

TRANSNATIONAL COMMERCIAL CAPITALISM IN THE LONG 18TH CENTURY

Double Panel at the XLIII APHES Conference (<https://43aphes.pt/en/>)
15-16 November 2024 ISEG Lisbon

Organisers: Pilar NOGUES-MARCO (Unige) & Raul WILDBOLZ-GALLEGO (UniDistance, Unige)

This panel explores the dynamics of commercial capitalism in the long eighteenth century through case studies, adopting a transnational perspective to analyse the interrelationships between national and foreign merchants in the exploitation of capitalism as a mode of exchange

Susana Münch MIRANDA (Universidade NOVA de Lisboa) & João Paulo SALVADO (University of Évora): *Dutch Business in the Eighteenth-Century Portuguese South Atlantic: Trade and Transnational Networks*

Abstract: Contrary to public perception, early modern colonialism was a multi- and transnational phenomenon. Transnational investment in colonial ventures was common, as described in the literature for the various East and West India Companies, in which foreign investors held significant stakes. What has often been neglected by economic and business historians, however, is the involvement of other business forms – family firms and partnerships - in colonial trade and financial services through transnational networks.

This paper examines the strategies and ways used by foreign firms to encroach on the Portuguese Atlantic empire during the Brazilian gold cycle. It takes the Dutch firm De Bruijn & Cloots of Lisbon as a case study to analyse problems and solutions devised by foreign firms when expanding their trade operations to Brazilian ports. Based on the Dutch firm's business correspondence, we analyse the variables that influenced the choice of agents and forms of agency, and how problems of agency were mitigated. We show that the choice between the forms of trade agency available for circumventing the "colonial exclusive" depended on goals and strategies, but also on the amount of capital and goods that could be mobilized through the transnational business networks in which the firm was embedded with extensions to Amsterdam, London, Hamburg, and Paris. We also show that De Bruijn & Cloots used a comprehensive range of agency relationships, a strategy that was simultaneously combined with diversification in the number of agents with which the firm worked to mitigate opportunistic behaviour.

Keywords: business organization, colonial trade, agency problems, colonial exclusive.

Biographical notes:

Susana Münch Miranda (smm@fcs.unl.pt) is Assistant Professor at Universidade NOVA de Lisboa and a researcher at CSG/GHES, *Lisbon School of Economics and Management* (ISEG). Her current research interests comprise early modern public finance, fiscal institutions, and transnational business networks.

João Paulo Salvado (jsalvado@uevora.pt) is research fellow at CIDEHUS, University of Évora. His research interests lie at the intersection between economic history, social history, and the history of institutions in the early modern period. He has published on a variety of topics, such as the formation of business groups in the context of a growing foreign and colonial trade in 18th-century Lisbon and their embeddedness in transnational networks that connected Lisbon with European and colonial port cities.

Pilar NOGUES-MARCO (University of Geneva): *Atlantic Trade, Diplomacy and Sovereignty: How Western Europe Captured the Spanish-American Treasure*

Abstract: New Institutional Economics (NIE) finds that Atlantic trade played a major role in the rise of Western Europe during the First Great Divergence of the Early Modern period. Economic growth was fostered by institutional development. The rise in Atlantic trade shifted the balance of political power by enriching and strengthening a broader merchant class, which enjoyed significant trading profits. This included new commercial groups outside the royal circle, who then played a critical role in driving institutional changes that constrained the power of the monarchy to secure property rights, thereby contributing to the emergence of capitalist institutions and fostering subsequent economic growth. Interactions between political institutions and the merchant groups promoted institutional development in non-absolutist Britain and the Netherlands, contrasting with Atlantic countries with highly absolutist political institutions, such as Spain and Portugal, where the Crown tightly controlled the expansion of trade by setting up state monopolies. Consequently, in absolutist countries, the monarchy and allied groups were the primary beneficiaries of the profits from Atlantic trade, preventing groups favouring institutional changes aimed at securing property rights from gaining enough power to enact them.

The NIE analytical framework focuses on the interactions between political and economic domestic institutions. However, Atlantic trade operated not only through institutional interactions within countries but also through diplomatic institutions to manage economic foreign relations among European powers. This research broadens the scope to include foreign relations in analyzing the case of Spain through the trade of silver, the most significant commodity of Atlantic trade in the Early Modern period. This approach allows for comprehending the mechanisms through which insecure property rights reallocated trade profits into the hands of foreign merchant elites who circumvented the plunder of the Spanish monarchy in Atlantic trade, while impoverished and weakened the Spanish merchants. This, in turn, hindered the accumulation of commercial capital in Spain, inhibiting institutional changes aimed at ensuring property rights and limiting the emergence of capitalist institutions to support economic growth.

Keywords: Atlantic trade, inclusive institutions, property rights, foreign merchants, diplomacy.

Biographical note: Ph.D. in Economics (International Finance) at Sciences-Po Paris, Pilar Nogues-Marco (pilar.noguesmarco@unige.ch) is an Associate Professor in Economic History at the University of Geneva (Paul Bairoch Institute) and a Research Fellow at Centre for Economic Policy Research (CEPR). Her research focuses on monetary and financial history from the early modern period to the present day. Before joining the University of Geneva in 2015, she held teaching and research positions at Carlos III University of Madrid, Pompeu Fabra University, Sciences-Po Paris, and the University of Barcelona. *Webpage:* <https://www.unige.ch/sciences-societe/dehes/membres/pilar-nogues-marco/>

Alida CLEMENTE (Università di Foggia): *Naples as a transnational emporium: trading strategies and networks in the commodity markets (mid-18th century).*

Abstract: During the 18th century, the interest of the northern European trading powers in the raw materials produced in the Mediterranean led to a strong upswing in trade and the Nordic presence, which did not spare the city of Naples. The historiography oscillates between two seemingly distant positions: on the one hand, a vision of the kingdom's economy as a 'colonial' economy, totally subordinated to the primacy and hegemony of foreign powers; on the other hand, an economy that was not sufficiently integrated into transnational circuits due to the paralysing role played by the market of the overpopulated capital in relation to the export of primary goods from the provinces. The first account emphasises the primary role of foreign merchants, financial and commercial elites, who were able to dominate food circuits and directed them towards foreign demand in an unequal division of labour; the second emphasises the role of the Annona and monopoly merchants of the capital city, who directed the kingdom's food towards the consumption of the latter.

This paper proposes a vision that reconciles these seemingly contradictory images by highlighting the strong complementarity between transnational and internal circuits: between foreign commercial and financial elites and the credit, information, and supply networks managed by local merchants. To this end, the strategies of a foreign merchant operating in Naples in the mid-18th century are analysed in detail regarding the use of the institutional, relational, and informational resources required for transactions in the highly volatile and risky commodity markets.

Keywords: Merchant networks, international trade, port cities, Mediterranean, Naples.

Biographical note: Alida Clemente (alida.clemente@unifg.it) is Associate Professor of Early Modern History and Economic History at the University of Foggia (Italy). She has worked on various topics of southern Italian social, urban and economic history in the 18th century, e.g. fishermen and fishing communities, consumption and material culture, the grain trade, etc. She is currently focussing on the study of trade, mercantilism and political economy in the 18th century.

Andrea ZANINI (Università di Genova): *Entering a new market: a Genoese merchant house and its trading network in the late eighteenth century.*

Abstract: Recent historiography has highlighted the adaptive resilience of early modern Genoese merchants and entrepreneurs to external crises and shocks. They were able to reorganise their operational strategies in response to the changing context, thus finding new paths of growth and avoiding economic decline. As in the case of the merchant house Gio Nicolò Crosa & C., which is analysed in this paper, this could involve the decision to enter a new market. In the 1770s, the company tried to develop a new trade in luxury goods with Poland: carved marble architectural elements and fine silk fabrics. This was a challenge that required the creation of an international network of reliable agents and correspondents who would be in charge of the shipment of the goods, their sale and the transfer of the net proceeds to Genoa. The reliability of this network was even more important as there was no Genoese consulate in Poland that would have been able to provide support for the merchants' activities in the country.

Despite all the efforts made, the business did not turn out to be as profitable as expected. This was not due to factors specific to the Polish market but to the opportunistic behaviour of the company's employee in Warsaw, a Genoese. It is therefore a typical situation that falls under the principal-agent problem, although not caused by external agents or correspondents. In this case, an efficient international trade network was not sufficient to ensure the profitability of the business, although it proved to be crucial in the long-term expansion strategy of the company.

Keywords: Merchant network, Genoa, Poland, luxury goods

Biographical note: Andrea Zanini (andrea.zanini@unige.it) is an associate professor of Economic History at the University of Genoa (Italy). His research interests cover a wide range of topics, including the organization of trade and finance during the early modern age, economic development in the long run, and the evolution of tourism and the hotel industry during the Belle Époque. He is the author of more than 90 publications (monographs, journal articles and book chapters) and has delivered dozens of research presentations at international conferences, seminars and workshops.

Felipe SOUZA MELLO (University of Geneva): *The raw cotton merchants: the composition and changes of a mercantile community in Lisbon, 1760-1808*

Abstract: Brazil's role as a supplier of raw cotton to the European industry is something recognized and explored in the literature. Albeit our good knowledge about the outlook for exports to Europe, we still know little about the commercial community in charge of making cotton leave Brazil, pass through Portugal, and then be re-exported to the rest of Europe. Using Lisbon customs records, this presentation will show that, although foreigners in Portugal were allowed to trade with Portuguese overseas colonies, it was Portuguese merchants who dominated cotton imports from Brazil between 1760 and 1808. In contrast, foreign merchants managed to dominate the re-export trade. Still, the presentation will explain the moments that deviated from this general rule.

Keywords: Cotton trade, merchant groups, transactional trade.

Biographical note: Felipe Souza Melo (Felipe.Souzamelo@unige.ch) is a post-doctoral researcher at the Paul Bairoch Institute of Economic History at the University of Geneva. He holds a Ph.D. in history and civilization from the European University Institute (2023) and a master's degree in economic history from the University of São Paulo (2017). He is broadly interested with the history of the production, marketing, shipping, and consumption of raw cotton in the early modern period. He works specifically with the mercantile groups in the Atlantic that made possible the transfer of cotton to Europe. He is also interested in the mechanisms used by merchants to commercialize cotton textiles in the Atlantic markets.

Raul WILDBOLZ-GALLEGO (UniDistance Switzerland): *Capitalism in transition: the merchant-banking houses of Burckhardt and Mallet and their business networks (1780-1860).*

Abstract: The period between the end of the 18th century and the early 19th century is usually considered and analysed as a time of significant organisational and economic changes. Existing literature often emphasises a rupture between the Early Modern and the Late Modern periods. However, through the network and investment analyses of the merchant-banking houses Mallet and Burckhardt, this research aims to study this transitional period by examining not only changes but also continuities. Both merchant-banking houses originated from the most important financial centres in Switzerland: Geneva and Basel. They invested in various economic activities throughout Europe using structures developed and associated to the Age of Commerce (such as limited partnership, family networks, and alliances). These structures, inherited from the Early Modern period, persisted after the Napoleonic wars, although there were also significant changes. This research aims to document these continuities and changes by studying the participation of Swiss capitalists in pre-existing European merchant networks: did merchant capitalism decline in favour of financial capitalism? Did merchant-banking capitalists invest in the development of the Industrial Revolution? This research will conduct a quantitative and qualitative analysis based on underexploited primary sources in the Swiss historiography: accounting records. These sources will allow us to reconstruct the investments and the business networks of these merchant-banking houses. This research aims to contribute to Swiss and international historiographies that discuss the different phases of capitalism and analyses the transnational ramifications of the business networks at the Age of Empires – especially the networks formed by Swiss individuals who did not have a formal empire.

Keywords: accounting history, transnational capitalism, Swiss merchant-bankers.

Biographical note: Raul Wildbolz Gallego (raul.wildbolz@unidistance.ch) is pursuing a PhD at the University of Geneva and UniDistance in Switzerland under the supervision of Prof. Pilar Nogues-Marco and Prof. Sabine Pitteloud since 2024. He completed a Master in International Economic History at the University of Geneva. He is interested in the configuration of the different types of capitalism and business networks during the transition period between Early Modern and Late Modern period. He prefers to use private accounting records to inform his narrative.