

*Contract enforcement, institutions, and social capital: the Maghribi traders reappraised*¹

By JEREMY EDWARDS and SHEILAGH OGILVIE*

Social scientists draw important lessons for modern development from the medieval Maghribi traders who, it has been argued, lacked effective legal mechanisms for contract enforcement and instead relied on informal sanctions based on collective ostracism within an exclusive coalition. We show that this claim is untenable. Not a single empirical example adduced as evidence of the putative coalition shows that a coalition actually existed. The Maghribi traders made use of the formal legal system in order to enforce agency agreements in long-distance trade. A subset of the traders did form a web of trusted business associates that contributed to informal contract enforcement, but this was very different from the hypothesized coalition, in neither being exclusive nor having a clearly defined membership. The Maghribi traders combined reputation-based sanctions with legal mechanisms, in ways that resemble the practices of medieval European merchants. We find no evidence that the Maghribi traders had more ‘collectivist’ cultural beliefs than their European counterparts.

Social scientists draw far-reaching lessons for modern developing economies from the institutions used by a group of Jewish merchants in the medieval Mediterranean. Almost everything we know about these merchants comes from the Geniza, a synagogue storeroom in which all writings that might bear the name of God were supposed to be deposited, in Old Cairo (Fustat), where most of the merchants lived. However, they traded widely across the Muslim Mediterranean from the tenth to the twelfth century, and some of them ventured as far afield as India. Scholars have used the Cairo Geniza documents to reconstruct many aspects of life for this Jewish minority population living in the Fatimid Caliphate, and one special focus has been the economic practices of its merchants. What institutions did they use to enforce contracts and solve agency problems when trading over such long distances?

A number of scholars have proposed answers to this question.² But one interpretation in particular has come to dominate the social science literature—the

* Author affiliation: University of Cambridge.

¹ We are extremely grateful to Hilly Zmora for his generous and invaluable translation of a number of Geniza letters from Hebrew to English, and to Moshe Gil for his kindness in reading a draft of this article and advising on translation and interpretation of the Geniza letters. We are additionally greatly indebted to Jessica Goldberg for directing our attention to additional Geniza literature and English translations. We would also like to thank Chris Briggs, André Carus, Greg Clark, Tracy Dennison, Steven Durlauf, Bob Evans, Marcel Fafchamps, Tim Guinnane, Frank Hahn, David Harbord, Neeraj Hatekar, Timur Kuran, Janet Landa, Abhay Pethe, Michael Toch, and seminar audiences at the Universities of Mumbai, Pennsylvania, and Yale for their helpful comments on earlier versions of this article. Finally, we thank three anonymous referees for stimulating suggestions.

² Goitein, *Society*; Gil, ‘Merchants’; idem, ‘Institutions’; Cohen, ‘Partnership’; Goitein and Friedman, *Traders*; Goldberg, ‘Geographies’; J. Goldberg, ‘Merchants and merchant work in the eleventh century’, pre-circulated paper for the Social Norms Workshop, Princeton Univ. (Dec. 2008); Stillman, ‘Relations’; idem, ‘House’; Udovitch, ‘Origins’; idem, *Partnership*; idem, ‘Formalism’.

coalition hypothesis proposed by Greif in the late 1980s and early 1990s.³ According to this view, the Geniza merchants formed a well-defined and cohesive group based on Jewish religion and family origins in the Maghreb, and are therefore most appropriately termed the 'Maghribi traders'.⁴ Lacking effective legal institutions, Greif argues, these merchants relied on informal sanctions based on collective relationships within an exclusive coalition.⁵ In Greif's portrayal, members of the Maghribi traders' coalition only used other members as agents, conveyed information about agent misbehaviour swiftly to other members, and collectively ostracized agents who cheated other coalition members.⁶ Greif also argues that the Maghribi traders held 'collectivist' Judaeo-Muslim beliefs and norms in contrast to their 'individualistic' Christian counterparts, as shown by their failure to use family firms or legal enforcement. Maghribi collectivism, Greif claims, led to institutional and commercial stagnation compared to the individualistic Italians.⁷

This portrayal of the Maghribi traders is widely used to draw lessons for modern economies. Some deploy it to claim that complex economic transactions do not require public legal mechanisms, since the Maghribi traders successfully substituted private-order sanctions for legal enforcement.⁸ Others mobilize Greif's model of the Maghribi coalition to argue that the social capital of closely knit networks can effectively support market-based exchange in developing economies.⁹ Still others use Greif's characterization of Judaeo-Muslim collectivism versus European individualism to argue that cultural differences explain institutional and economic divergence.¹⁰

A specific view of the medieval Maghribi traders thus plays an influential role in theories of economic and institutional development. Yet Greif based his portrayal on a very limited number of documents. Other scholars interpret these same documents quite differently, arguing that the Geniza merchants transacted in open and pluralistic constellations rather than a closed or monolithic coalition,¹¹ established agency relations with non-Maghribi Jews¹² as well as non-Jews,¹³ penalized fraudulent agents without using collective ostracism,¹⁴ used formal partnerships alongside informal business cooperation,¹⁵ enforced agency agreements using legal

³ Greif, 'Organization'; idem, 'Reputation'; idem, 'Enforceability'; idem, 'Beliefs'; idem, *Institutions*.

⁴ Greif, 'Reputation', pp. 861–2, 882.

⁵ *Ibid.*, pp. 857, 865–6.

⁶ *Ibid.*, pp. 867–8.

⁷ Greif, 'Beliefs'; idem, *Institutions*, pp. 269–304.

⁸ Clay, 'Trade', pp. 203, 207–8, 214, 226; Faille, 'Trading'; Greif, 'Reputation', p. 866; idem, *Institutions*, pp. 58–90; McMillan and Woodruff, 'Order', pp. 2426, 2433–5; O'Driscoll and Hoskins, 'Case', p. 476.

⁹ World Bank, *Report*, pp. 3, 5–6, 8; Durlauf and Fafchamps, 'Social capital', p. 1653; Miguel, Gertler, and Levine, 'Social capital', p. 757.

¹⁰ Greif, *Institutions*, pp. 15–23, 39, 45; North, *Understanding*, p. 136; Aoki, *Analysis*, pp. 10, 73.

¹¹ Goldberg, 'Geographies', pp. 31, 36–7, 156, 177–80, 184–5, 244, 282–94; Toch, 'Netzwerke', pp. 230–1; Udovitch, 'Formalism', pp. 74–5.

¹² Goldberg, 'Geographies', pp. 31, 36–7, 156, 177–80, 184–5, 244.

¹³ Ackerman-Lieberman, 'Partnership', pp. 56–7; Friedman, 'Quşayr', p. 401; Gil, *Countries*, p. 687; idem, 'Jews in Sicily', p. 122; idem, 'Merchants', pp. 281–2; Goitein, *Studies*, p. 350; idem, *Society*, vol. I, pp. 72, 85, 105, 116, 262, 281, vol. V, p. 4; Goldberg, 'Geographies', pp. 90–1, 177–80; Margariti, *Aden*, pp. 155–8, 203–5, 213–14; Stillman, 'House', pp. 20, 23; idem, 'Relations', pp. 314, 350–2, 365–70; Toch, 'Netzwerke', p. 233; Trivellato, *Familiarity*, pp. 14, 284.

¹⁴ D. Harbord, 'Enforcing cooperation among medieval merchants: the Maghribi traders revisited', Munich Personal RePEc Archive working paper, 1889 (2006), pp. 2–5, 28–9, 33–4.

¹⁵ Ackerman-Lieberman, 'Partnership', pp. iii–iv, 2–3, 56, 122–3, 128–9, 136–8, 144–62, 195–7; Cohen, 'Partnership'; Gil, 'Merchants', pp. 274–82; Goldberg, 'Geographies', pp. 43, 152–8, 173–5, 179, 207–8, 227;

mechanisms,¹⁶ and formed family businesses like the Italians.¹⁷ Since the 1990s, moreover, Geniza scholars have published a much larger corpus of mercantile letters which further support these alternative interpretations.¹⁸ The time is thus ripe for a renewed examination of the historical evidence on the Maghribi traders and a critical assessment of any lessons they might hold for economic development.

This article seeks to provide such an assessment. It finds that the Maghribi traders based their agency agreements on legal as well as informal mechanisms. A subset of traders did form webs of trusted associates whom they called *aṣḥābunā*, but these were very different from Greif's hypothesized coalition, in neither being exclusive nor having a clearly defined membership. The Maghribi traders used informal sanctions but also resorted to legal enforcement, in ways strongly resembling European merchants. We find no evidence that the Maghribi traders had more 'collectivist' cultural beliefs than their European counterparts. Their similarities are more striking than their differences.

I

For simplicity, we use 'Maghribi traders' to refer to the merchants recorded in the Cairo Geniza papers, since this term is established in the literature. But the existence of a distinct subgroup of Maghribi merchants who 'rarely establish[ed] agency relations with non-Maghribi Jewish traders'¹⁹ is open to doubt. Some (but not all) of the several hundred Geniza merchants had migrated to Old Cairo from the Maghreb, or their ancestors had done so, and some (but not all) of their trading ties were with merchants in the Maghreb. But Goldberg points out that Greif does not cite any instance in which a merchant requests a commercial task of a 'Maghribi', and notes that she finds no such examples.²⁰ Toch outright rejects 'Maghribi traders', arguing that Geniza merchants neither exclusively came from nor solely traded in the Maghreb.²¹ Gil, the only scholar Greif adduces as believing in an exclusive Maghribi coalition,²² merely states that 'the merchants who wrote the letters we have before us were a separate and well-defined group among the Jewish population', not that this group exclusively used Maghribi agents.²³

How strong is the evidence that the Geniza merchants enforced agency relationships using multilateral sanctions within an exclusive coalition? Several cases Greif adduces as evidence of a Maghribi coalition in fact simply show that merchants

Goitein, *Society*, vol. I, pp. 169–92; Harbord, 'Cooperation' (see above, n. 14), pp. 28–9; Toch, 'Netzwerke', pp. 230, 233; Trivellato, *Familiarity*, pp. 14, 283–4; Udovitch, 'Formalism', p. 72.

¹⁶ Ackerman-Lieberman, 'Partnership', pp. iii–iv, 2–3, 104, 144, 155–6, 195–7; Gil, 'Merchants', p. 314; Goitein, *Society*, vol. I, pp. 172, 179, 251; idem, *Letters*, pp. 93–101, 177–81; Goitein and Friedman, *Traders*, pp. 167–236, 241–53, 542–3; Goldberg, 'Geographies', pp. 2–3, 33, 43, 69, 106–7, 166, 173, 184, 200–8, 219, 227, 297; Margariti, *Aden*, pp. 199–205; Trivellato, *Familiarity*, pp. 14, 283–4.

¹⁷ Ackerman-Lieberman, 'Partnership', pp. 137, 145–6; Goitein, *Society*, vol. I, pp. 180–3; Goldberg, 'Geographies', pp. 75, 175–6, 352; Stillman, 'House', pp. 21, 83; idem, 'Relations', pp. 49, 71–2, 78, 166; Toch, 'Netzwerke', p. 233.

¹⁸ See esp. the Princeton Geniza browser at <http://gravitas.princeton.edu/tg/tt/>; Goldberg, 'Geographies', pp. 4–8, 52–4; Ackerman-Lieberman, 'Partnership', vol. II.

¹⁹ As asserted by A. Greif, 'Contract enforcement and institutions among the Maghribi traders: refuting Edwards and Ogilvie', CESifo working papers, 2350 (2008), p. 25, reiterating claims advanced in idem, 'Organization', pp. 104–5.

²⁰ Goldberg, 'Geographies', pp. 177–80; idem, 'Merchants' (see above, n. 2), p. 11, n. 84.

²¹ Toch, 'Netzwerke', pp. 230–1.

²² Greif, 'Enforcement' (see above, n. 19), pp. 26–7.

²³ Gil, 'Institutions', p. 151.

valued their business reputations. Thus he quotes Yūsuf b. 'Awkal in Fustat writing to Samḥūn b. Da'ūd in Qayrawān saying, 'if your handling of my business is correct, then I shall send you goods',²⁴ and describes buyers in Sfax agreeing to pay a higher price for flax to maintain their honour.²⁵ But these cases merely show that Maghribi traders valued their reputations—not that they operated a coalition imposing collective sanctions. Reputation is important in many types of business relationship involving repeated interactions, including purely bilateral ones. Moreover, medieval European merchants who used legal sanctions also valued their business reputations, forgoing profit to maintain them.²⁶ The Maghribis' value for business reputation does not show that they operated a coalition.

Greif puts forward five cases which purport to demonstrate the Maghribi coalition in operation.²⁷ Since these are the only examples provided, let us consider each in detail. The first is that of Abūn b. Ṣadaqa in Jerusalem. According to Greif's exposition, a letter written in 1055 by Abūn shows that he 'was accused (although not charged in court) of embezzling the money of a Maghribi trader. When word of this accusation reached other Maghribi traders, merchants as far away as Sicily cancelled their agency relations with him'.²⁸ Greif claims that this collective punishment was effective: 'only after a compromise was achieved and he [Abūn] had compensated the offended merchant were commercial relations with him resumed'.²⁹

A closer examination of this letter³⁰ shows Greif's interpretation to be faulty.³¹ For one thing, the letter contains no evidence that this conflict involved trade. Abūn complains of being accused of 'consum[ing] the money' of an unidentified Maghribi individual, owing money to the authorities, and being importuned by administrators of inheritances.³² Owing money to the authorities was clearly not commercial embezzlement. Consuming the money of a Maghribi individual does not demonstrate that this was a case of commercial embezzlement, let alone an agency relationship between long-distance merchants; it could as easily refer to non-mercantile conflict over personal debts or inheritance. Abūn's reference to being importuned by administrators of inheritances supports the latter interpretation. Indeed, Goitein's interpretation of this document is that Abūn had concealed a small sum of money left by a countryman to save it for the heirs, because the government confiscated the property of foreigners dying without local heirs.³³ Rumours then spread that Abūn had robbed the government (not the heirs) of a

²⁴ Greif, 'Reputation', p. 869.

²⁵ *Ibid.*, p. 870.

²⁶ Byrne, *Shipping*, pp. 28–9; Court, '*Janiensis*', p. 987; Dahl, *Trade*, pp. pp. 173, 192, 200, 271–3; de Roover, *Medici*, p. 21; Gelderblom, 'Governance', pp. 607, 620, 622, 624, 634; Goldthwaite, 'Medici', p. 23; McLean and Padgett, 'Florence', p. 233; Selzer and Ewert, 'Institutionenökonomik', pp. 24–5; *idem*, 'Netzwerke', pp. 37–8.

²⁷ Greif, 'Reputation', pp. 868–71; *idem*, 'Enforceability', pp. 530–1; *idem*, *Institutions*, pp. 66–71.

²⁸ Greif, 'Reputation', pp. 868–9.

²⁹ Greif, 'Enforceability', p. 530.

³⁰ Original document in Taylor-Schechter Collection, Cambridge Univ. Library, TS 13J 25.12; English translation, from Hebrew version in Gil, *Palestine*, vol. III, pp. 218–24, published in Simonsohn, *Jews*, no. 105, pp. 209–12.

³¹ For more detailed discussion, see J. S. S. Edwards and S. Ogilvie, 'Contract enforcement, institutions and social capital: the Maghribi traders reappraised', Cambridge working papers in economics, 0928 (2009), pp. 7–13.

³² Simonsohn, *Jews*, no. 105, p. 210.

³³ Similar to the European 'droit d'aubaine'.

large sum. These rumours reached his correspondent in Alexandria, rendering the ‘excitable’ Abūn furious.³⁴

In an effort to rehabilitate his claim that Abūn had embezzled from a merchant, Greif adduces Abūn’s reference to the unidentified Maghribi individual as ‘*alsheikh*’ (sic), a term commonly used for merchants.³⁵ But ‘*al-sheikh*’ (‘the sheikh’, that is, ‘the elder’) is an honorific used then as now for important men of all kinds.³⁶ The Princeton Geniza browser shows ‘*al-sheikh*’ appearing in over 1,500 of the c. 4,000 transcribed documents, referring to a wide variety of men, including teachers, community leaders, scholars, the male party to a marriage, and the Muslim elders of the city of Palermo, among many others.³⁷ ‘*Al-sheikh*’ does not mean Abūn’s individual was a merchant.

Greif also argues that ‘the authorities’ or ‘the authority’ in the statement ‘you owe money to the authorities’ is to be understood as referring to God, and asserts that ‘the statement should not be taken literally but as a metaphor’.³⁸ This interpretation derives from a footnote by Gil,³⁹ which is speculative and differs fundamentally not only from Simonsohn’s translation ‘the authorities’,⁴⁰ but also from Goitein’s interpretation of this passage as indicating that rumours had spread that Abūn had ‘robbed the government’.⁴¹ The letter uses the word ‘*al-sultān*’; in Geniza documents, ‘*sultān*’ can refer to a ruler with the title *Sultān* or to government authorities and secular powers more generally.⁴² According to most Geniza scholars, therefore, Abūn was accused of owing money neither to a merchant partner, nor to God, but to a prominent Maghribi individual and to the government.

A second problem for the coalition hypothesis is that this letter does not show that Abūn was accused informally without being charged in court. Quite the contrary. Abūn was certainly the subject of informal rumours, but the accusations against him were actually stated in a public forum, since he exclaims, ‘may God ban the person who wrote you solely on the strength of what he heard in the head’s court’. Gil interprets this passage as showing Abūn complaining that ‘his opponents pour abuse on him in the Muslim legal institutions’.⁴³ Even if the accusation against Abūn had related to commercial agency, therefore, it was stated in a court. Any informal enforcement via denigration of Abūn’s reputation was a supplement to formal institutions, not a substitute for them.

Nor does this letter show that Abūn’s dispute was communicated to Maghribi traders throughout the Mediterranean. Rumours were circulating in Abūn’s own city (Jerusalem) and in Alexandria, where his correspondent Ḥayyim was located. Abūn evidently feared that rumours had reached one other correspondent, Nahray b. Nissīm in Fustat. This would suggest that information was being conveyed to immediate associates of Abūn around the eastern end of the Mediterranean—a maximum of about 315 miles.

³⁴ Goitein, *Society*, vol. V, p. 303.

³⁵ Greif, ‘Enforcement’ (see above, n. 19), p. 19.

³⁶ As in Goitein, *Society*, vol. V, p. 265; Wehr, *Dictionary*, p. 580.

³⁷ See <http://gravitas.princeton.edu/tg/tt/>. We gratefully thank an anonymous referee for this point.

³⁸ Greif, ‘Enforcement’ (see above, n. 19), p. 19.

³⁹ Gil, *Palestine*, vol. II, p. 220, n. 14.

⁴⁰ Simonsohn, *Jews*, p. 210.

⁴¹ Goitein, *Society*, vol. V, p. 303.

⁴² See *ibid.*, vol. I, p. 414, vol. II, p. 608, vol. IV, pp. 38, 40.

⁴³ Gil, *History*, p. 168 (quotation); *idem*, *Palestine*, vol. III, pp. 218–24 (editorial commentary).

The letter certainly does not support the claim that Maghribi traders ‘as far away as Sicily’ (1,312 miles from Jerusalem) cancelled agency relations with Abūn.⁴⁴ The only person mentioned as having possibly severed contact with Abūn is Nahray b. Nissīm in Fustat. In an effort to defend his original interpretation, Greif claims that Abū Sa‘īd Khalaf b. Salāma (in Alexandria) had also cut off relations with Abūn.⁴⁵ But this stretches the evidence. All Abūn says is that he and his brother-in-law have written to Khalaf but not yet heard back. Such expressions of concern are a constant motif in Maghribi letters⁴⁶—unsurprisingly, given the difficulty of the mails—and cannot be regarded as evidence of ostracism. Greif also claims that Abūn’s request that Ḥayyim send his regards to ‘all our friends, the Maghribi travelers, each one by name’ was unusual, and hence constitutes evidence ‘that Abun was subject to multilateral response’.⁴⁷ But it was not unusual: Goldberg describes how ‘merchants of Maghribi origin dwelling outside Ifriqiyya sometimes ask to be remembered to their Maghribi colleagues in their letters, request news of them, or report well-wishes’.⁴⁸

The only reference to Sicily is in the toponym of the letter’s addressee, ‘Ḥayyim b. ‘Ammār al-Madīnī, named for *madīnat Siqilliyya*; ‘*madīnat Siqilliyya*’ means ‘the city of Sicily, that is, Palermo’.⁴⁹ Ḥayyim was the merchants’ representative in Sicily, but at the time this letter was written he was in Alexandria, he had not severed relations with Abūn, and there is no evidence that news of this dispute reached Sicily. Greif claims that Ḥayyim received this letter in Palermo,⁵⁰ but Gil records this letter as being sent to Ḥayyim in Alexandria,⁵¹ and Simonsohn describes it as being sent to Ḥayyim, a ‘merchant in Palermo, temporarily in Alexandria’.⁵²

Finally, there is no evidence Abūn offered compromise or compensation to revoke any ostracism. Greif supports this assertion by footnoting three of seven surviving letters of Abūn.⁵³ One is Abūn’s 1055 letter, which rejects all accusations and makes no mention of compromise or compensation. The other two, dated 1059 and 1064, do not even mention this dispute, let alone any compromise or compensation. Four further surviving letters by Abūn, dated 1064–5, also do not mention this conflict.⁵⁴ No empirical basis exists to claim that any collective ostracism led to compromise and compensation.

The second case cited to substantiate the coalition hypothesis manifests similar problems.⁵⁵ This is the complaint by Samḥūn b. Da’ūd in Qayrawān that Yūsuf b. ‘Awkal in Fustat had failed to pay or reassure two of Samḥūn’s creditors in Fustat.⁵⁶ Yūsuf may have withheld payment because he thought Samḥūn had

⁴⁴ Greif, ‘Reputation’, pp. 868–9.

⁴⁵ Greif, ‘Enforcement’ (see above, n. 19), pp. 20–1.

⁴⁶ Goitein, *Society*, vol. I, pp. 281–95; Goldberg, ‘Geographies’, pp. 213–16.

⁴⁷ Greif, ‘Enforcement’, p. 21 n. 30.

⁴⁸ Goldberg, ‘Merchants’ (see above, n. 2), p. 50, n. 84 (quotation); eadem, ‘Geographies’, p. 177, nn. 161–4.

⁴⁹ Gil, *History*, p. 269, n. 43.

⁵⁰ Greif, ‘Enforcement’ (see above, n. 19), pp. 19–20.

⁵¹ Gil, *Palestine*, vol. III, pp. 218–24.

⁵² Simonsohn, *Jews*, pp. 209–12 (quotation p. 209).

⁵³ Greif, ‘Enforceability’, p. 530, referring to Gil, *Palestine*, vol. III, pp. 218–33.

⁵⁴ Gil, *Palestine*, vol. III, pp. 218–33.

⁵⁵ More detailed discussion in Edwards and Ogilvie, ‘Enforcement’ (see above, n. 31), pp. 13–14.

⁵⁶ Greif, ‘Reputation’, p. 869.

improperly profited in exporting Yūsuf's goods to Spain. Samḥūn complains that these unpaid creditors' 'letters vituperating me have now come here to everyone and my honor has been disgraced'.⁵⁷

Viewed soberly, this case only shows that Samḥūn's failure to pay was communicated to the locations of the two conflicting parties (Fustat and Qayrawān) and that reputational sanctions were applied to their immediate social circles—that is, that Maghribi traders sometimes mobilized gossip to put pressure on recalcitrant creditors. But, as section IV discusses, merchants throughout medieval and early modern Europe did the same. Even for twentieth-century American businessmen, 'social networks serve as communication systems. People gossip, and this creates reputational sanctions'.⁵⁸ These practices cannot be portrayed as specific to the Maghribi traders.

In the third case cited to support the coalition hypothesis, Maymūn b. Khalfa in Palermo urges Nahray b. Nissim in Fustat not to blame a third trader for alleged misconduct over shared profits on a shipment of wares since 'as you know, he is our representative and (this matter) worries all of us'.⁵⁹ Greif claims that Maymūn 'feared that if the agent would be openly accused it would affect his relations with the agent, presumably since Maymun would have to participate in a collective punishment'.⁶⁰ But Maymūn's letter contains no evidence of any collective punishment being envisaged, let alone of Greif's notion that Maghribi traders 'were likely to participate in collective punishment even when they believed that the agent was honest'.⁶¹ Maymūn's statement is more plausibly interpreted in terms of the role of the merchants' 'representative' (*wakīl*), who provided warehousing, payment transfers, and commission-selling for absent traders.⁶² An accusation against their *wakīl* would naturally worry all Maghribi merchants by impugning the probity of someone who performed important commercial services for them. Maymūn's statement that the accusation against the *wakīl* 'worries all of us' provides no evidence that collective punishment was imposed or even envisaged.⁶³

The fourth case cited to support the coalition hypothesis is a letter in which Khallūf b. Mūsā in Palermo explained to Yeshū'ā b. Isma'īl in Alexandria that he had sold Yeshū'ā's pepper at a lower price than his own, 'but, brother, I would not like to take the profit for myself. Therefore I transferred the entire sale to our partnership'.⁶⁴ Greif argues that Khallūf cannot have shared the profit to maintain his reputation with Yeshū'ā, since Khallūf wished to end their partnership, and hence his motive was to maintain reputation with other Maghribi merchants.⁶⁵ But the letter contains no evidence that this was Khallūf's motivation.⁶⁶ Quite the

⁵⁷ Original document in David Kauffman Collection, Library of the Hungarian Academy of Sciences, Budapest (hereafter DKC), DK 327 a-d. Translation from Goitein, *Letters*, p. 31.

⁵⁸ Macaulay, 'Contract', p. 468.

⁵⁹ Original document in DKC, DK 230 d + a. Translation from Gil, 'Jews', p. 106. Full translation in Simonsohn, *Jews*, no. 109, pp. 209–12.

⁶⁰ Greif, 'Enforceability', p. 532; idem, *Institutions*, p. 72.

⁶¹ Greif, 'Enforceability', p. 532.

⁶² Goitein, *Society*, vol. I, pp. 191–2; Gil, 'Merchants', p. 318; Goldberg, 'Merchants' (see above, n. 2), p. 20.

⁶³ More detailed discussion in Edwards and Ogilvie, 'Enforcement' (see above, n. 31), pp. 14–15.

⁶⁴ Original document in Bodleian Library, Oxford (hereafter BLO), Bodl. MS Heb. a 3.13. Full letter translated in Goitein, *Letters*, Letter 23, pp. 120–5 (quotation p. 123).

⁶⁵ Greif, 'Reputation', p. 871.

⁶⁶ For more detailed discussion, see Edwards and Ogilvie, 'Enforcement' (see above, n. 31), pp. 15–17.

contrary: Khallūf immediately follows his account of the pepper sale by declaring ‘may God reward me for what I do for other people. I do not expect gratitude from men’.⁶⁷

The remainder of Khallūf’s letter suggests a more plausible interpretation of his decision to share the profit, namely a desire to minimize complications in ending the unsatisfactory partnership. Goitein showed that ending a Maghribi partnership could entail numerous legal steps in front of both Muslim and Jewish authorities.⁶⁸ Yeshū‘ā was known to be difficult, so Khallūf could expect extraordinary snags.⁶⁹ This interpretation is supported by subsequent events: the partnership was dissolved only after formal litigation.⁷⁰ Sharing the pepper profits more probably addressed concerns about Yeshū‘ā than about a putative Maghribi coalition, to which this correspondence makes no reference.

This letter also casts doubt on another claim of the coalition hypothesis—that poor reputation resulted in collective ostracism. Khallūf remarked to Yeshū‘ā, ‘had I listened to what people say, I never would have entered into a partnership with you’.⁷¹ Evidently Khallūf had not participated in any ostracism of Yeshū‘ā despite his bad reputation. Greif seeks to rebut this argument by claiming that the Yeshū‘ā case was ‘most likely’ a conflict about ‘performance’ rather than ‘conduct’.⁷² But he fails to document this or explain how Maghribi merchants distinguished ‘performance’ from ‘conduct’. Moreover, other accusations of unambiguous malfeasance among Maghribi merchants failed to result in ostracism. For instance, two Tunisian merchants (the Tahīrtī brothers) disobeyed the request of Yūsuf b. ‘Awkal to send his silver on ‘with trustworthy merchants’; instead, they melted it down and sold it.⁷³ No one ostracized the Tahīrtīs for this undisputedly unethical action, and even Yūsuf continued business associations with them for another four years before severing relations over a non-commercial conflict.⁷⁴

This is unsurprising. For a coalition mechanism to work, information must be transmitted accurately. Thus in the modern diamond and cotton industries, informal collective sanctions rely on arbitration boards and tribunals that evaluate accusations of opportunism before demanding sanctions from industry members not directly involved in a dispute.⁷⁵ But the putative Maghribi coalition did not include any neutral mechanism for assessing accusations of opportunism. Moreover, Geniza letters testify to merchants’ recognition that there were two sides to any dispute between business associates.⁷⁶ Unsurprisingly, Maghribi traders show no evidence of applying universal commercial ostracism based on informal rumours—counter to the coalition hypothesis.

⁶⁷ Goitein, *Letters*, p. 123; Goldberg, ‘Geographies’, p. 234.

⁶⁸ Goitein, *Society*, vol. I, p. 179.

⁶⁹ Goldberg, ‘Merchants’ (see above, n. 2), p. 28.

⁷⁰ Goitein, *Letters*, p. 120.

⁷¹ *Ibid.*, pp. 121–2.

⁷² Greif, ‘Enforcement’ (see above, n. 19), p. 16.

⁷³ Stillman, ‘Relations’, pp. 81–2, 280–3.

⁷⁴ *Ibid.*, pp. 65–7, 101, 111.

⁷⁵ Bernstein, ‘Opting’; *idem*, ‘Law’.

⁷⁶ See Gil, ‘Merchants’, pp. 306, 312, 313; Stillman, ‘Case’, p. 201.

The fifth example cited in support of the coalition hypothesis is that of Yaḥyā b. Mūsā al-Majjānī of al-Mahdiyya in Tunisia. According to Greif, ‘a trader from Fustat accused his Tunisian agent [Yaḥyā] of having failed to remit the revenues from a certain sale. As a result of the accusation, so the agent complained, “the people became agitated and hostile to [me] and whoever owed [me money] conspired to keep it from [me]”.’ Greif claims this case demonstrates ‘the economic nature of the punishment imposed upon a cheater by the members of the coalition and reveals why coalition members participated in punishing a cheater’.⁷⁷

But this interpretation does not hold up to investigation.⁷⁸ First, there is no evidence that the people’s agitation against Yaḥyā was caused by an agency accusation. The people’s agitation is described in a letter from Yaḥyā in al-Mahdiyya to a friendly business associate concerning problems with the dissolution of his father’s estate,⁷⁹ while the accusation of non-remission of agency revenues is described in a draft appeal to the rabbinical court by a merchant in conflict with Yaḥyā.⁸⁰ These are two separate documents. Neither provides evidence of any causal relationship between the people’s agitation and the agency accusation.

Second, people’s agitation with Yaḥyā arose from debts owed not to Yaḥyā himself but to his deceased father, and their non-payment was directed not against Yaḥyā’s business but against his father’s estate. This emerges clearly from Goitein’s rather different translation: ‘the people became agitated and hostile to me, and whoever owed the old man [Yaḥyā’s deceased father] anything conspired to keep it from me’.⁸¹

Third, ‘the people’ were moved to act not by any informal ‘coalition’, but by the arrival of a power of attorney presaging a lawsuit. Yaḥyā’s father’s death evoked payment demands concerning which Yaḥyā lacked knowledge or involvement. Yaḥyā reported this to the head of the Tunisian Jewish community who promised him protection. But an Egyptian creditor sent a power of attorney authorizing litigation against Yaḥyā to a Qayrawān associate, whose brother took delivery of the legal instrument and ‘showed it to everyone’, giving rise to ‘the people’s’ hostility and non-payment.⁸² When the power of attorney was presented in court, the Jewish judge validated it and ‘stopped the affair’.⁸³ Yaḥyā asked his correspondent to reassure people in Fustat and pledged to honour court judgements in any legal suit.⁸⁴ Goitein interprets Yaḥyā as expressing the hope not to be compelled ‘to apply to a Muslim court or another Muslim authority’.⁸⁵

The agency conflict described in the other document concerning Yaḥyā was also conducted through legal steps, rather than informal sanctions. The document itself is a draft legal appeal against Yaḥyā in ‘the permanent court of Fustat’.⁸⁶ The complainant describes multiple legal procedures against Yaḥyā —appealing against

⁷⁷ Greif, ‘Reputation’, p. 870.

⁷⁸ For more detailed discussion, see Edwards and Ogilvie, ‘Enforcement’ (see above, n. 31), pp. 17–21.

⁷⁹ The document Greif quotes and footnotes (*ibid.*, p. 870, n. 56) has the archival reference BLO, Bodl. MS Heb. a 2 f. 17, and is glossed and translated in Goitein, *Letters*, Letter 18, pp. 101–7.

⁸⁰ BLO, Bodl. MS Heb. a 3 f. 26, glossed and translated in Goitein, *Letters*, Letter 17, pp. 95–101.

⁸¹ Compare Goitein, *Letters*, p. 104, with Greif, ‘Reputation’, p. 870.

⁸² Goitein, *Letters*, p. 104.

⁸³ *Ibid.*, p. 104.

⁸⁴ *Ibid.*, pp. 104–5.

⁸⁵ *Ibid.*, p. 105, n. 13.

⁸⁶ BLO, Bodl. MS Heb. a 3 f. 26; Goitein, *Letters*, Letter 17, pp. 95–101.

him in the Fustat court, proving damages ‘with well-confirmed documents and honest witnesses’, asking the Fustat court to ‘forward your findings to Qayrawān for the information of the court of Hananel [the chief Jewish judge there]’, and getting the Fustat court to provide a written record of its findings to show the Qayrawān court.⁸⁷ The complainant describes how he resorted to law because out-of-court settlement failed:

I had also thought that this [Yaḥyā] would reconsider the affair and return to the right way . . . so that I would not be forced to make known his doings to the communities of Israel in east and west, and in particular to the community of Jerusalem and the head of the high council there. I had hoped that he would spare me from disclosing my situation in the meetings of the gentiles and to their judges.⁸⁸

Both conflicts documented for Yaḥyā thus involved not just informal sanctions but formal legal procedures. The people’s agitation and non-payment of sums due to Yaḥyā’s father’s estate were evoked by the arrival of a formal power of attorney presaging a lawsuit. The agency conflict involved informally making Yaḥyā’s doings known in the wider community side-by-side with formally reporting him to Jewish and Muslim judges. Neither document shows agency conflicts being resolved through a merchant coalition. Instead, both show Maghribi traders using legal mechanisms to resolve debt claims and agency conflicts, not just locally but across long distances, since Qayrawān and Fustat were some 1,300 miles apart. This contradicts Greif’s claim that the legal system was inadequate to enforce agency relations in long-distance trade.

The five cases Greif uses thus contain no evidence of multilateral sanctions imposed on any opportunist by the collectivity of Maghribi traders. They document some reputational sanctions, but these involved limited transmission of information, primarily to locations and persons directly associated with the conflicting parties. As section IV shows, such reputational sanctions were used in many medieval mercantile economies and cannot be taken as evidence of a distinctive Maghribi traders’ coalition. Moreover, two of Greif’s five cases (those involving Khallūf and Yaḥyā) show the legal system playing a significant role, casting doubt on claims that inadequate legal mechanisms compelled Maghribis to develop an informal coalition.

Greif claims that the lack of evidence that any collective punishment actually operated among Maghribi traders does not invalidate his hypothesis, because ‘punishment is off-the-equilibrium path and rare events are not likely to appear in the historical documents’.⁸⁹ There are theoretical and epistemological problems with this notion. The coalition hypothesis is based on the theory of repeated games, in which punishment is off the equilibrium path provided that all players can perfectly observe all other players’ past actions. But the Maghribi traders cannot have perfectly observed the past actions of all other Maghribi merchants.⁹⁰ In such circumstances, Greif’s claim is incorrect: punishments will occur on the equilibrium path of play.⁹¹

⁸⁷ Goitein, *Letters*, pp. 96–8.

⁸⁸ *Ibid.*, p. 97.

⁸⁹ Greif, ‘Enforcement’ (see above, n. 19), p. 22, reiterating arguments in *idem*, ‘Reputation’, p. 868.

⁹⁰ For more detailed discussion, see Edwards and Ogilvie, ‘Enforcement’ (see above, n. 31), pp. 22–30.

⁹¹ Mailath and Samuelson, *Games*, chs. 7, 12.

Greif's argument also raises epistemological problems. If accepted, it would imply that one could argue that any institution exists (even if there is no evidence for it) by claiming that it creates beliefs obviating the need for the institution actually to operate. Lack of evidence for the institution's existence can then be dismissed on the grounds that this demonstrates that the institution is perfectly successful. Such an argument undermines the entire basis of empirical social science. Threats of what might happen if some behaviour were to take place may indeed prevent that behaviour from occurring. But concluding that the threats are important in deterring the behaviour requires better evidence than merely the absence of the behaviour.

II

Additional empirical problems further undermine the coalition hypothesis. Central to the hypothesis is the claim that Maghribis formed long-distance trading associations only with other Maghribis.⁹² But most Geniza scholars emphasize that Maghribi traders formed agency relations with non-Jews.⁹³ Greif acknowledges this evidence but claims such relationships were highly exceptional and do not weaken the assumption of a closed coalition.⁹⁴ How should we assess these incommensurate claims?

Most scholars regard the Geniza as under-representing relationships with non-Jews. As Goitein points out, since virtually all our information about the Maghribi traders comes from a synagogue storeroom in which writings that might bear the name of God in Hebrew characters were deposited, and merchants were likely to write to their Muslim colleagues using Arabic characters, 'it is natural that it should deal mainly with the commercial activities of Jews and between Jews'. Yet despite this sample selection bias, and all the practical reasons for coreligionists to trade within their own denomination, Goitein concludes that 'the Geniza letters reveal an astonishing degree of inter-denominational cooperation . . . Partnerships and other close business relationships between Jews and Muslims, or Hindus, or Christians were commonplace'.⁹⁵

Stillman's study of the Maghribi merchant Yūsuf b. 'Awkal reaches similar conclusions. So accustomed was Ibn 'Awkal to doing business with Muslim agents that he corresponded with them in Arabic script (the Maghribis typically wrote to each other in Hebrew script).⁹⁶ Some of these Muslim agents may have been doing straightforward tasks such as purchasing or packing.⁹⁷ But Stillman concludes that 'most of Ibn 'Awkal's agents were not employees, but rather smaller, and not so small, merchants who provided services to the House of Ibn 'Awkal not for any

⁹² Greif, 'Organization', pp. 104–5; idem, 'Enforcement' (see above, n. 19), p. 25.

⁹³ Ackerman-Lieberman, 'Partnership', pp. 56–7; Friedman, 'Quşayr', p. 401; Gil, *Countries*, p. 687; idem, 'Jews in Sicily', p. 122; idem, 'Merchants', pp. 281–2; Goitein, *Studies*, p. 350; idem, *Society*, vol. I, pp. 72, 85, 105, 116, 262, 281, vol. V, p. 4; Goldberg, 'Geographies', pp. 90–1, 177–80; Margariti, *Aden*, pp. 155–8, 203–5, 213–14; Stillman, 'House', pp. 20, 23; idem, 'Relations', pp. 314, 350–2, 365–70; Toch, 'Netzwerke', p. 233; Trivellato, *Familiarity*, pp. 14, 284.

⁹⁴ Greif, 'Reputation', p. 877; idem, 'Enforceability', p. 536.

⁹⁵ Goitein, *Studies*, p. 350.

⁹⁶ Stillman, 'House', p. 23, n. 3, referring to Taylor-Schechter Collection, Cambridge Univ. Library, TS 12.227 (no. 13); Stillman, 'Relations', pp. 365–70.

⁹⁷ Stillman, 'House', p. 20.

commission, but in order to request similar, reciprocal services from such an influential and well-connected business house'.⁹⁸ This suggests that some of these Muslim agents were engaged in long-distance trading relationships with Ibn 'Awkal. Certainly, at least two different Muslim agents were handling Ibn 'Awkal's goods in Alexandria on different occasions.⁹⁹

Gil mentions further business relationships between Maghribis and non-Jews. Yūsuf b. 'Awkal, he points out, also had business dealings with Christian merchants in Alexandria.¹⁰⁰ Another Maghribi trader describes trading in oil in which he has no individual share: 'all of it is in partnership between me and some Muslims and Jews, people of Sicily'.¹⁰¹ Still another partnership between a Maghribi merchant and a Muslim gave rise to a dispute resolved cooperatively when the Muslim judge explicitly requested the involvement of the Jewish judge.¹⁰² Gil also mentions a Muslim involved in long-distance trade with several different Maghribi merchants.¹⁰³ According to Goldberg, this same Muslim had a commercial relationship with yet another Maghribi.¹⁰⁴

This is not to claim that the Maghribi merchants primarily formed agency relationships with non-Maghribis, but simply to note that such relationships did exist.¹⁰⁵ Their existence is inconsistent with the coalition hypothesis, since it shows that the Maghribis must have had other mechanisms for enforcing agency agreements which did not rely on collective ostracism inside a closed coalition. Evidence of agency relations with non-Maghribis, combined with absence of evidence that any Maghribi coalition ever operated, raises the question of what mechanisms the Maghribis did use to enforce agency agreements in long-distance trade.

III

One mechanism was the legal system, as we have already seen in Greif's own examples. Non-Muslims could bring cases either to their own courts or to Muslim tribunals.¹⁰⁶ The Maghribi traders' first resort was to the Jewish legal system—a formal and public set of mechanisms open to all Jews, not just Maghribis or merchants, and used for a wide array of issues, not just commercial conflicts. But Maghribi traders also made use of Muslim legal institutions. Even in Jewish courts, Maghribi business associations typically used Muslim, rather than Jewish, legal forms of partnership.¹⁰⁷ Civil cases were usually brought before Jewish courts, but 'actions or deeds made before a qādī (Muslim judge) are often referred to. Frequently . . . the same transaction was made both before a Muslim and a Jewish

⁹⁸ *Ibid.*, p. 23.

⁹⁹ Stillman, 'Relations', pp. 314, 350–2.

¹⁰⁰ Gil, *Countries*, p. 687.

¹⁰¹ Gil, 'Jews', p. 122.

¹⁰² Gil, 'Merchants', p. 281.

¹⁰³ *Ibid.*, pp. 281–2.

¹⁰⁴ Goldberg, 'Geographies', pp. 90–1.

¹⁰⁵ For more detailed discussion, see Edwards and Ogilvie, 'Enforcement' (see above, n. 31), pp. 30–3.

¹⁰⁶ Goitein, *Society*, vol. I, pp. 66–8; Goldberg, 'Geographies', pp. 200–1.

¹⁰⁷ Goitein, *Society*, vol. I, p. 72; Udovitch, 'Origins'; *idem*, *Partnership*; Goldberg, 'Geographies', p. 208. Although cf. Ackerman-Lieberman, 'Partnership', esp. pp. 75–7, 195–6.

court, or one part was brought before a public tribunal and a complementary action before a Jewish court'.¹⁰⁸

If a Maghribi merchant failed to secure remedy from the Jewish legal system, he could appeal beyond it. Goitein describes how if a Jew failed to pay his debts, Jewish legal officials would 'bring him before the government', going so far as 'to reserve themselves the right to "extradite" him to the Muslim authorities'.¹⁰⁹ A debt dispute could also be 'brought before the sultan', whose jurisdiction evidently provided formal contract enforcement to which Maghribi merchants sometimes voluntarily resorted.¹¹⁰

Legal forms of enterprise were also available.¹¹¹ Maghribi traders established business associations in two main ways—mutual service agency and legal partnership. Mutual service agency or *ṣuḥba* (also translated as 'formal friendship') involved merchants performing services for each other without written contracts or remuneration, but on the expectation of future reciprocal services.¹¹² Legal partnership, by contrast, involved a written contract specifying the parties' investments, profit shares, and accounting obligations.¹¹³

Geniza scholars debate the relative importance of these types of association. Thus Goitein writes that informal cooperation between business friends 'was the main pattern of international trade', which 'was largely based, not upon cash benefits or legal guarantees, but on . . . mutual trust and friendship'.¹¹⁴ Udovitch estimates that, in terms of transaction numbers, informal business cooperation is mentioned 15–20 times more often than legal partnership.¹¹⁵ Using a much larger sample, Goldberg estimates that, in terms of proportion of text, three-quarters of discussion in merchant letters is devoted to mutual service agency and one-quarter to legal partnership.¹¹⁶ Ackerman-Lieberman argues that scholars' focus on private letters and neglect of legal material in the Geniza has over-emphasized informal association and fostered an unjustifiable dichotomy between informal and legal mechanisms.¹¹⁷ Almost certainly mutual service agency predominated, although the extent of its preponderance is uncertain. However, legal partnership was available to Maghribi traders, and many used it.¹¹⁸

Even mutual service agency did not operate independently of the legal system. A *ṣuḥba* was undertaken between a specific pair of individuals and was not typically transferable to third parties.¹¹⁹ It allowed one party to initiate a contract unilaterally through written instructions making the other responsible for specified tasks. The agent was free to refuse particular tasks, but had a responsibility not to

¹⁰⁸ Goitein, 'Cairo Geniza as a source', p. 79.

¹⁰⁹ Goitein, *Society*, vol. I, pp. 259–60 (quotation), 465 n. 192; Goldberg, 'Geographies', p. 201.

¹¹⁰ Gil, 'Merchants', p. 299.

¹¹¹ See Edwards and Ogilvie, 'Enforcement' (see above, n. 31), pp. 34–40.

¹¹² Goitein, *Society*, vol. I, p. 169; idem, 'Friendship', pp. 486–8; Goldberg, 'Merchants' (see above, n. 2), p. 16.

¹¹³ Goitein, *Society*, vol. I, p. 169–79; Udovitch, *Partnership*; Ackerman-Lieberman, 'Partnership'.

¹¹⁴ Goitein, *Society*, vol. I, pp. 165, 169.

¹¹⁵ Udovitch, 'Formalism', p. 73.

¹¹⁶ Goldberg, 'Geographies', p. 84.

¹¹⁷ Ackerman-Lieberman, 'Partnership', pp. 1–3, 158–62, 195–7.

¹¹⁸ On formal partnerships, see Goitein, *Society*, vol. I, pp. 169–79; idem, 'Friendship', pp. 486–8; Gil, 'Merchants', pp. 274–5, n. 2; Udovitch, 'Formalism', p. 73; Goldberg, 'Geographies', pp. 84, 152–4; Ackerman-Lieberman, 'Partnership', pp. 2–3, 159–62, 195–7; Stillman, 'Relations', for example, pp. 78–9.

¹¹⁹ Udovitch, 'Formalism', pp. 74–5; Goldberg, 'Geographies', pp. 154, 300–1, 398, 417.

abandon the principal's goods. Goldberg shows that merchants understood *ṣuḥba* as a formal relationship, since actions under a *ṣuḥba* could involve a lawsuit.¹²⁰ The rights and responsibilities of agency—the legal control over goods one did not own—were clearly defined in both Muslim and Jewish law.¹²¹ The principal could sue the agent for recovery of either his goods or the proceeds of their sale, or if the agent did not follow instructions.¹²² Thus the absence of a legal contract did not mean that mutual service agency was conducted wholly independently of the legal system. But its legal basis was less meticulously specified than with legal partnership, so *ṣuḥba* relationships prevailed mainly among Jewish merchants who regarded one another as trustworthy (although also with a few Muslim merchants).¹²³ Geniza letters refer to this constellation of trustworthy individuals as *aṣḥābunā*—‘our associates’ or ‘our colleagues’.¹²⁴

However, the *aṣḥābunā* differed fundamentally from Greif's hypothesized coalition. First, the *aṣḥābunā* were not closed: if a non-member established enough individual ties with existing members, he gradually became a member himself.¹²⁵ Second, the *aṣḥābunā* did not form a clearly defined group. According to Udovitch: ‘Informal business cooperation was a constellation of individual relationships whose skeins could tie together a fairly large number of people; but these bonds were never expressed in terms of membership of a group abstractly defined; rather, groups, insofar as they were defined, were defined in terms of individuals’.¹²⁶ Udovitch and Goldberg find that the *aṣḥābunā* consisted not of a single, cohesive, and well-defined coalition, but rather of multiple, overlapping webs of relationships: individuals who were *aṣḥābunā* also undertook business connections with individuals who were not *aṣḥābunā*.¹²⁷

Maghribi traders combined informal with formal agency relations. Goitein finds that ‘more often than not, informal cooperation was accompanied by one or more partnerships concluded between the correspondents, frequently with additional partners’.¹²⁸ Goldberg points out that ‘merchants entered into partnerships not only with members of the *aṣḥābunā* network, but with Muslim merchants and Jewish merchants outside the network’.¹²⁹ Goldberg and Cohen view formal partnerships as being used alongside informal cooperation to deal with particular ventures or accommodate additional participants.¹³⁰ Thus in 1085 Yāhūda b. Mūsā ibn Sighmār established a partnership for a venture in ambergris with his long-time business ‘friend’ Ibrahīm b. Faraj al-Raḥbī. No legal contract was mentioned, but when the partnership went bad Yāhūda took for granted that he could sue

¹²⁰ Goldberg, ‘Merchants’ (see above, n. 2), pp. 14–17.

¹²¹ *Ibid.*, p. 14.

¹²² Goitein, *Studies*, pp. 330, 335–6; Goldberg, ‘Merchants’ (see above, n. 2), p. 17; Goitein and Friedman, *Traders*, pp. 13, 27–36, 167–28.

¹²³ Goldberg, ‘Merchants’ (see above, n. 2), p. 17.

¹²⁴ Udovitch, ‘Formalism’, p. 78; Goldberg, ‘Merchants’ (see above, n. 2), p. 11; eadem, ‘Geographies’, pp. 177–80.

¹²⁵ Goldberg, ‘Geographies’, p. 37; eadem, ‘Merchants’ (see above, n. 2), p. 12.

¹²⁶ Udovitch, ‘Formalism’, pp. 74–5.

¹²⁷ Udovitch, ‘Formalism’, pp. 74–5; Goldberg, ‘Geographies’, pp. 155–6, 180–1, 185, 192–6, 243–4, 282, 289–95, 302–3, 396–8, 405, 412–14.

¹²⁸ Goitein, *Society*, vol. I, p. 167.

¹²⁹ Goldberg, ‘Merchants’ (see above, n. 2), p. 19.

¹³⁰ Goldberg, ‘Geographies’, p. 173; Cohen, ‘Partnership’.

Ibrahīm in Jewish or Muslim courts.¹³¹ Maghribis thus enforced agency agreements by combining informal with formal mechanisms.¹³²

Other Maghribi business practices facilitated this combination of informal with formal enforcement. Transactions were carried out in public. Bargains, opening of shipments, and other transactions were recorded in writing by clerks and witnessed by members of the merchant community, often *aṣḥābunā*.¹³³ Such informal monitoring facilitated formal proceedings: ‘by conducting most actions in front of these witnesses, merchants gave themselves access to redress from the Jewish court in addition to that of Muslim courts’.¹³⁴

This is not surprising, since Maghribi traders did enforce agency relations legally.¹³⁵ They litigated in Jewish courts against business associates who defaulted on payments. They appointed legal representatives to collect debts from distant business associates. They demanded that Jewish authorities in remote trading centres enforce unpaid debts. Maghribi merchants also resolved disputes with Muslim trading partners before Muslim (and Jewish) judges. They got Muslim courts to draw up deeds recording debts owed by Jewish business associates. And they pursued debts owed by business associates before ‘the sultan’.¹³⁶ Maghribi traders suing unsatisfactory business partners openly envisaged resort to ‘gentile’ (that is, Muslim) courts, as in 1085 when Judah b. Moses b. Sighmār litigated against his long-time business ‘friend’ and issued power of attorney to Eli b. Yaḥyā ‘to make the claim in any court he wants, even with the assistance of gentiles’.¹³⁷

Greif attempts to resurrect his view that legal enforcement was unimportant for Maghribi agency relationships by referring to Goldberg’s finding that just 5 per cent of merchant letters and 1 per cent of their text refer to legal action.¹³⁸ There are three problems with this argument.

First, we have no comparative studies of merchant correspondence or legal documents in other mercantile economies, so it is impossible to assert that such figures are either very low or very high. Lacking comparative analysis of equivalent datasets of documents generated by Maghribi and other (for example, Genoese) merchants and their respective legal systems, no sensible conclusions can be drawn concerning the relative importance of the legal system to their agency relations.

Second, the only potentially meaningful comparison—within the corpus of the Geniza letters—leads Goldberg herself to the opposite conclusion, since *‘ird* (the type of reputation at centre-stage in Greif’s coalition hypothesis) is mentioned very rarely, less often than legal mechanisms: ‘Appeals and reports of witnessing are common . . . (they appear in one-third of letters); legal action is mentioned, prepared, or threatened in 5 percent of letters; but appeals and threats referring to

¹³¹ Cohen, ‘Partnership’.

¹³² Goldberg, ‘Geographies’, pp. 84, 152–4; Ackerman-Lieberman, ‘Partnership’, pp. 2–3, 159–62, 195–7.

¹³³ Goldberg, ‘Geographies’, pp. 1–2, 179; eadem, ‘Merchants’ (see above, n. 2), p. 10.

¹³⁴ Goldberg, ‘Merchants’ (see above, n. 2), p. 11 (quotation); eadem, ‘Geographies’, p. 205.

¹³⁵ For more detailed discussion, see Edwards and Ogilvie, ‘Enforcement’ (see above, n. 31), pp. 41–5.

¹³⁶ See the examples documented in Goitein, *Society*, vol. I, pp. 68–9; Gil, ‘Merchants’, pp. 298–9, 308, 314; Goldberg, ‘Geographies’, pp. 200–8; Cohen, ‘Partnership’.

¹³⁷ BLO, Bodl. MS Heb. c 28.11, 2 March 1085, lines 26–7; cited according to translation in Cohen, ‘Partnership’.

¹³⁸ Greif, ‘Enforcement’ (see above, n. 19), pp. 1, 3–4. Figures in Goldberg, ‘Geographies’, pp. 106–7; eadem, ‘Merchants’ (see above, n. 2), pp. 25, 58, n. 204.

one's reputation for honesty, 'ird, occur in less than 1 percent of letters'.¹³⁹ From this, Goldberg concludes that Greif's idea of self-enforcing reputation 'was a minor plank laid on top of an important framework of market and legal institutions'.¹⁴⁰

A third problem is sample selection bias. Geniza scholars repeatedly emphasize that the Geniza archive almost certainly under-represents legal disputes. Goitein, Stillman, and Goldberg point out that legal cases recorded in Arabic script (necessary for Muslim courts) escape the Geniza depositing rules (applicable to documents in Hebrew characters that might bear the name of God).¹⁴¹ Ackerman-Lieberman contends that scholars' relative neglect of Geniza legal materials in favour of personal letters under-emphasizes merchants' use of legal mechanisms.¹⁴² Goldberg argues that reliance on personal letters for Maghribi traders but on legal contracts for European merchants may exaggerate the perceived difference between their business practices.¹⁴³ Finally, merchant letters are likely to under-represent governmental institutions because 'writers took these structures for granted and did not need to devote the same degree of space in their letters to discussing their management as they did for structures they maintained themselves'.¹⁴⁴

Notwithstanding these problems, Greif seeks to shore up his argument by claiming that court documents involving agency relations comprise only three of the 745 merchant letters in Gil's Geniza corpus.¹⁴⁵ To arrive at this tally, he redefines agency disputes as constituting only those involving 'misconduct', from which he apparently excludes delays or failures in making payments.¹⁴⁶ No justification is given for this extremely narrow redefinition of agency conflicts, which might well exclude several of Greif's own five examples of the putative coalition. Even if such a restricted redefinition were to be accepted, the relevant measure is surely not the fraction of all letters in Gil's corpus, which cover all aspects of life. Greif's three narrowly defined agency disputes actually comprise one-quarter of the 12 trade-related legal documents Greif finds in Gil's corpus.¹⁴⁷ Lacking comparative studies, is this percentage high or low?

While sample selection bias and lack of comparative studies preclude using the Geniza documents in isolation to evaluate the quantitative importance of legal mechanisms, these papers do show that Maghribi merchants took for granted the existence of a formal legal framework which could be used, if necessary, to enforce agency relationships. This is precisely the conclusion Goldberg reaches:

The credibility of this threat [of legal action] is made clear by fragmentary records from a number of eleventh-century mercantile lawsuits . . . Perhaps most important in this regard is not the evidence of redress of failure, but how common the safeguard of witnessing was: discussion and securing of witnesses of course appears in nearly every potential lawsuit, and are taken for granted in market acts . . .¹⁴⁸

¹³⁹ Goldberg, 'Geographies', p. 162.

¹⁴⁰ Goldberg, 'Merchants' (see above, n. 2), p. 26.

¹⁴¹ Goitein, *Studies*, p. 350; Stillman, 'Relations', p. 58; Goldberg, 'Geographies', pp. 5, 142, n. 44.

¹⁴² Ackerman-Lieberman, 'Partnership', pp. 1–3.

¹⁴³ Goldberg, 'Geographies', p. 152.

¹⁴⁴ *Ibid.*, p. 187.

¹⁴⁵ Greif, 'Enforcement' (see above, n. 19), pp. 4–5.

¹⁴⁶ *Ibid.*, pp. 4, n. 5, 16.

¹⁴⁷ *Ibid.*, pp. 4–5.

¹⁴⁸ Goldberg, 'Merchants' (see above, n. 2), pp. 24–5.

In the words of one Maghribi trader pursuing a defaulting business associate in 1085, ‘If something can be agreed upon outside of court among you . . . you should all do it. If not, a court judgment would be the most decisive thing’.¹⁴⁹

Greif further seeks to defend his view that Maghribi agency relationships did not rely on legal enforcement by claiming that merchants’ use of the legal system was usually involuntary and was mainly restricted to relationships with non-Maghribis or to inheritance conflicts where legal involvement was mandatory.¹⁵⁰ The evidence contradicts this.

Some legal conflicts certainly arose between Maghribi and non-Maghribi business associates. But this merely reinforces the finding that the Maghribi traders did not constitute a closed coalition, instead forming long-distance trading relationships with outsiders, precisely because they could enforce them legally if necessary. In the early eleventh century, for instance, a Maghribi trader and his Muslim partner resolved a business conflict before the Jewish *dayyān* and the Muslim *qādī*.¹⁵¹ Around 1063, a Muslim merchant in Tunisia involved in a flax deal with a Maghribi merchant defaulted on payments and was brought before ‘the Sultan’ to enforce payment.¹⁵²

However, other legal conflicts over business associations arose purely among Maghribis. Such litigation was not restricted to inheritance conflicts, but involved business associations among living merchants. In one of Greif’s own examples (oddly adduced as an instance of informal, coalition-based enforcement), we met the Fustat merchant who was in 1041–2 suing the estate of his deceased business partner, Mūsā ibn al-Majjanī, but being careful to note that he had an outstanding suit against the living son, Yaḥyā ibn al-Majjanī.¹⁵³ Around 1050, several Jewish merchants in Sicily brought accusations ‘in front of Muslim authorities (“the Sultān”)’ over agency relationships involving wares from Egypt.¹⁵⁴ Around 1063, a Maghribi merchant in Palermo sued a fellow Maghribi in Alexandria over various trading associations: a Jewish judge heard the case, the Jewish elders investigated the accounts, and the Jewish court imposed a complicated settlement.¹⁵⁵ In 1076, two Maghribi merchants brought a conflict over their business association to the Alexandria rabbinical court, referring to ‘a deed which had been drawn up in a Muslim court’.¹⁵⁶ In 1085, a Maghribi merchant in Alexandria issued a power of attorney to an associate in Fustat to litigate, in Muslim courts if necessary, against his former business partner over a trading partnership to Syria.¹⁵⁷ In 11 hearings in the Fustat rabbinical court in the 1090s, a Fustat merchant sued his Tripoli partner over an ‘informal commercial collaboration’ supplemented by formal contracts in ventures to Aden and India, accusing the partner of having ‘sold

¹⁴⁹ BLO, Bodl. MS Heb. d 66.5, 2 March 1085, here lines 5–7; cited according to translation in Cohen, ‘Partnership’.

¹⁵⁰ Greif, ‘Enforcement’ (see above, n. 19), pp. 2, 4–7, 11, 14.

¹⁵¹ Gil, ‘Merchants’, p. 281.

¹⁵² Goitein, *Letters*, p. 130.

¹⁵³ *Ibid.*, pp. 95–101; Gil, ‘Merchants’, pp. 288, 297; Goldberg, ‘Geographies’, p. 297; cf. Greif, ‘Reputation’, p. 870.

¹⁵⁴ Goldberg, ‘Geographies’, pp. 2–3.

¹⁵⁵ Goitein, *Letters*, pp. 119–34, here esp. pp. 120, 134.

¹⁵⁶ Gil, ‘Merchants’, p. 299.

¹⁵⁷ Cohen, ‘Partnership’.

textiles in the Red Sea port of Dahlak, against [his] express instructions'.¹⁵⁸ An undated eleventh-century conflict between a Maghribi trader and his brother in Qayrawān over a joint business venture to Egypt was brought before a Jewish judge.¹⁵⁹ Another undated eleventh-century conflict involved a deed of proxy from a Maghribi merchant in Alexandria to another merchant in Fustat to represent him in court in a conflict with his former business partner from al-Mahdiyya.¹⁶⁰ Maghribi traders thus did use legal mechanisms to enforce agency agreements when informal mechanisms failed.

IV

Finally, how should we assess claims that the Maghribi traders demonstrate cultural beliefs to be major determinants of institutional and economic development? As mentioned earlier, Greif counterposes the 'collectivist' cultural beliefs of the Maghribi traders ('non-Muslims who adopted the values of the Muslim society') to the 'individualistic' culture of Genoese merchants (Italians and Christians).¹⁶¹ Despite facing the same technology and opportunities, he claims, the Maghribis' collectivist culture made them develop the informal coalition while individualism made Genoese merchants develop a formal legal system.¹⁶² According to Greif, 'the Maghribis' institutions resemble those of contemporary developing countries, whereas the Genoese institutions resemble the developed West, suggesting that the individualistic system may have been more efficient in the long run'.¹⁶³ Greif then uses Maghribi collectivism to support his view that 'motivation provided by beliefs and norms . . . is the linchpin of institutions'.¹⁶⁴ Aoki, too, buttresses his definition of an institution as 'a self-sustaining system of shared beliefs'¹⁶⁵ by referring to the Maghribis as a collectivist culture which was 'inferior in its capacity to exploit new exchange opportunities'.¹⁶⁶

Do Maghribi business practices support these propositions? They do not. As we have seen, the Maghribis used the legal system to register trading partnerships and to litigate against unsatisfactory agents. Legal mechanisms involved costs, delays, and risks, so Maghribi traders used them rarely, preferring to enforce agency agreements using informal mechanisms. But this was no unique manifestation of Maghribi cultural collectivism.

Medieval Genoese merchants also enforced agency relations using informal sanctions based on social networks. Byrne, for instance, finds that twelfth-century Genoese merchants relied chiefly on 'verbal agreements based on custom, on mutual trust and personal reputation, with the simple handclasp as the binding tie'.¹⁶⁷ Dahl argues that thirteenth- and fourteenth-century merchants in Italian cities including Genoa controlled their overseas agents primarily through informal

¹⁵⁸ Goitein, *Studies*, pp. 330, 335–6; Goitein and Friedman, *Traders*, pp. 13, 27–36, 167–281 (quotation p. 33).

¹⁵⁹ Gil, 'Merchants', pp. 306–7.

¹⁶⁰ *Ibid.*, pp. 311–12.

¹⁶¹ See Greif, 'Beliefs'; *idem*, *Institutions*, p. 279, also chs. 3 and 9.

¹⁶² Greif, *Institutions*, p. 300.

¹⁶³ *Ibid.*, pp. 300–1.

¹⁶⁴ *Ibid.*, pp. 39 (quotation), 45.

¹⁶⁵ Aoki, *Analysis*, p. 10.

¹⁶⁶ *Ibid.*, p. 73.

¹⁶⁷ Byrne, *Shipping*, pp. 28–9.

networks of trust.¹⁶⁸ Court maintains that as late as the sixteenth century, ‘With no durable centralized state institutions to regulate and bolster long-distance trade, Genoese merchants relied on informal networks consisting of a combination of close associates and transient partners’.¹⁶⁹

Other Italian merchants also used informal sanctions and social networks to manage agency relationships. De Roover describes thirteenth-century Italian merchants as favouring business relationships among networks of friends and relatives precisely because these facilitated social sanctions against opportunism.¹⁷⁰ Goldthwaite argues that fifteenth-century Florentine merchants ‘could not have conducted the kind of business activity they engaged in without continual contact with one another and without an implicit trust in one another, for independent as they were in an organizational sense, they had to work through the far-flung web of relations they all depended on’.¹⁷¹ According to McLean and Padgett, this informal merchant network can be substantiated empirically: ‘we know statistically that such an implicit system did indeed exist’.¹⁷²

Merchants in northern Europe also managed agency relations through informal networks. According to Selzer and Ewert, German Hanseatic merchants in the medieval Baltic formed a cohesive network, cemented by reputation and cultural ties, which meant that they ‘largely dispensed with contractual relationships for their business dealings with one another. As late as the fifteenth century, business dealings based on reciprocity predominated . . . The network guaranteed . . . the effectiveness of a multilateral reputation mechanism in which uncooperative or fraudulent behaviour by individual members was penalized by loss of reputation and thus loss of business. Instead of bilateral contracts fixed in writing . . . reputation and trust typically sufficed’.¹⁷³ Gelderblom observes the same for sixteenth-century Dutch merchants: ‘Kinship, shared cultural beliefs, or the prospect of repeat transactions generated trust among merchants and induced them to respect the agreed-on terms of payment and delivery’.¹⁷⁴

Studies of Genoa, Florence, Germany, and the Netherlands thus all find merchants enforcing agency relations using reputation and informal sanctions within social networks. In these economies, legal mechanisms of contract enforcement were available, just as they were for the Maghribis. But disputes were usually resolved using informal, reputation-based sanctions, in which social networks played an important role, and the legal system was typically employed only as a last resort. Gelderblom finds that the Dutch merchant Hans Thijs sedulously avoided formal litigation against defaulting agents, preferring relational contracting, amicable settlement, and informal pressure; if these failed, ‘he took his losses rather than engaging in endless litigation’.¹⁷⁵ Selzer and Ewert find that Hanseatic merchants preferred informal pressures within their network to legal sanctions against business agents they felt had fleeced them.¹⁷⁶ Such findings suggest that the

¹⁶⁸ Dahl, *Trade*, esp. pp. 39–41, 95–7, 271–3, 285–6, 292–6.

¹⁶⁹ Court, ‘*Jamuensis*’, p. 987.

¹⁷⁰ de Roover, *Medici*, p. 21.

¹⁷¹ Goldthwaite, ‘*Medici*’, p. 23.

¹⁷² McLean and Padgett, ‘*Florence*’, p. 233.

¹⁷³ Selzer and Ewert, ‘*Institutionenökonomik*’, pp. 24–5; additional examples in *idem*, ‘*Netzwerke*’, pp. 30–3.

¹⁷⁴ Gelderblom, ‘*Governance*’, pp. 607 (quotation), 620, 622, 624.

¹⁷⁵ *Ibid.*, p. 634.

¹⁷⁶ Selzer and Ewert, ‘*Netzwerke*’, pp. 33–5.

similarities between Maghribi and European merchants were more striking than the differences.

The cultural theory of Maghribi-European divergence makes a second claim—that European individualism generated family firms while Maghribi collectivism fostered a broader merchant ‘coalition’.¹⁷⁷ But here, too, the premise of the argument is false. Most Geniza scholars find plentiful evidence of Maghribi merchants forming family firms. According to Goitein, the Tāhertī family firm of Qayrawān, ‘ideally exemplify a family business’, being described in one Geniza letter as ‘one band, united by one spirit’.¹⁷⁸ Stillman argues that great family business houses were common in eleventh-century Geniza records,¹⁷⁹ and recounts how ‘most business undertakings were done entirely with the family’s capital’, with non-familial partnerships typically infrequent and short-term.¹⁸⁰ Goitein describes family partnerships between fathers and sons, uncles and nephews, and elder and younger brothers.¹⁸¹ Such partnerships were sometimes explicitly intended to ensure that the family business would survive generational turnover, as with Hillel b. Eli whose will instructed his brother (who was also his business partner) ‘to continue the partnership until it could be formally reinstated when the orphans came of age’.¹⁸² Goldberg points out that ‘some 20 percent of business letters mention a female relative, attesting to the high proportion of business relationships based on close family ties’.¹⁸³

Far from contrasting Maghribi traders with Italian merchants, a number of Geniza scholars emphasize their similarities in establishing family firms. Goitein, for instance, describes the family firms of the Maghribis as resembling those of the medieval Venetians.¹⁸⁴ Stillman characterizes the Ibn ‘Awkal family firm as being ‘reminiscent of the *fraterne* which later were to dominate Venetian business life’,¹⁸⁵ likening it to ‘the Medici in Florence, the Datini, or Pisani in Venice, the Grimaldi in Genoa, or the Arnolfini in Lucca’.¹⁸⁶

Conversely, medieval Italian trade had family firms, but was not dominated by them. A database of over 11,000 Genoese commercial agreements reveals that intra-family relationships accounted for less than 5 per cent of all long-distance trading associations established 1154–1210, rising to 10 per cent around 1240 and 20 per cent around 1300.¹⁸⁷ As van Doosselaere points out, this finding contradicts the widely held view ‘that kinship ties formed the basic Genoese business units that spurred the commercial revolution’.¹⁸⁸ Italian merchants, like Maghribi merchants, traded both as individuals and in family firms. Evidence on business forms does not substantiate a fundamental cultural divide between Maghribi and Italian merchants.

¹⁷⁷ Greif, ‘Beliefs’, pp. 940–1; idem, ‘Reputation’, pp. 875–6.

¹⁷⁸ Goitein, *Society*, vol. I, pp. 180–1.

¹⁷⁹ Stillman, ‘House’, p. 21.

¹⁸⁰ Stillman, ‘Relations’, pp. 49, 71–2, 78 (quotation).

¹⁸¹ Goitein, *Society*, vol. I, pp. 180–3.

¹⁸² *Ibid.*, pp. 180–1.

¹⁸³ Goldberg, ‘Geographies’, p. 75; see also pp. 175–6, 352.

¹⁸⁴ Goitein, *Society*, vol. I, p. 181.

¹⁸⁵ Stillman, ‘Relations’, pp. 49, 71–2, 78 (quotation).

¹⁸⁶ Stillman, ‘House’, p. 83 (quotation); Stillman, ‘Relations’, p. 166.

¹⁸⁷ van Doosselaere, *Agreements*, pp. 13–17, 178 (fig. 5.1).

¹⁸⁸ *Ibid.*, p. 179.

The cultural theory of Maghribi-European divergence makes a third claim—that by the twelfth century ‘collectivism’ was leading to Maghribi commercial decline and ‘individualism’ to Genoese commercial dominance.¹⁸⁹ But commercial divergence between Maghribi and Genoese traders can be explained by the broader institutional framework and the historical conjunctures they faced, without appealing to unobservable cultural differences.

For one thing, the Maghribi traders were a Jewish minority in Muslim-ruled polities, while Genoese merchants enjoyed full citizens’ rights in their own autonomous city-state. Their contrasting socio-political status had inevitable repercussions for the two groups’ respective socio-economic privileges, legal entitlements, political influence, and relations with the majority population.¹⁹⁰ Second, political and military instability increased commercial insecurity in the central Mediterranean from the mid-eleventh century on. This caused the Maghribi traders to reduce the geographical scope of their trade and intensify their involvement in intraregional commerce and local industry.¹⁹¹ Genoese merchants, by contrast, were protected from commercial insecurity by the Genoese navy, precisely because merchants were important in the Genoese polity.¹⁹² A third reason for apparent Maghribi decline is that the frequency of merchant correspondence in the Cairo Geniza—the sole source of information about the Maghribi traders—was reduced in the later twelfth century when the most affluent Jewish merchants moved away from Old Cairo to New Cairo, the seat of government.¹⁹³ Finally, at the beginning of the thirteenth century, a powerful association of Muslim merchants, the Kārīmis, secured privileges from the political authorities granting it an extensive legal monopoly and excluding outsiders from many aspects of long-distance trade.¹⁹⁴

A number of observable characteristics of the constraints facing Maghribi traders thus differed from those facing Genoese merchants, and changed over this period. There is no need to appeal to an unverifiable cultural ‘collectivism’ to explain the decline of the former and the success of the latter.

V

What can we conclude from this reappraisal of the Maghribi traders? First, there is no evidence that the Maghribi traders enforced long-distance agency relations through the hypothesized coalition. Second, the Maghribis cannot be used to advocate exclusive, private-order social networks to enforce contracts and facilitate exchange in developing economies. Third, the Maghribis provide no foundation for a ‘cultural’ theory of development.

Not a single empirical example adduced to support the coalition hypothesis shows that it actually existed. The Maghribis enforced contracts using a combi-

¹⁸⁹ Greif, *Institutions*, pp. 300–1; idem, ‘Beliefs’, pp. 942–3; North, *Understanding*, p. 136; Aoki, *Analysis*, for example, pp. 10, 73.

¹⁹⁰ Goitein, *Society*, vol. I, pp. 29–73, 266–72; Goldberg, ‘Geographies’, pp. 16, 32, 130–1, 187–99, 208–11, 327–9, 395–9; Epstein, *Genoa*, pp. 40–9, 66–70, 76–8, 111–12.

¹⁹¹ Stillman, ‘Relations’, p. 17; Gil, ‘Institutions’, p. 154; Goldberg, ‘Geographies’, esp. pp. 251–2, 269–306, 397–400, 404.

¹⁹² van Doosselaere, *Agreements*, pp. 30–43, 48–50; Epstein, *Genoa*, pp. 40–9, 66–70, 76–8, 111–12.

¹⁹³ Goitein, *Society*, vol. I, pp. 148–9.

¹⁹⁴ *Ibid.*, vol. 1, pp. 38, 148–9.

nation of legal and informal mechanisms. They supplemented informal bilateral mechanisms with reputational pressure based on a wider group of Maghribi traders, but this was restricted to social circles in contact with the conflicting parties and did not remotely encompass the entire community of Maghribi traders throughout the Mediterranean. Such use of social ties in mercantile relationships is no different from that observed in many pre-modern economies, including Genoa, Florence, Germany, and the Netherlands. In not a single case can private-order enforcement of agency agreements through collective ostracism by a Maghribi coalition be observed in operation. We must therefore reject the hypothesis that such an institution existed.

The Maghribis provide no support for the idea that the ‘social capital’ of exclusive, private-order networks can substitute for legal mechanisms to support economic development. The web of trust-based business relationships among *aṣḥābunā* did play a role in Maghribi contract enforcement, but the *aṣḥābunā* did not comprise a closed or clearly defined group. Merchants who were *aṣḥābunā* formed multiple, overlapping networks, and undertook business associations with individuals who were not *aṣḥābunā*. Agency relationships also existed between Maghribi and Muslim traders, precisely because contracts could be enforced using legal institutions. Maghribi traders avoided litigation if possible. But as a last resort they used legal mechanisms to enforce agency agreements. Their long-distance trade was not conducted solely using private-order enforcement mechanisms.

Finally, the Maghribis provide no support for ‘cultural’ theories of economic development. Maghribis made voluntary use of legal procedures alongside informal mechanisms, and established family firms explicitly described by Geniza scholars as resembling (but pre-dating) the great merchant houses of medieval Italy. Conversely, merchants in medieval Italy and other parts of Europe used informal sanctions alongside legal enforcement. Medieval Genoese trade, although it had family firms, was not dominated by them. There is no evidence that the Maghribis were inherently more ‘collectivist’ than any other medieval trading culture. They cannot be used as the foundation for a cultural theory of European developmental superiority.

A scrupulous examination of the Maghribi case, however, does offer promising insights into the institutional basis for impersonal exchange. First, the Geniza merchants, like other long-distance trading groups, successfully managed long-distance agency relations using a variegated array of institutions—informal, quasi-formal, and legal. Second, informal and formal mechanisms were often mobilized in tandem and reinforced each other’s effectiveness. Third, the precise combination of public and private institutions actually deployed can only be understood by taking account of the broader institutional framework and the historical conjunctures merchants faced. Acknowledging the full range of mechanisms used by the Maghribi traders offers an essential first step towards a more comprehensive theory of the institutions needed for market-based development.

Date submitted

18 April 2010

Revised version submitted

1 December 2010

Accepted

16 December 2010

DOI: 10.1111/j.1468-0289.2011.00635.x

Footnote references

- Ackerman-Lieberman, P. I., 'A partnership culture: Jewish economic and social life seen through the legal documents of the Cairo Geniza', 2 vols. (unpub. Ph.D. thesis, Princeton Univ., 2007).
- Aoki, M., *Toward a comparative institutional analysis* (Cambridge, Mass., 2001).
- Bernstein, L., 'Opting out of the legal system: extralegal contractual relations in the diamond industry', *Journal of Legal Studies*, 21 (1992), pp. 115–57.
- Bernstein, L., 'Private commercial law in the cotton industry: creating cooperation through rules, norms, and institutions', *Michigan Law Review*, 99 (2001), pp. 1724–90.
- Byrne, E. H., *Genoese shipping in the twelfth and thirteenth centuries* (Cambridge, Mass., 1930).
- Clay, K., 'Trade without law: private-order institutions in Mexican California', *Journal of Law, Economics and Organization*, 13 (1997), pp. 202–31.
- Cohen, M. R., 'A partnership gone bad: a letter and a power of attorney from the Cairo Geniza, 1085', in M. Ghannam, ed., *The Sasson Somekh Festschrift* [not yet titled] (Tel Aviv, forthcoming).
- Court, R., '*Januensis ergo mercator*: trust and enforcement in the business correspondence of the Brignole family', *Sixteenth Century Journal*, XXXV (2004), pp. 987–1003.
- Dahl, G., *Trade, trust and networks: commercial culture in late medieval Italy* (Lund, 1998).
- van Doosselaere, Q., *Commercial agreements and social dynamics in medieval Genoa* (Cambridge, 2009).
- Durlauf, S. N. and Fafchamps, M., 'Social capital', in P. Aghion and S. N. Durlauf, eds., *Handbook of economic growth*, vol. 1B (Amsterdam and London, 2005), pp. 1639–99.
- Epstein, S. A., *Genoa and the Genoese, 958–1528* (Chapel Hill, N.C., 1996).
- Faïlle, C., 'Trading on reputation', *Reason*, 38, 8 (2007), pp. 66–9.
- Friedman, M. A., 'Qusayr and Geniza documents on the Indian Ocean trade', *Journal of the American Oriental Society*, 126 (2006), pp. 401–9.
- Gelderblom, O., 'The governance of early modern trade: the case of Hans Thijs, 1556–1611', *Enterprise and Society*, 4 (2003), pp. 606–39.
- Gil, M., 'The Jews in Sicily under Muslim rule, in the light of the Geniza documents', *Italia Judaica. Atti Del I Convegno Internazionale Bari 18–22 Maggio 1981*, 2 (1983), pp. 87–134.
- Gil, M., *Palestine during the first Muslim period (634–1099)*, 3 vols. (Tel Aviv, 1983) [in Hebrew and Arabic].
- Gil, M., *A history of Palestine 634–1099* (Cambridge, 1992).
- Gil, M., 'The Jewish merchants in the light of eleventh-century Geniza documents', *Journal of the Economic and Social History of the Orient*, 46 (2003), pp. 273–319.
- Gil, M., 'Institutions and events of the eleventh century mirrored in Geniza letters (part I)', *Bulletin of the School of Oriental and African Studies*, 67 (2004), pp. 151–67.
- Goitein, S. D., 'The Cairo Geniza as a source for the history of Muslim civilisation', *Studia Islamica*, 3 (1955), pp. 75–91.
- Goitein, S. D., *Studies in Islamic history and institutions* (Leiden, 1966).
- Goitein, S. D., *A Mediterranean society: the Jewish communities of the Arab world as portrayed in the documents of the Cairo Geniza*, 5 vols. (Berkeley and Los Angeles, 1967–93).
- Goitein, S. D., 'Formal friendship in the medieval near east', *Proceedings of the American Philosophical Society*, 115 (1971), pp. 484–9.
- Goitein, S. D., *Letters of medieval Jewish traders* (Princeton, N.J., 1973).
- Goitein, S. D. and Friedman, M. A., *India traders of the middle ages: documents from the Cairo Geniza: 'India book'* (Leiden and Boston, 2008).
- Goldberg, J., 'Geographies of trade and traders in the eleventh-century Mediterranean: a study based on documents from the Cairo Geniza' (unpub. Ph.D. thesis, Columbia Univ., 2005).
- Goldthwaite, R. A., 'The Medici bank and the world of Florentine capitalism', *Past and Present*, 114 (1987), pp. 3–31.
- Greif, A., 'The organization of long-distance trade: reputation and coalitions in the Geniza documents and Genoa during the eleventh and twelfth centuries' (unpub. Ph.D. thesis, Northwestern Univ., 1989).
- Greif, A., 'Reputation and coalitions in medieval trade: evidence on the Maghribi traders', *Journal of Economic History*, XLIX (1989), pp. 857–82.
- Greif, A., 'Contract enforceability and economic institutions in early trade: the Maghribi traders' coalition', *American Economic Review*, 83 (1993), pp. 525–48.
- Greif, A., 'Cultural beliefs and the organization of society: a historical and theoretical reflection on collectivist and individualist societies', *Journal of Political Economy*, 102 (1994), pp. 912–50.
- Greif, A., *Institutions and the path to the modern economy: lessons from medieval trade* (Cambridge, 2006).
- Macaulay, S., 'An empirical view of contract', *Wisconsin Law Review* (1985), pp. 465–82.
- Mailath, G. J. and Samuelson, L., *Repeated games and reputations: long-run relationships* (New York, 2006).
- Margariti, R. E., *Aden and the Indian Ocean trade: 150 years in the life of a medieval Arabian port* (Chapel Hill, N.C., 2007).
- McLean, P. D. and Padgett, J. F., 'Was Florence a perfectly competitive market? Transactional evidence from the Renaissance', *Theory and Society*, 26 (1997), pp. 209–44.
- McMillan, J. and Woodruff, C., 'Private order under dysfunctional public order', *Michigan Law Review*, 98 (2000), pp. 2421–58.

- Miguel, E., Gertler, P., and Levine, D., 'Does social capital promote industrialization? Evidence from a rapid industrializer', *Review of Economics and Statistics*, 87 (2005), pp. 754–62.
- North, D. C., *Understanding the process of economic change* (Princeton, N.J., 2005).
- O'Driscoll, G. P. and Hoskins, L., 'The case for market-based regulation', *Cato Journal*, 26 (2006), pp. 469–87.
- de Roover, R., *The Medici bank: its organization, management, operations and decline* (New York, 1948).
- Selzer, S. and Ewert, U.-C., 'Die neue Institutionenökonomik als Herausforderung an die Hanseforschung', *Hansische Geschichtsblätter*, 123 (2005), pp. 7–29.
- Selzer, S. and Ewert, U. C., 'Netzwerke im europäischen Handel des Mittelalters. Konzepte—Anwendungen—Fragestellungen', in G. Fouquet and H.-J. Gilomen, eds., *Netzwerke im europäischen Handel des Mittelalters* (Ostfildern, 2010), pp. 21–48.
- Simonsohn, S., *The Jews in Sicily, I: 383–1300* (Leiden, 1997).
- Stillman, N. A., 'East-west relations in the Islamic Mediterranean in the early eleventh century: a study in the Geniza correspondence of the house of Ibn 'Awkal' (unpub. Ph.D. thesis, Univ. of Pennsylvania, 1970).
- Stillman, N. A., 'The eleventh century merchant house of Ibn 'Awkal (a Geniza study)', *Journal of the Economic and Social History of the Orient*, XVI (1973), pp. 15–88.
- Stillman, N. A., 'A case of labor problems in medieval Egypt', *International Journal of Middle East Studies*, 5 (1974), pp. 194–201.
- Toch, M., 'Netzwerke im jüdischen Handel des Früh- und Hochmittelalters?', in G. Fouquet and H.-J. Gilomen, eds., *Netzwerke im europäischen Handel des Mittelalters* (Ostfildern, 2010), pp. 229–44.
- Trivellato, F., *The familiarity of strangers: the Sephardic diaspora, Livorno, and cross-cultural trade in the early modern period* (New Haven, Conn., 2009).
- Udovitch, A. L., 'At the origins of the western *commenda*: Islam, Israel, Byzantium?', *Speculum*, 37 (1962), pp. 198–207.
- Udovitch, A. L., *Partnership and profit in medieval Islam* (Princeton, N.J., 1970).
- Udovitch, A. L., 'Formalism and informalism in the social and economic institutions of the medieval Islamic world', in A. Banani and S. Vryonis, eds., *Individualism and conformity in classical Islam* (Wiesbaden, 1977), pp. 61–81.
- Wehr, H., *Arabic-English dictionary* (Ithaca, N.Y., 1993).
- World Bank, *World development report 2002: building institutions for markets* (Oxford, 2002).