

Thomas Max Safley, *Family Firms and Merchant Capitalism in Early Modern Europe. The Business, Bankruptcy and Resilience of the Höchstetters of Augsburg* (Abingdon: Routledge, 2020). 287 p. ISBN 9780367137106.

DOI: 10.18352/tseg.1212

Crises have the potential to lay bare the structures and fault lines of economies and societies as Covid-19 has done today, or as the bankruptcy of Lehman Brothers did in September 2008, triggering the US subprime mortgage crisis, a worldwide financial crisis and a sudden awareness of increasing social and economic inequalities. The filing for bankruptcy of ‘Ambrosius and Hans the Brothers Höchstetter and Company’ on 1 July 1529, in the German city of Augsburg, mirrors events of 2008, and Thomas Max Safley shows this particular firm’s failure to be equally revelatory for the workings of premodern capitalist economy and society, the economic life of the past, as he puts it.

The Höchstetters’ spectacular failure produced a large trove of documents – described by the author as discovering Ali Baba’s cave – that Safley meticulously uses to question and nuance key issues in premodern economic history: Can we talk about capitalism in this era? What was the role of family in the economy? Do concepts such as trust, networks and institutions help us understand the economic life of the past?

The book’s narrative is structured by the chronology of the rags-to-riches-to-rags story of the Höchstetter family, with each chapter tackling one of economic history’s key questions. How important was family in the management and capitalization of family firms; how capitalist were the Höchstetters’ business practices; how was information obtained, assessed, managed and put to use in their firm; what role did institutions (such as laws) and organizations (such as courts and city and state governments) play in the economy in general and more specifically in the liquidation negotiations between the creditors – a large and socially wide group – and the Höchstetter firm; which social groups participated in the money and capital markets used by the Höchstetters to leverage their firm in an attempt to stave off bankruptcy; why did some of these investors choose to invest in a sinking ship while others were well aware of the difficulties and were paid back in full before things went sour; did the bankruptcy of ‘Ambrosius and Hans the Brothers Höchstetter and Company’ signify the end of the family – were the Höchstetters a perfect example of the so-called Buddenbrooks Syndrome? – or was the family resilient?

The recent historiography on merchants has – to a certain extent – somewhat dehumanized its subjects of interest. Merchants and their actions are supposed to have been guided by the structures of their networks; by the trust

mechanism that underpins such relationships; by institutions in the sense of Douglass North's 'rules of the game' that produce more predictable behaviour in economic actors as well as in the sense of organizations like courts and city and state governments; and by economic rationality. By drawing on the case of the Höchstetters – not as well-known as the Fuggers but still a name that resonates among premodern historians – Thomas Max Safley in fact re-humanizes this economic history. His rich archival research reveals the role of human agency and choices, the negotiation processes, the paths of opportunism, deceit and solidarity. Members of the Höchstetter entourage or their creditors did not always follow the rules, sometimes because the rules were not clear or yet developed, sometimes because those rules did not suit them. Indeed, the complexity of the Höchstetter bankruptcy itself prompted new legislation in Augsburg to avoid the same problems in the future.

In any case, institutions are not set in stone and very much formed and shaped bottom-up, by the economic actors themselves. Their social relations and networks obviously mattered to them yet did not define them entirely. For example, several close family members and partners of Ambrosius I Höchstetter, the senior partner, were profligate and gambled away company money. Could they do so because they were family or despite being related to Ambrosius I? Safley also demonstrates that, even though the Höchstetter firm can be described as a family firm, not every family member was automatically involved in it. In addition, although all merchant companies included family members, each had its unique mix of family members and outsiders for its capital and management.

It does help that the Höchstetter history provides a range of absolutely fascinating characters, including the cunning Anton Fugger or Maximilian of Austria, imprisoned in Bruges during the Flemish Revolt and aided by Ambrosius I Höchstetter, all of them described by Safley in salient detail. Safley succeeds in bringing to life the premodern capitalist, defined by Max Weber as one who 'would sail through hell for profit, even if his sails were singed' (pp. 14-15), a description that matches the Höchstetters' adventures perfectly.

Safley synthesizes the German literature on the sixteenth-century South German merchant bankers, a wonderful scholarly gift to those who do not read German. The book is infused with a serious dose of German social sciences: Safley embeds his narrative in the works of Hayek, Sombart and Weber among many others. The Höchstetters are put into comparative perspective where possible: Safley clearly demonstrates that the Höchstetters relied on foreign support (from non-family and often from outside Augsburg itself) far more than their Fugger counterparts. This may have been due to their status as parvenus and/or the result of Ambrosius I leveraging the firm in order to survive

the avalanche of crises it had to face. Hence, this is a well-developed case study with historiographical reverberations going well beyond Augsburg. Through its focus on premodern European merchant capitalists, this monograph is a welcome addition to the current vogue known as the New History of Capitalism, which concentrates on modern US economic history and therefore presupposes the absence or immaturity of capitalism prior to the eighteenth century.

Many questions remain, as the author himself acknowledges, and may perhaps never be answered. In this monograph, though, the author does not shy away from them, putting those questions center-stage. For example, Safley repeatedly refers to the decision-making process: as historians we know (part of) the information economic actors had, but we have no clue how such information was put into a business strategy from which we see the results emerge in the historical documents. In what way did Ambrosius I Höchstetter assess the risks of his attempt to create a European monopoly in mercury, a bold but in hindsight miscalculated and fatal move? We witness the actions that should have led to such a monopoly but not the ruminations in Ambrosius' mind that produced this strategy.

*Family Firms and Merchant Capitalism in Early Modern Europe* is a must-read for all social and economic historians of premodern Europe and scholars interested in capitalism. The book addresses the big questions of economic history, warns us of any blind belief in fashionable conceptual categories, and provides a rich understanding of the economic life in the past with an emphasis on its human dimension in all its beauty and ugliness.

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