

Institutional choice in the governance of the early Atlantic sugar trade: diasporas, markets, and courts[†]

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The expanding sugar trade linking Portugal, Brazil, and the Netherlands in the sixteenth and seventeenth centuries required enforcement mechanisms to guarantee that overseas agents would act honestly and diligently. While the recent literature emphasizes that multiple mechanisms were substitutes in addressing this problem, this article highlights that merchants chose different mechanisms to govern distinct types of transactions and explains why. A reputational mechanism relying on social and economic constraints within an ethnic diaspora governed more complex and higher-value arrangements. A different mechanism linking economic incentives to professional reputations across the diasporas plying this trade route predominated in simpler and smaller transactions. Finally, long-distance and transnational judicial enforcement supplemented these two reputational mechanisms. Capable of matching the value and complexity of transactions with the attributes of governing mechanisms, merchants were able to diversify their transactions, expand the market for agents, better allocate agents to tasks, and stimulate competition among them. The resulting decrease in agency costs was critical in such a significantly competitive market as the sugar trade. Evolving institutional choice thus reinforced the expansion of trade. These hypotheses are corroborated by data from a prosopography of merchants of Jewish origin, derived from notarial records from Oporto and Amsterdam, and from Inquisition files.

At the turn of the sixteenth century, Europe experienced rapidly growing urban populations and dependence on trade for supplies of staple products, while overseas possessions contributed to a surging output of marketable commodities, including sugar. Brazil was turned into the first large-scale plantation economy and became the world's main sugar producer, with Amsterdam emerging as its main distribution and refining centre. Most of the Brazilian sugar trade was intermediated by merchants in Portugal, and traders of Jewish origin scattered along this trade route played a prominent role in the sugar trade.

The rapid expansion, growing complexity, and increasing integration of these markets required traders to be confident that the parties with whom they were considering working would not cheat, renege on, or neglect their commitments.

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Commercial agents overseas spared merchants time and the hazards of travel and allowed them to diversify their investments, but agents might also act opportunistically. The standard historiography of the Brazilian sugar trade stresses that merchants of Jewish origin relied on relatives (ill-defined) and/or fellow diaspora members to cope with the problem of opportunism overseas.¹ These studies explored the relations of either a handful of merchants or a few types of operations, mostly in complex transactions with other resident merchants overseas.

This study draws on a prosopography of traders of Jewish origin drawn from a larger and more diverse body of sources. This prosopography includes 703 agency arrangements of different types across this route, established by 92 merchants based in Oporto, Portugal; 65 in Amsterdam, the Netherlands; 43 in Pernambuco, Brazil; and 40 in Bahia, Brazil, including those arrangements with both insider and outsider agents. It provides more precise information than previous works about merchants' and agents' ethnicity and family relations, as well as their geographic and social mobility, socialization practices, other economic transactions, and conflicts—judicial or otherwise.

This prosopography demonstrates that the same merchants chose different feasible mechanisms (institutions) to govern different types of transactions. Its main contribution is to establish a clear pattern linking the attributes of these transactions to those of the mechanisms chosen to govern them. Based on direct and indirect evidence, it also shows how these mechanisms interrelated.²

The prosopography shows that merchants preferred a reputational mechanism that relied on both social and economic constraints within the diaspora to govern more complex, larger, and longer transactions, whose details outsiders would find more difficult to follow and learn about. In contrast, a different mechanism that conditioned economic incentives and sanctions on one's professional reputation across the different diasporas plying this route predominated in simpler, smaller, and shorter transactions (those more easily verifiable). Finally, long-distance and transnational judicial enforcement supplemented these two reputational mechanisms.

Scholarship on governance of agency relations overseas during pre-industrial times in various contexts has focused on one mechanism—alone or supplemented by another—tackling one problem. By analysing different mechanisms that governed two types of problems, this study presents a more complex picture. Its findings confirm that the diaspora of individuals of Jewish origin had a significant

¹ While minimizing the significance of the diaspora, Costa, Ebert, Moreira, Smith, and Stols maintained that of kinship, left undefined; Costa, *Transporte*, vol. 1, pp. 130–40, 160–1, 291–3, 413–37, 515–87; idem, 'Merchant groups'; Stols, 'Mercadores', pp. 30, 42; Moreira, *Mercadores*, pp. 35, 144–5, 206–7; Ebert, 'Trade', pp. 14, 80, 82–3, 88, 90, 97–8, 217; Smith, 'Old Christian merchants'; idem, 'Mercantile class', pp. 103–4, 103, 119, 125–7, 153–4, 168–9. Smith and Swetschinski argue that clusters formed though intermarriage among a few high-ranking families compensated for the limits of one's kin; idem, 'Mercantile class', pp. 137–8, 145, 154–5; Swetschinski, 'Kinship'; idem, 'Portuguese Jewish merchants', pp. 134–291; idem, 'Middle ages', p. 81. Israel, França, and Siqueira extend the scope of such familial networks to encompass all members of the diaspora provided they were committed to Judaism, either openly or secretly; Israel, 'Diasporas', pp. 3–26; idem, 'Economic contribution', pp. 418, 420, 429; idem, 'Manuel Lopez Pereira', pp. 251–3; Siqueira and d'Oliveira, 'Segunda visitação', pp. 151, 153–8, 160, 169–73. De Mello, Koen, and Vlessing emphasize the centrality of both kinship and diaspora; de Mello, 'Livros', pp. 33–4; idem, *Gente*, pp. 5–79; Koen, 'Duarte Fernandes'; Vlessing, 'Thomas Nunes Pina'.

² Although inspired by Williamson's methodology, I assume neither that this matching of mechanisms with transactions was an evolutionary and ahistorical process nor that decisions were purely rational, albeit intentional; Williamson, *Economic institutions*, pp. 68–84; Greif, *Institutions*, pp. 42–3; Grafe and Gelderblom, 'Rise', p. 509.

role, echoing not only the historiography of the Brazilian sugar trade but also the majority of studies of long-distance agency relations in various pre-industrial contexts.³ However, the prosopography also reveals agency relations with non-diaspora members, as recent historiography underscores for other cases.⁴

Both standard and revisionist accounts stress either the inability of the legal system to verify commercial claims and enforce legal judgements or that reputational mechanisms forewent courts. This study highlights that judicial enforcement was nonetheless critical, as do studies concerned with the emergence of increasingly impersonal markets.⁵ The analysis presented here shows that judicial coercion was supplementary not only to the professional reputation mechanism but also to the diaspora mechanism. Hence, this article offers a more nuanced view than both the last group of studies, which overlook the interplay between general courts and diasporas, and other research that limits the role of non-particularistic courts amid diasporas to the enforcement of non-agency transactions or corporal punishment.⁶

Finally, some scholars emphasize that multiple mechanisms—reputational and judicial, within and across diasporas—were often substitutes when dealing with the same problem.⁷ They concede, however, that some mechanisms ‘offered different advantages for different types of contract’.⁸ By analysing a correlation between different contract types and distinct mechanisms, this study highlights that, instead of competing, different mechanisms, though interrelated, governed distinct problems.

The prosopography was created by scrutinizing 1,815 manuscript notarial deeds of all types referring to New Christians registered in Oporto, and 3,642 printed notarial deeds referring to Portuguese recorded in Amsterdam. It also involved examination of 134 manuscript Inquisition trial files of New Christian merchants of Oporto and Brazil,⁹ as well as their relatives, together with the printed records of the Inquisition’s visits to Brazil.¹⁰ In order to observe merchants’ routine conduct of trade, the study focuses on a period of reduced inquisitorial, military, and political insecurity, and one for which sources are abundant. It starts with the first systematic appearance of Jews in Dutch sources (1595) and ends with the dismantlement of the New Christian mercantile group in Oporto by the Inquisition (1618).

The rest of the article is structured as follows. Section I looks at the characteristics of the market, identifies diaspora communities plying this trade route, and

³ See the references in Curtin, *Cross-cultural trade*; Vanneste, *Global trade*, pp. 13–39; Trivellato, *Familiarity*, pp. 10–16, 155–7, 162–3; Baghdiantz McCabe, Harlaftis, and Pepelasē Minoglou, eds., *Diaspora*; Aslanian, *Indian Ocean*, pp. 7–15, 169–74, 215–34; Chaudhuri, *Trade*, pp. 224–7; Ribeiro, ‘Mechanisms’, pp. 19–36; Rosenthal and Wong, *Divergence*, pp. 67–98; Greif, ‘Contract enforceability’. See also n. 82.

⁴ Trivellato, *Familiarity*, pp. 208–10, 214–21, 238–43; Vanneste, *Global trade*, pp. 67–94; Ribeiro, ‘Mechanisms’, pp. 174, 182. See also Greif, ‘Théorie’.

⁵ North, ‘Institutions’, pp. 99–102, 107; Greif, ‘Cultural beliefs’; González-de-Lara, ‘Secret’; Fernández-Castro, ‘Juzgar’, pp. 148, 236–56; Greif, ‘Impersonal exchange’.

⁶ Greif, ‘Maghribi traders’, pp. 461–8; Aslanian, *Indian Ocean*, p. 193.

⁷ They disagree, however, about whether progressively impersonal market institutions prevailed; Grafe and Gelderblom, ‘Rise’, pp. 497, 509–11; Ogilvie, *Institutions*, pp. 310–14, 340–3; Goldberg, *Trade*, pp. 181–4, 294–5, 353–5.

⁸ Ogilvie, *Institutions*, p. 311.

⁹ See the discussion in section II, and app. I for a list of manuscript sources and abbreviations.

¹⁰ de Mendonça, *Denúncias da Bahia*; idem, *Confissões da Bahia*; de Mello, ed., *Denúncias e confissões de Pernambuco*; Siqueira and d’Oliveira, ‘Segunda visitação’.

explains the classification of agents' backgrounds and transaction types. Section II finds a correspondence between backgrounds and transaction types, which the following sections—informed by the theoretical possibilities provided by the social sciences—explain. Section III examines the information system interconnecting the marketplaces and introduces the enforcement mechanisms. Section IV explicates institutional choice and interrelations, and section V provides a conclusion.

I

The Brazilian sugar trade required institutions with low-cost agency services and contract enforcement because it was a significantly competitive market. Its political, legal, and administrative framework raised relatively few obstacles to market entrants, and trade in a semi-luxury commodity necessitated low start-up costs.

Historians agree that from 1595 to 1618 trade in sugar was profitable.¹¹ It engaged 150 to 300 vessels, of various sizes, per year in shipping between Brazil and Portugal. Between the Netherlands and Portugal, a few hundred ships annually carried salt and other goods in addition to or instead of sugar.¹² Sugar production in Brazil gathered momentum around the last third of the sixteenth century. This boom prompted consolidation of European settlement and African slavery in the colony,¹³ fuelled by what seemed to be a never-ending European demand for sweets. Amsterdam seized a large share of distribution for the European market, and Brazilian sugar stimulated development of the city, which then consolidated its position as one of Europe's primary marketplaces.¹⁴ The sugar trade invigorated sugar refining, sugar re-exports, shipping, and other sectors of the Dutch economy related to exports to Portugal and Brazil.¹⁵ Sources suggest that a substantial share of the Brazilian sugar arriving at Amsterdam was channelled through Oporto,¹⁶ which depended on sugar re-exports to attract both foreign and hinterland goods needed by its population.¹⁷

Trade in sugar had a low start-up cost because sugar had a lower value per volume and its trade was less capital-intensive than some other main colonial commodities—spices, slaves, or gems—and traditional 'rich trades', such as fine textiles.¹⁸ In addition, trade in Brazilian sugar was subject to neither monopolistic nor monopsonistic policies. The trade embargoes of the Hispanic Monarchy, which then included Portugal and its colonies, against the Dutch and the ban on

¹¹ de Mello, *Olinda restaurada*, pp. 92–4, 220–1; Ebert, 'Trade', pp. 188–9, 198, 201–2, 205–8, 213; Moreira, *Mercadores*, p. 64; Strum, *Sugar trade*, pp. 175, 441–3, 457; Costa, *Transporte*, vol. 1, pp. 61, 89, 179, 204–6, 220–1, 239–48, 370–2, 379–80.

¹² Costa, *Transporte*, vol. 1, pp. 178, 203–4; Rau, *Estudos sobre a história do sal português*, pp. 147–91; da Silva, *Stratégie*, p. 36; Stols, 'Mercadores', p. 29.

¹³ See references in Strum, *Sugar trade*, pp. 162–75.

¹⁴ Israel, *Dutch primacy*, pp. 30–42; de Vries and van der Woude, *First modern economy*, p. 368; Lesger, *Rise*, pp. 85–92, 133–8, 258.

¹⁵ Poelwijk, 'In dienst', pp. 55–6; IJzerman, ed., *Journal*, p. 103.

¹⁶ IJzerman, ed., *Journal*, pp. 99–100; Swetschinski, 'Portuguese Jewish merchants', pp. 142–4.

¹⁷ Mauro, *Portugal*, vol. 1, pp. 137–41, 378–80; da Silva, *Porto*, vol. I, pp. 112, 117–30, 163, 187–8, 226, 231–2, 335, 539–43; vol. II, pp. 627, 639, 673–4, 696–8, 708, 746–57, 801–4, 839, 879–81, 1078–9; Barros, *Vinhos*; Costa, *Transporte*, vol. 1, pp. 88–9.

¹⁸ Costa, *Transporte*, vol. 1, pp. 179, 204–6, 370–2, 379–80; Barbour, 'Merchant shipping', p. 265; Go, 'Marine insurance', p. 147; Ebert, 'Trade', pp. 38–9, 188–9, 198, 201–2, 205–8, 213; Moreira, *Mercadores*, p. 64.

non-Portuguese shipping to and trading directly with Brazil were often evaded. Also, merchants based in foreign lands could and did trade with Brazil, Portugal, and the Netherlands via local agents.¹⁹

The marketplaces interconnected by the sugar trade were plied by different diasporas. These included Portuguese of non-Jewish extraction, some of whom were closely identified with their home towns, such as Viana (do Castelo). Other nationals were defined according to their linguistic 'group': Flemish-Dutch-German, English, French, Italian, Castilian, Galician, and Catalan.²⁰

According to sources of various origins and provenance, the most prominent diaspora comprised traders of Jewish origin.²¹ In 1497, nearly all Portuguese Jews were forced to undergo baptism, including thousands of refugees expelled from Spain five years earlier. Converts and their descendants continued to be called 'New Christians', were subjected to an ever-increasing number of discriminatory regulations, and lived under considerable threat of imprisonment by the Inquisition.²² A systematic imprisonment campaign targeted New Christian merchants in Oporto in 1618–21.²³

Nevertheless, throughout the sixteenth century, many New Christians exploited the opportunities opened to them by Portuguese overseas expansion, and attained a prominent position in the Portuguese mercantile community by the end of the century. Meanwhile, a considerable number of Portuguese New Christians set up in Brazil as merchants, sugar cane planters, sugar-mill owners, modest traders, and craftsmen. Some were affected by the Inquisition's visits to Brazil in 1591–5 and 1618–20.²⁴ A small group of Portuguese New Christians settled in Amsterdam in the 1590s. Some years later, members of this group formed an open Jewish community with the acquiescence of the local authorities. These immigrants traded mainly Portuguese colonial products, predominantly sugar.²⁵

In this article, individuals are identified as New Christians only when sources conclusively name them, or their consanguine relatives, as such. 'Probable insiders' applies when multiple indications concur to suggest it: names similar to other New Christians in the town, marriage bonds and many social connections with New Christians, residences and professions in areas with a high concentration of New Christians. All New Christians and their children settled in Amsterdam are classified as Jews (insiders), together with Mediterranean and Moroccan Jews.

All other residents in Amsterdam are considered non-Jewish, along with a few Portuguese identified as Old Christians. Foreigners in Portugal and Brazil are easily recognizable, and Inquisition sources occasionally mention Portuguese and

¹⁹ See references in Ebert, 'Trade', pp. 33, 44–5, 77, 100, 127–8, 161–7, 174–5, 177, 241–4; Strum, *Sugar trade*, pp. 55–131, 290–315.

²⁰ Strum, *Sugar trade*, pp. 55–8; da Silva, *Porto*, vol. 1, pp. 330, 338–9, 343–5; Stols, 'Mercadores', pp. 36–7; idem, 'Convivências'; Moreira, *Mercadores*, pp. 35, 144–5, 147–8; Carvalho, 'Viana', pp. 64, 83.

²¹ de Mello, *Gente*, p. 26; Novinsky, *Cristãos Novos*, pp. 67–9; Israel, 'Spain', pp. 355–83; Vlessing, 'Portuguese-Jewish merchant community', pp. 223–5, 231–2; idem, 'New light', pp. 53–60; Strum, 'Portuguese Jews', pp. 10–11.

²² de Azevedo, *História*, pp. 120–1; Tucci-Carneiro, *Preconceito*; Salomon, *Portrait*, pp. 41–117; idem, *Primeiros portugueses*, pp. 21–2; Olival, 'Juristas'; idem, 'Structural changes'; Herculano, *História*, 57–111; Révah, *Uriel da Costa*, pp. 420–2.

²³ Mea, 'Rotura'; idem, 'Portuenses'.

²⁴ See references in n. 10.

²⁵ Kaplan, 'Impact'; Swetschinski, 'Middle ages'; Bodian, *Hebrews*, pp. 25–52; Huussen, Jr., 'Legal position' (2002); idem, 'Legal position' (1993).

Luso-Brazilians as being Old Christians. All those who could not be identified otherwise were grouped as 'probable outsiders'. This classification is reasonable for the region of Oporto, owing to the sweeping inquisitorial persecution in and around that city, which did not only affect the well-off, and whose records mention people who had died, emigrated, or fled, as well as their relatives. Notarial records supplemented kinship and biographic data from Inquisition sources. Lack of indications linking residents in the region to this minority, including those travelling elsewhere, means that these were not part of the distinguishable core of the region's New Christian population. For residents in Brazil, the figures for 'probable outsiders' might be slightly overestimated, since the Inquisition's activities were not as extensive there and traders were more mobile.

Individuals are classified as relatives only when sources mention exactly how and to what degree they were related. Family members comprise only first- and second-degree relatives, immediate in-laws, first cousins, and their spouses. Given the high degree of intermarriage within the diaspora, the inclusion of extended family members (third-degree relatives, second cousins, in-laws of in-laws, and so on) or imprecise clusters would confound family with the diaspora as a whole.²⁶

Before demonstrating a correlation between agents' backgrounds and transaction types, the classification of the latter has to be clarified. This article examines only long-distance commercial agency services. It considers neither same-marketplace relations nor direct provision of trade-related services such as insurance (insurers) and transportation (shipowners and shipmasters). Transactions are classified as 'travelling' and 'resident' arrangements depending on whether they required agents to travel to another marketplace or reside there. Most resident arrangements entrusted agents with higher sums and wide latitude over complex tasks (summarized in table 1) and for longer periods, making it more difficult to detect fraud or neglect, which economists classify as having low observability.

These 'complex resident' arrangements could be prolonged for a specified period or indefinitely until one or both parties terminated them or passed away, while reporting was made per venture, even before ventures were completed. Agents were usually entrusted with broad leeway to invest the principals' assets and were allowed to hold both the capital and proceeds in anticipation of better deals. These arrangements permitted, if not favoured, agents' completion of extended and repeated operations such as sales and purchases on credit and through forward contracts, clearing accounts, and assignment of credits. They raised fewer impediments to drawing bills of exchange on the principals, who kept open accounts with their agents. They also involved greater flexibility in choosing means of transportation. Along with reciprocal services, remuneration comprised either sharing of profits with *overseas partners*, or commissions on sales, purchases, and financial operations to *counterparts*. The principal shouldered all commercial and maritime risks while relying on counterparts, but shared both kinds of risk in partnerships.

At the other end of the spectrum, 'simple travelling' arrangements involved low sums and simple tasks over short periods. They were single-venture relations, in which agents were to hand over the proceeds upon their return, remit them from

²⁶ Previous studies about this case did not clearly define the boundaries between family, diaspora, and clan; see n. 1.

Table 1. *Tasks that resident complex arrangements could involve*

<i>Process</i>	<i>Tasks</i>	<i>Other actors involved</i>
Mercantile	Selling and purchasing	Consumers, producers, distributors,
	Bartering ^a	retailers, brokers
	Selling and purchasing on credit and in forward contracts ^a	Ditto
	Keeping the proceeds ^a	Ditto
Financial	Keeping current accounts ^a	–
	Issuing and paying instruments of credit ^a	Cashiers, servants
	Collecting other debts ^a	Remitters, takers, payees
	Settling, assigning, delivering, and receiving payment to and from the current account ^a	Servants, notaries, warders
		Creditors, debtors
Shipping	Directing entrance into and leaving the harbour	Shipmasters, harbour pilots
	Loading and unloading ^a	Shipmasters, carriers, trimmers
	Contracting transportation services ^a	Shipmasters, shipowners, brokers, notaries
Fiscal	Clearing	Tax officers, tax farmers, tax farmers' factors
Handling	Handling and stowing	Carriers, warehouses' leasers
	Marking and weighing	Servants, weight-house officials
Supervising	Commanding the shipmaster to call at the harbour or sail on ^a	Shipmasters, agents
	Overseeing ship management ^a	Shipmasters
	Taking accounts or possession of goods ^a	Other agents
	Substituting for or instructing other agents ^a	Ditto
Accounting	Accounting	Cashiers, servants
Insuring	Contracting insurance services ^a	Underwriters, insurance brokers, insurance contractors
Representing	Contracting legal services	Notaries, lawyers, solicitors, arbiters, judges, court officials, warders
	Legal representation ^a	Ditto
Informing	Informing	Seafarers, travellers, couriers, brokers, notaries, officials, other trade-related professionals, providers of newsletters and price-currents

Note: a Simple arrangements barred or significantly restricted agents' latitude in these tasks.

Source: Strum, *Sugar trade*, pp. 440–52.

their destination, or deliver them to another agent of the principal there. Such agents had restricted latitude to invest the proceeds, accept liabilities on behalf of their principals, sell on credit, leave other outstanding claims, choose means of transportation, and so on. Because they performed fewer, simpler, and shorter tasks, agents' actions were easier to verify. Remuneration involved commissions on sales and purchases (*commissioners*), which could be combined with payment for transportation services (*seafarer agents*). In such arrangements, the principal bore all the risk.

Another simple travelling arrangement was the *sea loan*, in which the agent, typically a shipmaster, borrowed assets from a merchant for a voyage and committed to pay the loan at a fixed interest rate if he returned safe and sound.

His remuneration consisted of the profits he would make on top of the loan. The lender undertook all maritime risk on the loan from sea, fire, and privateers on both legs of the voyage. In sea loans to Brazil, the borrower usually bore the commercial risk only on the outbound leg and mortgaged a ship share, or some other property, as collateral. Borrowers were to repay from Brazil, buying there 'the best available' sugar at the 'current market price', and freighting the 'best offered' vessels homewards. Hence, borrowers could misreport the offered qualities and prices of both sugar and homebound transportation.²⁷

In 'simple resident' arrangements, agents were entrusted with lower sums and there were significant restrictions on their latitude to use and keep the principals' assets and to undertake liabilities on their behalf. Remuneration involved commissions on transactions, and principals bore all the risks (*junior counterparts*). Finally, 'complex travelling' arrangements (*supercargoes*) involved higher amounts and lower observability of agents' conduct. Although comprising only single ventures, they entailed longer durations and greater complexity and autonomy compared to other travelling arrangements. Supercargoes were usually to oversee voyages with uncommon shipping conditions: many stops and changeable itinerary, long laytime, large consignments, and so on. Their remuneration often included a share in the profits or commissions. In the former case, the agent would also share any losses.²⁸

II

This section verifies a correlation between types of arrangements and agents' backgrounds found in notarial records and Inquisition sources. The notarial records from Oporto analysed here consist of books 131–53 of the first notary public office (1610–29), and books 3–43 of the second office (1595–1616). The only other surviving series of notarial books from this period is from the fourth office, which is incomplete and contains documents from vanished offices. No more than two additional offices were active for some part of the period, but their book series did not survive.²⁹ The abridged English versions of the notarial deeds in which Portuguese names are recorded between 1595 and 1627, published in the journal *Studia Rosenthaliana*, were used for Amsterdam.³⁰

Notarial records, as summarized in table 2, indicate that relations beyond the diaspora prevailed in simple travelling arrangements. Notarial deeds record few references to these arrangements, but notarization was mostly valuable, although not required, in case of future litigation. Transactions involving small amounts usually justified the costs of neither extensive notarization *ex ante* nor litigation *ex post*. Nearly all references to simple travelling arrangements appear in contracts forming them *ex ante*, but merchants probably bothered to notarize them only when they expected some difficulty. An unfamiliar or troublesome agent, or an atypical or complicated transaction, might be a reason for doing so. Moreover,

²⁷ Strum, 'Lucratividade', pp. 43–9.

²⁸ For a detailed description of all forms of contractual arrangements, see Strum, 'Portuguese Jews', pp. 82–111; idem, *Sugar trade*, pp. 438–66.

²⁹ ADP, NOT, 'Lista dos Antigos Tabeliães da Cidade do Porto [Cópia idêntica do notário Casimiro Curado]'.

³⁰ Pieterse and Koen, eds., 'Notarial records'. The number the editors assigned to each deed follows the abbreviation SR.

Table 2. *Backgrounds of agents in simple travelling arrangements for Oporto New Christian merchants*

<i>Contractual type</i>	<i>Relatives</i>	<i>%</i>	<i>Probable insiders</i>	<i>%</i>	<i>Outsiders</i>	<i>%</i>	<i>Probable outsiders</i>	<i>%</i>	<i>Total no.</i>
Sea loans	—	—	0	0	6	40	9	60	15
Commissioners	—	—	3	20	—	—	12	80	15
Total	0	0	3	10	6	20	21	70	30

Source: See app. I, notarial sources only.

Table 3. *Backgrounds of agents in complex resident arrangements*

<i>Dyads comprising^a</i>	<i>Outsiders</i>	<i>%</i>	<i>Probable outsiders</i>	<i>%</i>	<i>Insiders</i>	<i>%</i>	<i>Probable insiders</i>	<i>%</i>	<i>Relatives</i>	<i>%</i>	<i>Total no.</i>
Amsterdam merchants with agents in:											
Oporto	5	6.6	—	—	55	72.4	1	1.3	15	19.7	76
Bahia	—	—	3	9.4	24	75.0	—	—	5	15.6	32
Pernambuco ^b	2	8.7	1	4.3	15	65.2	—	—	5	21.7	23
Oporto merchants with agents in:											
Amsterdam	—	—	—	—	56	78.9	—	—	15	21.1	71
Bahia	—	—	6	9.8	37	60.7	5	8.2	13	21.3	61
Pernambuco	3	3.4	14	15.7	54	60.7	1	1.1	17	19.1	89
Pernambuco merchants with agents in:											
Amsterdam	1	4.8	—	—	15	71.4	—	—	5	23.8	21
Oporto	3	3.9	2	2.6	54	70.1	1	1.3	17	22.1	77
Bahia merchants with agents in:											
Amsterdam	—	—	—	—	24	82.8	—	—	5	17.2	29
Oporto	—	—	—	—	40	71.4	3	5.4	13	23.2	56
Total ^b	14	2.6	26	4.9	374	69.9	11	2.1	110	20.6	535

Notes: ^a This table presents only non-redundant synchronic dyads organized around principals.

^b Total percentage does not add up to 100 owing to rounding.

Source: See app. I, notarial sources only.

notarization also protected merchants before other stakeholders, hidden or not: investors (principals of the principal), creditors, heirs, endowers, and so on. These data are consistent with references to travelling arrangements found in the lists of properties of Inquisition prisoners discussed below, which were unbiased by the principal–agent relation.

In sharp contradiction are the findings on complex resident arrangements, in which diaspora members, although not necessarily kinsmen, were preferred as agents, as shown in table 3. It is noteworthy that the distribution among kinsmen, insiders, and outsiders follows a consistent pattern in all combinations of origin and destination centres. References to complex resident arrangements outnumbered those in any other category of contractual relations. Still, this is a small figure, owing again to the relative informality that prevailed in the course of trade.

To identify a resident agency arrangement, the indications of such a relationship were defined as follows: appointing someone as a resident agent; settling accounts with a former resident agent or being empowered to do so; mention of open accounts between two merchants; reference to the drawer and drawee of a bill of exchange; and reference to the loader and consignee of merchandise. Agents of all categories performed the role of loader and/or consignee, and sometimes other roles

Table 4. *Distribution of the dyads according to reason for notarizing deeds^a*

	Outsiders (%)	Probable outsiders (%)	Insiders (%)	Probable insiders (%)	Relatives (%)	Total no.
Unexpected events	0.5	1.6	75.4	–	22.5	187
Independent events	6.1	6.7	61.2	3.0	23.0	165
Agent's improper conduct or possible mistrust	1.7	6.2	73.0	3.4	15.7	178
Aggregate dataset ^b (including inconclusive)	2.6	4.9	69.9	2.1	20.6	535

Notes: ^a This table presents only non-redundant synchronic dyads but is organized by dyads, not by principal.

^b Total percentage does not add up to 100 owing to rounding.

Source: See app. I, notarial sources only.

Table 5. *Backgrounds of agents in complex travelling arrangements^a*

Supercargoes for insider merchants in:	Relatives	%	Insiders	%	Probable insiders	%	Outsiders	%	Probable outsiders	%	Total no.
Oporto	5	13.9	19	52.8	1 ^b	2.8	–	–	11	30.5	36
Amsterdam	–		2	66.7	–	–	–	–	1	33.3	3
Total	5	12.8	21	53.8	1	2.6	0	0	12	30.8	39

Notes: ^a Shipmasters and other crew members who took charge of bulky cargos are not included here. These are instead categorized as commissioners.

^b He may have been a relative as well.

Source: See app. I, notarial sources only.

as well. However, these agents were classified as complex resident arrangements when no explicit information allowed a more accurate classification, and most of these agents can be identified as resident merchants.

To make sure that relatives and insiders were not under-represented precisely because merchants tried to avoid problems by relying on them, the distribution of agents' backgrounds in all notarial records was compared with their distribution within subsets classified according to the reasons for notarization. *Force majeure*, which is random by definition, constitutes the first subset. The second comprises references to dyads in records concerning relationships between one or both dyad members with third parties. The third includes *ex ante* provisos that may imply some degree of mistrust between principal and agent, and actual or possible responses to agents' misconduct. A fourth subset consists of a few cases that could not be classified.³¹

Table 4 demonstrates that the results of the aggregate dataset (the bottom line) are representative, as it clearly follows the distribution of the cases notarized owing to unexpected events (the upper line). In fact, the former are relatively consistent with all three causes for notarization. Furthermore, a conservative approach classified in the third category those records that were probably intended to avoid problems with unnamed third parties rather than between principal and agent.³²

The distribution of dyads in complex travelling arrangements (table 5) is similar to complex resident ones: many relatives and a predominance of

³¹ The particular events that were classified in each category are listed in detail in online app. S1.

³² In fact, in many of these deeds one or more deputy agents were appointed as substitutes in the case of the nominee's absence to receive or deliver assets from shipmasters and agents in simple travelling arrangements.

insiders.³³ Outsiders, however, represent a significantly higher proportion here. Most supercargoes were mentioned in contracts, which does not necessarily imply distrust. Supercargoes had special prerogatives in both commercial and shipping operations that shipmasters and shippers might have preferred to specify publicly. Table 5 lacks several dyads, as sources often mention unnamed supercargoes who were to travel on board, or suggest that a shipper would sail as a supercargo but conceal the identities of principals.³⁴

The distribution of simple resident arrangements also resembles simple travelling ones; they comprise three cases whose provisos explicitly limited the autonomy of resident agents. Two of them were probably Old Christians and one was a relative, a son-in-law who was apparently an Old Christian—a case of exogamy.

Inquisition proceedings mention agency relations in three instances: inventories of goods, defence claims, and confessions. When inquisitors were not content with the records of attachments registered on the spot, proceedings began with prisoners listing all their property, including credits and debts.³⁵ Prisoners usually listed assets likely to be sequestered, including those related to ongoing or just-concluded agency relations. These references are unbiased by principal–agent misgivings and do not over-represent insiders.

The Inquisition concealed accusers' identities. To receive the lightest penalty, defendants endeavoured to discredit all potential accusers, claiming that the latter and their relatives hated them and their kinsmen virulently. Alleged causes of animosity included agents' underperformance, potential agents' rejected requests for engagement (omitted from the quantitative data), disputes with agents' recommenders, and principals' abuses. The Inquisition investigated only the claims against those (or their relatives) who had actually denounced the defendant, by interrogating the witnesses whom the defendant had appointed. When defence did not seem promising, prisoners sought a milder and faster outcome by 'completely confessing' their heresies. That involved naming all their accomplices,³⁶ and agency relations are mentioned within the context in which beliefs and practices were shared. Since most of the examined proceedings derive from a systematic wave of imprisonments in Oporto, the majority of the named accusers and accomplices, as expected, were New Christians who were already imprisoned. Nonetheless, a number of these transactions were also registered in notarial records, suggesting that these relations might have existed even if the animosity or heresy did not.

Inquisition files provide data consistent with those drawn from notarial deeds. All 64 agents in complex resident arrangements—48 in inventories or intercepted letters—were insiders, but only 22 were relatives. There were also few relatives in travelling arrangements (table 6). Apart from three sea loans, other references to travelling arrangements do not allow us to establish the nature of the contractual relation. These outsiders were probably employed in simple arrangements, since they were all servants, cashiers, and seafarers.

³³ Some of those relatives may have actually sailed as foremen and apprentices of the shipmasters, who were the actual supercargoes; ADP, NOT, PO2, 36, fos. 333–4.

³⁴ ADP, NOT, PO2, 35, fos. 120v–2v; 36, fos. 58v–60, 99–100v, 279–80; 39, fos. 35v–6v; ADP, NOT, PO1, 133, fos. 162–3v; 136, fos. 16v–18; Pieterse and Koen, eds., 'Notarial records', SR 26, 39, 157, 229, 269; Ebert, 'Trade', p. 99.

³⁵ ANTT, STO, IC 3217.

³⁶ Franco and de Assunção, *Metamorfoses*, pp. 120, 173–4.

Table 6. *Backgrounds of agents in travelling arrangements mentioned in Inquisition sources*

<i>Travelling agents of insider merchants</i>	<i>Relatives</i>	<i>%</i>	<i>Insiders</i>	<i>%</i>	<i>Probable insiders</i>	<i>%</i>	<i>Outsiders</i>	<i>%</i>	<i>Probable outsiders</i>	<i>%</i>	<i>Total no.</i>
Oporto to northern Europe	–	–	–	–	–	–	2	100.0	–	–	2
Amsterdam to Brazil	1	100.0	–	–	–	–	–	–	–	–	1
Oporto to Pernambuco	–	–	1	20.0	–	–	–	–	4	80.0	5
Oporto to Bahia	–	–	2	100.0	–	–	–	–	–	–	2
Oporto to Rio de Janeiro	–	–	4	100.0	–	–	–	–	–	–	4
Oporto to Brazil (unspecified)	4	22.2	8	44.4	1	5.6	5	27.8	–	–	18
Total	5	15.6	15	46.9	1	3.1	7	21.9	4	12.5	32
Total in inventories	1	8.3	5	41.7	0	0	2	16.7	4	33.3	12

Source: See app. I, Inquisition sources only.

Merchants often kept various agents in the same marketplace simultaneously, or within short periods of time. Based in Oporto, Alvaro de Azevedo, for instance, employed at least 23 different individuals as agents in Brazil and the Netherlands between 1609 and 1615. Notarial sources mention three counterparts in Pernambuco (one New Christian and two probable Old Christians) and one counterpart in Amsterdam (his uncle). At the same time, he lent to a sea loan, and engaged five travelling commissioners and two supercargoes between Porto and Brazil through the Canary Islands. All travelling agents except one supercargo were most likely Old Christians. Inquisitorial sources add six New Christians and two Old Christians as travelling agents to different parts in Brazil, one of whom is mentioned in notarial sources concerning a different voyage. Finally, reference is made to his ‘Flemish’ cashier, who sailed to the Low Countries.

Not all portfolios can be so richly depicted, owing to the under-registration of agency relations in general, and of simple travelling arrangements in particular. Still, notarial records mention 21.2 per cent of merchants employing two agents in complex resident arrangements in the same marketplace at the same approximate time, 7.6 per cent employing three of them, and 8.7 per cent engaging more than that. Moreover, many of the travelling relations mentioned in Inquisition sources were not recorded in notarial ones, and when they did mention the same individuals, they often appear to have been serving different merchants and/or the same merchant but in different ventures.

III

Sources indicate that an information system enabled enforcement beyond the diaspora while enhancing compliance within it, and that three mechanisms could govern long-distance agency relations: courts, professional reputation, and diaspora. Despite cultural differences among and within European states and their colonies,³⁷ by the end of the sixteenth century a relative standardization of basic

³⁷ For the term ‘cross-cultural trade’ concerning transactions within early modern Europe or with their colonies, see Vanneste, *Global trade*, p. 71; Trivellato, *Familiarity*, pp. 17–20, 164–5.

mercantile practices—sales, shipping, credit instruments, insurance, and agency—had produced a shared understanding of how trade should be conducted.³⁸ These increasingly standardized routines of trade produced documents, mostly private,³⁹ and witnesses, helping principals monitor their agents' actions and third parties to verify them. Finally, a growing standardization of commodities and trade-related services created recognizable benchmarks for the prices of commodities, insurance premiums, and rates of exchange, interest, and freight.⁴⁰

The trading routine also involved recurrent interactions among merchants and diverse trade-related professionals who did not share the same interests or sources of information. The size, structure, and organizations (bourses and other meeting places for traders, banks, brokers, notaries and registrars, couriers, price-lists and newsletters, public weighing houses, and so on) of marketplaces facilitated the revelation, transmission, and acquisition of information. The patterns of sailing, transportation, and correspondence increased the speed, frequency, volume, and diversity of the information flow between these marketplaces. As a result, this information system reduced the cost of monitoring and interpreting agents' conduct, significantly curtailing their ability to remain anonymous for too long or to misreport their actions, prices, costs, and events overseas, either extensively or systematically.⁴¹

Not only could the information system track down absconders and their goods, but the legal system was also able to impose sanctions on them across wide distances and political units. A merchant based in Torre do Moncorvo, near the Portuguese–Spanish border, had his rights enforced against an agent absconding in Emden, on the boundary between the Holy Roman Empire and the Dutch Republic. This was accomplished through a chain of representatives via Oporto and Amsterdam. Five months later, the debtor's brother paid off at least part of the amount, and the sequestration was lifted.⁴² Likewise, a resident in the Portuguese inland village of Linhares obtained the sequestration of sugar shipped to Oporto by a defaulting debtor in Pernambuco. The debtor was Ambrosio Fernandes Brandão, a sugar-mill owner, trader, tax farmer, and writer.⁴³ Even next of kin were brought to courthouses. The son of an Amsterdam-based Jewish merchant ran out of funds

³⁸ Pieterse and Koen, eds., 'Notarial records', SR 314, 618, 2560, 2604; ADP, NOT, PO2, 20, fos. 220v–3v; 25, fos. 146v–150; ADP, NOT, PO1, 133, fos. 70–2v, 77–79v, 162–3v; 137, fos. 131–3, 141–3v; Strum, 'Portuguese Jews', pp. 288–92; idem, *Sugar trade*, pp. 495–7; Trivellato, *Familiarity*, pp. 17, 158; Gelderblom, *Cities*, pp. 133–9; Petit, *Historia*, pp. 74–6; Basile, Bestor, Cocquillet, and Donahue, *Lex mercatoria*, p. 181. See also Greif, 'Commitment', p. 735 n. 9; Goldberg, *Trade*, p. 178; Bernstein, 'Opting', p. 143.

³⁹ Trivellato, *Familiarity*, pp. 17, 161; Gelderblom and Jonker, 'Cradle', pp. 11–12; eisdem, 'Completing', p. 656; de Almeida, *Aritmética*, vol. 2, pp. 364–6; Costa, *Transporte*, vol. 1, pp. 44–7, 371; Go, 'Marine insurance', pp. 99–100; Kessler, *Revolution*, pp. 81–6; Strum, *Sugar trade*, pp. 245, 335–45, 365, 368, 398–421, 455, 494.

⁴⁰ ADP, NOT, PO2, 23, fos. 82v–85v; 25, fos. 19–20v, 64v–65v; 26, fos. 238–239v; 40, fos. 195–195v; Pieterse and Koen, eds., 'Notarial records', SR 362, 379, 396; Malynes, *Consuetudo*, pp. 19–58, 70–82, 291–324, 386–91; Mauro, *Portugal*, vol. 1, pp. 137–41, 378–80, vol. 2, pp. 13–17; da Silva, *Porto*, vol. I, *passim*; de Almeida, *Aritmética*, vol. II, *passim*; Costa, *Transporte*, vol. 1, pp. 88–9; Gelderblom, *Cities*, pp. 61, 82; Strum, *Sugar trade*, pp. 363, 383–9; Trivellato, *Familiarity*, pp. 169–70, 173. See also Bernstein, 'Opting', p. 118; Williamson, 'Transparency', pp. 5–6.

⁴¹ Strum, 'Portuguese Jews', pp. 187–286; idem, *Sugar trade*, pp. 504–37; Strum, 'Courts'; Greif, 'Commitment', p. 736; idem, *Institutions*, p. 445; Ogilvie, *Institutions*, pp. 364–90; Bernstein, 'Opting', pp. 140, 143–5; Lamoreaux, Raff, and Temin, 'Beyond markets', pp. 409, 417–18.

⁴² ADP, NOT, PO2, 36, fos. 62–3, 63v–4v; fos. 82v–3; Pieterse and Koen, eds., 'Notarial records', SR 461, 571, 572, 587, 604.

⁴³ ADP, NOT, PO2, 27, fos. 142–3v. See references in Strum, 'Portuguese Jews', pp. 297–302.

in Madrid and defaulted on payments to both his father and his father's payees in Spain. Embarrassed, Duarte Fernandes empowered his creditors in Madrid to obtain payment from his son and his son's debtors.⁴⁴

This was possible because local and central authorities sought to profit from the steady expansion of trade by enhancing judicial enforcement of contracts. With the support of jurists, rulers during the sixteenth and early seventeenth centuries accommodated standard mercantile contracts and technology within the plural legal systems in force.⁴⁵ Validation and regulation of mercantile practices often involved restricting their legitimacy to transactions involving bona fide merchants only, both foreigners and nationals.⁴⁶ Traders could easily learn local variations, and agreements often mention that specific aspects of a transaction would be ruled according to a foreign custom.⁴⁷

Courts accepted and requested affidavits, opinions, and assessments of practices and accounts in trade and shipping.⁴⁸ Judges homologated merchants' decisions in arbitrations;⁴⁹ and in Amsterdam, the city magistrates assigned mercantile disputes to merchants for arbitration.⁵⁰ Because such decisions were backed by the possibility of judicial enforcement, arbitration enhanced the legal system rather than replacing it.⁵¹ In Portugal, a specialized mercantile court was established; although short-lived (1598–1603), its bylaws influenced subsequent jurisprudence.⁵² In Amsterdam, no merchant tribunal was established, but a subsidiary Insurance Chamber was set up in 1598, and the Chamber of Insolvency and the Commissioners of Maritime Affairs were created in 1627 and 1641, respectively.⁵³

Judicial verification did not depend on public documents. Although advisable, notarization of agreements or production of official certificates was not required in

⁴⁴ Pieterse and Koen, eds., 'Notarial records', SR 1405, 1480.

⁴⁵ Strum, *Sugar trade*, pp. 495–7; Trivellato, *Familiarity*, pp. 17, 158; Gelderblom, *Cities*, pp. 70, 133–9; Basile et al., *Lex mercatoria*, pp. 72–4, 125–62. This, however, does not endorse a romanticized account of an autonomous and universal body of substantive law spontaneously produced by medieval merchants, who privately adjudicated and enforced it; Basile et al., *Lex mercatoria*, pp. 163–88; Kessler, *Revolution*, pp. 9–11, 96–109, 296; Greif, *Institutions*, pp. 314–15; Fernández-Castro, 'Juzgar', pp. 220–6; Donahue, 'Benvenuto', pp. 69–120; Kadens, 'Myth', pp. 1160–3, 1181–4, 1196–9; de Ruysscher, 'Debt recovery', pp. 7–14.

⁴⁶ Hespanha, *Cultura*, pp. 148–301; Petit, *Historia*, pp. 38–58, 121–2, 127, 146–8; Basile et al., *Lex mercatoria*, pp. 24, 114–15, 181–7; Wijffels, 'Business relations', pp. 255–90; Donahue, 'Benvenuto', pp. 109–12; Piergiorgianni, 'Genoese Civil Rota', pp. 194, 198–9; de Roover, *L'évolution*, pp. 122–9.

⁴⁷ Pieterse and Koen, eds., 'Notarial records', SR 314, 2560, 2604; ADP, NOT, PO2, 20, fos. 220v–3v; 25, fos. 146v–50; ADP, NOT, PO1, 133, fos. 70–2v, 77–9v, 162–3v; 137, fos. 131–3, 141–3v; Kadens, 'Myth', pp. 1181, 1195–6, 1204; Malynes, *Consuetudo*.

⁴⁸ Pieterse and Koen, eds., 'Notarial records', SR 212, 568, 601, 618, 1811, 2560; Strum, 'Portuguese Jews', pp. 291–2; idem, *Sugar trade*, p. 495; Ortego-Gil, *Reis*, pp. 117–19, 145; Gelderblom, *Cities*, pp. 99, 135, 137; Basile et al., *Lex mercatoria*, pp. 154–60; de Ruysscher, 'Debt', pp. 8–9; Fernández-Castro, 'Juzgar', pp. 339, 357–62.

⁴⁹ ANTT, STO, IL 728, fos. 56, 164v; Pieterse and Koen, eds., 'Notarial records', SR 792, 871, 892, 1953, 1954; Gelderblom, *Cities*, p. 107.

⁵⁰ Pieterse and Koen, eds., 'Notarial records', SR 212, 568, 601, 1811; Gelderblom, *Cities*, pp. 107–8, 124; Strum, 'Portuguese Jews', pp. 308–17.

⁵¹ Fernández-Castro, 'Juzgar', pp. 159–73; Ogilvie, *Institutions*, pp. 299–300; Bernstein, 'Opting', pp. 125, 129.

⁵² Ortego-Gil, *Reis*, pp. 117–19, 136; Strum, *Sugar trade*, pp. 495–7; Smith, 'Mercantile class', pp. 161–4; Costa, *Transporte*, vol. I, pp. 228, 266–70; Mauro, *Portugal*, vol. I, p. 305; vol. II, pp. 201–2; da Silva, *Porto*, vol. I, pp. 133, 220, 466, 545–50; Moreira, *Mercadores*, p. 126. For the intervention of civil courts, see ADP, NOT, PO2, 36, fos. 101v–2v. For the the *juízo da Alfândega* and the *juízo da Índia*, which replaced the *Consulado* tribunal: de Leão, *Leis extravagantes*, fos. 33v–5v; de Almeida, ed., *Ordenações filipinas*, l.1, título LI, LII; de Almeida, *Aritmética*, vol. II, pp. 364–7.

⁵³ Gelderblom, *Cities*, pp. 124–26.

commercial cases. Private documents, ledger books, and letters were admissible evidence, followed by sworn witnesses and affidavits. Courts also accepted foreigners' testimonies and documents produced abroad, whose certified copies, sworn translations, and authentication of signatures could be provided if needed. Protests were a public procedure that produced sufficient evidence of failure or underperformance of a standard long-distance transaction: acceptance and payment of bills of exchange, loading of cargos, and delivery of consignments.⁵⁴

Rulers also adopted stricter policies to curb malicious default, bankruptcy, and absconding. Accepted bills of exchange and IOUs became immediately enforceable, and notarized contracts often included clauses that made them equivalent to enforceable final judgements. Local authorities sequestered the goods of defaulters and imprisoned absconders and insolvents, including agents, until some settlement was reached with their creditors. Provisional settlements, often through the intervention of guarantors and trustees, allowed people, vessels, goods, and funds to circulate until the dispute was resolved. These arrangements allowed bona fide merchants to recover and repay, at least partially and belatedly, under the authorities' control.⁵⁵

During wartime, plaintiffs in belligerent countries filed lawsuits in intermediary countries, whose judgements were enforceable in the defendant's home country. Judgements pronounced in the Southern Netherlands, Catholic and loyal to the Hispanic Monarchy, were both confirmed by Iberian courts and considered legitimate in the Dutch Republic, which shared some of its judicial tradition.⁵⁶ Neutral Hamburg also helped enforce sentences from both sides.⁵⁷ Likewise, creditors could have goods sequestered and absconders arrested in neutral ports.⁵⁸

Although sources mention individuals absconding for several years, those who did so had to give up salient participation in the routes and marketplaces where they could be arrested or their goods sequestered. Absconding usually appears to have been a way to buy time to renegotiate while staying out of prison. Father and son Gaspar Nunes and Henrique Alvares, for instance, absconded for four years in Antwerp, while their creditors in Amsterdam proceeded against them in the Southern Netherlands, France, and even in Portugal, notwithstanding the war

⁵⁴ ANTT, STO, IL 4481, attached document n. 5, fo. 1; ADP, NOT, PO2, 30, fos. 33–5; Pieterse and Koen, eds., 'Notarial records', SR 168, 294, 319, 589, 631; Koen, 'Duarte Fernandes', pp. 180, 187; de Almeida, *Aritmética*, vol. II, pp. 365–6; Strum, *Sugar trade*, pp. 245, 248, 329, 335–45, 354, 365, 368, 387, 398–421, 455, 491, 494, 537; Trivellato, *Familiarity*, pp. 161–2, 168–9, 202; Kessler, *Revolution*, pp. 61–2; Fernández-Castro, 'Juzgar', pp. 337–43, 356; Gelderblom, *Cities*, pp. 79–80, 83, 87–101; Borges, *Fontes*, pp. 35–6, 43, 45, 48–51, 56; Piergiorganni, 'Genoese Civil Rota', p. 195; Smith, 'Mercantile class', pp. 370–1; Malynes, *Consuetudo*, pp. 401–4.

⁵⁵ ADP, NOT, PO1, 132, fos. 64v–6; 140, fos. 28–30v; PO2, 8, fos. 170v–3; 20, fos. 208–10; 27, fos. 142–3v; 34, fos. 13–16, 133–4v; 36, fos. 62–4v, 82v–3; 37, fos. 122–3; Pieterse and Koen, eds., 'Notarial records', SR 114, 115, 259 n. 23, 342, 359, 401, 461, 559, 548, 551, 555, 575, 576, 587, 604, 637, 702, 717, 720, 1275, 1605, 1614; ANTT, STO, IL 728, fos. 55, 131, 154–5; Strum, 'Portuguese Jews', pp. 295–306; idem, *Sugar trade*, pp. 404–7, 493–4; Gelderblom, *Cities*, pp. 50–1, 70, 97–9, 104, 117–19, 124–5, 128–30, 140, 144; Ortego-Gil, *Reis*, pp. 107 nn. 277, 112–15; Basile et al., *Lex mercatoria*, pp. 120–2, 156–61; de Ruysscher, 'Debt', pp. 3–4, 14–15; Fernández-Castro, 'Juzgar', pp. 238–44, 304, 322; Malynes, *Consuetudo*, pp. 101–2; Rau, *Estudos sobre história econômica e social*, p. 116; de Roover, *L'évolution*, pp. 96–9; Greif, Milgrom, and Weingast, 'Coordination'.

⁵⁶ ADP, NOT, PO2, 8, fos. 134–5, 170v–3; 18, fos. 249–52; 19, fos. 173–4v; 20, fos. 93v–5; PO4, 8, fos. 233v–5.

⁵⁷ Pieterse and Koen, eds., 'Notarial records', SR 342, 408, 3344; Strum, 'Portuguese Jews', pp. 302–5; idem, *Sugar trade*, p. 492.

⁵⁸ Pieterse and Koen, eds., 'Notarial records', SR 342, 3344.

(1608) between the Dutch Republic and the Hispanic Monarchy. They lived on others' favour in a secluded and unstable environment there, and even at risk of religious persecution and banishment. Eventually, the father was arrested during a secret visit to the Republic in an attempt to reach an agreement with their creditors. The son was thus forced to accept an unfavourable settlement.⁵⁹

Portuguese judicial sources are not extant, and only a few Dutch appeal proceedings in commercial cases to regional and central courts survive.⁶⁰ Yet the effort expended in recording transactions, even if privately, in standard, widely accepted, and legally admissible formulae clearly indicates that litigation was always considered an option.⁶¹ However, if courts had been the primary governance mechanism, merchants would have notarized and collateralized more than just a handful of transactions in a lifetime to secure the best possible legal evidence and enforceable guarantees.⁶² Merchants' recurring complaints about courts' capacity in terms of time, cost, expertise, and predictability also suggest that litigation was resorted to only after non-judicial mechanisms had failed.⁶³ Furthermore, courts could not punish inattention that did not breach legal, customary, or contractual specifications, nor could courts reward accomplishment.

Beyond the legal system, a private mechanism linked one's expected income to one's professional reputation. This mechanism functioned among all traders, despite their differing backgrounds, who were active in these interconnected marketplaces. One's reputation could be established amid such an extensive and heterogeneous network because mercantile practices provided a shared set of norms and expectations about proper trading conduct. At the same time, the information system facilitated both the detection of good and bad conduct and a relatively rapid response to news about it, despite its large number of participants.⁶⁴

Sources provide explicit and direct evidence of the workings of this mechanism. Manuel Rodrigues dos Santos claimed to his inquisitors that while a merchant in Oporto he refused to employ a number of traders as agents on voyages to Brazil. He also refused to recommend them to other merchants. He did so because, according to him, they had notoriously mismanaged other principals' goods in previous ventures. At the same time, however, he assigned goods to different traders whom he trusted.⁶⁵ Another merchant in Oporto claimed that a former agent hated him mortally because he had complained publicly about his poor performance in a travelling agency arrangement to Brazil.⁶⁶ The fact that these two accounts were part of defence strategies in Inquisition trials, and thus might have been exaggerated or invented to invalidate a denunciation, does not mean that

⁵⁹ Ibid., SR 297, 463, 464, 466, 468, 517, 518, 519, 520, 534, 772, 775; Samuel, 'Portuguese Jews', pp. 201–30.

⁶⁰ ADP, Judiciais: Tribunal da Comarca do Porto, Tribunal da Relação do Porto; ANTT, Feitos Findos, Casa da Suplicação; Gelderblom, *Cities*, pp. 130–3.

⁶¹ Gelderblom, *Cities*, pp. 101, 139.

⁶² Greif, 'Maghribi traders', pp. 461–8.

⁶³ ADP, NOT, PO1, 140, fos. 1–4v; PO2, 33, fos. 77–9, 116v–8; Pieterse and Koen, eds., 'Notarial records', SR 212, 341. Those shortcomings of the legal system have been stressed by Hespanha, *Cultura*, pp. 348–9; Ortego-Gil, *Reis*, pp. 99–100; Greif, 'Fundamental problem', p. 259; Studnicki-Gizbert, *Nation*, p. 119; Trivellato, *Familiarity*, pp. 154, 159–62, 176, 179–80, 261–70; Vanneste, *Global trade*, pp. 31, 176; Rosenthal and Wong, *Divergence*, pp. 67–98.

⁶⁴ Bernstein, 'Opting', pp. 143–5, 152, 157; Greif, 'Commitment', p. 736.

⁶⁵ ANTT, STO, IL 3418.

⁶⁶ ANTT, STO, IC 5702, fos. 33v–4.

a reputation mechanism did not function. These accounts also do not imply that the Jewish origins of both principals and agents were significant, but rather convey that traders' professional reputations reverberated in the marketplace in general.

The impact of rumours across different affinity groups and marketplaces is apparent in a third case. In 1626, a notary public registered a declaration at the request of a Portuguese Jewish merchant in Amsterdam. The merchant claimed that about a week earlier a Dutch insurer approached him on the Bourse and showed him a letter from an English shipmaster. The master complained that a merchant in London told him that the Jew would have reported to the ship's insurers in Amsterdam that the master had fled with the vessel. Both the insurers and the notary stated that they never had this impression of the master. The Jew declared that he had always believed that the master was honest and trustworthy, and should the master return to Amsterdam he would give him a letter of recommendation.⁶⁷ The master's prompt response suggests that he feared that these rumours could damage his career, making it much more difficult for him to find future employment not only among the Portuguese Jews in Amsterdam, or on Dutch or Portuguese docks, but even among his fellow countrymen in England.

A fourth case indicates that damage caused by unduly tainting someone's reputation could be priced and legally charged. The same Garcia Gomes Vitoria who would later abscond in Emden purportedly said, in the presence of another Portuguese Jewish merchant, that David Nuyts had stolen 75 Flemish pounds from him, probably in a sales transaction. Originally from the Southern Netherlands, Nuyts was a leading merchant and sugar refiner in Amsterdam.⁶⁸ Nuyts had a notice served by a notary on the accuser, asking him if he stood by the accusation and warning him that, if so, Nuyts would demand compensation for the damage resulting from this tarnishing of his reputation. Garcia denied ever having said it.⁶⁹

Finally, a reputational mechanism within the diaspora overlapped with the professional reputation mechanism. The prosopography confirms that this diaspora was dense, with individuals linked through different meaningful contexts and sharing a clear group identity. Social scientists suggest that these attributes keep insiders better informed about the actions of fellow insiders and also support social incentives in addition to economic ones.⁷⁰ In each centre, insiders knew each other and endogamy prevailed. Oporto New Christians and Amsterdam Jews socialized more among themselves.⁷¹ Insiders usually had personal acquaintances and often relatives in other centres as well. Most New Christians in Brazil and Jews in Amsterdam were émigrés or their children. Many came from the region of Entre-Douro-e-Minho, whose main city was Oporto.⁷²

New Christians were conscious of their common history and their status as a minority subject to increasing discrimination and recurrent persecution. To various degrees, most of the New Christians who emigrated to Amsterdam affiliated to

⁶⁷ Pieterse and Koen, eds., 'Notarial records', SR 3472. See more on the affair in *ibid.*, SR 3177, 3328, 3329, 3334; Strum, *Sugar trade*, pp. 501–3.

⁶⁸ See references in Strum, 'Portuguese Jews', pp. 324–5.

⁶⁹ Pieterse and Koen, eds., 'Notarial records', SR 421.

⁷⁰ See n. 82.

⁷¹ Strum, 'Portuguese Jews', pp. 43–5, 277. See also Lesger, *Rise*, pp. 159–60; Poelwijk, *In dienste*, pp. 200–9; da Silva, *Porto*, vol. 1, pp. 432–3.

⁷² Smith, 'Mercantile class', pp. 273–93; Swetschinski, *Reluctant cosmopolitans*, p. 71.

and identified with emerging communal organizations; their legal, political, and religious rights remained undecided until 1619. Portuguese Jews worried about the impact of individual economic reputations on the image and status of the group as a whole.⁷³

IV

Sources reveal that simple arrangements—both resident and travelling—were governed primarily by a mechanism based on reputation that traversed different diasporas.⁷⁴ Insiders were not left out, but the background of agents did not determine agent selection. If a diaspora mechanism had prevailed, insiders would have clearly predominated as agents in those transactions. This professional mechanism had to be supplemented by litigation because its incentives were not homogeneous across all marketplaces and diasporas. Yet litigation did not predominate in these smaller transactions because, beyond the general limits to courts' capacity, it made little sense when the value of the case was less than the transaction and the opportunity costs of proceedings.⁷⁵ Furthermore, the modest individuals employed as agents in simple arrangements had few seizable assets.⁷⁶

Misconduct and neglect were easily verifiable in transactions involving fewer, simpler, and shorter tasks, making the professional reputation mechanism credible among an extensive and heterogeneous network.⁷⁷ So did the small sums assigned by each principal. These were not enough to live on, and if agents embezzled all the sums entrusted by several principals, they would have had more people trying to track them down, making legal action likely and credible.

More than two-thirds of the individuals employed in simple arrangements were seamen, tinsmiths, and retainers. Most lived in the seafaring communities around Oporto. Their small amount of private capital limited their range of alternative sources of income if they forsook trade-related occupations altogether.⁷⁸ At the same time, remuneration for agency services had a greater impact on their modest incomes. A good evaluation for each enterprise was the best voucher for future and better employment by the same or other merchants.

On the other hand, both notarial and inquisitorial documents reveal that complex transactions were primarily governed by a reputation mechanism within the diaspora. One cannot dismiss this inference by claiming that these data merely reflect the fact that New Christians predominated among traders in both Portugal

⁷³ Strum, 'La mala sangre'; Trivellato, *Familiarity*, pp. 164–7; and n. 25 above.

⁷⁴ Studying three Portuguese Jewish merchants in Amsterdam, Roitman, *Same*, pp. 145–219, stressed their relations with outsiders in more verifiable transactions: partnership with residents in the same centre, short-term agency arrangements, debt collection, insurance, credit, forward contracts, and remittance of funds. My prosopography reveals that these three merchants had only 14.3% outsiders (2/14) in resident complex arrangements in Oporto, Pernambuco, and Bahia. On relations with outsiders involving small sums or simple transactions in other contexts, see Gelderblom, *Cities*, pp. 80–1; Goldberg, *Trade*, pp. 141–2; Lamikiz, *Trade*, pp. 137, 152; Aslanian, *Indian Ocean*, pp. 199, 223.

⁷⁵ Kessler, *Revolution*, p. 110.

⁷⁶ Since agents were reemployed by different principals, and merchants refused to engage individuals who had performed poorly under previous principals, Greif's bilateral reputation mechanism could not have governed those simple transactions; Greif, 'Cultural beliefs', pp. 920–1, 924–5, 940.

⁷⁷ Greif, *Institutions*, p. 333.

⁷⁸ Greif, 'Théorie'.

and Brazil.⁷⁹ In Amsterdam, Jews were far from being the majority or even having a leading role at this stage.⁸⁰ Still, Jews were usually preferred in complex resident arrangements to the detriment of better-placed merchants from other backgrounds in the Netherlands. The small number of relatives reflects the limits of families' size, skills, and resources,⁸¹ whereas the diaspora offered a broad pool of potential agents in the examined marketplaces at that time.

The diaspora mechanism benefited from the general information system. Yet the diaspora's social structure should have generated more information more rapidly about the conduct of its members, making it more effective in governing transactions that were difficult to follow and learn about. Social scientists would also expect it to have provided greater economic and social incentives for honesty and diligence than the professional mechanism, thus making the internal mechanism preferable in transactions involving wider latitude. The lower the ability of group members to transact with outsiders or shift to alternative activities, the more effective these incentives would become.⁸² Yet by limiting the pool of potential agents to insiders, a diaspora mechanism would reduce the extent of the market of agents that it supported.

Diaspora members, however, were not expected to refrain from transacting with outsiders, but the professional mechanism significantly limited alternative agency relations with outsiders for insiders who had engaged in misconduct. Furthermore, the diaspora's social incentives depended less on transactions with insiders and more on maintenance of its identity and density, and on multi-stranded ties within it.⁸³ Within the diaspora, economic punishment, instead of total ostracism, involved losing the preferential treatment as agents given to insiders. In a significantly competitive market, this was an important comparative advantage, particularly for less inexperienced and smaller-scale traders. Francisco de Caceres is a case in point. Together with his relatives and friends, he claimed before the Inquisition that many other New Christian merchants in Oporto hated him because of his talents. As soon as Francisco arrived in the city around 1610, merchants in both the Low Countries and Bahia purportedly had replaced their agents in Oporto with him. Notarial records, city registers, and Inquisition files bear witness to Francisco's aggressive climbing as a businessman until his imprisonment by the Inquisition in 1618.⁸⁴

Litigation also supplemented the diaspora mechanism by limiting the future income an agent expected to gain from embezzling large sums from one or many principals. The well-established merchants usually employed in complex resident arrangements could count on future income from misappropriating all

⁷⁹ Ribeiro, 'Mechanisms', pp. 108, 150–1.

⁸⁰ Swetschinski, 'Portuguese Jewish merchants', p. 610 n. 1.

⁸¹ Smith, 'Mercantile class', pp. 137–8, 154; Trivellato, *Familiarity*, p. 222.

⁸² Gluckman, *Judicial process*, pp. 19–20; Cohen, 'Cultural strategies', pp. 267–7, 274; Coleman, 'Social capital', pp. S102–9; Burt, *Structural holes*, pp. 14, 18–20; idem, 'Structural holes', pp. 50–2; Granovetter, 'Impact', pp. 34–5, 42; idem, 'Problems', pp. 35–6, 43–5; Greif, 'Commitment', p. 736; idem, *Institutions*, p. 445; idem, 'Contract enforceability', pp. 536, 539–41; idem, 'Fundamental problem', p. 273; Merry, 'Rethinking', pp. 64–6, 69–70; Bernstein, 'Opting', pp. 138–43; Studnicki-Gizbert, *Nation*, pp. 67–121; Trivellato, *Familiarity*, pp. 163, 221; Lamikiz, *Trade*, pp. 116–38, 157–60; Aslanian, *Indian Ocean*, pp. 169–74, 200–1.

⁸³ Swetschinski, 'Portuguese Jewish merchants', pp. 215–21, 273–5; Kaplan, 'Portuguese community'.

⁸⁴ ANTT, STO, IL 3068, fos. 37v, 155–8; IC 4523, fo. 25v; Strum, 'Portuguese Jews', pp. 174, 196–7, 207–16, 251, 265, 310, 325, 335, 336.

entrusted capital by one or many principals. Yet if reputation could make one wealthier, the legal system encouraged the wealthier to be more reliable, as they had more assets that could be seized.⁸⁵ Moreover, as merchants themselves, they also had goods entrusted to their own agents, which could be sequestered elsewhere. Absconding with all their principals' assets jeopardized the value of the expertise and infrastructure they had built up in the local marketplace.⁸⁶ In partial embezzlements, they put at stake their reputation and their revenues from a larger portfolio of principals with greater entrusted sums.⁸⁷

In effect, both reputational (professional and diasporic) and coercive mechanisms were interdependent. By accepting informal evidence of transactions, private and oral, the legal system was designed to be a second-order mechanism. Trade would take place mostly privately and informally, and so would be supported. Only when informal mechanisms failed would merchants turn to costlier legal verification and enforcement.⁸⁸ To anticipate such a possibility better, traders could opt for more formal recording of transactions, notarization, collaterals, public certificates of weights, affidavits, assessments, and protests for non-delivery, non-acceptance, or non-payment. The cost of doing so was more justifiable if resort to the legal system seemed a possibility, even if not due to actual mistrust between principal and agent.⁸⁹

Both reputational mechanisms underpinned the legal system by threatening those found guilty with economic marginalization (and social sanction within the diaspora). Renegotiation was frequently a better option than litigation or marginalization, even if not optimal.⁹⁰ For example, a principal prosecuted his travelling agent with embezzlement for bringing unsatisfactory proceeds from Bahia and for returning to Lisbon instead of Oporto. Through another Oporto-based merchant, the agent's brother asked the principal not to sue or defame his brother but to settle and to accept some money that certain female street vendors owed him.⁹¹

Thanks to the supplementation of litigation and the overlap with the professional mechanism, the diaspora mechanism could predominate in complex transactions despite the structure of the diaspora not being sufficiently small, close, and homogeneous to provide the most effective constraints.⁹² Covering a few generations before and after the surveyed period, the prosopography comprises more than 5,000 individuals living mostly in Oporto but also as far away as India, Mexico, Poland, and Turkey. About 430 adult male Jews lived or stayed in Amsterdam until 1618, and about twice this figure up to 1624; whereas more than 250 New Christians dwelled in Bahia during that, the preceding,

⁸⁵ Greif, 'Commitment', p. 747.

⁸⁶ Greif, 'Théorie', n. 47.

⁸⁷ Greif, *Institutions*, pp. 437–41; Ribeiro, 'Mechanisms', p. 173; Vanneste, *Global trade*, p. 89; Trivellato, *Familiarity*, p. 182; Studnicki-Gizbert, *Nation*, pp. 88, 96–7; Goldberg, *Trade*, pp. 135–8, 145–8; Lamikiz, *Trade*, pp. 129, 144; Lamoreaux et al., 'Beyond markets', p. 412.

⁸⁸ Bernstein, 'Opting', p. 145; Greif, 'Commitment', pp. 738, 745–7; González-de-Lara, 'Secret', pp. 268–9.

⁸⁹ For misgivings among the parties, see Costa, 'Informação', pp. 117–18.

⁹⁰ Bernstein, 'Opting', pp. 129, 136 nn. 46, 150; Petit, *Histoire*, pp. 54–5, 81, 131; Ortego-Gil, *Reis*, pp. 94–6; Fernández-Castro, 'Juzgar', pp. 158, 363; Gelderblom, *Cities*, pp. 104–5; Strum, 'Portuguese Jews', pp. 308–20.

⁹¹ ANTT, STO, IL 11260, fo. 88.

⁹² See n. 82.

and the following generations. Sources also indicate high geographic mobility.⁹³ Furthermore, intermarriage was not unusual in Oporto and even less so in Brazil. Religious beliefs and identity sometimes varied within the same family, not only among New Christians but even in Amsterdam.⁹⁴ There, several diaspora members remained on the fringes of the community, and a number expressed non-conforming attitudes and beliefs. Some went back to the Catholic world, at great risk, sometimes permanently.⁹⁵

V

These three interdependent institutions—diasporas, markets, and courts—allowed market expansion. Alongside judicial enforcement, a mechanism that linked economic incentives to professional reputations across the interconnected marketplaces facilitated the entrance of a large number of new and unprivileged players at relatively little cost. Together, these two mechanisms that traversed diasporas supported mercantile relationships that were easy to follow, of little value, expected to be of short duration, and not necessarily repeated with the same principal. Yet the mechanisms that governed such simple transactions did not necessitate the restrictive and costly conditions that alternative mechanisms required in other contexts. Such conditions included state controls and administration, family or community co-responsibility, requiring agents to serve one principal alone or to trade exclusively within a small and close-knit diaspora (small markets), or necessarily pledging specific collaterals.⁹⁶

Interconnected with these two inclusive mechanisms, a different reputational institution that relied on social and economic constraints within an extensive and not too close-knit diaspora governed substantial and complex transactions. Agency costs in alternative mechanisms that supported these transactions in other cases would have been higher, owing to the narrower pool of potential agents. The coalition of traders studied by Greif required the hiring of agents only from among relatives or within smaller, denser, and more cohesive diasporas.⁹⁷ In different cases, compliance beyond diasporas was secured through gradually expanding relations, either vertical or horizontal, within markets comprising few actors and transactions. The difficulty of finding substitute principals and the costs of building new ties would be deterring factors against misconduct, as was the case among the diamond traders studied by Trivellato and Vanneste and the merchant-bankers studied by Ribeiro. The latter three show that by relying on relatives,

⁹³ Novinsky, *Cristãos Novos*, pp. 101, 165–75. De Mello, *Gente*, pp. 6–7, (over)estimated the New Christian population in late sixteenth-century Pernambuco at 900. See also Nusteling, ‘Jews’, p. 48; Kaplan, ‘Portuguese community’, p. 26; idem, ‘Impact’, nn. 37, 38; Israel, ‘Spain’, n. 16; Studnicki-Gizbert, *Nation*, pp. 67–89.

⁹⁴ A fairly comprehensive bibliography on this topic is found in Saraiva, *Marrano factory*, pp. ix–xiv, 231–341. See also Bodian, *Hebrews*, p. 18; Novinsky, *Cristãos Novos*, pp. 60–71.

⁹⁵ Kaplan, ‘Social functions’, pp. 111–55; idem, ‘Impact’, pp. 61–2; idem, ‘Travels’; Bodian, *Hebrews*, pp. 32–3; Israel, ‘Spain’, pp. 362–8; idem, ‘Manuel Lopez Pereira’; Salomon, *Primeiros portugueses*, pp. 21ff.; García-Arenal and Wiegers, *Hombre*.

⁹⁶ For such restrictive and costly conditions of alternative mechanisms, see Greif, ‘Contract’, pp. 535–42; idem, *Institutions*, pp. 295, 434–6, 438, 450–1; idem, ‘Impersonal exchange’; González-de-Lara, ‘Secret’, pp. 259–62, 265–6, 274; Studnicki-Gizbert, *Nation*, pp. 88, 96–7, 110–11; Lamikiz, *Trade*, pp. 116–38, 157–60; Aslanian, *Indian Ocean*, pp. 198–201; Ogilvie, *Institutions*, pp. 287–90; Fernández-Castro, ‘Juzgar’, p. 152.

⁹⁷ See previous note.

merchants were able to trade at a lower cost or within narrower profit margins—including during their early careers, and when trading in non-luxury goods.⁹⁸ Swetschinski and Costa argue that from the late seventeenth century Jews born in Amsterdam did not have such close relations with the Iberian world and relied on unfamiliar agents—frequently Old Christians, who were chosen from among a few first-rank merchants, and who charged high agency fees.⁹⁹ State coercion and monitoring allowed a broader scope and extent of transactions, but entailed higher costs as well, as González-de-Lara has shown for medieval Venice.¹⁰⁰ Low-cost judicial enforcement would have been restricted to mostly straightforward and well-documented transactions, as indicated in Fernández-Castro's study of Sevillian courts.¹⁰¹

Because merchants were capable of matching transactions with the most appropriate governing mechanisms, they were able to diversify their transactions, expand the market for agents, better allocate agents to tasks, and stimulate competition among them. The resulting decrease in agency costs was particularly significant in a notably competitive market. Institutional choice thus supported and reinforced—rather than caused—expansion of exchange.¹⁰² Competition among agents also reduced the possibility of merchants falling into 'confidence traps', enhanced merchants' ability to monitor them,¹⁰³ and increased the credibility of past performance conditioning one's future income.¹⁰⁴ Diversification also spread principals' risks, which included not only opportunism and negligence, but also the death, incapacity, or insolvency of agents.¹⁰⁵ If diversification mitigated the risk of misconduct by an individual agent, it did not deter opportunism by all agents and therefore did not substitute for governance mechanisms, but rather enhanced them.¹⁰⁶

This case study raises a number of important questions. It highlights the coevolution of inclusive contract enforcement institutions—such as western courts and communication systems that facilitate reputational enforcement across an ever-growing number of actors—alongside particularistic ones, instead of the supersession of the latter by the former. It helps us understand a process through which the western economy became increasingly marked by easily verifiable transactions involving a growing number of socially heterogeneous relations without overstraining the legal system. It also suggests that diasporas that informally

⁹⁸ Ribeiro, 'Mechanisms', *passim*, esp. pp. 61–82, 122, 146–8, 152–3; Trivellato, *Familiarity*, pp. 201–5, 215–23, 238–43; Vanneste, *Global trade*, pp. 108, 112, 119–20; Greif, *Institutions*, pp. 438–9, 450–1; idem, 'Commitment', p. 732.

⁹⁹ Swetschinski, 'Portuguese Jewish merchants', pp. 215–21, 273–4; Costa, *Transporte*, vol. 1, pp. 160–1. Antunes, *Globalisation*, p. 137, also downplays the role of group belonging in the late seventeenth century, particularly among higher-ranked merchants.

¹⁰⁰ González-de-Lara, 'Secret'.

¹⁰¹ Fernández-Castro, 'Juzgar', pp. 148, 236–56.

¹⁰² North, 'Institutions', p. 107.

¹⁰³ Burt, *Structural holes*, pp. 16–18, 21–3, 27–30; idem, 'Structural holes', pp. 34–6, 45, 50–1; Granovetter, 'Problems', p. 43; idem, 'Strength'; Weimann, 'Importance', pp. 766–9; Williamson, 'Transparency', pp. 12–13, 21; de Roover, 'Organization', pp. 45–6; González-de-Lara, 'Secret', pp. 253–6; Trivellato, *Familiarity*, pp. 218, 220; Costa, Rocha, and Araújo, 'Social capital', pp. 15–19; Vanneste, *Global trade*, p. 112; Lamikiz, *Trade*, pp. 131, 145, 152–3; Gelderblom, *Cities*, pp. 83–4; Studnicki-Gizbert, *Nation*, pp. 102–7.

¹⁰⁴ ANTT, STO, IL 3068, fos. 37v, 155–8; IC 4523, fo. 25v. See also Lamoreaux et al., 'Beyond markets', p. 409; Trivellato, *Familiarity*, pp. 198, 206, 218, 220.

¹⁰⁵ Studnicki-Gizbert, *Nation*, pp. 105–7.

¹⁰⁶ Akerlof, 'Market', p. 496; Greif, 'Fundamental problem', p. 1.

provide information and support enforcement at low cost have a significant edge on the governance of complex transactions in markets with low profit margins. That advantage might thus help explain the success of merchants of Jewish origin in the Portuguese economy, and their leading role in the readmission of Jews into western Europe, which was greatly motivated by mercantilist reasons of state. It may also help elucidate the role of diasporas in empire building and trans-imperial relations.

To address this ambitious agenda, future research should delve into the functioning of the mechanisms highlighted here. It should also go beyond the timespan of this study to include periods of war and inquisitorial persecution and compare them with other areas plied by this diaspora. This case should be weighed against other diasporas, both synchronically and diachronically, against cases of judicial enforcement across other borders and oceans, against professional reputation spanning other routes and groups, and against the interrelation between different mechanisms. This comparative effort requires additional case studies based on extensive archival research to join the existing ones. This article provides a contribution to that endeavour.

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Appendix I: Archival sources

Notarial sources

Arquivo Distrital do Porto, Porto (ADP), Notarial Fonds (NOT), first notary public office (PO1), books 131–53, second notary public office (PO2), books 3–43. Offices' abbreviations are followed by the book number.

Inquisition sources

Arquivo Nacional—Torre do Tombo, Lisbon (ANTT), Santo Ofício (STO), Inquisição de Coimbra (IC), files: 454, 535, 677, 800, 854, 875, 968, 1031, 1322, 1328, 1329, 1791, 1820, 1826, 1850, 1912, 1937, 1986, 1988, 2200, 2285, 2415, 2418, 2258, 2553, 2563, 2580, 2583, 2736, 2845, 2893, 2894, 3804, 3019, 3023, 3024, 3051, 3092, 3217, 3736, 3837, 3862, 3901, 3925, 4523, 4829, 4618, 4940, 5051, 5228, 5304, 5362, 5385, 5408, 5592, 5593, 5667, 5675, 5690, 6070, 5702, 5817, 5846, 6354, 6537, 6667, 6897, 6900, 6987, 7084, 7437, 7648, 8153, 8249, 8461, 8658, 8970, 9068, 9217, 9377, 9474, 9725, 9824, 10185, 10365; Inquisição de Lisboa (IL) files: 601, 725, 728, 1154, 1159, 1323, 1352, 1730, 1732, 1844, 1883, 2179, 2499, 2732, 2736, 2926, 3068, 3080, 3147, 3148, 3156, 3148, 3292, 3418, 4481, 5206, 5390, 5395, 7881, 8003, 8948, 9719, 9723, 9725, 9873, 10205, 10209, 10099, 11099, 11247, 11260, 11440, 11158, 11867, 11985, 12499, 12621, 12999, 1772. File numbers follow the abbreviations IC or IL.

Supporting information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

S1. Reasons for notarizing deeds