of his work, it is a shame that this is not pursued further, especially given the recent work by Steve Murdoch on the success of Scottish mercantile networks in the early modern world in arguably another example of this 'second wave' of historiography.⁴ A fuller analysis of the penumbra of semi-official enterprises that sprang up around these core East India networks would also have reinforced McGilvary's overall argument by emphasizing the subsidiary commercial and personal benefits that participation and patronage offered the Scottish elites. Indeed, the work as a whole often shows a greater concern for prosopographical depth than conceptual or interpretative breadth. Attention is fixed upon the palliative effects of East India patronage in Scotland itself: there is no sustained effort to examine how far the shared experience of commercial trade and the complex intermingling of military and maritime

⁴ Steve Murdoch, *Network north: Scottish kin, commercial and covert association in northern Europe, 1603–1746* (Leiden, 2006).

experience might have generated a common national identity that helped reconcile Scots to their place in the Union. Although McGilvary makes much of Drummond's connections with English financiers involved in the East India Company, such as Sir Matthew Decker or the duke of Chandos, the ramifications of these wider political connections for such individuals rather than for Drummond are not always followed up. A certain narrowness of focus therefore results in an account of the interplay between Scottish commercial and political networks during the eighteenth century that is useful in its conclusions but often overwhelming in its detail, and at the expense of the wider conceptual implications of these findings.

Two further books also explore the internal workings of economic networks, and to some extent their relationships with formal structures, but the focus is far more upon the interaction of these networks with their external correspondents and contacts. Of these, Francesca Trivellato's work in *The familiarity of strangers: the Sephardic diaspora, Livorno and cross-cultural trade in the early modern period* is the more ambitious. Two main themes underlie this work, the first being an even deeper excavation of the 'multiplex relationships' which underpinned the operation of Jewish networks in the Mediterranean in the seventeenth and early eighteenth centuries.

Reconstructing the kinship and marriage structures of a number of Sephardic merchant partnerships in the Italian city of Livorno, particularly the firm of Ergas & Silvera, she demonstrates that the two were heavily interlinked. Consanguineous marriage between uncles and nieces, permitted under Jewish law, allowed a far greater diversity of kinship relations than in non-Jewish firms, while the practice of pooling both dowers and dowries provided superior access to credit and capital. Consequently, general rather than limited liability partnerships were more common than elsewhere, since a dense network of kinship relations provided superior trust and reciprocity: in Ancona, where marriage alliances within the Sephardic community were less common, there was a greater resort to written contracts. Elsewhere, a common culture across Sephardic communities in Italy, North Africa, northern Europe, and the Americas similarly encouraged trust, and enabled Ergas & Silvera to employ more experienced or effective agents than their own circle of relations could provide. Thus, Trivellato shows in convincing detail how the 'weak ties' provided by cultural identity and interaction operated alongside and reinforced the 'strong ties' of blood or marriage within this community. In doing so, she reinforces and nuances much of the existing literature on the topic of homogeneous networks, moving beyond what have sometimes become rather formulaic statements of the importance of family relationships and cultural sanctions.

The most innovative element of this study is the application of this concept of 'weak ties' to the interaction of these Jewish traders with their peripheral mercantile networks, a process characterized as 'cross-cultural brokerage'. The Sephardim in Italy and northern Europe dealt with Ashkenazi traders in

the Low Countries, Britain, and Germany, with *conversos* (former Jews converted, often forcibly, to Catholicism) in Spain and Portugal, with Christians across Europe, and even with Hindu diamond traders in India. Where common kinship or religion broke down, 'weak ties' such as friendship, mutual self-interest, and shared expectations took over, helping to structure exchange by generating consistent and predictable responses. Particularly interesting is the analysis of 'bona correspondencie' or 'buono corrisponienza' (good correspondence), which helped to generate trust in the first instance among early modern merchants by enabling and encouraging the circulation of information. The proposals offered by correspondents abroad could be compared and contrasted by Livornese merchants with independent information on prices and commodities, so as to gauge the value of the deals being offered. Where the proposals were found to be good, trust was reinforced. More importantly, the reputation and credit of correspondents could be similarly cross-referenced and confirmed, enabling both sides to act with greater confidence and thereby delegate greater commercial powers, allowing higher levels of economic flexibility and initiative. The circulation of information between cross-cultural networks also provided sanctions, enabling merchants who abused this confidence or lost their credit to be frozen out of further transactions. Trivellato also argues that the importance of the actual forms of correspondence has been particularly underestimated and that the use of 'communication codes' and epistolary conventions helped further cement trust, since 'the use of shared rhetorical and legal conventions provided merchants...with a decipherable code of expressions and norms that regularized behaviours and expectations' (p. 180). Unfortunately, this is the point at which the evidence is weakest: without the other side of the conversation, it is impossible to judge to what extent, for example, Hindu merchants in India genuinely responded to this code as Ergas & Silvera expected and thus how far their faith in the utility of such rhetorical conventions was justified. However, the role of correspondence in circulating information appears much more firmly grounded, and here Trivellato's conclusions are more persuasive.

Taken together, the chapters of this book provide a powerful model for understanding the interaction of a homogeneous and transnational economic network with its own mercantile periphery. 'Weak ties' of sociability and cultural sanctions operated alongside the stronger ties of kinship and religious or regional identity within the network, but were available for application to external correspondents with whom Sephardim might not share any more personal connection. The embedding of discrete networks into a wider economic system can therefore be understood as a process of cultural confidence-building, which mirrored the ways in which trust was built within as well as between those networks. Rhetorics of friendship, kinship, and divine aid signalled confidence and established credibility, and raised expectations

of reciprocal treatment and trustworthy conduct: trust was created even as it was expressed.

Consequently, Trivellato concludes, formal institutional structures played little role in successful trade, the informal sanctions and information circulation within economic networks providing sufficient means to identify and punish disobedience and breaches of trust. She also argues that this demonstrates how far cross-cultural trade remained rooted in the maintenance and integrity of cultural boundaries, which gave communal sanctions their force: 'rather than hindering cross-cultural trade, the prosecution of group boundaries could ease trade between strangers insofar as it enforced intragroup expectations and gave substance to the languages of obligations' (p. 275).

Tijl Vanneste's work in *Global trade and commercial networks: eighteenth-century diamond merchants* is very much in the same vein, although as a monograph based on a doctoral thesis it is narrower in its scope and less sweeping in its conclusions. At its core is a study of the trading networks of James Dormer, an eighteenth-century Antwerp diamond merchant with various cross-cultural connections with both Ashkenazi and Sephardic merchants in northern Europe, Brabant merchants in Antwerp, Huguenots in Lisbon, and Protestant and Catholic traders in the Netherlands. Dormer, it appears, employed many of the same techniques used by Sephardic merchants to create weak ties with their mercantile contacts, and the diversity and multiplicity of his dealings allows Vanneste to reconstruct this in some level of detail, although focused mainly on Dormer's transactions with the Sephardim. Friendship was often key, generated through personal contact or regular correspondence, and reinforced by the exchanges of gifts and personal news, mutual hospitality, and the provision of favours. Once again, correspondence helped to knit together shifting networks of mercantile contacts, correcting informational asymmetries and permitting the operation of informal sanctions intended to exclude those who had failed to meet their obligations. The exchange of letters of recommendation involved the deployment of social capital, for whose analytical and methodological importance Vanneste makes a convincing case, and was used to embed new arrivals into established networks. The exchange of personal information, within a rhetorical framework of civility and friendship, also helped to reinforce these ties, although Vanneste does not go as far as Trivellato in arguing for the role of codes of correspondence and epistolary conventions in generating expectations of trust and reciprocity. He does show, however, how far such formal and standardized rituals also represented genuine intimacy rather than formulaic association. His conclusion that the two are inextricable and that even charitable donation merged with calculations of utility is therefore soundly based.

The second and more sophisticated part of this study is an analysis of Dormer's relations with Ashkenazi diamond traders, and how he balanced the competing demands that this imposed with the maintenance of his Sephardic connections. By the early eighteenth century, Ashkenazi merchants from

northern Europe had entered the diamond trade, often in competition with the Sephardim, placing Dormer in an interesting position of attempting to deal honestly and competitively with both networks while retaining their trust. The solution, to an extent, was to betray that trust, assuring each side that he had no dealings with the other while attempting to avoid exposure that could have weakened his connection with both parties. Vanneste ultimately concludes that it is impossible to determine why Dormer was prepared to risk what appears to have been a profitable and potentially long-term commercial connection with Sephardic merchants in order to pick up the occasional commissions that the Ashkenazim offered, unless it was to exploit as many opportunities for profit as possible. This behaviour may also have reflected the nature of Ashkenazi networks: more heavily intermarried and interconnected even than Sephardic networks, there was correspondingly less reliance, even for internal integrity, upon the culturally encoded ties employed by the Sephardim, with the result that Dormer acted mainly as a commission agent rather than a fully fledged correspondent. As a result, there were fewer opportunities for incorporation, and lower incentives, since he could never have been as integral a part of these Ashkenazi networks as non-Jewish merchants were for the Sephardim. This chapter therefore provides an important discussion of the importance of trust that complements those already noted in other works, in particular how far those who relied upon 'weak ties' and good correspondence were justified in their decisions. Unfortunately for all its detail it is, like the other chapters, all too brief, and the sheer complexity of Dormer's networks demands a more thorough discussion of their interaction. However, in general, Vanneste provides an effective insight into the operation of the 'weak ties' created by social and cultural interaction, revealing them to be simultaneously stronger and weaker than is sometimes assumed yet of real utility in organizing cross-cultural commercial intermediation.

Some of these individual threads concerning institutional support and cross-cultural brokerage are picked up and reunited in Sebouh David Aslanian's study, *From the Indian Ocean to the Mediterranean: the global trade networks of Armenian merchants from New Julfa*, which examines the operation and composition of these networks, based in the Iranian city of Julfa during the seventeenth century. These have already been the subject of a burgeoning degree of historiographical attention, but Aslanian argues that this has been at best cursory, assuming as axiomatic the trust connections between Armenian merchants, and at worst outright misleading by arguing for the existence of a formal New Julfan trading company that lent these networks a solid institutional and commercial framework. His work therefore sets out to challenge both theories, providing yet another reconceptualization of cross-cultural relations as 'transimperial cosmopolitanism' (p. 6). It is then immediately followed by three chapters that are heavy on description, but unfortunately far lighter on analysis. One chapter discusses the Armenian experience of their commercial hub in New Julfa, part of the city of Isfahan in central Iran, and a further two lay out

the extent of the Armenian trading network in the Indian Ocean, Russia, the Mediterranean, and north-west Europe. Common factors emerge, most visibly the parallel growth in these peripheral settlements of core cultural infrastructure such as churches and printing presses that could act as 'anchors' for Armenian networks. Yet, because they are so rich in detail, these chapters tend to bury the thread of the overall argument beneath them, and could probably have been either comfortably condensed or more explicitly signposted.

However, this is more than compensated for by the following chapters, which analyse exactly how mutual trust was created within the network through the operation of this 'transimperial cosmopolitanism': unlike Trivellato and Vanneste, the focus is very much upon internal rather than external relationships. In a familiar pattern, social capital, created within sharply delineated cultural boundaries, was used to create trust, by generating sanctions that elevated the importance of a good reputation. The extended family formed the structure for commercial trade: the patriarch of the family sat at the centre in New Julfa, while more junior members dispersed to the periphery, but remained tied together through informal personal linkages. All of this was reinforced by a complex system of correspondence and communication, and by a courier network that could carry letters between parties and thereby assist in the circulation of information. Like Trivellato, Aslanian also suggests that stylistic conventions and rhetorical formulas within letters provided a shared framework of expectations, while the inclusion of family news helped reinforce informal trust. More convincingly, he shows how the courier system also allowed closer supervision of agents, and lent additional force to the *commenda* contracts most commonly employed by Armenian merchants, a partnership agreement whereby the principal put up most of the capital for the agent and accepted most of the losses. The *commenda* contract also required the principal to take over the care of the agent's family while he was absent, providing subsistence as necessary, and Aslanian suggests that this formal set of contractual obligations merged relatively seamlessly into the patriarchal or paternalist obligations that structured family relationships and built trust. The other side, he notes, is that such obligations may have provided human collateral, the family acting as hostages for the honesty of the agent, although what this would have done for long-term trust within these structures is not explored. In general, however, Aslanian provides a detailed and convincing case-study, which shows how the social and cultural forces that served to create trust and obligation within cross-cultural commercial dealings may also have functioned within these more homogeneous and clearly delineated networks.

The second element of this study addresses the theme of institutions, assessing how far these personal connections were buttressed by a more formal structural underpinning. Examining the *vacharakanats zhogov* or Assembly of Merchants in New Julfa, represented by a mayor or provost called the *kalantar* and mirrored in overseas settlements by a smaller assembly named the *jumiat*, Aslanian argues that this provided a central role in the enforcement of trust

and the creation of credible sanctions. Enjoying the vicarious authority of the Persian state to arbitrate or judge disagreements and enforce penalties, the Assembly also heard petitions and supported the courier network and flow of information, thereby existing in the space between fully formal and entirely informal institutions. Overseas, the *jumiat* provided similar services, capable of forming on occasion a 'portable court' that could arbitrate disputes according to Armenian commercial law and refer cases back to the Assembly of Merchants for more authoritative judgement. Aslanian therefore presents a picture of a series of legal institutions woven into the fabric of Armenian society, deriving their legitimacy from delegated political authority, commercial utility and socio-economic structures, and which reinforced the more informal ties of kinship or mutual interest. The Armenian Church, he argues, provided similar institutional backing, helping to maintain cultural boundaries and facilitating communication. The importance of such structural reinforcement is demonstrated by the destruction of New Julfa in 1747 by Nadir Shah: unlike the more flexible and multi-polar Sephardic networks, the regional Armenian nodes were unable to absorb the loss of their spiritual, cultural, and legal hub. Aslanian therefore provides a study which skilfully weaves together the institutional and social or cultural elements underpinning the creation of commercial trust and thus economic effectiveness, providing a case-study of the interaction between the two.

Assessed together, these studies suggest that there existed no single model or ideal-type of early modern commercial network, but that the benefits of improved trust—including better co-ordination, lower transaction costs, and improved profits—favoured those groups who could incorporate them best into their individual circumstances. Thus, the existence of quasi-formal commercial institutions added a vital stiffening to culturally and socially based Armenian networks, while even the looser and less powerful communal structures in the Sephardic world helped to reinforce the more immediate demands of kinship and friendship connections. The 'multiplex relations' identified by Trivellato and others therefore did not exist in an institutional vacuum; in colonial New York they were absolutely integral to the successful conduct of the smuggling trade, while the Scottish directors of the East India Company created trade networks virtually *ex nihilo* in the process of political interest aggregation. The other side of the coin is that such structures were rarely enough by themselves to support a successful trade. Colonial trade networks in New York not only withered after the institutional framework was removed after 1762 but would not have existed in the first place without a complex network of 'weak ties', while similar sets of ties allowed Scottish networks in the East India Company to become self-sustaining after mid-century. Thus, institutions appear to have worked best when they were embedded within existing social and cultural networks and where the authority they derived from acceptance or acquiescence could be recycled into the strengthening of the network; otherwise, as in Livorno, they might be ignored in favour of more informal

means of settling disputes. Ultimately, commercial networks appear to have evolved and adapted to suit the situations in which they found themselves, exploiting both formal and informal mechanisms in order to police and monitor their interaction with parallel networks or wider state structures. The study of an individual mercantile network therefore continues to offer methodological advantages, above all where such work addresses the intersection and interaction of its individual components either with formal or quasi-formal institutions or with a wider matrix of other informal networks.

The ultimate expression of this principle is not a 'geographic' or 'horizontal' study, but rather what might be called a 'vertical' analysis that examines the transmission of a specific commodity across geographic boundaries via a series of mercantile networks. Such an analysis is provided by David Hancock in his book *Oceans of Wine: Madeira and the emergence of American trade and taste*, an enormously impressive analysis of the trade in the fortified wine Madeira across the Atlantic between 1640 and 1815. Alcoholic beverages seem particularly amenable to such treatment – there are studies, for instance, by Peter Mathias on the British brewing trade, by Louis Cullen on the French brandy trade, and most recently by Norman Bennett and Paul Duguid on the commodity-chain for Portuguese port, another fortified wine – but Hancock goes further than others in examining the processes not merely of production and trade but also of marketing, retailing, and consumption, and the practicalities of growing and harvesting the grapes.⁵ He therefore provides a study of the linkages between economic roles, the 'adhesion of markets', the 'porousness of empire', and the 'vocabulary of cross-imperial Atlantic culture' (pp. xv–xvi). His conclusion is that the early modern trade in Madeira, as with any other commodity, involved a substantial amount of risk. Some of this reflected purely natural factors, such as the risk of poor harvests and the hazards of transporting wine across the Atlantic, that were largely insoluble during this period. Others reflected broader societal processes, such as the level of demand for wine, the technology available for producing, transporting, and storing it, and the slow speed of communication, that were capable of adjustment. Finally, still more were manifestations of very specific risks already discussed above: principal-agent problems, the demands of credit and working capital, and contingent political factors. Based on what appears to have been an exhaustive study of the archives of Madeira merchants on both sides of the Atlantic, Hancock argues extremely convincingly that those concerned in the trade found the optimal solution to these problems to be the construction of broad, flexible, decentralized, and

⁵ Peter Mathias, *The brewing industry in England, 1700–1830* (Cambridge, 1959); Louis Cullen, *The brandy trade under the Ancien Régime: regional specialisation in the Charente* (Cambridge, 1998); Paul Duguid, 'Networks and knowledge: the beginning and end of the port commodity chain, 1703–1860', *Business History Review*, 79 (2005), pp. 109–18; Norman E. Bennett, 'The Golden Age of the port wine system, 1781–1807', *International History Review*, 12 (1990), pp. 221–48.

relatively open mercantile networks that enabled producers, merchants, retailers, and even consumers to manage risk and protect profits.

In the island of Madeira itself, a series of multiplex networks connected exporters – often British or American – with the local farmers and brokers who produced, matured, and barrelled the wine, encouraging a process of constant negotiation that enabled fluctuations in price, quality, or supply to be smoothed out. These linkages also allowed technical experimentation, including improved means of maturation, while strong connections with merchants and financiers at home provided capital, potential consumers, and on occasion the political leverage needed to assist operations. The same sort of multiplex connections – ‘strong networks of weak ties’, as Hancock describes them – facilitated the distribution and retailing of Madeira in north America. Trusted connections were established between a number of exporters and wholesalers, which assured the former of an outlet to consumers and the latter of an assured and reliable supply, while a series of personal linkages between wholesale importers and local or provincial retailers such as taverns, inns, specialist wine sellers, and back-country or frontier stores provided similar advantages upon a smaller scale. Particularly interesting is how, as in Madeira, such networks also provided conduits for the transmission of commercial information, with the nodes acting as nuclei around which a range of other functions could accrete. Thus, changing tastes in Madeira wine were transmitted from consumers to retailers to wholesalers, who would then inform their mercantile contacts so that production and supply could be adjusted accordingly; at the same time, wine importers developed new skills in blending, storing, and marketing wine, increasingly offering customers the glassware, decanters, labels, storage facilities, and specialized knowledge necessary to support connoisseurship. They thereby shaped tastes as well as responding to them, provided of course that exporters in Madeira were able to use their own networks to fulfil the expectations raised.

In analysing how these networks were held together, Hancock presents what is by now a familiar picture of strong mutual trust, generated initially through close personal connections. The number of British and American wine exporters in Madeira remained small, peaking at around 216 houses in 1768, and remaining split between a small clique of specialists and a wider penumbra of occasional traders. A series of kinship linkages, both of blood and marriage, and supplemented by common religious and regional affiliations – Scottish mercantile networks appear to have been over-represented – were used to build up trusted connections that made for lower transaction costs and greater profits. ‘Weak ties’ were used to identify and approach customers and suppliers, expanding networks and providing easier access to markets and credit. The importance of the state is given relatively short shrift, although Hancock does show how mercantilist restrictions and institutions in Madeira and the British world helped to structure the patterns of trading: as with Zahedieh’s book,

there is perhaps more to be said on this point on the indirect benefits of state activity.

In common with Trivellato, Aslanian, and others, the importance of more nebulous cultural connections is also stressed. In Madeira, the English Factory provided an institutional centre that maintained and reinforced cultural distinctiveness and group identity, and Hancock demonstrates in detail how it adopted social, cultural, political, and economic roles during the heyday of the Madeira trade, co-operating with local political and economic structures in order to manage the trade and smooth out fluctuations in prices or supply. Similarly, in north America retailing networks were made effective by the construction of business networks marked by mutual trust and common interests, and strengthened by the exchange of gifts and favours. A distributed network of wholesalers and retailers helped smooth out fluctuations in supply through the reciprocal rebalancing of stock, reducing the size of inventories and thus transaction costs. In 1770, John Mitchell of Philadelphia even set up what was, in effect, a franchise system of frontier stores that replaced kinship relations with a network of formalized and institutionalized trust, although by 1773 this had failed. Hancock therefore presents a powerful picture of the importance of mutual trust and extensive interlinked connections not only to the organization of a 'horizontal' trading area or an individual network, but also to the successful management of an early modern 'vertical' commodity chain.

However, he goes on to argue that such networks also underwent development and change in the course of the eighteenth century, with merchants becoming 'more systematic, standardized and 'professional' in their enterprise' (p. 174). As part of a natural, organic, and largely self-generated process, driven partially by the increased complexity of marketing and retail but mainly by the greater scale of business, the very success of these networks led to their own supersession. The increased volumes made investment and working capital of much greater importance, so as to accommodate the higher costs of storage, maturation, and wastage: between 1758 and 1805, the capital requirements of a large-scale Madeira trading firm rose from £3,000 or £6,000 to around £90,000. This led to larger firms drawn from outside traditional kinship or ethnic networks, as well as sleeping partners who demanded regular dividends, and increased use of fixed investments such as warehouses that required constant usage in order to repay their initial costs. Linkages based on personal trust were replaced by more business-like concerns such as regular correspondence and accounting that placed a premium on professional standards and skills from clerks: although networking remained important, by 1815, 'decisions were based less frequently on whom someone knew and more often than before on whether the decision made sound business sense' (p. 145). Mitchell's franchise stores, although requiring heavy investment and intensive management, similarly reflected economic success since they likewise moved networks beyond restrictive kinship circles.

Hancock therefore quite legitimately presents these developments as a product of economic success, yet in his study of the comparable port-wine trade during this period, Paul Duguid has argued that similar developments were instead an answer to the economic difficulties caused by growing competition. Increased specialization and vertical integration reflected efforts by firms to increase their control over the production, marketing, and retail of their wines and to maintain the trust of consumers in the quality of their 'brand'. How far the Madeira trade was influenced by similar factors, particularly after the American Revolution opened up this crucial regional market to competition from European wine, is not made entirely clear. Hancock's detailed study of the considerable lengths to which merchants went to generate connoisseurship and a brand identity among their consumers suggests that they may have been responding to similar pressures, and if so his wider conclusions would require reassessment. Nevertheless, this book is a considerable achievement, and will constitute essential reading for those interested in the wider issues it raises.

Building on existing work on commercial networks in the early modern world, these studies therefore provide an important set of models through which mercantile trade can be reinterpreted. As noted above, some methodological issues exist, especially in areas of cultural exchange that are heavily dependent on recovering the reception as well as inception of ideas. Yet, ultimately these new models are of immense value. By revealing how mutual trust was created across cultural, ethnic, and national barriers they not only explain the operation of 'cross-cultural brokerage' but also inform and expand earlier studies of more clearly delineated mercantile networks where such factors are less obvious and explicit. They also raise new research questions and opportunities. Most of these studies focus on commercial exchange, but early modern financial and industrial networks appear to have been similarly dependent on personal trust and are therefore potentially open to such analysis. They also offer a powerful new means of exploring the interaction between state and society, and the activities of the contractors, undertakers, and entrepreneurs upon whom the early modern state relied: this would mingle fruitfully with parallel work by historians of state formation upon institutional mentalities and political patronage. The books under review therefore constitute important contributions not only to their specific fields but also to the wider historiographical questions.