

REVIEW OF BRUNA INGRAO (ED.), *DEBT AND FINANCIAL CRISES:
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GIUSEPPE CONTI*

While the great bourgeois literature of the early 19th century had money as its protagonist, at the end of the century and in the first decades of the next that role was played by financial speculation. In both cases, the important thing was to be able to live as a *rentier*, but with a difference: while this goal was almost unattainable in the earlier period, from the end of the century it was a condition – or a mirage – that could be reached as a successful speculator on the stock exchange, without having to become a large landowner. In this regard, the essays collected in the issue of *CosteLLazioni*, edited by Bruna Ingrao on *Debt and Financial Crises*, provide an interpretation of some significant literary works of this later period, when the value and returns of financial assets changes rapidly and are perhaps more uncertain than those of real estate. The prices of securities on financial markets are very hectic. The now-triumphant bourgeoisie has almost lost sight of the ethical values it once held dear: hard work and saving. Money now passes through the sieve of the financial market and the novel reflects this change. Speculation stirs the waters, distributing rapid gains and bringing sudden meltdowns. The rhythms of nature are replaced by the fluctuations of stock markets. Forecasts are now bets where the odds are unknown. The times are “out of joint”.

In the editorial, Giuseppe Massara observes how behaviors, moved by emotions or reasonableness, unfold in the narrative moment. This also seems to me to be the sense of financial crises that literature and economics cannot but grasp in their dynamic of existential and collective drama. Bruna Ingrao, in her short and penetrating *Introduction*, discusses the pervasiveness of the financial dimension in the contemporary world.

* Università di Pisa. Address for correspondence: giuseppe.conti@unipi.it.

The problem arises when “families, firms and states may get trapped into debts which cannot be easily repaid”. Financial crises are crises of excess debt, which have also, and above all, become such because of changes in the unstable world of finance. Ingrao recalls the cultural enrichment that “narrative economics” has brought to interdisciplinary studies in literary criticism as well as to the economics and history of speculative waves that alternate between states of euphoria and panic and often result in serious financial crises. Financial structures are fragile if promises are not kept and expectations are not met.

The literary narratives considered in these eight essays are very special. As far as I am aware, they only recall some of the most famous works by great authors – Zola’s *L’Argent*, I would say, was *incontournable* – but others are surprises, and no less interesting. Alexander Gerschenkron noted the special relevance of *belles lettres* for economic history. Literature could fill the lack of reliable evidence about traders’ intentions by referring to the “time horizon” for making investment decisions and taking risks in a given historical and social setting. The emergence of broad and deep credit markets, and, more generally, of social security systems, resulted in the “miracle” of reducing the anxieties of earning one’s daily bread and, with the lengthening of the time horizon, allowing investors to look with greater confidence at the returns generated by more advanced capital equipment and technologies. Financial capital had also performed another miracle: that of having created a *confidence theatre* in which risk positions could be transformed into sudden gains or losses, transforming a “real” investments for society into “liquid” assets for individuals, with only one drawback. Wealth could suddenly vanish along with all illusions. Such events had become frequent and hard to bear. Musil expressed it in a lapidary phrase: “when God withdrew his credit [...] whole nations had their eyes opened to the high cost of civilization”.

Franco Moretti’s splendid book *The Bourgeois* is more about the literature of the early 19th century, which represents a world where everything is judged according to whether it is useful, instrumental, and even affective, and intimate refuges show their venal soul. Moretti observes the parallel progression of history and literature, with the latter representing “the fossil remains of what had once been a living and problematic present”, so that rereading it follows a backward procedure of rediscovering uncertainties and thoughts that gnawed at states of mind. And this I seem to see in the essays I am about to examine, which testify to, to use Moretti’s words again, a time that saw “capitalism triumphant, and bourgeois culture dead”, when work was supplanted by financial rents.

I will now turn to the essays in this collection which – as I mentioned – deal with the various faces of economic and existential dramas. Taken

together, the crisis narratives are very personal interiorizations and perceptions of the consequences of debt or other bankruptcies. Since the last decades of the 19th century, financial collapses have entered popular and “high” literature representing the possibilities of speculative enrichment and disappointments from sudden losses. Many works thus delve into the transition from the rationality of individual and collective behavior to the irrationality that causes the collapse and loss of monetary and ethical values.

In the first essay, Silvana Colella draws a kind of parabola. She starts with several popular novels. J. Scotter’s book (1890) and that of B. Hemming (1885), together with Harold Frederic’s *The Market-Place* (1899), interweave narrative and operational techniques to urge readers to invest in the stock market, while also warning them of potential dangers. The high point of the parabola comes with the work of the great author H.G. Wells. Writing of the novel *Tono-Bungay* (1909), Colella highlights the perception of speculation that oscillates “between admiration and critique, affection and disgust”. Excessive optimism about the virtues of social ascendancy is to be cast aside. Olive Malvern’s 1908 novel expresses the same ambivalent judgement, but expressed from the perspective of a female world rejected by that environment of reality and illusions of riches immediately at hand.

Christophe Reffait’s essay centers on the echoes between Zola’s masterpiece and the theory of speculation that Keynes summarizes in Chapter XII of the *General Theory*. Distant though the two texts are, they are brought together – albeit indirectly – by several features in addition to their descriptions of the operation of the stock market. The first is the concept of *animal spirits*. Zola does not use the term, despite the precedent in Descartes. He prefers “esprit déplorable”, “férocité du joueur”, or “instinct déchaîné de l’homme qui ne connaît d’autre borne que son impuissance”. The other aspect that seems to me to be significantly emphasized in Reffait’s essay concerns *confidence*. The stock market-casino has an unstable foundation. As long as the belief in the “fetish of liquidity”, of which Keynes speaks, persists, speculation runs rampant. Zola, in an aside quoted by Reffait, expresses a general idea that Keynes would also have subscribed to: “Toute société qui veut être maîtresse à la Bourse, pour maintenir le cours de ses actions, est une société condamnée”.

Enrico Reggiani offers an extensive review of writings that see the history of Ireland as part of a more general history of the failure of an entire country. In particular, a long literary tradition traces the roots of the great famine of 1845-1852 back to the union of the kingdom of Ireland with Great Britain in 1800. The Irish lords had been indebted for centuries. They did not want to heed Swift’s suggestion that perhaps the only way to overcome insolvency was to set up a bank in agreement with local bankers.

Reggiani quotes a significant remark by Swift along with other narratives about excessive and disastrous debts. These narratives are reworked in W.B. Yeats's 1892 verse drama *The Countess Cathleen* (*Cathleen* in later editions). The Countess, personification of her country, sells her soul to the devil to save her people from starvation. The essay shows how Yeats takes traditional fiction-narrative to its poetic and metaphorical zenith. At the same time, the Irish case replicated similar situations in peripheral countries gripped by "odious debts", whereby the big international banks succeeded in "capturing" entire nations in a credit spiral, with an outcome not far removed from the Irish poet's drama of redemption.

In her discussion of two short stories by Arthur Schnitzler, Roberta Patalano introduces another perspective in which the narrative is at the crossroads of economics and psychology. Schnitzler's work delves into the intimate reflections of *Schuld*, which in German means both debt and guilt. In the two short stories, the effects of losses from financial speculation or gambling are addressed through the dynamics of the afflictions of the soul. When debt matures, monetary and moral values are both lost, and personal identity is consumed to the point of destruction. In *Fräulein Else*, the protagonist approaches an old voyeur for money to pay family debts, and he demands that she strip naked in return. Everything has its price. For a girl of good family, selling her dignity brings a sense of guilt, not least because of her sacrifice to save the affection of her family, who prove to be very petty. Salvation and guilt are also found in the other novel. In *Spiel im Morgengrauen* (*Night Games*) – as in Yeats – the soul is sold, in this case to Consul Schnabel, with whom Lieutenant Willi incurs a debt in order to repay another, but is trapped in a spiral with no honorable way out. Economic choices, rational or not, in the face of the illusions offered by easy money destabilize the psyche. As Patalano writes, "the market is a place of the unconscious". This invasion has devastating effects. Loss takes on a double face and the abysses into which Else's or Willi's personalities sink open up when their humanity becomes a commodity. Unpaid debts erode bourgeois virtues. Schnitzler's narratives show the multiple faces of debt/credit, but this leaves little room for an assumed rationality of choice. For mainstream economics, even the soul has its accounting and its price. But Else's disagreement lies precisely with the prostitution and sacrifice of the soul, and the price is too high to be negotiated.

In the United States, literary realism – as Stephen Meardon shows – found a rich vein of subject matter in Henry George's economic reformism. For George, real estate is a public good that has no value in itself, were it not for private appropriation and speculation produced by the construction of railways and buildings. The Georgist movement was also strengthened by the very "fertile" narrative ground it fostered. Frequent severe financial

crises, and the corruption that often accompanied them, also disrupted labor relations. The Haymarket riot had literary echoes. Garland grasped the impact of crises on questions of social justice and the stability of law and order, and the novel became a powerful vehicle for social reform.

Ugo Rubeo's essay shifts attention to more eccentric aspects than speculation and financial crises. These phenomena remain in the background of a loss of opportunity or a sense of failure, as "ghosts" that disturb those who could have but do not, and those who once had but have no longer. Personalities split, as is reflected in their commodification (as was the case for other narratives in Reggiani and Patalano's essays). In Rubeo's view, Henry James's *The Jolly Corner* (1909) and Scott Fitzgerald's triptych, *The Crack-Up* (1936), dramatize two major American writers' life experiences and narrative modes. The common interpretative line is that of ghost stories, as indicated in the title of the essay. In fact, James's is indeed a ghost story, though Fitzgerald's is not in the strict sense. Both have a strong autobiographical imprint.

In *The Jolly Corner* the protagonist, Spencer Brydon, suffers a shock upon returning to New York after a twenty-year stay in Europe. The ghost that haunts him is the image of the rich and unscrupulous man that he too would have become had he stayed in his city and engaged in real estate speculations like everyone else. Brydon's newfound friend is haunted by the same ghost, but as in a mirror where images are reflected, dreamed or imagined, bringing a "duplication of consciousness". The double cognitive dissonance, of the protagonist and of his friend, finds a kind of redemption in being able to accept and see themselves accepted by her.

Scott Fitzgerald's *The Crack-Up* appeared in "Esquire" in the form of letters that described an existential crisis brought on by the literary failure experienced after the successes and accolades of the 1920s. This personal crack-up coincides with the Great Depression. It is a "controlled desperation" about an economically hopeless condition that through confessional writing finds – as Rubeo observes – its cathartic ethical redemption. In this case, the ghost hovers in "a vast irresponsibility towards every obligation" and in the "deflation of all my values", as Fitzgerald writes.

The two final essays deserve a word apart. In the first, Alexandre Péraud considers a recently published book whose author, Lionel Shriver, imagines a dystopian future following an environmental catastrophe accompanied by a monetary and financial cataclysm that disrupts three generations of the Mandibles family between 2029 and 2047. In this period, the introduction of the *bancor*, the international currency of Keynesian memory, by a club of countries adverse to the US's monetary dominance weakens the dollar, resulting in disastrous hyperinflation. Péraud's comment makes us realize that Shriver believes that rising prices have only one culprit: J.M. Keynes.

The novel translates the elementary principles of neo-liberal economists (Hayek and Rothbard) into a narration perhaps reflecting her anxieties about the consequences of the flood of fiat money by central banks to stem the 2008 crisis. Shriver's political militance seems all too evident from what Péraud reports, and from her insistence on the erosion of purchasing power and the depletion of savings, with no reference (I invite a more accurate check than mine) to the other phenomenon of galloping inflation related to the windfall profits whose beneficiaries are large debtors. The world of finance is made up of creditors and debtors, and Shriver's book should have taken the inequalities induced by monetary phenomena into account, rather than simply obsessing about the Fed's "monetizing the debt" (see chapter 3, and the end of chapter 8). Without the debt/credit dimension, the narrative is reduced to a political agenda, as in Ayn Rand's novels, which Shriver seems to take as a model. Apart from any literary assessment, *The Mandibles* seems to me to have little to do with *César Biotteau*, *L'Argent* or *Buddenbrooks*. In propaganda literature, ideology takes over, and readers find themselves digesting cheap thinking, predictable sentiments, contrived fears. With regard to this kind of work, the initial question of literature as a source comes up again; but a source of what? The work of art is "open". The cry of protest, or of pain, is a "closed" work, and to an even greater extent is a political manifesto.

In the closing essay, economist Jean-Luc Gaffard presents an original critique of the neutrality theory of money and finance, to which Shriver's book refers. In the philosophy of Albert Camus, the concepts of measure and revolt offer an alternative to that of equilibrium in economic analysis. Camus's *measure* is not the statistical mean, nor the median, through which equilibrium in economics is achieved. Rather, it is "l'endroit où les contraires s'affrontent". Revolt is the permanent tension that subverts binary logics and claims an order within chaos. Measure therefore maintains conflict, and the complexity of reality in its tensions without synthesis, but with a "limit" beyond which *dém mesure*, excess, threatens sustainability. What interest lies in Gaffard's proposal? I believe it is twofold, and concerns the literary scholar as well as the "pure" economist. The perspective of measure, in Camus's sense, is a guide to sustainability, otherwise threatened by *dém mesure* and by a binary, Manichean evaluation. The proposal of complexity is combined with great literature, and it is opposed to that "apology for a new dreamed world – explains Gaffard – that of the total market or the total Government, a source of disillusionment and of *dém mesure*". If this is the meaning of Gaffard's essay in a nutshell, it is a sort of keystone that closes the volume and opens up new avenues of thought.