Labour/Le Travail

Always Be Closing

Alex Lichtenstein

Volume 57, numéro 1, printemps 2006

URI : https://id.erudit.org/iderudit/llt57_1re02

Aller au sommaire du numéro

Éditeur(s)

Canadian Committee on Labour History

ISSN

0700-3862 (imprimé)

Découvrir la revue

Citer ce compte rendu

Lichtenstein, A. (2006). Compte rendu de [Always Be Closing]. *Labour/Le Travail*, *57*(1), 193–199.

Always Be Closing

Alex Lichtenstein

Steve Fraser, *Every Man a Speculator: A History of Wall Street in American Life* (New York: Harper Collins 2005)
Enron: The Smartest Guys in the Room, 2005. Dir. by Alex Gibney. Prod. by Jason Kliot, Joana Vicente, and Susan Motamed. HDNet Films. 109 mins.
T.J. Jackson Lears, *Something for Nothing: Luck in America* (New York: Viking 2003)
Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, MA: Harvard University Press 2005)

NOW IS A FINE MOMENT to contemplate the nature of business culture in America. Books on corporate scandals stare from every bookstore rack in the country. Alex Gibney's documentary film *Enron: The Smartest Guys in the Room*, based on the journalistic exposé of the same name, packed in the crowds last year. Meanwhile, stages in Houston and New York, among others, have recently revived David Mamet's gripping play, *Glengarry Glen Ross* (New York 1984), which exposes the seamier side of American salesmanship.

One couldn't imagine a sharper contrast between the shining corporate office tower in which Enron conducted its Ponzi scheme of stock over-valuation and the dingy Chinese restaurant in which the fervid transactions of Mamet's bottom feeders take place. Nevertheless, the high rolling fraudulent optimism of Enron's corporate culture and the desperate street corner philosophy of real estate confidence men like Mamet's Richard Roma, armed with his unforgettable mantra, "Always Be Closing," betray a common impulse to grab the main chance by any means necessary. "Your extremity is my opportunity," says Mamet in a 1986 interview. "That's what forms the basis of our economic life.... That American myth: the idea of something out of nothing."[1]

[1] Leslie Kane, ed., *David Mamet in Conversation* (Ann Arbor 2001), 46.

Alex Lichtenstein, "Always Be Closing," *Labour/Le Travail*, 57 (Spring 2006), 193-99.

In a nation with a notoriously short memory, those interested in the historical antecedents of our current era of financial scandals and rampant acquisitiveness might want to acquaint themselves with some of the exciting new work produced by historians of American business culture. A trio of skilled American cultural historians has recently published compelling works that survey in detail the landscape of American capitalist culture from three very different vantage points: those of Wall Street, the casino, and the bankruptcy court.

What all three historians have in common, however, is an acute awareness of a profound tension in American life about the acquisitive impulse. Much the way Gibney's film asks if Enron is a problem of "a few bad men" or rather, the "dark shadow of the American Dream," historian Steve Fraser wonders in his history of Wall Street if "speculation is a species of gambling ..., and so a sin against the work ethic and the whole protestant order." Or, instead "is it on the contrary at the very heart of the American entrepreneurial genius?" Fraser's ambitious book, *Every Man a Speculator*, offers a cultural history of "Wall Street" — that is, a history of the place of this institution in the American political and creative imagination, rather than an institutional history of the Stock Exchange. In it, he charts Americans' persistent ambivalence about the nature of risk and reward in a capitalist society, from the Revolutionary era of Hamilton and Jefferson to the present.

Though a repository for anxieties about the growing power of finance in the first half of the 19th century, Wall Street really came into its own in the decades after the Civil War, as did a mounting tide of criticism of its speculative ethic and apparent moral degeneracy. Gibney's mocking visual invocation of the image of the casino as a correlative of Enron's business practices apparently has a long tradition. Nineteenth-century moralists frequently situated Wall Street brokers within the sinful precincts of gambling. The salacious scene of a Houston strip club frequented by Enron executives similarly associates rampant speculative finance with sexual licentiousness, much as 19th-century critics of Wall Street financiers did.

The late 19th-century condemnation of financial speculation in the first era of crony capitalism was rooted in a faith in work, bourgeois self-discipline, and limited acquisitiveness in the pursuit of economic security for one's self, family, and posterity. By contrast, Wall Street represented in the eyes of its many detractors — old-money elitists, Populists, assorted radicals, middle-class reformers, small businessmen crushed by monopolies, farmers at the mercy of emerging global markets, religious moralists outraged by the moral dissipation of the "money power" — the epitome of individual recklessness, false ambition, spiritual wantonness, and unjust accumulation of superfluous riches at the expense of the hard-working masses. "So it was," Fraser notes, that Americans "might in the same breath revere businessmen like Andrew Carnegie and revile speculators like [Jay] Gould." (110)

Despite the querulous efforts of these legions of dissenters, by the first decades of the 20th century Wall Street's command of American, indeed global, business and finance appears to have been secured, first under the beneficent stewardship of

J.P. Morgan, then underwritten in World War I by Liberty Bonds and foreign loans. During World War I the United States went from being the world's debtor to its creditor, and "from all over the world rivers of capital flowed into New York." Nevertheless, the Street's ideological triumph remained incomplete, thanks to the persistent prying eyes of Progressive Era muckrakers.

Indeed, whatever limited claim to cultural legitimacy Wall Street acquired in the first three decades of the 20th century it squandered in the disaster of 1929. Like the steep rise and then precipitous fall of the Stock Market itself, Wall Street's own cultural capital rose to dizzying heights in the abandon of the Jazz Era only to collapse into the utmost opprobrium, making it possible for FDR to evict the money-changers from the temple of American democracy. "Never before had Wall Street enjoyed such universal acclaim," Fraser writes of the 1920s, and never before had this acclaim been so undeserved. Only the excesses of the recent era come up to the mark. Who now recalls the United Corporation, a public utility conglomerate controlling a fifth of the nation's electrical power that offered insider prices on its stock to ex-presidents, cabinet members, and military brass (sound familiar)? Or Secretary of the Treasury Andrew Mellon, who oversaw a reduction of the highest marginal tax rates from 77 to 25 per cent, unleashing a torrent of speculative capital into the Street's sluices (ditto)? As Gibney's account of Enron suggests, many of the trails of the recent spate of scandals lead back to Wall Street. But it remains to be seen if this will bury our own era of financial chicanery under an "avalanche of ignominy" as devastating as that set off by the Great Depression of the 1930s.

Fraser's final chapter, entitled "Shareholder Nation," leaves little cause for optimism. He argues that during the last quarter-century's resurrection of the crony capitalism of the 1890s and 1920s, more Americans than ever before have abandoned their inherited Jeffersonian skepticism of moneyed power and the ill-gotten gains of financial speculation. The legacy of the Depression managed to shove Wall Street to the margins of American culture for two generations, as Americans came to prize security over unpredictability. In the postwar decades only one in sixteen adults invested in the Market. More recently, however, the guardrails have come down, dismantled in part by a revolutionary generation of entrepreneurs driven by what Fraser calls "an anti-establishmentarianism of the right." These so-called "bobos in paradise," mordantly skewered by cultural critics of both the left and right, have wedded cultural rebellion to free-market fundamentalism.[2]

Accumulation without labour or production, that most un-American of economic behaviours, has today become the magical key to upward mobility, social success, and national imperial growth. In an era that could celebrate the innovative risk-takers of Enron as corporate wizards, "the verdict about the Street has been revised," (xxiii) Fraser claims. In part this is due to the putative "democratization of

[2]David Brooks, *Bobos in Paradise: The New Upper Class and How They Got There* (New York 2000); Thomas Frank, *One Market Under God: Extreme Capitalism, Market Populism, and the End of Economic Democracy* (New York 2000).

the Street" marked by the fact that nearly half of all Americans today participate in the Stock Market, often as institutional investors. Fraser also notes the contemporary role played by evangelical Christianity in propagating a boundless faith in the market. One hundred years ago Protestant theologians condemned speculation as a debased form of capitalism. Now, the gospel for a new millennium seems perfectly at ease with speculative accumulation of both material and spiritual riches; indeed in the era of televangelism and mega-churches, both are preached simultaneously without shame. Gibney's documentary shows a clever awareness of this confluence of sacred and secular worship of investment and accrual as well: the opening shot of "Enron" highlights a "Jesus Saves" sign in the foreground of the Enron tower.

Nevertheless, perhaps Fraser exaggerates the degree to which Wall Street has today become "the apotheosis of the American Dream"; now that the mighty have fallen, it is hard not to detect a certain measure of glee in the public's response. At the opening of "Enron" I attended in Houston last year, the audience hissed and booed the villains and cheered as they received their apparent just desserts. Current widespread skepticism about the privatization of Social Security indicates that Americans remain torn between a desire for the security bequeathed by the New Deal and a penchant for risk preached by the new evangelists of the "ownership society." Perhaps the worthlessness of all that Enron stock held by the company's employees (while its executives quietly liquidated their own) exposed the swindle of the "democratization" of the speculative marketplace.

The pendulum may yet swing back. Like the Market itself, attitudes about the Street have oscillated between bullish and bearish. As Fraser shows, the first Gilded Age (the 1880s and 1890s) had no shortage of admiration for the men called, after all, robber *barons*. "Even during an era of legendary rapaciousness," Fraser remarks, "Wall Street figures could elicit feelings of awe and reverence." (72) And part of their baronic appeal lay precisely in their willingness to traffic in risk, to break "free of the world of work and its structures of moral discipline" (104) that confined the ordinary producer of goods.

Mirage that it may be, the vista of a new frontier of freedom unleashed by the Market, opened up today in Fraser's view by the desire of ordinary individuals staking their claims to become "homesteaders on the Market's virtual landscape," operates as the potential remedy to what historian Jackson Lears calls the "culture of control." Lears's *tour de force* about the history of luck in America, *Something for Nothing*, explores in great depth the "sharp tensions between an impulse to risk and a zeal for control" that he sees as fundamental to the American character. Lears, a professor at Rutgers University and one of the country's foremost cultural historians, has already written a pair of magnificent books on the rise of antimodernist sensibilities at the close of the 19th century and the cult of advertising and consumption that came to define modernity in the 20th.[3] Now he has turned his attention to the mysterious realms of luck, fate, and chance. Interestingly enough, many of Fraser's insights about the place of the speculative ethic in American culture were apparently developed at Rutgers University's Center for the Critical Analysis of Contemporary Culture, where Lears conducted a seminar on the culture of risk.

Not since the work of the late Christopher Lasch has our culture seen a historian so able to don the mantle of trenchant cultural critic; and like Lasch, Lears voices a jeremiad that excoriates the heedless American embrace of progress at the expense of more humane values. Whether discussing Madison Avenue's avatars of boundless consumption or *fin-de-siècle* anxieties about "overcivilization," Lears's singular talent has been to map the shifting American terrain between pietism and political economy, between the hunger for spiritual satisfaction and the desire for material acquisition. The flight from modernity detailed in his first book proved a spiritual cul-de-sac, as the title *No Place of Grace* indicated. Now Lears has stumbled upon that place of grace, defined in his words as reverence "for powers beyond human mastery whose favor may nonetheless be courted" — surprisingly enough in the kingdom of chance.

Lears seeks to resurrect the past of America's cultures of chance — not just gambling, but also divination, ritualism, speculation (financial and philosophical), marginality, and spontaneity (in art and literature) — as antidotes to the dominant American "quasi-official faith (evangelical or managerial) in the human capacity to master fate." (8) This overly optimistic faith, in his view (like Lasch's before him), can lead only to a smug, sanctimonious, and unwarranted self-satisfaction. Lest we imagine for a moment that this makes the traders of Enron apostles of a redemptive anti-modernity, Lears observes that in the 1990s "the most prominent celebrants of economic uncertainty were safely insulated from it themselves." (321) As Misters Lay and DeLay both know so well, the confidence trick of crony capitalism entails the illusion of a deregulated marketplace that masks a government safely controlled by your friends and beneficiaries of your largesse. "The new rhetoric of risk," Lears concludes, "concealed the extension of managerial control."

The moralists who condemn risk, Lears contends, "have played a crucial role in legitimating market culture ... by incantatory references to hard work and just desserts." At certain moments — the Gold Rush of the 1850s, the stock market boom of the 1920s, and the dot-com frenzy of our own day for example — the sharp distinctions between luck and achievement, the gambler and the self-made man erode or collapse. You can bank on the fact, Lears tells us, that at these moments the heralds of a culture of restraint will blow their bugles loudly — ironically, Mr. Book of Virtues and compulsive gambler William Bennett comes to mind. Indeed, this is how the ambitious man who looked to chance for success was traditionally

[3]T.J. Jackson Lears, *Fables of Abundance: A Cultural History of Advertising in America* (New York 1994); T.J. Jackson Lears, *No Place of Grace: Antimodernism and the Transformation of American Culture, 1880-1920* (New York 1981).

banished from the kingdom of virtue. If the "impulse toward risk" rewarded some with success, it also generated losers. And losers have a history too.

Luckily for them, they have now found their historian. Scott Sandage — not coincidentally a student of Jackson Lears — writes that "We need the loser to sort out our own defeats and dreams ... failure is not the dark side of the American Dream; it is the foundation of it." (277) Given the ubiquity of business failures in the first century of American capitalism, it is remarkable that so few historians have paid them much attention before now. It is certainly not for lack of sources. As Sandage points out in his book, *Born Losers: A History of Failure in America*, one can easily follow a "paper trail [of] the hidden history of pessimism in a culture of optimism." This paper trail consists of documents frequently examined by historians — diaries and correspondence, for example — and other, quite novel genres, such as business manuals, credit reports, and even suicide notes.

Like Fraser and Lears, Sandage is a cultural historian who pursues the history of the deeper meaning of business disappointments rather than the financial or legal history of bankruptcy *per se*. In the early years of capitalism in America, men "made" failures. Sandage explores how the bankrupt, broke, and down-and-out "became" failures, as the 19th century saw a redefinition of the term from "the lost capital of a bankruptcy to the lost chances of a wasted life." (4) What had once been a conception associated with business profit, loss, and collapse was transmuted into the language and sensibility of personal achievement and incapacity.

What initiated this shift from the realm of finance to that of personality? In early America, the quest for individual (or family) economic independence rested squarely on land ownership and personal satisfaction within readily defined limits. But in a society that increasingly oriented itself to the market, this reliance on "competency," as it was then called, was eventually supplanted by a speculative ethic that substituted for security a burgeoning desire to embrace risk for a future reward.

With the ensuing uncertainty of the market and a growing lack of trust among individuals came a commodification of commercial reputations, a feature of commercial society that required a brisk trade in financial intelligence. If you were to know who you were doing business with, someone had to collect and sell you that information. Today this instrument is what we have come to know as a credit report. *Born Losers* offers a fascinating glimpse at the ledgers of the first modern credit bureau, the Mercantile Agency (located on Wall Street). Pioneered by abolitionist Lewis Tappan, the Mercantile Agency "managed risk by managing identity," and aimed, in the words of its company slogan, "to render safe and profitable to all concerned, the great credit system." (142) As this credit system trafficked in "character," character came to be defined as one's worth in the marketplace. Hence, Sandage suggests, the 19th century saw a confluence of moral worth in personal terms with creditworthiness in business matters.

Along the way, Sandage treats us to some wonderfully rich material. He reports, for example, on a 1850 primer for swindlers entitled *How to Make Money: Or, Eleven Ways of Making a Fortune*. One chapter ("Making Fortunes by Suspension of Payments") advised would-be millionaires to "run up vast debts, hide assets, duck and default on payment, and abscond into the night." (76) This would seem an antiquarian title that deserved pride of place in the Enron corporate library.

Born Losers also shows how the Civil War and emancipation ushered in an antislavery rhetoric that could be appropriated by the bankrupt. During Reconstruction, debtors at last prevailed on the federal government to invade the property rights of their creditors, much as it had shortly before that of the slaveholders, to relieve them of their own peculiar bondage with the Bankruptcy Act of 1867. And Sandage's book closes with an account of the "sentimental capital" deployed in the thousands of "begging letters" written by ruined men to Gilded Age captains of industry, like John D. Rockefeller, plaintively asking for a "position" that would restore their earning power and family role, and redeem their masculinity.

Ultimately, Sandage tells the story of "losers" in order to expose the history of the "culture of personality" in capitalist America. "We can learn a great deal about our culture and about ourselves from the stories of Americans who failed," he insists. (263) By taking stock of the early history of business culture in America, Sandage can claim that "we embraced business as the dominant model for our outer and inner lives." (265)

Is this so? If it is, the Enron debacle might be treated as more than a cautionary fable or a mere morality tale that permits the rest of us the complacent luxury of moral rectitude in our financial affairs. Observing the American heedless pursuit of wealth with a mixture of shock and admiration, Alexis de Tocqueville remarked 170 years ago "Industry appears as a vast lottery. The Americans, who have turned rash speculation into a sort of virtue, can in no case stigmatize those who are thus rash."