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Economic risk in 19th century literary discourse

The subject of this paper is economic risk in literature by the end of the 19th century, through the topics speculation, insurance and gambling. Risk refers to a situation of some importance where the outcome is uncertain. Risk management implies the calculation of possible future events. When contemporary scholars, like Ulrich Beck and Anthony Giddens, talk about the risks of today, they refer to a culture permanently alert to the risks involved in being alive, and where members of that culture are vainly trying to manage these risks. The risks involved have become global and are manufactured by the industrial society itself. But while we today endeavour to calculate the risk of, let us say, eating organic versus non-organic food, smoking, taking a plane or travelling to the Middle East, the notion of risk is actually quite new. Speculation, insurance and gambling have ancient roots, but the idea of actually mastering risk is bound up with mathematical theory of probability, which first became possible in the mid 17th century (Bernstein, 1996, s. 57 ff.). The possibility of predicting the future in a mathematical way was crucial to the rise of capitalism, and thus risk is closely linked to a bourgeois and future-oriented society. Risk therefore “defines the boundary between modern times and the past” (Ibid, p.1).

During the 18th and 19th century risk became a dominant discourse, negotiated in literature through topics such as speculation, insurance and gambling.¹ When people gamble or speculate, they do so in the hope of increasing their wealth as quickly as possible by taking a risk. Since anyone, rich or not, can participate in gambling and speculation, they open up for social mobility. Anyone willing to take a risk can become a winner (Stäheli, p.13). The goal of property insurance, on the other hand, is to try to protect what one already owns (Brenner and Brenner, 1990, s.101). Speculation, insurance and gambling are all bound up with the notion of risk: The gambler and speculator are seeking risk, while the insured is averting risk (Ibid). One reason that these topics became such popular literary subjects is their inherent dramatic potential. As the Scottish writer and journalist Charles Mackay pointed out in 1841:

¹ Speculation is probably the most famous of the three subjects. To mention just a few examples where speculation becomes a major theme: Emile Zola: *L'Argent* (1891), Friedrich Spielhagen: *Sturmflut* (1877), Jonas Lie: *En Malstrøm* (1884), Alexander Kielland: *Fortuna*. The most famous work on gambling is probably Fyodor Dostoyevsky's *The Gambler* (1889). Anthony Trollope's *The way we live now* (1875) also thematises gambling in various forms. A recurring theme is that of the aristocratic spendthrift as we meet him in for example Jane Austen's *Persuasion* (1818) or through the dandy and player Maxime de Trailles in Balzac's *La Comédi humaine*. Not as prominent as speculation and gambling, insurance is nonetheless also a recurring theme. Often insurance becomes an object of speculation itself (insurance fraud) as in August Strindbergs *Röda rummet* (1879) or in Thomas Mann's *Buddenbrooks* (1901), where fraud related to fire insurances occur.

The subject is capable of inspiring as much interest as even a novelist can desire. Is there no warmth in the despair of plundered people? no life and animation in the picture which might be drawn of the woes of hundreds of impoverished and ruined families? of the wealthy of yesterday become the beggars of-to-day? [...] of the powerful and influential changed into exiles and outcasts, and the voice of self-reproach and imprecation resounding from every corner of the land? Is it a dull or uninteresting picture to see a whole people shaking suddenly off the trammels of reason, and running wild after a golden vision, refusing obstinately to believe that it is not real, till, like a deluded hind running after an ignis fatuus, they are plunged into a quagmire? (Mackay 1841, cited in Stäheli, 2007, 9)

Aside from the dramatic aspect literature was taking part in a central discussion of its time. Around 1900 insurance, speculation and gambling were important subjects among economists, sociologists, writers and the public in general, partly due to the financial crisis of 1873, the so-called Great Depression of 1873 (the Gründerkrach).

When speculation is made an object of literary study, it is often examined from an ethical viewpoint alone. There is a good reason for that, as ethics – or rather, the lack of it – is often the main focus in novels and dramatic texts. Speculators are usually represented in a negative light. Thus one cannot really write or talk about the subject without considering ethics as well.

However, I want to argue that much more is at stake and that literature participates in a much wider discourse. Firstly, I will show how the idea of risk represents a challenge to a Christian worldview and is bound up with the secularisation of society. Secondly, I would like to inspect how literature participates in a discussion about whether speculation in particular, can be considered a part of the economy at all, as speculation is posing a challenge to rationalistic economics. According to the sociologist Urs Stäheli, there is a transition in the speculation discourse around 1900, when a dominating ethical discussion is being replaced and overlapped by an economic one. (Stäheli, 11 ff.). I will give examples from several texts, both literary and non-literary, but my main focus and point of departure will be Alexander Kielland's novel *Skipper Worse* (1882). The other main text will be Thomas Mann's *Buddenbrooks* (1901).

1. Man versus God: Risk and the secularisation of society

Let me start with a quotation from chapter 5 in *Skipper Worse*. Kielland called this chapter “the crucial chapter” and it was meant to encapsulate that specific time in history. The story takes place in the 1840s. As usual, the location for the action is a small town on the Norwegian West Coast, presumably Stavanger. Thematically the chapter is circling around two recurring events: city fires and fish coming to shore. By moving the narrative perspective between representatives from different groups in society, the narrator shows the economic

consequences of these events, underlining why risk is such a suitable subject for the novel as a genre.

As with all of Kielland's novels, *Skipper Worse* is a critique of contemporary society. In this novel the critique is directed in particular at the younger generation of a puritanical religious movement named Haugians after their founder Hans Nielsen Hauge. Kielland considered the younger generation of Haugians to be greedy, hypocritical and having lost their ethical foundation. In the quotation below the narrator describes Haugians when they are waiting for news about the fish that has come to the shore:

Og naar de alle sad sammen og saa paa hinanden, og den ene vidste om den anden, hvormeget der stod paa Spil for ham, hvor fredelige og fromme de vare, hvor Gud hidtil havde holdt sin Haand over dem og visselig ikke denne Gang heller vilde slippe dem [...] Og den blev ikke skuffet. Aar efter Aar gikk det dem godt; deres Kapital øgte; men de satte den strax i Forretningen. Den som et Aar havde saltet 1,000 Tønder, vilde til næste Aar tage 3,000; de var ude om sig paa alle Kanter, satte alle Seil til, og medens de gikk saa stille med sine Salmer og sagtmodig Tale, var de i Virkeligheden dristige – ja forvovne Speculanter (Kielland, 1919, Bind II).²

The ethical condemnation is quite clear. Through the use of irony, the narrator is exposing the Haugians' hypocrisy and reveals their real spirit as that of bold speculators, the word bold (forvovne) indicating their transgression of ethical boundaries.

What is more interesting than the moral condemnation is that by uncovering their "real spirit", the text shows the undermining of divine authority, leading to a secularised society. The economic spirit of the pietistic movement as depicted in *Skipper Worse* has much in common with Max Weber's concept of the capitalistic spirit to be found in a protestant ethic. According to Weber, the protestant ethic involves each human being having a calling which he has to work within. Both the capability to work hard and the wealth that follows are seen as signs of God's grace (Weber, (1929) 2006, p. 185 ff.). As we can see in the quotation above, the Haugians pretend to be peaceful and pious people, and they accumulate capital by a typical capitalistic mode – reinvestment. The Haugians do so in the conviction that they are blessed by God. The narrator's irony shows that this belief is about to break down, as they are nervously sitting near one another, each understanding what is at stake for the others. The expression "at stake" (på spil) is also semantically connecting their speculation business with gambling and thus underlines the element of chance as opposed to providence.

² "And when all of them sat together and looked at one another, and one knew about the other what was at stake for him, how peaceful and pious they were, how God so far had held his hand over them and surely would not let them down this time either [...] And they were not disappointed. They were blessed year after year; their capital increased, but they put it right back into the business. Those who had salted 1000 barrels one year, would take 3000 the next; They were everywhere out there, set all sails, and while they moved around so quietly with their hymns and meek voices, the truth was that they were daring – yes bold – speculators." (all translations in this paper are by me)

In *Skipper Worse* the first generation Haugians are portrayed in a positive way, as is their way of doing business. They slowly accumulate their capital through reinvestment: "Sparsomhed, Nøiagtighed og utrættelig Flid" (II, s. 312).³ What is being criticised is the younger generation's goal of becoming rich quickly, a criticism illustrated by the opinions of the protagonist Hans Nilsen Fennefos: "Ikke, at det skulde være imod Hagues Vilje og Anordning, at Brødrene drev Handel – tvertimod. Men dette var ikke den gamle Vindskibelighed og nøisomme Tragten efter en beskednen Gevinst. Pengene kom altfor let og i altfor store Portioner" (Ibid., 314).⁴ Both trade and profit are acceptable and even welcome in the puritan spirit. Within the Christian ethical system intention and not outcome is important. In bourgeois society this concept is turned on the head. What counts is the effect, not the intention (Koselleck, 1959, 20). This view is clearly expressed in liberal theories about the market, such as Adam Smith's. According to Smith, if everyone acts according to their self-interest, it will benefit the market as a whole. As long as the members of the pietistic movement earn money as a consequence of their serving God, they act according to protestant ethics. When they are described as speculators, those ethics are being undermined.

We can distinguish between investment and speculation, where investment usually refers to projects already underway and where "past experience is a guide" (Brenner and Brenner, p. 93). Investments are not made in the hope of becoming incredibly rich fast, thus the risk is much lower than with speculation. Speculation usually involves something totally new and going against the market's expectation (Ibid., 91). In *Skipper Worse*, criticism is directed against the speed and, more importantly, against how the pursuit and gain of money has become a goal in itself.

Furthermore, speculation and the quick money that can be earned by it, stand in a contradictory relation to the protestant work ethic as such. The notion of making money without working, through speculation and gambling, thus represents a threat to the basic principles of economy and society in 19th century discourse (Stäheli, 60).

As speculators, the younger generation of the pietistic movement as depicted in *Skipper Worse*, is by definition breaking away from divine power. Economic speculation can be defined in the following way:

the purchase (or sale) of goods with a view to re-sale (or repurchase) at a later date, where the motive behind such action is the expectation of a change in the relevant prices [...] and not a gain

³ "thrift, accuracy and tireless diligence"

⁴ "Not that the brothers' trading was against Hauge's wishes and instructions, on the contrary. But this wasn't the old hardworking and humble pursue for a modest profit. The money came too easily and in too large portions."

accruing through their use, or any kind of transformation effected in them or their transfer between different markets (O'Hara, 1999, 1076).

The central point in this definition is the notion of being in control of the future. Speculating in goods like fish is an attempt to see into the future and by that setting oneself over God. As the financial historian Peter L. Bernstein expresses in his famous book on the history of risk:

The revolutionary idea that defines the boundary between modern times and the past is the mastery of risk: the notion that the future is more than a whim of the gods and that men and women are not passive before nature. Until human beings discovered a way across that boundary, the future was a mirror of the past or the murky domain of oracles and soothsayers who held a monopoly over knowledge of anticipated events (Bernstein, 1).

In a world dominated by religious faith, the future is in the hands of one or several gods and man is subordinate to fate. Through risk management, man is trying to see into and control the future and is in effect trying to take God's place. Showing secularisation of society through the portrayal of a religious movement may seem paradoxical at first glance, but it actually makes the point much clearer, as the portrayal illustrates how a particular group of religious people undermines Christian ethics and belief in God.

We can see then, that the moral condemnation of speculation is linked with a changing worldview. This is made even clearer earlier in chapter 5 when the narrator describes thoughts running through people's heads as a fire breaks out:

Under alt dette led dog Kjøbmændene den værste Angst. Assurance var en meget sjelden Ting:: mange af de Vakte mente endogsaa, det var syndefuld Mistillid til Forsynet; nogle sagde, at de havde assureret med Gud. Men naar Vinden bar paa, og de smaa Træhuse flammede op det ene efter det andet, da tabte selv de Klogeste og Frommeste al Tanke; og de løb omkring i Pakboderne paa Søhuset (II, 305 ff)⁵

Speculation, and fire insurance alike depend on the calculation of the probability of an uncertain, .i.e. not predestined, outcome. As we see in the quotation above, insurance may pose a problem to a Christian, protestant worldview. The belief in providence is cited as the main reason for the lack of insurance in *Skipper Worse*, but in an ironic twist the narrator tells us that people's faith is breaking down: everyone loses their head when the fire occurs.

We can see a similar negotiation of worldviews through the thematisation of insurance in Henrik Ibsen's *Ghosts* (1881), where pastor Manders argues against insuring the asylum because the public might see it as lack of confidence in God. In August Strindberg's novel *The Red Room* (1879), sea insurance becomes an unethical speculation business in itself.

⁵ "During all this, it was the merchants who suffered the worst fear. Insurance was a rare thing; many of the Pietists even felt that insurance was a sinful lack of confidence in providence. Some said they had insurance with God. But even the smartest and most pious lost all thought when the wind came and the small treehouses caught fire, one after another. And they ran around in the warehouses and in the boathouse."

Interestingly, the concurring insurance companies are called Triton and Neptun, thereby giving the pretence of divine protection, while in fact they represent an undermining of divine providence.

2. Risk and the problem of rationality

So, speculation and insurance are founded in a conviction of man's superiority at calculating the future. However, while humans in these ways take the future into their own hands, this future becomes less, not more, certain. Life, in other words, becomes a risky business. The calculation of possible future events is not an exact science and has quite a lot in common with fiction. It requires imagination, the possibility of imagining alternative futures. This is the crux in a definition of the speculator by the German sociologist Werner Sombart (1863-1941):

Er [der Spekulant] vollbringt sein Werk etwa in dieser Weise. Selbst träumt er mit aller Leidenschaftlichkeit den Traum seines glücklich zu Ende geführten, erfolgreichen Unternehmens. Er sieht sich als reichen, mächtigen Mann, den seine Mitmenschen verehren und feiern wegen der ruhmvollen Taten, die er vollbracht hat und die er selbst ins Ungeheure in seiner Phantasie auswachsen läßt. [...] Er träumt das Riesengroße. Er lebt in einem beständigen Fieber (Sombart, 1913 [2003], 121).⁶

The speculator is dreaming of and imagining a future where his superiority is being celebrated. According to Sombart, his fantasies are limitless, and the speculator lives in a constant fever, i.e. in a condition beyond rationality. Thus, speculation is posing a challenge to a capitalistic economic system, which is based upon rationality. The figure of the speculator, described by Sombart in his history of the bourgeois as a specific type in capitalist society, became a very prominent literary type in 19th century fiction. The speculator, just as the gambler, can be seen as contesting the notion of the *homo economicus*: the economic man who acts out of self-interest and calculates every movement according to utility.⁷

Risk and speculation are considered the prime movers in capitalism (Giddens, 2002, 35), but what is being discussed around 1900 are its uneconomic aspects. Literature participates in this discussion.⁸ Before I return to Kielland's novel, I would like to take

⁶ Sombart, s. 121 "He [the speculator] accomplishes his deed in more or less that way. With all passion he is dreaming of his successful business transaction. He sees himself as a rich, powerful man, honoured and celebrated by his fellow men because of his glorious deeds, deeds which he himself has accomplished and which in his fantasy grow into fantastic proportions. [...] He is dreaming the gigantic dream. He lives in a constant fever.

⁷ The young consul in Kielland's *Garman & Worse* would be a typical *homo economicus*. Other examples are the Consul Buddenbrook in Thomas Mann's first novel of the same name or, in a perverted way, the moneylender Gobseck in Honoré de Balzac's *Comédi humaine*.

⁸ Whether speculation is stabilising or destabilising the market is an ongoing discussion (Brenner and Brenner, 95 ff.)

another example, Thomas Mann's first novel, *Buddenbrooks* (1901), where similar thoughts to those of Sombart's, are reflected in a literary way. The year is 1868 and Thomas Buddenbrook, the third manager of a mercantile family business, is considering buying a wheat harvest in advance. Towards the end of the 19th century this kind of future trading was greatly discussed and considered by many to be speculative and immoral.⁹ In line with this view, Thomas is torn between the desire to make quick money and to act according to family tradition and ethics. Finally he reaches a conclusion:

Und seine Schritte wurden noch geschwinder, sein Atem tiefer. Er setzte sich einen Augenblick, sprang auf und wanderte aufs Neue durch alle Zimmer. Er durchdachte das Ganze noch einmal [...] sah die gelbreife Ernte von Pöppenrade im Winde schwanken, phantasierte von dem allgemeinen Aufschwung der Firma, der diesen Coup folgen würde, verwarf zornig alle Bedenken, schüttelte seine Hand und sagte: »Ich werde es thun!« (Mann, [1901] 2002, 522)¹⁰

Thomas sees the golden harvest waving in the wind and is fantasising about prosperity. In the struggle between his ethical scruples and hope of economic welfare, the fantasy about the harvest wins. Furthermore, the narrator describes Thomas Buddenbrook as being in an agitated state, which stands in contrast to his father's rationality. This is emphasised when he sits down to write a letter to the owner of the harvest: "einen Brief, der, als er ihn mit fieberheißem und schwerem Kopfe durchlas, ihm als der beste und taktvollste seines Lebens erschien" (Ibid).¹¹ Thomas Buddenbrook is in a state beyond calculation and rationality as if he were in a fever, just like Sombart's typical speculator. This state of irrationality links Thomas as a speculator to the figure of the gambler. A characteristic feature in descriptions of the gambler is his lack of self-control, thereby contrasting him to the homo economicus (Stäheli, 46).

A curiosity often pointed out, is that Thomas does not insure the harvest, something that at the time would have been a reasonable and quite common thing to do. On a narratological level this heightens the drama, and makes the failure of the trade the turning point in the novel. By not insuring the harvest, Thomas maximises the risk and links himself fully to the gambler. The similarity between Thomas Buddenbrook's speculative action and gambling has been pointed out by several scholars and is emphasised by the fact that the

⁹ Between 1896 and 1900, the same period as Mann wrote his novel, future trading was forbidden in Germany. (Brenner, 97)

¹⁰ *Buddenbrooks*, s. 522, "And his pace became quicker, his breath deeper. He sat down for a moment, jumped up and stared again, pacing through all the rooms. He thought it through once more [...] saw the golden harvest from Pöppenrade waving in the wind, fantasised about the general upswing for the firm, which would follow the coup, angrily shrugged off all second thoughts, shook his hand and said: "I will do it". See also Franziska Schössler who makes this point in ...

¹¹ *Buddenbrooks*, s. 522 "A letter which, when he read through it in a hot fever and with heavy head, seemed to him to be the best and most tactfully he had ever written."

owner of the harvest is an aristocratic gambler who has to sell the harvest in advance to pay down a gambling debt.¹² That the harvest is destroyed by hail underlines the fictional character of speculation, a future that was never realised. It can be interpreted both as divine punishment and as bad luck in a hazard.

In Kielland's novel we can also see how speculation undermines rationality, when the narrator tells us about the fish that is coming to the shore:

Ligefra selve Fiskerne og op til Salterieiere og Speculanter – alle gikk i etslags Rus, saalænge Fisket stod paa. Da fik ikke bare Skippere, men ganske unge Styrmand Fartøi til at fare paa Fisket med; og der blev seilet de forvovneste Seiladser for at naa først frem og faa fuld Last. Saa narrede man hinanden med falske Efterretninger, sloges, hvis det var nødvendig, og drak sig en god og forsvarlig Rus, naar der var Tid og Anledning. Hjemme i Klubben var det bevægede Aftener; alle Stuer fulde, Folk sad paa Kanten af Billardet, hvilket ellers var forbudt.¹³

The fishermen, factory owners and speculators are all presented as being in a state of collective intoxication, both in a metaphorical and literal sense, and as such, in opposition to rationality. Furthermore, we can here see how the fictional aspect of speculation opens the doors to corruption. The possibility of calculating future events depends on information, but when this information is false the calculation is based on fictional data. Almost two hundred years earlier Daniel Defoe makes exactly the same point when he criticises stock-jobbing for being

founded in Fraud, born of Deceit, and nourished by Trick, Cheat, Wheedle, Forgeries, Falsehoods, and all sorts of Delusions; Coining false News, this way good, that way bad; whispering imaginary Terrors, those, whose Imagination they have wrought upon, whom they have either elevated or depress'd (Daniel Defoe [1719] cited in Stäheli, p.56).

Because speculation is based upon a not yet realised future, its fictional character gives space to corruption by nourishing the imagination with false news. In Kielland's novel the unethical aspect of speculation is emphasised further by people sitting on the edge of the billiard table, something which was otherwise forbidden. Billiard is a game which is played with strict rules

¹² Franziska Schössler (2010, 121) has the most thorough discussion of the connection between speculation and gambling in *Buddenbrooks*.

¹³ *Skipper Worse*, p. 310: Everyone from the fishermen themselves and up to the dealers in salt and the speculators – everyone moved as in a sort of intoxication for as long as the fishing lasted. Then not only skippers, but quite young mates were given vessels to go fishing, and the most daring navigations were performed in order to arrive first and secure a full cargo. Then men misled each other with false information, got into fights when that was necessary, and got deeply drunk when there was time and opportunity. At home in the club the evenings were noisy; all the rooms were packed, people even sat on the edge of the billiard-tables, which was at other times prohibited.

and based on calculation – what happens with ball B if it is hit by ball A? Thus the billiard table acquires a metaphorical function. It shows how speculation is in a transitional state between rationality and rules on the one hand and corruption and hazard on the other.

From the examples above we can clearly see how the uneconomic aspect of speculation is discussed, emphasising fictionality and irrationality, thus linking it to gambling. From the 18th century onwards, when speculation became popular in history, it was connected to and confused with gambling. This was also the case with insurance.¹⁴ We can clearly see a semantic confusion of gambling and speculation in Emile Zola's novel *L'Argent*. Here the bourse is consequently referred to as a casino and the stockbrokers as gamblers, a semantic linkage which is still current today. Sir Ernest Cassel, private banker of Edward VII, made this point explicit when he said: "When I was young, people called me a gambler. As the scale of my operations increased I became known as a speculator. Now I am called a banker. But I have been doing the same thing all the time." (Sir Ernest Cassel in Brenner and Brenner, 90). While attempts at separating insurance from gambling were made as early as the 18th century (Ibid, 105), the connection between gambling and speculation remains throughout the 19th century (Stähli, 10).

Of course, the ethical condemnation of speculation is also linked to its uneconomic aspect. What the idea of risk does is make the world an insecure place, a place no longer part of a greater, divine plan. In this context, speculation is perceived to be fanciful. It is neither part of God's plan, nor founded in rationality. Thus, although man is trying to be superior to nature, he is also part of a hazard where the outcome is based on luck. The novel *Svømmere* (*Dreamers*), by Hamsun, perceives the fishing business in just such a way:

Fiskeren er spiller. Han setter sine garn eller liner og venter på trekket, han kaster sin not og lar skjebnen råde. Ofte samler han tap efter tap over seg, hans børnskap driver av eller synker og forgår i storm; men han rustet seg igjen og legger ut. Stundom drar han lange veier, til steder hvor han hører at andre har vært heldige, sliter og ror i ukevis over hårde havstrekninger og kommer tilsist forsent frem: Spillet er slutt. Men nu og da kan også det store lodd ligge og bie på ham midt i hans vei og stanse ham og fylle hans båt med dalere. Ingen vet hvem hellet skal treffe, alle har samme grunn til å håpe... (Hamsun, 1954, 14).¹⁵

¹⁴ For a thorough investigation of the contingency between gambling and speculation, see Brenner and Brenner and Stäheli.

¹⁵ The fisherman is a gambler. He lays out his nets or his lines and waits for the haul, he casts his seine and allows fate to take control. Often he gathers loss after loss, his gear goes adrift or is sunk and ruined by storms; but he furnishes himself again and goes out. Sometimes he goes a long way off, to places where he hears others have had luck, toiling and rowing for weeks over heavy sea and arrives at last too late: the game is over. But now and again the large prize may lie waiting for him right in his route and stop him and fill his boat with money. No one knows who will have the strike of luck, everyone has the same reason to hope...

Fishing is a gambling business based on luck. The fisherman can either die in a storm or come too late, or he can be lucky. Hamsun emphasises the democratic aspect of the gambling business. Everybody, and not just a few privileged or chosen ones, has the same possibility to win and take the pot home. However, although everyone has the same chance, the future is totally unclear.

The loftiness of speculations is also what the antagonist in *Skipper Worse* discovers in the last chapter of the novel when all the Haugians are waiting for news of their ship which has been to sea for a long time: "Selv Sivert Jespersen sad uden Smil og borede sine Hænder ind i Frakkeærmerne, indtil han fik Tag helt oppe ved Albuen; saaledes sad han stille og kneb til, som om han vilde holde fast paa noget."¹⁶ Sivert Jespersen is trying to get hold of something, but with the sacred foundation torn away, speculation remains a lofty business, based on fiction.

3. Concluding remarks

Many of the problems posed in literature and in the public domain in the late 19th century, are of just as current interest today. As we have seen in the wake of the 2008 financial crisis, questions over the ethics of speculation have been widely discussed. The same is also true for the role of speculation within the economic system. Were the modern-day stockbrokers behaving like bankers or were they actually true to the 19th century stereotype, .i.e. gamblers playing for their own pocket?



Caricature by Hermann Schrenberg: *Passionsspiel* (1875)
„Ringel-Ringel-Rosenstiel,
Schönes Hausse-Baisse-Spiel¹⁷“

What about all the other minor speculators: were they rational actors or headless gamblers sucked into a form of mass psychosis? And who actually understood what happened? There

¹⁶ „Even Sivert Jespersen sat without a smile and drilled his hands into the arms of his coat until he got a grip up by the elbows; There he sat in silence and squeezed, as if he tried to hold on to something.“

¹⁷ The caricature shows stockbrokers going in a ring, just like in a children's game, each putting their hand into the pocket of the one before.

was a lot of talk about bubbles and the stockmarket as a parallel economy. The South Sea bubble in the 18th century was based on just the same fiction as the real estate bubbles today. And as a final point, what about insurance? When insurance became a hype for the first time in the late 17th century, it was possible to insure almost anything. This included not only insurance of property, investments and life, but also insurance against cuckoldry and lies (Brenner and Brenner, 105). Life insurances were often in themselves speculation or gambling enterprises. Balzac's father can serve as an illustration. He was part of a mutual life insurance game, the Lafarge tontine, where the last survivor would get the whole pot (Tilby 2011, 108). The family, whose life for years circled around this event, was almost sure of winning several millions, when the father suddenly died in an accident, at age of 83. Insurances today may not seem as absurd, but who has any overview of what insurances are worth buying? And how many of the risks we anticipate today are real and which are fictions, based on the media's scaremongering? The novels I have quoted from in this paper are just a few literary examples where those questions have been raised. My examples show that the thematisation of risk in general and speculation in particular were about more than just ethics. What was being discussed was a new way of seeing the world and a questioning of the new rationality of economics. Thus the novels tried to make sense of the same economic questions that trouble the public and economists today.

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