If precious metal such as gold and silver is the only ‘real’ money, why is it that people accept as currency paper credit, which is imaginary and without intrinsic value, and often excessively issued. This was not just a familiar question to people living through the infancy of the credit system, but also a problem for historians working on it. According to Jose R. Torre, Bostonians in Early Republican America made confidence, instead of specie, the foundation of the banking system of Boston. Confidence was in fact the ‘commodity’ that bankers depended on. If specie played some role in the institution of banking, it was simply as a ‘confidence-maintaining device.’ (p. 2) But how could confidence and trust, which were no more than subjective feelings, become the basis of a banking system? The author tries to answer this question in two ways: first, by placing the Bostonians’ discussions on the foundation of credit in context of the debate on the value of money carried on a century earlier in Britain; and second, by connecting the historical facts of the prolific issuance, investment in, and use of many kinds of bank notes, described in ch. 4, with an analysis of the cultural mood of Early Republican Boston, as manifested in religion (ch. 5), literature, journalism (ch. 6), and aesthetics (ch. 7).

First, the author finds two kinds of monetary theories at work in bank projects and in current ideas of money and credit in Early Republican Boston. Both theories had roots in Britain: one was the Lockean metallist theory based on Calvinist theology, and the other was the ‘utility view of money,’ such as, for instance, the ideas of Nicholas Barbon. The former leads to ‘[s]pecie-backed paper-credit instruments’ (p. 39), and the latter to paper-credit circulating ‘on utility, trust and confidence.’ (p. 48) According to the author, most of the pamphleteers in Boston took the second view of money: ‘Franklin echoed Nicholas Barbon’s objections to the very idea of intrinsic value’; and ‘Barton distanced himself further from the intrinsic theory of money.’ (pp. 44–45)

The author identifies ‘a new subjectivity’ and ‘an emphasis on feelings’ in the writing of the Scottish Moral Sense philosophers as the source of the turn toward trust and confidence as backing in banking and credit. The major thesis put forth by Shaftesbury and his followers in Scotland, among them Hutcheson, Hume, and Smith, was that the basis of moral philosophy should be feelings and sentiments rather than objective or external substance. This ‘anthropocentric emotive epistemology’ (p. 23) stood against Locke’s Calvinist empiricism, according to which all substances in this world are external, created by God’s design and ‘remained unknowable to mankind’ and ‘beyond the control of
thought and feeling' of human beings. (pp. 19; 15)

Following theoretical analyses of credit and moral philosophy, the author describes the situation of credit in Early Republic Boston, fully exploiting primary sources (ch. 4). The historical facts Torre enlists can be summarised in a simple phrase: 'bank note issues far exceeded the banks’ specie reserves.' (p. 61) Though 'the liabilities to specie reserves ratio' (p. 61) continued to rise to the point where it exposed the whole system of credit, and the entire economy, to the serious risk of collapse, paper credit institutions and their issues of paper money, based on a tiny reserve of capital (specie), did not stop expanding. In the following three chapters, the author tries to show how such an imagination-based credit system turned out to work well. He does this using the framework of the subjective-objective dichotomy that manifested itself in three ways, as mentioned above. First, it comes up in the conflict over moral value between 'orthodox Calvinism's . . . moral structure and heart-based Unitarian humanism [that] replicated the conflict between empiricism and the imagination' (p. 91) (ch. 5); second, in the cultural sphere of novels, the theatre, poetry, and journalism, the conflict appears between 'objectively knowable and received empiricist systems of knowledge' and '[s]elf-fashioned subjective identities' (p. 111) (ch. 6); finally, in aesthetics, 'empirical reality' and 'imagination' confronted each other. In each area, subjectivity and imagination proved to be more compelling than '[o]bjectively knowable standards' (p. 132).

The principal argument of this book is simple and clear: in Early Republic Boston, paper credit continued to expand as if there were no limits, even though it involved the risk of total collapse if something went wrong, and it relied on confidence and trust, culturally sustained by the wide embrace of 'new subjectivity' and 'imagination.' It is a fascinating story and a stimulating interpretation of the credit system in its early stage in the United States, a subject that so far has not received adequately probing examination. Some of the author's arguments, however, appear to merit further investigation.

To begin with, inexplicably, the author avoids mentioning the lengthy controversy on credit in England during the same period as that covered by his book. On one side, Charles Davenant believed that 'nothing is more fantastical and nice than Credit; it never to be forced; it hangs upon opinion; it depends upon our passions of hope and fear.' (Davenant, C. 1771 [1698], The Political and Commercial Works of that Celebrated Writer Charles D'avenant, London, vol. 1, p. 151) Sir James Steuart's definition of credit is in perfect accord with Torre's book: 'credit is no more than confidence.' (Sir J. Steuart, 1805 [1767], The Works, Political, Metaphysical, and Chronological, of the late Sir James Steuart, vol. 3, p. 138) Torre seems to have no interest in such discourse. Definitions of credit as a matter of subjectivity reflect the reality of early modern England described by C. Muldrew and J. Hoppit and other recent economic historians who perceive the uncertainty and fragility of the credit system in England of this period and acknowledge the importance of social factors and ethical considerations in the survival of the credit system. Torre, however, does not touch on those discussions by economic his-
To consider credit, an essentially financial or monetary matter, in the context of the Scottish moral philosophy and the Bostonian cultural milieu is obviously intriguing. However, repeated emphasis on ‘a new subjectivity’ and ‘imagination’ makes the story look too simple. In spite of Torre’s thorough investigation and abundant primary sources, some readers must certainly wonder how the author would deal with the same subjects while taking account of recent studies on the Scottish Enlightenment, particularly in the area of natural jurisprudence, as did Hont and Ignatieff, Winch, and Haakonsen, for example.

Thus, this book leaves the critical reader with substantial reservations. However, the author’s thesis that in Early Republic Boston, or in the early modern period in general, the paper-credit system was built on a subjective base of confidence and trust offers a stimulating and constructive view that previous historical studies of banking and finance have not directly explored. I can say with ‘confidence’ that this book provides a rich and useful source of ideas for historians of those subjects.

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