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The Language of Trust:  
Reputation and the Spread and Maintenance of Social  
Norms in Sixteenth Century Genoese Trade

Ricardo Court

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## The Language of Trust: Reputation and the Spread and Maintenance of Social Norms in Sixteenth Century Genoese Trade

Ricardo Court

Economists are interested in the mechanics of trust. What structural frameworks enable one to trust? How are moral hazards avoided? How are they sanctioned? How does information flow? How is the information incomplete? What are the barriers to coordination? What are the transaction costs? Are they rising or falling? More recently, economic historians have posed other questions. What is the cultural and social context? What is the nature of the ideological or religious context? Is the jurisdiction within which the economic activity takes place integrated or fragmented? To these questions I would like to add a consideration of the *Language of Trust*. The economist might be tempted to respond that the specifics matter little as long as some requisite signals were present that enabled the mechanical exercise of trust. Trust, however, is not mechanical. Trust is a skill, an emotion, an ideology, and a state of mind. Trust is communicated. First, I will consider the place of language in the mechanics of trust and then provide several illustrative examples taken from Gio Francesco De Negro's letter register of 1563-1564 preserved in the Doria Archive in Genoa.

I will argue for a more accurate picture of the inner workings of trust in early modern trade. My evidence shows that the Mediterranean traders examined here were able to trust each other when they had reason to believe that it would be in a trader's best interest to be trustworthy in the appropriate way at the appropriate time. This requires elaboration. Despite the often repeated phrase, *tener vostro interesse come nostro proprio fusse* – to preserve your interest as if it were our own – a merchant's trust was not based on another merchant caring for the former's interests as his own, but on the belief that the merchant would follow appropriately his own interests, and that those interests were sufficiently aligned with his own<sup>1</sup>. Following the "prisoner's dilemma" – though the "stag-hunt dilemma" is far more useful and interesting – economists and

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<sup>1</sup> Russell HARDIN, "The Street-Level Epistemology of Trust", *Politics and Society* 21, no. 4, 1993, pp. 505-529.

historians typically restrict trusting behavior to either 1) past experience to gauge honesty; 2) the likelihood of future incentives for trustworthy behavior; or 3) the threat of sanction (fines or imprisonment etc. meted out by a court of law) or the public transmission of a defection to damage the reputation of the trusted party which would result in the loss or increased costs of future economic opportunities. In this study we will explore commercial activities in which none of these conditions existed and yet trust thrived. The mistake that most economists and historians who have considered trust make is to assume that without formal or informal institutions, which can offer carrots and wield sticks, trust is impossible. Part of the problem seems to be a muddled definition of trust, or an overloading of the concept of trust with related concepts such as confidence, coercion, and reputation. Such layered analyses confuse the issue to the point of rendering opaque specific behaviors of historical actor.

Trust exists beyond formal and informal institutional supports. Trust exists beyond mechanics. Where there is certainty, there is no trust. In the words of David Hume, "Tis impossible to separate the chance of good from the risk of ill"<sup>2</sup>. Anthropologists and sociologists are far more circumspect about their definitions. They carefully draw distinctions between confidence in institutions and trust, which, by definition, extends beyond rational justifications. Sociologists make much of the perception and expectations embodied in social roles. The role of the merchant says volumes about the willingness, ability, and intent to be trustworthy. Still, real merchants, no matter how competent, lived in a world that was disturbed by factional, familial, and personal exigencies. Information about potential partners was scant and incomplete and perhaps even incorrect. Roles alone could not predict cooperative behavior, nor could the understanding of traders' multiple and conflicting roles predict and prevent defections. In the shifting economic and social landscape of the Western Mediterranean the goal was not to robotically execute orders on behalf of clients, but to act as one's client would have similarly informed and present; by definition, trust signified discretion. Merchants used a complex language to communicate the expectations of that discretion and whether those expectations had been met. By modulating the language of trust, merchants communicated the measure and bearing of their trust.

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<sup>2</sup> David HUME, *A Treatise of Human Nature*, edited by L. A. Selby-Bigge, Oxford, Oxford University Press, 1978, p. 497.

Niklas Luhmann sees trust as an essential for tool dealing with complexity. As convincing as his argument is, trusting can either aid in managing complexity or lead one to fall victim to it<sup>3</sup>. In his assessment Luhmann combines two key notions of trust and trustworthiness, which should be seen as two distinct properties, both crucial to managing complexity: *Trusting well* (a translation of the mantra *ben fidar* that figures throughout the correspondence under review here) denotes the merchant's ability to exploit the skills and opportunities of those who worked on the their behalf, and thus to avoid the pitfalls of trust by gauging their abilities and by communicating dynamic expectations they had of them. This ability to trust had a strong impact on which kinds of transactions merchants and their collaborators could enter into. To the theoretical work of McKean and Dasgupta<sup>4</sup>, which posits an ability to trust, I would add the ability to effectively communicate one's own performance and the ability to perceive the other's trustworthiness as crucial to *trusting well*. Finding themselves in an environment populated by traders who possessed sophisticated communication skills created a broad confidence that obviated some of the need to trust individuals – some but not all. Confidence in the trading culture and infrastructure, the ability to communicate within it, and an intricate syntax and vocabulary of trust together lessened or obviated the need to resort to the blunter instruments of enforcement; and widened the range of possible transactions while reducing overall transaction costs. In times of economic disruption, in which traders temporarily lost their confidence in the trading culture and infrastructure, they commonly told each other not to trust strangers or those about whom detailed information could not be obtained. These warnings strongly suggest a converse situation in times of stability: one might have readily trusted in strangers or those about whom one knew very little.

This fluid landscape was populated by traders who had learned from an early age how to trust and who could communicate their willingness to trust. This is not to say that traders *decided* whether or not to trust in every instance. Because traders communicated a propensity to be trustworthy (and perhaps even an adherence to an

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<sup>3</sup> Russel HARDIN, "Street Level Epistemology of Trust," cit., p. 513.

<sup>4</sup> Roland N. MCKEAN, "The Economics of Trust, Altruism, and Corporate Responsibility", in Edmund PHELPS (ed.), *Altruism, Morality, and Economic Theory*, New York, Russell Sage, 1975, pp. 29-44; Partha DASGUPTA, "Trust as a commodity", in Diego GAMBETTA (ed.), *Trust: Making and Breaking Cooperative Relations*, New York, Blackwell, 1988, pp. 49-72.

ideology of trust) they were able to exploit opportunities when they arose, to discontinue them when they dried up, and to restart them without fear of defection. Based on the ability to communicate intent, merchants were able to take risks on collaborators that extended well beyond what could be directly enforced. This elevated level of trust was based in part on what little direct evidence was available, on the attitude communicated by the particular trader, on the expectations communicated to that trader, and perhaps, though not always, on some generalized knowledge gleaned from past interactions with other merchants. The nature of such interactions made it very difficult to punish those who failed to meet expectations. This is not say that there were no sanctions that could be leveled on those who defected. Any merchant would have discontinued transactions with a person who had proved untrustworthy. It is equally clear however, that these loosely enforced transactions produced a strong positive effect on the capacity to trust well outside the coverage of such flimsy sanctions. The paper trail eventually generated by transactions eliminated the risk of simple theft and it allowed traders to cooperate on much more mundane, yet more useful matters. With the most obvious of risks blocked, traders concentrated on making their interactions mutually beneficial. Freedom from the most egregious of moral hazards did not make the maintenance of those relationships simple or straightforward. The commercial letters under review here shows that there was clearly more to the enforcement of agreements than the prevention of theft, which seems to be the only concern of the prisoner's dilemma. A more fitting economic analogy is the stag hunt: The *language of trust* communicated the trader's propensity to cooperate (in doing his part in bringing down the stag) and his resistance to defection (letting the stag slip by because he was off gathering his own brace of rabbits).

One mistake that historians and economists make is to assume that each and every transaction had to be secured and guaranteed. Walter Bagehot, in his *Lombard Street* – so named after the Genoese and Milanese merchants who once dominated London's financial and commercial center – recounted an analogous situation in Victorian England: «Credit – the disposition of one man to trust another – is singularly varying. In England, after a great calamity, everyone is suspicious of everybody; as soon as that calamity is forgotten, everybody again confides in everybody»<sup>5</sup>. In this light, let us

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<sup>5</sup> Walter BAGEHOT, *Lombard Street*, Homewood (IL), Richard D. Irwin, 1873, p. 64.



consider one of my traders. Gio Francesco Di Nigro pleaded with his associates to temporarily avoid trusting too much during one such calamity. On May 7, 1563 Gio Francesco warned:

All concerned beg, and I specifically exhort and beg you not to put much of your money in the hands of strangers and less in the hands of those who you cannot be sure of, because, as you can see, each hour are revealed new bankruptcies and I believe it to be a good proposal that you not deepen your exposure here [in Genoa] for a time, especially since you have the opportunity to [invest] elsewhere<sup>6</sup>.

If one did not normally put money in *mano de estranii* or in the hands of people about whom one could not be sure, this would be a very strange warning indeed. In times of calamity confidence in the general landscape of trust evaporated. As soon as the calamity was forgotten however, money passed easily into the hands of strangers and mere acquaintances. In the normal landscape where direct knowledge was limited and guarantees were nowhere to be found, what carried trust? Without threats of overt sanctions – the effectiveness of which is overstated by economists and historians alike – the real interactions between traders were far more dynamic and required far more maintenance than any game theory has yet explored. In the space beyond confidence in the system and beyond friendship or kinship, we find trust, and the language to communicate trust.

Interestingly, Gio Francesco uses the word belief, *lo credere*, when referring to credit. Bagehot seems to be referring to credit in the same way. *Credere* here is much closer to the Latin sense, to believe or to trust, than the more modern notion of credit, which is defined as having a healthy balance of accounts, however, the two connotations are clearly related. Instability meant that the typical situation, in which credit freely flowed between traders at Besançon was suddenly fraught with risk. In the absence of a general confidence in the institution of the exchange fair and in exchange bankers in general, Gio Francesco's search for *lo credere* shifted to demands for specific knowledge about specific traders, knowledge

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<sup>6</sup> Archivio Doria, Facoltà di Economia, Università di Genova, MS 149 Francesco Di Nigro di Bonifaccio, f. 4v, *Si suplira per la commune, solamente vi esortaro e pregaro a non andare mettendo molto li vostri denari in mano de estranii et meno de quelli non vi stano per lo credere, perche come vedete a ogn'hora schiuscono novi falimeni e credero sia a gran proposito non vi alargiate de qui per un pezo massime habiandosi commodita de disporre con ricorsa.*

that apparently was sorely lacking, even in the best of times. To be “believed” in this volatile context, that is, to enjoy credit, was still based on indirect knowledge and not on a history of specific transactions to which an objective “score” might be attached. Where did this knowledge come from? We cannot reject out of hand the possibility that word-of-mouth passed from trader to trader and that a trader’s reputation was verbally augmented or verbally injured. It is compelling, though, that in the thousands of letters left by the Brignole, Sale, De Negro, Doria, and Oncia, families not one letter speaks of the reputation of any trader beyond the details of a specific deal, or to other traders besides those who were economically interested. A trader communicated his intent to collaborate. Belief in a trader was based on his assertions and how he could be perceived to avoid bad debts, and thus a lower risk of the cascading bankruptcies that so worried Gio Francesco. Creditworthiness was therefore directly linked to the trader’s competence in trusting well and both to *lo credere*. The trader’s credit, weighed heavily on the ability to communicate it convincingly. What was true in times of stability was doubly true in times of volatility.

Historians and economists have long pointed to channels of communication that reported violations and defections to possible future partners. The increase in the costs of doing business that resulted from this reportage acted as an obstacle to moral hazard. But what if that same communication of malfeasance had a caustic effect on the main work of those channels, that is, conducting commerce? Would traders be so enthusiastic to use them for limited gains, especially if by complaining a trader could garner the reputation of being inflexible and hard to please? Could complaining itself be seen as a moral hazard, especially if it were employed at any level that might be effective? Though merchants spilled much ink in order to diligently maintain their interactions, not one of the letters analyzed here was written to damage anyone’s reputation. The language of trust spread and maintained social norms, and it built reputations through intersecting dealings. The wider the circle of possible traders dedicated to the maintenance of trust, and the more experience they had at trusting well, the more complex and flexible transactions became and the more useful trust became for everyone involved. It is clear that this is not just in a Bayesian sense: (e.g. merchants in my experience have been trustworthy so I can *probably* place my trust in this merchant even though I know nothing specific about his past dealings). As Bayesian confidence increased, the

complexity and fluidity of transactions also increased, allowing transaction costs to decline. Trusting and communicating one's trustworthiness had an increasing utility. The language of trust consistently communicated an adherence to the community's moral sentiments. This ethic drove a system of increasing efficiency without the need for strong institutions or the state to mete out publicly visible punishments on defectors, and without the self-inflicted downside of such sanction.

Before exploring specific examples, it is useful to describe the standard formula. Like business correspondence elsewhere, Mediterranean commercial letters begin with an oath of truthfulness and trustworthiness. The standard opening takes the form of a cross and the name of Jesus (+ihus), understood as an oath, followed by the address and the date. The oath nominally places the letter in the realm of the contract and under the universal jurisdiction of the Church, though beyond the psychological effect this might have had, it is difficult to imagine any real enforcement embodied by the oath or any standing a litigant might advance in court between political jurisdictions. What it did do was to give the letter a definite legal character. The oath also established the *consuetudine* – the common understanding – by which the correspondents are bound. This is not to say that merchant trader's slavishly followed the letters as rigid contracts. Change, in specific terms or conditions, was a constant. Change was embodied in the complex way in which these letters were dated.

The commercial letters under review here are dated following a specific syntax. In my illustration, which I chose virtually at random, Gio Francesco Di Negro in Genoa wrote to Geronimo Oligrano of Ventimiglia in regards to the purchase of grain from Sicily from a third party acting as an agent.

+Jesus 1563 27 of May in Genoa for Geronimo Oligrano of Ventimiglia, Honored, with our kinsman Antonio I have, this morning, had your [letters] of 18, 22, and 24 of last [month] gratefully as always to which I will respond [that] it pleases me to understand your safe arrival there and that the grain sent...<sup>7</sup>.

How many letters the writer had received, when they were written,

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<sup>7</sup> Archivio Doria, MS 149 f. 5, «+ihus 1563 a 27 di maggio in Genova per Geronimo Oligrano di Venezia, Nobile col parente nostro Antonio sapia ho stamattina havuto le vostre de 18, 22, e 24 del pasato grate al solito alle quali rispondero me piaciuto intender lo vostro salvo giongier costi a salvamento...».

and how they had arrived were all important pieces of listed information. This particular letter took 33 days to arrive. The dating in this way allowed the recipient to cross check his own letter register for April 18, 22, and 24 and to understand just what he had written. He could track subsequent letters written but not received as of the response date. Conditions, and consequently orders, may have dramatically changed in the meantime. Delay and change conditioned the *consuetudine*, the way in which the recipients of commercial correspondence understood orders contained in them and how trust was necessary to cope with flux. The *consuetudine* was not, "I will do everything I say I will in this letter", but rather, "We will see to your interests as if they were our own", *come nostri fossero*. If an unsatisfied trader were to sue for malpractice, a judge might ask: "What was the *consuetudine*?" And if the response were "come nostri interessi fossero", there could be no legal standing or claim. This is because the judge would have had no ability to measure a trader's behavior. No objective outside gauge was possible; the question was never whether the agent had, or had not done as he was told. The language of trust was crucial to the communication of a progressive professional conduct.

A commercial letter either contained the proposed transaction in the form of an order, the confirmation that an order was executed as ordered, the mitigating circumstances for which the transaction was not concluded as ordered, or as the letter below shows, a description of how the service rendered reached beyond expectations.

Gio Francesco continued,

...and that you do well by the grain sent you, I saw your desire to have another fifty *mine* of Rochiele [wheat] and I immediately gave them to the above mentioned Antonio my [agent] to observe your order. It seems to me with seeing to everything with celerity that you have been very well served as you will see and with the advantage of £75 less than you had calculated what it would cost you because they cost only £10s10 on one year credit. The [grain] was purchased from messer Paolo Adorno, who, with his young [agent] came to me and begged me to buy first from them rather than from others and he had to be squeezed to give [the grain] at that price. I still believe that [the grain] would have sold for better than £11 and they would have wanted at least £10s15, still, I reduced it to £10s10...<sup>8</sup>.

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<sup>8</sup> *Ibidem*, «...et che delli grani mandati habbate fatto bene, io visto lo vostro desiderio di haverne alter mine cinquanta de Rochiele le ho subito fatte havere al detto mio Antonio in observantione del vostro ordine. Apparme con visto il tutto nella celerita et siete molto ben servito come vederete et con avantaggio de £75 de

Gio Francesco was able to negotiate a good deal for his clients, saving them £12s10 on a deal that would cost them a total of £525, or around 2½ % of what Adorno wanted, and as much again on what the market might bear. The substance of the letter is: you ordered me to buy fifty *mine*; I did; I also saved you 5%. Over the long-term, 5% was a lot. Gio Francesco certainly earned his commissions that day. Between the lines, Gio Francesco Di Negro was, of course, telling his client much more. Gio Francesco was defending the purchase from a particular person rather than searching out the best price by arguing that he did, indeed get the best price by a fair amount. By choosing that particular unnamed *giovane* working for Paolo Adorno, Gio Francesco added value to the transaction. Adorno became obliged to Oligrano for the favor done for his young associate. The same letter informed Oligrano of the potential asset that came with the simple purchase. Moreover, since he had set it up, Gio Francesco made it clear that Oligrano would be obliged to him. This claim was one of past performance, but also of future opportunity. Adorno was pleased to have a favor done for his young associate in need, the *giovane* was happy to have entered into a venture; Oligrano was happy to get a good price and especially such rapid, accurate, and proactive service; and Gio Francesco earned the esteem, and perhaps the future, and hopefully more remunerative opportunities for all three along with his small commission on the sale to Oligrano. The body of the letter continued, and for the modern reader, the plot thickens.

By Gio Francesco's own admission, the *giovane* would have been able to sell his fifty *mine* for at least £11 each. What was he getting out of the deal?

...he came to me first to ask my opinion on his sending you grain and [I told him] that he could send another fifty *mine* of his own, consigned to said [Antonio], knowing that you would compute only the actual expenses. It is to be believed that these fifty *mine* will not reduce your profit. I told him that he should content himself with selling your *mine* at £10.10 that you would [sell his] without commission and compute the expenses at cost, it would be dear to

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questo havette calculato vi debiano costare perche solamente costano £10-10 a tempo l'anno, si son havute da messer Paolo Adorno, lo quale et prima lo suo giovane me venero a pardare pregandomi de comprare prima da esso messer Paolo che da altri, e, ben vero che si faceva torcere a darle a detto prezzo. Perche ho credo anchora si fussi venduto a manco de £11 et haveria al meno voluto haverne £10-15 pure l'ho ridotto a £10-10...».

me that you approve<sup>9</sup>.

Herein lies the brilliance of this transaction, and of Gio Francesco himself. He strong arms the *giovane* (wonderfully using the word *torcere* meaning to wring out, or twist like rope) into reducing his price and foregoing his own commission, and then informs his own client that he has just become custodian of fifty additional *mine* of someone else's grain. Gio Francesco then decided unilaterally that Oligrano will market the extra wheat together with his own and only charge expenses at cost for the service. Gio Francesco gives with one hand and takes with the other. The *giovane* has so little reputation that even his name is irrelevant. Gio Francesco acts as intermediary between the inexperienced and unnamed *giovane* vouchsafing the transaction in both directions. The argument that Gio Francesco builds piece by piece, «you have been very well served, I got you a very good price, he will not charge a commission, your profit is assured», should convince Oligrano to go along. The strong-arm trust exhibited here has an easily perceived economic value, namely, the consolidation of costs and the canceling out of commissions. Trust saved money for everyone involved, and it smoothed the way for this and subsequent transactions. Mechanically, one signal may be as good as any other to transmit trust. By examining the specifics of the signal, however, we can see how it specifically reduced costs, and therefore remained stable.

The language of even the most mundane of commercial letters registered assertions and made claims. Traders' assertions ran the gamut from good service provided, to complaints and requests for "corrections" to account balances, to detailed explanations of the mitigating circumstances that justified deviations from orders or outright disasters. Embedded between the lines of quotidian details of money sent or received, commodities purchased, and accounts opened or overdue, lay complex assertions about the measure and bearing of trust. This language of trust allowed traders to combine their efforts and to provide reciprocal services, like those of the *giovane* and Oligrano above. The language of trust reduced costs

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<sup>9</sup> *Ibidem*, «...con dirli che sopra altre mine cinquanta vi manda per conto suo consignate a detto sapia solamente gli computarete le speze effettuali et a questo mi scrivete e da credere che dette mine 50 non farano danno alla vostra impieta...egli me havea primo ricerca lo mio parero circa de mandarvi detti grani per conto suo e percio poi gli dissi dovessi essere contento di vender le vostre mine 50 a £10.10 che lo farete franco de provigione et solo computarete le speze effettuali sopra altre mine 50 sue et mi sara caro aprovate mia contentia».

and diminished the need to deal with close associates or to maintain one's own agent in every port.

The sly cajoling and persuasion needed to put people together, each doing their part was not enough to transport the profits home. The proceeds from sales would have to be transferred from the point of sale to the place of the merchants' next ventures. In the best of times, trust might be taken for granted at the quarterly exchange fair. In August of 1563 wild currency fluctuations<sup>10</sup> and cascading bankruptcies added to Gio Francesco's palpable anxiety as he explained the current situation to his green associate. From this abnormally volatile situation we can glimpse what might have been the normal situation, usually hidden from view by its mundane nature.

Gio Francesco to our [people] in Besançon... Since cash is worth little here, it will serve us better for you to invest proceeds in commodities and goods. It is better to have receivables than exchanges with those in whom there is no compatibility. In the same respect, I propose that you send the better part of your credits here especially since lately investing elsewhere has earned little...it seems to me that business remains quite nervous...

In this letter it seems that his young associates have suffered a lapse in judgment regarding a certain signor Casalino. The mistake which would take much work to reverse, and its repercussions could well endure. «Our people in Milan will have already told you to that, without the efforts of family members, extracting anything from Casalino would have been difficult. Our people in Milan will direct you later how to pay it down». What is interesting in the following passage is the clear emphasis on the perception of solvency rather than on some form of overt proof. There were simply too many merchants in the marketplace for any specific, detailed information to circulate about any particular merchant. Merchants' penchant for professional secrecy kept information impressionistic. «You [should] know how such poor (tristi) encounters do damage to reputation and opinion and result in new damage since people do not willingly deal with those who have been pummeled (bersagiato) or who seem rapacious to make money (ingordigia di guadagnare)». As this

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<sup>10</sup> Archivio Doria, MS 149 f. 7, The reason why it was better to have goods than cash is explicit in a later letter: «...here currency is very loose...because the galleys have arrived from Spain with much cash... (qui habbiamo la monette larga...perche con le galere venute di spagna e capitato molto contante)».

excerpt suggests, in times of volatility, having trusted poorly, or even giving off the impression of desperation fueled worries of a merchant's level of exposure to risky debts, and therefore raised doubts about his trustworthiness.

The source of Gio Francesco's anxiety was a self-fulfilling prophecy: small lapses in judgment could lead to doubts about a trader's exposure to risky endeavors, which might lead to restricted access to credit, and eventually to insolvency. The fear of cascading bankruptcies was enough to keep all collaborators away. The following words of Gio Francesco show that the ability to *communicate* rather than to prove one's solvency was crucial to surviving market volatility.

Not only will you be more cautious in your dealings, which is important in all things, there have been so many bankruptcies that one almost does not know who to avoid...one does not risk in this tremendous gloom and take care not to send your [money] to those in whom you cannot [absolutely] believe solvent<sup>11</sup>.

In more stable times a trader was cautious nevertheless but caution did not preclude taking risks. When times were good, risk could be based on communication and impression. The 1560s, however, were not good times, and Gio Francesco thought that his young associates lacked an appreciation of what was at stake.

The most quotidian transactions presented an opportunity to telegraph the tenor of a trust relationship. Gio Francesco sent an order for honey on behalf of nuns at a certain Abby of San Pietro:

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<sup>11</sup> *Ibidem*, f. 6r, «1563 a 3 d'agosto in GE/ Gio Francesco alli nostri de Besansone... perche non obstante qui li denari vagliano poco tuttavia, si puo meglio risposire della cautione et servono a farvi havere negotii, perche meglio si hanno le ricorse in dare che in pigliare a cambio *anei* non ci è compatatione / per si medesmi rispetti vi dico essere a proposito mandiate qui buona parte dei vostri crediti maximi che la esperientia vi ha dimostro che il mandarli altrove ve ne hanno guadagnato poche... è stato forza ordinare per compra di sede per cavarli de caduna secondo havette gia inteso per lettere de nostri et in milano vi restava in chi o data quella partiti del casalino senza la buona opera de parenti, mediante la quale mi pare resti lo negotio assai cauto, s'imborserebbe secondo piu largamente vi diranno detti nostri et sappiate come si tristi riscontri fanno danno di effetto e di opinione dalla quale risulta nuovo danno, per che le persone non (f. 6v) trattano volentiere con chi è bersagiato et dimostra molta ingordigia di guadagnare... oltre che negoziare molto piu cauto che importa il tutto et sono seguiti tanti falimenti che quasi non si sa da chi guardarsi...non si rischiar questo grandissimo fosco et guardatevi molto bene non mandare lo vostro a chi non vi stia per lo credere salvo...».



«The reverend mothers of San Pietro need to be furnished with honey you will send them two barrels reminding you to buy them from a trustworthy person such that one does not find fraud as one did in one of the last you sent them...<sup>12</sup>». Did the fact that this error harmed a convent of nuns make the violation of trust worse? It certainly couldn't have helped. The message here is clear. Martino, Amelio, and Gasparo Fieschi did not perform their professional duties; they did not trust well. Gio Francesco was certainly registering the fact that further errors would have consequences. Whether those consequences amounted to a request for a "correction" of particular accounts or in a reduction of the volume of business run through the Fieschi is impossible to say. It would all depend on future unknowns, which might necessitate using the Fieschi despite their shortcomings. Martino, Amelio, and Gasparo were being asked to preserve the integrity of their trust relationship by the simple act of looking twice at the nuns' honey before shipping it off, and making sure that it shipped with dependable carriers who wouldn't skim the wine, oil, or macaroni in their care. Undependable carriers were a perennial concern. Blame did not lay with these unscrupulous characters, rather, it rested with the Fieschi who had failed to uncover them. This simple transaction illustrates that the problem of trust in the early modern was not what most economists would have it: trustworthiness had little to do with thwarting the Fieschi's temptation to steal, and more to do with encouraging their ability to detect and deter the unsavory behavior among the innumerable crowds of nameless buyers and sellers. Trustworthiness affected their ability to mediate between these unnamed people and Gio Francesco (and of course, to mediate on behalf of the reverend mothers).

Genoese traders could trust each other because of the on-going education of their social milieu. Boys in the counting house learned the finer points of trust by entering figures in ledgers and by copying letters in registers. The real, life-long education of how to trust well came in the daily negotiation of expectations, both realized and disappointed. Philosophers, sociologists, and more recently, evolutionary biologists have posited an internal, hard-wired propensity for cooperation. Robert Trivers, an evolutionary biologist, has demonstrated how evolution could account for a general

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<sup>12</sup> *Ibidem*, «a 27 d'agosto in Genova/ Gio Francesco a Martino, Amelio e Gasparo Fieschi/ ... le reverende madri di San Paulo bisognano esser proviste de miele sarette servitti di mandargliene doi barrili avertendo de comprarli da persona fidele a finche entro non si trovi inganno come si trovo in uno delli ultimi loro mandaste».

altruism. Tit-for-tat reciprocity, which lets organisms, or in our case, merchants, trade favors without being cheated, is just a first step, after which, the prisoner's dilemma becomes obsolete. Trivers showed how animal and plant favor-givers strove to avoid cheaters (those who would accept a favor but not return it) but also how they identified and preferred generous reciprocators (those who return the biggest favor they can afford) over stingy ones (those who return the smallest favor they can get away with)<sup>13</sup>. There is a direct analogy between Tiver's model and Genoese merchants and their representatives: generosity comes in the form of attention to detail and care given to a merchant's goods «*se fossero suo proprio*» as if they were the agent's own. This attitude can be most easily demonstrated by past action and direct observation, but it is not the only way.

The merchants and agents under examination here were able to communicate their willingness and their ability to generously apply their skills in trusting well. In the long run, it was crucial to a merchant's business to be a recipient of these "favors," and the requirement for obtaining them was to be willing to give them. Those who could communicate their willingness to cooperate (and of course to also deliver on those promises) crowded out those who could not or would not deliver. Tit-for-tat reciprocity initiates this process, but it was insufficient, since the favor-giver could not read minds or see into the future. No trader could be assured reimbursement for the costs of his generosity, which would bring exchanges to a grinding halt. Yet they did continue, even through periods of economic volatility. In a closed system, a reputation for fairness and generosity became an asset that brought substantial returns. In larger groups like the merchants of the Western Mediterranean, where a merchant could not obtain sufficient knowledge about specific agents, the agent could effectively communicate his understanding of the expectations placed on him, and his ability to reciprocate. Reimbursement for "generosity" and "favors" would be forthcoming from the marketplace rather than from any specific trader at any specific time in the future. The expectation of "market" remuneration was more or less robust depending on prevailing conditions, but it was very real and relied on a population of particularly skilled practitioners. Researchers might well ask how much more robust an environment of trust might be demonstrated in psychological studies

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<sup>13</sup> Robert L. TRIVERS, "The evolution of reciprocal altruism", in *Quarterly Review of Biology*, 46, 1971, pp. 35-57.

if they could observe 16<sup>th</sup> and 17<sup>th</sup> century merchants who had long experience at *trusting well* rather than undergraduates looking to earn some beer money.

This impressionistic environment created the risk that potential beneficiaries might inflate their abilities and willingness to trust well without making the sacrifices to back them up when finally called upon. This risk pressured merchants to develop increasingly fine skills to identify and to manage trustworthy agents. In the long run, the most effective way to *seem* competent and well-disposed under harsh scrutiny was to *be* so. In the long run, then, reputation, even one as minimally knowable as many observed in the correspondence examined here, could only be secured by actual commitment. The cooperative environment of merchants and agents in the Western Mediterranean evolved into a moral economy in which trust and trustworthiness thrived—traders were moral, not because of what it brought them tit-for-tat, but because of the kind of people they were.

Proposing that everyone always took on the other's interests successfully «*come fossero suo proprio*» would be as preposterous as asserting that no one ever did. Alongside the all-stars there were more grudging and less skilled reciprocators who might be expected to attract fewer or less adept partners. These traders might also be offered only simple tasks, never being invited into much more lucrative joint ventures, until they, too, learned to trust well. Some conditions, without a doubt, would also have produced outright cheaters, who, in times of political upheaval, for example, could exploit the unwary in one-shot encounters. Uncertainty, political as well as economic, provoked the same exhortations to caution against the extension of trust. The normal state of affairs was quite different. These warnings are a strong indication that something interesting was happening when reciprocal conditions prevailed. In times of calm, merchants employed the language of trust in order to establish horizons of expectation. Trust did not *happen*. Trust was *done*. In times of instability even the formidable skills of the truster failed to cut through the fog of uncertainty.

Certainly, in comparison to the modern world, the economic policies of major early modern states could cause tidal economic fluctuations. The stability of prices or the general economic health of a particular locale lagged far behind other fiscal and financial motivations of state. Gio Francesco warned: «because notwithstanding that here money is worth little, we may better put risk to rest and be served by having business, because it is better to

have assets [under current conditions] than to try to gain in exchange»<sup>14</sup>. Waves of incoming currency or bullion forced avoidance of exchange fairs and recourse to chains of commodities trades, and therefore to trust. «...here the currency is very [weak], in my judgment in order to persevere [we cannot] run extraordinary [risk] because the galleys have arrived here from Spain bringing much coin...»<sup>15</sup>. Trust acted to smooth the economic conditions. Currency manipulations crashed down on traders obscuring the horizon of expectation, and squeezing them between losing their earnings to the periodic inflationary spikes and instability, or losing earnings to bankruptcy and the resulting moral hazards. Trust threaded the narrow channels between the shoals of risk. The language of trust imposed a probable view of the future by making demands for the collaboration required to create that future. Like many others, Gio Francesco sent his earnings back out into the marketplace – like a ship diverted from seeking port in a squall – to be invested in goods that could brave the waves of American silver that washed over Genoa. Only merchant's trusting well would eventually bring those earnings back home.

My current account in Venice, Rome, and Antwerp – continued Gio Francesco – [should be] reapportioned as best judged by your [brother] Felice, in Rome remit to Paris Pinello and partners or to Pallavicino and Lercaro, in Antwerp to the heirs of Pier Francesco Spinola and in Venice have Salvago e Negro remit the balance to the All Saints [exchange] fair because I do not have faith in those in Venice as I do in the others above mentioned. I do not doubt, on the other hand, that you want to render them the fruitful business that you have given them, [so] you can assign me... some debt of yours, which, you will circulate only when said Felice wants... I will content myself [that] you will remit with people of our disposition in whom we may have faith... understanding that your [brother] Felice has my best interests at heart<sup>16</sup>.

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<sup>14</sup> 6r 1563 a 3 d'agosto in GE/Gio Francesco alli nostri de Besansone «...perche non obstante qui li denari vagliano poco tuttavia, si puo meglio risposire della cautione et servono a farvi havere negotii, perche meglio si hanno le ricorse in dare che in pigliare a cambio...».

<sup>15</sup> 7 v 1563 a 3 di novembre in Genova/ Gio Francesco a nostri di Bezensone «...qui habbiamo la monette largha per dover perseverare a mio giuditio non occorrendo straordinario perche con le galere venute di spagna e capitato molto contante...».

<sup>16</sup> *Ibidem*, «lo mio credito corrente vorrei in Vinetia, Roma et Anvesa repartito come meglio parra a vostro Felice, a Roma remetterette a Paris Pinello e Compagni o Pallavicini e Lercaro, in Anversa a herede de Piero Francesco Spinoli et in Vinetia a Salvago e Negro sotto vostro nome, con ordine si sia rivolto in Santi e perche

In contrast to the other potential collaborators mentioned, and for some intriguing but unspecified reason, Salvago and Negro of Venice seemed to be unstable. The risk of losing to unstable exchange rates was apparently not worth betting on their continued success in anything. In compensating his agent for the loss of opportunities to conduct business, Gio Francesco offered up the use of his own capital to his exchange banker as long as invested it under the supervision, guidance, and timing of his more experienced brother Felice. The banker (who is known in the letter register simply as "nostro dei Santi," or, *our* man at the "Saints" fair) was cautioned that in the unstable times in which he found himself he must strive to identify "persone de nostra ratione," that is, those who were trustworthy "like us." A key consideration here is that trusting well meant that Gio Francesco was reliant on his man at the fair to see the horizon of expectations for him, and to establish expectations, that is to delineate claims for future action, with traders and local officials in far flung places.

For the most part, the work that representatives did for their clients locally remains invisible to us. Their labor was so well understood, that only in particular circumstances does it emerge from the letters. Like virtually all of his contemporaries, Gio Francesco was served alternately as a client and served his clients. On the November 19, 1563 Gio Francesco assured a client that, while he had not yet freed up a shipment of goods stuck in customs, he was in contact with those who could do so locally.

Magnifico Giacomo... in respect to the customs inspector at Pontedecimo it pains me not to have been able to set your affairs right. I will affirm that with the arrival in Genoa of Messer Simon the collector at the port of San Tomaso he will talk to him, and send him to talk to me, thus I have no doubt that we will make him understand that he need not harass your men...»<sup>17</sup>.

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quelli di Vinetia non mi stanno per lo credere come gli altri sopradetti, non dubito vorrette renderli vices delli boni negotii vi han datti e portette asignarmi la rimessa di qualche vostro debito a parte lo quale ivi girarette pero quando a detto Felice vegnano piu a gradire altre rimesse me contento le faciate pare che remettiate a persone de nostra ratione che vi stiano per lo credere overamente possiate asignarmi la rimessa de debitti che mandatte sotto nome vostro instando esso felice a havere lo mio utile a core».

<sup>17</sup> 19 detto in Genova/ Gio Francesco a Giacomo della Rocca a Gavio «Magnifico Giacomo... quanto al datiero de pontedeximo mi greva per rispetto vostro di non haverlo potuto mettere in ragione affermo che venendo a genova messer Simone

Normally, Magnifico Giacomo would not be concerned with the details or with the identities of those officials Gio Francesco dealt with. In this case, Gio Francesco wrote to let his client know the current state of his goods, but more important, he wrote to establish reasonable mitigating circumstances in order to explain delay on his end, and to reiterate his claims of trustworthiness. Gio Francesco was trustworthy not only because he was honest, but also because he was motivated, skilled, and connected, all three of which he repeats in this letter.

Communicating a willingness and readiness to serve was as important as the service itself, perhaps even more so, since communication formed the basis for possible future service. Gio Francesco acknowledged as much when his sister-in-law rejected a shipment of linen destined for domestic use,

which was very coarse and for that reason my sister-in-law does not want it. However, because it does not strike me as reasonable to accept your offer to resell it on your own account which will most certainly be at a loss to you, we will retain it in our own account, and thus you can debit it to my account<sup>18</sup>.

Fairness, equanimity and taking every opportunity to express them were well worth the small loss on a shipment of mundane domestic furnishings, especially for Oligrano, who had sent it in the first place. The sentiments here are a far cry from the prisoner's dilemma, according to which, Oligrano would only offer to take the loss if he could be guaranteed future transactions, and according to which Gio Francesco would refuse the offer only on similarly selfish considerations. The assertion that either of them would act this way seems to derive from the mistaken assumptions that economists build into their models and not from any empirical data. Since these traders could not guarantee that they would conduct business with each other in the future, we are told that they should be arguing over who was to blame and over who would take the small sliver of a loss. To the contrary, the expression of responsibility and reciprocity

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collettore alla porta di san tomaso gli parlera' et lo mandera' a parlarmi, onde non dubito che lo faremo capace, che non deve travagliare si vostri huomini».

<sup>18</sup> (8V) 22 de novembre in Genova Gio Francesco a Geronimo Oligrano, Lo quale se trovato molto grosso e per tale rispetto mia cugnata non ha voluto haverne/ Ma perche non mi pare ragionevole di accettare la vostra offerta di venderlo per vostor conto atto che seguiria con danno vostro, lo ritteneremo per noi titto e cosi potrete nottarlo in mio debito.

was the only thing of value discussed in this particular low value exchange.

From more quantitative quarters there emerges a resistance to a definition of trust that reaches beyond the mechanical and countable to include cultural complexity. Trust is difficult to describe, let alone define, without relying on cultural complexity. Trust is a language. Trust is an emotional state akin to friendship. Trust is a skill. Trust is a way of life. We must caution ourselves from imposing arbitrary limits on trust, and listen to how historical figures themselves defined it. Economists may be interested in the mechanics of sanction and how they inform incentives that in turn encourage certain behaviors. These limits may very well serve to simplify and to model some of the mechanics of trust relationships. But the cultural quality of the sanctions, whether exercised in a court of law, in discussions regarding reputation, or in the diminution of economic activities – as well as the cultural quality of the incentives and behaviours – are assumed to inform the discussion of the mechanics of trust little. An historian cannot tolerate such a narrowly delineated scope. Providing a thick description of the social and cultural world of people in the past is our main concern. The economist would also be well served to consider these cultural components as significant carriers of the transactions costs of early modern trade. The language of trust and the ability to communicate one's availability and ability to trust well played a powerful role in the amelioration of risk. Economists would point to this communication medium as one signal, one piece of information among myriad possibilities whose only important feature is whether it does or does not sufficiently inform the model merchant's rational decision making. Again, it is important that there be a signal; the details, character, and culture of the signal represent extraneous detail, irrelevant to the model. The short-sightedness of this arbitrary limitation is regrettable. Without examining the above detail we would pass over these transactions as too small to be important; ultimately, we would be at a loss to understand the mercantile landscape of the Western Mediterranean and the problems that ordinary traders faced and solved through their economic and cultural exchange.

The merchants who dealt daily in trust recognized and accepted the state of interdependence and interaction. The language of trust allowed them to skip many of the initial, incremental steps in commencing and building trust relationships, and therefore the language of trust allowed traders to enter into higher value transactions than they otherwise could have. It was as if traders

communicated,

*Nobile Honorato*, have faith in my training and competence, which, as you can see by my position and technical language, is like yours, but most important, have faith in my intent to serve your interest, *come fosse mio proprio*, as I am a faithful follower of the same doctrine of trust.

Among economists and historians alike there is the temptation to generalize this behavior in order to comment on its functional and mechanical basis or to boil it down to "social context". Shorthand terms like "social conditions", *Zeitgeist*, *milieu*, and even "patron-client" and "agency relations", and many other like terms uncritically obscure the situation by replacing the complexity of the world of early modern interpersonal relations with vague terminology and without illuminating anything about the underlying culture. Claims to trustworthiness, competence, and the bearing and measure of trust, were imbedded in the language of commercial correspondence. Investigating their use and the language in which they were framed serves too important an analytical purpose to be overlooked.





