

GOING BUST: Some Reflections on Colonial Bankruptcies¹

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While this special issue raises a significant number of questions, constraints have dictated that only some of these questions are actually answered. The pioneering work presented consequently remains a modest attempt to initiate a more general discussion about the causes and the social and economic consequences of business failure in the early modern period, particularly with regard to colonial enterprises.

By drawing attention to the close interplay between the state and the private sector for the purposes of colonial settlement and exploitation, this special issue signals the need for an understanding of how and why firms failed to stay in business.² The inherent risks they incurred in intercontinental trading ventures (including nature, climate, technology, warfare, and a precarious credit system) were further compounded whenever these firms were called on to perform functions of public utility. Therefore, the relationship between entrepreneurs (understood here to mean individuals, firms, or institutions using innovation, managing risks, and acting according to contemporary judgement)³ and the state has to be taken into account when examining the causes of such failure, alongside problems deriving from the organization of the colonial enterprise and the contingencies of colonial operations. This is because although good and bad luck mattered, entrepreneurial decisions, whether individual or collective, often helped predetermine the chances of success and failure.

Some aspects that we were unable to tackle in this special issue are nonetheless of paramount importance for understanding bankruptcies in a colonial context. These include the consequences of bankruptcies taking place in Europe and the impact they had on colonial societies within the European sphere of governance or influence. We have also faltered regarding the understanding of European-centred bankruptcies' influence on the relationships that local, non-European entrepreneurial communities and non-European states and polities had with their European counterparts. Similarly we were unable to explore the possibility that the threat of bankruptcy in the colonial landscape may have provided European states with a generally golden opportunity to

intervene more profoundly and permanently in their colonial offshoots, an opportunity that may, in turn, have facilitated the transition from a colonial to an imperial order.

Having outlined the constraints we now turn first to the considerations underlying the need to study bankruptcies as a historical category.

Bankruptcies as a Historical Category

It is only recently that the premodern past of bankruptcy has attracted scholarly attention. After Julian Hoppit's work exploring reasons for eighteenth-century London merchants' failure across all sectors of business activity and alluding to the pioneering work by Jean-Clément Martin, other studies have followed suit, focusing mainly, albeit not exclusively, on the economic causes and consequences of mercantile failure.⁴ The bankruptcies of German merchants in London were examined by Margrit Schulte Beerbühl, who highlighted their assessment of risk and their willingness to act on that risk.⁵ In a similar vein, Thomas Safley focused on microhistorical aspects of bankruptcy cases to offer insight into their impact on various aspects of economic and social life, while also stressing the role of human agency in enterprise failure.⁶ His recently edited volume of essays, the focus of which ranges from the microeconomics of bankruptcy and its impact on business organizations and practices to a more institutional approach designed to capture changes in bankruptcy laws, represents a significant contribution to filling the gap in knowledge on early modern bankruptcies.⁷

Albrecht Cordes and Margrit Schulte Beerbühl subsequently picked up on Safley's methodological suggestions and transformed his microanalytical methodology into a multidimensional and dual system. Resorting to specific case studies, they examined how bankruptcies arose and were resolved. It is perhaps their view of bankruptcy resolution as a social process that represents the innovation in their work since they suggest a microcomparison between the normative and the practice in the resolution of bankruptcies across Europe over a period of seven centuries.⁸

In another strand of literature, the origins and development of bankruptcy laws during the early modern period have also attracted attention, with scholars focusing on when and why European states and polities enacted laws and created the conditions needed for the emergence of bankruptcy institutions. In the case of England, scholars have insisted on a fundamental shift occurring with the Act of 4 & 5 Anne (1706). Although, by introducing the possibility of debt discharge, this has been hailed as a modern feature of the English bankruptcy system, the notion has been toned down recently, given that the possibility of debt discharge had been contemplated in urban or royal statutes of other European states, by way of the Roman *cessio bonorum*,⁹ as early as the fifteenth century.

Another important contribution in shaping the discussion came from Douglass North, who insisted on the importance of the role played by institutions in protecting private property rights, a contingent subject to that of bankruptcies.¹⁰ In the wake of his proposal, economic historians have stressed the relevance of a state's legislative power in

providing a favourable environment for the functioning of credit markets and, therefore, the promoting of economic growth.¹¹ Underlying their reasoning has been the assumption that if bankruptcy laws are too harsh for firms that fail, entrepreneurs will be less willing to take risks. If, however, bankruptcy laws are too lenient, lenders will be dissuaded from investing and credit will consequently be in short supply. Within this stream of literature, and taking an interdisciplinary approach, a volume edited by Gratzner and Stiefel brings together studies combining both macro- and microeconomic interpretations of insolvency and bankruptcy. Concentrating mainly on the early modern period, bankruptcy regimes and institutional change are the connecting thread running through the chapters, with the various aspects explored combining to represent a significant contribution to the field.¹²

In the case of the early modern era, the links between long-distance trade, credit, and business failure among European merchants and trading houses have already been emphasized. European maritime expansion stood witness for an increase in long-distance exchanges, which were characterized by an upsurge in risks related to investment, transport, and returns that often led merchants, firms, and companies to economic failure. The rhythm of bankruptcies increased dramatically from the 1660s and throughout what has been coined the “long eighteenth century” (1660s to 1830s). In London, for example, whose port concentrated the major share of British foreign commerce, bankruptcies rose sevenfold between 1700 and 1800, with a peak in the final twenty years of the century, while a similar trend was detected in Bordeaux.¹³ As overseas trade per capita increased consistently among early modern colonial powers such as England, France, the Netherlands, Portugal, and Spain, so, too, did the risks of entrepreneurs who expanded the scale of their operations against the backdrop of the eighteenth-century commercial revolution.¹⁴ In the context of the prominence of Atlantic business in the Western European commercial landscape, not only were credit requirements in relation to turnover much higher in intercontinental trading ventures, but the risks inherent in nature, climate, and technology were further compounded by a precarious credit system, by imperfect market conditions, and by warfare.¹⁵ When, therefore, things went wrong, the codependency of credit networks, which was common among merchants, could lead to an uncontrolled chain of bankruptcies, and this in turn impacted, to varying degrees, on local society and the state’s finances.

While the risks of intercontinental trade and the general recourse to credit as a means to overcome capital market inadequacies were certainly among the more common causes of business failure in the early modern period, there were also other causes of failure. And these other causes have thus far eluded the attention of scholars looking into patterns of bankruptcies. As European seaborne empires in the early modern period took shape, not only did entrepreneurs take the opportunity to exploit the advantages provided by protected markets in various mercantilist systems, but so, too, were they called upon to provide services in place of the state. Tasks such as colonizing, waging war, collecting colonial taxes, procuring a labour force, recruiting soldiers, supplying victuals, or exploiting monopoly rights were routinely contractually conceded to the private sector. While some of these tasks were certainly new and resulted from the building of seaborne

empires, European states already entrusted most of these tasks in their domestic markets to the private sector, as acknowledged by a vast range of studies.¹⁶ However, carrying out those endeavours overseas brought added risks and unforeseeable challenges, which entrepreneurs, even chartered companies, were not always able to deal with. Insolvency and bankruptcy could thus be the outcome of an involvement in colonial endeavours, an assertion that has previously failed to attract attention in the literature.

By bringing together research encompassing four different empires (Spanish, Dutch, French, and Portuguese), this special issue sets out to explore entrepreneurial experiences of business failure, with a particular focus on the expectations of profits and the extent to which merchants, firms, and chartered and joint-stock companies incurred risk when performing their varied range of tasks in the framework of early modern European colonial economies. By addressing topics that have not previously been dealt with at any great length in the existing literature, it highlights a different set of causes of bankruptcy and insolvency on the one hand, while on the other hand focusing on the economic and political impact that such bankruptcies and insolvencies had on the metropolises and, to a certain extent, in the colonies. The decision to leave out a specific case study for the British Empire arises from the fact that, as indicated earlier, previous bankruptcy studies have privileged the English and British systems of bankruptcy management and resolution. With this known body of scholarship as a backdrop, we have specifically opted to survey cases outside the British sphere. However, one preliminary conclusion can be that, in many ways, the British case was not so different from the other cases presented in detail in this special issue.

Bankruptcies in Colonial Ventures

The European maritime expansion overseas created new economic opportunities for those European powers that engaged in intercontinental trading routes and went on to establish both commercial and territorial empires. Over the longer term, as scholarly work has recently asserted,¹⁷ international trade in foreign commodities such as spices, sugar, and tobacco contributed to expanding Europe's wealth and served as a driver of economic change. Zooming in, however, on the extent to which profits from transoceanic trade and imperial ventures impacted on domestic economies reveals considerable differences in timing and scale between the pioneers of European expansion, Portugal and Spain, and their Northern European counterparts. One of the explanations for these differences puts the organization of commercial empires at centre stage, stressing that private entrepreneurship played a major role in Northern Europe, while often depicting the Iberian kingdoms as state-run enterprises, where earnings of the exchanges were mostly channelled to the royal treasuries.¹⁸ However, this dichotomy fails to encompass the reality that, in practice, was much more complex and diverse: in the case of the Dutch Republic and England, the state did not relinquish its capacity to define the legal framework, given that it conceded monopoly rights and regimes of exclusion to chartered companies and thus limited access to colonial trade to a restricted number of its subjects,

while Portuguese and Spanish colonial trade cannot simply be regarded as state-run enterprises.¹⁹ Indeed, despite organizational differences between the two Iberian monarchies, trade in their colonial spheres was largely conducted by private actors operating in free competition, while the option of granting monopoly rights to chartered companies was an option that was used only sporadically and limited both in geographical scope and in the range of monopolized goods.²⁰ The emergence of wealthy and expanding mercantile communities in Lisbon and Seville/Cádiz, comprising both subjects and foreigners and engaged in overseas trade operated through wide-ranging networks, bears witness to the central role played by these communities in overseas trade, and that was not dissimilar to that of their counterparts in Amsterdam and London.²¹

This special issue suggests that the private sector played a much larger role in European expansion than previously often assumed, especially when we look beyond the sector's participation in colonial trade and focus our attention on the challenges of empire-building in general. These challenges involved a wide and diversified range of tasks derived from the expansion both of Iberian and Northern European powers, of which perhaps the best examples are the settlement in extra-European territories, the development of local governance, the establishment of long-distance maritime routes, the organization of warfare, and the establishment of diplomatic relations. Fulfilling such tasks demanded a close interplay between state authorities and business-oriented groups, and one extending far beyond the latter's involvement in overseas trade alone. Chartered companies such as the Dutch and the English East India Companies (VOC and EIC), as much as the Dutch West India Company (WIC) or the Royal African Company (RAC), were called on to exert regalian powers (war and diplomacy) over their overseas settlements, whereas merchant groups in the Iberian empires participated in the exploitation of monopolized goods (pepper, slaves, brazil wood, and diamonds), as well as in collecting colonial taxes and provisioning military supplies and credit, through contracts negotiated with the Crown.²²

From the private actors' perspective, their partaking in state colonial goals certainly meant new opportunities for accumulating wealth. The tales of success, ranging from the high profit margins enjoyed by the VOC to the merchants and firms amassing riches from these opportunities, are well known. Yet while these new opportunities were not devoid of risks, little is known about the setbacks that companies and firms faced when their interests became intertwined with the exploitation of colonial ventures. This special issue fills this gap by looking at bankruptcies of family firms, partnerships, and companies (both chartered and joint-stock) operating across European empires. By underlining the inefficiencies of a system that could either make a person rich or drive him into utmost poverty we demonstrate how the entanglement of state and private interests remained at the core of European exploitation overseas. As Samuel Johnson put it, "The commercial world is very frequently put into confusion by the bankruptcy of merchants, that assumed the splendour of wealth only to obtain the privilege of trading with the stock of other men, and of contracting debts which nothing but lucky casualties could enable them to pay; till after having supported their appearance a while by tumultuary magnificence of boundless traffic, they sink at once, and drag down into poverty those whom their equipages had induced to trust them."²³

When considering the effects of failure as described so eloquently by Johnson, bankruptcies among entrepreneurs' vested interests in colonial ventures clearly seem to have had detrimental effects on the towns and cities these men operated from. However, these effects also extended beyond Europe, with failure originating in Western Europe equally likely to impact on business partners in Africa, the Americas, and Asia as on European colonial entrepreneurs, who depended, in turn, on the successful economic and social performance of their partners elsewhere in the world. While no well-studied cases of worldwide bankruptcies exist for the early modern period, historians have asserted the interconnected business environment prevailing between Western European entrepreneurs and their overseas correspondents, agents, and partners.²⁴

Since many of these non-Europeans were as deeply connected to local polities and states' interests as their principals in Europe, bankruptcies in the Dutch Republic, France, Portugal, or Spain impacted as much on these states as on their counterparts elsewhere in the world. Bankruptcies in colonial trade were thus events that linked European and non-European entrepreneurs and states in a manner not dissimilar to the way in which they were linked through exchanges and other encounters. However, the consequences of bankruptcies for merchants and companies involved in the colonial trade differed depending on their type of business organization (specifically whether they were a family firm, a partnership, or a joint-stock or chartered company).

The frequency of bankruptcies among partnerships and the impact that such bankruptcies had on colonial trade seems to have been low.²⁵ This is probably because partnerships were often set up for short periods and for specific commercial enterprises, with an understanding that partners would adhere to the principle of unlimited liability. In the event, therefore, of low turnover, infighting between partners, or liquidity problems, partners could decide not to continue their relationship beyond the established contract. This possibility of "contracting as you go" provided flexibility for all partners, even though capital accumulation was individual rather than collective. This flexibility also seems to have reduced the impact that bankruptcy had on the firm's partners and their direct creditors. Furthermore, few partnerships pursued colonial trade systematically since the various partners' activities were generally concentrated in local and regional trade, as has been demonstrated for the Low Countries in the sixteenth century. Where, however, more than 40 percent of partners' capital was tied up in colonial exchanges, the risks were relatively high for partners, agents, and above all, principals (where these fell outside the scope of the partnership itself).²⁶ The eighteenth-century French firms involved in trade with the West Indies, which was dominated by family firms with unlimited liability, comprised an exception to this generalizing rule.²⁷ And the same can be said for Portuguese colonial trade in the eighteenth century.²⁸

Against the backdrop of European rivalries, the seventeenth century and the increasing political and economic interests in overseas ventures created new opportunities for the private sector that extended beyond transoceanic trade. With expanding maritime and territorial domains to control and operate, Western European states were facing severe challenges in the economic exploitation and administration of their colonial offshoots. States were thus increasingly seeking to share the burden and profits of such endeavours. By

way of contracts or charters, states consequently mobilized entrepreneurs (whether metropolitan or nonmetropolitan subjects) and foreigners and assigned them a wide array of tasks of public utility. Among the most common tasks were those involving the supply of goods (ships, grain, or military provisioning) and the exploitation of goods, trade flows, economic activities, and tax collection.²⁹ The rates of profit-taking from these assignments differed significantly, depending on a wide range of variables and including the nature of the endeavour and the estimated difference between its operating costs and the fees payable to the treasury. In any event, both tax farming and the exploitation of monopolized goods or trade flows held the promise of higher earnings than those available from regular trading activities. This perception was reinforced, in some contracts and charters, by built-in clauses allowing the contract holders to enjoy additional trade prerogatives that gave them attractive competitive advantages, such as the annual ship granted to the contractors of the Spanish *asiento* of slaves³⁰ or to the Portuguese tobacco farmers, as showcased by Miranda's article in this issue. Yet the expectation of high returns did not always translate into a successful venture, given that the challenges and risks entailed in a state contract meant many such contractors subsequently faced insolvency and even bankruptcy. The risks were as diverse as the subject matter of the contracts and are impossible to generalize. In the Portuguese Atlantic, for example, the demands of meeting the contractual payments and the subcontracting and licensing needed to fulfil the Angola contract constituted significant challenges and risks that often resulted in bankruptcies. The impact of such cases, where private–public initiatives remained at the heart of colonial exploitation, is showcased in the article by Edgar Pereira, “The Ordeals of Colonial Contracting: Reactions to and Repercussions of Two Failed State-Private Ventures in Habsburg Portugal (1622–1628).”

The increase in bankruptcies during the eighteenth century was also a result of the intensification of the Atlantic exchanges. Family firms across the Atlantic seaboard were exposed to increased risks when seeking to maintain business interests on the west coast of Africa, in South America, the Caribbean, and North America, and in the major European Atlantic ports. With stakes in colonial contracting, tax farming, mining, shipping, trading, insurance, and financing, firms had the potential to become dominant in specific domestic markets in Europe and prolific participants on two other continents, with the Torres family introduced by João Paulo Salvado in “The Rise and Fall of a Lisbon Family Business, 1710–1773: The Case of the House of Torres” being a case in point.

However, risk-taking in colonial affairs was not a prerogative only of local firms established in specific ports. On the contrary, foreign and transnational firms were also involved in exploiting colonial resources and tax farming. Linked to the mother country through complex partnerships and informal networks, foreign firms involved in colonial endeavours are often seen as being the least protected against the usual risks of long-distance trade and colonial exploitation under a foreign state, while often also being perceived as predatory and abusive of property rights.³¹ However, the example of the Dutch firm introduced by Susana Münch Miranda in “Risk and Failure in Tax Farming: De Buijn & Cloots of Lisbon and the Portuguese Tobacco Monopoly, 1722–1727” presents

an extraordinary tale of economic and social resilience that questions these general premises.

Partnerships and family firms were not the only business organizations risking capital, people, and goods in colonial ventures. Chartered and joint-stock companies appear to have been exposed to similar risks of bankruptcy, a commonality that has tended to be overshadowed by the idea that chartered and joint-stock companies were more efficient and so better equipped to face the challenges presented by maritime expansion and colonial settlement.³² However, the tales of numerous chartered companies challenge this perception of greater efficiency, with many of the English chartered companies for the African trade, for example, being declared bankrupt or being discontinued owing to liquidity problems or political opposition.³³ In that respect, and as Elisabeth Heijmans shows in her “Investing in French Overseas Companies: A Bad Deal? The Liquidation Processes of Companies Operating on the West Coast of Africa and in India (1664–1719),” these English chartered companies were no different from their French counterparts.

If English and French chartered companies seem to have been permeable to the risks and dangers of overseas trade and investment, their contemporary sisters, the joint-stock companies, were not excluded from such risks either. Even if historiography insists on the modernity of early modern joint-stock companies like the VOC and the EIC and their inherent success in the European domestic markets and Asian trades,³⁴ it has been less willing to delve into the reasons why joint-stock companies’ overseas adventures could fail. The only exception to this rule has been the few works on the South Sea Company, where more can be found about the bubble provoked by speculation in company stock than about the reasons the company failed to address these speculative attempts.³⁵ However, the most spectacular bankruptcy of a joint-stock company in the early modern period seems to have been the bankruptcy of the first WIC in 1674, as Erik Odegard argues in “Recapitalization or Reform? The Bankruptcy of the First Dutch West India Company and the Formation of the Second West India Company, 1674.” After explaining the reasons for the failure of the first WIC, Odegard elaborates on the premises under which the bankruptcy was resolved. In doing so, he emphasizes the modernity of the company and how the state, deeming the company too big to fail, was able to save it at the taxpayers’ and shareholders’ expense, a tale all too common in twenty-first century newspaper headlines.

Risk and Failure in Colonial Business

The reasons behind colonial stakeholders’ bankruptcies are diverse and, more often than not, codependent. It is difficult, if not impossible, to single out one sole reason specific partnerships, firms, or companies failed to remain healthy economic players,³⁶ as testified to by the articles in this special issue. Despite this diversity, some patterns nonetheless emerge when we focus our analysis on the relationships between the investors and the state on the one hand, and on the operational challenges colonial stakeholders faced in their overseas business activities on the other hand.

Zooming in on the relationships between colonial investors and the state, we can identify certain common behaviours that contributed to the uneasy financial situation in which many colonial investors found themselves at some point and that drove many of them to bankruptcy. The first of these behaviours was their overbidding on colonial contracts. Such overbidding could be the result of three different problems. The first was a lack of information on the business covered by the contract, which led investors to seriously overestimate the potential profits they could earn. The second related to investors' eagerness to see off the competition in the market, with overbidding being the price they had to pay to keep competitors out of the contract. Here, the case of De Bruijn & Cloots, as presented by Miranda, is a case in point. A similar situation can also be seen today when states put public transport contracts up for auction among private operators. The third and final reason for overbidding was specific economic groups' eagerness to forge an alliance with the state and for which they were willing to pay more than the contract was worth in an attempt to directly connect their fate to that of the state, as attested to by the contract holders discussed in Pereira's article.

A second behaviour commonly demonstrated by investors comprised their overly optimistic expectations about consumption markets' capacity to absorb colonial products. These expectations were often the result, on the one hand, of their underestimating the high information and transaction costs involved in colonial trade and, on the other hand, of a lack of understanding of the mechanisms involved in pricing specific colonial products, which often resulted from their disregarding price formation in a global market (a particularly acute problem within a mercantilist framework). These behaviours and the reasons for them feature in Miranda's article, and also partially in the articles contributed by Heijmans and Odegard.

Even if the exploitation of revenues from colonial taxes was contemplated within contracts and charters and could, at times, be an entrepreneurial choice, the overestimation of the profits able to be generated in the consumption markets led, in turn, to a growing dependence on yields from tax farming. The need to refocus on matters of tax collection then compelled many participants in colonial ventures to balance their maritime (trade and shipping) operations by maintaining officials or administrators to enforce taxation rights and jurisdictions, with the cases of the French companies and Portuguese contractors representing but a few examples of this phenomenon.

Meanwhile the ambition to stay close to royal, stately, and provincial powers led many entrepreneurs to invest heavily in colonial contracts and ventures they did not necessarily believe in. While this proximity admittedly opened doors for entrepreneurs seeking to provision colonial fleets, which was certainly a profitable enterprise, most entrepreneurs did not expect to recover their initial investment in the colonial contracts or the companies themselves. The opportunities for WIC and French company directors to provision fleets in return for participating in the chartered companies, as discussed by Erik Odegard and Elisabeth Heijmans, are perhaps the most extreme cases identified thus far. Even though the risk of losing capital invested in these ventures was high, the size of these companies and their ingraining in society proved to be the best guarantee for their success, even in the event of ensuing bankruptcy. As the case of the WIC demonstrates, even in the early modern

period certain companies were simply too large to fail. And in those cases the state made sure that solutions were found to restrict the possible consequences of a chain bankruptcy.

The way in which colonial stakeholders organized their overseas operations could also influence the outcome of their ventures. One operational challenge these colonial entrepreneurs faced was the trustworthiness, or otherwise, of their partners or subcontractors. Indeed, unwarranted trust in subcontractors contributed heavily to the downfall of the Portuguese contractors, just as the deviant behaviour of some French companies' investors increased the costs of keeping subcontractors honest and thus contributed to a rise in the general transaction costs of a colonial enterprise already challenged for profits owing to the other factors referred to above.

Certain other operational reasons contributing to bankruptcies within the group of colonial investors are concomitant and interdependent. Colonial trade often ran on delayed payments (and thus delayed turnover) or long-term credit. Partnerships, firms, and companies were forced to offer shipping, buy the merchandise, transport it to consumption markets and return to Europe, while often having to wait for up to a year or even eighteen months to receive payment. These delayed turnovers required investors to maintain very high liquidity. Since many early modern firms and companies seem to have had generally poor liquidity, maintaining their credit network constituted an enormous risk. If to this general lack of liquidity associated with delayed payments and long-term credit we add the systemic pressure to pay the contractual terms agreed with the state or the principal contractors, we can only assume that bankruptcy within the colonial context was probably a common feature of the system, rather than an exception, and that the phenomenon of colonial bankruptcies during the early modern period consequently warrants a broader analysis.

Other reasons for early modern bankruptcies can meanwhile be found in contingent factors commonly associated with colonial exploitation and long-distance trade. The challenges faced by colonial stakeholders included crop failures, difficulties in maintaining labour forces (both free and unfree), inherent problems with fitting out ships for long-distance journeys, and problems associated with exchanges in a non-European cultural context, where prices, terms of trade, and legal frameworks differed from those practised in Europe, but also varied within the same empire. Even though mechanisms like maritime insurance, maritime convoys, or the adaptability of fleets and labour pools provided a certain degree of protection against some of these risks, it was almost impossible to protect against bad weather, fires, environmental disasters, and warfare. The case of the Lisbon earthquake of 1755 is brought to the fore by Salvado, while warfare was pernicious to the WIC and the French chartered companies in both the seventeenth and eighteenth centuries, as discussed by Odegard and Heijmans.

The articles in this special issue bring to light new and original research regarding early modern bankruptcies in the context of empire. However, many questions remain unanswered and plenty of avenues of research remain open for furthering the dialogue on the importance of bankruptcies as a societal-historical phenomenon.

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Notes

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- 1 This special issue and the introduction result from research conducted as part of the ERC-2012-StG-312657-FIGHT project.
- 2 Here we follow the definition of firms provided by business historians and based on the concept of ownership structure. For the early modern period, this definition comprised family firms, partnerships, and corporations. See Colli and Fernández, "Business History and Family Firms," 269–92; Colli and Rose,

- “Family Business,” 194–217; Harris, *Industrializing English Law*. For a recent overview, see Gelderblom and Trivellato, “Business History of the Preindustrial World,” 1–35.
- 3 Here we follow the definition used by Casson and Casson, “The History of Entrepreneurship,” 1223–42.
 - 4 Martin, “Le commerçant,” 1251–68. Hoppit, *Risk and Failure*, 42–51.
 - 5 Schulte Beerbühl, “The Risk of Bankruptcy among German Merchants,” 61–81.
 - 6 Safley, “Business Failure and Civil Scandal in Early Modern Europe,” 35–60.
 - 7 Safley, *The History of Bankruptcy*.
 - 8 Cordes and Schulte Beerbühl, *Dealing with Economic Failure*.
 - 9 De ruysscher, “Bankruptcy, Insolvency and Debt Collection,” 183–99; Schick, “Globalization, Bankruptcy and the Myth of the Broken Bench”; Kadens, “The Last Bankrupt Hanged,” 1229–319.
 - 10 North, *Institutions, Institutional Change*.
 - 11 La Porta et al., “Legal Determinants of External Finance,” 1131–50. Idem, “Law and Finance,” 1130–55; J. Sgard, “Do Legal Origins Matter?,” 389–419.
 - 12 Gratzler and Stiefel, *History of Insolvency and Bankruptcy*.
 - 13 Hoppit, *Risk and Failure*, 42–51; Butel, *Les négociants bordelais*.
 - 14 For a recent summary on the growth of overseas per capita trade, see Costa et al., “The Great Escape?,” 1–22. See also Findlay and O’Rourke, *Power and Plenty*, 247–62 and 369–78.
 - 15 Mathias, “Risk, Credit and Kinship,” 15–35.
 - 16 There is an extensive literature on how early modern monarchies resorted to tax farming and to the outsourcing of a wide range of tasks. See, for example, Bonney, *Economic Systems and State Finance*; Bowen, “Forum. The Contractor State.”
 - 17 O’Rourke and Williamson, “Did Vasco da Gama Matter?,” 655–84; O’Rourke et al., “Trade and Empire,” 96–120.
 - 18 Zanden, “North-Western Europe,” 13–34.
 - 19 Recent work on private entrepreneurs’ participation in the exploitation of the Northern European empires has stemmed from the teams led by Cátia Antunes at Leiden University, Maxine Berg at Warwick University, and William Pettigrew at Kent University. Antunes, *Cutting Corners*; Antunes and Polónia, *Beyond Empires*; Berg et al., *Goods from the East*; Pettigrew, “Corporate Constitutionalism”; and Pettigrew and Van Cleve, “Parting Companies.”
 - 20 On the participation of merchants in the Spanish transatlantic trade, see Cachero Vinuesa, *Should We Trust?* For the Portuguese Cape route, see Boyajian, *Portuguese Trade in Asia*. For the Portuguese Atlantic chartered companies, see Carreira, *As Companhias Pombalinas*; Dias, *A Companhia Geral*; Marcos, *As Companhias Pombalinas*; Costa, *O Transporte no Atlântico*. For Portuguese Asia, see Disney, *Twilight of the Pepper Empire*.
 - 21 On the Portuguese mercantile communities, see Pedreira, *Os homens de negócio da praça de Lisboa*; Grant-Smith, *The Mercantile Class of Portugal and Brazil*; Boyajian, *Portuguese Bankers at the Court of Spain*. For the Spanish case, see García-Baquero González, *Cádiz y el Atlántico*; Bustos Rodríguez, *Cádiz en el sistema atlántico*.
 - 22 For the VOC, see Chaudhuri, *The English East India Company*. For the WIC, see Den Heijer, *De geotrooieerde compagnie*, 157–9. For the Portuguese Empire, see Costa et al., *An Economic History of Portugal*. For the Spanish case, see Grafé and Irigoín, “A Stakeholder Empire,” 609–51.
 - 23 Samuel Johnson, *Rambler* 189, 7 January 1752.
 - 24 Trivellato, *The Familiarity of Strangers*; Aslanian, “The Circulation of Men and Credit,” 124–71; Aslanian, “Social Capital,” 383–402; Aslanian, “Trade Diaspora versus Colonial State,” 37–100; Pohl, *Die Portugiesen in Antwerpen*;

- Vanneste, *Global Trade and Commercial Networks*.
- 25 Hofstraeten, "The Organization of Mercantile Capitalism in the Low Countries," 1–24.
- 26 Antunes, "Failing Institutions"; Hofstraeten, "The Organization of Mercantile Capitalism in the Low Countries," 1–24.
- 27 Menkis, *The Gradis Family*; Marzagalli and Bartolomei "La Méditerranée."
- 28 Pedreira, *Os homens de negócio*.
- 29 On this solution for early modern Spain, see Scelle, *La traite négrière aux Indes de Castille*; Phillips, *Six Galleons for the King of Spain*. On the involvement of non-metropolitan subjects in tax farming, see Pearson, "Banyas and Brahmins," 93–115.
- 30 Weindl, "The Asiento de Negros and International Law."
- 31 García-Montón, *Génova y el Atlántico*.
- 32 Carlos and Nicholas, "Theory and History," 916–24; Carlos and Kruse, "The Decline of the Royal African Company," 291–313.
- 33 Zook, *The Company of Royal Adventurers*; Hair and Law, "The English in West Africa to 1700," 259; Law, "The Komenda Wars," 133–68; Davies, *The Royal African Company*; Pettigrew, *Freedom's Debt*.
- 34 Robins, *The Corporation That Changed the World*; Bowen, *The Business of Empire*; Farrington, *Trading Places*; Chaudhuri, *The English East India Company*; Den Heijer, *De geöctrooieerde compagnie*; Gelderblom et al., "The Formative Years of the Modern Corporation," 1050–76.
- 35 Hoppit, "The Myths of the South Sea Bubble," 149–65; Dale, *The First Crash*; Paul, *The South Sea Bubble*.
- 36 Here we use the concept of stakeholder and stakeholdership as conceptualized by Grafe and Irigoín, "A Stakeholder Empire," 612.