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### *Review of **The Promise and Peril of Credit: What a Forgotten Legend about Jews and Finance Tells Us about the Making of European Commercial Society***

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*The Promise and Peril of Credit: What a Forgotten Legend about Jews and Finance Tells Us about the Making of European Commercial Society.* By Francesca Trivellato. Princeton, NJ, Princeton University Press, 2019. Pp. xiv, 405, \$45 hardcover.

Review by Jared Rubin, Chapman University

I do not believe I have ever read a non-fiction book, let alone a history book, that reads part history, part *mystery*. Yet, Francesca Trivellato pulls it off magnificently in her highly-learned book, *The Promise and Peril of Credit*. Trivellato begins the book by discussing how surprised she was by a somewhat off-the-cuff statement she encountered with reading a chapter on bills of exchange in Jacques Savary's *Le parfait négociant*, a well-known merchant manual written in 1675. Surely any historian of the period worth his/her salt would know of any controversial claims it made. Yet, Savary makes the claim, as if it were a widely known fact, that Jews invented the bill of exchange between the seventh and fourteenth centuries as a way of sheltering their assets when fleeing France. This is surprising for a number of reasons. First, this is not accepted as true today—Italian merchants likely invented bills of exchange, although there may have been Middle Eastern antecedents. Second, the casual way Savary invoked this story suggests it was not really a disputed fact at the time. Third, despite Savary's work being famous among historians (especially historians of economic thought), this was the *first time* Trivellato heard of the claim. It is hardly as if the claim was made in some obscure text that few had access to. So why did Savary make such a claim as if it were accepted fact? What can this "legend" tell us about views of Jews and finance in the early modern period? This is the mystery that Trivellato unravels. What follows is a tour de force of history of economic thought that gives deep insight into the evolution of thought towards (and mainly against) Jews.

Trivellato finds the origins of the tale in a now-obscure work by the now-obscure French lawyer Étienne Cleirac entitled *Us et coutumes de la mer* (Usages and Customs of the Sea), a compilation of maritime laws printed in 1647. In this text, Cleirac claimed that Jewish merchants invented both bills of exchange and marine insurance. These were by no means obscure financial instruments: they were probably the two most important instruments of the medieval commercial revolution (1100-1300), and bills of exchange were still widely used in 17<sup>th</sup> century France. Importantly, bills of exchange were not the most straight-forward instruments to understand. They involved the use of agents in distant lands and currency exchanges. While they likely originated to reduce transaction costs associated with long-distance trade—a merchant could buy a bill to be redeemed in a foreign city rather than carry specie with him—they transformed into an instrument of finance. In the process they became an instrument of usurious lending. This made users of bills of exchange the perfect scapegoat for any type of financial crisis: they were poorly understood, seeming almost magical, and they were associated with usurious lending, which the Church spent centuries demonizing. This is why associating Jews with the invention of bills of exchange was so insidious. It fed into the broader anti-Semitic narrative of greedy Jewish lenders taking advantage of well-meaning Christians. This narrative dominated thought about Jews for much of the early modern period, justifying the worst of atrocities. In a sense, the legend is a microcosm of broader sentiment towards Jews. In Trivellato's words, the legend "emerged and evolved as part of the collective suspicion produced by forced baptism, acculturation, and assimilation—three very different

phenomena, but all accompanied by apprehensions about moral contagion and the subversion of the established order” (p. 7).

Although Cleirac and his works are not widely known today, this was not true of 17<sup>th</sup> century France. Trivellato provides overwhelming evidence that Cleirac’s work would have been known to Savary (although citation practices of the time make this something that must be inferred) and to writers of 18<sup>th</sup> century Enlightenment France. After exploring the origin of the legend, Trivellato documents where it spread, primarily in early modern France (for those interested in the details, Trivellato provides a wonderfully detailed 67 page appendix which includes notes on all primary sources). Importantly, it came up in the works of Montesquieu, who “praised Jews for forging new credit instruments that benefited everyone because he assumed that Jews inhabited a society of status that kept them in a subordinate position” (p. 131). The legend went relatively unquestioned for at least a couple of centuries after its birth, largely fitting into whatever narrative on Jewish finance (most always negative) the author wished to tell. This is why Trivellato gets so much mileage out of the legend. The story is much more than uncovering the origin and spread of a now-forgotten myth. It gives us rare insight into how early modern Europeans viewed Jews and how those views changed over time and place.

It what is perhaps the most interesting chapter, Trivellato traces the myth outside of France, to England, the UK, Holy Roman Empire, Spain, and beyond. This chapter produces one of the book’s most important insights, albeit a counter-intuitive one. Trivellato finds that the places with the worst histories of anti-Semitism (Spain, England, and parts of the Holy Roman Empire) is where the legend had the *least* traction. Why? The answer Trivellato gives is straight-forward enough. Those places that had expelled their Jews had little use for the myth. Indeed, the Italians even took pride in the idea that they invented the bill of exchange (which by all accounts seems likely, if considering only the European style bill). On the other hand, more “tolerant” places were still pretty anti-Semitic (by today’s standards), and they could always use a good scapegoat. Even as the French were espousing equality for all and freedom for the Jews, the legend remained potent. Meanwhile, the reason the legend did not gain much traction in the Dutch Republic—which by the standards of the day was a relatively tolerant place—was that the Dutch were more concerned with scapegoating Jews for troubles in the growing equities markets centered in Amsterdam.

As in any book, there are small things with which one could quibble. I would have liked to have seen more up front about what modern scholarship says about the origin of bills of exchange. Regardless of how the legend was later used, it is not unfathomable (at least, to one who does not study this period of history) that Jewish lenders could have been behind their spread. There is also some debate—which the book does not discuss—regarding the degree to which Europeans borrowed the concept of the bill of exchange from the Middle East (the *suftaja* was a similar instrument known since the eighth century that was similar to the bill of exchange but did not contain a currency exchange element). But these are minor quibbles and detract nothing from Trivellato’s meticulously constructed argument. *The Promise and Peril of Credit* was a true pleasure to read. For anyone interested in the history of early modern economic thought or Jewish economic history, this book is a must read.