

The Portuguese Jews and Modern Capitalism.
Trading, Insurance, Banking, Business, and Economic Thought in Amsterdam
from earlier 16th to the first decades of 20th centuries.

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Abstract

This paper proposes to state the historical economic grounds behind the theme of “The Portuguese Jews and Modern Capitalism”, which allow us to come to a brief overview and understanding of the contribution made by this minority exiled in Amsterdam and abroad to modern capitalism, and its entrepreneurial and institutional changes.

We attempt to answer the following questions:

How significant was the Portuguese Jewish contribution to modern capitalism?

What was its ground?

In what extent did Mendes or Nassi, Spinoza, Nunes da Costa, Vega, Pinto or Teixeira de Mattos, contribute with their attitudes and ethics, to the growth of capitalism, its entrepreneurial and institutional changes?

In this paper we concern ourselves with the main theses which form the background of an old controversy about the rise of capitalism, its understanding and chronology, or simple their ethical issues, in order to clarify any speculations as to the Jewish attitude towards modern capitalism.

We focus the economic factors making up Portuguese Jewish participation in the capitalistic order.

It has been related from the time of ancient and Modern Age *diaspora*, that Jews had almost always assumed a dominant *rôle* in business, trading, insurance, banking, finance, and in money-lending, just because they were indeed excluded from almost every economic activity.

During the Middle Ages, the scholastic doctrines of the Roman Catholic Church condemned the Jewish livelihood, because the Roman Catholic institutions were much more concerned with usury, just price, and guilds, rather than with the capitalist economics of profit, enterprise, and the money market.

Trade and usury became familiar not only to many Jews but also to many Christian families of Italian merchants, bankers and brokers, such as Alberti, or Medici, who entered into trading enterprises in their cities and abroad. They have been documented as the first to develop trading, accounting and credit techniques, insurance, banking, finance, and money-lending.

Together or separate Jewish and Christian families started early capitalism with large scale trade. Jewish communities in modern *diaspora* have followed the rise and growth of capitalism. The Jewish families were engaged in this historical and *unique* process. They were useful to both Church and State.

Therefore Jewish wealth became proverbial and their historical *rôle* made a common sense to all. Their nature and characteristics have been negatively stereotyped.

Despite this, the Portuguese Jews remained prominent in the realm of economic and cultural life.

Does it mean that we can look afterwards to the Bible, to find a justification of maximisation of personal gain in business?

Indeed we can argue this justification and controversy on a biblical basis. An understanding of religious doctrine can put ethical issues, concerning economic relations, in an historical and philosophical context. Religious ethics, or economic ethics, is a push factor. Economic values and ethical values are connected. These values affect the subjects, beliefs and attitudes.

Therefore practising Portuguese Jews of the modern *diaspora*, as well as Huguenots and Puritans, taking as minorities, conducted their private lives and business according to their faith. As entrepreneurs these economic and financial agents were committed to act rationally, organizedly, ethically, in order to achieve their duties and to deserve God's blessing.

However, we take into consideration that trade was the object of accounting and domestic economy practices. The capitalistic *ethos*, being object of an old controversy, debates and questions, concerning economic and ethical issues, is based on mutual trust, free enterprise and shared responsibility. It legitimises business as all and there is a biblical support for it through *ascesis* and one's *calling* as the doctrines of the Protestant Reformation brought up to evidence.

The rise and the growth of capitalism has since then been linked to the Protestant Reformation of the 16th and 17th centuries by many scholars, particularly by Max Weber, Ernst Troeltsch, Richard Tawney and Trevor-Roper. But a Roman Catholic counterview is drawn by Amintore Fanfani, and recently by Michael Novak.

All these perspectives overstated and neglected the *rôle* of Jews as a minority, especially the Portuguese merchants Jews, stockholders, bankers, brokers, middlemen, advisers, physicians, essayists or *litterati*.

Our aim is also to provide a survey of the literature. We attempt to evaluate the contributions of the subjects and economic agents to enterprises and its institutions in historical perspective, providing data to a comparative analysis or a study case.

Finally, some conclusions are outlined.