

PAPER MONEY CONTROVERSY IN COLONIAL  
NEW ENGLAND: CULTURAL CONTEST  
BETWEEN “TRUSTED STEWARDSHIP”  
AND “POSSESSIVE INDIVIDUALISM”

Kotaro Kanai

In earlier eighteenth century New England, a heated series of controvercies arose for and against paper bills causing much publica-tion over concerns about the declension in the society, in particular the decline in trade. The disputants both pro and con the paper currency agreed that some medium of exchange was necessary. However, the problem was what caused drainage of silver currency into the home country, and what kind of currency should be the medium ; whether or not people in New England became extravagant and idle consuming unnecessary goods imported from England and Europe ; whether or not people lost a sense of shame to be in debt ; whether paper bills were just postponed and eventually never fulfilled promise to pay, or they were money itself based on common consent.

It is true that those who advocated for sound money and those for paper money thought for the common good of the people, but their debates were usually not hooked and constructive. They stuck to their own ideas, and denied the other’s arguments. Even contemporary pamphleteers knew the controvercy was unhooked :

altho’ many are apt to complain the disadvantages of the times, and almost all are perswaded that the Current of affairs runs very much out of order, yet very few agree in Judgment as to what may be the prime or principal causes of these distempers in the State, and much less as to means proper for the removal of the same.<sup>1</sup>

What excited them in such heated controvercy and what disturbed

them from reconciling?

### I . Historiography and Culture Interpretation

Like the pamphlet quoted above, the historians of the colonial paper currency controversy has attributed this deep discrepancy to the economic interests of the debtors and creditors from the start. They have focused on what composed the interests of the parties. Andrew M. Davis pioneered an academic study on the paper money problem around the turn of this century. The early view states that the western debtor farmers had interest in paper money inflation to ease the burden of credit, while the coastal merchants opposed depreciating paper bills. In the 1930s John C. Miller confirmed the class conflict interpretation between agrarian debtors and town artisans on the one hand, and the Boston merchants on the other hand.<sup>2</sup>

George Billias cast a new light on the class alignment in the conflict. He related the bank bills scheme with the economic development in Massachusetts. A lot of land speculators, inland traders, professionals, local political leaders, and commercially oriented farmers were involved in the project. It was rather economically active elements that supported paper bills. More recent historians including E. James Ferguson pointed out the positive side of the paper bills like a primitive form of the controlled currency.<sup>3</sup>

Historians on this topic, however, have neglected the view-point of cultural contest in the controversy.<sup>4</sup> Culture determines the society's attitude toward life including economy.<sup>5</sup> Exchange and economic life have made up one of the most important social interactions in history in that the style of economic interaction differs depending on the places and the periods.<sup>6</sup> This variety cannot be attributed to the degrees of economic development. Culture, as a control mechanism for governing social behaviors, controls the way people in the society interact in exchange and economy.<sup>7</sup> The important problem is that culture legitimizes economic life in the society. Before culture authorizes the people to do their best in pursuing individual interests, ubiquitous self-interests are under strict control by communitive culture and ordered society. As R.H.Tawney states that "if the circumstances which

determine that certain kinds of conduct shall be profitable are economy, those which decide that they shall be the object of general approval are primarily moral and intellectual.”<sup>8</sup> It was a moral, intellectual, and cultural question whether or not to approve the capitalist mind and mechanism supported by the paper money, which excited such unhooked debate in New England.

Contesting cultures of the debators prohibited them from accepting or even understanding the opponents’ view. Even points that they agreed on came to appear to have a different meaning to the opposing side. The meaning of fact mattered more than fact itself to them. Max Weber says that “events are not just there and happen, but they have meaning and happen because of that meaning.”<sup>9</sup> For example, economic increase was unquestionably good to the general to the paper money economists, whereas sound monetarists feared that it would hurt or sacrifice some members of the society. They preferred the security of the society to the growth of national products. Also, if individual interest was a positive drive to the general prosperity in the former’s view, it was a dangerous passion to ruin the society in the latter’s. Under this great division of values, economic explanation acts alone as justification to the “economic man”.<sup>10</sup> Interest interpretation has only partial relevance where approval of individual interest was fought for.

Georg Simmel’s *The Philosophy of Money*<sup>11</sup> gives an excellent theoretical guideline concerning the cultural and intellectual meaning of money economy. The book explains the effect of money economy on change in human relationship, as well as social and cultural life. The increasing functional value of money dissolves substantive relations. He says :

The broad cultural ramifications of the nature and significance of money are to be seen in the movements that lead money toward its pure concept and away from its attachment to particular substances. . . . Thus, money is involved in the general development which in every domain of life and in every sense strives to dissolve substance into free-floating processes. ( p.168 )

The way of the dissolution is as such :

The interactions between the primary elements that produce the social unit are replaced by the fact that each of these elements established an independent relation to a higher or intermediate organ. Money belongs to this category of reified social functions. The function of exchange, as a direct interaction between individuals, become crystalized in the form of money as an independent structure. ( p.175 )

His insight clarifies the relationship between the function of money and social change.

This dissolution explains the transformation from, for what Ferdinand Tönnies called, the *Gemeinschaft* to the *Gesellschaft* from the viewpoint of exchange and money. Since, as Simmel considers, exchange and other interactions constitute a society itself, "exchange is one of the functions that creates an inner bond between men -- a society, in place of a mere collection of individuals. Society is not an absolute entity, . . . but is only the synthesis or the general term for totality of these specific interactions" like super-and sub-ordination, cohesion, division of labor, exchange, and so on.<sup>12</sup> Thus, exchange by money has the following function in society,

The common relationship that the owner of money and the seller have to a social group - the claims of the former to a service and the trust of the latter that this claim will be honoured - provides the social constellation in which money transactions, as distinct from barter, are accomplished. ( p.178 )

The objectifying function of money dissolves substantive interactions (*Gemeinschaft*) and creates independently structured interactions (*Gesellschaft*).

Social change results both from and in cultural change because control mechanisms of culture govern the way we interact with each other in society. When control mechanisms change into detaching and calculating mechanisms, the exchange process turns independent from substances and becomes structured with an intermediate organ, and *vice-versa*. Therefore, looking into the conceptions of money medium for exchange, clarifies the contest between the two cultures: culture for direct interaction among individuals controlled by the idea of

ordained social order on the one hand, and that for the independently structured interaction of the free-floating individuals regulated by a market-like organ.<sup>13</sup>

Money economy facilitates the objectification of the human subject putting a distance between person and things, and even between the personality and its laboring function within one person. Social and cultural change reifies the process of the objectification in the following phenomena. The objectification deprives caring duty and personal impression on the possessed of the possession, causes division of labor and impersonal relationship, brings about individual freedom, and produces mind of the calculating character and the material culture.

The series of pamphlets on paper currency can be seen as New Englanders' efforts to decipher the meaning out of what was happening in their society. They contested for a legitimate culture to defend or reorganize the social order. Examining their arguments clarifies the cultural transformation and contest between vindication of communitive order and formation of capitalist mechanism. The people were experiencing contradiction between their original purpose to settle a Christian commonwealth, and their secularizing material success. This embarrassed them and induced them to hold repeated jeremiad meetings to reform their excessive life style. As Perry Miller says, "The more people worked in the right spirit, the more they transformed the society into something they never intended; the more they diligently labored on frontier, in the field, in the countinghouse, or on the banks of Newfoundland, the more surely they produced what according to the standards of the founders was decay of religion and a corruption of morals."<sup>14</sup> The colonists were worried about the chasm which R.H. Tawney points out :

Between the conception of society as a community of unequal classes with varying functions, organized for a common end, and that which regards it as a mechanism adjusting itself through the play of economic motives to the supply of economic needs; between the idea that a man must not take advantage of his neighbour's necessity, and the doctrine that "man's self-love is God's providence"; between the attitude which appeal to a religious standard to repress economic appetites, and that expediency as the final criterion-- there is a chasm which no theory of the permanence

and ubiquity of economic interests can bridge, and which deserves at least to be explored.<sup>15</sup>

Earlier, colonists were not able to tolerate their own material success as it was, still less applaud it, as success should be positive only in showing divine glory. However, responding to material development and lack of silver currency, some Americans were ready to cross the chasm. A new idea on common good was emerging to bridge “between the old-fashioned denunciation of uncharitable covetousness and the new-fashioned applause of economic enterprise”.<sup>16</sup>

Examination of the pamphlets in *Colonial Currency Reprint* (Andrew M. Davis ed. ) clarifies how the cultures contested for and against the rise of capitalism in the paper money controversy. The pamphlets deal with various issues from different angles. They discussed institutions, theories, values and minds, and policies. Their arguments were rudiment, concrete, confused and sophisticated. Their styles were prose, analogical, scientific or “arithmatic”, and polemic. Basically they consisted of two parties debating each other in pursuit of common good. Sound money pamphlets required intrinsic value in money, and insisted on circulation of silver currency or at least paper bills well backed by silver. Otherwise, they rather preferred barter trade. The adversary essays stressed common consent as the basis of currency, and supported well regulated paper money according to the quantity and the demand to promote inland trade.

Three important dichotomies led to a cultural debate for and against the rise of capitalism: personal vs. impersonal relationship, paternal care vs. individual freedom, and the value of justice vs. that of expediency. The relationship of the three can be expressed in the following formula: which interactions should be attained and maintained by which means under which value in the society. A society based upon personal relationships among its members comprises a communitive order because the communication of affections ordained by God can organize and maintain personal community. The ruler and the government have a duty assigned to them by God to take care of the people and to secure a common weal. The government and the rich

must sacrifice to save the helpless. The idea of justice supports the hierarchical order: people occupy a just position, take just behavior and exchange with just price. Impersonal relationships and individual freedom need a medium of exchange, money, and a mechanism of self-regulating market to organize the society. With money and a market, people can calculate their best expediency and make the most profitable contract. Thus, the arguments of the pamphlets on currency depict the cultural transformation of that period. For money was perhaps the institution in which the characteristic qualities of the genius of that society and period were fixed and embodied.<sup>17</sup>

## II. Impersonal Interactions and Paper Money

The abstraction of the process of exchange from specific real exchanges and its embodiment in a distinct form, money, impersonalized economic interactions. Money introduced a third party into the private process between two parties which had been confined to individual actions. It was the community as a whole. As G. Simmel explains:

The value of exchange given by one party has no direct value for the other party, but is merely a claim upon other definite values; a claim whose realization depends upon economic community as a whole or upon the government as its representative. . . . The pivotal point in the interaction of the two parties recedes from the direct line of contact between them, and moves to the relationship which each of them, through his interest in money, has with the economic community that accepts the money. ( p.177 )

The community's assumption that every private obligation will be settled by money encourages economic activities within the enlarged sphere of the whole community. At the same time, this great dependence upon an abstract organ diminishes personal relationship in the community. G. Simmel points out:

In that the purely money relationship ties the individual very closely to the group as an abstract whole and in that this is because money, in the light of our earlier deliberations, is the representative of abstract group

forces, the relationship of individual persons to others simply duplicates the relationship that they have to objects as a result of money. ( p.301 )

Thus, personality of men as well as specificity of objects becomes more and more indifferent, insubstantial and interchangeable within a money-based economy.

Both sides of the controversy keenly acknowledged that the introduction of paper bills would impersonalize, or objectify human relationships. I would like to discuss cultural responses of the New England controvertists to the impersonalization through two points. First, paper bills were to make economic activities more mechanic than human. But the problem was that they totally opposed each other in evaluating the tendency. The second point deals with what gives money its value, intrinsic value or common consent. The appreciation of common consent as the base of value was deeply related to political economy and the objectification of possession.

First, the impersonal side of paper bills excited those advocating hard money a fear, and stimulated those supporting paper money objective insight on economic mechanism. Personal-relation oriented people tended to treat the paper bills, including public bills, in personal terms. To them it was not money at all, but merely promise to pay money within an agreed-upon period. However, in reality, they argued, the promise was never fulfilled as the debtor usually gave only another bill at the end of the period and, thus, the promise resulted in a postponed promise. This process would continually repeat itself. A paper money supporter severely rebutted this "absurd supposition" asking "Do Men keep their Bills lock'd up Twenty Years, and not use them in Trade? or doth or can any Man carry the Bills to the Government, but in Publick Payments, in which they are in Value equal to Money, or by way of redeeming their Land, and then they are cancelled?"<sup>18</sup> As long as one can accept that the bills are money, they should not be taken in a bilateral and personal context, and should be utilized and circulated among a lot of unknown and impersonal men.

Silver money pamphleteers mainly considered trade to occur within a narrow circle, neighbors, and stressed Christian-like, compassionate

dealings with each other. Though, at the same time they allowed division of labor based on the concept of calling, and exchange using sound money. Of course, by neighbors, they did not mean literally those living in the immediate vicinity, but those whom as Christians they should mutually love. As one of the pamphlets states "*we should love our Neighbours as ourselves, & do as we would be done by.*" Also the pamphlet proposed, "If you and I differ in *Schemes and Projections*, yet let us be one in *Love and Friendship*". He advised both creditors and debtors to give generous and sincere treatment in difficulties, stating :

I would advice such Debtors to beg forbearance in their Creditors, and say to them, ( submitting to Providence, ) Have patience with me and I'll pay thee all ; and let them honestly and industriously endeavour to do so. And I would advise Creditors to avoid extremities, vigour not needlessly take their Brother by the Throat. . . . considered as Christians we can't be exempted from that rule, *As ye would that Men should do unto you, also to them likewise.*<sup>19</sup>

Although as a Christian this generosity should theoretically apply in general, it was realistic only in a very personal relation. It was never a good advice for the creditors to get ready to replace the borrowers with an entrepreneur who could ably make profit to pay off the debt.

Another pamphlet warned against the ill effect of paper bills on morality. Paper bills propelled "a selfish, contriving Spirit" and a superficial prosperity. Particularly, the bills were damaging to very personal relations. The author of the pamphlet states :

Could get the Paper Bills Intirely stopt, the burden would be much less than the *Medium* we have now got. For as it is now, the Father is set against the Son ; and the Son against the Father ; Brother against Brother ; Neighbour against Neighbour ; a man can't speak to his Neighbour against making Paper Bills, but he is ready to fly in his face!<sup>20</sup>

Under such deteriorating circumstances, men must appeal to an impersonal means to make the debtors repay their debt or must discontinue their relationship. One pamphlet reports that "Our courts are full of plain Bonds, and Notes of Hand ; Appeals on them are allowed, Executions delay'd &c. This insensibility of Discredit, breaks all Friendship : it makes a Man cautious of lending his Money to his best

Friend, and nearest Relation.”<sup>21</sup> While various eighteenth-century New England writers attempted to stress the value of personal relationship in opposing paper bills in their writing, in reality the people of New England were becoming more and more impersonal.<sup>22</sup>

In contrast, the paper money pamphleteers appreciated the economic mechanism in which paper currency was to activate people’s activities in impersonal terms. The impersonal mechanism has its own rule and movement. Some individuals may take and some may lose. A pamphlet accepted this by saying, “It is true, Bills have unhappily fallen in their Value, but what Harm has this really done the Country in general? For *what one in the Province has lost another has got, and the Province has it.*”<sup>23</sup> This shows a clear appreciation of political economy, economy as a whole nation. There was no reason for worrying about the fall of paper bills in terms of the weight of silver, because the fall did not necessarily mean decrease of paper bills in purchase power. Silver itself as well as other things vary its value according to the quantity. Thus, the weight of silver is by no means an invariable measure of the value of other commodities.

Money seeks out the more profitable hand.<sup>24</sup> Hugh Vance, the keenest economic analyst during the controversy, appreciated its tendency, saying “Bad Husbands will sell or mortgage to their own People, or any other, that will lend them money: And in such Case it is a publick Advantage, that their Estates should get into better Hands.”<sup>25</sup> It was approved by the eighteenth century pamphleteer for money to drive economic competition as well as natural, impersonal, selection. Paper bills were indispensable to make the competition effective and to achieve economic development.

While silver money supporters attributed their distressed state to the moral decline of the people, a personal element, paper money pamphleteers tried to comprehend the consequence and the mechanism of commercial activities.<sup>26</sup> A writer, who aimed at distinguishing “the first moving” from “the many dependent Causes, and seeming Counter-workings of things in relation to the Common Interest,” accounted for the cause of the shortage of silver in Massachusetts as being “credit of Money.” By this he meant the comparative value between silver money and merchandise or labor. With undervalued currency, it is advanta-

geous to import products from a country with undervalued products and labor, because at home, money buys less products and labor than abroad. He concluded that “the Flourishing of a People or Common Wealth depends upon the maintaining a just Credit upon Money.” Also the just value is “more or less according to the Labour that is necessary to produce.”<sup>27</sup> Though his analysis was in general coarse, inaccurate and verbose, it is clear that he intended to base public good on objective consideration into the cause and effect of trade rather than moral attitudes.

Hugh Vance understood and explained the market mechanism scientifically. His style itself is sometimes technical, utilizing figures and tables, and his argument is concrete. He attempted to “conceive of the world as an arithmetical problem.”<sup>28</sup> When he advocated a Land Bank scheme, in his *Inquiry into the Nature and Uses of Money, & C.* ( 1740 ), Vance explains clearly the work of market mechanism. As for the most basic principle, supply and demand, deciding price in the market, he says :

All things in use in the World, whether they have real or accidental Value, *change* their comparative Value or Price in the Market from the *same causes*, viz . . . by Means of any Change in the *Proportion* between the *Quantity* to be *sold*, and the *Demand* for that Quantity.<sup>29</sup>

There must be both a present supply and a present demand. He says that “For the differing the Sale or Purchase of Things till tomorrow, or the next Month, or Year, has no Effect upon the present Market.” In reality it is difficult to know “the true Proportion between Quantity and Demand, as to any Commodity . . . because no Man can tell what Obligation or Disposition other People may have to sell or buy.” People must judge, he concluded, the circumstance of the Market through impersonal signs in price changes. He also understood the replacement effect on supply and demand, saying “For instance, the short Crop of *Indian* Corn and Rye may be supplied by good Crop of *Wheat*, and consequently the Demand for *Wheat* increased thereby.”<sup>30</sup> His exact and objective analysis of the market is astonishing when considering that the publication of his pamphlet, in 1740, was not so far away from the time of “the world we ( probably not yet he ) have lost”, 1619 .<sup>31</sup>

A major problem was the value and quantity of money. Vance understood the relationship between the amount of money and the rate of interest in economics. Money behaves in a manner similar to supply and demand of commodities. He says "There is one Way of Judging of the Change of its Value, by comparing it with other things in the *Market* ; and another Way of Judging of it, by the Change of its yearly *Increase* or *Interst*." But when compared with price change of goods in the market it is difficult to sort out whether demand for money or commodity changes the price. Silver, as John Locke states, can not be relied upon to act as the standing measure of other commodities because it is not stable when its quantity is altered. Vance concludes :

The Change of the natural Rate of *Interest*, is an undeniable Evidence of the Change in the *Proportion* of the Quantity & Demand of Money, and therefore of the Change in the Value of Money from time to time.

To him, it is natural that the necessity of trade should transgress the rule of the law which is founded on justice and equity.<sup>32</sup> Vance made no moral comment on such transgression. There was no necessity resisting impersonal or natural mechanism.

Second, a question as to how the value of money is decided caused heated discussions. Both sides of controversy never conceded on the foundation of the value which each of them attributed to money : the intrinsic value and the common consent. This discrepancy was deeply rooted in their respective cultures to support either personal or impersonal interactions. They failed to reconcile with each other even when the both sides shared the recognition of the paper money as local means. One disgraced paper money because of its local circulation and non-exportable value, whereas the other appreciated its flexibility for control. The contesting cultures led to the opposing conclusions.

In the personal world of the sound money pamphleteers, the one and only value of money was its intrinsic value. Gold and, in New England especially, silver only were right currency. "Because," William Douglas, a representative hard money pamphleteer and a rival to Hugh Vance, argued, "in common Equity, nothing ought to be a *Tender in Trade* in any particular Country, but what is a general Tender all over

the commercial World.” With such a medium, people maintained justice in commerce and labor. As for paper bills, he denounced that they tended to depreciate to the damage to the society as a whole, and the creditors, with too large emission. He says, “Our *Province Bills* have no intrinsic Value, and as a Depositum, are no better than waste Paper ; they are no exportable Merchandize, and receivable no where but in *New-England*.” He regarded them as a debt to be discharged by the succeeding generation.<sup>33</sup> Money needed an intrinsic, universal, and fixed value for the common weal and the equity, which represented the communitive order.

William Douglas basically understood trade within the context of direct interaction, even with the use of money. Trade was the barter exchange of valuable commodities simply between two parties. Both would receive what they value and would be content with the exchange directly. In his opinion, silver was by no means a general claim upon other things, but it, with intrinsic value, was one commodity, the merit of which was imperishable, portable nature and dividability into any piece easily. He considers as follows :

All Commerce naturally is a *Truck Trade*, exchanging Commodities which we can spare ( or their Value ) for Goods we are in want of. *Silver itself is a Merchandize*, and being the least variable of all others, is by general Consent made the *Medium of Trade*.<sup>34</sup>

To him, there ought not to be any third party between the buyers and the sellers. Exchange must be specific and real. Since such a direct style of exchange is as ubiquitous between neighbors as it is between a Bostonian and an African tribesman, he could not trust the idea that the value of money as a general claim upon any commodity in a market depends upon a local economic community as a whole. In his view, such economic community should be “the universal trading Part of the World.” Douglas, thus, fought against the culture calling for objective exchange and impersonal interactions.

On the contrary, the objective rationality of those who advocated paper money rejected the intrinsic value of gold and silver as Simmel’s reason did.<sup>35</sup> There is no intrinsic value in anything but the necessities of life ; air, water and food, and what is directly related to produce

them such as land and labor. John Colman, who, in 1740, started the controversial Land Bank, questioned, "What intrinsick value is there in Silver, or Gold, more than in Iron, Brass, or Tinn but only the common acceptation of it by men in Trade, as a *Medium of Exchange*. In not every thing in this World, just as men esteem and value it."<sup>36</sup> And Simmel would have completely agreed to H. Vance's assertion that "it is in the Power, and usual Practice of Mankind, by common Consent to give an *accidental Value* to Things for different Reasons." Money needs its function and common consent to *become* valuable.<sup>37</sup>

Man gives money whether in metal form or in paper form, an accidental value with the understanding that it works as the standard of the value and exchange medium. In order to establish a standard, paper money was better than silver because the value of silver as a metal commodity would fluctuate depending on its supply and demand for the commodity use. The bills were an abstract and artificial medium based on the group forces of the economic community. Vance recommended keeping money as the fixed standard of the value of commodities. Bills can be made almost "a perfect Measure of Value." They may "be emitted and called in always in Proportion to the Demand at the assigned Rate of Interest." They would not "*change* their *own* Value, nor to be the *Cause* of the Change in the Value of *other* Things." He detached money from its substance, and purified it into its function as a measure.<sup>38</sup>

While both sides of the debate agreed that paper bills were local means of exchange, their conclusions were again opposing. The sound monetarists preferred money with a general value because it was exportable and would not cheat the creditors. Hugh Vance, a representative advocator of paper money, insisted on local money, saying that "Money should have the common consent of the People, where it is to pass." As no universal commodity such as silver and gold could be utilized in the same way as money to be a just measure and fit instrument of commerce. They concluded that "Every country must choose a special or local one, and in this Regard Bills of Credit have the Preference of all others."<sup>39</sup> Vance recognized money as the representative of abstract group forces, and to be trusted upon the economic community as a whole. To Vance, the universal value of silver money

rather disturbs the Province from becoming a factor in exchange in the sense as Simmel clarified. The economic community must have a limited but effective group power by common consent of the people.

The group calling for paper money, in particular Hugh Vance, based money, both in silver and in bills, on common consent. This idea of common consent offended those favoring hard money. Vance explains that, silver and gold,

have *their* Value not from the *usefulness* as *Metals* (for that Value is inconsiderable, even less than that of Iron) but from the common *Consent* of Mankind, in chusing them . . . chiefly for their usefulness as Money : Upon all these Accounts their Value is kept up ; . . . In like Manner our *Bills* have their Value from the *Demand* for them, by the *common Consent* of this Community, founded upon this solid Reason, *That they are a Commodity the best qualified for the Ends and Uses of Money.*<sup>40</sup>

To paper monetarists, it was assumed that the value of the currency was determined by the people's imagination. Such abstraction would destroy the just order of society and the moral of the people. It appears that the opposing viewpoints on common consent and paper bills resulted from a different pursuit of objective and substantive human interaction.

### III. Conclusion

Money was the bridge over the chasm which R.H.Tawney indicated. The culture crossed the chasm over the bridge from trusted stewardship to possessive individualism.<sup>41</sup> Money economy accomplished cultural and social transformation to possessive individualism. Thus, the question of monetary medium formed the focal point of a controversy in eighteenth century New England. The controvvertists debated the legitimate society itself : Which idea is legitimate that a man is just trusted his abilities with the duty to manage them well, or that a man possesses and deals with his talents with his full discretion. The following two paragraphs depicts the contrast. A pamphlet supporting silver money says :

If some have such *Estates*, that the *Yearly Income's* enough to maintain

them, yet since they have the *same Powers* and Capacities for *Business*, and are under the same *Supream Law* with others, they seem inexcusable if they *wrap up their Talent in a Napkin*, for they should be *good Stewards* of the Abilities entrusted with them. The greater Estates they have, the more they're indebted to Divine Providence, and should make grateful returns by virtuously employing entrusted Abilities; yet as they have *opportunity they may do good to all Men*, and become more able to give *to him that needth*.

Also, an opposing pamphlet indicates as follows:

In all Labour there is profit, because none will Labour, but with a foresight of Profit; for Profit is the final Cause of Labour; and as there cannot be much profit by Labour without *Commerce*, so *Commerce* is the Cause of Profit by Labour, and consequently the cause of Labour, that is of the abundant Labour in order to Wealth and Flourishing.<sup>42</sup>

In the former's view, God ordained the social order, hierarchical and systematic distribution of the obligations. The obligation needs the means to complete the duties. The means were the status, the privileges and properties. These "belongings" were not for individual enjoyment, but they posed the obligations on man. God trusted a man a position and the meaning of life through the society. A man could be himself, an "individual", by holding status, doing his calling and completing his duties. A man means nothing outside the society. All of his activities became meaningful in terms of its identification with the society. Every activity was related to his entrusted obligations. Since a man was the steward of the entrusted abilities, his discretion could work only to the extent that he fulfilled the duties. His individuality was determined by how he assumed these duties. The entrusted obligation was the center of life around which other activities would formulate. For example, piety and then salvation depended on doing his best in the accomplishment of the obligations entrusted to him. The religious practice was identical with sincere assumption of his duties. The maladministration or neglect in his duties necessarily meant impiety. A man can serve God simply by assuming the obligations in the society.

In the stewardship an individual did not possess anything. Any belongings under his control were required to be necessities needed for

completion of his obligations. He is obligated to make best use of them. Possession should never result in the selfish enjoyment for individual interests regardless of the trust. Any arbitrary dealings consisted of the vice of extravagancy, and neglect of these obligations made up the vice of idleness.

Exchange was to complement the necessities in society. As God assigned various callings, and allowed division of labor, it was very reasonable to exchange the things his trusted talent produced for the necessities. The exchange had to be very specific, complementing each other the indispensable. Thus, the exchange with money gave birth to a problem. Money, especially paper money, lost its substance, and kept its function only, the general claim on the commodity. The possession of it would not obligate better usage in accordance with its substance as other commodities would. The exchange of one's product by his trusted work for such a non-specific, and non-substantive material, money, did not make sense at all. Acceptance of money might mean that the seller did not have anything indispensable at the time of trade. It was permissible for the silver money writers to carry cash for the necessities within a needed reasonable interval. This would help complement an appropriate exchange of man's necessities. But money hoarded up might lead to monopolization of others' necessities. So credit, particularly long credit was out of the question. As it meant that one was spending more than he could produce. It necessarily meant extravagancy and too much consumption of products from other's labor. In order for one to assume his trusted obligation, credit must not be made available. The distressed state of both extravagancy and idleness were, in the silver monetarist mind, a result of paper money, as it only served as a promise to pay in the future, and a bill of credit was usually not fulfilled in the end. Paper money, credit and common consent would destroy personal interaction in accomplishing the stewardship of the entrusted obligations.

Under possessive individualism, a man possess anything belonging to him, including himself. He owns his laboring power. He owes nothing at all to the society because God directly obligates an individual to be a means to glorify Him according to the Protestantist ethic.

Then, every belonging is under man's discretion for that purpose. But eventually it might be under the control of his arbitrary will. Any dealings with belongings such as exchanging or mortgaging, causes no contradiction with his obligation as individual at all. It is necessary to deal with them according with a person's best discretion in order to achieve the glorification of God. The responsibility is in the individual.

Thus the value of labor occupies the focal point in the possessive individualism. A man must exert himself to make his labor the most effective. He, most of all, possesses his labor by himself without the idea of any specific entrusted function in the society. He can even sell his labor, as no obligation dictates to him what to do. The dealing of his labor completely depends on the owner's will. He can or rather must find a calling with which he does his best, *i.e.* makes money most. Good result from his efforts glorifies God. How he does this and what kind of occupation he does it through depends on the individual.

John Locke argued that the appreciation of productivity sanctioned the free ownership. Increase in productivity excused the monopoly of huge property. As long as other individuals could support their family with their wages, productive monopoly was not necessarily worthy of denunciation. An increase should eventually contribute to the support of more individuals. It was more important how much development of a nation to achieve than how to accomplish general good. As paper money and credit facilitated the improvement of land, population and production, money and credit were signs of progress in the paper monetarist opinion.

The lack of money rather disturbed from the effective growth by forcing unnecessary exchange, because shortage of money compelled the employers to pay in commodities. Workers often received unnecessary goods, sometimes even luxury things. In trade also the shortage of a money medium led to barter trade or usage of shop-notes in which the seller had to accept a lot of unnecessary goods. This was very extravagant in the paper money essayists' view. A man lacked a means to achieve his gift without money medium.

Possessive individualism developed impersonal interactions. Effective means was necessary to do an individual work of the glorification of God. Usage of money fits this purpose. Money detaches things from

the substance and liberates the possession from the duty. Money makes its owner appreciate the character of men and goods in terms of their function judged by monetary value. Only to produce more or less matters. Because of the functioning nature of money, a man does not sell his substance and personality, but simply his laboring function. This function of money opens up chances to interact much more widely and variously in search for the most effective.

Introduction of money changed nature of ownership. Collected power of a society as a whole guaranteed and enlarged enjoyment of objects. Georg Simmel says :

Under prelegal conditions - and also, naturally, in those areas within our civilization that lie outside any direct legal control - such a guarantee is secured only through the strength of the owner to protect his property. . . . There is no need for such personal strength where laws do exist inasmuch as the totality of owners guarantee to the owner permanent ownership and the exclusion of all others from such ownership. In this case we can say that property is the socially guaranteed potentiality for the exclusive enjoyment of an object. This concept of property is enhanced, as it were, if it is realized in terms of money. For if somebody owns money he is assured by the constitution of the community not only of the possession of the money, but thereby of the possession of many other things as well. If the ownership of an object means only the possibility of some specific use of that object that the nature of this object permits, then the possession of money implies the possibility of the enjoyment of an indefinite number of objects. . . . Money thus produces a higher potential of the general concept of property, a potential for which the specific character of any other type of property is already dissolved by law and the money-owning individual is confronted with an infinite number of objects the enjoyment of which is equally guaranteed by public order. ( p.309 )

The public order was no more a network of ordained obligations and positions. It was common consent that at the same time guaranteed value in money and destroyed the organic social order. To the culture favoring hard money, the order by common consent was equal to anarchy. A hard money pamphlet protested that,

By common Consent, he means the *Vox Populi*, because, he frequent-

ly mentions Government and common Consent, as distinct Things. If common Consent were to take Place, all the Effects in the Province would be equally divided amongst the People, because we are all born equal : After some Time the Idle and Extravagant becoming empty handed, while the Frugal and Industrious become rich, common Consent would divide again.<sup>43</sup>

To allow common consent is to create a third factor in direct interactions. In other words, people consent to have the community realize the general claim in the form of money upon commodities. This is, so to speak, the social contract in economics. Vance must have understood Simmel's insight that "[money] consists more and more of what public authorities, public institutions and the various forms of intercourse and guarantees of the general public make of money, and the extent to which they legitimize it."<sup>44</sup> Thus, the emerging culture favoring paper money facilitated a new political order by the Revolution.

#### N O T E S

1. "The Present Melancholy Circumstances of The Province Considered," etc. in Andrew M. Davis, ed., *Colonial Currency Reprints : 1682-1751*, New York, 1964, originally Boston, 1910, Vol.2, p.361.
2. Andrew M. Davis, *Currency and Banking in the Province of the Massachusetts Bay*, 2 vols., American Economic Association, *Publications*, 3rd. Ser., 1900-1901. John C. Miller, "Religion, Finance and Democracy in Massachusetts," *New England Quarterly*, VI ( 1933 ), 29-54.
3. George A. Billias, *The Massachusetts Land Bankers of 1740*, University of Maine *Bulletin*, LXI, 1959. F.J. Ferguson, "Currency Finance : An Interpretation of Colonial Monetary Practice," *William and Mary Quarterly* 3rd.Ser., X ( 1953 ), 153-182.
4. J.E. Crowley utilized these pamphlets in the controversy to show the changes in the conceptions of economic life in eighteenth century America. His study concentrates on the American's efforts how to deal with increasing selfish mind, rather than the controversy itself. *This Sheba, Self : The Conceptualization of Economic Life in Eighteenth-Century America*, Baltimore & London, 1974. Joyce Applby reviews the relationship between value and society in sociological theories and its adoption in early American history. "Value and Society," in Jack P. Greene and J.R. Pole, ed., *Colonial British America : Essays in the New History of the Early Modern Era*, Baltimore and London,

1984.

5. By culture I mean, as Clifford Geertz defines :

an historically transmitted pattern of meanings embodied in symbols, a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate, and develop their knowledge about and attitude toward life.

As such culture functions as “control mechanism -- plan, recipes, instructions ( what computers engineer call programs)-- for the governing of behavior.”

But Geertz omits the social aspect in the work of culture. In relation to others in the society does culture govern the individuals how to behave. Considering this point, his indication that “Being human is becoming *individual*, and we become *individual* under the guidance of cultural patterns,” differs much from the statement that “To be human is to be *Javanese*” unlike his belief so ( stress is mine ). Because to be Javanese means to join in the social interactions as Javanese, since they make the society. His examples of human behaviors to the Javanese like controlled breathing only make sense when others, especially other Javanese, are present, at least in their consciousness. As long as a man isolates himself totally from the society, he does not have to control his behavior. And Geertz’s statement needs correction : “Man is so in need of such symbolic sources of illumination to find his bearings in the *world* because the nonsymbolic sort that are constitutionally ingrained in his body cast so diffused a light” ( stress is mine ). The word “world” should be replaced with “society”. Because if in the natural world man is not so much in need of such symbolic illumination like delicately controlled breathing. Clifford Geertz, *The Interpretation of Culture, Selected Essays*, New York, 1971, pp. 89, 44, 45, 52-53

It is one thing that an individual hold any value privately, and another that the culture as collected consciousness govern the individuals how to behave in the social interaction. Whatever value an individual may have he must be involved in the conventional culture in his course of social interaction. In case of Javanese, though he may prefer Western style privately, his social behavior is always under the control of culture. Even though he may insist on his Western preference in public also, he will be regarded as “not yet Javanese”. This social identification would specify the other members’ response to him. It is the collected consciousness, culture, which constitutes the social interaction, and the society itself. History of the society needs to comprehend what collective consciousness drove and backed the human behaviors and acts including thoughts and ideas, individually or collectively.

6. Karl Polanyi explains various ways to keep economic function other than with

- market mechanism. *The Livelihood of Men*, New York and London, 1977.
7. E.P. Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century," *Past and Present*, 50 ( 1971 ),76- 134, points out very clearly the idea of moral economy. The popular riot rised because different views of economic justice. The lower sort on the one hand and the maket oriented farmerrrs and especially speculating traders on the other hand lived in the opposite world of moral and political economy. Joyce Appliby, *Economic Thought and Ideology in Seventeenth Century England*, Princeton, 1978, analyses the process of "An ideological triumph" of capitalism. She clarifies that the triumph was great intentional efforts to change the society's ideology ( culture in my term ). The ideological change was deeply related with idea of Nature, justice and possession, politics and government, religion and moral, church and charity, and so on. The rise of capitalism and social approval of economic interests were by no means natural development of production. She also stressed the role of ideology to form bridge between the individual and society by answering the human carving for meaning.
  8. R.H. Tawney, *Religion and The Rise of Capitalism : A Historical Study*, London, 1926, p.247.
  9. Cited in Geertz, "Ethos, World View and the Analysis of Sacred Symbols," in *Interpretation*, p.131.
  10. E.P. Tompson, "Moral Econmy," 78.
  11. Georg Simmel, *The Philosophy of Money*, translated by Tom Bottomore and David Frisby, London, Henley and Boston, 1978.
  12. *Ibid.*, p.173.
  13. Though G. Simmel made a keenest insight on the individualization and the objectification of personality and materials around man, he failed to explain the unifying force in the society. Karl Polanyi found it in the organ of self-regulating market. Only he stressed the negative effect of the supply-and-demand pricing market on destroying of primary and personal interactions in the community. The individuals can calculate to act only in the market where the medium, money, works. *The Great Transformation*, Boston, 1944, pp.63 -75.
  14. Perry Miller, "Declension in a Bible Commonwealth," in his *Nature's Nation*, Cambridge, MA, 1967, p.48. He explains excellently this contradiction. The puritan covenant between God and the nation as a whole introduced tangible rewards for obedience. So New Englander at the same time promoted material success, and hardly managed decline of popular moral and piety caused by the material prosperity.
  15. Tawney, *Religion and the Rise of Capitalism*, pp.12-13.
  16. *Ibid.*, p.247.

17. *ibid.*, p.72.
18. Communication Addressed "To the Author of the Weekly Rehearsal" of March 4, 1734, and A Communication from New Port Dated March, 13 1734, Addressed "To the Author of the Weekly Rehearsal," and published March 25, 1734, *Colonial Currency Reprints*, 3 : 63, 103.
19. "An Addition To the Present Melancholy Circumstances," etc, *Ibid.*, 1 : 393, 394, 395.
20. "The Second Part of Southth-Sea Stock", *ibid.*, 2 : 328- 329, 330.
21. William Douglas , "A Discourse Concerning The Currencies," etc., *ibid.*, 3 : 328-329. And Tawney, *Religion and the Rise of Capitalism*, p.243.
22. As for relationship between loosening of family tie and money economy, G. Simmel comments as follows,

The loosening of family ties has its origin in the special economic interests of its individual members, which is possible only in a money economy. Above all, it brings about a situation in which the means of livelihood can be based on completely individual talents. For only their equivalent money form makes possible the evaluation of very specialized tasks, and without their conversion into a general value they could hardly arrive at mutual exchange. The money form of equivalents makes individual relations with the outside world and entrance into unfamiliar groups that are interested only in the money value of tasks or the money contributions of their members more easy. The family, whose structure is based on collective ownership, particularly upon land ownership, is the exact opposite. ( 476-477 )

23. "A Modest Apology for Paper Money, in a Letter to a Friend," published in the Weekly Rehearsal of March 18, 1734, *Colonial Currency Reprints*, 3 : 94, 91.
24. Simmel, *Philosophy of Money*, p.294.
25. In the next sentence he explains money's tendency to have economic usefulness work in the distribution of ownership, saying :

Since money, by virtue of its mere distribution at a given moment, displays a minimum as well as a maximum of economic profitability, and, further, since change in the ownership of money does not bring about as much loss through clashes and loss of time as do other objects, economic usefulness here possesses a maximum of its total importance by means of the type of distribution of ownership. ( p.294 )

[Hugh Vance], "An Inquiry into the Nature and Uses of Money," etc., *Colonial Currency Reprints*, 3 : 446-447.

26. Simmel points out a "trait in the style of contemporary life whose rationalist

character clearly betrays the influence of money. By and large, one may characterize the intellectual functions that are used at present in coping with the world and in regulating both individual and social relations as *calculative* functions." ( pp.443-444 )

27. "Trade and Commerce Inculcated," etc., *Colonial Currency Reprints* 2 : 369 -372.
28. Simmel, *Philosophy of Money*, p.444.
29. [Vance], "An Inquiry", *Colonial Currency Reprints*, 3 : 374.
30. *Ibid.*, 3 : 375, 380. See also his "Some Observations on the Scheme Projected for Emitting £60,000 in Bills of a New Tenor," etc., *ibid.*, 3 : 201, 206.
31. About a hundred years ago, the bakers of London were able to claim not only a bakery but also their personal costs including food, clothing, and education for the increase of the bread's price, when they applied the authority for it. Peter Laslet, *The World We Have Lost : England Before the Industrial Age*, New York, 1965, p.1.
32. [Vance], "Inquiry," *Colonial Currency Reprints*, 3 : 380.
33. [Vance], "Observations," *Ibid.*, 3 : 223, 226, 228.
34. [Douglas], "Discourse," *ibid.*, 3 : 309.
35. From the Middle Ages to the modern credit economy, there is a tendency to eliminate the substance and to increase the effect of money. The vital point of modern money based upon metal is the working of the substance. Simmel, *Philosophy of Money*, p.168.
36. "Modest Apology," and "The Distressed State of the Town of Boston Once More Considered," *Colonial Currency Reprints*, 3 : 91, and 2 : 88.
37. Because Simmel points out as follows,

The necessity of things is for us only an emphasis that our sentiments attribute to objects that are in themselves equivalent or 'neutral' and depends entirely upon our purposes.(p.142)

and then,

It may be said of the majority of objects that they are not valuable, but become valuable. ( p.168 )

[Vance], "An Inquiry," *Colonial Currency Reprints*, 3 : 371, and also "A Proposal to Supply the Trade with a medium of Exchange," etc., *Ibid.*, 3 : 174.

38. [Vance], "An Inquiry," *ibid.* 3 : 431. Vance's Bills fit the conditions to achieve the stability of money which Simmel sorted out. "The pure expression of the value relationship between concrete goods," "the relationship of supply and demand could be regulated more easily," and the "a neutral position which would be as little affected by the fluctuations in commodities as is the

- yardstick." Simmel, *Philosophy of Money*, p.191.
39. [Vance], "Inquiry," *Colonial Currency Reprints* 3: 408- 409.
  40. [Vance], "Observations," *Ibid.*, 3: 206.
  41. For the relationship between the idea of stewardship and organic society, see Tawney, *Religion and the Rise of Capitalism*, pp.21-36. And for possessive individualism, see *Ibid.*, pp.146-150, 241-247, 257-259, and C.B.MacPherson, *Political Theory of Possessive Individualism, Hobbes to Locke*, Oxford,1962, pp. 3-4, 48, 204-220, and also Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, translated by Talcot Parsons, New York, 1958, pp.80-81, 153, 159-163.
  42. "An Addition to the Present Melancholy Circumstances," etc., and "Trade and Commerce Incalculated," etc., *Colonial Currency Reprint*, 1: 369, and 2: 362.
  43. "Postscript to a Discourse Concerning the Currencies," etc., *ibid.*, 4: 64.
  44. Simmel, *Philosophy of Money*, p.184.