

# Dishonest Clerks and the Culture of Capitalism



*In On the Make (2010), Brian Luskey leads us into the world of the nineteenth-century clerks—white-collar workers struggling for upward mobility and social recognition in a volatile economy. Common-place asked him: can the struggles of working people during the great expansion of capitalism in the United States suggest any lessons for Americans today in devising strategies to deal with unemployment, poverty, and inequality? Or is our situation today decisively different from that faced by Americans in the early republic?*



The promise of trickle-down economics has finally hit American shores in the guise of a tsunami. Reckless speculation in key sectors of the economy has proven devastating for ordinary Americans. Even as those on Main Street lose homes, savings, jobs, and hope, the giants of finance and manufacturing remain reluctant to acknowledge the damage their transactions have done to others' lives. Instead, they plaintively request government bailout funds to support firms they claim are "too big to fail," a telling phrase that reveals their conception of themselves as the indispensable stewards of the American economy.

It is banal to assert that capitalism benefits capitalists—elites have long been able to accumulate wealth in good times and weather economic storms in greater comfort than those who are less fortunate. Such banal assertions bear repeating, however, because elites obtain power through a culture of capitalism that shapes our assumptions about the legitimacy of economic conduct and our hopes and dreams for economic and social advancement. Nineteenth-century clerks—the copyists, bookkeepers, and salesmen whom I examine in *On the Make*—played various roles in the making of this culture. Some exhibited disdain for poor people who "scraped by" and insisted that their own economic pursuits were morally pure by comparison; dishonest embezzlers imperiled the economy, serving as contemptible figures who helped to justify capitalism; downtrodden clerks found themselves threatened by the economy and struggled to make ends meet. In *On the Make*, I show simultaneously that clerkships appeared to offer opportunities for upward mobility and that the young men who pursued them were clearly considered subordinate laborers. The debates about clerks and clerkships in nineteenth-century America are indeed relevant to our own times: as contests over the meanings of important keywords such as ambition, character, and class, they show the ways in which capitalism's opportunities and inequalities became the unquestioned organizing principles of American society and culture.

It is not enough for capitalists to have wealth; they feel that they must justify their access to and possession of capital. The pithy phrase "too big to

fail" not only validates firms' impressive capital accumulation, but also privileges their economic survival over that of others without means. Many nineteenth-century clerks shared this condescending attitude toward the challenges ordinary folks faced during times of economic uncertainty. The New York City importer's clerk Edward Tailer cynically observed poor people in 1849 who were desperately combing the gutters for items that had been lost or discarded by the city's large population of renters as they moved to new homes on May 1. The scene was not merely "sad," he wrote in his diary. It was "disgusting." Tailer disparaged the people who stooped "upon a level with the hog" because the things they found were what he called "articles of no apparent value." A careful observer of negotiations on the waterfront, in the auction house, and behind the sales counter, Tailer believed he had become a fair judge of goods' worth. Here in the gutter, though, were poor people "turning" items of "paltry value to a good account." How dare they make something out of nothing and ignore assessments of worth made by powerful market actors? Tailer endeavored to cast their search for value beyond the pale by making invidious comparisons. In his capacity as clerk, he calculated vast sums in his firm's account books, double-checked invoices on shipments from distant shores, and sold products to merchants from all corners of the United States. He was cosmopolitan. The poor saw nothing but what was in front of them, unwilling to "turn their thoughts to ... more exalted ... subjects" that would "elevate and ... enlarge the reasoning powers of the mind." Writing about the activities of the poor was a means for Tailer to bathe the commercial world of clipper ships and countingrooms—the clerk's world—in the warm glow of legitimacy. While the poor scraped to survive, Tailer lived to strive. While he affirmed in his diary that he was hardworking and persevering, he eventually made his fortune the old-fashioned way: he married into it. And although he was an earnest inquisitor of poor people who committed no crime, he refrained from editorializing when his employer "obtained" the release of a shipment of dry goods from Liverpool "by bribing" one of the custom house's clerks. Such malfeasance was simply how worldly businessmen did business.

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But in blaring capitals, nineteenth-century newspaper editors fingered "DISHONEST CLERK[S]" who embezzled small and large fortunes—these criminals were the especially odious market actors who threatened capitalist enterprise everywhere. A New York City police court judge sounded the alarm in 1860, as the depredations of thieving clerks appeared ready to upset the balance of power in the commercial world. "If there is not some check put upon clerks and other subordinates who are in responsible stations," he thundered, "there will be no safety for capital." Bad businessmen and business practices were widespread and not new. Yet nineteenth-century Americans assigned dishonest

clerks—rather than shady employers—a place alongside a handful of other social types as bogeymen whom contemporaries used to proclaim capitalism's legitimacy and explain away its uncertainties and inequalities.

What's old is new again. In January 2008, the French bank Société Générale revealed that it had lost more than \$7 billion because one of its traders, Jerome Kerviel, had sought to make his fortune through unauthorized ventures valued at more than ten times that sum. Caught red-handed, Kerviel now faces a prison term of five years and more than \$500,000 in fines. The "rogue trader," and not the risky futures market he played, was at fault for bringing a mighty bank—and even the global economy—to its knees.

According to newspaper reports, Kerviel had been hired as a "plain vanilla trader"—just another mid-grade employee. Despite their assumptions that clerkships were platforms from which young boys could become independent businessmen, nineteenth-century observers such as the minister Henry Boardman confirmed that clerks were workers. In a published sermon entitled *The Bible in the Countinghouse*, Boardman would have popped Tailer's pretensions when he called clerks "subalterns" who must learn to "stoop" in the "service of a firm." Tailer was in control of the story he told about himself—I soar while others stoop—because he was able to make and sustain connections with the rich and refined. But economic and cultural capital slipped through many clerks' fingers. Embezzlers refused to moderate their ambitions, simultaneously rejecting and highlighting the inadequacies of the popular correlation between character development and slow-and-steady gains. They were also unable to do what Tailer did so easily—tell stories of self-making that contemporaries would credit, laying bare the power dynamics of the culture of capitalism.

Despite the rare pilfering clerk who escaped to California or Cuba, most attempts to succeed through graft in the nineteenth century were, like Kerviel's modern efforts, failures. As the City of New York's District Attorney Indictment Records show, most defendants in these cases kept their mouths shut, either because they were guilty or because they understood that those who listened would not believe their declarations of innocence. They also may have been cowed into silence by the testimony of the powerful men who employed them. On a few occasions, though, we can reconstruct clerks' counternarratives by way of merchants' answers to questions on cross-examination, illustrating the conflict over the meanings of a clerkship and the making of the culture of capitalism. In March 1850, Leopold Helbronner, a New York importer of artificial flowers, accused his clerk, Albert Cohen, of embezzlement. Helbronner had hired Cohen in 1847, agreeing to pay him \$400 a year. But after that first year, the merchant reduced his clerk's pay to \$200, with the difference to be made up through Cohen's efforts to foster new clients and make money on sales commissions. The idea, Helbronner explained, was "to encourage him the more & stimulate him" to greater industry. In the fall of 1848, Helbronner sent Cohen to New Orleans and Mobile for several months to expand the firm's clientele. He paid his clerk a six-percent commission on the sales he made along the Gulf Coast, dwarfing the one-percent commission given for

Manhattan transactions. In his telling, Helbronner was a benevolent master, giving Cohen a twenty-dollar gift one New Year's Day. He also considered himself extraordinarily patient after he discovered that Cohen routinely pocketed money from his own sales above and beyond his commission. Only after repeated warnings did Helbronner begin docking his clerk's salary before finally dismissing him and pressing charges.

Cohen's blustering response when he was fired—"do you think you have got a fool to deal with[?] I will make out an account against you for Commissions"—suggests that he had a different story to tell about the nature of his relationship with the firm. Questioned by Cohen's lawyer, Helbronner claimed that he had neither promised nor given his clerk an "interest" in the firm. He did not "owe him ... money." Cohen believed otherwise. Helbronner acknowledged that his clerk had talked to him about an increase to two-percent commissions on New York sales, and perhaps there was a discussion about a return of six percent for purchases made by his Alabama and Louisiana customers who came calling at the Manhattan office—but Helbronner claimed that he refused to grant these increases. Obviously, Cohen was trying to make up the shortfall in his salary. Since portions of the firm's account books were read into evidence, we know that if he sold all of the goods consigned to him on his trip south, his commissions would have netted him \$147.88. Combined with his annual \$200, he would still have been more than fifty dollars short of his original salary. Helbronner had his own explanation for Cohen's failure to earn more money: "he was not very industrious." It would be foolish to accept Cohen's story—he was bitter at his inability to negotiate more advantageous financial arrangements and he stole to recoup his losses. But it would be equally foolish to ignore the high probability that Helbronner made promises to Cohen that he never meant to keep. Employers used the idea that a clerkship was full of promise to shape their employees' expectations and line their own pockets.

Weighing the potential offered by the occupational label against clerks' uncertain social position provides us with an opportunity to assess how class operated in nineteenth-century America. Only infrequently and inconsistently about formation or consciousness, class in this period is, as I argue in *On the Make*, best understood as the day-to-day struggle for power and prestige among Americans who had unequal access to wealth and the trappings of refinement. The case of George Wendelken, a clerk who tried to use counterfeit two-dollar bills to purchase a ten-cent loaf of bread, a thirteen-cent pair of socks, and a pound of liver puddings—value unknown—illustrates some clerks' desperation in an economy that did not always serve their interests. While the dishonest clerk of the newspaper column often made a pitch for riches, his counterpart in legal documents often merely tried to keep body and soul together. Many clerks, unlike the well-connected Edward Tailer, were stooping subalterns.

For honest, unemployed Americans in the twenty-first century, clerkships are clearly subordinate posts—useful in a pinch to stave off repo men and credit card companies. Honest or dishonest, clerks of yesterday and today have had to be good subalterns, for according to the Reverend Boardman—speaking to us from

the distance of 160 years—a clerk could “steal” from his employer in a variety of ways “short of ... thrusting his hand into the money-drawer.” Tardiness, laziness, intemperance, and any character flaws that might “alienate customers” were theft in his mind. Class, a struggle for power and prestige that conferred wealth and respect on the winners, was everywhere evident in nineteenth-century America. The powerful contended that a lack of character—not capital—was the reason that many clerks did not realize their ambitions. In debating dishonest clerks, capitalists muted their employees’ complaints, sustained their own power, and made the economy that benefited them appear to be legitimate. Twenty-first-century capitalists rely upon culture just as readily to justify their own wealth and shape Americans’ expectations about character, morality, and mobility. As a result, those who are “too big to fail” will continue to succeed.

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