

A Culture of Credit: Embedding Trust and Transparency in American Business. By Rowena Olegario. Cambridge, Harvard University Press, 2006. ix + 274 pp. Index, notes. Cloth, \$39.95. ISBN: 0-674-02340-4.

Reviewed by Mark R. Wilson

Today's creditors, who enjoy instant access to standardized scores and detailed records of prospective borrowers' debts and payments, have it easy. For most of history, such information was unavailable. Well into the twentieth century, as Rowena Olegario shows in this book, assessing creditworthiness continued to be "more art than science" (p. 85). Nevertheless, some of the most important foundations of our modern credit system emerged in the nineteenth-century United States, where the world's first major credit-reporting firms were born. The origins and growth of those firms are traced in this book, which concentrates on the subject of mercantile credit from the 1830s until 1920. (The book does not deal directly with bank credit and consumer credit, which were less important during these years than they would become later.) Throughout this period, Olegario argues, both formal credit reporting and popular discussions of creditworthiness continued to rely on judgments about personal character. Meanwhile, Americans became increasingly willing to regard commercial credit reporting as legitimate as they came to place greater value on transparency. By the early twentieth century, many businesspeople were eager to embrace a more open, objective credit system, well before the quality of data became high enough to make such a system workable.

Olegario is hardly the first business historian to have written about these subjects. She has the advantage, for instance, of being able to draw upon James D. Norris's *R. G. Dun & Co., 1841–1900: The Development of Credit-Reporting in the Nineteenth Century* (1978), a detailed study of the early development of the leading firm in the field. But her book provides several new contributions. The first chapter offers a concise, synthetic overview of British and American credit cultures in the eighteenth and nineteenth centuries. Throughout, Olegario uses clear writing to relate her historical narrative to recent work on the economics of information and networks. The final chapter, which

draws on her original research in the records of the National Association of Credit Men (NACM), is a suggestive account of early professionalization in this field.

As she takes the reader from Lewis Tappan's creation of the pioneering Mercantile Agency in 1841 through the rise of NACM in the early twentieth century, Olegario emphasizes the continuity of creditors' reliance on subjective judgments about character. While leading credit-reporting firms did provide their customers across the nation with useful data about capitalization and real-estate holdings, they also emphasized the importance of a prospective borrower's personal reputation for honesty, thriftiness, and morality. In many cases, credit reports amounted to historical narratives based on a smattering of qualitative information. Without going so far as to state that such methods might have certain advantages over more formulaic ones, Olegario points out that nineteenth-century credit reporters succeeded in creating rational, multidimensional assessments that enhanced the quality of information available to wholesalers and manufacturers eager to sell to distant markets. While imperfect, this information evidently boosted economic growth by encouraging the extension of mercantile credit.

To a surprising degree, Olegario argues, credit reporters used common criteria to evaluate all sorts of firms, including those owned by women or members of ethnic and racial minorities. In several places, she implies that cultural historians may have overstated the degree of discrimination faced by such subaltern entrepreneurs, for whom capitalist markets may have served as an important source of liberation. In a separate chapter on Jewish merchants, Olegario suggests that much of the criticism they encountered in the United States came from their use of closed networks, which offended the growing general affinity for transparency. These claims are based largely on a comparative analysis of credit reports—evidence that many readers will find interesting but not fully convincing. Still, Olegario's work should encourage historians to reconsider some of their assumptions about gender, ethnicity, and economic opportunity.

The discussion of ethnicity and discrimination is constrained by a general weakness of this book, which is its dependence on sources that, for all their evident richness, have significant limits. While the author has done an admirable job of mining the records generated by the major credit-reporting firms, along with some remarkable

published credit manuals, these sorts of sources cannot always support the book's broader claims about the operations and ideas of creditors and the business community at large. To be sure, as the author points out, the quantity and quality of extant business records from this period are generally miserable, especially for the wholesaling firms that extended most mercantile credit. Still, a handful of case studies of unusually well-documented individuals or firms, or perhaps a broader use of court records, might be used in the future to explore more fully the relation between the output of credit reporters and the behavior of the sorts of businesses that subscribed to their services.

Upon finishing this book, many readers will want to know more about developments after 1920, when the ascendant ideal of transparency was more fully realized and the relative importance of judgments about character evidently declined. Ultimately, this book, despite its coverage of the early years of the NACM and a brief epilogue on the present day, relates a story of continuity from the antebellum years through the First World War. For a comparably rich history of the departures that transformed the mercantile credit system in the twentieth century, we will have to wait. In the meantime, *A Culture of Credit* helps to explain the origins of those departures, while offering an intriguing account of how creditworthiness was assessed in an age when information was relatively scarce.

*Mark R. Wilson is assistant professor of history at the University of North Carolina at Charlotte. He is the author of The Business of Civil War: Military Mobilization and the State, 1861–1865 (2006). At present, he is working on a history of government-business relations during the U.S. industrial mobilization for World War II.*