The Routledge Companion to the Makers of Global Business

Teresa da Silva Lopes, Christina Lubinski, Heidi J.S. Tworek

Diaspora networks

Publication details


Gijsbert Oonk

Published online on: 22 Jul 2019

How to cite :- Gijsbert Oonk. 22 Jul 2019, Diaspora networks from: The Routledge Companion to the Makers of Global Business Routledge
Accessed on: 16 Aug 2023

Please scroll down for document

Full terms and conditions of use: https://www.routledgehandbooks.com/legal-notices/terms

This Document PDF may be used for research, teaching and private study purposes. Any substantial or systematic reproductions, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The publisher shall not be liable for an loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.
Diaspora Networks

Gijsbert Oonk

Introduction

Long-distance trade across cultural lines may be one of the most important issues in global expansion and history. It connects varying kingdoms and monarchs, cultures, religions, and areas with different languages, different forms of exchange (shells, ivory, gold, silver, coins), and various specializations or produce. The big questions are: how did long-distance traders overcome cultural differences? How did traders with different backgrounds develop trust and create lasting economic relationships? These cross-cultural traders were not only traders and businessmen, but also cross-cultural brokers: they were interpreters and translators and they were creative trust creators.

The Greek historian Herodotus wrote about the gold trade with Ghana and Carthage in the fifth century BCE. In his famous book The Histories he describes one of the earliest forms of cross-cultural trade:

Another story is told by the Carthaginians. There is a place in Libya, they say, where men live beyond the Pillars of Heracles; they come here and unload their cargo; then, having laid it in order along the beach, they go aboard their ships and light a smoking fire. The people of the country see the smoke, and, coming to the sea, they lay down gold to pay for the cargo, and withdraw from the wares. Then the Carthaginians disembark and examine the gold; if it seems to them a fair price for their cargo, they take it and go away; but if not, they go back aboard and wait, and the people come back and add more gold until the sailors are satisfied. In this transaction, it is said, neither party defrauds the other: the Carthaginians do not touch the gold until it equals the value of their cargo, nor do the people touch the cargo until the sailors have taken the gold.

(Herodotus, Book IV Chapter 196; translated by A.D. Godley)

In this so-called “silent trade,” two parties could exchange valuable goods for gold without speaking to each other and without an interpreter or a mediator (Grierson 1903; de Moraes Farias 1974). Trade with limited communication and without contracts or contract enforcement lies at the heart of much global history, from ancient times to the modern era. Herodotus does
Gijsbert Oonk

not describe how this silent trade emerged. How did traders decide where to meet? What hap-
pended if one of the parties cheated the other and took away the gold and the cargo? What is
interesting in this account, however, is that it highlights these important topics that feature in
long-distance trade throughout history like intercultural communication, intercultural exchange,
and intercultural trust. These topics are at the core of this chapter.

In this chapter I will focus on specific trading and entrepreneurial communities that were
able to overcome the challenges of long-distance trade. That is, the emergence of trading
diasporas and middlemen minorities as powers of global trade throughout global history, with a
special emphasis on the nineteenth and twentieth centuries. Trading diasporas and middlemen
minorities are often portrayed as having overcome the main issues of long-distance trade, includ-
ing transcultural communication and trust. Well-known examples include Jewish Indian,
Chinese, Armenian, and Lebanese diasporas (Cohen 1997). The role of middlemen is high-
lighted as the interlink between two or more geographical divided culturally diverse groups.
These groups often provided the links between the European empires and local societies. More-
over, these diasporas developed their own trading networks beyond empires. In general, diaspora
traders were able to overcome long distances over sea or land in a network of community, clan,
and kinship based traders. In other cases, they were appointed as custom agents in port-cities
from which they intermediated between the shipowners and local businessmen. Or they acted
as colonial agents between local producers and European businesses. These “in-between” groups
are neither “local” nor “distant.” Understanding trade diasporas and the role of their merchants
may help us to understand the emergence of the world economy and how they shaped
globalization.

In 1971 Abner Cohen may have been the first to coin the term “trading diaspora.” He refers
to “a type of social grouping”:

Its members are culturally distinct from both their society of origin and from the soci-
eties among which they live. Its organisation combines stability of structure, but allows
a high degree of mobility of personnel. It has an informal political organisation of its
own which takes care of stability of order within the one community, and the coordin-
atation of activities of its various member communities in their perpetual struggle against
external pressure. … It also has its own institutions of general welfare and social
security. In short a diaspora is a nation of socially interdependent, but spatially dispersed
communities.

(Cohen 1971: 267)

As Cohen stresses the importance of the political organization of the overseas community, the
world historian Phillip Curtin emphasized the relationship of cross-cultural traders with their
hosts, with each other, and the way they organized cross-cultural trade (Curtin 1984). Curtin
emphasizes the importance of the “cultural broker” in global trade. He assumed that cross-
cultural long-distance trade needed “cross-cultural brokers” who mediated between cultural
differences. He argued that within trading settlements there were two types of traders: the
typical ones who moved back and forth with their trades, and the outsider settlers who were
strangers settling in a certain area. The collaboration and integration of the typical traders and
the outsider settlers eventually became part of larger diaspora network. An important aspect of
trading diasporas is the relationship between the trading community and the host society. Strik-
ingly, the balance of power between traders and their host society was necessarily asymmetrical.
The diaspora traders more often than not were specialists in a particular kind of trade or eco-
nomic sector such as liquor, luxury goods like diamonds, or money lending.
Abner Cohen and Phillip Curtin, used the term “trading diaspora” long before the field of diaspora studies became popular in the late 1990s. They both argued that people of a trade diaspora were not only members of an urban society: they were also members of a plural society, where two or more cultures existed side by side (Curtin 1984; Cohen 1997). They were often part of larger – sometimes hostile – environments with many other occupations, class stratification, and political divisions between the rulers and the ruled. At times, they had close-knit relationships with the powerful elites who may have granted them certain privileges, but they were also vulnerable to discrimination and exclusion (Bonacich 1973).

This chapter has three sections. In the first section I describe the emergence of the “stranger” and the “middleman” in the sociological and economic literature on long-distance trade and economic development. The second section highlights the notion of trust within the diaspora networks, and how trust was gained and lost within these networks. In the third and final section I emphasize the role of intercultural communication and language(s). The subjects mentioned in these three sections should not be seen as separate entities: they are instead interrelated and reinforce one another. However, for the sake of clarity and organization of this text, and for analyzing the extensive literature on this subject, they are presented separately.

**Long-distance trade: the role of middlemen minorities and diasporas**

Herodotus and the case of “silent trade” does not provide us with insights on the how disputes were resolved. What was entirely absent in Herodotus’ description of the silent trade was the middleman, the intermediary. How did these traders communicate over disagreements on the qualities of the products they delivered?

In the late nineteenth century, however, German sociologists like George Simmel and Werner Sombart emphasized the importance of “the stranger” in long-distance trade and economic development (Simmel 1950; Sombart 1982 [1911]). Simmel and Sombart were interested in the role of visible minorities in trade and economic development, most notably the role of Jewish minorities. Even if these minorities settled in their new societies, they argued, they would be seen as outsiders and would remain “strangers.” But these settlers were different from wanderers, who would be “here today, gone tomorrow.” The settled strangers would arrive today, and stay tomorrow. They would be known locally, while remaining outsiders. This might help them in developing their business. On the one hand strangers may fill economic niches that local business communities were not allowed to fill, like selling liquor. On the other, strangers developed a more detached attitude toward the local markets, which could help them to set prices at a more profitable rate. Last but not least, the stranger was aware of prices elsewhere and he was able to exploit this knowledge profitably. In other words, Simmel stressed the advantage the “stranger” had in commercial transactions in terms of exploiting knowledge of distant markets and the use of “objectivity” (Shack and Skinner 1979).

In the 1970s the sociologist Edna Bonacich referred to these “strangers,” who were neither integrated nor foreign, as “sojourners” or middlemen minorities. She noticed that some of these “outsider communities” or “strangers” were very successful economically, in contrast to most migrant communities or ethnic minorities. Good examples are Jewish communities in various cities in Europe, Indian communities in East Africa, Chinese communities in Southeast Asia, and Lebanese communities in West Africa. Bonacich seeks to explain the success of these communities as the result of in-group solidarity and trust relations while being alienated by the majority groups. She emphasizes the importance of the process of settlement of these commercial groups in cities, with the transformation from sojourner to settler. What is important in this process is that a trader or sojourner often enough ends up understanding the local habits and
cultures, but he remains an outsider as he returns to his home elsewhere. The sojourner becomes part of a middlemen minority once he decides to settle in his new environment and invites his wife, family, and community members to his new home. However, despite the fact that they become settlers, they remain outsiders in the eyes of local communities as a result of their reluctance to intermarry locally (Oonk 2007, 2013). In the Indian Ocean trade between East Africa and northwest India, members of the Hindu Gujarati traders in Zanzibar, Mombasa and Dar es Salaam would try to find their brides in Gujarat even after two or three generations of settlement in East Africa between 1860–1920. This was not only important for the cultural orientation of the group, but it would also reinforce the trading relations between the continents (Oonk 2013). Others would add that the local minority status caused major social distress in all kinds of discrimination, like not being allowed to own land, not being allowed to do certain jobs etc. Thus they developed a strong motivation to show that they could become successful (Bonacich 1973; Dobbin 1996). At the same time, locally, they may have acted as a buffer for elites, bearing the brunt of mass hostility, because they directly dealt with the latter. This is especially true within colonial empires where middlemen minorities became the “in-between traders” between local producers and colonial rulers and businesses.

In the nineteenth century, European empires actively encouraged sojourners from trading groups to settle in the overseas trading hubs of the empires. The Dutch encouraged the Chinese to settle in Batavia and the British encouraged South Asians to settle in Zanzibar and Nairobi. They were seen as suitable middlemen to support the colonial empires abroad. More often than not, these groups were not only important as traders and suppliers of goods, but they also played an important role as translators, informants, and local bureaucrats. The Hindu Bhatia Jairam Sewji, for example, was appointed as the chief customs collector in Zanzibar, and with the exception of some brief periods, he served in this position for almost 70 years. Jairam Sewji used to travel from Zanzibar to Aden and west India every two or three years. He obviously talked to interested traders and financiers about the economic potential of East Africa and the business opportunities in Zanzibar. As a result, some decided to send their sons to Zanzibar to explore the economic options for their families (Oonk 2013). This firm helped recruit hundreds of other Bhatias from India and set them up in business within the Zanzibar commercial empire. Besides acting frequently as customs collectors along the coast, Bhatias were also moneylenders and traders. The fact that these businessmen belonged to non-majority groups meant that many colonial governments supported these groups as their local suppliers, translators, informants etc. In this way these groups are often seen as collaborators in the Marxist as well as nationalist historiographies (Louis 1976).

Here the concept of middlemen minorities in this literature tends to be Eurocentric. The Asians are seen as literally the middle between the Europeans and the Africans. Yes, Asians depended on European rulers for their trading licenses, tax exemptions, and building educational institutions. At the same time, however, the Europeans depended on the Asians to fill the civil services, pay tax, and explore trading opportunities that were difficult for the Europeans to exploit, like inland trade and agricultural products. For Europeans, the Asians were middlemen partners between the local producers and themselves. For the Asians, Europeans were the middlemen between themselves and the European markets (Bishara 2017; Oonk 2013).

As noted earlier, Curtin (1984) describes the Chinese in Southeast Asia or the Indians in East Africa in the nineteenth and twentieth centuries as prototypes of early diasporas. In his view, these communities were often small trading settlements with strong ties to their homelands and the local traders and businessmen, as well as local rulers. As in Simmel’s notion of the “stranger” as the prototype of the diaspora trader, Curtin combines his local and global familiarity of the world. He often translates the names and quality of products literally with his knowledge of local
Diaspora networks

and foreign languages; he is able to exploit his understanding of local and global prices and markets and exchange rates. The success of these groups is usually seen as the result of two – sometimes intertwined – factors. One emphasizes cultural factors, like Chinese (Confucian values and the guanxi or networking capabilities) and Indian values within the Hindu and Parsee religions. However, the other focuses on favorable market conditions and relations with the (colonial) state. A more revisionist perspective portrays a more complex picture of intergroup competition, the relation with the homeland, and the centrality of the family-eldest and the role of business familism (Liu 2012).

Therefore, we acknowledge that most studies on the diaspora tend to focus on specific family businesses within larger diasporic networks. One such case is a study by Murray Weidebaum and Samuel Hughes of what they call the Bamboo Network. The subtitle of their book is even more telling: How Expatriate Chinese Entrepreneurs are Creating a New Economic Superpower in Asia (Weidebaum and Hughes 1996). The book focuses on the importance of transnational Chinese family relations in the twentieth century. Weidebaum and Hughes follow important business families like the Charoen Pokhand group, the Li Ka-shing family, the Salim group, and Ong Beng Seng. Most of them started in the agri-business (tea related) and then diversified into local (building) industries as well finance and electronics. These are Chinese family firms that have developed transnational relations within Southeast Asia. The authors’ overall conclusion is that these Chinese family firms operate through a network of (family owned and managed) enterprises rather than a unitary company (like Ford, Phillips, or Heineken). They often rely on strict centralized control (the role of the family’s eldest). In the Chinese diaspora, like the Indian, the family eldest – more often than not – lives outside the motherland. Murray and Weidebaum (1996) highlight the importance of informal transactions and trust to minimize the company bureaucracy.

There are, however, just a few studies in business history and diasporas that analyze the long-distance networks involved over a larger timeframe. One is Claude Markovits’ The Global World of Indian Merchants, 1750–1947: Traders of Sind from Bukhara to Panama (2000). His study makes a strong case against the idea of permanent settlement. He argues that the majority of Indian migrants in the nineteenth century were not permanent migrants, but rather temporary migrants (Markovits 1999). Markovits argues that – in the case of the Sindhi traders – it is doubtful to use the term “diaspora.” He shows that between 1830 and 1950 more than 90 percent of the departures from India do return to their home towns and villages, albeit to leave again. Hence, he follows the type of sojourning diaspora as proposed by Curtin (“the typical ones who went back and forth”) and distances himself from the more mainstream definition that became prevalent in the late 1990s where long-term physical separation from the homeland (imagined or not) is key. The neglect of the importance of circulation is – according to Markovits – the consequence of the colonial sources that often counted arrivals and departures of migrants in absolute numbers and therefore missing the point that these were often the same traders and businessmen traveling back and forth. In this perspective, migration includes circular migration that re-enforces the ties with homeland. The major aim of a “network” is the cheap circulation of capital, credit, information, goods, and produce. Markovits’ work transcends the family networks mentioned by Weidebaum and Hughes.

Some studies look carefully into the consequences of being a small – usually well-off – diasporic community in a larger hostile community. Bruce Whitehouse has formulated an interesting set of shared expectations, rights, and duties that local authorities and majorities might expect from middlemen minorities. In many cases, as with the South Asians in East Africa or the Chinese in Indonesia, they are full citizens of these countries, but they cannot claim the same citizenship rights. For his case on Muslim Congolese merchants in Ghana in the nineteenth and
twentieth century, Whitehouse (2012) formulates a “Stranger’s Code” that includes formal and informal rules and expectations like: “Do not get involved in host countries’ politics”; “Do not flaunt your wealth; keep it modest”; “Do not protest violation of your rights.” In all these cases local majorities use their local strength (in numbers as well as contacts with law enforcement institutions) to put these middlemen minorities “in place” informally. The Stranger’s Code, or a local mechanism between majorities and minorities, may also apply to many other visible middlemen minorities in global history (Whitehouse 2012).

The examples above are based on empirical case-studies related to long distance trade. The examples come from Chinese in Southeast Asia, South Asians in East Africa, and Muslims Congolese in Ghana from the sixteenth until the twentieth century. If we look closely at the fascinating organizational structure of the family business in the diaspora, we may be surprised to see the striking similarities with family business structures in the Middle Ages in Europe as studied by Avner Greif (1989, 1993). The mother company, often directed by the family eldest, is the center of the family business. Each associate (often, but not always, the sons) has to produce their monthly or annual business reports to the mother company from their distant regions. The associates may open branches in different areas in the name of the mother company. However, they are often allowed to make their private business deals outside branch and the mother company. In addition, the mother company or its branches may develop partnerships or formal joint-ventures with other companies (families). It is fascinating to note that this pre-industrial family business structure was dominant in European as well as throughout global history. A part of the explanation may be because diaspora traders had to overcome the same type of institutional and cultural differences, like trust, language differences, and cultural adaptation (Prange 2006).

**Long-distance trade and the importance of trust**

The importance of the middleman is denied and is missing in Herodotus’ example of the “silent trade.” The notion of trust is acknowledged, however. Herodotus expresses surprise when he mentions that the traders do not touch the cargo until the sailors have taken the gold. But it is unclear why the traders are so honest and reliable. What is the mechanism behind this attitude? Are they honest because of their upbringing, their faith, and religion, or are other mechanisms at work?

Abner Cohen (1969, 1971) explains how members of a particular family, ethnic, or religious group cooperate in long-distance trade. They are able to overcome basic logistical challenges such as financial constraints, access to local information and network, and the coordination of transport. It is generally assumed that these basic challenges are much easier to overcome within ethnic networks, where kinship ties, language, and a similar legal system reinforce solidarity. To put it succinctly, within these networks a good name is easily lost. Thus, a merchant will think twice before cheating on his fellow member within these networks (Oonk 2013). Conflict regulation on trust relations between ethnic groups – in long-distance trade – usually requires the role of a charismatic trader or legal institution that can enforce contracts. But this is often a far more expensive solution.

James Coleman uses a classic example of the benefits of social capital and trust in a paper on the wholesale diamond market in the late twentieth century in New York. In this market, diamond dealers frequently hand over bags of diamonds, often worth thousands of dollars, to other merchants to examine at their leisure. There is no insurance; there are no contracts; and no witnesses. This may be regarded as an extremely risky venture, but it is in fact very successful, cheap, and efficient. It would actually become highly bureaucratic, time-consuming and
expensive if exchange contracts were to be made, pictures of the trade were produced, and witnesses were arranged. There is an unwritten agreement that information flows freely and exchanges can be made without expensive contracts and legal formalities; in short, this reduces transaction costs considerably (Coleman 1998). The individual trader is expected to obey specific rules of conduct and to espouse a distinct business culture. More often than not, this culture is not open to others (Siegel 2009).

Similar notions of trust may be found in the diamond trade in Antwerp. But this network of Jewish diamond traders is complemented with a cross-cultural, cross-religious, and cross-gender diamond merchant network operated between the cities of Antwerp, London, Amsterdam, and Lisbon. This network is active beyond national boundaries, and connected with other religious and trading networks, most notably an English Catholic in Antwerp and French Huguenots in Lisbon in the eighteenth century (Vanneste 2011). Unfortunately, there is little evidence on how trust relations between diaspora groups are generated. This is an under-researched area that is worthwhile pursuing.

Another area of under-researched opportunities is the competition between different diaspora trading networks. Again, the Antwerp diamond industry may serve as an illustration. In the popular imagination diamonds, the Jewish community, and Antwerp are indistinctly connected with each other. The Jewish community was able to regain control over the diamond community after World War II, despite the fact that most of its population was exterminated. Nevertheless, recent observations in newspapers’ travelogues have shown that the Indian diaspora has come to control more than three-quarters of the Antwerp diamond industry (Aiyar 2015). The explanation given by Indian informants may not be convincing: “We will work on the weekends. We will do whatever it takes to get a client. And we are willing to work this hard even for small margins.” (Aiyar 2015: 134). A more profound explanation is probably determined by a shift of the global commodity chain. Diamonds and the finishing industry reached Europe in the fifteenth and sixteenth centuries. However, the industry faced a recent shift from finishing and polishing techniques and labor from Antwerp to India again (Hofmeester 2013).

In the 1970s, the skilled diamond processing labor force amounted for more than 25,000 people. This number is down to less than 1,000. It is more likely than not than the familiarity with India, and the Indian business culture (including the knowledge of Gujarati) was a big advantage for the Indian diamond traders in Antwerp (Aiyar 2015).

This notion of trust is especially relevant in the literature that includes a strong emphasis on non-western minority groups. It attempts to explain the economic success of Chinese, Indian, or Jewish businessmen in terms of trust based on ethnic backgrounds and trading networks. The major aim of a network is the cheap circulation of capital, credit, information, goods, and produce, as in the case of Coleman’s diamond traders (Coleman 1998; Markovits 2000). Long-distance trade and is scarcity of information fuel the importance of trust. Often a merchant did not travel to distant markets with his goods, but delegated this task to an agent (a family member? his neighbor? an ethnic community member?). The merchant had to trust the overseas far away agent. He could simply disappear with the trade. Or, more subtly, he could tell the merchant that the prices were low overseas and he could not sell at a better price, while pocketing the difference. It was almost impossible for the principal merchant to check the market and quality conditions overseas (Aslanian 2006). Nevertheless, cheating happened, but it was trust that kept the business going.

Why and how does trust function in day-to-day affairs among long-distance traders and intercultural communication? To answer this question and to understand some of the complexities behind it, economic historian Avner Greif refers to the concept of trust as a “reputation-based economic institution” (Greif 2006: 58). In this concept the importance of future rewards
or penalties in economic and social transactions are made conditional in the transaction here and now, so as to guarantee future trust relations. To put it straightforwardly and simply, if in the Coleman diamond market one of the diamond dealers cheated on another dealer, he would become an outcast in that market. He would forego all future dealings (economic liability), he would not be allowed to marry within the families running the diamond trade (social liability), and most probably he would have to move to some other city or place. What makes the Greif study fascinating and original is the fact that he supports his historical finding from the Maghribi traders (in the eleventh century) with the findings of modern economic game theory (Greif 2006: Appendix C). However, Sebouh Aslanian shows that trust must be understood not solely as an outcome of informal institutions, such as reputation-regulating mechanisms discussed by Greif, but also as a result of the simultaneous combination of both informal and semi-formal legal institutions (Aslanian 2006). Overall, we assume that notions of the same religion, language, and regional background reinforce concepts of “trust,” mutual aid, and shared values among migrant traders and businessmen. In migrant communities, this is often reinforced by the fact that they arrive in specific neighborhoods where they also reproduce the culture, through community centers, mosques, and temples. In most literature, the system itself is not questioned, but reservations are expressed about how the members of a business community derive advantage from it.

As a rule, this type of literature tends to emphasize the “success stories” in migrant business communities. More often than not, networks are seen as a rather static, informally organized system, which is used as a tool by its various members. Most of these explanations, one way or another, emphasize the socioeconomic advantages of outsider minorities as an explanation for their economic virtue. What these explanations have in common is that they don’t include the point of departure of migrants, the class background, their educational background, former experiences, and – with some exceptions – the way they were received by the local rulers. These explanations only gain significance in a particular historical setting. They cannot explain why some members of the same group were not successful at all, and were not gifted with a “superior” business mind.

In my own work (Oonk 2013), I have tried to balance the success stories of South Asian traders with examples of bankruptcies and failures. In this book, I argue that, as mentioned by Markovits, the transformation of circular migration to settlement was rather slow. Many members who followed the lead of successful pioneers in the diaspora did not make it, returning to their homelands. In other words, those who remained active in the diaspora had proven the capacity to survive. Some had been supported by a family member or clan members, others were supported by local (colonial) rulers (as in the previous section). From here, through trial and error, they developed local trading and business acquaintances and business networks. What is important here is the use of trust and credit. I present many examples where fathers, uncles, and community members were the first to supply credit to their sons and relatives. Nevertheless, they were the first – if needed – to file a bankruptcy. So trust was not self-evident in these family and community networks. Trustworthiness could easily be gained and lost within the network. In other words, the networks’ most effective function is to signal dishonesty and disloyalty. This adds to the earlier findings (Markovits 2000) where Markovits argues against the importance of “ethnic” notions of trust. In the case of migrant traders “the inside ethnic network” may be as important as local networks, whether ethnic or not. In other words, trading groups can never rely solely on “inside” sources, but are dependent on information, power, and knowledge from other groups as well. In fact, their ability to trade outside the ethnic group plays a crucial role in determining the success or failure of business communities/groups (Trivellato 2009).
Long-distance trade and the significance of communication

The “silent trade” of the Greek historian Herodotus simply ignores the problem of cross-cultural communication. The communication is not just silent – it is absent. It is difficult to imagine that conflicting interests on the quality and quantity of products could be resolved by just bringing more or less silver and gold in exchange without further communication. In every public market and bazaar, we see customers bargaining for the best prices in words and non-verbal languages. This is more than just a ritual – it is the essence of deal-making. The importance of communication and trust in global trade cannot be overestimated. Long-distance cross-cultural communication in pre-modern and early modern times would be in letters and through messengers. Particularly in the pre-modern era, long-distance written communication could take weeks, if not months. Once the letter arrived – if it arrived – the situation might have already changed. This could put pressure on trust relations between partners, especially when the stakes and interests were high.

Communication and trust interrelated key elements in explaining the emergence of long-distance trade. One the one hand we may argue that that societies with a strong written culture and tradition (like Jewish, Christian, Chinese, Muslim, and Hindu) may have had an advantage in cross-cultural long-distance trade. On the other hand, it could be argued that trade and commerce were driving forces in the spread of literacy (Lydon 2009: 353). In this sense, the ancient historical long-distance trading routes like the Silk Road (overland; see Frankopan 2017) or the Indian Ocean region (overseas; see Alpers 2013) may be seen as the first transcontinental trading routes, as well as communication and information highways. In addition, being able to read and write and understand local legal contracts was vitally important for handling cross-cultural trade. Access to local languages was necessary for the communication in local markets and bazaars, and to develop an understanding of local cultures. Carefully explaining the quality of products, delivery dates, and means of payment lies at the heart of every business, both then and now. Excellent language skills may provide access to local rules or to religious authorities. If you – often literally – speak the language of the rulers, you have access to their legal system and indeed to the people in power. Diasporic trading families were able to overcome cultural and language differences, because they were locally well embedded and at the same time had access to their larger family networks in different parts of the world.

Most research focuses on communication within diaspora – often co-religionist – groups. These studies argue that the perspective of the stranger or outsider enables these migrant traders to share a particular objective and neutral perspective on the market. They were aware of the prices and qualities of products “here and there.” These minorities were often exempt from local professions and from opportunities like owing land and selling liquor. Despite this – or maybe because of it – they would develop their local niches in economic opportunity areas where there were local taboos. Within their ethnic enclaves they were able to circulate information, women, and knowledge. These intergroup trust relations, their shared culture and language as well knowledge of languages would eventually enable them to prosper in long-distance trade (Arsan 2014; Dobbin 1996; Markovits 2000).

One interesting exception to this bulk of work is the study by Francesca Trivellato. In her widely acclaimed book *The Familiarity of Strangers*, she argues that long-distance business cooperation among diasporic groups, as well as between strangers, relied on language, customary norms, and social networks. She argues that the success of the Sephardic Diaspora in the early modern period relied more on intra-group cooperation than on the progressive rise of the state and legal institutions. In other words, the formalization of institutions, some of which are discussed in the previous section, is less important than previously thought. She emphasizes the importance of letter writing. In her words:
A “good correspondency” was the most rewarding compensation for the many hours every merchant spent at his desk reading, dictating and writing letters. It was more than a metaphor. It was part of the cost-benefit calculations of the price of trust. When was it advantageous to forgive the debt of a correspondent who might deliver in the future? (Trivellato 2009: 190)

In her focus on “communication” rather than communities or ethnic groups, Trivellato is able to transcend the focus of long-distance trade from communities of mercantile trust to networks of mercantile trust. But “good correspondency” was probably not only important in the past. In the nineteenth century, the emergence of the global telegraph network changed the way businesspersons (and others) corresponded on trustworthy information, like prices, new technologies, quality of products, and reliability of fellow businessmen (Tworek 2015). Catherine Davies (2016), however, rightly emphasizes that while bankers successfully used telegraphic cables to communicate intelligence, written letters proved superior as a medium for establishing personal trust. During crises and disagreements, the new technology was blamed for the paucity of information.

In the late twentieth and early twenty-first centuries, we noted an unprecedented revolution in communication with the arrival of the internet. This enabled quick email exchanges and Skype interviews. And this may have changed the culture of writing business letters considerably. However, the ultimate test of building trust relations remained face-to-face exchange relations. In my own research, I once spent some time in London visiting the trading office of a South Asian family who had settled in London. One day a week I visited the trading office in the financial district. I usually sat next to the director, watching him making phone calls, write emails, and instruct his secretaries. He was born in East Africa, but joined the London office in the 1960s. His son was born and raised in London. In fact, I was sitting at the desk of his son, who had just opened an office in Dubai. The father would phone his son at least once a day to enquire about the daily affairs and to coach him in running the Dubai business. In their case they were shipping vegetables from various sources in the Indian Ocean region to destinies in East Asia, East Africa, and Western Europe. They never owned the cargo, but they financed its shipment. The bulk of the trade was agricultural products. One day they had a dispute on the quality of the cargo that had passed from Mombasa to the Seychelles. They agreed to a meeting in Delhi to solve the problem. The son flew from Dubai to Delhi. The father came from London, and the counterparts flew from the Seychelles to have a face-to-face meeting. What we see here is very interesting, because it shows the importance of face-to-face communication. Despite the modern technology of using email or making Skype conference calls, the importance of a face-to-face meeting was still relevant. Notwithstanding legal institutions and modern insurance, it still seemed to be relevant to “see each other in person.” More often than not, after such “crisis” meetings it was decided whether the business partners would continue their relationship or not. In fact, this is the same type of judgment the merchants in Trivellato’s work had to make, but then based on written letters (Oonk 2013: 19; Trivellato 2009).

**Conclusion**

Diasporic communities are unquestionably of decisive importance in the emergence of long-distance trade, and therefore in the growth of the global economy. Diasporas were successful in pre-modern and pre-colonial societies, colonial societies and post-colonial societies. They were an important mover of cross-cultural trade in the pre-modern era. Curtin (1984) describes
examples from Mesopotamian trade, ancient trade in Egypt, early Chinese trade, and so on. Nevertheless, the bulk of the literature and the examples in this chapter relate to Africa and Asia from the sixteenth to the twentieth century. These areas shared a long period of foreign domination, strong state intervention in the economy, and institutional weaknesses. It is suggested (Austin et al. 2017) that these continents were on the wrong side of the Great Divergence, but they developed their own instruments and strategies in developing trade and business. Informal, rather than formal, business fueled the emergence of migrant entrepreneurs and diasporas. More often than not, the British, Dutch, and French colonial elites and administrators actively attracted overseas businessmen to act as middlemen between them and traders and businesses in the local interiors. These diasporic businessmen would then invite their family members and clan members to join them. The strength of diaspora networks, however, is that they also flourished in Europe (especially the Jewish networks) and the United States and Canada (the Jewish, the Indian, and Chinese diaspora). In their day-to-day practices, tasks, and dealings they had to overcome language differences, trust issues, and cultural dissimilarities. Unlike the so-called “silent trade” described in the introduction, these diasporic communities facilitated transnational business, intercultural communication, and trust.

Nowadays we may wonder whether this “silent trade” actually existed. But we do know that the history of the Silk Route and the trans-Sahara trade routes go back more than 2,000 years. These routes connected peoples of different origins, languages, and cultures. But it was not the routes themselves that made trading possible — rather it was the traders, merchants, and money-changers who enabled this trade. They aided the development of formal and informal institutions in which long-distance trade could flourish. The interplay between merchant communities of kin, tribe, and religion with incomplete economic institutions of partnerships and coalitions created long-distance trade. More often than not it was this incompleteness that created space for trade and profit, and it was the down-to-earth attitude of these diasporic traders that made cross-cultural interaction possible. To use the well-known metaphor of the Sahara caravan traders: “Trust in God, but tie up your camel.”

References

Gijsbert Oonk


