

## **Introduction: Victorian Investments**

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In 1860, John Hollingshead, writing in *All the Year Round*, complained about the inadequate if not incompetent auditing practices of joint-stock companies. Only when company managers and shareholders are compelled to “call in professional accountants, and resort to an ‘independent investigation,’” he argued, do they learn that “real auditing is a necessary part of a business organization, and that it becomes all the more costly the longer it has been neglected” (325). Victorian auditing scandals, as well as the crashes, frauds, and swindles that characterized the nineteenth century’s burgeoning culture of investment, can sound uncannily familiar, affecting the way we read both the past and the present. It is tempting if not inevitable, for example, to see the dot-com bubble of the 1990s in the Railway Mania of the 1840s, or to view the Enron “debacle” as a contemporary equivalent of Overend and Gurney’s collapse in 1866. In such crises, similarities between our own economy and that of the Victorians become apparent—not least because they reveal the extent to which, in both cultures, the stock market is the financial “heart” of the nation.

Moving beyond simple correspondences, this special issue explores the processes through which investing, particularly investing in the stock market, became a more pervasive part of Victorian financial life. It examines the institutions and technologies that mediated between companies and those who invested in them and that, increasingly, conducted the emotions that investors were beginning to have about the performance of their “stocks and shares.” Studying these distinctively Victorian ways of facilitating investment affords us a means to understand Victorian culture better as well as to trace the genealogies of current monetary assumptions and practices. Not only do we see the Victorian period through our own cultural lens, then, but we also see in nineteenth-century Britain some of the formative occasions in the subsequent history of finance. Thus the cultural moment of the

early twenty-first century is particularly propitious for reassessing what and how we know about the Victorians and their investments.

When we began discussing this project in 1999, the bull market had generated an unprecedented popular interest in the stock market. As both an economic and a cultural phenomenon, expanded participation (and therefore heightened emotional “investment”) in the market, we suspected, was subtly shaping scholarly approaches to the nineteenth century. It seemed to us that new trends were emerging: Victorian finance generated more debate, and different approaches to thinking about that finance were taking hold. Such approaches were often inheritors of Marxist thinking—for example, in their implicit assumptions about the relationship between the financial infrastructure and literary texts—but often lacked that tradition’s ideological critique of capitalism. As our own stock market became more important to us, it seemed, the Victorian stock market was becoming more important to the Victorians.

We wanted to make more precise the contours of that importance: to identify shifts in the analysis of Victorian investment practices and to give shape to an emergent field of Victorian cultural studies devoted to a specific part of the larger financial system.<sup>1</sup> At its most basic level, the new scholarship on Victorian investments presented here helps explain concepts that are central to much Victorian writing. For those outside the history of economics and business, encountering references to the funds, life assurance bonuses, and limited liability—be they in Walter Bagehot or Anthony Trollope—can confound understanding. Today’s readers may resemble Captain Cuttle from Charles Dickens’s *Dombey and Son* (1848), who “felt bound to read the quotations of the Funds every day, though he was unable to make out, on any principle of navigation, what the figures meant, and could have very well dispensed with the fractions” (ch. 25). Such befuddled Victorians gradually learned about the workings of their financial system through literature and financial journalism; their present-day avatars may turn to the essays collected here.

These essays focus less on bubbles and scams than on the quotidian experiences of Victorian investors—what they read, wrote, knew, and felt about their investments and about the transformations of language, literary form, corporate organization, and political legislation within their culture that accompanied transformations in investment practices. Since the completion of the volume, corporate scandal

and the plunging values of shares have come to preoccupy the media in the U.S. and elsewhere. Investing and its history have become more interesting to us than ever.

Despite the diverse subjects and methods that characterize new inquiries into Victorian business and finance, these essays display a commonality of interest that begins to define a field. Each essay, for example, considers the production of knowledge about investment and the Victorians' uneasy relationship to that knowledge—so unstable and imperfect and yet so consequential for those tempted to speculate with or simply to invest their surplus capital. The moral distinction between investing and speculating, seemingly blurred if not erased in our own time, was crucial to the Victorians, and these essays suggest various ways for understanding that difference. The abstract nature of the market, the representational value of “scrip” and currency itself, as well as the shifting line between speculating and gambling are issues that call for the kind of interdisciplinary investigation presented here. These essays apply close textual analysis to the topic of the market while excavating the historical interchange between narrative, spectacle, and investment practices.

The interdisciplinary and expansive nature of the articles assembled in this special issue also points the way toward critical work still to be done—namely, scholarship on the constitutive imbrication of British finance with the project of colonialism. Mid- to late-nineteenth-century narratives are saturated with colonial technologies and foreign sites of production. From Jos Sedley's mysterious and emasculating labor in India as a colonial civil servant to the off-shore investments that so often fund Dickensian plots, Victorian literature is full of glimpses of fortunes made elsewhere. Scholars such as Anne McClintock, Ann Laura Stoler, Piya Chatterjee, and Geeta Patel have powerfully foregrounded such colonial contexts and argued for a renewed critical emphasis on the dialectical relationship between colonial sites and the metropole, a relationship that positions non-Western locations as both the centers and margins of critical debates on British finance. Such scholarship will certainly draw upon P. J. Cain and A. G. Hopkins's provocative and iconoclastic study, *British Imperialism: Innovation and Expansion 1688–1914* (1993), which challenged the terms of British economic historiography by situating an analysis of empire at the heart of British expansionism in the nineteenth and twentieth centuries.

This exhaustive work widened the very idea of the domestic economy to include the Englishman overseas, dismantling the popular “peripheral” or “excentric” thesis that sought to locate the causes of expansion on the frontier rather than at the center of British economic history. Similarly compelling was the introduction of the concept of “gentlemanly capitalism” that extended beyond the financial machinations of the moneyed few of the metropole to include the Whitehall politicians dictating imperial governance as well as those who amassed and administered possessions overseas. The Cain-Hopkins approach crucially extended the project of economic history within Orientalist knowledge structures to include the facticities and administrative armatures of imperial and domestic management. Relying on Bernard Cohn’s invaluable insights about the relationship between colonial state and colonial society, Cain and Hopkins, like the Subaltern Studies Collective, focused equally on the sociology of colonial knowledge and its instantiation both in imaginative and administrative structures.<sup>2</sup>

It is our hope that the essays included here will provide an instigation to sustained discussion of the critical role of colonial investments in the expansion of the British empire and the accumulation of wealth within Britain. Even as the complex of Victorian investment comes under renewed scrutiny, how might we extend our attention to include the articulations of gendered and racialized consumers and their relationship to market formations? What happens when a critique of Victorian masculinity is conjoined to studies of the emergence of “gentlemanly capitalism”? How might attention to the proliferation of formal and informal networks of sex work, both in the metropole and overseas, contribute to a more trenchant explication of the management of the “service sector”? If markets blur the line between affective and financial matters, what are the consequences of such a breakdown for other distinctions—as, for instance, that between English and foreign bodies? These are but a few of the many questions the essays produced here invite us to explore.

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When we issued a call for papers for this special issue that made reference to a “Victorian culture of investment,” we were ourselves indulging in a certain kind of speculation—speculation on the existence of such a thing as well as on the likelihood of receiving essays that

would take on the burden of characterizing its workings. As it happens, Mary Poovey's contribution, "Writing About Finance in Victorian England: Disclosure and Secrecy in the Culture of Investment," both documents a Victorian culture of investment and articulates the double bind that structures it: the demand for "transparency" coupled with the equally urgent but opposite demand for what might be called obliquity. The financial journalism that came into being from the 1840s on in answer to the first demand remained haunted and, as it were, deformed by its limits in the face of the second. Despite its deployment of "narrative forms borrowed from contemporary fiction" (22) in the hopes of representing the world of finance and the stock market in particular as distinctive and as a safe place in which to invest money, this financial journalism nevertheless aspired to a kind of "perfect writing" that was non-narrative—indeed, nearly non-verbal: accounting (26-32). Poovey characterizes the relation between financial journalism and the perfect writing that was accounting as supplemental. Invoking Jacques Derrida's logic of supplementarity, she demonstrates its applicability in this instance as specific to the dynamic of disclosure and secrecy inherent in the world of finance capital in general and the Victorian culture of investment in particular. Poovey reads Victorian literary texts as another supplemental discourse. Focusing on George Eliot's *The Mill on the Floss* (1860), she demonstrates the way realist novels provided the opportunity for imaginative engagement with the ethics of finance. Displacing financial matters from the center of attention even as she grounds her own narrative practice in the play of concealment and revelation constitutive of the Victorian culture of investment, Eliot in *The Mill* refuses to reproduce the naturalizing gestures of financial journalism, instead "invit[ing] the reader to explore the subjective meanings—the implications for subjectivity itself—created by the central dynamic of the culture of finance" (36).

If attributing to nineteenth-century Britons an abiding concern with the inter-implications of investment and subjectivity seems to result from the anachronistic imposition of our own culture's current obsession with morals and markets, we need only consider what was arguably the defining lyric subject of the age—the speaker of Alfred Tennyson's *In Memoriam* (1850), who, near the beginning of the poem, asks the following curious questions:

But who shall so forecast the years  
 And find in loss a gain to match?  
 Or reach a hand thro' time to catch  
 The far-off interest of tears? (sec. I, ll.5-8)

While we might find scandalous the notion that sorrow should somehow bear dividends, the mournful speaker assumes as much, concerning himself rather with the difficulty of predicting just when those dividends will accrue. Fittingly, what takes the shape of metaphor in Tennyson assumes a certain literalness in the work of Trollope. In “Trollope in the Stock Market: Irrational Exuberance and *The Prime Minister*,” Audrey Jaffe contends that Ferdinand Lopez poses for the Whartons, father and daughter alike, an interpretive dilemma: is he or is he not a gentleman? The question initially mooted in terms of romance (Lopez’s suitability as a potential husband to Emily Wharton) eventually finds an answer in terms of finance (Lopez’s dealings with money). The relation between the romance plot and the financial plot, as Jaffe shows, is neither one of analogy nor one of metaphor: “Rather, the marriage plot *is*, in fact, the financial plot: the lesson Emily Wharton learns about Lopez is taught by way of her increasing knowledge of his financial dealings” (49). On this reading, Trollope’s novel (and, insofar as this novel stands for others, the Novel as well) takes on the task of instructing readers in making the fine—indeed, finally impossible—distinctions necessary to both halves of Cain and Hopkins’s “gentlemanly capitalism.”

Among both Poovey’s and Jaffe’s concerns is the question of the dissemination of knowledge about the financial world by way of its own epiphenomena (financial journalism) or other forms entirely (the novel). In “The First Fund Managers: Life Insurance Bonuses in Victorian Britain,” Timothy Alborn explores a case in which financial institutions themselves functioned as sources of information about finance and investment. Alborn chronicles the rise and fall of “bonus meetings” held by life insurance companies to announce the distribution of their surpluses—surpluses generated initially as a side-effect of inaccurate actuarial tables but later engineered as a marketing ploy. Beginning in 1776 and becoming increasingly widespread up through the beginning of the twentieth century, these bonus meetings functioned, Alborn argues, to “publiciz[e] money’s reproductive powers” (67). Financial events with their own rhythms (held once every few years, widely touted

and anticipated, resulting in relief, exultation, or disappointment), bonus meetings exemplify the degree to which the spectacle of business profits from the business of spectacle. They also played a regulatory role—providing, ideally, an absolute reckoning by means of which a company's performance could be evaluated. Like the "perfect writing" of accounting, however, the efficacy of bonus meetings as a form of regulation (although so seductive as to have served as the model for the Life Assurance Companies Act of 1870) proved largely phantasmal.

If Alborn documents the importance of a neglected chapter in the annals of Victorian business practices, Donna Loftus, in "Capital and Community: Limited Liability and Attempts to Democratize the Market in Mid-Nineteenth-Century England," takes up one of the most familiar aspects of the Victorian culture of investment, namely the establishment of limited liability by means of a series of parliamentary actions culminating in the passage of the Partnership and the Limited Liability Acts of 1855 and the Joint-Stock Companies Act of 1856. What Loftus adds to the story, however, significantly reinfects the received understanding of these Acts insofar as she establishes the centrality of the desire for social reform to the beginnings of limited liability legislation. At the outset, the impetus for instituting limited liability came, Loftus demonstrates, from those interested in opening up investment opportunities for the working class: "These reformers saw limited liability as a panacea that could further plans for working-class improvement whilst promoting the ideals of *laissez-faire* political economy" (97). Concerns with the implications of class relations under the new culture of investment were pervasive—so that, for instance, the double bind of disclosure and secrecy that Poovey diagnoses as endemic was taken up in its aspect of differentially affecting rich and poor. By the time of the Acts' passage into law, however, such forthrightly political concerns had been gradually excluded from debate on limited liability; with them went, too, social reform as a rationale for legislation that was seen in the end as reformist in a purely financial sense.

Finally, in "Fair Enterprise or Extravagant Speculation: Investment, Speculation, and Gambling in Victorian England," David C. Itzkowitz considers a question mentioned in nearly every essay in this special issue: the Victorians' attempt to distinguish investment from speculation. To this binary opposition he adds a third term: gambling. If, as he claims, there was eventually agreement as to the impossibility of distinguishing what it meant to invest from what it meant to specu-

late, the moral opprobrium lingeringly associated with the latter required that something be invoked to legitimize it by contrast. Gambling served this purpose—especially the gambling enabled by new, hybrid institutions that involved themselves with both the race-track and the market. In the history he provides of the rise of a “new speculation” in the 1870s, Itzkowitz emphasizes the degree to which these institutions confirmed the morality of more mainstream forms of investment and speculation—even as he demonstrates the degree to which bookmakers capitalized on investment’s legitimacy by borrowing its language as well as by taking on the additional function of stock-brokers. His emphasis on new forms of writing carries Poovey’s analysis of financial writing through to the end of the nineteenth century, when racing journals, newspapers for speculators, and “bucket-shop” novels emerged as part of a popular culture newly infiltrated with the practices of investing, speculating, and gambling.

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We view these essays as a starting point for new and continuing research on Victorian investments—work that will build on and extend the data, analyses, and methodological approaches introduced here. What Woodmansee and Osteen call the “tidal wave of scholarship investigating the relations among literature, culture and economics” results in part, as they argue, from the trend in the humanities toward historical criticism and cultural studies (3). As the articles by Poovey and Jaffe show, theoretical approaches to texts can—indeed, in some sense must—coexist with historical analysis. When Poovey writes that “[o]ne cannot think historically without the assistance of modern theoretical paradigms because these paradigms constitute the interpretive lenses through which we know the past—through which we create what counts as knowledge about the past for us,” she articulates an axiom with particular importance to analyses of the culture of investment (39). In their contributions, Alborn, Loftus, and Itzkowitz demonstrate how historians of business and finance contribute to a transdisciplinary form of cultural studies. Attending to a wide range of archival materials, from transcripts of boardroom meetings and parliamentary debates to advertisements in financial newspapers, they make present in precise historical detail the lived experiences of the Victorians even as they suggest approaches by which those lived experiences can be understood.



By the end of the nineteenth century, as George Robb suggests, “middle and upper-class England truly had become a nation of shareholders” (3). An interrelated network of texts, institutions, and cultural practices both responded to and created that new share-holding nation. This collection seeks to make parts of that system imaginable to students of the Victorian period today. We would add further that the categories within which economic histories are recorded and analyzed, although greatly altered by current incursions of cultural studies, must in future equally engage with the intellectual formations and fractures of race, gender, and sexuality. On this view, nineteenth-century England, that unified “nation of shareholders,” emerges as a congeries of imagined communities that must variously translate, negotiate, and participate in the practices that produce what can now be seen as the cultures of Victorian investment.

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## NOTES

<sup>1</sup>For some time now, research on Victorian investing has been developing into a distinct field within economic history. The essays presented here build on works such as David Kynaston’s *The City of London* (1994), Ranald Michie’s *The London Stock Exchange* (1999), and Niall Ferguson’s *The Cash Nexus* (2002). In the last decade, several studies have crossed the disciplinary line between the history of economics and cultural studies, among them George Robb’s *White Collar Crime* (1992), Timothy Alborn’s *Conceiving Companies* (1998), and many of the essays in Martha Woodmansee and Mark Osteen’s collection, *The New Economic Criticism* (1999).

<sup>2</sup>The significance of the Cain-Hopkins paradigm is indicated, in part, by a recent collection, *Gentlemanly Capitalism and British Imperialism: The New Debate on Empire* (1999, ed. Dumett), that primarily addresses itself to the viability of that paradigm in various geopolitical sites, evaluating the critical purchase of “gentlemanly capitalism” in Latin America, Canada, India, Australia, and South Africa.

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