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## Social Networks: A Final Comment

Very often scholarly anthologies, whether the essays have been commissioned to address a common theme or have originated as papers at a scholarly conference, are uneven in quality.<sup>1</sup> Some may stray far from the theme while others focus on a very narrow aspect of it, in the first case diluting it too much, in the second ignoring the broader aspects. Or one essay may build a theoretical argument resting on thin evidence, while another deploys a large collection of empirical data with little conceptual framework or interpretive comment. The chapters may not cohere as a group, leaving the impression of intellectual dispersion, or they may cohere too much, coming together in a lump in which lines of inquiry blur and original findings are lost in a jumble of repetition and overlap. None of this is the case with the present volume; there are no weak essays, and the interested reader can learn much from them all about commerce and the social networks that sustained it in the early modern Iberian Atlantic world. Apart from their sustained high quality and the depth of the research upon which they rest, the chapters cover three centuries (although with the exception of the essay by Cachero Vinuesa they emphasize the seventeenth and eighteenth centuries) and embrace an enormous geographic area including Spain, Europe more broadly, the Atlantic Basin, Central America, Brazil, Cuba, and Mexico. Furthermore, a number of different methodologies are represented, ranging from general treatments of large areas to case studies of firms, families, and individuals. It has been a privilege to read these essays closely, and even an apostate from economic history such as I can learn much from them.

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<sup>1</sup> This essay is based in part upon an unpublished commentary prepared for the economic history conference at Helsinki in 2006 at which several of the essays included here were originally delivered; and upon remarks prepared for a presentation of the book *Redes sociales e instituciones comerciales en el imperio español, siglos XVII a XIX* coordinated by Antonio Ibarra and Guillermina del Valle Pavón (2007), at the Instituto de Investigaciones Dr. José María Luis Mora in Mexico City, September 26, 2008.

As a group of essays, moreover, the book's tone is very coherent, so that the chapters illuminate each other mutually in fruitful ways, mainly due to two frameworks employed by the authors. First, the chapters certainly all deal with the Iberian Atlantic during the period in which the Atlantic world acquired its economic, geopolitical, and even to some degree its cultural identity. This was due chiefly to the imperial projects of Spain, Portugal, and Britain (and to a lesser degree of France and the Netherlands), the exchange of New World commodities for Old World products within a colonial and mercantilist framework, and the transatlantic trade in African slaves to produce those same commodities.<sup>2</sup> A second theme that binds the essays together is the reliance of most of them on the concept of the "social network" as a basis for commercial exchanges over long distances, and in unreliable markets and informational environments. The credit relationships that sustained these trading patterns were often stretched quite thin, found themselves subject to the accidents of international trade in a pre-modern technological setting, and were highly vulnerable to predation from pirates, interloping colonial competitors, or even the governments of the colonial metropolis. Social networks based on business interests, and arising from and/or reinforced by elective affinities based upon common geographical origins, religious confession, linguistic community, kinship, and other factors functioned to soften these problems and reduce risks. In the first part of my commentary I offer some observations on several of the individual essays, chiefly with reference to the concept and historical reality of the social network in the context of the early modern world, between about 1500 and 1850 or so. Although valuable contributions in economic history in their own terms, two of the essays in the collection – those of Lenk and Böttcher – have little to say about networks as such, and are therefore not discussed in this essay. Others of the authors – Crespo Solana, Álvarez, Freire Costa and Rocha, del Valle

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2 "Atlantic studies" and "Atlantic history" have become quite fashionable among historical disciplines in the United States in recent years, with university courses, conferences, publications, and even academic research/teaching positions devoted to them in a number of institutions. My own view is that this large conception of an Atlantic Basin history holds up reasonably well for the period up to about 1850 or so, but begins to break down with the abolition of the African slave trade and the abolition of slavery in the tropical lowland areas of the Western Hemisphere.

Pavón, and Suárez Argüello – have made equally interesting contributions, but do discuss (especially merchant) social networks in an empirical context, and so come in for some discussion here. The two essays that address themselves explicitly to the more theoretical or conceptual aspects of social networks are those of Cachero Vinuesa and Hausberger. The first I discuss in the next section, while the second comes in for some comment along with the other chapters, but also serves as a sort of springboard for my musings on social networks in the final section of the essay. Insofar as the individual chapters are concerned, I will not attempt to synthesize their findings, nor to offer an extended critique of their methods, but simply offer some observations to extend the essays' meaning a bit. When I pass on to a more general discussion of social networks in the latter part of the commentary, I will not presume to characterize my remarks as theoretical, if only because as a historian I am not particularly theoretical in my own approach to the writing of history. Nor are my points especially original, and still less do I claim to offer a model that can embrace all the processes implied by the concept of the network. But unless I am mistaken in my reading of these fine essays, I have detected a certain absence, with the two exceptions of the contributions by Cachero Vinuesa and volume co-editor Hausberger, of this sort of conceptual discussion, and a tendency to take as a given the idea of social networks; it is that absence I wish to fill in some degree.

### **1. The Essays**

Montserrat Cachero Vinuesa's essay, as I noted above, is one of the few chapters in the book that deals in an explicitly theoretical way with the concept of "social networks", and in fact begins with a very robust theoretical discussion taking up several pages. So it will perhaps be useful to highlight some of the more general points in her paper as a basis for some of what follows in the rest of the book. She writes that networks are "un elemento imprescindible para el análisis de la actividad económica en cualquier época y lugar", an assertion with which all the authors in this volume (and those in other recent

works) would readily agree.<sup>3</sup> Furthermore, almost all the essays demonstrate empirically, and Hausberger discusses on a conceptual level, what Cachero Vinuesa emphasizes: that reliable information is the key good to be had from networks. In fact, Cachero describes the economy generally as a “sistema de información”. While I might reduce the expansiveness of this statement to apply to the “market” as a mediator of the economy, rather than to the economy as a whole (the economy does produce “things”, after all – *arrobas* of chocolate, ingots of silver, cattle hides, and so forth), this is a sort of theoretical quibble that by no means invalidates her general point. Cachero goes on shrewdly to enumerate the costs of acquiring information – the energy involved in observation, communication, memory or storage of information (is there a business archive?; how much correspondence is involved in a business transaction?), recovery and processing of data – as an overhead expense in commercial dealings, although she does not explore the implications of this. Presumably the metric to be applied here would be whether the sum of the opportunity cost of remaining outside a social network, plus the direct energy investment involved in getting information, is outweighed by the monetized value gained from the reliability of the information and the advantages it confers in dealings with other economic agents. Cachero Vinuesa emphasizes the utility of networks in reducing risk through the acquisition of such information, and therefore in allowing control of the optimal level of investment, especially in situations with a high degree of incertitude, such as the *carrera de Indias* in the very early period.

The heart of her discussion is the perception that “lazos personales” contributed powerfully to the constitution of networks among merchants, whose principal function was to reduce risk, although it could hardly be eliminated entirely. At the heart of these personal bonds, in turn, was “confianza”, although she emphasizes the volatile, unstable nature of networks built even (or especially) on personal bonds. As do Hausberger and several of the other authors, Cachero notes that networks were most often built not exclusively upon mutual economic interest, but also upon kinship, friendship, common geo-

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3 See the volume coordinated by Ibarra/Valle Pavón (2007); see also the journal *Historia Mexicana*, 56, 2=223, a dedicated volume about “Redes sociales e instituciones”, coordinated by Antonio Ibarra and Guillermina del Valle Pavón.

graphic origins, and other forms of affinity, and that where several of these elements overlapped, the network was strongest and most resilient. This was the case with her *burgaleses*, *judeoconversos*, and *mercaderes*, who thus shared an occupational culture, mutual economic interest, geographic origin, religious orientation, and perhaps a degree of social marginality that in itself may have strengthened group solidarity (something we shall see again in the Crespo Solana essay). She also explores the importance of the “hombre de confianza”, citing as synonymous with this the functional designations of “criado” and “mayordomo”. Here we run into a bit of conceptual difficulty, it seems to me, since such men would be employees of a merchant or other more or less autonomous economic actor, which reduces the element of reciprocity as the basis for relations within a network, as I will have occasion to point out in the final section of this essay. Still, reciprocity can exist within the context of a partnership among structurally equivalent parties whose contributions to the common enterprise of the network need not be symmetrical. This is illustrated nicely by a commercial partnership she describes, formed in Seville in 1520, in which the two participants were what she calls a “socio-capitalista” and a “socio-factor”, the first contributing capital, the second his labor and managerial skills, a form of business enterprise common in the Hispanic world (and beyond it) for centuries.

Ana Crespo Solana’s interesting essay on Dutch merchant networks in the Atlantic during the seventeenth and eighteenth centuries deploys a number of useful findings and raises at least three points about social networks worth bringing to the foreground. First, she notes the central importance of Dutch and Flemish traders, and especially of Jews, in the trade to the New World ports. This echoes the findings of Cachero Vinuesa and suggests yet again that merchant networks might well be based upon a degree of social exclusion and religious marginality that produced the intra-group solidarity on which network formation was based. Networks, then, were as much about exclusion – in this case, defensive exclusion based on a series of shared, mutually reinforcing characteristics – as they were about inclusion or containment (of information and confidence). Second, Crespo’s concentration on the great Spanish port city of Cádiz reminds us that such networks existed not only in relational terms, in the abstract geometry of reciprocity and articulation, but also in spatial ones. They

often centered on real geographic nodes of interaction – Cádiz, Veracruz, Havana, Portobelo, Buenos Aires, etc. – that might condition their spatial reach and shape the possibilities of membership. Third, she points out that the “immigration process can be framed within a social context where single, young men born in families of traders and seamen would temporarily leave their homes” to become incorporated into social networks, as young men around the Atlantic rim (and elsewhere) had done for millennia (Vickers/Walsh (2005). Should they last more than a decade or so, networks might well have an inter-generational dimension in which the structure of the network was renewed by men moving through the lifecycle. At the very least they would advance from being subordinate, younger members of a network to the status of senior members, and then possibly move out of the network as they reached their later years. This is not an aspect of social networks much discussed by the authors in this volume, but is worth thinking about in terms of the social reproduction of such groupings (their ability to recruit younger members or to expand horizontally to an optimal size) and the age-related patterns of accumulation of social capital within them (the contacts and experience that presumably increased with age and success in trade). As individuals passed through the network over a number of years, and as their sons were born into it, there might also be an acculturation process undergone by its members, as where Crespo mentions that second- and third-generation Flemish and Dutch traders became “completely Spanish”, something that proved an advantage to them and their relatives’ trading firms.

The very rich paper of Carlos Álvarez centers on the question of whether the mercantile exchanges at the Portobelo fair were organized through impersonal market forces or personalized network relationships. In terms of the actors he describes, he puts it this way:

Una de las decisiones más importantes de un comerciante consistía en decidir si utilizaba el Mercado para llevar a cabo una determinada transacción o, por el contrario, recurría a la relación personal en un contrato de cooperación permanente con otro agente. La menor o mayor confianza a la hora de recurrir al Mercado dependería del coste que tenía para los agentes económicos acudir a él.

This seems to me too stark a portrayal of the decision-making process, and I would suggest that it might usefully be subjected to a number of

qualifications. First, there was really no such thing as a free market under mercantilist assumptions, since buying and selling took place under a number of constraints that worked to distort market transactions, as Álvarez himself ably demonstrates, although everyone except *contrabandistas* worked under the same constraints. For example, the Spanish *consulado* maintained the right to determine and limit the tonnage of the goods being shipped in any given *flota*. Second, one doubts if there was such a “rational”, black-and-white distinction between modes of exchange in the minds of traders, but perhaps more of a continuum of practices moving from the more to the less personalized. Third, even assuming that two such clear alternatives did exist, and that they were conceptually distinct in the minds of the actors, it would be the case that unless *everyone* used the market organization, there would be little inducement for *anyone* to rely on market mechanisms as opposed to personal networks, especially in high-risk situations, even should the transaction or opportunity costs of relying on the personal network prove higher. Fourth, we sometimes forget (and Álvarez himself does not factor this into his account) the nature of the market in which such merchants were entering: its relative shallowness and relatively low levels of disposable income on the part of the potential ultimate consumers, especially after the markups imposed by shipping costs, insurance, taxation, and profit margins. The low disposable income levels would have tended to make economies of scale in trade less possible, and would tilt the trade toward goods which could sustain high, even non-competitive prices, which is in fact what happened, as I understand it. Álvarez finds, essentially, that the expensive distortions introduced into the market by the use of personal networks were to some degree counterbalanced by the security of having exchanges take place *at all*.

The social and cultural integration of networked merchant groups into their host communities illustrated by Crespo Solana comes up again in the treatment of the Brazilian gold traded offered by Leonor Freire Costa and Maria Manuela Rocha. The authors point to the accommodation that foreign traders were able to achieve in their diasporas, much as Cachero Vinuesa has done in the case of Sevilla and Crespo Solana in that of Cádiz. In describing the English in relation to the Portuguese, however, the authors point interestingly both to the limits of such accommodation and to the differences in “national” business

cultures that supported group solidarities and exclusions. They note that the Portuguese had a number of habits in business relationships considered insupportable by foreigners dealing with them, which raises the generally fascinating issue of the incommensurability of business practices between Mediterranean and Northern European traders. The Portuguese traders, they point out, liked to talk with one another and the English to get down to business immediately. In doing this, the Portuguese were piling up social capital and “knowledge capital” in ways alien to the English model, so that one might almost call the Portuguese network a “socialized” one and the English network a “monetized” one. They go on to discuss Englishness as a confidence-inducing quality among English merchants that had little to do with the short-term rationalities of trading, and much to do with the more elusive values of trust and reputation. They imply, therefore, that “trust” had to do not only with business practices themselves, but also with in-group/out-group relationships – with boundaries and exclusions, in other words. They thus illustrate that cultural and ethnic identity can reinforce bonds of trust, while also pointing to the more obvious linkages forged within such diasporic communities by marriage choice as a form of self-segregation.

The rich conceptual discussion of Bernd Hausberger of social networks and merchants I have mostly incorporated into the concluding section of this essay, as I have mentioned above. Aside from a summary and analysis of his interesting empirical materials, however, which I am not prepared to offer here (the possible implications of the fact, for example, that his merchant protagonist Tomás Ruiz de Apodaca was the father of Juan Ruiz de Apodaca, Conde del Venadito, viceroy of Mexico between 1816 and 1821, and implacable foe of the Mexican insurgents), there are some worthwhile points to highlight. Hausberger points out that a counterweight to seeing networks in the rather impersonal, abstract terms of social organization is to subject them to Geertzian “thick description” and microhistorical examination (which most of the authors in this volume do very adeptly). He further advocates analyzing them in terms of actual social practice – that is, descriptions of day-to-day, even moment-to-moment improvisation, albeit within the framework of established cultural expectations.<sup>4</sup>

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4 On practice theory, see Ortner (2006).



While many of the authors demonstrate it empirically and implicitly, Hausberger asserts conceptually and explicitly that culture is really the shared bedrock of such arrangements. He goes on to state that the function of rules and shared values in such arrangements was to limit to a minimum the conflicts that threatened to damage the bonds of solidarity that produced cohesion in networks. Yet one wonders if this formulation should not, in fact, be turned on its head, since networks seem to have existed to minimize conflict inherent in the social and business environment. Hausberger's essay raises some other interesting questions in passing: whether a dyadic arrangement (exemplified by the 1759 deal between Ruiz de Apodaca and Andrés de Loyo y Treviño) can be a network; the degree to which established networks were imperiled by opportunistic practice (the refusal of Ruiz de Apodaca's commercial correspondent in Mexico City, for example, to reveal the names of potential purchasers for steel, thereby reserving for himself possible advantages not shared with the rest of the network); and whether networks socialized not only risk, but also profits, functioning in this way as a redistributive mechanism for favors and wealth, and if so, to what end.

Guillermina del Valle Pavón's deeply researched essay analyzes the position of the merchants of the *Consulado de México* faced with the initial phases of trade liberalization in the American realms of the Spanish Empire, specifically using the case of Venezuelan and Ecuadorian cacao as an example, at about the same time that Tomás Ruiz de Apodaca was building up his commercial enterprise. She is certainly dealing with small, coherent groups of merchants, but for reasons I hope to make clear in the final section of this essay, and which Bernd Hausberger suggests in his chapter, the question arises as to whether the *consulados* really constituted networks in the more restricted sense of the concept, as opposed to formalized institutions that shared some of the characteristics of networks. Whatever the case, she shows clearly how the *Consulado* functioned as a formal corporation with some of the attributes of a network, chief among these privileged access to information that could give its participating members an advantage in the market against non-group actors. The *Consulado* also sent its agents, in the person of junior family members or *paisanos*, to Guayaquil and Lima to facilitate its members' dealings in the cacao trade. But the employee status of these men (we see the same thing in

Álvarez's treatment of the Portobelo trade) throws into question their designation as members of a network, since the asymmetry between them and their employers imposed limits on their ability to reciprocate services. Furthermore, her work suggests the strong tendency of networks to maintain themselves over time. If networks expand too much their boundaries become excessively porous and they lose cohesion. Del Valle's essay raises several other interesting issues: about the distinction between networks specifically and personal relationships more generally; about networks and proximity to government; and about privileged information that networks may gather *outside* the dealings of the market (i.e., from government sources). Networks may share in all of these elements, but all of these together do not necessarily make up a network.

Finally, Clara Elena Suárez Argüello's interesting treatment of the bankruptcy of Pedro de Vértiz's business in 1802 – an enterprise perhaps “too big to fail” (which has an unpleasant contemporary resonance) but that nonetheless did fail – and the ripples it sent throughout the economy of New Spain illustrates well her point that a commercial failure may provide great insight into “normal” business practice (in much the same way, I would note, that criminal records may illuminate “normal” life). She writes of a “dense net” of individuals affected by the bankruptcy, and the widespread ruin that engulfed many people as a result of the collapse. Certainly the bonds of family and *paisanaje* were essential in these relationships, but one questions if this was in fact a “network”.

## 2. The Concept of the Social Network

Although the authors whose essays I have just discussed illustrated the nature of social networks and their relationship to commerce in the early modern Iberian Atlantic world primarily from an empirical point of view, there are some general conclusions to be drawn from their work. Let me begin my general discussion by citing a brief formal definition of the network concept drawn from the individual essay of volume co-editor Bernd Hausberger. In his words, the concept of the network serves to “describir la asociación informal de un grupo de personas basada en relaciones de confianza y en un intercambio continuo de servicios o favores dentro de un sistema de reciprocidad”. This

definition mentions most of the elements – informality, relations of trust, exchange, and reciprocity – upon which my own discussion is based.

The networks described by all the authors presumably came into being among merchants to keep the costs of information down and its reliability up, to lower opportunity costs in the process (that is, to help them make optimizing choices regarding investment), and to socialize risk (to spread or share it among participating parties) to some extent within the commercial network itself. Almost all historians of the period 1500-1800 have encountered such social networks in one form or another, sometimes in the remotest corners of the Iberian world. Although they were by no means unique to Spanish and Portuguese traders, they seem to have been part of their DNA – genetically encoded into the thinking and practices of Iberians as they ventured out across the great maritime spaces of the world and the lands they touched. In addition to reducing opportunity costs, to keeping the costs of information down and its reliability as high as possible, and of socializing risk within the group embraced by the social network, there are a number of other functions of the social network that I will allude to in a moment.

Most of the papers in this volume (and in the recent volume edited by del Valle and Ibarra) state explicitly or implicitly that networks associated with trading activities came into being to compensate for a series of absences. The absence of reliable information was related in a circular fashion to the stickiness of markets: poor information about prices and supplies often kept the relations between buyers and sellers disequibrated, while market transactions themselves could generate information about relative demand that was not necessarily reliable. The relative absence (scarcity) of cash could inhibit large-scale commercial transactions and necessitated credit relationships themselves impossible in the absence of social networks (Carlos Álvarez deals with this in his essay). States that were weak in some respects, and whose authority deteriorated with increasing distance from the metropolis (much as a radio signal or the force of a magnetic field decreases with distance from the source), could neither assure rules of property that they themselves would honor, let alone enforce among third parties, nor guarantee the free functioning of markets. Regarding this last point, for example, in their recent work on the mercury trade

between Europe and the New World, Pieper and Lesiak have noted that private merchants acted as agents for the miners, as contractors, and as bankers in the face of a much reduced state administrative capacity; in other words, in an institutional vacuum that in other historical circumstances might come to be filled by social groupings such as the Sicilian Mafia (Pieper/Lesiak 2007: 19-40). Hausberger has made the point that difficult means of communication gave birth to the prevalence of social networks, compensatory mechanisms for the great distances between buyers and sellers. If this be so (and I see no reason to doubt it), then one might expect that as the speed of information transmission became faster, as accessibility and reliability increased, and as the friction of distance (and with it “leakage” out of the system and the costs of transport) decreased, the social networks that arose to compensate for these problems might diminish in importance or even wither away entirely. From this point of view the most interesting test of how and why social networks functioned in facilitating commerce would probably be to look at them in a more information-rich environment, after the advent of the telegraph and more rapid trans-oceanic and rail shipping in the nineteenth century. One would then be able to see how social networks morphed or adapted to the new conditions, or changed their functions when the initiating conditions of their existence were filtered out. I suspect that social networks, of which one enduring type – indeed, the prototype – was the extended family, continued in importance even with improved conditions of communication, transport, and market integration after the middle third of the nineteenth century or so. This would suggest that it was not inadequate information, the friction of distance, or other factors *by themselves* that had given rise to the prevalence of social networks in commerce and economic life more generally, but perhaps a social imperative with cultural roots, a point to which I will return shortly.

The issue of looking at the functions of social networks in a cross-temporal context points to the necessity of seeing networks as constituted over time. This element of temporality, in fact, is taken into account well enough in several of the essays, while in others there is a tendency to look at social networks at any given moment (even an extended moment of several years) as reticular arrangements in social and/or physical space, neglecting the dimension of time. In other

words, they are seen as synchronic rather than diachronic structures, a point to which Suárez Argüello briefly alludes in her chapter. If we speak of social networks, as most of the authors do either implicitly or explicitly, as based on relationships of confidence – of trust – between the parties involved, then we must acknowledge that such relationships, whether founded upon forms of friendship, family, common geographical origin (*paisanaje*), religious confession, etc., were constituted *over time*. There are two elements here, it seems to me, to be highlighted. First, there needed to be antecedent contacts or beliefs that gave reason to think there was some basis for confidence in the first place. I have encountered this, for example, in my own work on the grain trade in the region of Guadalajara, in New Spain, at the beginning of the nineteenth century. In 1802 the administrator of an important wheat-producing hacienda, interested in shipping grain to the city of Tepic, near the Pacific coast, wrote to a merchant there that

even though several people in that town [Tepic] have asked me to sell to them on commission, I have confidence only in you; and you should remember that Asturians from the town of Llanes should keep on good terms with those from Cabrales (Van Young <sup>2</sup>2006: 73).

Second, there needed to be repeated (although not necessarily regular or continuous) exchanges over time rather than unique, one-time-only interactions; that is, a longitudinal aspect. This quality of durability in networks points up the risk of confusing *transactions* with *networks*: networks involved transactions, but even though they may have involved several parties, not all transactions necessarily generated networks or grew out of them.

In addition to the element of temporality in the constitution of social networks, I would suggest that informality was also a key characteristic. That is to say, networks needed to be based upon complementarity of interests among the interacting parties, and not on the constraints characteristic of institutionalized structures, which would impose negative sanctions against a party who wanted to leave the network – what we might refer to as “the cost of exit”. This is basically a liberal model, based upon the freedom of action of all members of a network, and may at first glance appear to be excessively voluntaristic. Within such a durable, informal, and voluntaristic structure there would still be room for contractual relationships recognized as valid and binding within a shared economic culture; that is to say, the

flexibility of the network was not incompatible with recognized “rules of the game”. From this point of view, Carlos Álvarez’s discussion of the activities of European merchants and their Panamanian factors raises certain doubts as to whether employees could enjoy a sufficiently equal status to function as peers of their principals, since there needed to be an element of volunteerism in the relationship to allow for the reciprocity (that is, equivalent exchange) correctly emphasized by Hausberger as another element in the formal description of such networks. Álvarez tells us that

existen motivos para pensar que una parte importante de los cargadores de Sevilla no embarcaban sus mercancías en las flotas solo para venderlas en Portobelo al llegar las flotas, sino con destino a sus factores en Panamá [...] El verdadero negocio del principal grupo de mercaderes sevillanos consistiría, pues, en surtir el Mercado Americano a través de sus factores.

Álvarez has asked the very interesting question here of whether goods sold in Portobelo were traded in an open market or found their way to buyers through personal networks. But it is not clear that the use of resident factors in Panama indicates that goods were sold through such networks rather than through the open mediation of the market. The intervention of commercial agents (“factors”) simply meant that the American market was “sticky”, so that Sevillian merchants, when they relied on such men, were adding another step in the selling process.

A second example of the importance of informality in the functioning of networks is raised by Antonio Ibarra’s discussion of the late eighteenth-century Guadalajara *consulado* in another volume, and by Guillermina del Valle Pavón’s paper in this one (Ibarra 2007). The question is whether such a formalized organization can be called a network, exactly, although it certainly had the reticular structure of less formal *redes*. These formalized entities had their constituted authorities, legal codes, rules of entry, rotations in office, and so forth. Their evolution from less formal structures of exchange seems to have borne certain similarities, conceptually, to the Weberian institutionalization of charismatic authority in personalistic political regimes. *Consulados* established rules for inclusion and exclusion of members (although allowing for a certain porosity), and their boundaries were not only clearly delimited, but policed, as well. If we think of social networks as needing to be more flexible and ad hoc in character, then

despite their reticular form the *consulados* might actually be thought of as anti-networks. This is, perhaps, a counter-intuitive conclusion, but it grows logically out of the preceding discussion and is at least worth thinking about.

Early modern mercantile networks, as several of the papers demonstrate, were glued together by more than just instrumentalist concerns about information, markets, and credit. They were themselves both embedded within, and expressions of, certain cultural assumptions about how people dealt with each other, and about how the social world was constituted. Aside from the interesting remarks in several of the papers about diasporic communities, Costa and Rocha, in their study of merchants and Brazilian gold, raise the fascinating issue of the incommensurability of business practices and business culture between the Portuguese and Northern Europeans. They do not explicitly raise the question of what sort of transaction costs this would have entailed, but perhaps it is worth considering. As I have noted above, they point out that the English perception was that the Portuguese merchants liked to talk with one another while the English wanted to get down to business in the narrower sense. They discuss Englishness as a confidence-inducing quality among English merchants, and the value of trust and reputation between individuals. They therefore imply that “trust” had not only to do with adherence to the same “rules of the game” and with personal reputation, but also with in-group/out-group relationships – in other words, with boundaries and exclusions. The way affinities drew groups of economic actors together so that they could actualize their common business interests is emphasized by Pieper and Lesiak in their essay in the Ibarra-del Valle volume about Atlantic mercantile *redes* during the seventeenth century. They speak of the way diasporic communities operated, among them Greeks and Jews, implying that the cohesion of ethnic and/or religious identity was served by such trade-based networks. The more conventional interpretation, of course, would be that such affinities and commonalities reduced risk, rather than that reduced risk levels fostered community. Could it be that the construction of community was in some cases the paramount Good, and that the exchange of material goods across time and space was a secondary goal, furnishing a sort of pretext for the formation and consolidation of community? The truth is that the relationship was probably a circular one, but the psycho-social

elements in such networks are often neglected, to the impoverishment, I think, of the model-building of how they functioned.

Let me now turn to a discussion of some other points relating to social networks and commerce in the early modern Iberian Atlantic. To establish some basic elements of a definition of the concept of the social network, let me cite the entry on “network analysis” in the *International Encyclopedia of the Social Sciences* (2008, V: 475-477, 477-479):

A social network is any articulated pattern of connections in the social relations of individuals, groups, and other collectivities. Social networks include friendship and kinship networks, communication networks, scientific citation networks, and policy-maker networks.

The concept of the network developed primarily in social anthropology to describe social relations in small societies and groups, and arose from the idea of a “web” of social relations and actions “interwoven” through such connections. An important recent theoretical refinement has been made by the American sociologist Mark Granovetter, who writes of strong ties (bonds) in such reticular arrangements, as presumably we would see in well-established networks, and in very formalized ones such as *consulados*; these he contrasts to weak ties – more ad hoc, transitory, casual, and so forth (Granovetter 1973). In the case of the Iberian colonial world, strong ties would have been the most efficacious given the volatile and unpredictable nature of market structures, and the lack of reliable information and of ways to verify it. All this is to say that in modern societies advanced forms of technology, and markets that are highly integrated (that is, that share in the same information) and socially deep (that include the majority of the population) can sustain weaker ties at the level of the individual because they provide information-rich environments in which individual actors function. In *ancien régime* societies, on the other hand, even where they were weaker and more voluntaristic than formal structures such as trading guilds, social networks performed the same functions that modern integrated markets and forms of communication technology now perform. It is interesting to note, furthermore, that although the literature on social network analysis in the social sciences allows theoretical space for hierarchical networks – that is, for relations of dominance and formal authority within networks – it tends to emphasize horizontal relations, common interest,



and voluntarism in the formation and maintenance of social networks. This suggests that relations between employees and their bosses fit uneasily, if at all, within the concept of the social network, because by definition they exclude (or at least minimize) the possibilities for reciprocity – that is, symmetrical exchange – among peers, which is one of the important criteria for the existence of a network.

Still more important is the common inclusion of kinship as one of several bases for network formation (along with fictive kinship, common geographic origin, religion, and so forth). Several of the essays in this volume emphasize this, and it has been noted elsewhere, as well. In their introduction to *Redes sociales e instituciones comerciales*, for example, editors del Valle and Ibarra assert that

los sistemas de relaciones en cuestión [social networks in the early modern period] fortalecieron y consolidaron negocios e instituciones mercantiles [y] dieron cohesión a los grupos familiares [...] (Ibarra/Valle Pavón 2007: 8).

This is an interesting formulation, since one might have assumed that it was family groups that fortified, consolidated, and lent cohesion to businesses and commercial institutions. Even acknowledging that the relationship must be circular, it is logical to assume that families were ontologically and sociologically prior to commerce. Some authors in the present volume, in fact, and in the recent volume coordinated by del Valle and Ibarra imply, where they do not explicitly state, that maintenance of some sort of extended family group was the primary object of a whole range of commercial activities, and economic optimization the secondary one. Let me cite as an example in that collection the essay of María Teresa Huerta (although the essays of María Concepción Gavira Márquez, Guillermina del Valle Pavón, and Clara Elena Suárez Argüello deal with the same issue), which discusses the practices of *mercaderes de plata* in the northern areas of New Spain in the seventeenth century (Gavira Márquez 2007; Valle Pavón 2007; Suárez Argüello 2007). Her description of the networks of these silver merchants – economic, political, and family networks – raises the question of whether they were trying to achieve seigneurial ends (that is, elevated social status and enduring family prestige) through capitalist means. From this point of view, we need to ask what the antecedent dispositions of economic choices were; that is, what were the motives for various sorts of economic activity? Was commercial involvement

the reason for the networks, or was the opposite the case – was the social elevation and maintenance of family networks the object of commercial activity?<sup>5</sup> Huerta's essay suggests that the strategy of silver merchants was to reproduce the capital generated by families and commercial enterprises – but could the strategy not have been exactly the reverse: to reproduce the family through the mechanism of commercial exchange? From these considerations the question arises as to who is the real historical actor in these circumstances, the individual or the network? This query leads us in turn toward models of distributed intelligence, and even as far as the organized societies of insects as described by E.O. Wilson in his studies of ant colonies – perhaps an extreme extension of my argument here, but one that might frame an interesting discussion.

To conclude this commentary I would like to suggest some key points that appear to me to be central to the effort of defining what a social network is, or at least what it was in the early modern era. I want to emphasize again that I am not presenting a formal model, but only some elements for thinking about networks. It may be, in fact, that as a first approximation to a definition of social networks these elements are excessively rigid and over-specified. Here are nine criteria, nonetheless, that appear to me useful in describing such networks in this historical context:

1. For us to call a social arrangement a network it must be marked by *durability*; that is, it must persist over time since the relationships of confidence on which it is based are constituted by repeated experience and established practices. This would distinguish networks from transactions, even those involving a large number of people or groups.
2. The participants in a social network may not be equal insofar as their status, power, or resources are concerned, but they are capable of entering into exchanges in which both parties to the exchange give something and receive something, although the relative value of the goods and/or services given/received may be asymmetrical. In other words, there is *reciprocity*.

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5 At this point we enter the interesting territory between economic history and cultural history; for some thoughts on this relationship, see Van Young (in press).

3. The principal dimension in which social networks function must be the *horizontal* one – that is to say, exchanges must take place among individuals who are more or less peers, which assures the previous characteristic of social networks, their reciprocity.
4. Social networks must be *voluntary* in the sense that actors can enter into the network more or less according to their calculations of their own interests, whether or not rational or optimizing in the economic sense.
5. Social networks must be marked by *informality*, and institutionalized only weakly or not at all; the costs or penalties for exit must be very low or nil.<sup>6</sup>
6. Such networks must be constituted at least of two elements: interest and economic exchange as such (that is, the commercial element in this case); and another form of social relation, be it friendship, kinship, micro-patriotism (*paisanaje*), religious affiliation, or common membership in an organization without immediate and overt economic importance, such as a *cofradía* or a political entity (e.g., an *ayuntamiento*). And we may also suppose that if there is more than one form of extra-economic social relationship involved, the network will be that much stronger, the information transmitted within it that much more reliable, the entry and exit costs higher, and so forth.
7. Networks should have powerful nodes – points of high traffic or concentration of power. In the terms employed by those scholars who study such networks, in other words, there must be central actors (“traffic cops”) to direct flows of information, capital, tradeables, and people.
8. Such social networks should have more or less stable rules of property and contractual obligation, within an economic culture shared by the members of the network.
9. Networks should be subjectively recognizable to their members. The network and its structure, in other words, should constitute an emic domain as much as an etic one, coherent as both actors’ and observers’ categories.

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6 I confess to a certain doubt on this point, precisely because of the case of *consulados*, which appear intuitively to be networks even though they are formalized.

I do not pretend that all these criteria are present in all cases where social networks facilitated commercial exchange. The points I have made here in response to these fine essays are only suggestions to think about in order to refine a bit what we mean by social networks.

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