

Marginal Cost:

The Business Novel and the Invention of Modern Economics

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SUMMARY

My dissertation begins with the possibility and implications of identifying a body of literature that is in some essential way, economic literature. In particular, I examine the history of business novels and the businessman as our most common and overt ways of representing the economy in literature. Looking beyond the traditional friction between aesthetic and commercial systems of value, I seek to identify the ways in which the features of business novels that so often lead to their status as minor novel arise from tension between the constructed nature of narrative and theories of the economy as spontaneously ordered.

In “The Emergence of the Businessman in the American Novel” I argue that literary representations of the businessman developed in parallel, during the second-half of the nineteenth century, with the transformation and expansion of the concept of work to include professional management as a potential but contested form of productive labor.

Identifying the early use of business management as a potential solution to problems of debt repayment and labor pricing, I examine the way that scarcity become a driving tension for business novels. In “A Romance of Scarcity” I describe the dual tendency of business novels to produce their plot in terms of managing scarcity and also to retreat from such problems in order to arrive at the kind of resolution conventional to novels of the era.

During the post-Gilded Age era, when businessmen became primarily characterized as captains of industry, I argue that the misidentification of determinist economic theories hampers our ability to understand naturalistic accounts of the economy as a way of representing the economy as non-deterministic. “Literary Naturalism and Economic Calculability” suggests that

early twentieth-century theories about the impossibility of economic calculation outline some of the same beliefs and conditions described in literature as giving rise to the economy as unknowable and unpredictable.

Examining the way that current discourses on class difference and inequality tend to overwrite older accounts that figure industrial poverty in terms of constraints. “From Phelps to Piketty” outlines the way in which certain literary representations of beliefs about the relationship between capital and labor are better explained by a certain kind of marginal thinking rather than the consolidation of class interests.

Finally, in “We Don’t Need Another Hero,” I argue that anti-formalist economic arguments about the impossibility of economic expertise are part of the essential, conceptual context for understanding the way that some post WWII business novels problematically resist the notion of heroism in business and yet do so using enough conventional tropes of business success stories to make that resistance difficult to identify.

Ultimately, I suggest that combining literary and economic notions of marginality can help explain the simultaneous affinity and tension within narrative representations of the economy.

Introduction

The New Economic Criticism, The Old Economic Criticism, and the Possibility of An Economic Novel

Every time I return to Mark Osteen and Martha Woodmansee's *The New Economic Criticism* (2005), a seminal work that must be reckoned with by anyone doing economic criticism today, I am struck anew by what seems to me a rather strange omission from the text: it contains very little discussion of any individual, literary texts. For a volume whose subtitle is "studies at the intersection of literature and economics," the text seems singularly unconcerned with discussing any actual literature. Sometimes when I've asked myself why this omission seems so important, I wonder if my own interest in narrative accounts of economic ideas biases me against any approach primarily concerned with theory or criticism, causing me to see an elision in something that is really little more than a pedantic insistence on a trivial semantic difference. Perhaps if the subtitle was "studies at the intersection of literary criticism and economics" or "literary theory and economics," then the omission would seem a bit more appropriate.

But even if I try to explain the absence of serious or extended discussion of any individual, literary texts by suggesting that all of the more than two dozen scholars who contribute to the volume are primarily concerned with theory and criticism—a suggestion that seems entirely reasonable given the content of the book—it creates a new problem, a problem arising from another, more subtle omission that took me much longer to notice. Even though Osteen and Woodmansee explicitly state that one of the main purposes of the book is to answer the two-part question, "what is (and was) economic criticism" (3)—a pair of questions that only

further the suggestions that they intend to focus more on criticism than on literature—they never give an accurate or satisfactory answer to the question about what economic criticism “was.”

Osteen and Woodmansee describe “the first wave of economic criticism” as appearing “during the late 1970s and early 1980s” and then giving “way to a second, seemingly tidal wave of scholarship investigating the relations among literature, culture, and economics” (Osteen and Woodmansee 2).¹ If you haven’t thoroughly searched some fairly obscure corners of the archive which house the now defunct branch of criticism that, between the 1930s and 1970s, was primarily concerned with business novels (no surprise nor shame in that, for most of us) you’d probably have no reason to seriously question an account that cites Marc Shell and Kurt Heinzelman as the beginning of economic criticism. And even if you have amassed a bibliography of old criticism dealing with the businessman in the American novel, there are logical ways in which it makes sense to leave this out of the history of economic criticism. There are some serious deficiencies in criticism that followed from the work in the 1930s by Walter Fuller Taylor on the “economic novel” and Claude Reherd Flory on “economic criticism”, which can make it look like it isn’t a coherent or significant body of scholarship. Although early economic critics displayed a wide range of sophistication (as is generally true of criticism), a great deal of their scholarship now seems outmoded, passé, and even simplistic. The majority of economic criticism prior to the 1970s is highly topical in its approach to the businessman and the

¹ Osteen and Woodmansee do note very, briefly that, “of course, economic criticism existed even before 1960”, but they describe it as “the brand of Marxism practiced by Lukács, the Frankfurt school, and Left critics of the 1930s” without saying anything other than that these “approaches fell out of fashion” (10). They fail to say anything about why this “brand of Marxism” does or doesn’t constitute an important form of economic criticism.

business novel. What's worse, many critics were mainly (if not entirely) concerned with identifying the attitudes of authors toward business and the businessman. I can't convey the general tenor of the scholarship any better than as represented by the title of a masters thesis from 1970: *The Businessman In The American Novel: Evidence Of The Novelists' Sympathetic Treatment*. They were often far more concerned with the author's attitudes toward rather than representations of business and capitalism. In light of this kind of approach, it's not difficult to make a case that economic criticism didn't really begin until the publication of works like *The Economy of Literature*² and *The Economics of Imagination*.³

Taken individually, I might be tempted to treat either of these omissions as a sign that we've left behind an outmoded and defunct form of criticism for something altogether more sophisticated. But when taken together, the connection between these omissions begins to give shape to what I argue is a problematic pattern. As critics have sought to develop a more sophisticated understanding of the relationship between economics and literature, they have moved away from focusing narrowly on representations of the literal marketplace instead, turning to metaphor and homology to expose the pervasive influence of economic forces in personal, social, and cultural spheres. New economic critics have, by and large, turned their attention to methods of how they read and, consequently, have dismissed all of the old economic

² Shell, Marc. *The Economy of Literature*. Baltimore: The Johns Hopkins University Press, 1978.

³ Heinzelman, Kurt. *The Economics of the Imagination*. Amherst: University of Massachusetts Press, 1980.

critics who argued, as Claude Rehard Flory did during the 1930s, that “it is the matter rather than the method that interests us” (Flory 11).

Another way to describe this change is that, after critics identified nascent forms of modern economic science emerging “concurrently with the rise of that quintessentially bourgeois literary form, the novel” (Osteen and Woodmansee 3), it no longer seemed to matter so much which novels you read. If the novel is in some essential way an economic form, then the idea of an economic novel becomes empty and meaningless. As economic criticism has become more committed to various methodologies of reading, it has become almost entirely a mode of analysis with very little concern for the study of any subject matter in particular.

In what is more of a rejection or a reversal—and ultimately, a kind of erasure—of earlier economic criticism, new economic critics have focused so heavily on *how* they should read that they have almost entirely neglected any kind of systematic inquiry into *what* they should read. The old economic critics thought of themselves as critiquing economic literature. The new economic critics think of themselves as critiquing literature economically.

I want to ask, like the old economic critics, if there is a possibility of a body of literature that is, in some significant sense, uniquely or peculiarly economic? I argue that this is a crucial question because the study of “the intersection of literature and economics” is about both the influence of economic forces on literature and literature as a representation of the economy and economic ideas. If an essential part of economic criticism is understanding literary representations of the economy, then an important function of criticism is identifying literature that is a representation rather than a reflection of the economy.

The idea that economic criticism performs a selective function was something of an implicit assumption for most that was recognized by only a few of even the old economic critics. Flory's claim about the necessity of matter over method was based on a "selective principle" (12), intended to identify novels by their "economic thought content" (14). In this same vein, Howard R. Smith wrote a response to the surge of both scholarly and popular articles in the 1940s and 50s that examined representations of the businessman in literature. As a professor of economics, Smith employed an unsurprisingly quantitative approach, analyzing the percentage of published business novels that critics had read to draw their conclusions and the amount of overlap in which particular texts were examined by different critics. What's important about Smith's argument isn't his method of analysis, but the fact that he, like Flory, pointed out that economic criticism faces, first and foremost, a "selection problem" (267). Smith doesn't take umbrage with either negative or positive representations of business by authors or critics rather, he faults critics for failing to recognize, examine, and refine their seemingly unconscious use of "an implicit though unstated selection principle" (266). Part of what the old economic criticism demonstrates is the importance of asking what and not just how we should be reading.

The possibility of this selective function is precisely what the new economic critics have forgotten, dismissed, or omitted. In the pursuit of a more solid foundation of economic theory over the last few decades—something I whole-heartedly endorse—critics have tacitly adopted a characteristic tendency of economists—one that I do not endorse. Despite the fact that economic critics often imagine themselves in opposition to the common practices of economists and the kinds of conclusions they tend to arrive at, the praxis of contemporary economic criticism has developed in parallel with how economists have increasingly come to think about their

discipline. One of the accusations often leveled against economists by literary scholars is that they are far too willing to understand everything only in terms of economic value. Take, for example, the work of Stephen Dubner and Steven Levitt whose highly popular “freakonomics” purports to expose the “hidden side”, i.e. the economics side, “of everything.” For economics, this trend began in earnest during the 1930s when economists were debating (as all disciplines are wont to do from time to time) the nature of their discipline as a science. Economists were, as Lionel Robbins described, attempting “to delimit the subject-matter of Economics—to provide a working definition of what Economics is about” (Robbins 1). The most influential answer to this question for mainstream economics was put forward by both Robbins and Frank H. Knight independently. Knight claimed that “it is impossible to draw a clear-cut boundary around the sphere or domain of human action to be included in economic science” (“The Common Sense of Political Economy” 666) because the entire domain of human action is subject to economic science. At least in theory, economists came to believe that everything can be subjected to economic analysis, not so much because economics encompasses all other subjects (a claim physicists are also accused of making), but because economics is a mode of analysis rather than the study of a particular subject matter. In other words, economics involves a particular *way* of thinking about things rather than a particular set of *things* to think about. Robbins described this as the rejection of “a classificatory conception” and the adoption of an “analytical” (Robbins 16) conception of economics.

Although often explicitly opposed to such a totalizing economic view, critics have, in practice, demonstrated very similar tendencies since the rise of the new economic criticism. Since the point that critics began thinking of the various forms of economic criticism as

“attempts to bridge” the “rift between discourses and disciplines” (Osteen and Woodmansee 3), the dominant and most influential assumption has been that “the divorce of the economic from the literary” (4) occurred as the “concept of value underwent profound transformation and was rearranged into the various humanistic, financial, and aesthetic discourses that we know today” (Thompson 1). The result is that economic critics tend to figure the difference between economics and literature as the difference between two, competing concepts of value: the commercial and the aesthetic. The rather strange result of assuming that the rift between the two disciplines is caused by the fundamental opposition between different systems of value has been the dwindling interest in literature as a way of representing the economy and a growing interest in literary representation as an expression of the economy. Consequently, critics have multiplied and privileged economic metaphors, describing everything as some kind of “economy” in an endless game of fill-in-the-blank economies—symbolic economies, cultural economies, libidinal economies, economies of language, economies of knowledge, economies of identity, economies of truth, etc. It is this belief in language as a totalizing system of value that parallels the same kind of belief about economics which has steered economic criticism almost entirely toward methods and modes of analysis. Just as everything in life has become subject to analysis by economics, all texts have become potential candidates for analysis by economic critics.

In recent years, a few critics have, to some degree, begun to notice the lack of scholarship on the representational and classificatory aspects of the relationship between economics and literature. Although such works exist mainly in fragments, scattered amongst various other types of scholarship, we can glean some useful ideas about what a renewal of the old economic criticism might look like. Alison Shonkwiler’s work on “narrative recourses” that attempt “to

accommodate the idea of capitalism as increasingly abstract” (Shonkwiler 2) argues that understanding twentieth-century representations of capitalism in American novels requires thinking about a body of literature that is uniquely or peculiarly economic. Shonkwiler recognizes the “earlier generation of critics” who “categorized” authors as “‘economic’ novelists” (Shonkwiler 9), pointing out both the necessity and difficulty of this approach.

But since this loose category quickly runs into confusion, either when applied thematically to any novel dealing with economic matters or when applied historically (from, typically, the end of the Civil War to around 1900), I use the term here not in any strict categorizing sense but merely to refer to a group of texts that shift easily in or out of the category depending on what critical questions we ask about them.

My purpose is not to rescue this particular category of the economic novel from its generic confusion or to set out a new theory of genre that more properly resolves it. Even if we assume that this particular genre had a historical weight and textuality for the writers who engaged it, a historicizing approach to genre does not, as June Howard has pointed out, spare us from the need to develop a theory of genre. . . . But however unstable a definition of the economic novel we have in the long run, the idea of such a category was raised in the first place to describe a literary engagement with a commonly recognized set of economic developments. (Shonkwiler 9-10)

Shonkwiler’s claim that we need to reclaim a generic notion of economic criticism at once acknowledges the difficulty and contingency of any such categorizing function while also pointing out the necessity of dealing with the obvious fact that some texts, more than others, attempt to engage economic ideas. The fact that the recent focus on modes of analysis has not

“spare[d] us from the need to develop a theory of genre” is not, however, a way of trying to dismiss these analytical methods; on the contrary, I argue that developing various modes of economic analysis is imperative for understanding the economic dimensions of literature. In the same way that an analytical, “historicizing” approach hasn’t freed us from the necessity of developing “a theory of genre,” no theory of genre can, by itself, resolve the “generic confusion.” I am not suggesting that any single criterion for selecting a genre or body of something we can call economic literature will provide definitive conclusions on the relationship between economics and literature. But if we want to understand the ability of literature to talk about economic ideas in any kind of meaningful way, we need some idea of what it means to think about literature that is about and not just influenced by the economy. The problem isn’t that the old critics got it right and the new critics got it wrong, or vice versa. The problem is that in developing one concept of economic criticism we’ve abandoned the other and what we really need is both. If, like the old economic critics, we are only interested in literature with economic subject matter, we will fail to understand the social, cultural, and linguistic embeddedness and the subsequent pervasive influence of economic forces. If, like the new economic critics, we believe that either “one of the most significant insights . . . is that all metaphors are in a sense economic” (Osteen and Woodmansee 11) or that all economics is metaphorical, the homology between language and economics becomes so abstract and absolute that the comparison loses all meaning. Economic criticism must be able to expose the influence that economic factors have on the production of literature. But in order to understand both the negative and positive limits of literature’s ability to represent the economy and economic ideas, we need some idea of what it means to think about economics and the economy as a “specialized subject-matter” (Taylor 320).

Despite resisting the tendency I have been describing of new economic critics to omit what Shonkwiler calls a generic approach to the relationship between economics and literature, she, nevertheless, accepts one form of that assumption. In trying to navigate the persistent difficulty of an economic genre, Shonkwiler relies on an insufficiently historicized account of the term “economic novel”. Although it became increasingly popular to accept this notion of the economic novel as “any novel dealing with economic matters or when applied historically (from, typically, the end of the Civil War to around 1900)”, this use of the term does little to reduce instability or confusion. What was understood as the economic novel in the second-half of the twentieth century was just as likely to be known as a reform novel, social novel, social reform novel, or novel of purpose. Many of the texts that critics today have come to call economic novels “focus primarily on class conflict or class status” (Shonkwiler 9) without acknowledging that, during the nineteenth century, class was not necessarily figured in what we would recognize as economic terms today. Certainly there is a lot to say about the relationship between class and the economy, but assuming that class is the primary category of economic difference consistently across the last two centuries is a failure to recognize literary representations of the economy in their own historical and conceptual terms.

I argue that, when it comes to the possibility of developing a preliminary idea of what it means to think about an economic genre, there is a simple and straightforward way to identify a group of novels that committed to representing the economy. No other genre or form of literature has been more persistently or extensively associated with representations of the economy than the business novel. Similarly, no other character is more synonymous with the human embodiment of economic ideas than the businessman. If there is such a thing as economic literature, surely the

businessman in all his various forms in the American business novel is an essential part of it. Although critics have long recognized the business novel as a minor genre, they have most often emphasized the importance of distinguishing between “a handful of these novels” that “have secured a high place in today’s literary canon,” “a few” novels that “gained brief but explosive notoriety,” and the vast majority of these novels which are “deservedly obscure” (Zimmerman 409).

Despite the opening of the canon in both theory and practice over the last several decades, the business novel remains a genre whose minority status, in most cases, is still considered relatively unproblematic. In large part, this willingness to dismiss most business novels arises from the assumption that, as Zimmerman argues, “all of this fiction speaks about American capitalism from within the frame of the capitalist imagination” (410). As a body of literature that “typically dramatize[s] conflicts between less and more modern trajectories within capitalism’s development”, business novels are primarily about whether or not “‘business’ infects realms supposedly sealed from market imperatives and values—realms such as the home, heart, and halls of government” (410). In other words, critics read business novels as just another account or incarnation of the split between literature and economics in terms of the competition between systems of aesthetic and commercial value.

There is no doubt that the American business novel is closely connected to the emergence of modern finance capitalism and to competing accounts of value, but I argue that there is another, largely unidentified tension within business novels that cannot be fully explained by the relationship, mutually exclusive or otherwise, of aesthetic and commercial values. Furthermore, I argue that the business novel is a vital genre for economic criticism and for understanding the

economic dimensions of literature more generally, not because business novels provide particularly effective or accurate representations of the economy, but precisely because they try to do so and generally fail.

I claim that there is a fundamental tension between the novel and economics that arises, not from the aesthetics of literature, but from certain, narrative features of the novel. There is something about the way that narrative structures meaning that isn't entirely compatible with a few, fundamental features of how modern economic theory describes the economy. There have been some attempts in the past to utilize narrative theory as part of economic criticism, but they have been almost entirely formalist approaches that emphasize structure and logic. Recognizing and understanding the tension, however, requires the kind of cognitive approach to narrative that began with the rhetorical turn in economics, lead largely by Deirdre N. McCloskey. One of the central ideas behind the rhetoric of economics is that "economists are tellers of stories" because "there seem to be two ways of understanding things; either by way of a metaphor or by way of a story" ("Storytelling in Economics" 5). Setting aside the difficulty of clearly differentiating metaphor from story, McCloskey argues that storytelling and economic argumentation are the same thing at a very basic level. Whether you are telling a story or explicating an economic theory, both rely on some of the same cognitive functions for filtering, sorting, ordering, and relating events in order to identify relevance and causality. They both are part of the cognitive process of narration that "illustrate[] the selection of certain consequences for special attention" (9). Once we recognize the base function of both literature and science as part of narrative which can be described as a kind of master genre for the part of human cognition that constructs

accounts of cause and effect relationships, we can then identify the potential conflict between the particular narrative constraints evident in business novels and in representations of the economy.

An essential part of being able to understand the kinds of cognitive operations inherent to economic thought is not, however, to reduce all the various economic theories into one master theory that conforms to the dominant mode of economic thought. It is, instead, essential to recognize the incompatibilities that exist between various versions of neoclassical schools of thought. Since the early days of the new economic criticism, critics have become more knowledgeable about the obviously overwhelming influence of neoclassical economics. There is, however, a tendency to treat neoclassicism as one, coherent, monolithic body of thought, dismissing all internal disagreements as distinctions without a difference. While it is true that a certain form of neoclassical thought does dominate the theory and practice of orthodox economics, it is not true that there are no significant differences in any of the alternate traditions. There is an internal, fundamental disagreement at the heart of neoclassical economics that needs to be recognized in order to understand the relationship between particular economic theories and literary narratives. The fetishization of mathematical models in the wake of the marginal revolution that looks like a unifying principle of economic theory has, in fact, created a deep schism at the core of economics. The orthodox belief in the possibility of an economy perpetually in or near an equilibrium state represents a deterministic view that Peter J. Boettke has described as “mainstream” economics, as opposed to what he calls “mainline” economics, which is committed to a much more non-deterministic view of the economy as a process rather than a state of being. Even if it is true that we must acknowledge that economic literature is in some ways constrained by the imaginative limits of capitalism—a point that I do not fully

concede or even partially concede in any simple way—identifying what the imaginative limits of capital are requires a much more robust and nuanced view of economics as a fragmented and divided set of theories that includes market process, institutional analysis, public choice, and various other mainline economic ideas that cannot be fully reconciled with mainstream economic theory. Economic criticism requires far greater recognition to the fundamental diversity and variety of ideas that might give rise to something we can describe as a version or instance of the imaginative limits of capitalism.

Building on the evolving difference that exists between “mainstream” and “mainline” economic theory, I examine the business novel in relation to subtle differences that appear minor, but in their minority can signal a failed attempt to represent large and important shifts in economic ideas. I argue that such subtle differences have a far greater impact than is normally recognized on the ability of literature to convey economic ideas in narrative, and that it is the struggle to reconcile new economic ideas with the conventions of the novel that most often caused economic novels to become minor novels of one sort or another. Ultimately I suggest that the business novel demonstrates the possibility of a marginal rather than a minor theory of the novel that combines a literary and an economic sense of marginality. The economic theory of marginality that, in its most general form, is about what happens at the limits of our knowledge, emphasizes the potential of what might be but is not yet. Economic marginality is about the possibility of change. This idea about the possibility of change, whether it is ever realized or not, should also inform what we read when it comes to questions of literary form. If there is anything important about the possibility of an economic novel, it is the possibility of aligning, whether

successful or not, literary form as a means of representation and economic ideas as a way of understanding the economy.

Chapter One

The Emergence of the Businessman in the American Novel

The Wharton School of the University of Pennsylvania, founded in 1881, was the very first accredited business school to open in the United States and only the fourth in the world. By 1930, similar business programs were available at more than 130 U.S. colleges and universities, accounting for “most large state-university systems” (Khurana 137). Now, roughly a century after the foundation of the world’s largest accreditation organization, the American Association of Collegiate Schools of Business (AACSB), ⁴ the U.S. is home to more than 500 of the almost 800 AACSB accredited business schools in the world.⁵

There are some fairly obvious explanations for the growth in this field of study; the expanding scale of production due to industrial and technological developments; the widening of distribution due to advances in transportation; the complexity of financial and credit markets; and the increasing importance of an information economy. But all of these explanations answer some form of the question, “Why do we want or need to educate more people in business?” They fail to address more fundamental questions, “How did business become something that someone can be educated in? How did business become a discipline that it is possible to study and specialize in?”

⁴ The AACSB has since been renamed Association to Advance Collegiate Schools of Business International.

⁵ The 2017 edition of AACSB’s annual “Business School Data Guide” can be found at: <http://www.aacsb.edu/-/media/aacsb/publications/data-trends-booklet/2017.ashx?la=en>

The transformation of business as a form of knowledge and as a set of practices is marked and, in part, explained by changes to the meaning of the word “business” itself. Less than two centuries ago, it wouldn’t have made much sense to describe an educational institution or program as a school of business. The use of the word business to mean production and exchange for profit only became common in the second-half of the nineteenth century. Before that, it was not a term directly indicating a kind of commercial activity in which one could be trained. In fact, during the mid to late 1800s, the usage of several words underwent a semantic shift, taking on meanings specifically related to trade and commerce. One of my interests is in the way that changes in language about business—which is not the same as business language—make it possible to identify the conceptual shift involved in the emergence of the modern business world. The changing meaning of these words exposes the way that the relationship between work and economic value is reimagined as part of a financialized economy. When business becomes a specific kind of economic activity that it is possible to study, to master, or to specialize in, it signals a change in what it means to take part in the creation or enhancement of something that has economic value and, consequently, what counts as work. The changing language used to describe trade and commercial activities makes it possible to see what otherwise is a rather subtle transformation of notions of work.

The archaic meaning of business is purposeful activity. A meaning somewhat preserved in a phrase like “mind your own business.” This is the common use of the word as late as the first half of the nineteenth century. The subtitle of *The Farmer's Calendar: Containing the Business Necessary to be Performed on Various Kinds of Farms During Every Month of the*

Year,⁶ an 1804 guidebook to farming, does not present farm work as a particularly commercial activity. The “business” of the farmer is merely those things he has to do to farm, with no reference to the things he would have to do to profit from farming. In fact, business was often used to emphasize the non-commercial aspects of work. *The Terms and Language of Trade and Commerce* is the title of an 1840 text that we would consider a kind of business dictionary. The book uses the words “trade” and “commerce” to describe the category of terms used by merchants, mercantilists, shopkeepers, clerks, bookkeepers, etc. But the book also advertises itself as including a number of more general or common terms. *The Terms and Language of Trade and Commerce, and of the Business of Everyday Life*.⁷ The subtitle of the book uses the word “business” to differentiate its inclusion of everyday language from commercial terminology. At the beginning of the nineteenth century, business refers to any kind of purposeful activity. By the end of the century, its literal meaning becomes only commercial and profit-seeking activities.

It’s a similar story with the word “industry.” The archaic meaning of the word “industry” is akin to the way we use “industrious”: hard working, busy, active, or productive. It is a description of effort and labor generally, without any requirement of an economic aspect. In fact, “industry” was often thought of more as a kind of moral or behavioral virtue. In 1819, the Reverend Isaac Barrow wrote *The Duty and Rewards of Industry*, describing industry as “the

⁶ Young, Arthur, Esq. *The Farmer's Calendar: Containing the Business Necessary to Be Performed on Various Kinds of Farms During Every Month of the Year*. London: Richard Phillips, St Paul's Church-Yard, 1804.

⁷ Roberts, George. *The Terms and Language of Trade and Commerce, and of the Business of Every-Day Life*. London: A Spottiswoode, New-Street Square, 1841.

mother, the nurse, and the guardian of all virtues” (Barrow iii). It is the moral rather than economic imperative to work or produce. Now, of course, industry is generally used to mean either economic production or a general term for a particular segment of the economy, such as the “agriculture industry.” The use of “industry” still includes the idea of productive work, but that work is measured specifically in terms of economic output.

In one sense, we can look at the shift in the meaning of these words as merely a case of narrowing or specialized usage. Where they once meant any kind of activity or work, they now refer to just one particular kind of work; work in the pursuit of profit. Although this is a narrowing in one sense, it actually functions to expand the definition of work in another sense. If you consider business to be activities in the pursuit of profit, then activities which result in or increase profits necessarily become a kind of work. The meaning of words like business and industry change because the concept of what it means to create value changes and activities that previously weren’t thought of as such, become a kind of work.

Consider, for example, the way that textile production changed during the nineteenth century. The move from hand-operated machinery to industrial, powered machinery has a profound influence on the work of production. The number of workers involved in spinning and weaving increases dramatically, as does output. And industrial machinery requires its own labor. But although the exact skills of manual labor required for operating, maintaining, or even building industrial machinery represents a different set of skills, these new skills are still just a form of manual labor directly connected to the physical process of production. And even the drastic increase of output is first a quantitative rather than a qualitative change. These obvious changes don’t necessarily mean anything different for the fundamental nature of work. However,

there is something different about the production of economic value in the idea of something like an industrial factory that cannot be accounted for by the manual labor required for production.

People who make stuff, as always, need to understand how to make stuff, but the design and coordination of their collective efforts is something else. Someone has to know what machinery to buy and how those machines are supposed to work in relation to one another. Someone needs to know how those machines should be physically positioned within a building. Someone needs to know how to hire workers to operate and maintain the machinery. Someone has to find and buy the right amount of the raw materials to make stuff out of.

The potential benefit of industrial production, of plants and mills and factories, comes from more than just the mechanical technology. The ability to make stuff, even being really good at making stuff, is not enough to ensure the creation of value. Part of the potential benefit comes from someone who specializes in coordinating workers and technology across the entire process of production. Just as material and physical properties (through physics or chemistry or engineering) can be known, studied, and mastered to maximize the value of the stuff we make, the idea behind the changing idea of work is that there are principles or general properties of coordinating labor and distributing resources that can be understood and mastered to maximize the creation of value by determining what stuff should be made, when it should be made, who should make it, where it should be sold, and so on. Administering and managing economic activity becomes its own kind of specialized work. And here we have something that starts to sound like a field of knowledge or an area of study, something it's possible to form a school around. Here we have something that sounds like what we mean today when we say business. New notions of work and business were connected to the belief that some kind of higher level of

management—based on economic laws or rules of exchange—can make a unique contribution to facilitating or enhancing the creation of value.

This is what Alfred Chandler famously described as the “managerial revolution,” during the second-half of the nineteenth century when the commercial world is reorganized into a system of “many distinct operating units” that are “managed by a hierarchy of salaried executives” (Chandler 1). One of the defining features of the modern business world is the way that coordination and allocation become “increasingly technical and professional” (Chandler 3) and, consequently, it becomes a particular kind of work, a kind of employment, or a kind of career. Business becomes the kind of specialized knowledge in which students can be trained and educated.

The business school embodies this transformation of the idea of business, formalizing the turn toward professional management as a kind of work that begins with the mid-nineteenth century rise in urbanization, industrialization, and incorporation. In describing the emergence and eventual dominance of businesses run by a managerial class, Chandler makes the important identification that, even though “such enterprises did not exist in the United States in 1840,” they had, “by World War I . . . become the dominant business institution in many sectors of the American economy” (Chandler 3). Chandler, like many, focuses on this transformation as primarily structural or systematic. The essential characteristics of modern business enterprise can be communicated with an organizational chart that depicts the hierarchal structure of management. But Chandler’s focus on structure or hierarchy and the idea of business as an academic or professional discipline almost makes invisible the central figure of business management and education: the businessman. All these developments of the modern economy do

require a new way to structure business relationships, but they also require a new kind of worker. Business schools assume that they are training a new kind of professional whose specialty is to oversee all other professionals. A managerial revolution requires a manager. The modern economy requires a new kind of worker.

Just as there were virtually no companies structured around a strict hierarchy of professional managers before 1840, the businessman did not exist as a character before the middle of the nineteenth century. What became a central figure in the novels of the Gilded Age and is now common in popular culture, wasn't a part of American literature before 1850. The difference between the businessman and other kinds of economic characters is a distinction that becomes increasingly important during the second-half of the century. Despite their increasing presence and importance, businessmen were "members of a new and unfamiliar economic and social group whose role required explanation" because "it was not obvious who they were" or "what they did" (Khurana 3). As the businessman became a prominent literary figure, the novel played an important role in developing narratives that differentiated the businessman from other kinds of workers.

There is, however, a problem with constructing a history of the businessman in literature and culture. As characterizations of the businessman have changed over time, the obviousness, self-evidence, and importance of the differences between something like labor and management has been rewritten in historical terms that predate the existence of the distinction itself. After business becomes an occupation and a form of specialized knowledge, authors start writing stories about socioeconomic problems in terms of the distinction between management and labor as if any problem dealt with by managers and businessmen—production costs, material

constraints, benefits gained from labor, etc.—are a brand new set of problems caused by the emergence, in theory and in practice, of management itself. The way that some stories begin to describe business is the equivalent to saying that problems of financial failure begin with bankruptcy laws. The particular characteristics of financial failure are no doubt shaped by bankruptcy laws, but financial failure itself has a much older history. The history of the businessman as a character, in all his various forms, is important but far more conceptually difficult than it might seem because much of our understanding of the businessman has been strongly shaped by a labor theory of value that tends to accept the basic distinction between managers and other men as one of labor versus management; this distinction is in both the oppositional sense of the competition between labor and management as well as the classificatory sense in which labor is a form of work and management is not. Whatever the merits of such a distinction are, assuming that this is the most important or essential distinction tends to disguise the way that the emergence of the businessman as a character was closely associated with the transformation or augmentation of the idea of work, rather than the emergence of a new class or just the renaming of the aristocracy. Because the often tacit assumption that management is somehow not a form of work has become such a dominant part of our representations of the businessman, I first turn to a novel which narrates the businessman in a setting that predates the particular, conceptual distinction of capital and labor. Beginning with this later account, before I turn to some of the earliest accounts, helps to identify the way some of these early accounts tend to be overwritten by a more modern understanding of the businessman.

Mary Ford's 1891 novel, *Which Wins?*, produces the distinction between the businessman and the worker by dramatizing the difference between the work of the central character, John Thurston, as a businessman and as a farmer. Facing the sudden loss of funds for his graduate studies in Berlin, Thurston returns to America to try his hand at farming. With his remaining capital, he mortgages a farm in Nebraska and takes up farming because his "theory of life was, that every human being should be required to do his share of labor in the world" (Ford 30). When Thurston is forced to give up his aristocratic pursuit of studying the literature, history, and political economy of the Middle Ages, his thoughts of working and earning a living turn immediately to farming.

As it happens, Thurston turns his hand rather easily from intellectual to manual labor and isn't a bad farmer. Despite the predictable foibles of a formerly well-to-do urban intellectual working the fields, he manages to bring in a respectable harvest. The problem is that, despite his competence as a farmer, Thurston isn't a very good businessman. Because of transportation and distribution monopolies, he isn't able to sell his harvest for enough money to cover even his production costs, let alone pay his mortgage and buy food. He has no idea how to navigate the complex relationships between rural and urban markets, between boom and bust years, etc. Thurston learns the hard way that, by the 1890s, there is a clear distinction between expertise in a trade or craft (knowing how to grow edible plants) and expertise in business (knowing what to grow, where to grow it, who will buy it, etc.). Growing crops is one thing, profiting off the sale of those crops is another. "John's greatest trouble after the first year of farm life was" not that he couldn't bring in a reasonable harvest, but "that he could not make the business pay" (47). Thurston "felt that he was learning a new business which might contain mysteries of profit and

loss” that were, to him, “still unexplained.” The business of farming is not at all what Thurston expected. *Which Wins?* makes the same distinction between business and production that is the central tenet of Thorstein Veblen’s *The Theory of Business Enterprise*. “Veblen’s critique of American enterprise” as described by Lorne Fienberg, “is based upon a distinction between business” (Fienberg 79) as “the quest of profits” (Veblen 213), “and industry, the activity of producing goods and or services for the community” (Fienberg 79).

By the end of the nineteenth century, Thurston’s idea of farm life as wholesome hard work seems antiquated. His vision of the independent farmer is a nostalgic notion of what it means to go into business; the business of farming is only the manual labor required in the fields. It doesn’t account for factors beyond production that affect profitability. In a market economy, the idea of business as merely the labor of production seems naive. An essential part of Ford’s economic narrative is that business does include production, but that it must also consider scarcity, efficiency, competition, distribution, pricing, and all other market factors. What is especially important about Ford’s account, however, is that the novel dramatizes the difference between farming and the “mysteries of profit and loss” by playing upon nostalgia for a time before this “*new* business” (emphasis added) of profit and loss made Thurston’s view of “his share of labor in the world” naive. In other words, Ford imagines that subsistence or self-sufficient farming becomes difficult after the proliferation of commercial agriculture.

There is no doubt that Ford’s nostalgia for a farmer who is free of the burdens of commerce is an important part of American literature. There is, however, a subtle and yet important difference between the kind of figure represented by the farmer as Ford and many others late nineteenth-century authors and the farmer as a figure in earlier American culture. The

man who knew his work and understood his craft is an important part of America's early economic narratives. But it can be difficult to see that, up until the mid-nineteenth century, Ford's farmer can't simply be the craftsman, unencumbered by the burden of commerce because that distinction didn't fully exist yet. Thurston's nostalgia isn't surprising considering the important role of farming in the culture and economy of the eighteenth and early-nineteenth centuries. The farmer is one of the founding figures of American economic and moral narratives. Thomas Jefferson's vision of America as a prosperous republic relies heavily on his notion of the farmer. In *Notes on the State of Virginia* (1787), Jefferson claims that the moral and material well-being of a nation is commensurate with its population of farmers and husbandman.

“Those who labour in the earth are the chosen people of God . . . Corruption of morals in the mass of cultivators is a phaenomenon [sic] of which no age nor nation has furnished an example. It is the mark set on those, who not looking up to heaven, to their own soil and industry, as does the husbandman, for their subsistence, depend for it on the casualties and caprice of customers. . . generally speaking, the proportion which the aggregate of the other classes of citizens bears in any state to that of its husbandmen, is the proportion of its unsound to its healthy parts, and is a good-enough barometer whereby to measure its degree of corruption.” (Jefferson 274)

According to Jefferson, the economic and moral strength of the United States rests on the work of its farmers and husbandman. This interest in the farmer is only natural, according to Richard Slotkin: “the centrality of agriculture in the American economy and its status as a ‘growth sector’ in the 1790s made it logical for Jefferson to identify agrarian enterprise as the characteristic form economic growth would take in the republic” (Slotkin 69). Jefferson fully

embraces the farmer as the figure essential to American economic progress. But the farmer owes its centrality to something more than mere economic productivity. The farmer as a citizen of the new republic isn't merely an agrarian laborer. A connection to the land fosters a connection to the country and ideals of republican citizenship. Jefferson "saw the preconditions of virtue as agrarian" (Pocock 533). The farmer, as a virtuous member of the republic, fits nicely into the tales of sentiment, romance, and domesticity that dominate the earliest American novels. In this sense, the patrician does little to distinguish American economic narratives from the aristocratic concerns of the English novel. Lorne Fienberg makes precisely this argument in *A Cuckoo in the Nest of Culture*:

In their most conventional form, the sentimental novels which captivated popular literary tastes for the first half of the nineteenth century had little room in their fictional social structures for the figure of the businessman. The sentimental plot typically dealt with love, courtship and marriage rather than enterprise, and with the domestic trials of a beautiful heroine, rather than with the man's world of public activity. Men might appear as fathers, husbands or suitors, but seldom as money-makers in this sentimental imaginative realm where genteel leisured characters were the chief custodians of moral virtue and cultural refinement. (Fienberg 3-4)

While it is true that the earliest American novels devote very little time to men as money-makers, it is not, as Fienberg suggests, because novelists had not yet "seized the opportunity to dramatize the businessman's career." Rather, these novels don't single out money-making because domesticity, virtue, and productivity were all part of the same thing.

A novel like *The Farmer of New Jersey*⁸, although almost wholly unremarkable, exemplifies the patrician balance between employment, patriarchy, and republican ideals in early American novels of sentiment and domesticity. The first-person narration presents the story of how a well-to-do farmer handles the death of one of his children and the courtship of another. The text is, as the subtitle suggests, a “picture of domestic life” and contains almost nothing about the work of production on a farm. And yet the narrator, whose name is a rather obscure part of the text, is formally and conspicuously identified as a farmer. Being a farmer is an inextricable part of his economic, social, and community position. In *Manhood and the American Renaissance* (1989), David Leverenz calls this blending of farmer, father, and republican citizenship the patrician. The patrician farmer involves a notion of business that does not recognize either the work of production or the accumulation of profits as fundamentally different kinds of activities from family, community, or citizenship. The patrician’s family and republican citizenship are just as much part of his business as his pursuit of profit. The notion that business is a separate and distinct field of activity or field of knowledge was not yet part of American economic narratives. The notion that a man’s professional endeavors could be taken separately from his other obligations simply isn’t part of the narrative framework. It is only from a later position, after business has been defined as the professional management of productivity, efficiency, and profitability, that a unity of the personal and the professional begins to look like the combination of two different kinds of things.

⁸ Davis, John. *The Farmer of New Jersey, or, a Picture of Domestic Life*. New York: Furman and Loudon, 1800.

It is tempting to read Thurston's disillusion with farming as a lament for this kind of patrician farmer. But, despite some paternal sentiments, Thurston's account of a farmer differs from the patrician. During the first year of his farm life, Thurston holds late evening gatherings of his workers. "John delighted in leading the men to tell of their own past lives and experiences, gaining as much profit himself from the knowledge of human nature thus obtained, as did the men from the inspiration of a sympathetic audience" (31-32). He takes pleasure in the role of the benevolent landowner watching over and guiding the farm hands. His relationship to the work, however, overshadows this patriarchal moment. Thurston laments that the farm work is so hard on himself and the hired help, but he also has to admit that "he could not appreciably shorten the hours of labor of his men, nor pay them more than the market price for their toil" (Ford 31). His vision of the farmer is bounded by the constraints of the work itself. The farm and its required labor dictates what he can do for himself and his workers. Almost against its own desire for a more idealized story of the farmer, *Which Wins?* gives much more serious consideration to the physical labor involved in farming: "there was a constant variation of labor, from planting, cultivating, and harvesting, to tending the cattle" (Ford 29-30). An important part of the narrative is not just Thurston's position as a farmer, but the details of his work with the fences, feed, and fields. Departing from the sentimental tendency to gloss over the particulars of manual labor, *Which Wins?* embraces the physicality of farming.

Thurston's overriding concern for the physical work of production makes him neither a patrician farmer nor a businessman. It's not immediately clear what account of the farmer Thurston is nostalgic for. Ford's novel presents a longing for a moment before the emergence of the professional businessmen but also for something that doesn't quite coincide with the

Jeffersonian farmer. The patrician abounds in the earliest American novels. By the 1860s, businessmen have begun to appear in novels by the dozen, after which they will often be defined in direct opposition to laborers such as the farmer. The late nineteenth century is full of novels that stage a struggle between business and labor. It seems as if there should be accounts of the farmer that are neither nostalgic nor define themselves in opposition to the businessman. Instead, what we find is characters only become defined by this kind of attention to work when they are businessmen. The idea of work as a kind of productivity is tied, in literature, very closely but problematically, to stories about the businessman.

In 1849, John Beauchamp Jones published a novel which, on the surface, seems little more than an early example of the businessman in American literature. *The Western Merchant*⁹ recounts the efforts of a young man, Luke Shortfield, to make his fortune and find love. Shortfield is an aspiring merchant who continually establishes new stores on the westward moving edge of the Missouri frontier. He engages in all of the normal activities of a merchant: securing credit lines, shipping goods from the east, researching prices to remain competitive, adjusting for seasonal changes in demand, etc.

But even though the novel gives Shortfield the title and responsibilities of a merchant, the text also spends quite a bit of time describing the labor he performs to establish and operate a store. In cooperation with his older brother, Shortfield begins his career by opening the very first store in a frontier town. He unloads the goods when they arrive on the riverboat. He cleans the building they are to repurpose as a store. He builds and stocks the shelves, labeling all the goods

⁹ Jones, John Beauchamp. *The Western Merchant*. Philadelphia, PA: Grigg, Elliot, and Co., 1849.

with prices. Later in the season, when payments come due from customers who bought on credit, he travels the countryside collecting debts, often eating with them in their homes and sleeping there overnight. Although Shortfield's very first job is officially as a shop clerk, his labor varies little even when he has moved on to establish a second and third store further out on the frontier. Despite gaining the financial independence to open stores of his own, Shortfield's experiences as a merchant focus mainly on his physical labor of establishing and maintaining a store. As soon as he has enough money to employ a clerk of his own, he sells his interest in the store and moves on to start over again.

The text actually does quite a bit of work to differentiate him from other merchants. Unlike the merchants he meets, Shortfield is not particularly interested in the long-term business of owning a retail store. Instead of maintaining a management position or even just a controlling interest, Shortfield takes his profits and moves on. He never really acts as just a manager. His work is always with individual, independently operated stores that he builds, remodels, assembles, cleans, stocks, etc. *The Western Merchant* may call Shortfield a merchant, but it describes him as a producer because he creates stores. Leverenz calls the tradesman or craftsman who is defined by "pride of craft" and "a great deal of ambivalence about patriarchal deference" (Leverenz 74) the artisan. Less concerned with his role in the republic, the artisan is a post-patrician worker who is dedicated to his craft and the work of production.

The fact that *The Western Merchant* calls Shortfield a merchant but describes his work as that of an artisan marks an important relationship between the work of production and the work of management. As soon as the worker is defined by the work of production, no longer focused on republican virtues or patriarchy, the notion of work is now measured in terms of productivity

and efficiency. Once the focus of work becomes how good you are at your job, then any work that can improve productivity or efficiency, even if it purely managerial, becomes important. As long as you have a measurable marginal productivity, you are a worker. The notion of the artisan and the notion of the businessman both arise from the attempt to focus on work in and of itself.

Shortfield's position on the frontier, his constant westward movement is what makes his role as an artisan possible, but it is also what signals an inevitable move to professional management as an increasingly important kind of work. By mid-century, a number of historical circumstances will signal a necessary shift away from the possibility of the artisan as a primary economic actor, which is, in some way an idea that only became clearly defined after the shift. The desirable and easily accessible lands of the Western frontier wouldn't provide for westward expansion indefinitely. The rise in population would lead to a rise in urban areas. The prosperity of the nation would continue to increase the demand for consumer goods. The required consumer goods would necessitate the kind of collective, specialized production that doesn't happen on the farm. Financing the infrastructure necessary for urbanization, westward expansion, and industrialization would require outside investment. Consumer demands that far exceeded America's productive and purchasing capacity were met through long credit chains that stretched across the Atlantic and Europe. Financing American growth and managing production became a very complicated affair that necessitated skilled management of large, numerous credit and supply chains. The growth of the American economy required businessmen. This is what makes Thurston's notion of the farmer nostalgic in *Which Wins?*. He longs for the days when a man can just do his work and prosper; Thurston wants the farmer to be an artisan. But as soon as he wants to focus on just doing the work, all of the factors that translate work into productivity come into

play. Although the artisan is a rather familiar figure in American literature, it most often appears as tragic, nostalgic, or utopian. As is the case with Thurston, the artisan appears in economic narratives as if it is already a thing of the past. Jones' work with the merchant in his novels seems to mark precisely this movement, not from the artisan to the struggle between the artisan and management, but the division of labor into two different kinds of work.

Only a few years after publishing *The Western Merchant*, Jones again took up the merchant as a character in *The City Merchant* (1851). Mr. Saxon is an urban merchant of considerable but discreet wealth who pays at least as much attention to the gold, credit, and currency markets as he does to retail goods in his store. Sensing an impending contraction of the money and credit supplies—an obvious reference to the Bank War of the 1830's—Saxon begins converting all of his assets to gold. When the inevitable banking crisis comes, Saxon is in a position of considerable power. He is easily able to keep his shop running and also sustains a number of other businesses by offering them loans or buying them outright. Saxon's work becomes funding businesses with operating capital. Saxon, then, is not just a merchant who exchanges goods. He is a businessman who works with the system of exchange itself. Although he does set the prices for goods that he sells, he does so only in the most general fashion. He simply instructs his employees to sell all goods at cost because it's better to have the cash on hand in a crisis than to wait for the mere possibility of profit later. He is setting prices based on what we could call macroeconomic factors rather than microeconomic considerations.

Thinking of business as the general principles or natural laws that regulate all exchange is part of the way that the meaning of the word business moved away from the labor involved in any particular form of employment and toward a general set of skills or body of knowledge: like

many areas of knowledge at this time, business was being remade as a science. Disease, for example, which can be thought of as the symptoms exhibited by an individual, became something that could be tracked and calculated as a collective movement through populations. “Numerical regularities about disease, unknown in 1820, were commonplace by 1840. They were called laws, laws of the human body and its ailments” (Hacking 55). The idea of disease as something experienced by people as a collective body and not just by individuals makes it possible to think about two different kinds of related work: internal medicine and epidemiology. The work of a general practitioner is not the same work or even the same kind of work as that of an epidemiologist.

But such movement isn't without tension. Measures meant to halt the spread of a disease through a population might have a beneficial effect on a collective level, but it may also impose difficulties on an individual level. Quarantines might result in a lower net loss of life, but they might also restrict the ability of some individuals to avoid contracting the disease. A doctor who is charged with saving the life of one particular patient might come into conflict with an epidemiologist who is charged with minimizing the spread of a disease. The conflict would arise from two related but separate sets of values. The doctor values the life of the patient and the epidemiologist values the life of the public.

The movement and tension between the artisan and the businessman reflects a similar struggle, but one that is central to the definition of economics itself. Is the core of economic value located in production or exchange? Production would centralize the artisan where exchange would centralize the businessman. Lionel Robbins describes exactly this distinction in his text *An Essay on the Nature and Significance of Economic Science* (1945). Robbins

summarizes the two main schools of economic thought as locating economic value either in “the study of the causes of material wealth” (Robbins 4) or in the study of “the disposal of scarce means” (Robbins 16). Economic value is located in the work of production or it is located in the management of resources.

By the time Robbins tries to define economics, the notion that there may be a set of natural laws that govern the production of material wealth or use of scarce means is a well-established concept. But until the end of the nineteenth century, there were virtually no American writings that directly engaged economics as a science. America would not begin to produce explicit economic writers until figures John Bates Clarke or Frederick B. Hawley in approximately the last decade of the 1800s. The businessman in the American novel, as part of an economic narrative, plays an important role in shaping the conceptual landscape of what is economically possible. These two distinct accounts of economic value are clearly evident in competing accounts of the businessman. If the the physical labor of producing material wealth is the central element of economic value, then the businessman is merely the newest figure to appropriate surplus value from the working class. If the efficient disposal of scarce means is the central economic concern, then the expertise and skill of the businessman in managing resources is of preeminent concern.

The story of the businessman in the nineteenth-century novel is a struggle to do two things: deal with these two competing accounts of economic value and reconcile economic scarcity with the form of the novel. The struggle over the nature of economic value is a continuing part of economics as a science that can clearly be seen in Robbins’ effort to define

economics or in Don Lavoie's documentation of economic thought concerning economic calculation in *Rivalry and Central Planning*.

But the contribution of the novel has largely gone unexamined. There has certainly been a great deal of work done to identify examples of various kinds of economic principles or theories or opinions within novels. I've engaged in a great deal of this myself up to this point. But what has received very little attention is the way that novels, as novels, shape what is possible economically. Economics, for all of its scientific and mathematical tendencies, is very much about telling stories. This is precisely the argument that Deirdre McCloskey makes in her book *The Rhetoric of Economics*. Economics is no less about argument, persuasion, and storytelling than it is about natural laws.

Coming during a century that establishes a great deal of the legal and structural framework of American capitalism, the genre expectations of a nineteenth-century novel play a role in defining what kinds of economic outcomes are seen as possible. When the novel takes up economic principles, these genre expectations are not set aside. In fact, patterns of sentiment and morality often insert themselves into what begins as an evaluation of economic possibility or efficiency. The relationship between the possibilities of literary narratives and the possibilities of economic narrative, often made visible through the businessman, expose the limits of economic narratives.

Chapter Two

A Romance of Scarcity: Business Management in the Early Business Novel

Portions of this chapter have previously been published in the journal Belphégor, under the title “A Romance of Business: Genre, Scarcity, and the Businessman in the American Economic Novel.”¹⁰ Materials reproduced from that article appear here via Creative Commons License.¹¹

Richard Burleigh Kimball's little known novel, *Undercurrents of Wall-Street* (1861), describes a businessman's "desperate struggle to sustain himself" (Kimball 35) during a severe, widespread, economic downturn. As a successive chain of merchants and creditors are forced to close their doors, Charles Parkinson hopes that, "with the best possible management" (Kimball 16), his company can be saved from mounting losses and impending debts. And after four hundred pages of contract negotiations, bankruptcy proceedings, note brokering, and other "particulars of Wall-street life" (Kimball 148), he eventually succeeds in securing his fortune. The interesting thing, however, is not the fact of his success. The triumph of the hero in a nineteenth-century novel that identifies itself as "a romance of business" is, on the surface, wholly unremarkable. The interesting thing is that his success has nothing to do with any of his financial dealings in those four hundred preceding pages. It derives instead from the discovery of a chance inheritance in the concluding chapters. The novel's extensive account of business

¹⁰ Jason Douglas, « A Romance of Business: Genre, Scarcity, and the Businessman in the American Economic Novel », *Belphégor Online*, 13-1 | 2015, Online since 09 May 2015. URL : <http://belphegor.revues.org/586> ; DOI : 10.4000/belphegor.586

¹¹ (CC BY-NC-ND 4.0) <https://creativecommons.org/licenses/by-nc-nd/4.0/>

management is then completely irrelevant to the financial outcome. Put more formally, the story's denouement is utterly disconnected from the story itself.

From a certain standpoint, this constitutes a formal failure, an aesthetic weakness that has probably contributed to the novel's obscurity. And in a way, the novel even anticipated this. As Parkinson himself says in the opening chapters: "To many who undertake to read this history, the account of my experience will present no feature of interest whatever" (Kimball 34). Considering that what you read here constitutes the entire critical history of this novel, I think it's safe to say that this was an accurate prediction. I argue, however, that this formal failure isn't, in any simple way, a failure. In fact, the novel's retreat from the economic concerns it produces—the way it makes the note brokering and bankruptcy irrelevant—is an essential part of its economic meaning. The discrepancy between the way the novel narrates financial problems and the way it arrives at a satisfactory, financial outcome for Parkinson exposes two distinctions entailed in Kimball's understanding of what is at stake in business, which were also essential in differentiating the emergent science of economics from the existing study of political economy. By abandoning concern for Parkinson's business in favor of the inheritance and his personal finances, *Undercurrents* marks poverty and scarcity as different kinds of problems while, at the same time, registering the implications of scarcity for the economy as a collective system and not just for individuals.

Although the inheritance at the conclusion of *Undercurrents* is the kind of dramatically improbable ending that is fairly common in nineteenth-century novels and, consequently, would normally be more of a feature than a form of failure, the shift away from Parkinson's work on Wall Street marks the possibility that something has been left unresolved. If the only problem

that the novel describes for Parkinson is the struggle to acquire the “means of supporting [his] family” (Kimball 154), then the inheritance would be an appropriate and complete solution. But the novel subtly indicates dissatisfaction with its own resolution. In the midst of the relief provided by his new-found wealth, Parkinson makes a rather strange confession in the novel’s final sentences. “I have exposed to you many of my weaknesses. I will conclude by betraying one more. I confess I have never returned to look after my desk and two chairs in that basement office in Wall-Street” (Kimball 427-28). There is, no doubt, a bit of irony in this confession. Parkinson is glad to abandon the barely profitable, dead-end job he was trapped in after resolving his debts. But what drives the irony is the possibility that, in using the bequest to fund his retirement he really is betraying some weakness. The humor in saying that abandoning a miserable job is a weakness downplays but also acknowledges the fact that he really did leave something important undone. Parkinson’s confession simultaneously seeks to disguise and mark some kind of distinction which is the basis for his discomfort with the solution to his financial difficulties.

Certainly it is a shame that Parkinson lost his business and that he subsequently had to work long hours for meager and uncertain pay, but once his fortunes are restored, once he can return his family to a life of comfort, it is hard to see what problem remains. If the purpose of his work was to provide for his family, then once his family is provided for, the purpose of his work is fulfilled. If jobs are merely a way of getting money, then once you have money, a job is superfluous. It’s hard to see what difference there can be between the money Parkinson gets from his work and the inherited wealth except the amount of money they provided. His office generated very little money and the inheritance provided a substantial amount. It seems as if we

should be able to reduce his financial problems to a simple lack of money. If the inheritance is a solution, then Parkinson's problem was that he was poor. The inheritance as a solution marks the difference between being rich and poor.

Parkinson's confession of weakness is, however, merely the last indication that the novel makes some kind of distinction between his work as a businessman and his inherited wealth that can be understood simply in terms of whether or not he is rich or poor. *Undercurrents* is almost entirely dedicated to describing the details of Parkinson's professional life. The book, as I have mentioned, is filled with the details of market fluctuations, debt renegotiations, bankruptcy proceedings, note brokering, and discount rates. Much of the story focuses on the technical aspects of his work as a businessman. The central tension of the novel revolves around the possibility of Parkinson's profitability on Wall Street. The inheritance that allows him to abandon his office is a complete departure from the exploration of his professional life. In fact, the bequest isn't even directly part of his personal finances. The actual heir to the fortune was a destitute young girl that Parkinson, in the midst of his own poverty, had taken in shortly after the death of her mother. Because Parkinson treated her like his own daughter, when she was unexpectedly found to be an heiress, she decided to share her fortune with those she had come to think of as family. Parkinson's economic redemption had absolutely nothing to do with the details of his business life that occupy the novel right up until the concluding chapters. The economic struggle has no connection to the economic resolution. There is a discrepancy between the problem as presented throughout most of the novel and the problem resolved by the novel's ending. The solution to Parkinson's financial problems comes as an outside intervention that doesn't solve any of his business difficulties so much as it makes them irrelevant.

The difficulty as well as the potential importance of a book like *Undercurrents* is identifying how Parkinson (and in turn, Kimball) understand this discrepancy. An essential part of understanding this discrepancy is recognizing Kimball's use of debt as a framework for structuring economic difference. In an historical sense, debt is an important part of the novel because it is linked to some of the most important financial technologies that emerge during the nineteenth century: bankruptcy and the limited liability corporation. In a more conceptual sense, the novel's account of debt is also linked to fundamental features of the way that economics as an emerging science will come to define the economy. Although Parkinson is, to some degree, committed to the sense of moral obligation associated with debt repayment that has traditionally dominated cultural accounts of debt, the story plays far more heavily on the implications of scarce and collective resources for debt repayment than on the implications of debt as an obligation. For Kimball, the moral dimensions of debt aren't what's problematic. The problematic nature of debt repayment arises from the constraints imposed by limited resources within a collective economic system. Or, to put it another way, there are two dominant aspects of the way that Kimball describes Parkinson's debt problem which must not be understood as questions of poverty as such.

Once Parkinson learns that all of the major lending houses which owe him money have failed, he immediately sets out to meet with his own creditors in the hope that they will accept reduced settlements. He pins all of his hopes on renegotiating his debts. The novel's first response to a debt problem is to search for a solution within the constraints imposed by the available resources. The work of the businessman is not to solve all problems by generating more revenue. The novel considers the possibility that financial problems can be thought of as a matter

of resource allocation or management and not quantity per se. What the businessman does might involve getting more money, but it might also involve devising ways to satisfy obligations and needs under the constraints imposed by limited resources. Although many if not most economic problems can be solved by the application of more resources, that does not mean that they must be thought of as only a problem of a lack of resources. If, for example, Parkinson rented the most desirable office on Wall Street and furnished it lavishly, then it would make sense to say he is spending too much money on an office. If, on the other hand, every cent he earns from working 80 hours a week buys one loaf of bread, it is probably safe to say that he has a problem of insufficient funds. Financial problems can be a lack of resources or they can be a matter of how resources are utilized. Up until Parkinson's financial redemption, *Undercurrents* focuses on how those resources can be utilized rather than on their quantitative insufficiency.

The fact that Parkinson's problem was initially presented as a question of scarcity is demonstrated as much by certain omissions from the text as it is by the attempts at debt management I have described thus far. Perhaps counterintuitively, the novel's use of debt renegotiation marks a concern for something other than a lack of money. Despite all of his work to save his business, Parkinson never does the one thing that might seem like the most obvious course of action: get more money. There are no attempts to secure new lines of commercial credit, borrow privately from friends, or liquidate assets. He doesn't seek out loans or investment capital. He doesn't try to recover money he is owed by others (all of whom have gone out of business already). He doesn't look for new products or markets. He simply tries to accomplish what he can with what he has. In the midst of severe contraction in both the credit and commodity markets, a lack of alternatives might be a very real possibility, but the complete lack

of even any hopes, wishes, longing, or speculation about new sources of funding is more than having run out of options. The various possible uses of Parkinson's existing resources, although clearly insufficient from the beginning, are the only option the novel entertains.

Parkinson opens his books to his creditors and tries to come to an agreement about how much of a repayment they can reasonably expect given his assets and liabilities. For Parkinson, it is entirely a question of how to allocate the resources he already has. Most of his creditors accept this, acknowledging the insufficiency of his funds and focusing on determining the appropriate share of his resources that they are entitled to. Although debt renegotiation necessarily involves a lack of sufficient funds, it does not operate on the assumption that the primary concern is the lack of funds. The problem that debt renegotiation solves is not how to remedy a lack of funds, but how to most acceptably remedy the situation with the available funds. Once you enter renegotiation, you have already accepted and moved past the insufficiency of funds. When *Undercurrents* eventually turns to the inheritance to conclude the novel, it is clearly turning away from the conflict as figured up to that point.

Focusing on narrating Parkinson's attempt to renegotiate and settle his debts using only the resources he has creates a story about limited resources rather than poverty. The point of the novel is never about the amount of resources Parkinson has in relation to some inflexible, biological requirement for survival. Although it would be entirely reasonable for Parkinson to worry about his ability to provide the bare necessities for his family, Kimball does not employ the tropes of the social reform novel that will become a large part of the literary response to industrialization, which relies heavily upon sympathetic and sentimental descriptions of the suffering of the poor. *Undercurrents* is, then, a story about what economists would come to call

scarcity and not about poverty. Kimball's representation of debt renegotiation as a matter of limited resources that poses a comparative question about the potential uses of those resources has important parallels to the accounts of scarcity emerging in economics that I will talk more about later, but those parallels are most visible and accessible when in seen in relation to how this changes Parkinson's goal and the institutional framework that defines what kinds of debt resolution measures are possible.

Parkinson's financial goal is about protecting himself and his family from something more than bare subsistence. His struggle to repay his debts isn't just about whether or not he can satisfy his creditors. He specifically wants to resolve his debts in a way that will (of course) avoid poverty and eliminate debt, but at least as importantly, will also preserve his ability to earn a living. As a businessman, the problem that Parkinson faces is not just his unpaid debts. Although he is committed to debt repayment, he is equally committed to keeping some operating capital. He is specifically admonished by a business associate that "you mustn't put yourself where you can't earn anything" (Kimball 49). A successful business must meet its obligations *and* retain enough money to keep its doors open. For Parkinson, debt repayment isn't about using your resources in relation to a set of already established needs and obligations. It's about resources as part of the means of meeting needs that are in the future and ongoing. When Parkinson describes being "chained hand and foot, and kept in perpetual bondage," (Kimball 12) it is not, as familiar metaphors would suggest, the burden of debt; it is, instead the lack of options that come from having no money, capital, or resources with which to engage in business and earn a living.

When Parkinson ultimately fails to negotiate debt repayment plans that will satisfy his creditors and allow him to stay in business, his bitter assessment of the situation reveals precisely the opposite of what it might seem to say on the surface. After his most uncompromising creditors refuse to renegotiate and file for a legal judgment against him, Parkinson turns his attention to property exemptions under execution. Exemptions under execution are part of the legal protections (now covered by bankruptcy law) that specify what property can and cannot be seized to satisfy debt. These exemptions are the institutional mechanism for managing debt. In Parkinson's case, the exclusions cover "all necessary pork, beef, and fish, flour and vegetables for the use of the family for sixty days" and an additional "one hundred and fifty dollars' worth of articles" (Kimball 129). Parkinson finds these exemptions insufficient to say the least. (Bankruptcy laws today, in contrast, potentially exclude both a larger amount and broader range of property, such as home equity, cars, retirement funds, all manner of household goods and furnishings etc.) As he watches his possessions hauled off and sold at auction before his house is also seized, he comments on the inadequacy of "what and how much the law permitted" him to retain, sarcastically describing the exemptions as "the generous list prepared by our law makers" (129). These exemptions are supposed to be the fail-safe measure that affords debtors minimal protection, but Parkinson believes they have themselves fallen short. But the stated purpose of these exceptions was to prevent debtors from being immediately and totally impoverished, which they do in Parkinson's case. His sarcasm about the generosity of the protections is that they leave him with nothing but the means of immediate substance. Debt law doesn't leave him as bad off as the very poor for at least the immediate future, but they don't do much to prevent him from heading in that direction in the not-too-distant future.

What Parkinson seems to want is a more generous form of bankruptcy protection that would provide for his subsistence and his business. If only he could further reduce his debts and protect more of his assets, which would allow him to stay in business, then everything would be fine. But until the 1898 Nelson Act establishes the first modern, federal bankruptcy law, it is impossible for bankruptcy to do what he wants it to do because there is no real legal way to distinguish between his personal assets and his business assets. In a practical sense, Parkinson is hardly exposed to the worst of nineteenth-century debt law and already receives relatively generous protections. He is never sent to debtors' prison. Once his assets are seized, his debts are legally satisfied despite an outstanding balance. A supply of necessities is excluded from seizure so his family isn't completely destitute. He already benefits from protections that didn't exist in previous decades. In other words, Parkinson is protected, but he is unhappy with the fact that his company is not.

Parkinson's desire to use his limited resources in order to satisfy his debts but also to preserve some means of continuing to earn a living reflects a dual vision of debt that sees the enforcement of contractual obligations as a necessary part of the institutional framework for doing business. And the ultimate goal of that framework is to facilitate continued economic productivity. This dual mandate reflects a growing belief in both business law and practice that overall economic outcome matters as much as, if not more than repaying the contractually stipulated amount of a loan. If the purpose of credit is to fund production, development, and innovation that enables growth, then debt repayment should do the same. If, in practice, debt repayment is just transferring money from a debtor back to a creditor in a way that decreases

productivity or growth—just giving people what the contract requires, regardless of the consequences—then debt resolution measures aren't accomplishing what they are supposed to.

The legal scholar, Charles Warren, has documented the changing notion of what it meant to repay debt in his book, *Bankruptcy in United States History*, describing the year 1861 as the transition point in American debt policy between an era of debtors' rights and a new era of national interests. This moment in the evolution of debt policy is also the same year that *Undercurrents* was published, although, of course, Warrens hasn't read the novel any more than anyone else. The willingness to think of debt repayment as flexible or relative rather than arithmetic or absolute began with early nineteenth-century reforms aimed at helping impoverished debtors (such as poverty oaths, exclusions for petty debts, exempting women from debtor's prison, etc.), but the biggest reforms only happened after debt alleviation was narrated in terms of collective benefits. It is only when enforcing debt repayment seems to be bad for everyone—when the consequences of making someone repay takes more out of the system than it puts back in—that debt becomes a more pliable concept and reform became a matter of national policy. In the aftermath of recurring financial panics that devastated personal finances on a massive scale and paralyzed commercial activity (the Panic of 1857 and eventually 1893 were especially important in driving reform), legislators tried time and again throughout the century to draft a national bankruptcy law that would balance creditor and debtor rights while also removing systematic barriers to recovery. Imprisoning debtors never proved effective at returning capital to the economy and was essentially eliminated by the 1840s. Stripping debtors of all their property made it unlikely that they could contribute, and leaving them completely

destitute created a burden on the community. It began to look like simply insisting that people fully repay their debt no matter what wasn't always good for business.

The idea that the obligation of debt repayment is more than a simple arithmetic problem of who owes or is owed is part of describing the economy as part of an ongoing and collective system of production and distribution, as well the parallel emergence of the idea of businessmen as those whose expertise it is to handle precisely these kinds of questions. The extensive account of credit contracts and debt renegotiations in *Undercurrents* presents precisely this kind of problem: what repayment strategies can satisfy obligations and restore profitability? How can debts be managed—not just repaid or cancelled—in a way that business can carry on?

Parkinson's first attempt to manage debt through renegotiation entails at least two different ways of thinking about the economy as a collective. When Parkinson meets with each of his creditors and asks them to accept a reduced settlement, he is asking them to acknowledge their shared participation in a system of limited resources that benefits from a balance between repaying them and allowing him to preserve his company. Although this seems like an ideal solution, and financial records suggest that private negotiation accounted for the resolution of most debt problems—some studies suggest as much as ninety percent of bad debts were handled this way—there was always the chance that creditors would refuse. Settling with only most creditors won't prevent bankruptcy. To create the conflict it needs, *Undercurrents* uses a few such creditors who want nothing less than what they are owed. Parkinson's request for voluntary renegotiation (which remains today a recommended strategy, endorsed by just about every personal finance and debt relief expert) proves to be an inadequate debt management solution because it provides no institutional mechanism for protecting his ability to stay in business. In

describing Parkinson's debt problem, Kimball also describes what he sees as the necessity of an institutional framework—in this case, an improved form of legal debt protection—that can protect both individuals and businesses from immediate ruin.

The fact that Kimball frames Parkinson's financial difficulties in terms of business debts rather than personal debts is a reflection of the way that the businessman, as a character and as a professional, was emerging as the kind of worker who had the specialized skills and knowledge to deal with these kinds of comparative decisions about the use of limited resources as part of an interconnected and interdependent system of production. The status of the businessman and his role in the creation of economic value becomes an increasingly visible question in literature during the latter half of the nineteenth century. A flood of novels are published about merchants, financiers, stock brokers, corporate presidents, and all manner of businessmen. And what always seems to be at stake is the possibility that these individuals can contribute to the creation of economic value. The businessman emerges in literature as the character who troubles the conventional notion that simply giving someone money is a sufficient or satisfactory conclusion to an economic narrative, precisely because merely having money doesn't necessarily generate value. The businessman is the figure in literature who makes it possible to see the difference between wealth and the system that generates wealth, i.e., the economy.

The limited property exemptions that leave Parkinson with the bare necessities of life but nothing for his business because—and here we see a distinction that the novel suggests will be crucial precisely because it's a distinction that it itself can't make—there is no real categorical difference between the two. There is only one set of assets and liabilities because there is only one legal entity, Charles Parkinson himself. Operating capital for his business and spending

money for his children pass through the same accounts without legal distinction. There are no legal mechanisms for distinguishing the business from the business owner. The most innovative feature of the 1898 Nelson Act was extending bankruptcy protection to companies, but that is only possible because legislators enacted a legal framework for recognizing business entities by the 1890s that is merely provisional and tentative in the 1860s. It isn't until the last few decades of the century that general statutes of incorporation (that is, the ability to form a corporation without an individual, state-granted charter tied directly to a single project) become a common form of business organization and thus makes it possible to run a business whose interests are not entirely synonymous with or reducible to any particular person or their assets.

Undercurrents, then, demonstrates the way that certain concepts of business and personhood aren't fully compatible with changing concepts of debt and the demands of a collective economy. The pathos of Parkinson's predicament is a kind of affective rendering of a problem in capital formation, a problem that the novel itself can't see and can't understand in those terms, because its primary interest—despite contrary indications in the first 400 pages—turns out to be what happens to Parkinson, not in the growth of the economy. Following his financial ruin, Parkinson adopts an orphaned girl, who, is later discovered to be heir to a substantial fortune. She, of course, shares her new found wealth with her adopted family and Parkinson retires in comfort. The novel so thoroughly abandons the idea of his managing resources that it doesn't even give him the money directly.

While this question has important literary dimensions, it is also an important question for the economy and economics. At this historical moment, the question of the production of value is being redefined in terms of the possibility of economic management. With the rise of finance

capitalism through markets for stocks, bonds, securities, futures, and credit, huge swaths of the economy are put under the control of professional managers. These businessmen are defined by their expertise in employing the available resources in the most productive and profitable fashions. The proliferation of middle management and representative ownership marks the transition to a financial economy. The idea that someone can determine the most desirable and efficient uses of available resources is a direct reflection of the conceptual changes that also are remaking economics into a kind of mathematical science. The nineteenth-century shift from political economy to economics involved the increasing use of mathematical models to describe the relationship between alternative uses of scarce resources. The notion that these relationships are measurable and based on some kind of general principles is essential for modern economics. In narrative, in practice, and in theory, what it means to think about an economic problem begins to require that we think about more than quantities of money.

My interest is in the way that the economic problem connects to the formal problem created by the novel's ending. What we see in *Undercurrents* is not unique to Kimball. In fact, business novels characteristically produce a set of economic concerns that they eventually disavow. It's not just that banks, loans, stocks, bonds, prices, panics, and all their associated problems become a part of the financial landscape that serves as the setting for novels. Economic problems play an increasingly common role in the conflicts that drive these novels, which they eventually dismiss, but which, nevertheless (precisely because they dismiss them) help to identify a certain kind of conceptual shift that is foundational for what begins to be recognized as a new form of economic science, indeed, a new concept of what the economy is. What I mean is that beginning in the second-half of the nineteenth century, what one might describe as modern

economics, takes up the kind of problems later identified by Lionel Robbins in his famous book, *An Essay on the Nature and Significance of Economic Science* (1932) when he defined the subject matter of economics as the study of “human behavior as a relationship between ends and scarce means which have alternative uses” (Robbins 15). In other words, economics seeks to identify the patterns that emerge when people have to make choices about what they can and can’t buy.

Part of what made Robbins’ essay famous was its distinction between eighteenth-century political economy that studies “the causes of material welfare” and the assertion of nineteenth-century economics that “scarcity of means to satisfy given ends is an almost ubiquitous condition of human behavior” (Robbins 15). According to Robbins, economics is about what kinds of choices people have to make because they can’t get everything they want. From this perspective, we can read the contract negotiations and bankruptcy proceedings in *Undercurrents* as an investigation of the choices made by people disposing of scarce means. Parkinson’s attempt to manage his money—to satisfy his debts and cover business expenses despite insufficient funds—is what matters throughout most of the novel. By making this the driving problem of the narrative, Kimball commits himself to a kind of economic logic. Rigorously exploring the limits imposed by scarcity also reveals something about what does or does not constitute an effective and appropriate solution. But we can also see how the inheritance is a guarantee of material wealth that makes such choices—indeed, scarcity itself—irrelevant. Once Parkinson becomes wealthy, the novel loses all interest in his financial choices.

Kimball’s failure to produce an account of effective debt management and his retreat into the sentimental device of a surprise inheritance mark the ways that these conflicting demands

persist as an economic problem. In one sense, this is the problem of the economic novel. It is the economic problem that the characters face within the story. But in another sense, this creates a problem for the economic novel as a novel. Midway through *Undercurrents*, as Parkinson lapses into self-pity, he stops himself and redirects the narrative: “I find I have unconsciously departed from my proposed plan, which is to allow the reader to become acquainted with the particulars of Wall-street life” (Kimball 148). As I have emphasized, the book is very much occupied with the details of business life, but it is also aware of where it stops relating those particulars. Why, then, does the novel completely fail to follow the plan if Kimball is so aware of it? If the point is to demonstrate that there is no mechanism for solving the problem, why does Kimball feel the need to save Parkinson? Why go to the trouble of meticulously building a narrative around the limitations and ineffectiveness of debt resolution measures only to conclude by saying that those measures don’t matter, and furthermore, the problem that those measures were supposed to solve is itself irrelevant as well? Why emphasize the insolubility of an irrelevant problem? The novel does capture a formative moment in the conceptual development of businesses as legal entities, distinct from their human managers, but understanding the relationship between the novel and its conclusion requires understanding something more about the disruption caused by the simultaneous obsession with a particular economic problem and the compulsion to disregard that problem in order to produce a particular narrative outcome.

Reducing Parkinson’s problems to a lack of money that can be solved by an inheritance would gloss over the radical shift entailed by this financial *deus ex machina*. The familiarity of this kind of trope in the nineteenth-century romance threatens to erase the difference between Parkinson as a businessman and Parkinson as a wealthy man. The moment that the inheritance

allows Parkinson to abandon his office is the moment that the novel abandons its interest in him as a businessman. It is clear that considering Parkinson as a man of wealth is a question of whether or not he has money. But it is not obvious what is at stake in thinking about him as a man in business. Why does the novel contain such a detailed account of business life if that account has no bearing on the economic outcome? If the story is about Parkinson as a businessman, then his success or failure as a businessman matters. To imagine that simply giving him money has any bearing on his status as a businessman is to assume that a businessman is nothing more than a consumer. But the very idea of the businessman involves the creation of value. Whether it be through invention, discovery, development, design, management, enhancement, delivery, or efficiency, what makes a businessman a businessman is that he is productive, not necessarily in the sense of creating physical goods, but in the sense that he participates in the process of making valuable goods and services available to consumers. Parkinson's work as a businessman is supposed to be part of that process, but the inheritance only enables consumption and makes the production of value irrelevant.

The inheritance is such a crucial turning point in the novel that it tends to disguise the fact that it also marks the start of an almost completely different account of scarcity. The novel imagines that scarcity has become irrelevant because Parkinson has, in a certain way, become rich. But economics does not define scarcity in terms of wealth or poverty. As a man of means, Parkinson will still face choices about how to dispose of his money, and by pursuing certain ends, he will necessarily forsake others. Even a rich man must give up some desires in the pursuit of others. The idea that the economy is the patterns of behavior that emerge from the relationship between what people give up while achieving something else doesn't require that

means be small or few, only limited. Parkinson's debt negotiations and financial maneuverings present an example of relative choices and trade-offs that aren't necessarily preempted by wealth and, for economics, aren't preemptable at all without rendering economic concerns themselves irrelevant. If there are no limits and nothing left undone, then there are no economic concerns or questions. *Undercurrents*' solution to Parkinson's problem rewrites the economic account of scarcity it had been producing as merely a question of poverty.

Undercurrents thus produces its plot in the form of a problem that it presents as a function of its protagonist's business activities but that it cannot solve in business terms and, indeed, as the novel itself shows, that, in the period, could not be solved in business terms. There aren't adequate financial technologies for reconciling Parkinson's dual obligation to both repay and profit. Although people often willingly forgave debts and continued doing business with those who had failed financially, this provided the possibility but not the mechanism for resolving debts. It is, at best, an informal institutional protection. Equally important, however, is the fact that such an account is necessary at all. The large losses that he suffers at the beginning of the novel are a feature of the increasingly financialized and industrialized economy in two important ways. Despite numerous opportunities for small businesses with relatively few barriers to entering the market, many of the most important economic developments had become increasingly capital intensive. Industrial factories, transportation networks, large-scale resource extraction, etc. and the financial systems behind such businesses were very expensive; it takes a lot of money to build, manage, and maintain mills, mines, and railroads. Additionally, the size and complexity of these operations and their financing made for increasingly volatile markets.

The rapid pace of technological change and the interconnected networks of fragile credit arrangements contributed to frequent and severe market fluctuations.

The combination of high-stakes and high-risk, along with the demand to foster growth, made existing debt resolution measures inadequate. The corporation, in particular the limited liability corporation, is (at least in part) a response to these demands, a way of addressing the need for large amounts of capital. Corporations, as a form of collective ownership, can raise money by drawing on large groups rather than a wealthy few. Although the corporations of the Gilded Age gained a reputation for brutal, monopolistic tendencies (in some cases, rightly so), the corporation that emerges early in the nineteenth century actually has its origins in the financial and organizational necessities of the earliest days of settlement and colonization. Villages and municipalities formed to handle the financing, perpetual ownership, and representative management of public works and communal properties such as schools and churches. Cooperative organizations began as a response to a problem of collective management. The limited liability aspect of the limited liability corporation was more directly a response to high-risk markets. The liabilities of large corporations can overwhelm even wealthy investors if they are held responsible for all of a company's obligations. Limiting liability is a way of recognizing a single individual as being more than one legal financial entity with clearly discernible limits. An investor in a limited liability corporation has a quantifiable obligation to the company that is separate from their other finances. The status of corporations as legally equivalent to people has received a lot of (mainly negative) attention in recent years (Mitt Romney's 2012 comments on corporations being people and the Supreme Court's Citizens United decision, for example,) but it's worth remembering that the desirability of corporate

personhood had its origins in the desire to protect real persons; the ability to differentiate between someone's personal and corporate assets was the nascent stage of limited liability as a mechanism to foster collective benefits and economic growth.

One way to see this is as a formal problem in which the novel shifts, without an appropriate transition, from one set of concerns to another. *Undercurrents* simply fails to reconcile two different questions it asks about money and value. While it is certainly true that this represents a kind of literary failure, it is a productive failure in which the movement from one question to the other raises the possibility of differentiating between the two. The failure to fully reconcile Parkinson's business finances and his personal finances makes it possible to think of him as having two separate (albeit related) financial problems. The abrupt shift in focus from one to the other makes visible precisely the kind of questions I am interested in: is the problem of whether or not Parkinson has money the same problem as whether or not he is able to manage his business debts and operate a profitable company? I am interested in the difference between a story about money and an economic story.

In certain respects, Charles Bellamy's 1879 novel, *The Breton Mills*, presents some of the same concerns as *Undercurrents*. As the son of a mill owner and not an owner or partner himself, Philip Breton sees the impoverished conditions of the workers at his father's mill. They work long hours in poor conditions for little pay and they go home to a dearth of food and comfort. Like Parkinson, Breton is concerned with the living conditions of the working poor. Although he enjoys a life of ease and luxury, he is bothered by the plight of the workers and he wants to lift them out of poverty. But as only the son of a mill owner, he has neither the means nor the authority to help. Upon his father's unexpected death, however, Breton finds himself in

control of the family business and fortune. The inheritance of a large fortune promises to alleviate his financial difficulties. Breton now seems willing and able to help the workers. During his first days as owner of the mill, he overhears workers describing how everything will be different under his control: “they say we’re not to work but four days a week now . . . wages will be more instead of less” (190). Breton, it seems, is set to usher in a new age of prosperity. And indeed, the novel closes with Breton selling the company and retiring to Europe with his new bride. In both *Undercurrents* and *The Breton Mills*, financial concerns are resolved by the introduction of large sums of money.

Despite the parity in producing financial security for Parkinson and Breton, an inherited fortune neither resolves nor makes irrelevant Breton’s work as a businessman. Although Parkinson can retire with only a twinge of guilt for his weakness as a businessman, Breton doesn’t have that luxury. Parkinson’s financial goal—to provide for his family—was fully achieved with the money he received. Breton’s retirement, on the other hand, explicitly marks his complete and utter failure to achieve his financial goal. As the legal heir of a rich father, his fortune was made, and he was never interested in having more money for himself. His financial goal always revolved around the economic condition of the workers. Selling the mills does allow him to retire in luxury, but it doesn’t make the workers better off. In fact, after most of the novel is spent describing Breton’s efforts to improve the lives of the workers, he is forced to suddenly and secretly sell the company before fleeing the country ahead of increasingly dissatisfied and angry mobs of workers. After adopting the best business reforms he can devise, Breton is never able to significantly alleviate worker poverty. Rather than a happy ending that subsumes the larger economic goal, his personal financial success produces an emphatic statement about his

inability to control anything except his personal finances. The moment that he retires a wealthy man and stops being a businessman marks the moment when the narrative conspicuously gives up on the larger economic goal. The novel does nothing to disguise the fact that producing a happy ending for Breton has no effect on the well-being of the workers. It's not that Breton retires at their expense. He doesn't liquidate, bankrupt, or steal from the company. He simply sells it to a new owner. The resolution of one kind of financial problem—Breton's personal fortune—marks the persistence of another—worker poverty—and suggests what might be at stake in differentiating between personal and business finances.

In the first place, Breton's financial goal is different in kind than Parkinson's. Breton has enough money not to worry about taking care of his family. His struggle is to improve the lot of the workers. He is trying to find a way to support more than a thousand people. More important than the number is the fact that he is not concerned with them as individuals. It's not as if he knows the names, faces, circumstances, and stories of each worker and their family. Breton is concerned with the workers as a whole group, category, or class of people. He is concerned with a segment of the population. The finances of an individual can be described in terms of how much money they have. But for the finances of a population, the problem cannot be defined in terms of a single fortune or body of accumulated wealth. The financial problems of populations are defined by the larger system which generates wealth. To talk about the financial condition of the workers is to talk about the economy. The financial condition of an individual is qualitatively and not just quantitatively different from the financial condition of a population. If, for example, Breton was skilled in spinning yarn by hand, he might sell it for profit. But it is an entirely different matter to try and spin as much yarn as can be produced by industrial spinning

machines. The knowledge and skills necessary for running an industrialized mill are significantly different than the knowledge and skills necessary for operating a hand-held spindle or spinning wheel. Knowing how to spin yarn is one thing. Knowing how to build, purchase, maintain, or operate industrial machinery is another. Although cottage industry businesses might make the same products as a textile mill, they aren't the same kind of business. Each of these enterprises requires a very different set of technical skills that may result in but is not defined by the quantitative differences of production. The same is true for the kind of work necessary to provide for a population. Whether any particular worker at the Breton Mills has money is not the same as the system that generates the wealth to pay all of the workers.

What, then, does it mean to think about the system that generates wealth? This is precisely the kind of question that Breton runs into over and over again in his business endeavors. Almost every time the possibility is raised that Breton can help the workers, the difference between his wealth and his ability to pay higher wages comes up. In response to the aforementioned claim that Breton will bring more pay for less work, one worker expresses a kind of skeptical agreement: "Well, I don't see how the young boss is goin' to make the mill pay that fashion, but I suppose that's his lookout" (Bellamy 190-91). The first response of this worker is not to rejoice in the possibility of new found leisure and prosperity. His first thought is to wonder how someone can make a business operate with both higher wages and less work. If the mill doesn't pay, if it doesn't bring in a profit, where does the money to pay wages come from?

This exact same question comes up again when Breton later asks his paymaster if he can pay higher wages. "Can you, why yes, I suppose you can step right into the mills and give a hundred dollar bill to every hand, but you couldn't afford to do that way long" (Bellamy 203).

There is no doubt that Breton has a large enough fortune to give the workers more money; perhaps even a lot more. But the issue that both the skeptical worker and the paymaster raise is not about the size of Breton's fortune. The issue is about the sustainability of paying wages as part of the cost structure of the business. The money that pays the workers and contributes to Breton's fortune comes from the mill's revenue. Breton's ability to pay the workers is ultimately owing to the money generated by the mill on an ongoing basis and not to an accumulation of capital. Just because he has the money to pay them higher wages today doesn't mean that he will have the means to do so in the future. The worker who wonders if Breton can "pay that fashion" is more insightful than he imagines when he says that it is "his lookout." Breton is concerned with the mechanisms by which the business generates revenue. In order to lift the workers out of poverty and not simply give them a limited number of larger paydays, he has to think about the impact that labor costs have on operating capital. No matter how much money the workers need to live in reasonable comfort, Breton can't pay them that much unless the mills can generate enough revenue. As a businessman, it is Breton's job to understand precisely these kinds of issues. In order to solve the long-term financial problems of the workers, he has to be able to answer questions about what role factors like the cost of labor play in operating a sustainable business.

The paymaster's response to Breton's inquiry about higher wages includes a subtle shift in language that suggests there are two very different ways to think about what kind of problem they are discussing. When the paymaster talks about a hundred dollars for each worker, he uses the word "give" rather than the word "pay." By giving the workers money, Breton would be treating his fortune like a quantity of wealth. If money is a quantity for consumption, then the

question of whether or not you can afford something is a matter of simple arithmetic. All that matters when you “give” money away is how much you have. But what Breton actually asked, and what the paymaster is trying to emphasize, is that the ability to give money away isn’t the same thing as the ability to pay wages. The ability to pay wages is based on the cost of production and the market price of the product. If you want to pay wages—that is, to perpetually use revenue to pay the cost of production—then wages must be determined in relation to revenue. In other words, if people aren’t paid in relation to what their labor generates, somebody is giving money away. Wages derived from revenue are a renewable resource. Gifts taken from a given quantity of funds are a non-renewable resource. For Breton to help his whole population of workers, he has to pay them from a self-sustaining system and not give them money from a private fortune.

Breton’s concern for the cost structure of his business reflects a shift in thinking about what it is he does as a business owner. Although awareness of the relationship between income and expense is hardly a new part of profit calculations, the work of understanding that relationship takes on a new dimension in the nineteenth-century economy. Breton may be the owner of the mill, but his ownership is not a title that guarantees profit. The novel describes his responsibilities that play a vital role in business operations. Breton is the one who has to find the best price for raw materials. He is the one who negotiates sales contracts. He is the one who has to evaluate the feasibility of capital improvements. Breton’s ownership does not make him a man of leisure. True, he does not work with his hands on the factory floor, but his duties and activities are presented as a necessary kind of work. It is his job to compare all of the different possible scenarios and aspects of buying, producing, and selling so that the business remains profitable.

He has to take into consideration competition, future prices, equipment depreciation, worker productivity, and any number of other factors that determine how much money the business can bring in, and consequently, make it possible to pay the workers.

The idea that it requires some kind of specialized work or technical expertise beyond tradecraft to figure out how much to pay your workers is part of a structural and conceptual change during the nineteenth century about what it means to be in business. Presenting Breton's ownership of the mill as a kind of work is not merely semantic sleight of hand where his title is changed to justify the money he receives. Calling Breton a businessman isn't a discreet way of saying he is wealthy. It describes the work he is doing. This kind of work was a necessary part of the explosive growth in industries like transportation, manufacturing, and finance. The dramatic expansion of these industries required a new kind of expertise to deal with increasingly complex questions about national markets, economies of scale, infrastructure development, collective ownership, representative management, and abstract value. While none of these issues were new in and of themselves, the degree to which they began to infiltrate every corner of the economy made their influence widely felt and highly visible. Breton's work as a businessman reflects the proliferation of business technologies that require a new way of thinking about what it means to be in business.

Most accounts of the history of business present these kinds of changes as fundamentally a matter of process or organization. The businessman rearranges existing economic elements to increase the efficiency of production and delivery. Alfred Chandler's description of the modern business world in *The Visible Hand* (1977) is a prime example of this kind of account. Chandler documents the way that technical expertise in the administrative aspects of exchange become the

dominant form of economic organization. He describes a “managerial revolution” that reorganizes modern business into a system made up of “many distinct operating units” that are “managed by a hierarchy of salaried executives” whose jobs “become increasingly technical and professional” (3). The modern economy revolves around managers who “coordinate” and “allocate” rather than produce. For Chandler, ceding control of production and distribution to professional management is the defining feature of the modern business world.

There is no doubt that the proliferation of business management has had a profound effect on economic and social organization. The sheer number of managers in the world and the portion of the economy under their control attests to that. Unfortunately, classifying these changes as fundamentally logistical doesn’t identify the conceptual problem that they are responding to. What problem is professional management supposed to solve? Why might we even need a Philip Breton in the first place? It would be tautological to suggest that managers are a response to problems caused by economic developments like the increased scale of industrial production, widening distribution due to advances in transportation, or the complexity of financial markets. The need for structure and coordination is an inherent part of these developments and not a solution to a problem that they create. What is a factory or a railroad network if not a system of coordinated units operating under some kind of centralized control? Organizations like stock markets, limited liability corporations, and industrial plants are themselves a response to an economic problem: how do we coordinate the productive efforts of a population to deliver as much self-sustaining and self-perpetuating value as possible?

Because professional management has been “the dominant business institution in many sectors of the American economy” (Chandler 3) since at least the First World War, it can be hard

to see the degree to which this kind of question represents a serious change to the nature of what an economic problem is. What it means to have an economic problem at the end of the nineteenth century is not the same as it is at the beginning. Companies with multiple layers of professional managers specializing in coordination and allocation “did not exist in the United States in 1840.” The managerial revolution reflects a change to what business is and not just how we do business. This shift in the nature of economic solutions indicates a shift in the nature of an economic problem, which is precisely the tension that novels like *Undercurrents* and *The Breton Mills* are sensitive to. The attempt to make characters successful in business, coupled with the retreat into inherited wealth, reflects the struggle to identify what is at stake in thinking about the difference between a money or poverty problem and an economic problem.

As I have presented it, Parkinson and Breton abandon the economic principles of modern business when they retire, but in another sense, they are merely returning to an earlier definition of the economic. These novels reflect the transformation of economics from a physical science to a mathematical and social science. Modern economics has its origins in eighteenth-century political economy, which began as a study of wealth. The title of Adam Smith’s most famous work, *An Inquiry into the Nature and the Causes of the Wealth of Nations* (1776), is as definitive as it is obvious. Wealth is the subject matter of political economy. But wealth must here be understood as particularly material. Wealth is the class of objects whose physical properties satisfy human wants. Like many of Smith’s contemporaries, James Steuart, defines political economy as dealing specifically with the goods necessary for supporting the life of man. As he proposed in *An Essay on the Nature and Significance of Economic Science*, “the principle object of this science is to secure a certain fund of subsistence” (Steuart 2). Modern economics arises

from a discipline that is preoccupied with studying the production of goods for consumption. It is easy to see, given the focus on this material aspect of wealth, how a large sum of money, like an inheritance, can be a solution to an economic problem that revolves around consumption.

However, during the course of the nineteenth century, perhaps because of the aforementioned developments in production and distribution, the limitations of a material explanation of wealth begin to emerge. The ability of an object to satisfy human wants depends on its material properties as well as the availability of that object. It doesn't matter if something will fulfill your needs or desires if you can't get that thing. Although other concepts, like individual self-interest and the social nature of exchange, are essential to what economics becomes, the idea of scarcity plays an increasingly important role in the evolution of the study of wealth. Early considerations of scarcity include an object's relative abundance as just another of its material qualities. James Maitland's 1804 writings about the nature of wealth in *An Inquiry Into the Nature and Origins of Public Wealth and Into the Means and Causes of Its Increase* demonstrate the way that scarcity is, at first, simply added to existent notions: "As the value, therefore, of all commodities depends upon the possession of a quality that makes them the object of man's desire, and the circumstance of their existing in a certain degree of scarcity" (Maitland 15).

Although it is completely logical that the availability of a thing influences its ability to satisfy human wants, the force of this change isn't immediately apparent. It isn't until later in the century that the potential for the idea of scarcity to fundamentally alter the nature of what it means to study wealth becomes evident. W. Stanley Jevons' work in the 1860s concerning the English coal industry is one of the earliest examples of how scarcity will become a central part of

economics. In the *The Coal Question*, Jevons examines the amount of coal accessible in English mines in relation to ever increasing industrial and domestic use. *The Coal Question* begins with a bit of anxiety about the possibility of exhausting the supply. “It can be no matter of surprise that year by year we make larger draughts upon a material . . . but it is at the same time impossible that men of foresight should not turn to compare with some anxiety the masses yearly drawn with the quantities known or supposed to lie within these islands” (Jevons viii). But by the time he concludes, Jevons is no longer asking a strictly quantitative question. “Are we wise in allowing the commerce of this country to rise beyond the point at which we can long maintain it?” (Jevons 344). The concern for any numerical quantity of coal has been subsumed by its status as a finite resource within an ongoing system of commerce. The central question is about the system that produces wealth rather than the objects of wealth. In the final sentences of the study, we can see how thinking about scarce resources within a system of production entails a very different way of defining an economic problem. “If we lavishly and boldly push forward in the creation and distribution of our riches, it is hard to over-estimate the pitch of beneficial influence to which we may attain in the present. But the maintenance of such a position is physically impossible. We have to make the momentous choice between brief greatness and longer continued mediocrity” (Jevons 349). The first sentence is compatible with traditional notions of economics as a science of wealth. But the last two sentences assert the primacy of two elements that will come to define the nature of economic inquiry: “physical impossibility” and “choice.” Economic scarcity is about the inescapable constraints imposed by limited resources and the possibility of making informed decisions based on recognizing these constraints. Economics became the science of determining the various consequences of alternative uses of

resources based on the given conditions. This is exactly the same problem as Breton is trying to figure out how much he can pay his workers.

Just as professional management becomes the dominant business institution, economics becomes a science of scarcity described by Robbins. His definition of economics as “the science which studies human behavior as a relationship between ends and scarce means which have alternative uses” (Robbins 16), signaled the conceptual dominance of economic scarcity. Economics could no longer be a question of any particular characteristics of wealth. Economics had become the science that explains the various possible forms of the system that produces, exchanges, and consumes wealth. For the economist, economic scarcity is a matter of accurately describing the economy. For businessmen, it is a question of the most efficient and productive institutional organization. For the business novel, however, it produces a kind of formal problem that is best summarized by the subtitle of *Undercurrents: a romance of business*. Self-designation as a romance is quite common in nineteenth-century novels, even among those that focus on businessmen. The romance of these novels lies in their commitment to producing the morally appropriate outcome for deserving individuals. Hard-working men and women of good character should be rewarded. Or, what amounts to the same thing, it is a tragedy if they are not. Novels, as romances, demonstrate what is supposed to happen to people. But when these novels include businessmen, their status as businessmen requires that they achieve a particular kind of success. As we see for Breton and Parkinson, having money isn’t enough to make you successful in business.

Money in and of itself can’t answer the problems of businessmen because they are part of the economic institutions that produce the wealth that supports populations and nations. Even

considering only the fact that an economy has to produce over time—not thinking about questions of population growth, immigration, or technological advancement—it is clear that satisfying human needs and wants is an ongoing process. There is always more demand; demand that no fortune or accumulated wealth can fully satisfy. Although a science of economic scarcity promises to determine the best way to coordinate production and allocate resources, it also promises to reveal the limitations of what is possible. When you ask how much you can do, you are automatically asking what you can't do as well. That's Jevons' whole point about needing to choose between "brief greatness and longer continued mediocrity." Although the prospect of having some is better than the prospect of having none, accepting a reduced standard of living as a good solution isn't quite the same kind of triumph or tragedy that a romance imagines as an appropriate outcome, but this is the tension required of a novel that takes seriously the idea of a character as a businessman.

Economic novels have, then, two sets of commitments: one to an essential economic problem and one to the individual. As business novels, their stories are driven by problems that are economic in nature—not simply problems of trade, commerce, production, distribution, or exchange, but such problems understood as an extension of the logical and factual limitations entailed by comparing the finitude of available means to desired ends. It is not only the problems that arise from scarce means and ends—those are, in a way inescapable and ubiquitous—but also what arises from the analysis of the relationship between the two as a function of human choice. In other words, it is neither (although it may include or entail) an account of money, materialism, wealth, or welfare, nor a science of subsistence, selfishness, greed, accumulation, or

maximization. It is about the systemic necessity of relinquishing things “which, in different circumstances, we would wish not to have relinquished” (Robbins 15).

The formal problem of the business novel resides in this dual set of commitments to account for both the morally appropriate outcome and the limitations imposed on the businessman by scarcity. Although not inherently contradictory, these commitments don’t necessarily involve the same kind of problem. The trajectory of a novel as a romance doesn’t necessarily align with the tension entailed by considering a problem of scarcity. In one sense, this means that the business novel raises a question that it can’t fully resolve. How do you reconcile the fact that the best solution a businessman might offer can be both the best possible solution and still not be good enough? How do you make sure that deserving individuals are rewarded when the mechanisms for producing the appropriate outcome are just as likely to tell you why they can’t be rewarded? To some degree, business novels are always retreating from the limitations that arise from scarcity. But in a way, this is precisely the point. By raising and then retreating from questions of scarcity, these novels make the problem visible. It is only by conspicuously abandoning a scarcity problem that the nature of that problem can be seen. If there is any meaning or force in identifying novels as business novels, it is not found in a discussion of the nature of money, commodities, labor, etc. The force of a business novel arises from its commitment to producing the tension generated by an attempt to reconcile the demands of the novel and the changing nature of an economic problem; a tension that cannot be reduced to either the wealth or poverty of any individual.

Although the discrepancy between these commitments can and often does produce a more vivid account of the economic precisely by abandoning it, it is not a fixed relationship. As

the economic account of the relationship between the individual, the collective, and scarcity changes, so too does their relationship to the novel. In the novels discussed here, a problem arising from an increasing reliance on and instability of credit creates a scarcity situation in which the idea of national benefit, of the economy as a collective system, is realized through the possibility of various debt resolution measures for individuals. But the kind of debt resolution for the individual that is required to satisfy the demands of national interest isn't the same kind of resolution that the novel requires for the individual. The sentimental conventions used to save Parkinson cover over the moment when scarcity is made irrelevant.

On the one hand, then, these novels are driven by problems that emerge when people make choices about aligning scarce means and various ends that relate to but are not reducible to their financial and material welfare. On the other hand, their economic interests are in a certain tension with their interests as novels. For the economy, what matters is how the system works, not how it works for any particular individual. But the novel cares about individuals. Indeed, in the novels I discuss, it is precisely their commitment to the significance of individual outcomes that leads them eventually to deny the relevance of any logic that makes the question of who succeeds more or less secondary.

The usefulness of novels like *Undercurrents* or *The Breton Mills* in producing a visible account of scarcity is completely dependent on both their failure to follow through with an account of business and on their retreat into the conventions of the romance novel. The retreat is necessary because it makes the economic problem visible in a way that it would not be if it was fully resolved. Only when the businessman stops being a businessman can we see the difference between the poverty of the workers and the problem of managing the system that might be able

to alleviate poverty. In a way, despite offering the possibility of increased efficiency and growth through business expertise, a science of scarcity will always be a kind of tragedy because it simultaneously determines what it can't possibly deliver. And it is the romantic commitment, the retreat from the businessman, that makes it possible to see that problem. The difficulty of achieving morally appropriate outcomes within the horizon of economic scarcity is both the account that the business novel produces and the formal challenge it faces as a romance of business.

Chapter Three

Literary Naturalism and Economic Calculability

It has, by now, become rather banal, to claim that the fires that ravage Chicago and destroy Frank Cowperwood's fortune are as much a part of Theodore Dreiser's portrayal of the economy as his descriptions of the stock market trading floor. *The Financier* (1912) seems to link the volatility of finance capitalism to the destructive power of a raging fire as a force of nature. And yet, as Walter Benn Michaels has pointed out in *The Gold Standard and the Logic of Naturalism* (1988), despite Dreiser's "susceptibility to Spencerian 'physicochemical' explanations of human behavior" (Michaels 76), it would be a mistake to say that this characterizes the economy as a Darwinian meritocracy of strength. The destructive potential of the economy as a kind of natural phenomenon does not derive from any underlying order or predictable laws of nature. The reversal of Cowperwood's fortunes suggests, more than anything, that the economy is "not primarily dedicated to the survival of the fittest but as the ultimate measure of life's instability" (Michaels 76), of "nature's ability (and propensity) to be unnatural" (Michaels 77). In an era of growing faith in the comprehensibility of the material world through the physical sciences, Cowperwood's assessment of his financial world as it begins to crumble around him identifies the essential "insecurity and uncertainty of life" (Dreiser 360). As the spreading destruction caused by the fire eliminates his options for financial self-preservation, he begins to see the world, like Edward Butler, as "unsolvable," "incomprehensible," and "mystic" (360). If we read Dreiser as likening capitalism to nature, which is arbitrary and capricious, it doesn't tell us anything about navigating the modern economy. It tells us that, in some way, the economy isn't something that can be navigated.

Cowperwood's inability, during the crisis, to exert the kind of financial mastery and control that seemed to allow him to build his fortune in the first place creates two important but unrecognized forms of tension for *The Financier*. As a work of naturalist fiction, the novel offers two competing answers to the question posed by young Cowperwood: "How is life organized?" (13). The fact that as a boy, Cowperwood "answered" this question to his own satisfaction by observing the oft cited but, as I will argue, generally misunderstood struggle between the squid and the lobster seems to support a reading of the novel that relies on, as Mohamed Zayani puts it in *Reading the Symptom* (1999), "the classical view of naturalism as a biological determinism" (Zayani 14). Cowperwood's financial failure and his eventual recovery are not, however, some strange and convoluted way of affirming the inevitability of his place at the top of the economic food chain because of some inherent characteristics or qualities he possess. The novel's naturalism is far better explained as simultaneously evoking and undermining belief in this kind of determinism. Closely linked to the tension arising from the possibility of a nondeterministic naturalism are the two competing answers that *The Financier*, as an economic novel, offers to the parallel question, how is the economy organized? Because of the conventional relationship between naturalism and determinism, the tacit assumption has been that the novel accepts some form of determinism, either biological or economic. But I argue that there are overlooked features of Cowperwood's success, failure, and return to success that represent the conditions under which the economy is a radically nondeterministic system. Crucial to both of these tensions is the possibility that within the novel, Cowperwood's understanding of both life and the economy are forms of misunderstanding.

Seeing the effect but not necessarily the substance of the tensions I have described, many critics read the economic account in *The Financier* as subject to internal contradictions. But many of these contradictions don't necessarily arise from the tensions within the text itself. They arise, instead, from two different ways that our critical understanding of *The Financier* as an economic novel generally falls short. Understanding *The Financier* as an economic novel requires a more specific context within the history of economic thought and within the history of the businessman as a literary character.

Although literary critics have, since the emergence of what Mark Osteen and Martha Woodmansee called the "new economic criticism," vastly expanded their familiarity with economic theory, there are still little-known but highly influential schools of heterodox economic thought that provide an essential conceptual history for literary representation of the economy. Critics have rightly recognized the way that the reliance of "dominant paradigms of neoclassicism" (Osteen and Woodmansee 3) on mathematical, equilibrium models creates a necessarily deterministic view of the economy. While it is true, however, that both neoclassicism and determinism dominate modern economics, it is not true that neoclassicism and determinism amount to the same thing. The branch of the neoclassical school of economic thought has come to comprise mainstream economic theory is the branch of neoclassicism that understands the economy deterministically; but since at least the 1871 Marginal Revolution, there has been important resistance to economic determinism from within neoclassical economics. Because, however, resistance has primarily been intradisciplinary and because orthodox neoclassicism pairs so nicely with other, popular deterministic theories (such as natural selection and survival of the fittest), critics have developed a necessarily limited conception of the available theories of

economic determinism, which becomes particularly visible and acute when it comes to naturalism.

There is no doubt that Darwinian notions of biological determinism have played an important role in both scientific and cultural representations of the world. But when it comes to theories of the economy, there was an especially important period of debate during the first three decades of the twentieth century among economists over the nature of economic determinism. Arguments over the nature of economic science and, indeed, the economy itself, known as the socialist or economic calculation debates, gave rise to a theory of spontaneous order, most famously described by Adam Ferguson in 1767, and later by F. A. Hayek in the immediate aftermath of the calculation debates, as economic outcomes “which are indeed the result of human action, but not the execution of any human design” (Ferguson 205). Despite the apparent parallels between the idea of order as spontaneous and something like the process of natural selection, the economic calculation debates emphasized the conditions under which an economy is or is not an ordered yet nondeterministic system. Because equilibrium theories more favorable to determinism have come to dominate much of contemporary economics, theories of economic calculation that describe the possibility of an ordered but uncertain and unpredictable system are little known to anyone outside of economics, and even then are most often familiar only to heterodox economists and historians of economic thought. The idea of an ordered, nondeterministic economy as described by Ludwig von Mises in the 1920s is a far better explanation of the economy as it appears in *The Financier*, not because it does away with tensions within the text, but because it makes the specific characteristics of those tensions more visible.

In addition to an insufficiently detailed account of the history of economic thought, our readings of *The Financier* also suffer from an insufficiently detailed account of the specific characteristics of the businessman as he appears in American fiction. There has been some good work in the last decade to more fully periodize and catalog the businessman in his numerous varieties, but even the best efforts haven't gone quite far enough. We have generally come to recognize in studies of the Gilded Age that, during most of the last three decades of the nineteenth century, the businessman appeared as a wealthy, aristocratically-tinged capitalist, involved, for better or for worse, in the struggle between capital and labor made acute by industrialization. *The Financier* emerged in the immediately subsequent era that critics like David A. Zimmerman have described as a period when novels of the late nineteenth and early twentieth century began to turn their attention to "capitalist titans" (Zimmerman 419). In the face of massive corporate consolidation and the corresponding concern for monopoly power that is marked by the various anti-trust laws of the Progressive Era, the businessman as a "captain of industry" became the dominant mode of representation. Numerous novels from the late 1890s through the 1920s presented businessmen as captains of money, industry, conflict, and even, the world. Cowperwood, as a financier who controls wealth and property that can influence the direction of the economy, certainly belongs among businessman like those described in Will Payne's *The Money Captain* (1898) or in Upton Sinclair's *A Captain of Industry* (1906) to name just two, representative novels.¹² *The Financiers* is, in fact, the novel that Zimmerman very plausibly dubs "the most famous titan novel" (Zimmerman 421).

¹² To name a few other of the most obviously titled examples: Herbert S. Stone and Company, 1898. Webster, Henry Kitchell. *Roger Drake, Captain of Industry*. 1902.

There are, however, important ways in which Cowperwood doesn't quite fit the characteristics of the captain of industry as he appears in most novels. In "Novels of American Business, Industry, and Consumerism" (2011), Zimmerman catalogs different variations of business novels in general and two different versions of the larger-than-life businessman in particular. According to Zimmerman's account, "captains of finance and industry" (Zimmerman 419) appear as "organizers, and diviners of formal order beneath the surface flux of commercial life" or "as a trustee of American civilization and progress" (419). Zimmerman emphasizes characteristics of the businessman that arise from his role in a deterministic economy, finding order and providing reliable leadership. Despite the fact, however, that these characteristics describe the majority of American novels from the early twentieth century, where businessmen appears as captains of industry, Cowperwood differs from this description in important, albeit subtle ways. Cowperwood seems to occupy a conventional position in business narratives, displaying particular characteristics that have been documented in other novels, but he doesn't quite fit that position or fill the role that Zimmerman describes.

Identifying the way that Cowperwood isn't a conventional captain of industry is essential for both how we read *The Financier* and for how we read representations of capitalism more generally. Although critics like Zimmerman and Alison R. Shonkwiler have noted the importance of differentiating between the late nineteenth-century "economic novel" (Shonkwiler 9) or "economic reform novels" (Zimmerman 409) and the later, captain of industry novel that

Swift, Morrison. *The Monarch Billionaire*. NY: J.S Ogilvie Publishing Company, 1903.
Overton, Gwendolen. *Captains of the World*. New York: The MacMillan Company, 1904.
Updegraff, Robert R. *Captains of Conflict*. 1927.

Zimmerman classifies as a “success tale” (419), they mistakenly attribute the important differences between these two kinds of novels as a movement towards “representations of capitalism’s social effects that do not focus primarily on class conflict or class status” (Shonkwiler 9). While it is true that there were a great many novels that were, in some way, deeply committed to demonstrating the effect of class difference, the primary use of the term “economic novel” to be synonymous with novels about class difference is a much more recent invention. The term “economic novel” was rarely used even up through the first few decades of the twentieth century. Authors and critics at that time were much more likely to describe novels that focus on class difference as novels of “purpose” or social reform novels, rather than economic novels. The distinction is critical for us because, both for Gilded Age representations of wealthy businessmen and for captain of industry novels during the Progressive Era, the whole point of categorizing them as economic novels is that they aren’t primarily concerned with class or class difference. Nineteenth-century accounts of class certainly presented class difference as closely connected to wealth, but not in “economic” terms as we have come to understand the word. The degree to which novels are able to represent characters according to their economic rather than class position is precisely what makes them economic novels. In that sense, Shonkwiler is right in saying that, even when considered as a “loose category,” the economic novel “quickly runs into confusion” (Shonkwiler 9), but that is precisely why we need to read figures like Cowperwood with more particular attention to variations in how they are characterized as businessmen.

Understanding how Cowperwood doesn’t fit the role of the conventional captain of industry and what difference that makes is more difficult than it might seem because it requires

undoing fundamental assumptions about how we read the businessmen in American literature. Critics have extensively debated which of Cowperwood's characteristics make him a capitalist "superman" or, at least "the eponymous hero of such a race" (Hughson 52), but they haven't spent much time asking whether or not he should be read as representative of capitalism at all. I argue that the most important thing to understand about Cowperwood is the possibility that he isn't, in any simple way, representative of what we might call the capitalist businessman. He isn't representative of the conventional businessman, in one sense, because of how we generally tend to define capitalism and, in another sense, because of how Dreiser describes Cowperwood's business model.

One of the most difficult things about discussing representation of capitalism is that the word itself is used so broadly, variously, and often, vaguely, that you can ascribe any benefit, fault or contradiction to it. I wish I could say, as Deirdre McCloskey does, that "I don't much care how 'capitalism' is defined, so long as it is not defined a priori to mean vice incarnate" (McCloskey 2), but I think the term capitalism is so closely aligned with traditional, deterministic notions of business and the businessman that we are better served, at least initially, by finding a different term when describing what it is that Cowperwood does or doesn't represent. A much more apt term for talking about the economy in relation to naturalism in general and to *The Financier* in particular is "free market." The relationship between individuals as economic actors and the naturally arising competitive constraints they face as central to the idea of a free market is a much more precise parallel to questions of determinism and to how Dreiser characterizes Cowperwood as a businessman.

The point of attempting to disrupt assumptions about what kind of businessman Cowperwood represents is not, however, to make some fine distinction between capitalism and the free market. It's not immediately apparent in itself what difference it makes to talk about *The Financier* in relation to the free market rather than capitalism, when it comes to my claim that Cowperwood's financial failure is a way of representing "insecurity and uncertainty" (Dreiser 360). Although questioning our assumptions about the essential nature of a market economy can be important, the point of thinking about Cowperwood in relation to the free market is to expose our assumptions about the relationship between thinking about the economy as a market and conventional business narratives. Why, for example, do we assume that the economic uncertainty Cowperwood describes is a feature of the market? Why do we assume that his rise and fall is a function of a free-market economy? Certainly the stock market and the trading floor have become major features of finance capitalism both practically and symbolically, but is the trading of shares or loans an activity that only takes place within and therefore must represent the free market? The assumption that the important disagreement is found in "competing critical views on the relation of naturalism to capitalism" (Shonkwiler 11) overlooks the possibility that Dreiser might be representing something that is related to but is not reducible to capitalism as we have come to understand it.

I argue that there are certain features of Cowperwood's business model which indicate that Dreiser is describing an economic problem that doesn't reside within or, at the very least, isn't unique to capitalism or the free market. At most, we could say that Dreiser is describing a problem that exists in a mixed economy. If we look at how Cowperwood's business operates, we'll see that, even though the free market is the appropriate frame of reference, the point is

precisely not to make him an example of a free-market businessman and therefore, it doesn't make much sense to read his failure as either an indictment or celebration of the market or, in fact, as any kind of statement about the free market at all. Most of his actions actually run counter to some of the most basic institutional requirements of a market economy, including private property rights, legal accounting standards, and principles of representative management. Understanding narrative representations of business and the economy, especially naturalistic accounts, requires that we are able to distinguish between descriptions of economic activity that arise naturally and those that are shaped by the institutional environment. Reading Cowperwood's business operations as a representation of particular economic practices within an institutional framework and not only as a set of symbols shows that, rather than embracing, he tries to operate outside the constraints of a market economy. Despite the fact that Cowperwood works on the trading floor, the stock and credit markets are not the basis for his business. His operating capital mostly comes from loans of municipal funds at nominal rates. In other words, his business relies on access to taxpayer money at essentially no-cost. The funds he uses to try and build a stable base of streetcar stocks come from the profits he makes from an ongoing series of loans of city money. The fact that he is dealing in the redistribution of public money should already raise a red flag for thinking of him as a free-market businessman, especially because he isn't even really doing any business with the city. Cowperwood is only able to get free loans of taxpayer money because these funds were supposed to be held in reserve. The money he borrows and invests is explicitly not investment funds or they would demand a higher rate of return on the loan; nor were these payments for goods or services. Cowperwood's arrangement with the city treasurer can't be defended as necessary government spending because he gets the money

precisely because it's money that wasn't supposed to have been spent yet. The core of his business is securing the loan of free taxpayer money that isn't supposed to be loaned to anyone at any price.

Even if we set aside his reliance on taxpayer money, Cowperwood also violates basic principles of accounting that are part of the framework necessary for legally enforceable, contractual obligations that are an essential part of a market economy. Because these city funds are not for investment, they are supposed to be held without interest and they should never be traded at less than their face value. And yet Cowperwood does just that by making loans at less than par. In order to simultaneously hide the fact the he is trading at less than par and to drive up the prices of the loans he makes, "the law concerning selling only at par" had "to be abrogated" (Dreiser 178). He passes the money through a series of sales and purchases, but defers recording any of these transactions as sales until the price has reached par; "the wash sales and preliminary sales would have to be considered no sales until par was reached" (Dreiser 178). Cowperwood doesn't *hide* his profits through account tricks. He *makes* his profits through falsified accounting tricks. In other words, his business model requires that he falsify his accounting records.

This manipulation of what counts as a sale is more than a matter of standard practices or technical classifications. It is a violation of the basic assumptions of modern business structure. As part of manipulating the books, Cowperwood chains his transactions so that the proceeds of one sale or loan are immediately used to makes new purchases. After, for example, buying stock with city money and then selling it, he will turn around and buy more stock rather than repaying the city. Cowperwood uses income to extend his purchasing power rather than satisfy debts created in generating that income. The problem is not that such growth is risky or unsustainable

(although it is); the problem is that it runs counter to the principle of hypothecation, which is the only legitimate basis for his borrowing public funds in the first place. The dominant form of modern business organization, through hierarchies of professional management and corporations, rests on the notion that individuals can be entrusted with and be held legally responsible for managing funds in the interest of those they represent.¹³ Even though there was no specific contractual requirement that Cowperwood use that money for public benefit (there couldn't be because borrowing from these particular funds is a rather murky area of law in the first place) financial markets depend on the notion that someone can be employed to use money on behalf of someone else. The whole point of public money is that it is supposed to be used in the interest of the public. This is exactly what Cowperwood does not do when he invests city money in his own interests.

However you look at it, Frank Cowperwood is no paragon of free-market virtues. The logic of free markets is opposed to the kind of government intervention that funds private investment through forms of redistributive taxation. Free markets depend on a reliable system of private property, private investment, and contract law, which includes rules of accounting and standards for the representative management of collective or third-party assets. It's not just that Cowperwood is involved with public money, accounting fraud, and the misuse of someone else's money; these are essential features of his business model. He doesn't enhance his profits through a few questionable decisions. His profit model is designed around operating outside the

¹³ This is where we get a novel like Neal Stephenson's *The Cryptonomicon* (1999), which is largely built around the idea that someone can be held legally liable, not for the misappropriation of funds, but for failing to take advantage of an investment opportunity that would have been more profitable.

principles on which the market is supposed to operate. Of course free money and rewriting the rules of what counts as buying, selling, and price makes it easier to profit, but none of these has ever been part of how a free-market is supposed to work. Whatever we learn from the consequences of how Cowperwood conducts his business, it isn't about the free market.

It is, of course, possible to claim that this kind of rent-seeking and shady dealing is exactly how economies that call themselves capitalist actually operate. But that is quite different than criticizing the logic of capitalism of the free market. Criticizing Cowperwood for the violation of these principles can just as easily be an argument for free-markets as it can be against them. The failure of an economy to follow through on its purported capitalist principles doesn't automatically or necessarily produce a critique of those principles. You can be as pessimistic as you like about the business world and markets: there is a lot of professional dependence on public money, there is a lot of rent-seeking, there is plenty of willingness to privatize profit and socialize loss; far be it from me to deny or defend such practices. But when you identify these practices as essential parts of how businesses operate, you also identify the ways in which they have stopped operating as free-market enterprises. Pointing out that Cowperwood fails to live by free-market rules doesn't tell us about the economic outcomes of living by free-market rules. In this sense, Shonkwiler is half-right in claiming that "*The Financier* has less to do with financial ethics than with the expansion of American capitalism" (Shonkwiler 77). Dreiser is far less concerned with the ethics aspects of Cowperwood's behavior than the economic aspects, but it's not at all clear that we can unproblematically call those economic aspects "capitalism."

What, then, is Dreiser critiquing if not capitalism or the free market? Rather than looking for ways that Dreiser's naturalism can be read as a symbol of the market, we need to look at the problems that arise from Cowperwood's business practices. Cowperwood's troubles don't arise from the market as such. The operations of the market, the ebb and flow or even the reversal of fortunes isn't what troubles Cowperwood (or the novel) so much as the fact that such movements are irrational and unfathomable. The economic problem that Dreiser describes isn't the loss of Cowperwood's money per se, but that he can't understand *why* it happens or, what's worse, that perhaps there is no reason. Whether or not Cowperwood has his personal fortune is a problem for him, but it is of very little importance to the economy. Whether or not it is even possible for someone to understand how fortunes are obtained or lost does make a difference in the economy. From Cowperwood's perspective, the loss of his fortune poses a question about whether or not the economy is comprehensible. Up until the fires threaten his fortunes, Cowperwood assumes that his success is owing to his superior understanding of the economy as a deterministic system. Financial failure leads him to confront the possibility that his understanding was an illusion because the economy is not deterministic.

This question about the fundamental comprehensibility of the economy is central for *The Financier* and was one of the central questions in the aforementioned economic calculation debate that arose among economists during this same time period. Less than a decade after Dreiser published *The Financier*, Ludwig von Mises wrote *Economic Calculation in the Socialist Common Wealth* (1920). Although Mises examines the outcomes of certain economic practices using "socialism," socialism is an example of a particular kind of institutional framework that is supposed to support broader conclusions about the nature and possibility of economic value as

something that can be rationally and scientifically determined under conditions of collective or public ownership. The central claim of Mises' argument is that communal or public ownership of the means of production preempts the possibility of certain kinds of economic data that are necessary for rationally determining economic value. He claims that collective ownership makes it impossible to evaluate economic value, in turn, making the economy incomprehensible. Once the public or state owns a significant share of property or the means of production, you no longer have relative values about the cost of production to determine how much it really takes to make something or, to put it another way, to understand what something is really worth.

In describing the conditions under which an economy becomes irrational and arbitrary, Mises seems to be examining the same kind problem as Dreiser. If we think about the role that ownership of the means of production plays in determining economic value as described by Mises, it changes the nature of Cowperwood's problem. In the wake of the Chicago fire, he still has some hope of holding the market from total collapse. The fire in and of itself doesn't necessitate his financial ruin. The real fight is won or lost over who can control the city treasurer, George Stener. Cowperwood and all of the other major political and business figures want to control city funds through Stener. These public funds are, to a certain degree, equivalent to the kind of thing that Mises calls the means of production. When the commodity in question is investment capital in the form of a loan or a share, then what is bought and sold is essentially the price of borrowing the money and nothing else. Shares of stock usually aren't traded because they give access to what a company produces. They are most often traded because of their price. This is even more true of loans. Access to large sums of public money at no cost becomes, in *The Financier*, a way to control the funds that produce market prices. Cowperwood's whole business

is controlling the flow of a certain kind money into the market in order to control other prices on the market.

By building a business model around controlling public funds that are legally restricted from functioning as a normal part of the market, however, Cowperwood also destroys his own ability to understand how the economy works. He simply tries to set prices the way he wants, without any regard for what things might actually be worth or what they cost in any other sense. There are numerous ways in which this disconnects him from any real sense of economic value: when he starts manipulating his books, he begins to change very basic tools for calculating value; when he marks the sale of stocks or a loan as something other than a sale in order to disguise the fact that he is dealing on the wrong side of par, he is refusing to recognize the price that it actually trades for. It's not just that he ignores prices, rather its that his profits require the price of a sale to not be the actual price of a sale. This is effective in driving prices up for a while, but—and this is a point Mises makes explicitly—you can only ignore the actual cost of production for “comparatively short periods of time” (Mises 11). At some point, the desire to produce something at a certain price will run up against some kind of limit that is beyond control. This limit could arise from natural resources constraints, changes in demand, the development of new forms of production, or even a natural disaster. In *The Financier*, the market reaction to the fires presents a combinations of these factors. In terms of Cowperwood's business, this means he can only afford to trade below par with loans from the city so long as he keeps getting new loans from the city. Absent those loans, however, his business will, and in fact does, collapse. The belief that he can control prices by controlling municipal reserve funds preempts his ability to effectively respond to these limitations.

During the midst of the crisis, when Cowperwood has fully committed himself to controlling market price by getting hold of more city funds, he further loses the ability to see the importance of very simple and seemingly indispensable things like arithmetic difference. Although Cowperwood's last efforts to influence Stener make a certain kind of sense—after all, why lose everything when spending more could get it all back and more—they also indicate the degree to which he has lost touch with a certain kind of economic information. “You can't be any worse off loaning my three hundred thousand more than you are right now. What difference does it make—five hundred thousand or eight hundred thousand? It's all one and the same thing, if you're going to be tried for it” (Dreiser 394). On the one hand, this is a very reasonable kind of logic because a jail sentence might not increase correspondingly with a higher dollar amount. But on the other hand it also completely disregards the value attached to any of this. There is, at least potentially, a very big difference between half and over three quarters of a million dollars. Certainly the loss of an extra three hundred thousand tax dollars will have important effects somewhere. But for Cowperwood, it doesn't matter how much money he borrows as long as he can get more whenever he wants. In Misesian terms, Cowperwood has put himself in a position where the “means of determining what was rational” (Mises 18) no longer exist. Given access to more funds, Cowperwood might have been able to hold the market, but with unlimited funds most anyone could find a way to turn a profit eventually. When limitless funds make the amount irrelevant, however, it also makes the value they are supposed to represent irrelevant. Once you have arrived at a point where you don't have to consider limited funds, “rational conduct” is “divorced from the very ground which is its proper domain” (Mises 18). If the only way to make money is to have access a free money supply, there doesn't seem to be much point in making

more money in the first place. And if there is no cost of production, how do you determine any subsequent meaning of value? Alison Shonkwiler has correctly described this aspect of *The Financier* as interrogating “the question of what capital can or cannot do” (Shonkwiler 78), but Mises theory of economic calculation exposes the possibility that the limitations of capital that Dreiser describes are less the function of “particular historical circumstances” (Shonkwiler 78) and more the function of a particular kind of economic activity.

Cowperwood’s financial failure is, then, the moment when he runs up against the limit of his business practices to sustain his belief in the economy, not as a particular stage of historical development, but as a knowable, deterministic system. But it is his subsequent return to financial success that begins to reveal the importance of *The Financier* as a narrative account of the economy. Dreiser’s represents the market through both the causal effects of certain kinds of business practices and through the characterization of Cowperwood. Dreiser uses Cowperwood’s specific traits as a business man to, somewhat counterintuitively, illustrate that his inability to understand the economy is the natural result of his actions and not an idiosyncratic problem arising from Cowperwood’s personal abilities to navigate the economy. The novel accomplishes this by demonstrating Cowperwood operating under two different sets of economic conditions. Time and time again, Cowperwood is shown to be intelligent and capable enough to assess large, complex market situations. Although he misunderstands a fundamental feature of the economy, he understands the particulars well enough to see and negotiate access to city funds in a way that others hadn’t before. But perhaps the best example of his personal abilities and understanding comes after he is released from jail. Even with severely diminished resources and a tarnished reputation, Cowperwood is able to understand the market and at the right moment wins back the

fortune that he maintains through the end of the novel. Crucially, however, the difference is that his ultimate triumph comes when he has returned to working entirely with private funds. Using judgment and skill, and his own money, he is capable of amassing a large fortune through the market.

If the Cowperwood on the trading floor during the panic induced by the Chicago fires is the same kind of economic figure as the ex-convict Cowperwood, operating under the same conditions, then the economy really is capricious and unsolvable. But if his reliance on public money makes him different than when he is operating only with private money, we actually have one character representing two different kinds of economic figures who only look like they are doing the same thing. The economic difference between someone tasked with distributing private resources versus someone tasked with distributing public resources is the central difference that Mises takes up when he examines the possibility of deterministic calculation under conditions of public ownership. Mises argues that managers of public private resources will respond to economic information in a fundamentally different manner. What Cowperwood does as a private investor may look, but is not the same, as what he does when he is operating with hypothecated funds. The possibility of Cowperwood representing two different roles in two different kinds of economic activities is, perhaps, best explained by Shonkwiler's assessment of "recent analyses" that treat "the novel as a study of character" (Shonkwiler 82). Cowperwood's economic failure and success only "becomes meaningful . . . to the extent that we recognize the character as an index of the forces he represents" subject to "the means by which abstract and systemic imperatives are registered at a subjective level" (Shonkwiler 82-83). The tension arising from "Cowperwood as expressive of the logic of the system within which he is constituted" isn't

entirely a function of internal, logical contradiction of the system as such. Cowperwood's financial fortunes are far better understood when we see him misunderstanding his original subject position, but also as occupying two different subject positions at different points in the novel.

As a narrative representation of a certain kind of economic problem, the important thing to read in *The Financier* is not an endorsement or repudiation of the free market or any particular economic system; in fact, it doesn't even matter whether you think either or both Mises and Dreiser get it completely right or wrong. What matters is that two authors from very different backgrounds and who I am sure had wildly divergent economic views, are actually thinking through the same kind of economic problem. They are both describing institutional arrangements, through reliance on systems of public ownership, that make it impossible to understand the economy. To some degree they both ask, what is the basis for economic value and what prevents us from determining it? They evaluate this under different conditions, Dreiser under something we might call a kind of crony-capitalism and Mises under socialism, but the similarities can help us see that one of the difficulties of reading the economic aspect of narratives is determining what is and isn't economic. When does something stop being an economic problem and start being some other kind of problem?

Trying to differentiate between economic and narrative concerns is where Dreiser's naturalism becomes especially important. What is a very subtle distinction between Cowperwood's subject position as a businessman trading with public funds versus his position as a businessman trading with private funds can be difficult to see in the absence of a detailed knowledge of theories of economic calculation. But perhaps the best way to tease out this

difference is to turn to what I alluded to earlier as the most noted moment in the novel that is also one of its most obvious naturalistic moments. Among the many critics who have commented on struggle between the squid and the lobster, Lois Hughson is one of the only critics to note that, properly understood, the framing device for this struggle is not nature, but a tank controlled by human hands. In “Dreiser's Cowperwood and the Dynamics Of Naturalism” Hughson points out that the struggle doesn’t take place “in a natural environment but confined in unnaturally close quarters by humans” (Hughson 11). But even Hughson doesn’t assign much importance to that fact besides suggesting that this passage is primarily “a measure of how far Dreiser is from Emerson” on philosophical grounds (Hughson 11). Whatever the tank scene tells us about the distance between Dreiser and Emerson, it is far more revealing of Cowperwood.

It’s hard to overstate the importance of the tank scene on Cowperwood. Even though this event takes place in the novel’s opening pages, the narrator describes the scene in a pseudo-retrospective mode that both describes and emphasizes the long-term influence the experience has on Cowperwood. “It had a great impression on him” (Dreiser 13). “For days and weeks Frank thought of this” (Dreiser 14-15). What Frank learns from watching the struggles “stayed with him all his life and cleared things up considerably intellectually” (Dreiser 11). This repeated emphasis makes clear how entirely Cowperwood accepts this lesson and, consequently, understands the world as a natural meritocracy of strength, where the conditions that determine who is fittest to survive are observable and knowable.

Even more important than the depth and strength of the impression that this lesson has on Cowperwood “all his life” is the fact that he utterly fails to note the defining feature of the struggle. The irony for Cowperwood is that the very thing that allows him to view these

conditions so clearly is the same thing that makes these conditions anything but natural. The only reason to look at the fight between these animals as a representation of nature is by overlooking the most important and the most invisible factor: the tank itself. These two creatures were removed from their natural habitat and placed within a confined environment that completely changed the conditions that determine the outcome. Of course the squid's ink seems feeble and futile when trapped in such close proximity that the lobster doesn't need its senses to randomly reach out and snip away. Letting hunters loose in a zoo won't tell you much about their hunting skills. Young Cowperwood is completely oblivious to the fact that the control exerted to produce the conflict makes it entirely meaningless as a study of natural conditions. Cowperwood fails to understand the difference between the natural characteristics of these creatures and the conditions that bring them in contact with one another. There are consequences for both kinds of information, but mistaking one for the other is what produces incoherency. The novel presents Cowperwood's beliefs about how the economy and the world operate are, crucially, mistaken beliefs.

The irony for *The Financier* is that critics have generally failed to recognize Cowperwood's beliefs as mistaken, accepting the artificial conditions of the tank as the novel's representation of natural conditions. All of the efforts to link the novel's understanding of the economy to some sort of naturalistic determinism accepts as true what the novel itself presents as false. Accepting Cowperwood's mistaken beliefs as true is a way of misunderstanding the differences between competing economic theories, but equally important is the way it misunderstands literary representations of the economy. The assumption that naturalistic representations of the economy must be linked to some form of determinism is closely linked to

the assumption that representations of the economy are necessarily historical. The problem of the economic novel, as critics read it, is best exemplified by the work of Alison Shonkwiler on Dreiser when she describes "history as, itself, a prima facie problem of representation" (Shonkwiler 85). For Shonkwiler and others, the fundamental tension in economic narratives is between narrative and history, where history is understood, not as just the particular situation and context for a given moment in time, but as the identification of particular moments as a certain, naturally arising "stage of development" (85). In these terms, history has a logical, discernible, and determinable direction. Shonkwiler describes a kind of forward-looking "historical omniscience" (86) in *The Financier* that defines finance, not as "what the financier does with capital", but as "a means to fulfill what capital always already was" (87). At least as important as Shonkwiler's failure to correctly identify this deterministic, historical perspective as part of what the novel presents as Cowperwood's misunderstanding of the economy, it's not at all clear why this poses a problem for narrative. Despite the very good work that Shonkwiler does to identify the tension in *The Financier* arising from the narrator's "double point of view in time" that is "facing backward and forward at once" (86), it is nevertheless difficult to see why "on its very surface, history poses a challenge to the formal narrative techniques of description, perspective, and characterization" (Shonkwiler 85). Isn't the kind of deterministic, "historical omniscience" Shonkwiler describes nearly identical to the kind of omniscience we grant, in many cases, to the narrator and, in all cases, to the author when it comes to narrative? The novel in all but its most radical is deeply beholden to narrative that is historical in precisely the sense that Shonkwiler describes. It's hard to imagine a novel that is written as the progression of events towards a

specific, appropriate, and already determined ending, as anything but compatible with an historical perspective.

The problem for narrative representations of the economy, at the most general level, is not found in the tension between history and the narrative; it's not even found, at a more particular level, between narrative and deterministic, historical accounts of the economy. The problem for narrative is, rather, in a much more specific and narrow form of tension between narrative and nondeterministic accounts of the economy. How do you write a novel that has enough order to make it a coherent narrative, but which also arrives at an outcome that is not predetermined? Can you write a novel in such a way that you aren't merely producing the "past required to re-produce it as history" (Shonkwiler 86)? If Shonkwiler is right, that for *The Financier*, "'the genius' or 'financial individuality' of the individual cannot entirely yield to historical analysis without a corresponding account of what—or who—makes history" (Shonkwiler 85), the tension doesn't lie with Cowperwood, but with Dreiser as the person "who . . . makes history" in the novel.

The problem for *The Financier*, as a narrative representation of the economy, is that it is easy to produce Cowperwood's historical understanding of the economy. But producing that historical understanding as mistaken is far more difficult because the alternative—an ordered but nondeterministic account—is, to some degree, incompatible with the novel. *The Financier* is best understood as a novel that attempts to represent competing accounts of the economy by putting Cowperwood in two different subject positions within two different institutional frameworks. The novel first uses naturalistic elements to represent Cowperwood's belief in a deterministic economy where economic calculation is possible, before undermining those beliefs. The most

essential tensions in the text arise from the difficulty of producing an alternative account of the economy in narrative form. Whether or not Dreiser actually had a complete and coherent, alternative account of the economy in contrast to Cowperwood is less important than recognizing the difficulty of producing such an account in narrative form. The difficulty should not, at least initially, be ascribed to any internal contradictions within a particular account of the economy. While it is very tempting to draw easy parallels between capitalism and naturalism as a kind of “familiar tragedy” (Dreiser 11), the relationship between particular ways of understanding the economy and the limits of representing that understanding in narrative must be identified first; otherwise we risk failing to fully situate narratives within their literary history and the history of economic thought. If we don’t recognize the possibility that novels like *The Financier* engage multiple, competing accounts of the economy, each with potentially different narrative and representational limits, then we, like young Cowperwood staring at the tank, will fail to understand the difference between the limits of a struggle as it plays out within a set of transparent but artificial barriers and the struggle that plays out in the larger system within which those barriers exist.

Chapter Four

From Phelps to Piketty: The New Economic Criticism and the Forgotten Legacy of the Marginal Revolution

In *The Syntax of Class* (2003), Amy Schrager Lang begins her analysis of Elizabeth Stuart Phelps' *The Silent Partner* (1871) ¹⁴ by praising Phelps for being "committed to the unflinching representation of the desperate plight of the industrial workers" (Lang 70). And yet, despite Phelps' attempts "to arouse public sentiment to insist upon needed reforms" (*The Literary World* 167), Lang finds her anti-poverty politics—especially as represented in the strike scene that Susan Albertine has agreed is the "most disturbing scene" (Albertine 244) in the novel—disappointing and problematic. On the one hand, Phelps' heroine has been represented as a budding philanthropist and increasingly staunch labor advocate, seemingly committed to the workers' cause; on the other hand, when actually confronted with worker unrest, she uses her influence to quash an impending strike and enforce mandatory pay cuts for workers at the mill she partially owns. Thus Lang and many other critics claim that the willingness of the young protagonist, Miss Perley Kelso, to "sacrific[e] the workers' interest for" (Bergman 161) "her own interests as a businesswomen" (Albertine 244) demonstrates that Phelps at least tacitly accepts the inequality caused by "the basic contradiction between Perley's and the workers' interests" (Albertine 247). Because Perley does not work directly toward achieving more equal pay for the workers, her efforts to improve housing conditions, expand educational opportunities, and foster

¹⁴ Originally published in 1871, *The Silent Partner* was reprinted in 1899 before it dropped out of print. It was nearly 85 years before The Feminist Press brought the novel back into print in 1983.

interclass social relations amount to little more than a kind of cultural outreach that leaves the central cause of industrial poverty untouched. Perley's support for a reduction of worker pay is in diametric opposition to her earlier concern for their poverty. Her desire to help the workers is curtailed by the conflicting imperative to protect her own income. Lang reads the strike as revealing the limit of Perley's reformist intent, which is, in turn, a reflection of Phelps' own commitment to aspects of the economic system that preclude the possibility of "ameliorating the condition of factory operatives" (Phelps v). Despite her ostensible commitment to anti-poverty, Phelps, it turns out, is actually committed to the inequality that Lang identifies as the central cause of poverty.

The idea that Perley's actions in getting the workers to accept lower wages contradict her commitment to lifting them out of poverty seems plausible enough, but I want to argue that it's nonetheless not true. More generally, I want to suggest that Lang's idea of the conflict between the workers and their employers is not Phelps' idea and that when we begin to see the difference, we begin also to understand something crucial about the novel. And most generally, I want to argue that what is at stake isn't just Lang's understanding of how Phelps defines the economy, but how contemporary economic criticism defines the economy as well. Despite the now 25-year-old emergence of the "new economic criticism,"¹⁵ literary studies still lacks the comprehension of economic orthodoxy that I argue is essential for understanding the history of American literature. My point here is not that literary historians need to accept that orthodoxy; it is, instead, that we cannot understand the literature of the late nineteenth century without also

¹⁵ See *The New Economic Criticism*, ed., Martha Woodmansee and Mark Osteen. NY: Routledge, 2005.

understanding how, during that same era, the marginal revolution made economics into a mathematical science of scarcity. It is a mistake to think that you can talk about inequality and class in economic terms while ignoring the historical and conceptual formation of economics as a discipline. You can't do material or class critiques as *economic* critiques without coming to terms with the legacy of marginal utility. It's one thing to reject or identify literary instances of the rejection of theories that have grown out of the marginal revolution, but it's something else entirely not to see what those claims are. My point here isn't that you can't present inequality as a problem in the wake of the marginal revolution because, to take a recent example, that's exactly what Thomas Piketty has done with *Capital in the Twenty-First Century* (2014). The point is that you can't present inequality as an economic problem the way that American literary criticism has heretofore done. As I show, Phelps has a far more consistent and coherent account of the economy than she has ever been given credit for. Given the proper context, *The Silent Partner* demonstrates what an account of the economy looks like in light of the theory of marginal utility.

For Lang, nineteenth-century industrial poverty is a function of class difference and, because she considers class to be fundamentally a taxonomy for describing a system of material inequality, the only meaningful anti-poverty strategies she recognizes are those that reduce economic inequality. Class describes a system whose defining and most "conspicuous feature" (Lang 2) is that a few people are made very rich only because most people are very poor; "the impoverishment of the many" is "concomitant" (2) with the enrichment of the few. To put this in terms of the only possible pattern of distribution allowed by Lang's collapsing of the difference between class and unequal accumulation of wealth, "the spread of a market economy and the

shift to industrial modes of production” (3) creates an inevitable antagonism between capital and labor, entailed by their mutually exclusive financial interests. It is impossible for the rich to serve their own interests and those of the workers at once. Any meaningful challenge to class difference must, by definition, be a challenge to economic inequality. Any form of “ameliorative action” (3) that doesn’t directly challenge inequality is either a denial or an obfuscation of the problem that class represents. Because *The Silent Partner* does not deliver a consistent account of class as primarily a structure of economic inequality, Lang considers it a failed account of the causes of and possible solutions to “the abuses of our factory system” (Phelps v).

Read this way, it’s easy to see how Perley’s labor advocacy and her opposition to the strike create a contradiction that makes the novel “morally ambiguous and conflicted” (Albertine 241) for Lang, as it is for most critics. *The Silent Partner* is narrated as a series of Perley’s personal encounters with the poorest and most deprived. Since her sympathy for and relationship with the workers is the central mechanism for illustrating their suffering, it is indeed hard not to see her actions during the strike as incompatible with her actions before it. In fact, I, like the critics I’ve cited, was originally interested in the novel precisely because of this incongruity. There is some kind of fundamental distinction represented by the conflict in the strike chapter that is essential for understanding Phelps’ account of the economy. But that distinction has yet to be properly identified. The strike scene can only be read as a failed challenge to class if the novel understands the essential difference between the rich and the poor as the relative difference between their wealth and income, making economic equality the ultimate goal and measure of success. Lang reads *The Silent Partner* as part of the discourse of class defined by nineteenth-century moral philosophers and political economists like Francis Bowen, who understand

equality in precisely these terms. In fact, even though Lang completely disagrees with his defense of industrial capitalism, someone like Bowen is essential for her argument because he assesses capitalism in terms of equality.¹⁶ When read in these terms, it is only natural to see Perley's strike breaking as the moment at which Phelps undermines her own critique of the injustice of the industrial labor system.

As I've already suggested, however, I understand Perley's opposition to the strike as the culmination of *The Silent Partner's* economic critique rather than the moment of its failure. In the context of the novel and the conceptual provenance of Phelps' economics, Perley's opposition to the strike is the novel's final attempt to illustrate the problem of industrial poverty as understood according to, what were in the period, emerging concepts of modern economics as a mathematical science. Critics have had such a difficult time reconciling Perley as philanthropist with Perley as strikebreaker because they define poverty as a problem based on class as a structure of inequality. As the subtitle of Lang's book, *Writing Inequality in Nineteenth-Century America* suggests, class as a taxonomy of inequality has become the basic interpretive framework for understanding Phelps' economics; but even if inequality is an important factor of economic difference, it is not at all clear that it structures Phelps' understanding of the problem of poverty. In fact, the rise of the discourse of inequality in recent decades threatens to overwrite

¹⁶ According to Bowen, inequality is the basis for the economic "mobility of individual men"(Lang 1) that makes it possible for laborers to become owners; inequality doesn't keep men at the bottom, but instead makes it possible for them to rise to the top. The important thing is not, however, Bowen's endorsement or repudiation of inequality; the important thing is that he presents the economy within the discourse of inequality. Despite Lang's disagreement with Bowen about the consequences of inequality, they both agree that inequality is the determining factor. See Bowen's "Phillip's Protection and Free Trade," *North American Review* 72 (1851): 415.

late nineteenth-century understandings of poverty, which are rarely figured as problems of inequality as such. Nineteenth-century American narratives are far more likely to suggest the need to lift the poor out of poverty through management and ingenuity than to restore any kind of parity.

Rather, *The Silent Partner* is one of many texts written during the second-half of the nineteenth century, both economic and non-economic, that take up poverty as an economic problem, but assign no particular importance to either class or inequality. Instead, there is a growing body of literature that draws upon the tradition of writers like Adam Smith and John Stuart Mill—both of whom Phelps explicitly references in the novel¹⁷—who shape the conceptual framework of modern economic science that will become the dominant version of both American and British economic theory.¹⁸ What I want to argue is that even—or perhaps especially—in those instances where *The Silent Partner* is usually read as ambiguous and

¹⁷ Perley refers to “Adam Smith” as a figure who represents the constraints imposed by “Supply and Demand” and the “State of the Market” (134-5). Perley places a copy of John Stuart Mill’s book *On Liberty* (1859) in the library she creates for the workers, referring to it simply as “Mill’s ‘Liberty’” (246).

¹⁸ Critics have largely overlooked the influence of Smiths’ and Mills’ legacy for Phelps; and even those few who have noted their influence have made the mistake of basing their assessment on fairly recent and, at least among economists, highly controversial readings of Smithian self-interest as an unrestrained endorsement of greed that inevitably generates an increasingly unequal distribution of capital. But, as Jonathan Smith has documented in “Adam Smith and Greed” (2005), the idea that Smith essentialized a form of inequality qua self-interest wasn’t formally theorized until the 1930s and wasn’t popularized until the 1970s. Even then, such a claim met with a great deal of skepticism among economists and was mainly taken up in other disciplines. Popular accounts tend to ascribe something more like a Hobbesian account of self-interest to Smith rather than his more nuanced but admittedly more difficult account that requires reading his treatment of self-interest from *The Wealth of Nations* in conjunction with his treatment of sympathy from *The Theory of Moral Sentiments*.

conflicting, Phelps demonstrates a consistent commitment to ameliorating the suffering associated with late nineteenth-century industrial labor. But in order to understand something like the strike scene as a continuation rather than a contradiction of her reform efforts, you have to understand the basic terms that define what kind of problem poverty is for Phelps.

Phelps' economics reflect a formative moment in the history of economic thought when economists will begin to model the process of production and distribution as a natural phenomenon. In other words, markets obey natural laws that can be deduced by observing patterns of production and distribution. The idea that market exchange is the result of a natural process—an idea made famous (or infamous) by Adam Smith's invisible hand metaphor—had long been an important way of thinking about the aggregate of all economic activity as a coherent entity rather than as a multiplicity of independent and idiosyncratic actions.¹⁹ As I have argued elsewhere²⁰, the idea of scarcity is central to the transformation—for better or for worse—of the eighteenth-century study of political economy into the modern science of economics that understands poverty as a possible condition within an aggregate system of production and exchange, a system that, by definition, only accounts for the competing uses of

¹⁹ The major development in the late nineteenth century was to model this process mathematically. In the 1870s, three European economists working independently of each other, all published major texts about marginal utility. Carl Menger, William Stanley Jevons, and Léon Walras all developed theories of marginal utility for calculating the value of commodities in relation to potential changes in market conditions. It could be used to calculate, for example, changes to the value of labor used to produce a commodity that experiences a decline in sales. After the marginal revolution, specific features of market processes began to look as if they might be knowable in nature and calculable in degree. In other words, the mathematization of economic models suggested the possibility that value is, at least to some degree, objectively determinable and quantifiable.

²⁰ Douglas, Jason. "A Romance of Business: Genre, Scarcity, and the Businessman in the American Economic Novel." *Belphegor*. 13 Jan. 2015. <<http://belphegor.revues.org/586>>.

limited resources. The very idea of economy, either in its archaic sense of managing domestic resources or in its modern sense of an aggregate system, only has meaning if there are scarce—and that is to say finite rather than few—resources with various alternative uses. It makes no sense in either logical or practical terms to talk about economizing unlimited resources. If there are no limits to how much you can use, there is nothing to economize. Consequently, the economic understanding of poverty as a problem is a matter of scarcity rather than a matter of individual human suffering. That is not to say that it is incompatible with concern for the problem of human suffering, it just defines it in terms other than suffering as such. In other words, the question of whether or not people should suffer becomes the question of how far that suffering can be mitigated with a given set of resources and at what consequence to the rest of the system. The moral problem of poverty might be the occasion for economic analysis, but it is not the moral dimension that determine the shape of it as a particularly economic problem.

Figured in terms of scarcity, the problem of poverty looks very different than when figured in terms of inequality. Defining poverty as a matter of inequality locates the problem in disparities of wealth and income between individuals; it's only the fact that some people are rich that makes other people poor. Defining poverty as a matter of scarcity locates the problem in the disparity between the resources that people have and the resources that they need; it's the fact that people don't have what they need that makes them poor. The difference in what counts as a meaningful disparity also makes a big difference in what counts as a solution to the problem. The solution to a problem of scarcity is to determine the optimal use of resources for minimizing poverty. Although this can mean finding ways to minimize poverty through new resources (growth) or finding a better way to satisfy needs with current resources (ingenuity), it may

include accepting a certain level of poverty as the best that can be expected under the circumstances. It does not mean, however, assigning any essential importance to relative levels of wealth between individuals. The solution to a problem of inequality is to equalize the distribution of resources. Although this can mean improving the financial conditions of those who have less, it can also mean making everyone equally poor. Even though the stated purpose of equality arguments is to eliminate poverty, the insistence on redistributing concentrations of wealth means that it operates according to a logic of parity and not, strictly speaking, anti-poverty. How, from an anti-inequality perspective, does one define poverty as a problem if it persists after equality has been achieved? Describing financial problems in terms of inequality is the approach you take when you think the problem with the poor is that they are poorer than others. Describing financial problems in terms of economics as a science of scarcity is the approach you take when you are interested in doing right by the poor, but you aren't particularly interested in inequality.

Although the rigorous theorization of mathematical economic models didn't begin until the 1870s, and even then were primarily published only in Europe for at least the first fifteen to twenty years, I argue that we can clearly see in a novel like *The Silent Partner* how the basic conceptual framework for such models had already begun to take hold. Phelps obviously couldn't have read the 1870s treatises²¹ that kicked off the marginal revolution before writing *The Silent Partner* and it's highly unlikely she ever did, but it is crucial to remember that she did

²¹ William Stanley Jevons, *The Theory of Political Economy* (1871); Carl Menger, *Principles of Economics* (1871); and Léon Walras, *Éléments d'économie politique pure* (1874).

read Smith and Mill whose ideas were foundational for the developing models. The difficulty of understanding Phelps' economic approach is that it draws upon inchoate principles that will become the foundation of modern economics, but which are still emergent. The importance of the marginalist model of the economy will make scarcity and entrepreneurship essential elements of the market process but will only be fully articulated and theorized in the twentieth century. At least part of what *The Silent Partner* demonstrates is that the idea of management of scarce resources and entrepreneurial ingenuity as potential drivers of increased human welfare are already evident in business narratives during the second-half of the nineteenth century. In the case of *The Silent Partner* and other business novels, the important thing isn't which theory is a more accurate description of the economic system or a more effective anti-poverty strategy; the important thing is that Phelps evaluates industrial poverty as a problem of economic scarcity and not as a problem of inequality. And furthermore, that the emergence of economic narratives in American literature is better understood when read in relation to the emergence of concepts like marginal utility, spontaneous order, equilibrium pricing, and eventually econometrics.

How, then, does the strike scene look different if read as an account of economic scarcity rather than inequality? Given the amount of attention lavished upon the strike scene—a trend which I will obviously perpetuate—you might imagine that no aspect of the twelfth chapter, which frames and narrates the strike, has gone unexamined. But, in fact, there are elements both obvious and subtle that have been given short shrift or ignored altogether; elements that it might make sense to ignore when the problem of the novel is figured in terms of inequality but which otherwise are an explicit part of how Phelps frames the problem. Perhaps the most obvious element of the strike chapter that has been given only cursory examination is the description of

the conditions that set the scene for the strike in the first place. The chapter begins by summarizing momentous changes to the business landscape. Due to an unspecified financial disaster that exceeds “all the manufacturing panics of the war” (Phelps 243-4), a rolling wave of bankruptcies begins to claim even some of the oldest and seemingly most secure businesses. “For the first time since 1857,” the senior partner of the Hayle and Kelso Mill begins to doubt whether they will be able to stay in business. It is in these precarious circumstances that “a notice of reduction of wages” (244) goes out.

Judith Fetterley is perhaps the only critic to have produced an account of these contextualizing details. According to Fetterley, the chapter’s impersonal account of the prevailing financial conditions constitutes a change in “narrative stance” that interrupts the otherwise “pervasive concern for realism reflected throughout the rest of the novel” (Fetterley 26). It is, however, rather strange to suggest that establishing the necessary narrative distance to describe the broader financial context is a move away from realism. What is actually missing from the chapter is an otherwise “pervasive concern” for narrating Phelps’s sympathetic response to particular instances of impoverishment and suffering. The strike chapter is the first time in the novel that the financial problem is described in macroeconomic terms rather than in the microeconomic terms of individual wealth. Fetterley mistakes the break in the sympathetic account as a withdrawal from realism, but, in fact, you can’t produce a realistic account of an aggregate problem by describing the financial status of particular individuals. Phelps opens the strike chapter by reiterating over and over again the degree to which these circumstances, although incompletely documented, constitute a serious threat to the entire manufacturing and finance

industries. The strike chapter isn't about whether or not individual workers are getting paid a living wage; it's about whether or not there will be companies left to pay any wages at all.

While it is true that this overview means foregoing Perley's pathos filled encounters with the workers, such an omission is necessary to convert a collection of independent, individual financial circumstances into a description of a systemic or structural problem. Recognizing that the strike scene is framed by a fiscal emergency virtually unprecedented in the history of the mill is essential for understanding Perley's actions because it gives a different shape to the terms of her choice. According to the customary focus on inequality, her choice to oppose the strike can only be a decision based on "the irreducible fact of mutually exclusive interests" (Fetterly 86). If the only difference that matters is the disparity between incomes, then lowering worker wages must be in the service of protecting her own salary. But if we believe that the situation is as dire as the novel says it is—if we accept the terms that Phelps herself uses to define the nature of the problem that Perley faces—then the income of both the workers and the owners is in danger. Even if the managing partners are mainly afraid that a financial downturn would mean losing their own source of income, the shuttering of the mill would mean a loss for everyone. The fact that conditions of scarcity can simultaneously threaten the income of both workers and owners mean that their financial interests are not always locked in a mutually exclusive relationship, where a loss to one automatically means a corresponding gain for the other. The fact is that they can both lose. Under these circumstances, a choice to pay the workers less may be the only choice that allows the company to continue paying them anything at all.

Although it is important that *The Silent Partner* presents the strike scene as a genuine fiscal emergency, what matters more is that Perley's recognition of this fact represents neither a

form of disagreement with the workers nor a form of agreement with the managing partners who deem the incendiary pay cut necessary in the first place. If it is possible to support a pay cut while being in favor of the workers because that is the only way to keep paying them anything at all, it is also possible to support a pay cut for the workers while not being in agreement with the managing partners. This is perhaps the single most significant but overlooked fact in how to read the strike scene. As an act of class solidarity, it would make sense for Perley to close ranks with the mill managers in order to protect her own financial interests. But immediately prior to Perley addressing the workers, there is a crucial confrontation between Perley and the managing partners that has not been addressed by any reading of *The Silent Partner*. The basic difference presented by the strike chapter is not between the workers and owners, but between Perley and the partners. In fact, the actual moment of confrontation between Perley and the workers that supposedly demonstrates the realignment of her sympathies happens almost entirely offstage.

Aside from a few fragmentary recollections after the fact, Perley's interaction with the workers isn't really narrated at all. Almost all the action in the strike chapter takes place between Perley and the two senior partners. Despite the fact that Perley does come out in support of the proposed pay cut, the managing partners do not view this as an important point of agreement. In fact, Perley's proposal for resolving the impasse serves to further differentiate her. When she suggests that the workers can be mollified if someone would "go out and tell them why we must reduce their wages" (248), both of the senior partners reject the idea in no uncertain terms. They see it as "an unsuitable position for an employer to take . . . and disastrous as a precedent" (248). The partners understand Perley's proposed action as contrary to the business practices that protect their own position and financial interests. The only thing that dampens their vehement

objections is the impending violence of an increasingly enraged and intoxicated mob of workers outside their doors. Perley is permitted to address the workers out of desperation, not because they agree with her.

Where critics have seen the reassertion of class differences in Perley aligning herself with the managing partners, Phelps actually continues her critique of the factory system by further differentiating Perley from those who supposedly share her financial interests. Despite the partners' repeated and condescending assertions about their expertise in financial matters, they seek to exercise a kind of unquestionable dominance over their employees, as if managers and owners are exempt from constraints that can arise from employing wage laborers. But as the potential strike demonstrates, the workers are clearly in a position to exercise financial pressure on the business. Perley understands the situation far better than the partner's, who fully intend to sit by and let a strike bankrupt the company rather than abandon their mode of business management. In fact, she accuses them of not knowing what is in their own self-interest: "You do not one of you know now what it is for your own interest to do" (246). She advises them to treat the workers as active participants in the economy, in part because it is in the managers' interests to do so. Her plan is to lay out the company's financial status before the workers and acknowledge them as part of the process by which the viability of the mill as a profitable enterprise is decided. If the workers decide that it isn't worth working for lower wages, then the mill isn't profitable no matter what the managers say about the sufficiency of the offered wage.

Even if Perley's concession to the workers seems small, it is the categorical distinction rather than the degree of difference that matters. Both Perley and the partners understand the act of offering information to the workers as a way of involving them in business operations (albeit

to a limited degree), but their agreement about what offering financial information means is what differentiates them. The partners assert their business expertise and differentiate themselves from Perley by deriding her suggestions as “the fancy of a cooperative economist” (248). Although the derogatory usage of “cooperative economist” has gendered overtones meant to classify Perley as inferiorly domestic and idealistically utopian, Phelps uses the accusation ironically to suggest precisely the opposite: it is only Perley’s assessment of the situation that provides a way to mollify the workers and keep them all in business. She demonstrates a kind of marginal thinking about what the new market conditions mean for both the upper and lower boundaries of wage rates. She also shows at least a basic understanding of the fact that considering the marginal costs of industrial production also means providing some way to coordinate with labor. In this sense, the insights of the marginal revolution cut both ways, allowing neither producer nor consumer, employer nor employee, capital nor labor to ignore the constraints imposed by limited resources and aggregate demand.

The way that the relationship between Perley and the partners can be read as an instance of differentiation and conflict at precisely the moment that has typically been understood as an expression of class solidarity is one of several ways in which *The Silent Partner* narrates the problem of poverty according to a logic of differentiation that has gone largely unrecognized. Phelps fails to challenge the arbitrary nature of class difference because class is not the model of difference she uses to understand the factory system. Instead, Phelps explores the potential of various methods for “ameliorating the condition of factory operatives” (v) that, although presented as alternatives, are not in strict opposition to one another. Phelps examines the relationship between sympathy and self-interest, business management and philanthropy, capital

and money, rather than seeking to establish the inescapable dominance of one over the other. The way that Adam Smith and John Stuart Mill are associated with differing but potentially complementary understandings of the relationship between capital and labor demonstrates the kinds of distinctions that structures Phelps' understanding of worker poverty as an economic problem.

In the mill's managing partners, Phelps does include the account of the economy condemned by critics, where the rich can simply assert their own interests, but that isn't at all what is at the heart of this novel. Phelps, instead, uses Perley's departure from such beliefs as a way to describe a different understanding of the nature of the economy. The setting for *The Silent Partner* is not a world where capital is thought to be fundamentally in contradiction with labor; it's not a world where interests have to be equal to be collective. The setting is a world of limited resources, imposing constraints that can sometimes lead to tragedy. But the recognition of those constraints and of the economy as an aggregate system creates the possibility that ingenuity and cooperation might be able to minimize the tragedy. Properly understood, *The Silent Partner* does not deliver, even to its own satisfaction, a dramatic and sweeping elimination or even a significant reduction of industrial poverty, but Phelps does present her understanding of poverty as an economic problem with far more consistency and coherency than critics have ever given her credit for. Her understanding of what an economy is is simply not theirs.

Why does it matter whether or not we see Phelps' account of the economy as coherent? Partly because it helps us understand a text that we haven't fully understood before. If we see *The Silent Partner* in terms of the emergent marginal revolution, we see an internal consistency in what has looked from the outside like a contradiction. But more important than our reading of

a minor novel is that we can also see the ways in which an entire genre—the American business novel—is defined less by any simple understanding of its subject matter than by its developing understanding of the very idea of an economy. It is precisely with the emergence of the business novel that narratives begin raising questions in the same terms as economics as a modern, scientific discipline. This is an unrealized but essential distinction that literary critics have largely failed to incorporate into economic criticism. For at least the last 25 years, since Mark Osteen and Martha Woodmansee called for a “new economic criticism,” critics have consistently examined literary accounts of markets, materialism, money, wealth, wages, and poverty as the economic dimensions of literature rather than understanding economics in its own disciplinary terms as a science of scarcity that provides tools for evaluating both the possibilities and limitations inescapably connected to the use of limited resources. Although there are important insights to be gained from these literary pursuits, such as examining the signifying function of economic technologies (like money) as representations of value, there is very little economic science in such questions. Understanding the subject matter of economics means examining novels for and with an understanding of scarcity. The subject matter of economics is the study of the collective implications of the discrepancy between what people want and what they can get with their resources. Re-reading *The Silent Partner* for such insights, rather than re-writing it as a novel about inequality, demonstrates what we need to do if our criticism is going to be meaningfully economic as well as literary. Without an accurate account of the novel’s economics, we can’t get the right literary account either.

The literary implication of a commitment to the defining principles of economics as a discipline are clear when Phelps is viewed as an author writing as part of the Smithian tradition:

readings of *The Silent Partner* as concerned with problems of inequality rather than scarcity are wrong. Furthermore, the nineteenth-century theory of inequality as based on class wasn't, as we understand it today, economic in nature. But we can see the contemporary possibilities of an economic theory of inequality and of a literary criticism that is economic, as well as the obstacles to such a theory and such a criticism, in the approach of an economist who has become uncharacteristically visible in recent years, not only to literary critics, but to the world at large as well. Thomas Piketty's *Capital in the Twenty-First Century* has achieved unparalleled commercial success for a book of technical economics. I suggest that part of Piketty's popular appeal—and perhaps more importantly, his contributions to making inequality a serious issue for economists—comes from the fact that his argument isn't reducible to class. Although Piketty's theory of the imbalance caused by excessive capital accumulation is in many ways compatible with concern for class exploitation, he provides a framework for thinking about inequality which isn't driven by assumptions of the essential nature of class difference.

In this sense, Piketty has developed a more technologically advanced version of the marginal revolution's econometric methodologies for the era of big data. If Piketty has any technical claim to methodological novelty, it's not in his formula, which he himself describes as little more than a mathematical rephrasing of David Ricardo's early nineteenth-century "scarcity principle" (Piketty 6).²² But, as Piketty also points out, what he does achieve is the aggregation of historical income data on an unprecedented scale. Thus, although he does challenge some popular schools of economic thought, Piketty nevertheless works very hard to make his argument

²² See David Ricardo's *On the Principles of Political Economy and Taxation* (1817).

conform to the fundamental concepts and essential practices that define mainstream economic science. Piketty seeks to produce a thoroughly economic account of inequality.

In reducing the essential nature of a market-economy to this simple inequality, however, Piketty does create some serious obstacles. As Deirdre McCloskey has pointed out, Piketty only believes in the the destabilizing power of inequality because he “does not believe in supply responses” (McCloskey 86). Piketty’s theory of inequality assumes that once scarcity establishes the basic relationship between the supply and demand of a particular commodity, the resulting disparities in capital accumulation can only get worse. Or, as McCloskey puts it, once someone has control of a limited resource, “once there is a scarcity, that’s the end of the story” (“Rogge Lecture”) for Piketty. But the price of scarce resources such as land or food or energy can only perpetuate and exacerbate the inequality to the point of ultimate instability if the rising costs of these commodities do not create the opportunity for the development of more affordable alternatives. In order to accept Piketty’s version of inequality, you have to believe that no viable alternative or technological solution does or even can exist that will meaningfully counteract or supersede the imbalance created by the concentrated ownership of scarce resources.

Whether or not Piketty misunderstands supply response isn’t, however, what matters for economic criticism. The question of whether or not Piketty or McCloskey or even someone else has the “right” theory of the economy is, in many ways, beside the point. What we need to recognize first and foremost is the terms of disagreement as they exist within the disciplinary boundaries of economics. The debate over how a demand curve actually behaves is a question of price theory and business cycles, which exist as a range of potential models within economic theory. In order to do economic criticism that can take from or add to the understanding that

economics can provide as a discipline, we must first be able to distinguish between the sometimes complex and subtle internal boundaries of various economic theories in all their conceptual and historical context. Only then can we make sense of the corresponding accounts of the economy in literature.

Understanding the possibilities and limitations of Piketty's theory makes it possible to better understand literature which participates in that same discourse on inequality. In *The Peripheral* (2014)²³, William Gibson figures the threat of economic and ecological apocalypse as a consequence of a totalizing concentration of wealth into the hands of just two rival corporate entities, which has distinct implications in light of economic accounts of inequality. And in *Amped* (2013)²⁴, Daniel H. Wilson portrays attempts to enforce absolute equality of opportunity, outcome, and even ability as necessarily culminating in efforts to eradicate individuals with differences. And even in a novel like Kim Stanley Robinson's *Aurora* (2015)²⁵, where questions of equality are so thoroughly marginalized, it's hard not to read the relentless and even brutal attention to scarcity as an overt omission of inequality meant to emphasize a more fundamental constraint that can supersede all others.

A thorough understanding of economic theories on their own terms is essential for an account of literary texts that takes up those economic problems on their own terms. Despite the potential irony, Piketty makes a claim about the necessity of just this kind of cross-disciplinary

²³ Gibson, William. *The Peripheral*. New York: Penguin, 2014.

²⁴ Wilson, Daniel H. *Amped*. New York: Doubleday, 2012.

²⁵ Robinson, Kim Stanley. *Aurora*. New York: Orbit, 2015.

understanding before he launches into hundreds of pages of various statistical calculations in order to normalize vast amounts of heterogeneous data.

Film and literature, nineteenth-century novels especially, are full of detailed information about the relative wealth and living standards of different social groups, and especially about the deep structure of inequality, the way it is justified, and its impact on individual lives. Indeed, the novels of Jane Austen and Honoré de Balzac paint striking portraits of the distribution of wealth in Britain and France between 1790 and 1830. Both novelists were intimately acquainted with the hierarchy of wealth in their respective societies. They grasped the hidden contours of wealth and its inevitable implications for the lives of men and women, including their marital strategies and personal hopes and disappointments. These and other novelists depicted the effects of inequality with a verisimilitude and evocative power that no statistical or theoretical analysis can match.

(Piketty 2)

Piketty argues that our understanding of the economy must be multifaceted, drawing upon knowledge from a wide range of disciplines. He presents his mathematical analysis as only one way of describing the problems and suggests the necessity of employing other approaches from the arts and sciences. It is clear that Piketty does not mean to discredit or downplay the potential contributions of technical economics, quite the opposite. Admitting the limitations of economic science before launching into such a lengthy, technical argument might be more gesture than substance, but it is a gesture that suggests the importance of a limited deferral to other areas of expertise. At least when it comes to economics, such disciplinary deference is something that we as literary critics have resisted for far too long. If our economic readings are

to be as convincing as our literary readings, if we are to maintain the integrity of our own disciplinary expertise, we will, to a certain degree, have to acknowledge the potential contributions and boundaries of other disciplines. As we can see in Piketty, understanding the insights of economic orthodoxy doesn't necessarily mean abandoning any closely held beliefs about the perils of inequality (or the lack thereof). But it does mean the potential for producing more rigorous and powerful readings of texts that understand capital in the economics of their own century, whether that be the nineteenth or the twenty-first.

Chapter Five

We Don't Need Another Hero: The Marginal Revolution and the Marginal Novel

"What you need to remember, with these guys, is that they don't know they're con men. They're wildly overconfident. Omnipotence, omniscience--that's part of the mythology.... Your guy can walk in the door and promise . . . something he personally doesn't know how to do, and not even realize he's bullshitting about his own capabilities. It's a special kind of gullibility...." (William Gibson, Zero History)

Given our current understanding of economic narratives in general and business novels in particular, anyone encountering Cameron Hawley's 1955 novel, *Cash McCall*, might understandably—but mistakenly—conclude that everything you need to know about the text is contained in one book review title: "Again, the Business Executive as Hero" (Butcher 1960).²⁶ Fanny Butcher's review of Hawley's later novel, *The Lincoln Lords* (1960) nicely sums up what critics have said (when they have said anything at all about Hawley's novels). The general consensus is that Hawley, in writing about businessmen as economically expert, capitalist heroes, merely rehashes a well-worn and tired theme, which makes him a novelist of, at best, minor importance. The problem with this assessment of Hawley's fiction is that, although he is undoubtedly a minor novelist, it isn't true in any simple or straightforward way that Hawley wrote his businessmen as heroes. In fact, as he explicitly describes them in his first novel,

²⁶ Butcher, Fanny. "Again, the Business Executive as Hero." *Chicago Daily Tribune* 28 Feb. 1960: B3.

Executive Suite (1952), Hawley goes out of his way to characterize businessmen as a “quite ordinary group of men, disconcertingly human . . . and . . . given to the man-on-the-street practice of basing decisions on hunch and intuition” (*Executive Suite* 204). This dissonance between the critical account that places Hawley’s fiction entirely within the tradition of the capitalist hero and his fiction itself, which consistently narrates a host of problems arising from thinking about the businessman in heroic terms, is one of the most interesting and notable things about his fiction. How is it that critics almost unanimously criticize Hawley for portraying businessmen heroically when Hawley’s novels consistently seem to say that, when it comes to business, the last thing we need is another hero?

Differentiating between how critics and Hawley understand the heroic potential of the businessman in literature is, however, about far more than how and if even we should read a novel like *Cash McCall*. The consistent misreading of this novel is indicative of an important and yet unrealized gap in our understanding of economic narratives. Although literary critics have vastly expanded their familiarity with economic theory over the last twenty to thirty years, there are, nevertheless, important yet little known disagreements within economics as a discipline that have profound implications for how we should read cultural representations of the economy; the resistance of anti-formalist economics to mainstream equilibrium theory in particular is important for producing a more accurate understanding of post-WWII business novels. In addition to a more robust and detailed history of economic ideas, we also need to understand the relationship between conventional narratives of business heroism and that status of business novels as minor novels.

In the simplest possible terms, *Cash McCall* is a story where the eponymous protagonist buys a company for \$2 million dollars on Wednesday and sells it for \$3 million on Thursday. It is a story that, as it has traditionally been read, figures the heroic potential of the businessmen—or, as I claim, the lack thereof—through the meaning and mechanism of price difference. The novel follows the lives of Grant Austen and Cash McCall as Austen sells his plastics molding company, Suffolk Moulding, to McCall and in short order, McCall resells Suffolk to General Danvers, the owner of a larger, electronics corporation. The drama unfolds as Austen discovers that Suffolk is facing a major financial crisis, which causes him to seek a buyer and accept McCall's offer to purchase the company for what seems to be a very good price of \$2 million. But upon hearing of the almost immediate resale at a fifty-percent higher price, Austen begins a legal campaign against McCall for "fraud" and "deceit" (*Cash McCall* 406). These two sales and sale prices of Suffolk provide an opportunity for presenting two different ways of understanding McCall as a businessman through Austen's beliefs about "the McCall technique" (Hawley 367). At the time of the first sale, Austen believed that McCall's offer ensures "everyone comes out a winner" (367). But at the time of the second sale, he believed that "McCall had cheated him out of a million dollars" (384).

Critics have read the difference between the two sales of Suffolk as the basis for differentiating between the possibility of McCall as either a hero or a villain. But, as I will show, the difference between the two ways Austen perceives the sales of Suffolk should be read as a mistaken notion of economic difference that illustrates the dangers of thinking about the businessman in heroic terms. Despite the elements of the text that resists the heroic representations of McCall, there are, nevertheless, other features of the novel which explain why

it has so often been read in precisely the terms that it tries to resist. Before, however, you can understand why critics have tended to read the novel in heroic terms, you must understand first why this is a misreading.

The easiest way to see how critics have read—and, as I argue, misread—*Cash McCall* is, strangely enough, to look at the 1960 Warner Brothers film adaptation starring James Garner as McCall, because the film's screenwriters seem to have understood the story the same way that critics did when the novel was released five years earlier. The film adaptation loosely follows the genre expectation of the era's boy-meets-girl films set amongst business dealings to create the necessary complications and resolutions among love interests.²⁷ As such, the business dealings in the film can be described as a series of scenes in which Garner plays a hard-nosed but charming negotiator who always does the right thing—profitably, ethically, and personally—while everyone else learns the hard way that he was right all along. Perhaps the most significant difference between the film and the book is in the scene where McCall meets with Danvers and begins negotiating the \$3 million price for Suffolk. The film presents this scene as a tense confrontation where McCall recounts a series of situations when he bought companies that Danvers had passed on, specifically because McCall knew that Danvers would eventually buy them and at a higher price. Garner plays McCall as the superior businessman who so thoroughly knows what Danvers knows that he can finish his sentences for him and then go on to add the final, essential facts which Danvers isn't aware of. The film portrays McCall as a kind of

²⁷ Films such as *Pillow Talk* (1959) and *That Touch of Mink* (1962) have a similar use of business relations to structure romantic entanglements, although they hinge far less upon financial outcomes.

business genius whose expertise allows him to maneuver his rivals so that he has them, as he tells General Danvers in the film, “up the well-known creek General, without a paddle” (Pevney, *Cash McCall*). What Danvers doesn’t realize is that, in buying Andscott from Austen for cash and reselling it for stock in Danvers’s company, McCall is facilitating a mutually beneficial sale that Austen and Danvers didn’t know how to work out directly. McCall’s hard-nosed and superior bargaining turns out, to the surprise of absolutely no one in the audience, to be a way of making sure that “everyone comes out a winner.” When advertisements for the film accurately dubbed Garner’s McCall the “whiz kid of wall street” (“James Garner, Natalie Wood, In Color - Tonight”), they placed him squarely within the popular tradition of the capitalist hero.

In agreement with how the screenwriters presented McCall, critics have traditionally read the novel as the story of McCall’s heroism. In a 1956 article for the *Harvard Business Review*, surveying representations of the businessman in American novels, Kenneth S. Lynn voices the majority view that McCall, as an “image of the businessman” (Lynn 124), is an “all-knowing success hero” (125). For reviewers and critics alike, McCall is the epitome of the idealized business hero, falling somewhere between the “supra-human” (Kelly BR4) and the superhuman as one of “Hawley’s supermen” (Lynn 124). They all read McCall as some kind of business genius who, from the beginning, “plans to use Suffolk as a pawn to take over” (Kelly BR4) Andscott.

The tendency to link McCall to notions of heroism isn’t all that surprising because the relationship between the businessman as a hero is a possibility that was raised throughout at least

the first-half of the twentieth century. Authors and critics alike, including Henry James²⁸, John Chamberlain²⁹, Kenneth S. Lynn³⁰, Henry Nash Smith³¹, Lorne Fienberg³², and Emily Stipe Watts³³, have all described some version of an unfulfilled desire in American literature for a great novel centered around the businessman as a hero. Perhaps most explicitly, Henry Nash Smith in his article, "The Search for a Capitalist Hero: Businessmen in American Fiction" (1964), tried to tackle this question. Smith's article is especially important because it outlines what is at stake in the idea of a capitalist hero for himself and other critics, which goes beyond the question of whether or not McCall is a hero. Smith acknowledges the claim made by many critics that there is some kind of divide between the artist and the businessman. Instead of asking what the divide between the aesthetic and the commercial says about McCall as a businessman, however, Smith makes a claim about what this divide means for the possibility of a good novel that features a heroic businessman. In effect, he asks: can there be a truly great novel with a true

²⁸ James, Henry. *The Art of the Novel*. 1937.

²⁹ Chamberlain, John. "The Businessman in Fiction." *Fortune*, November 1948, pp. 134-48.

³⁰ Lynn, Kenneth S. "Authors in Search of the Businessman." *Harvard Business Review* Sept-Oct (1956): 116-124.

³¹ Henry Nash Smith, "The Search for a Capitalist Hero: Businessmen in American Fiction," in *The Business Establishment*, ed. Earl F. Cheit (New York: Wiley, 1964), 77-112

³² Fienberg, Lorne. *A Cuckoo in the Nest of Culture: Changing Perspectives on the Businessman in the American Novel, 1865-1914*. New York: Garland Publishing Inc., 1988.

³³ Emily Stipe Watts, *The Businessman in American Literature* (Athens: The University of Georgia Press, 1982).

business hero? And he answers, also in agreement with many other critics, no. “For the stereotypes used by the popular novelists cannot sustain a character of real imaginative substance, and serious writers seem unable to take an interest in a system of values based on economic assumptions” (Smith 112). Although Smith’s claim is more explicit than most, his argument seems to echo the general sentiment that the values necessary for making a novel truly great (whatever those might be) are somehow incompatible with economic values; the novel as anything other than a set of “hackneyed stereotypes” (Lynn 123) is itself somehow incompatible with whatever the economic values are that celebrate the businessman qua hero.

What’s especially important for most critics about McCalls’ heroism is that it constitutes a literary problem. The way that Van Halsey and other critics fundamentally misread *Cash McCall* as yet another incarnation of the “all-knowing success hero” tells us something important about critics’ understanding of business novels, about Hawley’s understanding of the form of the novel, and, ultimately, about the relationship between novels and narrative representations of economic ideas. Despite the agreement on the status of McCall as a heroic incarnation of the businessman, his heroism seems to be a good thing for the screenwriters whereas it is a bad thing for critics of the novel. *Cash McCall* is, in fact, the very first text that Van R. Halsey³⁴ used in his article, “Fiction and the Businessman: Society Through all its Literatures”, to exemplify a body of texts he identified as “marginal novels” (Van Halsey 392). In contrast to the work of novelists like Frank Norris, Theodore Dreiser, and Sinclair Lewis, who he describes as having greater “artistic merit” (391), Halsey argues that authors like Cameron Hawley are “generally

³⁴ In order to preempt the potentially confusing typographical similarity between Hawley and Halsey, I will retain Van Halsey’s given name throughout.

much more favorable in their treatment” of business and, consequently, produce only “poor novels, poorly executed”, “designed for the mass market in the hope that perhaps one out of a dozen may achieve a momentary success”, and which “never achieve a permanent place in the annals of American literature” (392). The consensus seems two-fold: McCall is a capitalist hero and that makes *Cash McCall* a bad novel.

This sense of consensus that would seem to confirm everything that critics have said about *Cash McCall* is, nevertheless, actually a way of identifying how the novel has been misread. The agreement between the way critics have read the novel and the film adaptation could suggest that this is a rare instance of a film based on a book that (for better or worse) faithfully follows the original text. But the reason that the film is useful in understanding traditional readings of the novel is that critics misread the novel in exactly the same way that screenwriters change the story. The aforementioned conversation between McCall and Danvers, for example, that is critical in revealing to the audience the depth of McCall’s knowledge and expertise is actually quite different in the novel than it is in the film. In the text, the conversation actually happens entirely offstage and is only partially related later when McCall wants to point out to an associate that he only then discovered something that he didn’t know before, which is the very first time he sees any real possibility of turning a profit on Suffolk. Rather than a moment that demonstrates how much McCall knew all along, as it is in the film, the meeting as it takes place in the novel is where Danvers reveals an interest in purchasing the company that McCall didn’t previously suspect. It’s not surprising that the film presents a simpler explanation of who knew what in order to avoid the difficulty of figuring out how Garner is supposed to play McCall in such a way as to let the audience but not Danvers know that Danvers’ interest in

buying Andscott is all news to him. While it is true that in the book McCall describes how he deliberately chose not to confess his ignorance to Danvers, the essential point of the encounter is that it simultaneously delivers new information to McCall while also demonstrating his previous ignorance. As it appears in the novel, this seems to suggest that McCall rather haphazardly discovers the chance to make a profit, rather than as the result of any reliable, informed, or heroic technique.

What's surprising is that critics who reviewed the book before the film was made described McCall far more like Garner plays him than as he appears in the novel. Although I will ultimately suggest that the novel's status among critics as a minor novel can help answer questions as to why critics have read the novel this way, understanding the novel's minority status requires recontextualizing it within a more particular history of economic thought, which also requires identifying Austen's role in the misreading of McCall. While it is true that the novel does present a prominent point of view in which perceptions of McCall's business expertise makes him a potential hero, as well as the closely linked possibility that he is an expert villain, that view comes not from the novel as a whole, but from Grant Austen in particular. Austen has two functions in the novel: to provide the point of view where McCall is either a hero or a villain and to embody those views as mistaken. The fact that Austen's beliefs are presented as mistaken beliefs is a crucial feature of the narrative that critics have overlooked entirely. Much of the novel is structured specifically so that the reader will sympathize with but not emphasize with Austen. Austen's beliefs about McCall are presented with a certain, minimal degree of plausibility, but that plausibility notwithstanding, his beliefs are revealed to the reader time and again to be judgments formed without evidence, interpreting information incorrectly,

and even in contradictory to things he knows to be true. In the novel, the way that Austen experiences and understands the sale of Suffolk embodies, what is for Hawley, a common but mistaken way of understanding price difference.

Despite all of the textual evidence that portrays Austen as mistaken, the way that the novel characterizes McCall can be difficult to identify because it represents a complex, heterodox, and sometimes counterintuitive understanding of how price works. The way that Hawley uses Austen's mistaken beliefs produces not so much an account of as an embodiment of what some economists in the mid-twentieth century were coming to call market process theory. Hawley's approach to explaining the meaning and mechanisms of prices is, like the theory of the market as a process, based as much upon what it rejects—formalist economics—as what it embraces—an entrepreneurial solution to a knowledge and coordination problem.

What I mean by formalist economics—a term whose current meaning was popularized by Benjamin Ward in the early 1970s³⁵—is the profound effect that adopting mathematical methodologies had on economic philosophy as mainstream economic theory became increasingly concerned with price during the 20th century. Although economic formalism has its origins in the well-known mathematical turn in economics that began with the late nineteenth-century marginal revolution, it is not defined simply by the use of formulas, equations, and models to describe patterns of economic behavior that are revealed by charting price differences. Instead, the fundamental transformation came when economists employing these methods began to imagine their discipline more akin to a hard science like physics and less akin to a social

³⁵ See Ward, Benjamin. *What's Wrong with Economics?* New York: Basic Books, Inc., 1972.

science like history, altering their understanding of the nature of the relationship between models and the real-world economy. As Peter J. Boettke describes this transformation, during the first two decades of the 20th century, models were “primarily used in thought experiments designed to be contrasted with real-world market institutions” (Boettke 18). During the 1920s, for example, Frank Knight pioneered early models of competition in the market place demonstrating that a state of perfect competition among businesses would drive prices downward until they equaled the cost of production, resulting in a zero rate of profit. It is obvious, however, from the clear distinction that Knight drew between the idea of “perfect competition” and “actual competition” (Knight 19) that he never thought of the pattern of prices and profits arising from a state perfect competition as something that could ever be achieved or should even be sought after. By the 1930-40s, however, the idea that models should function “as an ideal type” had given way to the idea of models as either “a description of reality” or “as a critical standard with which reality could be indicted when it failed to measure up” (Boettke 22-23). Changes in price, as described and predicted by formal models became a realizable goal rather than a heuristic or idealized abstraction. This new view of models as realistic blueprints for the economy was so pervasive during the post-depression decades of the Keynesian era that it came to encompass the entire spectrum of orthodox economics, including “the majority who thought that capitalism deviated significantly enough from the model that a great deal of government intervention was justified” as well as the opposition from “the minority who thought the market economy approximated the model” (Boettke 19). Formal models meant that it’s possible to know what prices should be and the only remaining argument is whether or not the market needs intervention to reach those ideal prices.

The idea that it is a mistake to evaluate the economy according to how well it conforms to an abstract model of price is precisely what is at stake in a heroic understanding of the businessman that Hawley both presents and resists in the novel. The idea that McCall is a particularly *capitalist* hero rests on the assumption that McCall's expertise in business allows him to know what prices will and should be. David A. Zimmerman's description of businessmen in "the success tale" during the first half of the twentieth century as "diviners of formal order beneath the surface flux of commercial life" (419) exemplifies just how deeply notions of business heroism are linked to discoverable models and patterns of price. In contrast to these assumptions, I argue that Hawley's novel about the prices for selling and reselling Suffolk should be read as a way of illustrating what kinds of problems arise from holding such beliefs about price and, ultimately, as a way of providing an alternative account of price. By illustrating the way that various characters—most importantly Austen—misunderstand the mechanisms and meaning of McCall's one-day, million-dollar profit, Hawley describes a situation where interpreting events according to formal economic models exacerbates some of the problems it purports to solve. In contrast, by narrating the process of arriving at two different sales prices for Suffolk, Hawley describes a highly contingent and continually evolving problem of economic coordination, arising from uncertainty and ignorance, which can only be solved by the discovery and implementation of previously unknown or unrealized opportunities.

Austen is central to the novel because he presents the possibility of perceiving yet misunderstanding the problem presented by price difference. Austen's decision to sell the company and his reaction to McCall's resale is an instance of a formalist understanding of price. Austen's story begins and ends with moments that, in some ways, don't make much sense given

the traditional understandings of the economy and the conventions of business narratives. As a well-respected, successful businessman, Austen seems to understand a number of things required of a business owner who is also a very hands-on manager. And yet, he also makes a number of choices that demonstrate essential ways in which he completely fails to understand how the economy works. After weathering decades of financial difficulties and working hard to provide a good income for himself, his family, and everyone at his company, Austen almost instantly decides to sell his company when a difficult financial situation arises at the beginning of the novel. His paramount commitment to his company evaporates in the face of a problem that, in the end, has a very simple and seemingly obvious solution. Near the end of the novel, Austen completely reinterprets his relationship with all of his most valued and trusted bankers, managers, and consultants when he learns that McCall has arranged to resell Suffolk. Austen ignores the fact that he has worked very happily, both professionally and personally, for years and even decades, with these men, coming almost completely unhinged and accusing them all of being part of a vast and intricate conspiracy to defraud him. His obvious sense of triumph at selling his company for more than any of them thought it was worth instantly turns to seething anger upon hearing that McCall has sold for even more than that. These moments of sudden change in his behavior, beliefs, and demeanor elicit sympathy from the reader because of the difficulties and seeming losses he faces. His interpretations of events, however, while circumstantially plausible, are nevertheless highly improbable and demonstrate the limits of his economic understanding; not to mention that his understanding is clearly erroneous according to the events as the reader sees them unfold. The moments when Austen is most certain that he fully

understands his economic situation and, consequently, takes unhesitating and definitive action, are actually the moments when it turns out that he actually misunderstands the economy.

At the beginning of the novel, Austen is introduced as a man so committed to his company that he has allowed decades of overwork and stress to threaten his marriage and compromise his health. He is so committed to his company that in the past he has reflexively rejected “any suggestion that he might ever sell,” “not even bothering to find out how much the . . . buyer might be willing to pay” (*Cash McCall* 31) when he received offers. Austen’s commitment as a business owner is to his employees and to the physical work and engineering challenge of making things. And yet, when he learns that his biggest client, Andscott Instrument Corporation, will only keep sending him orders if he buys hundreds of thousands of dollars in new manufacturing equipment, he rather quickly decides to sell the company. Austen decides to sell when faced with the difficult choice of buying equipment that he can’t pay for or losing half of his revenue.

There is a simple and conventional way to understand the tension between Austen’s commitment to and his willingness to sell his company, as well as the problem presented by Andscott’s financial demands: Austen has to choose between jumping ship to save himself or going down with a sinking ship. American literature is replete with stories about hard-working people who have to choose how to react when threatened with losing ownership of the means of production. This is, however, not the case for Austen. For Austen, the problem presented by Andscott’s ultimatum is not between losing or retaining his company. Instead, the problem is how to choose between two options for protecting his company without a reliable method of evaluating which is the better choice. Given that Austen’s consultants and advisors inform him

that his company has both reasonable cash reserves and options to borrow on favorable terms, it is possible that Suffolk could manage a heavy debt load or find new customers. But neither of these options provide a sure path to failure or success. For Austen, the problem he faces about the future of his company arises from uncertainty; he simply doesn't know how to figure out which is the best course of action or even if there is any difference between them at all.

When Austen decides to sell Suffolk, it's not because he is choosing his own financial security at the expense of his company. In fact, selling the company is a way of trying to resolve uncertainty. Austen does consider and worry about the possibility that he's just trying to "get out—and in a hurry" (*Cash McCall* 31), but an essential part of what convinces him to sell is the idea that if he can find someone willing to buy the company, then he will have found someone who has "a chance" (30) of making the right choice. Selling Suffolk isn't about saving or abandoning the company, it's about who will make decisions about the company's future. One of Austen's friends assures him of this when he learns about the sale: "Grant, anybody can say what they want to, but I think you're just being smart as hell. I always have said that a man's a plain damn fool not to retire while he's still on his feet" (200). Retiring under these circumstances is a way to withdraw from leadership, not a way to concede defeat for the company.

In order to understand what Austen's willingness to cede responsibility for Suffolk's problem of uncertainty, you also have to understand how it is connected to Austen's beliefs about the division of labor. Austen's primary commitment to his company is all about the technical challenges involved in the physical work of manufacturing; he considers all the other work necessary for running a company to be different in kind. He wishes that he had a "legal department to check contracts," a "market research department to tell him where to get some

business,” and a “research department” to figure “out new things to make” (25). Austen wants to specialize in making stuff and he wishes he had the means to hire people who specialized in all the other work involved in knowing what to make, where to sell it, and how much to sell it for. Because he believes that there are people who know how to do these things, Austen regularly turns to other professionals to advise him. He employs corporate consultants and bankers to advise him on matters of accounting and investment. And when he decides to sell, he relies on these experts to set an asking price because the company’s balance sheets are all just “a gray blur of figures” (34) for him. Austen retreats from making a decision about the future of Suffolk because he sees others, as opposed to himself, as experts in making precisely those kinds of decisions.

This idea that someone can specialize in analyzing financial options is the central element of Hawley’s representation of a formalist account of price. The practical application of the idea that it is possible to develop models that accurately and precisely tell us what prices should be is that someone sufficiently skilled, knowledgeable, and experienced in economic matters can determine what the sale price of a product or company should be. Believing in a formalist account of the economy also means believing that the economy presents a deterministic problem that can be solved by experts. Both in how he operates and how he comes to sell his business, Austen makes choices based on the belief that he knows how to make stuff and that he can find out from other people how to ensure that he is selling the right stuff for the right price. The problem presented through Austen’s understanding of Andscott’s ultimatum is the kind of problem that can be solved by someone who specializes in assessing questions of long-term investments and revenue streams in relation to pricing models. According to Hawley’s account,

the defining feature of a formalist view of the economy, as represented through Austen, is the kind of thing that Deirdre McCloskey has dubbed “the narrative of economic expertise”³⁶ or the “limits of expertise”³⁷; to put it a bit more bluntly, Austen believes in a myth of economic expertise.

Austen’s belief in economic expertise provides a way to reconcile the potential conflict between his dedication to the company and his willingness to sell it. More importantly, however, his formalist economic beliefs are also an essential part of creating the conflict that arises at the end of the novel. The very same economic expertise that looks like a solution to Suffolk’s initial financial difficulties are at the heart of what Austen sees as an even more serious problem in McCall’s resale of Suffolk for a higher price: uncertainty. The problem of uncertainty, of not knowing what to do, slowly wears Austen down until, after “thirty years of building a company” he retires at the relatively early age of fifty³⁸, turning the problem over to someone he sees as more optimistic and capable because Austen himself has reached a “dead end of hopelessness” (23). But the fact that there is someone more capable, someone who knows better than he does, creates a problem for Austen that enrages him and spurs him into precipitous action. When near the end of the novel, Austen learns that McCall has reached a deal to resell Suffolk at a fifty-percent higher price, Austen is immediately convinced that McCall has “cheated” him and “stolen a million dollars from” (387) him. Although the abundance of conmen, swindlers, and all

³⁶ McCloskey, Deirdre N. *If You're So Smart: the Narrative of Economic Expertise*. Chicago: University of Chicago Press, 1990.

³⁷ McCloskey, Donald N. “The Limits of Expertise: If You’re So Smart, Why Ain’t You Rich? .” *The American Scholar* 57.3, Summer (1998): 393–406.

³⁸ Hawley wasn’t quite 50 himself when he retired from business.

manner of white-collar thieves in American fiction makes this an obvious and familiar interpretation of events, Austen's assumption that the difference in prices must arise from nefarious actions on McCall's part, nevertheless, makes little sense within the context of the novel.

Austen has to forget, ignore, or overlook things he was very clearly aware of previously in order to draw conclusions so definitive that he immediately hires a lawyer to begin legal proceedings against McCall for fraud. The fact that the resale price of Suffolk is, for example, actually "three hundred thousand shares of stock" (376) in the purchasing corporation and not three million dollars in cash has enormous implications for how much money McCall can realize from the sale. The fact that "the market price" (376) of the stock is ten dollars a share is by no means a guarantee that McCall can actually get that price for all of the shares. The difference between payment in cash and payment in stock is an important point for Austen in particular because, when selling Suffolk, he insisted on cash offers in order to avoid the uncertainty involved with stock. The difference between cash and stock was paramount to Austen for his sale price but somehow becomes negligible when it comes to McCall's sale price.

As an experienced and competent businessman, Austen far too quickly dismisses all of the mundane and routine factors that are more than likely to account for at least part of the price difference. Not to mention that dismissing all explanations other than fraud and theft requires that he believe McCall was able to orchestrate a unified deception involving Austen's customers, consultants, bankers, and managers. In many ways, Austen's certainty that he has been robbed requires ignoring fairly standard explanations and, consequently, is supposed to seem too certain and definitive. But in one essential way, it reaffirms a particular account of price difference. In

order for McCall's resale at a higher price to be a form of fraud or theft, he would have to know that he was paying Austen less than the company was worth. The only way for McCall to cheat Austen out of a million dollars is if he knows for certain that he can sell Suffolk for three million dollars before he buys it for two million dollars. McCall has to be a financial expert who can accurately determine the maximum sale price of a company in the first place and then find a way to buy it for a far lower price. For Austen, the myth of McCall's economic expertise overrides all explanations other than asymmetric, prior knowledge for the difference between the two sale prices of Suffolk.

The Belief that economic expertise allows qualified individuals to know what prices will be is the central critique of mainstream economics by anti-formalist economists in the mid-twentieth century. It is precisely this understanding of price that, for decades, F.A. Hayek identified as the single most important problem of modern economics. In his 1974 acceptance speech for the Nobel Prize in Economic Science, Hayek argued that economists, by treating prices and other economic information as the same kind of objectively measurable data that is essential to the physical sciences, had "made a mess of things" ("The Pretense of Knowledge" 30). For Hayek, economists' acceptance of mathematical models as a form of empirical data created a baseless overconfidence in their predictive powers, an overconfidence he described as "the pretense of knowledge." Hayek wasn't concerned with critiquing any particular predictions about prices and related financial trends; he and the other anti-formalists claimed that *all* such predictions are a fundamental misunderstanding of the nature of economic knowledge.

Pretending to have certain and scientific knowledge about what prices will be treats a complex

problem of ignorance arising from radical uncertainty as a technical problem of allocative efficiency and asymmetric information.

Hayek and later Israel Kirzner described this pretense of knowledge as a fallacy because it requires a kind of knowledge impossible to obtain. Thinking that you can figure out what we should do because we can determine what prices will be is a problem because of what you would have to know to beforehand to determine prices what will be. “The fallacy consists in the belief that, given omniscience. . . it would be entirely feasible” to derive an “optimal” (*The Meaning of Market Process* 18) solution. In other words, mainstream economics assumes that the basic problem is a technical question of calculating, as economists would say, “allocative efficiency” (*The Meaning of Market Process* 39), dismissing and trivializing the more fundamental problem of acquiring the information prerequisite to any such calculation in the first place. You can’t perform any kind of rational, comparative analysis if you if don’t have the necessary data to analyze. The further consequences of thinking that economic expertise makes problems of price a trivial matter of calculation is that it assumes the hard problem resides in the disposition of the expert. Problems of price that are answerable by economic experts create the potential for those experts to have superior information. Under conditions of asymmetrical information, “attaining the social optimum” (18) depends upon the “benevolence” of the expert. If experts can know the possible outcomes, then the outcome is determined by the socially benevolent disposition of the expert or lack thereof. For Hayek, “the economic problem facing society” was not “that of achieving a solution to an optimum problem” (*The Meaning of Market Process* 113) because “nothing is solved when we assume everybody to know everything and the real problem is rather how it can be brought about that as much of the available knowledge as possible is used” (114).

The pretense of knowledge is a problem because it replaces the question of what we can know with a question of whether or not those who do know are socially responsible individuals.

In *Cash McCall*, Austen's belief in the myth of economic expertise presents the same kind of misunderstanding of economic knowledge that Hayek later described as a pretense. Hawley doesn't counteract the perception of McCall as a greedy and self-interested expert by making him into his formal opposite: the benevolent expert who steers economic outcomes for the collective good. In other words, Hawley makes McCall neither a capitalist villain nor a hero. Hawley isn't defending economic expertise at all. The whole point of Austen's misunderstanding is that it collapses the difference between two different ways of thinking about a formalist account of price in order to show that they aren't really different at all. Rather, describing businessman in heroic terms is just a choice between two different forms of the pretense of knowledge.

From an anti-formalist perspective, the baseline scenario is defined by *not* knowing what prices will be. The question of how someone should act when they know what prices will be is subsequent to and consequently less important than the far more common situation when someone has to make decisions about production and distribution precisely when they don't know. The condition of not knowing is a defining characteristic of "the nature of the economic problem which society faces" (*The Meaning of Market Process* 139).

The idea that someone must make choices even when they don't know is the central element of Hawley's alternative to a formalist account of price. Far from being a well-informed campaign that accurately calculates while also actively obscuring the potential sales price of Suffolk, McCall's bid to purchase the company is a rather impulsive move that eschews some of

the most basic fact-finding practices and, consequently, seems increasingly likely to end in disaster. McCall considers buying Suffolk primarily because he is interested in offering Austen's corporate consultant, Gil Clark, a job and not because of any particular information about the company itself. It is mainly because McCall is interested in Clark and Clark is interested in Suffolk that McCall seriously considers making the purchase. When McCall sits down to negotiate a sale price, he doesn't bother to ask any questions about the company's financial status. In fact, after establishing that Austen is legally authorized to dispose of all the company's assets, McCall cuts Austen off mid-sentence when he begins reciting individual figures of money and materials, simply agreeing to pay the full asking price without further consideration. Moreover, Austen consciously withholds what is, up to that point, the single most important piece of information about the company's value: Andscott's demands for hundreds of thousands of dollars of new equipment that the company can't pay for. McCall buys Suffolk without any idea that the company, although not doomed, faces at least the possibility of financial collapse. McCall does own and employ a number of businesses and professionals specifically as mechanisms for finding and evaluating companies he might be able to buy and resell at a profit, but after looking at an initial report, he doesn't use any of these services further in deciding how much to pay for Suffolk. Rather than knowing more than anyone else about the value of Suffolk, which is the clearly erroneous assumption underlying Austen's later accusations, McCall actually knows less than most everyone else involved. The defining characteristic of McCall's purchase is that he doesn't know information that even Austen himself thinks of as vital for determining price.

For the anti-formalists, binary explanations of knowledge as a matter of either knowing or not knowing simply don't match the complexities of how information exists and coordinates

production in the real world. As one of the foremost scholars on Hayek and an important price theorist in his own right, Israel Kirzner identified within Hayek's work and further developed the idea of ignorance as a crucial factor for understanding prices. Kirzner claimed that Hayek's description of the nature of economic information as "knowledge which is not given to anyone in its totality" (*The Meaning of Market Process* 114) means that our primary objective should be to understand the nature and character of our own ignorance. Understanding ignorance, for Kirzner, involves making a distinction between information and meaning as well as differentiating between individual and collective information.

In *The Meaning of Market Process*, Kirzner examines theories of knowledge within the history of economic thought, offering the concept of ignorance as a corrective to the obsession with "perfect knowledge" (*The Meaning of Market Process* 4) among mainstream, formalist economists. He argues that thinking about our ignorance as complex is vital because it resists the common but mistaken notion that price and other economic data provide us with knowledge about the "underlying objective realities" (*The Meaning of Market Process* 15). The movement from ignorance to knowledge is a hard problem, not because we don't know what the underlying realities are, but because "the very notion" (15) of this kind of objective knowledge is a mistake. Measurable economic information, such as a record of past prices, does provide objectively quantifiable data, but the nature of that objectivity has little to do with what that information means. Because people can and often do make economic choices based on incomplete information, mistaken beliefs, or even "sheer ignorance" (22), there is no stable or reliable relationship between something like past prices and future prices. If prices that people have already paid are just as likely to signal a particular degree of ignorance as they are a particular

degree of knowledge, then there is no one, certain way to know what past information means for what prices will or should be.

The fact that McCall turns a profit on Suffolk is the result of exactly this kind of complex ignorance. In addition to making it clear that McCall was lacking information when he made his purchase, Hawley also creates a situation where the meaning of even what seemed to be vital information was both far from obvious and misinterpreted by almost everyone. Because Austen consulted with several people who are well acquainted with all the particulars of the company's finances, we know how much experts estimated the company was worth: "somewhere between a million six and a million eight" (*Cash McCall* 34). Even Clark, who was more hopeful and enthusiastic about Suffolk's future than Austen himself, thought that McCall paid "Austen more money than anyone else would . . ." (189); Clark thought McCall had paid too much. Far from predicting the possibility of selling Suffolk for three-million dollars, the best informed and most qualified businessmen estimated that the company was worth even less than the original, two-million dollar sale price. If McCall had been better informed of what we normally think of as vital facts, expert analysis would suggest that he should either have paid far less for the company or forgone the purchase altogether. The difference between the first and second sales price of Suffolk can't be explained by economic expertise because expert analysis would suggest that McCall had already overpaid. McCall acted in direct opposition to what rational and scientific analysis would recommend. Whatever enabled McCall to secure a fifty-percent price increase, it wasn't the calculating or predictive power of economic expertise. Counterintuitively, supposedly essential information about the price of the company was actually a hindrance and a certain form of ignorance was actually a vital part of discovering a new, higher sale price for the company.

Ignorance presents a complex problem because even what seems like essential information with a clear meaning doesn't necessarily deliver a reliable understanding of price.

Hayek and Kirzner both describe this uncertainty about the meaning of economic information and the complexity of our ignorance as a "problem raised by dispersed knowledge" (*The Meaning of Market Process* 113). From an anti-formalist perspective, prices aren't a simple question of what we know and don't know; they are, instead, a question of information defined by the fact that it "is not given to anyone in its totality" (114); distribution and fragmentation are a fundamental characteristic of economic knowledge. Although there are robust explanations of what it means to think about knowledge as "dispersed," they exist almost entirely within the history of conceptual economics and the technical literature of price theory. Consequently, they do not easily lend themselves to explanations that involve anything less than detailed accounts of multiple, recursive iterations of business and exchange cycles. In order to render the theory more accessible, I offer two different (and what I argue are essential) ways that knowledge can be thought of as dispersed, and which, I also argue, are embodied in the multiple, recursive sales of Suffolk in *Cash McCall*. The anti-formalist theory of economic knowledge and the conditions that Hawley describes as giving rise to the two different sale prices of Suffolk are best described as the result of knowledge that is both socially and temporally dispersed.

The idea that it is possible to accumulate sufficient knowledge to render the economy comprehensible and therefore, to some degree, predictable, arises from belief in the overriding importance of two factors: scarcity and rationality. Along with the late nineteenth-century identification of scarce or limited material resources as an inescapable constraint on production, the emergence of economics as a mathematical science also involved the identification of what

John Stuart Mill famously called economic man. In order for the entire system of production to be quantifiable and comprehensible, including all of the human actors who are constantly making idiosyncratic choices about their individual activities, economists came to describe people as a kind of “homo economicus”³⁹, rational actors characterized by choosing the means to an end according to an internal utility function.⁴⁰

This emphasis on people as rational actors, which reaches very nearly its logical conclusion in a specialized and still influential, late twentieth-century branch of economics called rational choice theory, most well-known in Gary Becker’s work on human capital, has served to greatly downplay the importance of what was originally a foundational element of economics: sentiment. Despite the fact that nearly all of the attention—be it laudatory, dismissive, derisive, or condemnatory—lavished on Adam Smith’s theories in *The Wealth of Nations*⁴¹ about the guiding hand of scarcity, the rational evaluation of material constraints is only half of Smith’s theory of the economy. Smith’s other major work, *The Theory of Moral Sentiments*⁴² is dedicated to what we would call, not just moral or ethical aspects, but also the social aspects of the economy. Mainstream economics in the twentieth century is marked by replacing social explanations of human behavior with utility functions.

³⁹ The use of the term “homo economicus” has been traced back to Vilfredo Pareto before which time the etymology becomes uncertain.

⁴⁰ For a more complete critique of the obsession with maximizing utility, see *The Cult of Statistical Significance: How the Standard Error Costs Us Jobs, Justice, and Lives* by Deirdre McCloskey and Stephen Zillian (2008).

⁴¹ Smith, Adam. *The Wealth of Nations*. 1776.

⁴² Smith, Adam. *The Theory of Moral Sentiments*. 1759.

One major aspect of resistance to formalist accounts of the economy involves restoring the role of social considerations. Whereas this can mean accounting for ethical obligations and relationships to others, as it did for Smith, when considered in terms of ignorance, it can also mean thinking about the implications of knowledge as social or collective. The accessibility of information to each individual afforded by aggregation is one of the most common ways to think about collective knowledge, but describing what we collectively know as a matter of ignorance can also suggest that, at the most basic level, such aggregation is a logical abstraction more than a practical reality; the mere fact that someone within society knows something doesn't mean that this knowledge is available or has anything but potential impact on anyone else. Only in particular instances does individual knowledge that is part of what we know collectively exist as part of an accessible whole.

In terms of economic production, the fact that all modern economies necessarily operate under the division of labor, which is, above all, a form of social rather than just material coordination, means that information is also divided along the same kind of social lines. The division of labor is as much about the fragmentation of skills and knowledge as it is about the reduction of work into discrete acts of physical labor. This means that economic knowledge is naturally dispersed among individuals rather than gathered in a coherent body of knowledge apprehensible to any one individual. The fact that all modern economies can only function based on what we know as a whole doesn't mean that what we know as a whole is known to or even knowable by an individual. Prices are hard to reliably predict because the information necessary for such predictions is inherently dispersed among many individuals. The fact that we can think about the social coordination of labor as resulting in the sum total of economic activity does not

mean that there is a single body of accumulated economic knowledge any more than quantifying the gross domestic product of a country in a particular dollar amount means that there is a single body of accumulated capital or commodities. According to an anti-formalist account, the defining feature of economic knowledge is that the information necessary to fully understand prices neither arises from nor is given to any individual.

McCall's sale of Suffolk—in fact, the financial difficulties of Suffolk itself—embodies precisely a problem of socially dispersed knowledge. The reason that Austen even considers selling is the financial uncertainty created by Andscott's demands for new equipment. But what McCall comes to find out from the all-important encounter with Danvers that I discussed earlier is that Andscott is suffering from its own financial difficulties. Before that conversation, no one person knew that the companies shared a problematic dependence on the evolving, volatile market for consumer televisions. Furthermore, no one previously knew that only the collective force of knowledge subdivided among accountants, lawyers, managers, engineers, press operators, etc. at both companies could lead to the development and implementation of a “method of eliminating hand wiring in electrical instruments by molding a grid of connectors into a plastic base” that would make production of televisions under a unified company technically and financially feasible. The information that explains the higher sale price of Suffolk is dispersed among and uniquely held by numerous individuals at both companies. No one at Suffolk knew the value of the company's engineering skills, productive capacity, and design patents to Andscott because no one at Suffolk did the same work or had the same information. No one at Andscott knew about the financial pressures of manufacturing and selling molded, plastic parts because they were in the electronics business. The reason that Austen was wrong

about what enabled McCall to resell Suffolk for a higher price is that he imagined it to be a function of what McCall knew and not as a function of information known only in bits and pieces by many individuals. The shifting circumstances that led Austen to sell for \$2 million and that allowed McCall to sell for \$3 million arose from the effects of a changing body of knowledge fragmented among many individuals.

In the sense that “the knowledge dispersal problem” (*The Meaning of Market Process* 140) is about fragmented knowledge—i.e. individual fragments of information that can be combined into a coherent whole—it is a question of bringing together the particular people who have the right information. But in another sense, a more deeply problematic sense, information can be dispersed because there is nothing to indicate the relevance or even the existence of the dispersed information. From a formalist perspective, mathematical models tell us the overall shape of what economic production should look like and the resulting problem, like a jigsaw puzzle, is finding the right way to put the pieces together to recreate their original or ideal form. But from an anti-formalist perspective, there isn’t necessarily a preexisting shape or picture to try and conform to; there are only pieces of information that you may or may not have, that you may or may not be aware of, and that may or may not fit together at all.

The social dispersal of knowledge presents the possibility that “those who possess some relevant items of information are ignorant of the complementary items of information” and that they are “ignorant of their ignorance” (*The Meaning of Market Process* 52). What makes overcoming the “knowledge problem created by dispersed information” (52) so difficult is that, on the one hand, “members of an economy possess items of information whose potential value is quite unknown to them” and, on the other hand, those who could potentially use that information

may not “know anything existed to be discovered” (52). With knowledge that is inherently dispersed, you might know neither the right answer nor the right question to ask in the first place.

The potential for the mistaken identification of or the complete absence of a preexisting set of determinant factors is one way of explaining why all of the informed experts ended up being wrong about the price of Suffolk and why McCall, despite missing out on seemingly vital information, turned out to be ignorant rather than mistaken. All of Austen’s advisors did have reliable and accurate information about Suffolk; they didn’t get the facts wrong, but they did get the wrong facts. They all estimated the price of Suffolk based on accurate reports of the company’s cost structure and balance sheet, but their evaluations all assumed that conditions would continue largely unchanged for Suffolk as an independent operation. Despite having access to what seemed like all the “existing facts” they were “ignorant of the opportunity to learn about” (*The Meaning of Market Process* 22) other facts that turned out to be crucial.

McCall, on the other hand, doesn’t really begin to study even the seemingly “important facts” (*The Meaning of Market Process* 22) of the company he has bought until after the crucial scene with the owner of Andscott, General Danvers, that I discussed earlier. When read according to questions of ignorance rather than knowledge, this encounter takes on an entirely different character and meaning. Instead of an “all-knowing success hero,” McCall neither expects a visit from Danvers nor is aware of any of the information that he proceeds to reveal. Caught completely off guard by the sudden reversal of Austen’s previously unwavering stance on selling Suffolk, Danvers lets loose with a flood of information that he normally wouldn’t share. Danvers admits that he only asked Austen to buy new equipment because Andscott is operating under its own financial pressures. He is upset because Suffolk employs expertise and

owns patents that could significantly lower Andscott's production costs. The sale of Suffolk worries him because he assumes that doing business with a shrewd businessman like McCall will increase rather than reduce his costs. This new information about Andscott's finances fundamentally changes the conditions for assessing the price of Suffolk because it means evaluating the company as only one part of a new and larger set of cost structures and balance sheets. Trying to figure out the price of Suffolk as an independent company poses a different question than trying to figure out the price of Suffolk as an integrated part of another, larger company's finances. McCall and everyone else failed to predict the second price of Suffolk, not because they lacked the ability or any information in particular, but because the dispersal of information meant they didn't even know which information was relevant for making such a prediction.

Once McCall sees that Suffolk has resources that would benefit Andscott and vice-versa, the solution seems obvious, perhaps even excessively obvious: combine the two companies, keeping everyone employed and pooling resources to manufacture improved products at a better price. The obviousness of this solution is decidedly not the result of any special planning, ability, or knowledge on McCall's part. It is, instead, a conclusion most anyone could reach very quickly when dispersed facts are brought together. The fact that Danvers voluntarily and rashly discloses sensitive information makes the whole thing seem more like a happy accident than the result of an effective business or investment strategy on McCall's part. It seems almost too good to be true that, in rapid succession, McCall buys a company in relative ignorance, learns about its financial difficulties, and then has what is effectively a desperate buyer show up on his doorstep. There is, as I have argued elsewhere, a very long tradition of

farfetched resolutions to financial difficulties in American literature. Business novels have often turned to melodramatic devices for resolving financial crises, such as the discovery of a lost treasure (such as in John Beauchamp Jones' *The Western Merchant*, 1850) or the belated discovery of a bequests (such as in *Undercurrents of Wall-Street*, 1861), or the patronage of wealthy and morally upstanding observer (such as in T.S. Denison's *An Iron Crown*, 1885). The business novel has often turned to such melodramatic devices for resolving financial crises.

There is, however, something altogether different about McCall's almost accidental, seemingly effortless discovery of the chance to resell Suffolk that is an essential part of Hawley's point. The fact that the opportunity seems too easy and obvious is at the heart of, what is for Hawley, both the right and the wrong way to think about the economy. It is the sense of almost excessive obviousness that, in part, leads Austen to accuse McCall of dealing in bad faith; of course you wouldn't buy a company for what looks like top dollar unless you knew about the possibility of an even better price and of course you don't realize a million-dollar overnight. As several different characters say at various points during the novel "no one makes that kind of money these days—not legitimately . . . it's impossible" (*Cash McCall* 18). It's easier to believe that the man everyone says is a financial genius has a specific, well-informed game plan than it is to believe that someone can earn a million dollars from something that looks like a happy accident. For Austen, it's easier to think of McCall as a hero or a villain than to try and account for the messiness, contingency, and uncertainty of the situation. But the whole point of presenting McCall as someone who didn't and in fact couldn't know about this potential price difference beforehand, only to realize a massive price difference anyway, is to demonstrate that when good solutions bring together all of the right information it will always look obvious once

the solution has been discovered, but only after the fact. Only in retrospect does it look like McCall knew about the price difference ahead of time and, even more importantly, only in retrospect does it look like Austen could have skipped the middle-man and sold directly to Andscott for \$3 million

himself. Hawley seeks to counter the tendency of formalist economic thinking towards the historian's fallacy or hindsight bias by demonstrating that time is an essential factor in producing and understanding price difference.

The social dispersal of information presents a serious challenge to the kind of totalizing knowledge required by a formalist account of price. But given the rapid advances in information technology during recent decades, it is at least possible to imagine mechanisms or tools for information aggregation and analysis that can approach total or complete economic knowledge necessary for thoroughly understanding prices. It is possible to argue that increases in the communication speed, storage capacity, and processing power of digital computing have made socially dispersed information little more than a technical challenge of accumulating knowledge and performing the appropriate comparative analysis. Ludwig von Mises was one of the first economists, followed by Hayek and later Kirzner, to argue that economic knowledge can't be explained by the social dispersal of information alone because price "implies the categories both of time and of causality" (*Human Action Vol. 1* 99). The information necessary to understand price is dispersed across time as well as society. In addition to constant changes to information that is known both individually and collectively, entirely new information can also emerge. Mises theorizes that price difference, at least in part, arises from "the temporal limitations on human planning" (*Theory and History* 4).

Consider, to take an example relevant to manufacturing in Cash McCall, historical changes to the post-war market for consumer televisions. The fact that over 178,000 televisions were manufactured and sold in 1947 didn't mean that the same would be true the next year; production increased more than five fold in 1948 to 975,00. The fact that the number of televisions rose every year to reach almost seven and a half million in 1950 didn't, however, mean that the trend would continue. The number of televisions manufactured dropped to between five and six million in each of the years 1951-52. The kind of information that might seem to be relevant to predicting the price of televisions can change wildly, not to mention the fact that before 1947, there was no significant consumer market for televisions at all.⁴³ Price is a hard problem because the factors and information that affects prices constantly change and it is an even harder problem because the information that affects prices might not even exist yet. Our ability to understand prices is tempered by the temporal availability of information.

The fact that Hawley sets the story of Suffolk in the early years of the rapidly evolving television market is important precisely because it reflects the temporal dispersal of information. Austen's company is facing a potential financial crisis because conditions are changing over time. Andscott demands that Austen buy new manufacturing equipment because the technology and design of televisions has changed, requiring new kinds of plastic components that can't be made with old machinery. Suffolk is set up to produce parts for televisions that people used to buy but aren't buying any more. Although there are things that Austen could have done that would have prepared for a reduction in or leveling off of television sales—diversifying

⁴³ Information on television sales taken from <http://www.tvhistory.tv/1947-53-USA-TV-MonthlyProduction.JPG>

production, deferring maintenance on old machines in favor of saving for new equipment, etc.—there was no way for him to know which of any such options would end up being the right thing to do. Do rising sales mean that demand will continue to increase or that the market has become saturated and sales will begin to level off or even decline? Austen’s uncertainty about how to act was “not avoidable” (*The Meaning of Market Process* 22) because the meaning of changes in the market for televisions is something that can only be understood over time.

Taken together, the social and temporal dispersal of knowledge make “ignorance of the future . . . an inescapable characteristic of the human condition” (*The Meaning of Market Process* 23). The problem, from an anti-formalist perspective, with any systematic or scientific method of predicting prices is that it requires anticipating something that “is not simply ‘unknown’ but is ‘non-existent’ or ‘indeterminate’ at the point of decision” (23). As part of a temporally bound, social system, some aspects of the future economy are, in a very real sense, non-existent because they depend upon the effects of choices that people will make but haven’t made yet. Emphasizing the importance of temporal constraints in the work of Mises and Hayek, Kirzner argued that economic knowledge comes from a “process of discovery.” Because future prices are “shrouded in the uncertainties generated by the creativity of human action” (24) and exist only in “the unknowable future” (13), they are part of a “non-deterministic, non-mechanical” system “that does not lend itself to the kind of modelling [sic] central to” (49) formalist theories. Consequently, prices are something that must be discovered as they emerge rather than calculated or predicted. As Kirzner describes it, price difference results from a “process of creative discovery” (*Discovery and the Capitalist Process* ix).

As a novel, the central narrative tension in *Cash McCall* hinges upon the fact that there are two different prices for Suffolk. As a business novel, *Cash McCall* hinges upon the difference between price as something that can be predicted and price as something that must be discovered. Whereas McCall's negotiations with Austen demonstrated that he *didn't* know what the second sale price of Suffolk would be, his negotiations with Danvers demonstrated that he *couldn't* know what the second price would be because the possibility of that higher price did not previously exist. Hawley presents the extreme fortuitousness of McCall's encounter with Danvers less as the result of acting on sure knowledge or the guiding hand of fate and more as the moment when an entirely new possibility emerges. McCall certainly hoped that Suffolk would be worth more than he paid for it and he immediately recognizes the opportunity to realize that hope, but the very same things that explain why Andscott might be willing to pay a higher price also explain why buying Suffolk at all was an entirely new possibility that could only be discovered after McCall became the owner.

Besides the fact that Austen demanded a cash price that Andscott couldn't pay, he categorically refused to consider selling Suffolk to anyone until he thought he might not be able to do business with Andscott anymore; Andscott couldn't buy Suffolk from Austen because the possibility of selling Suffolk to anyone was the result of Austen trying to do business with anyone but Andscott. McCall's purchase of Suffolk created the conditions where it was possible for Andscott to buy the company and it was also a crucial mechanism in overcoming the problem of dispersed knowledge in order to discover that possibility. McCall only discovered he could sell to Andscott because Danvers approached him. Danvers, for his part, only approached McCall because he was afraid that dealing with the new and purportedly shrewd owner of

Suffolk would raise his production costs. Selling the company for \$2 million was an essential part of creating the conditions for and discovering that it was possible to sell it for more. The first sale of Suffolk was an act of both creation and discovery.

When considered as a problem of socially and temporally dispersed knowledge, understanding price difference requires adding a new dimension to an old idea that is central to economics. In 1932, Lionel Robbins put forward a description of economics that identifies what is perhaps the most broadly applicable set of assumptions across the entire history of economics as a discrete but contested and evolving discipline: “Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses” (Robbins 16). Although disciplinary disagreement has involved endless debates about precisely how to define the relevant aspects of “human behavior” and what constitutes an appropriate analytical framework for comparing “alternative uses”, it is almost universally the case that all such considerations are defined by their existence within a world of scarce resources. All of the analysis and insights of economics apply when, and only when, resources are limited or finite, because, if resources are unlimited, then there is nothing to economize.

Before the fragmentation of the anti-formalist tradition that began to take place in the last few decades of the twentieth century, from its roots in the Austrian School of Economics into various branches of thought including public choice theory and the New Institutional Economics associated with the Bloomington and Virginia schools of economics, Kirzner added knowledge to the category of scarce resources that already included labor and material resources. The fact that the dispersed nature of economic knowledge makes our basic condition one of ignorance means that we must think of knowledge as a scarce resource. Knowledge is scarce because, on

the one hand, searching for and gathering information takes labor, if not materials—both of which are limited—and because, on the other hand, we can never have or at least we can never know if we have all of the relevant information. As long as we are subject to the radical uncertainty arising from “human action” (*The Meaning of Market Process* 24) and the “unknowable future” (25), our information will always be, from an ex-ante perspective, limited, partial, incomplete, and uncertain.

Kirzner’s anti-formalist theory of price⁴⁴, and in particular of price difference, does not, however, conclude that radical uncertainty makes our basic condition of ignorance a hopeless position. Even though, as Kirzner puts it, “there is no way . . . that existing, ‘open-ended’ ignorance can be systematically eliminated” (*The Meaning of Market Process* 4), it doesn’t mean partial knowledge is unimportant or irrelevant. “Knowledge is not perfect; but neither is ignorance necessarily invincible” (5). From a theoretical perspective, short of omniscience, there is no certain or systematic way to avoid acting under some degree of ignorance. The impossibility of perfect knowledge is why ignorance is the baseline scenario from an anti-formalist perspective. But the impossibility of perfect knowledge doesn’t mean that perfect ignorance is the only alternative. From a practical perspective, dispersed knowledge means that we should think of dispelling ignorance as never being complete. Furthermore, and most importantly for understanding price, we should think of dispelling ignorance as having a cost. We can and should try to gather dispersed knowledge, but gathering even incomplete information requires the use of limited resources. In the same way that drawing from a limited

⁴⁴ Kirzner biggest contributions to economics revolves around the entrepreneurial function, which is evident in but not explicitly explored in *Cash McCall*.

pool of labor and materials means that it costs more to build a 90-inch television than a 70-inch television, the scarce labor and materials required to figure out which television people want and are willing to pay for has a cost as well. If we take seriously the idea that limited resources constrain what we can do, i.e. that we always do something instead of or at the expense of doing something else, then resources we use (or fail to use) in deciding what we should do are themselves part of what it costs us to do something. In order to understand price, we have to understand the cost of overcoming (or failing to overcome) ignorance; it requires resources to collect information about past products and prices; it requires resources to find out what people say about their willingness to pay particular prices in the future; and it ultimately requires resources to find out if your information was accurate by actually producing something. If, for example, before I begin producing televisions I conduct surveys and discover that very few people have enough space for anything larger than a 70-inch television, I will have used resources to learn something important about potential prices. If, instead, I put all my efforts into producing 90-inch televisions without conducting surveys, I will also learn something important about prices, but after the fact. An essential but often overlooked factor in price is not just a relative degree of knowledge, but also the inescapable cost of discovering knowledge.

After all of the many things that don't explain the difference between the two sale prices of Suffolk, it is the cost of discovery that completes an explanation of the difference. The difference between the two sales prices, figured as the difference between Austen and McCall, is in their disposition toward the cost of discovery. Although Austen loved his company and wanted to do right by all of his employees, he was unwilling to directly incur the cost of acting when he didn't know. Although McCall was only in it for the money, he was willing to incur the

cost of acting when he didn't know. Austen was willing to accept the prevailing opinion about the potential sale price of Suffolk in order to secure the certainty of an immediate, cash sale. McCall was willing to pay the price set by prevailing opinion in order to find out if the company could be sold for more. Furthermore, when he resells, McCall is willing to accept payment in the far less certain currency of company stock in order to get that higher price.

If, as I claim, *Cash McCall* entails a rare, sophisticated, and heterodox understanding of price difference, why has the novel generally been classified (when it has been noticed at all) as one of those numerous, minor novels that use disappointingly familiar stereotypes of moral heroism to portray the businessman in a favorable light? All of the textual evidence notwithstanding, McCall has mistakenly been read as a character who exists within the tradition of the capitalist hero. Recognizing the ways in which he does not fit within this tradition makes it possible to begin differentiating between precisely what critics get right and wrong about the novel and, consequently, to develop a better understanding of literary representation of the economy.

Despite the fact that critics like Van Halsey are wrong to read McCall as a hero, there are some important distinctions in the critical history of Hawley's novels. Looking at the reception and publication history of Hawley's novels, it would be foolish not to admit that Van Halsey has a point about the status of *Cash McCall* as a minor novel. After all, 28 weeks on the New York Times Bestseller List followed a few years later by a moderately successful but mostly forgotten film adaptation and an occasional, small-run reprint before dropping out of print completely in the early 1980s would seem to be precisely the splashy but ephemeral popularity that Van Halsey describes as the chief characteristic of "marginal literature." Not to mention that my necessarily

second-hand copy of Hawley's *Executive Suite*, bears a large, neon discount sticker on the cover, lending some credences to Van Halsey's claim that such novels were destined only for "remainder sales" (Van Halsey 392). I don't intend to defend the "artistic merit" of novels like Hawley's in order to rescue them from marginality. On the contrary, I think that there is something interesting and important about *Cash McCall* precisely because it is a marginal novel. When it comes to business novels as serious representations of the economy or economic ideas, there is the potential for important insight arising from the interaction between the economic idea of marginality and the literary idea of lesser, minor, or marginal novels. Before, however, I can demonstrate how marginality can be a robust and meaningful description of a novel, I have to make clear what Halsey gets right and wrong about a novel like *Cash McCall*.

Even though Halsey is right in a certain way about *Cash McCall* as a minor novel, when it comes to business novels in general, Halsey is a bit too loose in connecting what he sees as pro-business sentiment and a lack of artistic merit. The fact that Halsey categorizes only "novels which are generally much more favorable in their treatment" (Van Halsey 392) of business with his derisive and dismissive epithet "marginal novels" is instructive although inaccurate. Poorly written novels that are favorable in their treatment of business are no more common than poorly written novels that are critical of business. James B Goode's *The Modern Banker* (1896)—to take just one, egregious example—begins with a melodramatically preposterous antagonist who forces his parents to mortgage their farm in order to set him up as a partner in a bank and then, in an inexplicable display of paternal resentment, uses his banking position to buy their mortgage, foreclose on their farm, and personally direct the sheriff to evict them. In a clumsy attempt to dramatize what he sees as the perils of emergent banking practices, Goode produces an

unintentionally absurd rather than an extreme version of something like a Dickensian miser.

After that inauspicious beginning, the novel never improves, ultimately concluding with a series of chapters that confusingly and indistinguishably wander back and forth between an impassioned political speech by the protagonist about the evils of modern banking and Goode's increasingly frequent sermonizing in the form of undifferentiated authorial interjections. It's not hard to find novels, like *The Modern Banker*, that are highly critical of business and yet are far more poorly written than anything by Hawley.

By categorizing novels like *Cash McCall* as "marginal literature," Halsey seeks to dismiss them as both "poorly executed" and "minor." The fact that Halsey is wrong about *Cash McCall* being poorly written—Hawley is an adequate and capable writer—is far less important than his simplistic understanding of the category of minor literature as something settled and unproblematic. Van Halsey follows the pattern established in the 1930-40s by one of the earliest economics critics, Walter Fuller Taylor, in consistently drawing a sharp distinction between the "minor" or "lesser novelists" (Taylor 10) and major writers. By the 1980s, however, debates about the idea of canonicity and the subsequent opening of the literary canon had unsettled the formerly dismissive and exclusionary binary of major and minor literature. Although several theorists have made important contributions to the question of minor literature generally and critics of the business novel specifically, like Lorne Fienberg, have attempted to ignore or elide that distinction by treating "'major' and 'minor' works together" (Fienberg 17), no one has yet identified what contributions theories of minor literature can make to our understanding of economic fiction specifically.

Identifying this tension between the businessman and the hero is exactly what critics get both right and wrong about *Cash McCall*. While it is true that McCall exists in the kind of popular, success story that generally revolves around a protagonist of “supra-human” intelligence and skill, it’s not true, as I’ve shown, that McCall is this kind of “all-knowing success hero”. The problem with *Cash McCall* that leads to this kind of mistaken reading is that the difference between the stereotypical businessman who is a hero because he did what he knew to be right and the businessman who did something that turned out to be right is a very subtle distinction. It is a distinction that requires a deeper or more radical understanding of the novel form than Hawley ever displayed. Hawley, as an author, displays a mixture of aptitude and ignorance about fiction and the form of the novel. On the one hand, Hawley took his work as an artist seriously, assigning an important social function to the novel. In an article entitled “The Case for Fiction”, written for the *Chicago Daily Tribune* a few weeks after the publication of *Cash McCall*, Hawley argued that a “prime complication” (“The Case for Fiction” D35) of fiction is that “the novelist is prohibited by the very nature of the creative process from writing anything other than what his inner urge compels him to write”; claiming, furthermore that, an author “knows, if he is at all experienced, that a conscious attempt to write a “best seller ” is almost certainly foredoomed to failure.” Hawley described the “legitimate function” of fiction “as a revealing commentary upon the mainstream of contemporary life and the human problems associated therewith”(“The Case for Fiction” D35). Following the “inner urge” in pursuit of that “legitimate function,” Hawley displayed considerable skill as a writer, managing to include the esoteric and abstruse details of business dealings as a vivid, compelling, and accessible part of the narrative. Even his most critical reviewers praised his ability to “take apart many varieties of

business man . . . with a surgeon's deft hand" (Kelly 4). Despite ultimately concluding, as I've previously cited, that Hawley's "business heroes" are little more than stereotypes, Lynn claims that a novel like *Cash McCall* provides "a vastly more comprehensive and detailed picture of what the office is like," more "than by any other American author" because it demonstrates a thorough understanding of business that extends to knowledge about "tax losses and capital gains, about Regulation W and the union checkoff, about the production line and the designing room, and about machines and sales" (Lynn 123). In many ways, Hawley wrote good business novels.

On the other hand, and despite this skill in creating business narratives, there is evidence to support Lynn's conclusion that Hawley "is naive about literature and has only a rudimentary imagination". After all that Hawley says about the need for the author to follow his own creative instinct and his warnings against deliberate attempts to write a "best seller," his criteria for judging whether or not a novel is successful in functioning as a "revealing commentary" is extremely limited. The only way that Hawley seems to have had to describe the success of a novel is whether or not it is "out of key with public demand" ("The Case for Fiction" D35); i.e., whether or not it sells. When he talks about the "future of the novel," he explicitly qualifies his assessment as a commentary on the novel's "economic future", claiming that it "depends upon how closely what writers want to write corresponds with what readers want to read" ("The Case for Fiction" D35). For Hawley, what makes a good novel is completely coincident with what makes a novel popular. Both in how he described the work of an author and in how he wrote, he seems to have understood the novel only as the kind of thing that sat atop the bestseller lists.

While there is nothing wrong with writing a bestseller⁴⁵, the fact that Hawley wrote novels which are, in many ways, very similar to the conventions of popular novels of the day creates a problem for his fiction as a “revealing commentary”. Although there are the kinds of moments in *Cash McCall* that I have pointed out which describe a world of ignorance and uncertainty that make heroic notions of price irrelevant, there is, nevertheless, something about the text itself that seems to invite misreading. Despite the fact that Hawley’s characterization of McCall includes the many details I have pointed out that make him the embodiment of a businessman navigating conditions of financial uncertainty, Hawley develops McCall so thoroughly within the conventions of the popular novel that it can be hard to see the point or meaning of this difference. It seems as if Hawley thought very deeply about “human problems associated” with how people understand prices, but he doesn’t display any awareness of what that might mean for the form of the novel. Perhaps the most remarkable things about a novel like *Cash McCall* is that it entails what would have been an increasingly heterodox understanding of how prices actually work, but does so in a novel that is almost entirely unremarkable for any other reason. McCall displays many of the characteristics of the traditional, moral hero: he is a hard-working, self-made and who is consistently successful in his business decisions; after being accused of dealing in bad faith, he is willing to reverse the already completed deal with Austen and lose money in order to demonstrate his integrity; especially important in post-WWII symbols of military heroism, he owns and flies his own retrofitted B-26; finally, he eventually wins the love of the girl he wants to marry and the grudging approval of her father as well. Despite not

⁴⁵ All four of Hawley’s novel’s were NYT top ten bestsellers.

making McCall successful because he is a financial genius or a paragon of moral virtue, Hawley imagines McCall as having many of the characteristics of and exactly the same kind of success as a morally virtuous, “all-knowing success hero”. Hawley has written a novel where, as a protagonist, McCall is not a typical hero—if he is a hero at all—but he remains, in some ways, indistinguishable from a novel where he is a hero. It is hard to see the point of describing McCall as operating under conditions of uncertainty when the alternative and much more familiar explanation suggested by certain aspects of the novel itself would lead to precisely the same outcome. The possibility that Hawley both repudiates and invokes the capitalist hero creates an interesting tension which is best explained by theories of minor that, in turn, can be used to describe a theory of marginal literature.

In “*A White Heron*” and *the Question of Minor Literature* (1985), Louis A Renza has documented the various theories of minor literature that exist in the works of Northrop Frye, Harold Bloom, and Gilles Deleuze and Félix Guattari. Taken together, the accounts of minor literature that Renza has gathered identify several, potentially important characteristics for thinking about business novels as minor literature. But what has become apparent more than thirty years later is that all of these accounts are either too broad or, conversely, excessively narrow, to explain the sheer diversity and variety of materials that have emerged since the opening of the canon. In one way or another, all these theories of minor literature seem to assume that literature is always minor in the same way. It is partly in order to avoid this mistake that I am repurposing Van Halsey’s phrase “marginal literature” to describe the particular characteristics of business novels that give them a shared form of minority or, as I suggest, marginal status.

Frye's interest in minor literature comes, as Renza notes, from his attempt to legitimate criticism as a "structure of thought and knowledge existing in its own right" (Frye 5). Minor literature is necessary for Frye because his theory of criticism as a hierarchical and systematic discourse requires this kind of categorization and classification in order to "distinguish his critical activity from and set it above other modes of criticism" (Renza 7). Notwithstanding Frye's failure to account for what has since become the obvious "possibility that certain literary texts can elude the competitive paradigms of canonicity defining formalist criticism (Renza 11)" there is, nevertheless, something important about the idea of a "structure of thought and knowledge existing in its own right, with some measure of independence from the art it deals with". His mistake is to think that the "structure of thought and knowledge" necessary for recognizing and understanding minor literature arise from *criticism's* independence "from the art it deals with." In his efforts to privilege his "systematic formalist perspective" (Renza 11), Frye overlooks the possibility that "certain literary texts can elude the competitive paradigms of canonicity" because of specialized and disciplinary systems of knowledge that are separate from both criticism and the art that deals with it. For a novel like *Cash McCall*, the question of systematic knowledge is essential for understanding it as a form of minor literature because of the disciplinary and theoretical knowledge necessary to understand the implications of how Hawley describes price difference.

Given the kind of background I have provided from the history of economic thought to distinguish between the implications of classifying economic knowledge as either simply or radically uncertain, as I have provided, it's possible to describe Hawley's account of price difference in the theoretical terms of anti-formalist price theory. Absent a preexisting

understanding of price theory, however, Hawley simply doesn't do enough to produce a clear and systematic account of price difference; this is why I describe his fiction as embodying a certain understanding rather than producing an account of price difference. Understanding *Cash McCall* as a minor novel in a meaningful way requires recognizing Hawley's systematic knowledge of business that allows him to create "a vastly more comprehensive and detailed picture of what the office is like," more "than by any other American author," even if it does not systematically produce an easily recognizable account of the underlying price theory. If Hawley is a minor novelist, it is, at least in part, due to the specialized, disciplinary knowledge that sets his writing apart, even in some way from even other authors of business novels.

Harold Bloom's account of minor literature focuses more on the relationships between authors. But in describing the relationship between "minor writers" and their "precursors" (Renza 11), Bloom describes what Renza calls "oedipal paradigms" of influence. What makes minor literature minor for Bloom is the "anxiety of influence" that inevitably arises when "'weaker' or minor writers" "idealize their precursors" (Renza 11) and "repress" their own "literary ambitions" (Renza 12). Although the idea that texts are fundamentally shaped by what has come before is essential for reading a novel like *Cash McCall*, Bloom's emphasis on "each literary text necessarily" responding to "a major precursor text" entails a one-to-one relationship that doesn't fit well with Hawley's fiction. If Hawley is unconsciously repressing his own fiction, it is not in response to any single text or author, but to the established body of business fiction more generally. The twin facts that Hawley resisted but also reproduced many features of the stereotypical business novel suggest what a version of the anxiety of influence looks like for business fiction as a genre.

Hawley gives Cash McCall enough features of what he called the “caricatured businessmen” (“What Makes Tycoons Tick”) so that most critics have read his novels according to only those conventions. If there is a form of tension or anxiety between Hawley and his precursors that makes him a minor novelist, it isn’t the influence of any particular or exceptional writer, but the collective influence of the prevailing conventions of the novel that assume only two possible roles for the businessman: either hero or villain. Bloom understands minor literature as suffering from anxiety that can be described as the tyranny of *major* authors. But what *Cash McCall* demonstrates is that, when it comes to business fiction, the clichéd phrase is much more appropriate; Hawley’s inability to escape the conventions of the businessman as a hero is about the tyranny of the *majority*. Working from Frye’s theory of minor literature we can see how Hawley broke from the majority understanding of price and working from Bloom’s theory we can see how he failed to break from the majority understanding of the novel itself.

In the same way that Bloom’s oedipal sense of minor literature requires an inversion from the tyranny of major literature to the tyranny of the majority to explain Hawley’s business fiction as minor literature, Deleuze and Guattari’s anti-oedipal sense of minor literature as formally revolutionary makes exactly the right point but in exactly the wrong direction. Working from Kafka, Deleuze and Guattari describe minor literature as the prerequisite state of revolutionary ideas or content that remain nascent because, first, “the expression must shatter the form” (Deleuze and Guattari 591). As opposed to major literature that “follows a vector which goes from content to expression” (591), minor literature moves from expression to content. Although this disjunction between idea and form is at the heart of what makes Hawley’s novels minor, it’s obviously not because he shatters the form of the novel without expressing a revolutionary

content; it's exactly the opposite. Hawley has a heterodox and potentially revolutionary understanding of price, but his novels are minor because they express his understanding of price without shattering or even significantly challenging dominant conventions. Deleuze and Guattari understand minor literature as formally revolutionary without yet being able to arrive at revolutionary ideas. Working from this understanding we can see how Hawley is dealing with revolutionary ideas without yet being able to arrive at a revolutionary form of the novel. Hawley doesn't lack the ability to imagine price or the businessman differently; he lacks the recognition of what expressing those idea in literature might require to make that difference visible.

Given sufficient background information from the history of economic thought to distinguish between the implications of classifying economic knowledge as either simply or radically uncertain, as I have provided, it's possible to describe Hawley's account of price difference in the theoretical terms of anti-formalist price theory. Absent a preexisting understanding of price theory, however, Hawley simply doesn't do enough to challenge the conventions of the popular novel in order to differentiate McCall from the stereotypical business hero. Hawley's not inconsiderable but limited vision of what a novel is means that his novels sold well, but *Cash McCall* wasn't very successful in terms of being a "revealing commentary" on how the anti-profit sentiments evident in both social attitudes and the institutional framework of the tax code created what he seems to have understood as a distorted understanding of price. Hawley didn't display any awareness that it might require some kind of formal disruption or innovation to make that point visible and accessible to his readers.

At the risk of relying on an old cliché, the fact that the first stage of Hawley's professional career was as a businessman in the rather mundane trade of advertising for a cork

manufacturing firm offers a possible explanation as to why he demonstrated so little awareness that some conventional methods of describing success in business tend to obscure the existence and effects of uncertainty. As a businessman turned author, it shouldn't be all that surprising that Hawley displayed little awareness of anything beyond literature in its most common and commercially successful form. When Hawley retired from business to dedicate himself to writing full-time at the relatively early age of 46, he joined the ranks of businessmen turned authors like Jean Beauchamp Jones in the 1850s and Richard Burleigh Kimball in the 1860s who wrote some of the earliest American novels about business. When considered collectively, the fiction of such former businessmen often displays a very similar combination of skill and ignorance, pairing well-written accounts of the details and drama of business life with an almost total lack of awareness of anything beyond fiction in its most popular and stereotypical form. These authors frequently wrote compelling and deeply-knowledgable accounts of business which frequently have little to no bearing on the overall shape or conclusion of their narratives; instead, turning to conventional formulas involving success through the triumph of moral virtues. Hawley was more successful than most in integrating his understanding of business into his novels as a whole. The drama in *Cash McCall* revolves around price difference from beginning to end. But rather than sustaining the idea of price difference by breaking from stereotypes and conventions, Hawley makes the drama of price difference coincident with major aspects of popular, success stories. And in making them so completely coincident, makes price difference effectively invisible for most readers.

The idea that the novel in its banal, yet well-written and popular form might not be able to effectively communicate Hawley's understanding of price suggests that critics like Van

Halsey are right; perhaps there is something incompatible between what is required for a great novel and what economists refer to as “the economic way of thinking.” In the language of what D.A. Miller described as the thing that makes a story “narratable” (Miller ix), perhaps there is something paradoxical in a positive portrayal of business because the economic way of thinking “is radically at odds with the narrative means used to reach it” (x). The possibility of identifying a specific conflict between economic thought and the narratable on the level that Miller suggests in *Narrative and It’s Discontents*—but particular to business novels in this instance—can be illustrated by thinking about what it would mean to narrate price according to how price theory changed in economics after identifying the possibility of inherently dispersed knowledge. In order to theorize the regular operation of price under the assumption of the future as fundamentally unknowable, Hayek and others came to describe the subject matter of economic science as the study of outcomes that were the “the result of human action, but not of human design”.⁴⁶ Anti-formalists defined economics as the study of the relationship between human action and spontaneous order. Considering this development in economics, it’s not hard to imagine *the idea* of *Cash McCall* as rewritten by a Hayekian that would present the entire process of selling and reselling Suffolk as a spontaneous process of more effectively coordinating production. And yet, to imagine a novel about spontaneous order also presents a serious narrative problem: how do you narrate a spontaneous process without either, on the one hand, evoking the sense of teleological progress toward a pre-determined end that is so often part

⁴⁶ This idea, although not necessarily this particularly phrasing, was popularized by Hayek in the twentieth century. It is often attributed to Adam Ferguson in the eighteenth century, but also has a much more complicated history before that. Ferguson, Adam. *Essays on the History of Civil Society*. London: T. Cadell, in the Strand, 1767.

of narrative; or, on the other hand, without undermining the sense of narrative continuity that would make the process spontaneous rather than random and inexplicable? What would it take, if it's even possible, to narrate spontaneous order? Is this the kind of fundamental opposition between the novel and business, between the aesthetic and the commercial, that has caused critics to condemn pro-business novels as inescapably marginal?

In his 2009 TEDx talk entitled “Be Suspicious of Stores,” economist Tyler Cowen argued that spontaneous order is precisely the kind of thing that demonstrates why literature and stories are incompatible with economics. In explaining why we shouldn't rely on stories for understanding the economy, Cowen claims that:

A story is not about spontaneous order or complex human institutions which are the product of human action but not of human design. No, a story is about evil people plotting together. So you hear stories about plots, or even stories about good people plotting things together, just like when you're watching movies. This, again, is reason to be suspicious. As a good rule of thumb.

As an economist, Cowen's claim about the opposition between the way we tell stories and economic thinking is remarkably similar to the claim made by many literary critics. But whereas as critics of *Cash McCall* in particular and business literature in general are critical of pro-business novels as poorly written, Cowen arrives at the converse but equivalent conclusions: even well-written stories about business are bad stories because they entail bad economic thinking. Although neither critics nor economists are likely to admit the parallel, the conclusion are effectively the same: good stories and good economics aren't compatible.

While it may be true, as it is in for McCall, that the hero in most popular literature isn't an effective or even a compatible way to convey certain kinds of economic ideas, that doesn't mean that the novel itself cannot sustain narratives that embody ideas like spontaneous order. It does mean, however, that the novel requires some kind of formal innovation to effectively communicate such ideas. Although it is rare and difficult to identify, it is also possible to find novels that embody or represent something like spontaneous order. Kim Stanley Robinson's 2015 novel, *Aurora*, for example, examines very closely the idea of a non-teleological and yet ordered sense of history. Robinson uses the idea of a computer A.I. charged with teaching the history of a multi-generational, interstellar colony ship to one of the colonists in order to pose and explore the problem of telling accurate and abbreviated stories about causal relationships. Using the process of the A.I. learning to tell stories, Robinson compares the strengths of analogy and metaphor as heuristics for differentiating and tools for communicating the difference between events that result from "coordinated actions" and those that result from "spontaneous actions" (Robinson 216). Throughout the novel, the A.I. struggles with the necessary but difficult task of only including what is relevant while identifying causal relationships, but without creating the false sense of deliberate planning or inexorable progress towards a predetermined outcome that naturally tends to arise from a backward looking, historical perspective. Robinson's novel is heavily invested in exploring the possibility of both knowing and narrating the spontaneous aspects of human development.

Less centrally, but no less forcefully a challenge to overemphasizing the deliberateness of coordinated action, in *Virtual Light* (2003), William Gibson use a near-future version of an earthquake-damaged Golden Gate Bridge that has been converted into a permanent squatters'

settlement in order to differentiate between a planned and a merely-coordinated society. When a young, Japanese researcher comes to study the history of the bridge, he is taken to task by Skinner, one of the only surviving, original inhabitants, for failing to understand the fundamental spontaneity of the original act of settlement.

“But your promised you would tell me about the first night, when you decided to take the bridge . . .

“We didn’t decide anything. I told you that . . .”

“But somehow it happened.”

“Shit happens. Happened that night. No signals, no leaders, no architects. You think it was politics. That particular dance, boy, that’s over.”

“But you have said that the people were ‘ready.’”

“But not ready for anything. that’s what you can’t seem to get, can you? Like the bridge was there, but I’m not saying it was waiting. See the difference?” (Virtual Light 101)

For Gibson, imagining what might serve as a fundamentally different basis for human society in the future is the possibility of pseudo-urban spaces that are explicitly not planned, but nevertheless, coordinated.

The possibility of narrating a particular idea like spontaneous order deserves its own, more lengthy examination. But taken as a brief example, it is enough to suggest the possibility of outlining a more general and compatible relationship between economics and narrative that can also help explain, at least in part, novels like *Cash McCall*.

The idea of events that are “the result of human action, but not of human design” is one part of the conceptual core of economics that economists sometimes describes as the “economic way of thinking,” which can usefully, if synecdochically, be called marginal thinking.

Economists sometimes describe economics science, less as the study of any particular subject matter, and more as a way of looking at the world or “a logical framework for organizing and analyzing your understanding of a broad set of issues” (Sexton 35). Despite the fact that the late nineteenth-century marginal revolution can plausibly be described as the point when economics emerged in its modern, scientific form, the mathematically-derived overconfidence in “perfect knowledge” that is endemic of mainstream economics as a professional practice is a very narrow and misleading example of marginal thinking. The core of economics as represented by the idea of marginality is not about prediction through accurate quantification; it is, instead, the idea that all the important stuff happens at the limits of our knowledge. The “margin” in economic terms is wherever the things we know to be true might begin to change and might not be true anymore. The margin is the possibility that something we have measured before—whether that be price, supply, demand, utility, etc.—might not continue to be the same. If we have all the information we need—if we know exactly what our resources are, exactly what we want, and exactly how much of our resources are required to get what we want—then we can reliably and systematically map out all the different possibilities of what we can get. As Hayek put it, “so long as things continue as before, or at least as they were expected to, there arise no new problems requiring a decision, no need to form a new plan” (“The Use of Knowledge in Society” 523). The problem is that things change and they change in ways that we can’t predict. The problem is at the margins, where prices might begin to rise or fall. The problem is at the margins,

where a defunct product might become relevant again or a popular product might become irrelevant. In the economic sense, marginal thinking is about the outer edge or limits of our knowledge, production, and practices. In this sense, we can describe novels like *Cash McCall* as marked by a particularly economic kind of marginal thinking. Hawley's story of price difference is about a marginal rather than a deterministic view of price. *Cash McCall* isn't about getting a price for Suffolk that correctly reflects the value of the company. The novel is about a shifting body of knowledge and circumstances that change what prices are possible.

In addition to marginality in the economic sense, there is also a literary possibility. As Van Halsey used it, "marginal" means minor, unimportant, and poorly written. But if you look at what Van Halsey and others describe as making business novels poorly written, the term marginal doesn't make very much sense. If novels that are favorable toward business are poorly written because they use nothing but the most common tropes and familiar stereotypes in completely unoriginal ways, then they are, in fact, central and mainstream rather than marginal. What Halsey describes is, whether well-written or not, the common and popular novel. If instead, we think of business novels that can be marginal in the sense that they sit at the edge but not quite outside the limits of established literary conventions, there is an entirely different way to understand something like *Cash McCall*. In describing a character who cannot accurately be reduced to a traditional, success hero, Hawley is presenting a figure that does not fit entirely within the conventions of the popular novel. In this sense, Hawley creates a character who is on the margins of what was possible within business narratives at the time. And yet, Hawley fails to fully go beyond those limits. *Cash McCall*, then, failed to effectively function as a "revealing commentary," but properly understood, its failure suggests the possibility that some alternative

exists to be conveyed. If Hawley's novels are marginal, they are marginal precisely because they entail the possibility, but only the possibility, of understanding the success of the businessman in terms other than conventional, moral heroism. Business novels that are marginal in an interesting and meaningful sense, present an opportunity to recognize moments of potential change, both conceptually and formally, through the particular form of their failure. Because McCall has been so thoroughly accepted as a conventional hero even though he doesn't appear entirely as such in the novel, we can begin to see that one form of the tension between economics and the novel arises from a largely unrecognized explanation for the decline of heroism in twentieth-century literature. Rather than only challenging oversimplified notions of heroism that fail to account for the messiness and ambiguity of human behavior and virtues, Hawley presents a businessman who can't be a traditional hero because there was no right choice for him to make at the moment of decision. Traditional heroism is defined by either commitment to a set of virtues that inherently lead to success or sufficient mastery of the social and material world in order to achieve success. The idea of a successful businessman in a world of uncertainty is incompatible with traditional notions of heroism because the connection between a particular course of action and success, even if it is determined in advance, might not be knowable. A marginal theory of literature allows us to identify novels that aspire to but don't necessarily live up to what Mises argued should be the means of identifying what is important about literature: "Literature is not conformism, but dissent. Those authors who merely repeat what everybody approves and wants to hear are of no importance" (*The Anti-Capitalistic Mentality* 30). A marginal theory of literature allows us to differentiate between the popular and banal forms of the novel that are often called minor and the minor literature with the kind of revolutionary potential but not

necessarily the revolutionary success that constitutes the ever changing margins of narrative possibility.

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EDUCATION

- **University of Illinois at Chicago**, Ph.D. English Studies [Expected] 6/2017
- **Brigham Young University**, M.A. English 5/2008
- **Brigham Young University**, B.A. English Teaching 5/2006

RESEARCH INTERESTS

Dissertation: "Marginal Cost: The Business Novel and the Invention of Modern Economics"

Committee: Walter Benn Michaels [director], Deirdre McCloskey, Virgil Storr

19th Century American Literature, Early American Literature, Economic Narrative

History of Economic Thought, History of 19th Century U.S. Business Law, Economic Criticism

AWARDS

- Honoring Our Professors' Excellence (HOPE) Award**, Univ of Illinois at Chicago 2017
- Sunmark IHS Fellow**, Institute for Humane Studies 2015-2017
- Adam Smith Research Fellow**, Mercatus Center, George Mason Univ 2015-2016
- Adam Smith Fellow**, Mercatus Center, George Mason Univ 2014-2015
- ETS Recognition of Excellence**, outstanding performance on Praxis Series Exam
English Literature, and Composition: Content Knowledge 2006

PUBLICATIONS

Articles

- "A Romance of Business: Genre, Scarcity, and the Businessman in the American Economic Novel." *Belphegor*, Special Issue: Distinctions That Matter/Fictions Économiques. 13.1 (2015). Web. <<http://belphegor.revues.org/586>>

Book Chapters

- "Literary Naturalism and Economic Calculation." *The Artful Representations of Capitalism*. Ed. Vincent Dussol and Jaques-Henry Coste. New York: Palgrave Macmillan, 2017 forthcoming.
- "Narrating the Market Process: How Stories Can Promote the Economic Way of Thinking." *Interdisciplinary Studies of the Market Order: New Applications of Market Process Theory*. Ed. Peter Boettke, Christopher Coyne, and Virgil Storr. London: Rowman and Littlefield International, 2017. 203-20. Print.
- "The Purloining Critic: Adaptation, Criticism, and the Claim to Meaning." *Adapting Poe: Re-Imaginations in Popular Culture*. Ed. Dennis R. Perry and Carl Sederholm. New York: Palgrave Macmillan, 2012. 249-59. Print.

Entries in Reference Books

- "Waiting for Lefty." *Encyclopedia of Jewish-American Literature*. Ed. Gloria L. Cronin and Alan L. Berger. New York: Facts on File, 2009. Print.

CONFERENCE PRESENTATIONS

- “How to Fight Poverty* Though an Economist: Reconciling Economics and the Humanities Through the Anti-Formalist Tradition.” Rethinking Poverty: A Graduate Conference on Economic Inequality and the Humanities. University of Illinois at Chicago: Chicago, IL. Feb 2017.
- “How to Tell an Economic Story; or, What Bastiat Knew About Talking to Non-Economists.” The Philosophy, Economics, and Politics of Liberty Conference. Mercatus Center, George Mason University: Arlington, VA. June 2015.
- “Would You Know What to Write? Assignment Descriptions as a Student-Centered Genre.” First-Year Writing Program Conference. University of Illinois at Chicago: Chicago, IL. April 2015.
- “Literary Naturalism and Economic Calculability.” Narratives of American Capitalism and Economic Theory. Université Paris 3 Sorbonne-Nouvelle and Université Montpellier 3 Paul-Valéry: Montpellier, France. June 2014.
- “Moving the Line between Ownership and Work: Business and Industry in Nineteenth-Century Vocabulary.” 16th Biennial Rhetoric Society of America Conference: San Antonio, TX. May 2014.
- “The Temporal Limits of Capitalism.” Marxist Literary Group Summer Institute on Culture and Society: Chicago, IL. June 2011.
- “From the Gold Standard to the Subprime Credit Market: The Aesthetic, Material, and Rhetorical Problem of Price.” 14th Biennial Rhetoric Society of America Conference: Minneapolis, MN. May 2010.
- “Towards a New Currency of Modernity: The Aesthetics of Meaning and Value after Structuralism.” Annual BYU Graduate Symposium in English Studies: Provo, UT. 2008.
- “Profit and Prophecy: The Popular Reception of (Un)truth in the Science Fiction of H.G. Wells.” Annual BYU Graduate Symposium in English Studies: Provo, UT. 2007.
- “The Digital Decline: Benjamin, Experience, and Digital Photography.” 17th Annual LSU EGSA Mardi Gras Conference on Language and Literature: Baton Rouge, LA. 2007.

TEACHING SUMMARY

- 50+ credit hours, over 5 years, teaching composition at community college level
- 50+ credit hours, over 10 years, teaching composition, rhetoric, literature, and film at university level
- Additional courses taught include:
 - Survey of British and American literature at the 200 level for English and English Teaching majors
 - Introductory and elective literature courses for non-majors
 - Writing pedagogy for Education majors
 - Film literature for non-majors
- New course topics proposed for development include:
 - Women and professionalization of charity work in the American novel
 - Material and spiritual uncertainty in early American literature
 - Necessity of modern, ethnic literature in reforming early American canon

Science fiction and development of the feminine hero

TEACHING EXPERIENCE

University of Illinois at Chicago Dept of English, *Teaching Assistant* 2008-Present

- English 101 Understanding Literature: The Evolution of Archetypes, The Hero and the Dragon, From Beowulf to Hannibal Lecter
- English/Movie 102 Introduction to Film: Form and Genre in the History and Meaning of Film
- English 109 American Literature and Culture: Fictions of the American Marketplace from Colonization to Twenty-First Century Neoliberal Science Fiction
- English 160 Academic Writing I, Writing in Academic and Public Contexts: Genres of Basic Academic and Professional Writing
- English 161 Academic Writing II, Writing for Research and Inquiry: Research and Argumentation in Popular and Professional Accounts of Debt
- English 241 English Literature I, Beginnings to 1660: Survey of literature from Anglo-Saxon texts through the Middle Ages, the Renaissance, and the Seventeenth Century
- English 243 American Literature, Beginnings to 1900: Survey of American Literature from the pre-colonial era to 1900

McHenry County College Dept of English, *Adjunct Faculty* 2008-2012

- English 151 Composition I: Expository Elements of Professional and Academic Writing
- English 152 Composition II: Research Methods and Academic Argumentation

Brigham Young University Dept of English, *Graduate Instructor and Teaching Assistant* 2006-2008

- English 150 Writing and Rhetoric: Rhetoric, Writing as Process, Academic Argumentation, and Principles of Effective Writing
- English 293 American Literary History: Survey of American Literature from Colonization to Postmodernism
- English 313 Expository Writing for Elementary Education Majors: Elements of Effective Writing for Teachers and Developmentally Appropriate Methods of Teaching Writing

New Course Development

- From Domesticity to Business: Women and the Professionalization of Charity Work in the American Novel (ENGL/GWS 111 Women and Literature)
- Faith as Crisis: Material and Spiritual Uncertainty in Early American Literature (ENGL 243 American Literature to 1900)
- The Necessity of Modern, Ethnic Literature in Reforming the Early American Canon (ENGL 113 Introduction to Multiethnic Literatures in the U.S.)
- Science Fiction and the Formation of a Modern, Feminine Hero (ENG 101 Understanding Literature)

CERTIFICATIONS

Teaching Credential, Secondary Education, State of Utah Endorsement: English 2006-2009

ADDITIONAL EMPLOYMENT EXPERIENCE

Brigham Young University Computer Science Dept, *Systems Programmer* 8/2001-8/2006

- Managed user accounts and file systems for faculty and students. Supported end users. Installed, maintained, and upgraded server hardware and software, as well as physical network infrastructure. Repaired computers. Developed software to manage and monitor the network. Designed dynamic, database driven website for the department.

Convergys Corporation Training Dept, *Administrative Assistant* 8/2000-12/2001

- Managed tracking and payment of departmental expenses. Monitored and supported tracking of billable hours to client accounts. Trained in use of software for human resources, purchase orders, and requisitions (PeopleSoft). Oversaw purchase and distribution of training materials.

LANGUAGE SKILLS

Professional working proficiency speaking and reading Spanish
Reading knowledge of French

REFERENCES

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