

Cátia Antunes, Dave De ruyscher, Cédric Quertier,
Thomas M. Safley, Tanja Skambraks

Roundtable.

*Risk, uncertainty and bankruptcy before modernity:
Language, experience and historical understanding*

1. Introduction

The history of economic risk management and bankruptcy has long been approached through the conceptual apparatus of modern economics. Yet the meanings attached to *risk*, *uncertainty* and *bankruptcy* are themselves historical products. This summary of the roundtable that took place in May 2025 in the context of the *Settimana di Studi* argues for the necessity of precise language and contextual analysis when investigating how premodern actors perceived and managed economic hazards. Building on the discussions of the *Settimana* and on recent debates, it seeks to (1) distinguish risk from uncertainty in premodern economies; (2) balance «big data» approaches with close microhistorical analysis; (3) resist anachronistic use of the past to validate modern economic theory; and (4) broaden the social and geographic scope of inquiry to include non-elite groups and non-European worlds.

2. The semantics of risk and uncertainty

The distinction between *risk* and *uncertainty* is more than a semantic quibble. Following Frank Knight's classic formulation, *risk* implies a calculable probability, whereas *uncertainty* denotes the incalculable. Before the mid-seventeenth century invention of probability theory and the late-eighteenth-century emergence of actuarial science, economic agents lacked the mathematical tools to quantify future contingencies. They therefore relied on accumulated experience and customary practice.

This insight reframes familiar institutions. Medieval maritime insurance, for instance, bore little resemblance to modern insurance despite sharing the same name: it rested on precedent and reputation rather than on statistical expectation. As a consequence, premodern merchants and artisans were arguably more risk-averse than many nineteenth- and twentieth-century historians, shaped by Sombart, Weber, or more recently Reinhard Hildebrandt, have supposed.

A brief historiographical excursion clarifies why this linguistic distinction matters. Scholars such as Giovanni Ceccarelli have traced the earliest documented use of the term *resicum* to Genoa in the late twelfth century, in the context of maritime adventure. Sylvain Piron's critique of Alain Guerreau shows that a «society without risk»

Cátia Antunes, c.a.p.antunes@hum.leidenuniv.nl, Leiden University, Netherlands, 0000-0003-4343-029X
Dave De Ruyscher, D.Deruyscher@tilburguniversity.edu, Tilburg University, Netherlands, 0000-0001-7675-5475
Cédric Quertier, cedric.quertier@gmail.com, Laboratory of Western Medievalists of Paris, France, 0000-0001-5976-2286
Thomas Max Safley, tsafley@history.upenn.edu, University of Pennsylvania, United States
Tanja Skambraks, tanja.skambraks@uni-graz.at, University of Graz, Austria, 0009-0006-2185-7013

Referee List (DOI 10.36253/fup_referee_list)

FUP Best Practice in Scholarly Publishing (DOI 10.36253/fup_best_practice)

Cátia Antunes, Dave De ruyscher, Cedric Quertier, Thomas M. Safley, Tanja Skambraks, *Roundtable. Risk, uncertainty and bankruptcy before modernity: Language, experience and historical understanding*, © Author(s), CC BY 4.0, DOI 10.36253/979-12-215-0963-2.32, in Angela Orlandi (edited by), *Gestione del rischio, insolvenza e bancarotta nel mondo premoderno (secc. XIII-XVIII) / Risk management, insolvency, and bankruptcy in the pre-modern world (13th-18th centuries)*, pp. 529-537, 2026, published by Firenze University Press, ISBN 979-12-215-0963-2, DOI 10.36253/979-12-215-0963-2

is a mis-characterisation: already by the thirteenth century, Italian canonists and merchants conceptualised *risk* as something that could be evaluated, albeit not mathematically. Yet the absence of probability calculus meant that the *quantification* of risk remained out of reach. The conceptual horizon was closer to Aristotelian notions of fortune and contingency than to modern statistics.

The sixteenth and seventeenth centuries witnessed a slow broadening of the semantic field. The spread of double-entry bookkeeping, commercial arithmetic and early insurance contracts (as studied by Ceccarelli and by Sari Nassar in her work on Catalonia) encouraged merchants to think about the likelihood of loss in more systematic ways. But even when a Florentine merchant of 1600 spoke of *rischio*, he invoked a category grounded in shared experience and customary safeguards, not in actuarial tables.

If risk could not be measured, it was generally *feared*. Credit was personal, dependent on reputation and on a dense web of family and neighbourhood ties. Merchants relied on trusted brokers, personal sureties and overlapping jurisdictions to limit exposure. Failures of trust, whether through fraud, shipwreck, or war, could quickly trigger cascades of insolvency. The possibility of ruin hung over even the most powerful merchant houses, as the famous collapses of the Bardi and Peruzzi in the 1340s illustrate.

Because the conceptual tools of probability were absent, premodern merchants arguably displayed a more pronounced risk-aversion than has often been assumed. Max Weber's portrait of the rational, calculating early capitalist and Werner Sombart's heroic vision of the *bourgeois* entrepreneur both rest on a thin evidentiary basis when applied to the thirteenth or fifteenth centuries. A more accurate characterisation would emphasise the conservatism of merchant strategies: diversification of voyages, reliance on kinship capital, and the deliberate avoidance of speculative ventures unless hedged by multiple layers of guarantee.

Terminology itself deserves closer scrutiny. *Bankruptcy*, *insolvency*, *over-indebtedness* and *illiquidity* were neither interchangeable nor fixed. The Latin *bancarupta* originally referred to the breaking of a banker's bench, a vivid image of public disgrace. Local statutes defined bankruptcy differently: some equated it with fraud, others with mere inability to pay. The moral dimension was never far away. Theologians debated whether failure to honour debts constituted a sin; civic statutes prescribed shaming rituals such as processions or the wearing of special garments.

Such nuances remind us that words carry normative weight. To label someone *insolvent* in fourteenth-century Florence was not the same as declaring them bankrupt in eighteenth-century London. Historians must therefore recover the historical semantics of these terms and resist projecting present-day meanings backwards.

The conceptual gap between premodern and modern understandings of risk complicates the use of contemporary economic theory in historical explanation. Statistical reconstructions of medieval defaults, for instance, can reveal patterns but cannot by themselves explain behaviour that was shaped by religious scruples, civic reputation and kinship obligations as much as by profit and loss. Close attention to language, how notaries drafted contracts, how litigants described misfortune, how preachers denounced avarice, becomes indispensable.

Moreover, recognising the historical specificity of risk and uncertainty sharpens comparative inquiry. It helps explain why seemingly similar institutions functioned differently across time and space. The Genoese *bottomry* loan and the Dutch *bodemerij*, though both labelled «maritime insurance», rested on different expectations of loss and redress. Such differences only emerge when the historian reconstructs the actors' own conceptual universe.

3. Institutions, conflict and the management of economic hazard

The medieval and early modern economy was embedded in a plural and dynamic institutional landscape. Multiple jurisdictions, municipal, princely, ecclesiastical, co-existed and overlapped, creating space for negotiation and *agency*. Merchants, peasants and artisans could appeal to different courts, employ brokers and interpreters, or exploit the competition between tribunals. Case studies from the Low Countries to the Ottoman Empire reveal both innovation (new forms of contract, insurance and accounting) and deep path dependency.

Conflict was not merely a symptom of failure but a normal component of commerce. Merchant courts often sought compromise rather than final judgement, prolonging negotiation to preserve peace. Reprisals, maritime embargoes and even licensed piracy could be used strategically. Such practices complicate Enlightenment notions of *doux commerce* and invite comparison with modern ideas of conflict management and resilience.

Economic shocks nonetheless produced moments of acute crisis. Exogenous events, a ban on bills of exchange, religious persecution, regime change, could suddenly destroy confidence and precipitate cascades of bankruptcy. The historiography must therefore distinguish between structural risks, endemic to commercial life, and conjunctural crises.

The coexistence of municipal statutes, princely ordinances, Roman law, canon law and mercantile custom gave merchants an array of overlapping forums in which to pursue or defend claims. As Dave de Ruyscher has shown for the Southern Netherlands, princely interventions, letters of respite or moratoria, did not abolish municipal courts but rather created a layered system that merchants could navigate. Similar dynamics were visible in Mediterranean ports where commercial nations or consulates enjoyed their own privileges.

This plurality fostered what institutional economists call *path dependence*. Old forms persisted even as new ones were created, so that the legal architecture of credit and bankruptcy was accretive rather than linear. The Genoese *luoghi di San Giorgio*, the Florentine *Mercanzia* and the Castilian *Consulado de Mercaderes* did not replace but supplemented older venues of dispute resolution. Merchants with sufficient resources could therefore 'forum-shop', choosing the jurisdiction most favourable to their case.

The institutional repertoire went far beyond courts. Cities established *monti di pietà* to provide low-interest loans, grain offices (*cura annonae*) to stabilise food supplies, and pawn-broking houses to meet short-term credit needs. In maritime trade, bottomry loans allowed shipowners and investors to share losses if a voyage failed.

Firms experimented with joint investment contracts, profit-sharing agreements and new accounting practices to spread risk among partners.

These mechanisms were not merely technical. They were embedded in civic ideals of the *bonum commune* and shaped by religious norms about usury and charity. Trust in both the moral character of debtors and the stability of institutions underpinned their effectiveness. When trust eroded, as in times of war or plague, the entire edifice of credit could collapse.

Premodern commerce was conflictual by design. Disputes over unpaid bills, contested cargoes or delayed payments were routine, and legal records show that negotiation, arbitration and even violence were recognised stages of business. The work of Justyna Wubs-Mrozewicz and colleagues on merchant courts emphasises that their primary function was not to dispense abstract justice but to manage disputes in a way that preserved future trading relations.

Reprisals and embargoes illustrate how conflict management could shade into conflict production. Maritime communities such as Venice or Barcelona issued letters of marque that authorised privateering against commercial rivals. The boundaries between legitimate warfare, licensed corsairing and outright piracy were fluid, as Pinnuccia Simbula and Enrico Basso have shown. Far from undermining commerce, these practices often served as instruments of economic policy.

Despite this institutional sophistication, exogenous shocks repeatedly generated genuine crises. Sudden bans on letters of exchange, as in sixteenth-century Seville, could instantly drain liquidity. Religious persecution, notably the expulsion of Jews from Majorca, removed key financiers and provoked credit panics. Political upheavals, such as the fall of Gautier de Brienne in Florence, undermined confidence and triggered waves of bankruptcy, even among the largest merchant houses.

Markus Denzel's concept of «resilience strategies» helps to explain how firms sought to withstand such shocks: by diversifying markets, cultivating multiple credit lines, or fragmenting operations so that the collapse of one branch did not destroy the whole. Yet even the most resilient structures could be overwhelmed, confirming that structural risk and conjunctural crisis must be analysed together.

This complex interplay of law, custom, conflict and adaptation has significant historiographical implications. First, it warns against neat teleologies of commercial rationalisation. Rather than a linear march towards modern capitalism, we observe a process of bricolage in which old and new coexisted. Secondly, it highlights the agency of historical actors. Far from passive victims of impersonal forces, merchants and artisans creatively navigated, and sometimes manipulated, the institutional environment to their advantage.

Finally, the institutional history of risk and bankruptcy cannot be divorced from its moral and social dimensions. Reputation, trust, and the desire to preserve communal harmony shaped the application of law as much as did economic calculation. By recognising these intertwined motives, we gain a richer understanding of how premodern societies managed economic hazard.

4. Beyond anachronism: history on its own terms

Applying modern economic theory retrospectively may produce elegant models, yet it distorts the historical record. The historian's task is not to ask whether medieval actors «understood risk as we do», but to reconstruct their own conceptual universe. To assume that they shared our categories is to traduce the discipline of history itself.

A particularly revealing transformation concerns the passage from *culpable insolvency*, a moral and legal failing, to *insolvency as economic risk* during the early modern period. This shift altered attitudes towards debt and credit and reshaped practices of risk management. It must be studied as a historical process rather than as a simple forerunner of contemporary bankruptcy law.

Economic historians have sometimes treated premodern markets as primitive versions of present-day capitalism, looking for evidence of «proto-industrialisation», «pre-modern insurance markets» or «early capitalist entrepreneurs». Such categories, while convenient for comparison, risk conflating analogy with identity. When the seventeenth-century French dictionary of the Académie defined *entrepreneur* primarily as a contractor of building works, it was describing an activity embedded in guild regulation and civic duty, not an anticipatory specimen of Schumpeterian innovation.

The same caution applies to the concept of risk. Contemporary portfolio theory or behavioural economics may offer sophisticated models of decision-making under uncertainty, but they presuppose a numerical probability space absent before the rise of modern statistics. To ask whether a fifteenth-century merchant «optimised his risk profile» is therefore to ask the wrong question. He certainly balanced hazards and opportunities, but in a conceptual language and moral economy fundamentally different from that of modern finance.

The history of bankruptcy illustrates how a concept can migrate and mutate over time. In many medieval jurisdictions *bankruptcy* (or *bancarupta*) implied fraud and moral turpitude. Public shaming rituals, such as breaking the banker's bench or parading the debtor, reinforced this stigma. By the seventeenth and eighteenth centuries, however, a more neutral understanding of insolvency as an unfortunate economic contingency began to emerge, albeit unevenly. This transition from culpability to contingency is one of the key shifts that needs to be charted, and it cannot be reduced to a simple triumph of rational capitalism.

Moral and theological considerations remained powerful. Canon lawyers and confessors debated whether failure to repay debt endangered salvation, and municipal statutes often incorporated religious language of repentance and reconciliation. Even when formal penalties softened, the debtor's social standing and access to future credit depended on public demonstrations of good faith.

Resisting anachronism does not mean abandoning theory altogether. Rather, it calls for frameworks that are historically sensitive. Anthropological approaches, such as David Graeber's exploration of debt as a social and moral relation, allow us to see obligations of credit and repayment not merely as economic transactions but as ties of honour, hierarchy and reciprocity. Likewise, the concept of the «moral economy», popularised by E.P. Thompson and applied to medieval contexts by Laurence Fontaine, illuminates how ideas of fairness and communal welfare shaped economic action.

Microhistory offers another fruitful methodology. By reconstructing individual lives and decision-making processes, historians can trace how contemporaries themselves understood uncertainty. The case of the Datini network's brokers, or of small-scale artisans diversifying income sources to survive temporary insolvency, demonstrates strategies invisible to aggregate data sets.

A historically grounded approach demands a critical engagement with sources and language. It requires us to ask how terms such as *periculum*, *resicum*, *faillite* or *insolvenz* were used in notarial deeds, court records or merchant correspondence. It also asks us to read silence and absence: when contemporaries failed to deploy a term we take for granted, what alternative concepts or practices filled the gap?

This approach reaffirms the autonomy of history as a discipline. Economic history is not simply economics with older data. It must reconstruct the lived realities, moral horizons and intellectual tools of past societies, recognising that these cannot be reduced to modern categories without loss.

Finally, to historicise is not to retreat into antiquarianism. On the contrary, acknowledging the distinctiveness of past economic thought enriches contemporary debates. It reminds us that economic institutions and categories are not natural facts but historical creations, contingent and changeable. The medieval and early modern management of debt, with its blend of morality, community enforcement and pragmatic compromise, offers alternative ways of thinking about financial ethics and collective responsibility today.

5. Broadening the social and geographical lens

The focus on elite male merchants has long shaped narratives of premodern risk and bankruptcy. While such actors left abundant archives and wielded disproportionate economic influence, their prominence has often obscured the experiences of the majority of people who also confronted uncertainty and debt. A more inclusive history must restore women, artisans, peasants, wage labourers, domestic servants, religious minorities and non-Europeans to the story of how economic hazards were perceived, experienced and managed.

Women were central to household economies that straddled production and consumption. They acted as lenders and borrowers, managers of shops, and guarantors of kin and neighbours. Dowries, marriage contracts and widowhood settlements all involved complex negotiations over credit and liability. Research on Florentine dowry banks or on women traders in the Paris *marché au pain* shows that female agency in credit networks was far from marginal. Yet bankruptcy records seldom highlight their names, partly because legal responsibility was often vested in male relatives.

Nonetheless, careful microhistorical work reveals their presence. Women frequently provided the small-scale, short-term loans that sustained artisans between market days or harvests. They also managed household strategies of diversification, taking in lodgers, engaging in piecework, or pawning valuables, to cope with economic shocks. By examining these practices we gain a more complete understanding of how resilience was built from below.

Artisans and peasants likewise confronted structural uncertainty. Harvest failure, illness, or the collapse of a single trading partner could precipitate insolvency. Yet the vocabulary of «bankruptcy» rarely captured their predicaments. Instead, they relied on informal credit, neighbourly assistance and collective bargaining to weather adversity. Village courts and guild assemblies often preferred negotiated settlements to formal insolvency proceedings, reflecting a moral economy that valued social cohesion over strict contract enforcement.

Labourers and servants, whose wages might be delayed or lost if an employer failed, also devised strategies of survival. Multiple employments, seasonal migration and mutual aid societies mitigated exposure to the bankruptcy of those who hired them. Such strategies complicate any simple opposition between capital and labour: wage earners were themselves economic actors, making calculated decisions under conditions of uncertainty.

The experiences of Jews, Muslims, and other religious minorities further diversify the landscape of risk. Often excluded from guilds or municipal offices, they developed distinctive credit practices. Jewish moneylenders, for example, provided essential liquidity to Christian neighbours but were vulnerable to sudden expulsion or confiscation, which could trigger wider financial crises. In the Ottoman Empire, Latin merchants adapted to a different legal environment, negotiating between Islamic and European commercial law. Tommaso Stefini's work illustrates how Ottoman reforms incorporated elements of European bankruptcy procedure precisely to facilitate cross-cultural trade.

Although the *Settimana* discussions included colonial comparisons, the field remains heavily Eurocentric. Yet economic actors elsewhere grappled with similar challenges. In Mughal India, bills of exchange underpinned long-distance trade and created complex webs of credit whose breakdowns could be as catastrophic as any Florentine crash. Chinese merchant guilds developed sophisticated forms of collective insurance against shipwreck and fire. West African credit networks, relying on kinship and long-term trust, reveal parallel mechanisms for sharing risk. Incorporating such cases not only broadens geographical scope but also tests the universality of European-derived concepts like bankruptcy.

Anthropology and sociology enrich this broader perspective. David Graeber's argument that debt is a fundamentally social relationship – binding creditor and debtor in moral as well as financial obligation – invites historians to look beyond institutional records. Oral traditions, ritual practices and popular literature all reveal how ordinary people conceptualised economic duty and misfortune. Comparative studies of famine relief, informal insurance and communal grain stores underscore the importance of collective solidarity in managing uncertainty.

Expanding the field socially and geographically also demands methodological innovation. Standard commercial archives, company ledgers, notarial contracts, court proceedings, privilege literate male elites. To recover the experiences of others, historians must draw on parish records, household inventories, archaeological evidence, songs, and folklore. Quantitative «big data» approaches can identify patterns of small-scale lending or household insolvency, but must be complemented by qualitative microhistories that capture the uniqueness of individual lives.

By weaving these neglected actors into the narrative, we gain a fuller picture of how economic risks were distributed and managed. Bankruptcy and insolvency were not merely institutional events affecting great firms; they were lived experiences that shaped marriages, careers and community life. Recognising this fact corrects the implicit hierarchy that has long privileged merchants and bankers as the sole protagonists of economic history.

An inclusive history also reframes broader questions. It shows how structural inequalities, of gender, religion, class or empire, shaped exposure to risk and access to remedies. It suggests that resilience was often collective and moral rather than merely financial. And it underscores that the evolution from culpable insolvency to risk-based insolvency cannot be understood without considering those at society's margins, who often pioneered informal mechanisms of protection.

6. Conclusion

The preceding analysis has sought to show that the history of risk, uncertainty and bankruptcy before the modern age is neither a simple prelude to modern capitalism nor a mere collection of colourful anecdotes. It is a rich field in which conceptual precision, microhistorical sensitivity and social inclusiveness combine to reshape our understanding of the economy and society of the past.

A first lesson concerns the necessity of linguistic and conceptual clarity. Risk and uncertainty are not interchangeable: one presupposes calculability, the other does not. Before the seventeenth-century emergence of probability theory and the eighteenth-century development of actuarial science, economic actors lacked the means to quantify hazards. Their reliance on precedent, reputation and shared experience meant that what they called *risk* was qualitatively different from our own. The same applies to *bankruptcy*, *insolvency* and *over-indebtedness*, which were defined, and felt, through a moral and legal vocabulary that must be reconstructed from within their historical moment. Without such conceptual discipline we risk flattening the past into a distorted image of the present.

A second set of insights emerges from the institutional history of premodern economic life. Rather than converging steadily on modern models, medieval and early modern societies built up a complex, overlapping web of jurisdictions and practices. Merchants, peasants and artisans used courts, consulates, arbitration and even licensed violence to manage disputes. Old and new forms coexisted, often reinforcing one another in a pattern of path dependence. This bricolage of institutions, far from betraying irrationality, enabled a remarkable capacity for resilience in the face of exogenous shocks, from wars to epidemics. Yet those same shocks, regime change, confiscations, bans on financial instruments, could precipitate sudden, cascading crises. Understanding this interplay of everyday risk and exceptional crisis enriches our appreciation of both stability and fragility in premodern economies.

Thirdly, the paper has argued for a rigorous historicisation of economic categories. It is tempting to read premodern commercial practices through the lens of modern economics, treating early insurance contracts as precursors of contemporary finance or interpreting merchant decision-making as primitive portfolio optimisation.

But such anachronism obscures more than it reveals. The moral economy of debt, the theological debates over usury, the public rituals of penance and rehabilitation, all formed part of an intellectual and emotional world irreducible to the categories of rational choice or market equilibrium. To honour the autonomy of history as a discipline is to reconstruct that world on its own terms.

A fourth, equally important conclusion concerns the social and geographical breadth of analysis. The history of risk and bankruptcy has been overly centred on elite male merchants and on Europe. Yet women, artisans, peasants, servants and non-Christian minorities were all deeply implicated in credit relations and vulnerable to insolvency. Their strategies of survival, diversifying income, relying on informal networks, appealing to moral norms of solidarity, offer vital perspectives on resilience and community. Extending the field beyond Europe, to Asia, Africa and the Americas, reveals both striking parallels and distinctive trajectories that challenge the presumed universality of European concepts.

Together, these findings invite a rethinking of both method and scope in economic history. They show that «big data» approaches, while valuable for mapping large patterns, must be balanced by microhistorical studies that capture individual agency and the moral meanings of economic life. They also suggest that interdisciplinary dialogue, with anthropology, sociology and legal history, can illuminate the social and cultural dimensions of debt and credit that purely economic analyses overlook.

Finally, the study of premodern risk and bankruptcy has contemporary resonance. By exposing the historical contingency of economic categories, it reminds us that today's financial institutions and practices are neither inevitable nor immutable. The creative strategies by which earlier societies combined moral responsibility with pragmatic adaptation may hold lessons for present debates on debt relief, financial regulation and collective responsibility in times of crisis.

Far from being a mere precursor to modern capitalism, the premodern management of risk and insolvency constituted a complex, dynamic and morally charged system in its own right. It integrated legal innovation and traditional custom, individual calculation and communal solidarity, the mundane management of everyday uncertainty and the dramatic confrontation with sudden crises. By recognising these dimensions and resisting the temptation to read the past through the categories of the present, we not only recover the economic lives of forgotten actors but also gain a deeper awareness of the historical character of the economic world we inhabit today.