From Rumor to Written Record

Credit Reporting and the Invention of Financial Identity in Nineteenth-Century America

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> *A thousand folios include a page or two or more about you and your affairs, without your knowledge or your consent. Go where you may to purchase goods, a character has preceded you, either for your benefit or your destruction.*
>
> **—*Hunt's Merchant's Magazine and Commercial Review* (New York), 1853**

The textualizing of bodies for the purpose of social control is intimately connected to the rise of the modern nation-state. Passports, identity cards, anthropometry, and rationalized systems of criminal identification all brought citizens under the purview of state authority as visible subjects. Not surprisingly, then, emerging scholarly interest in the historical development of surveillance is largely devoted to state practices.[1] This perspective, however, overlooks one of the most totalizing and invasive systems of surveillance to emerge anywhere in the nineteenth-century world: the American commercial credit-reporting agency, or "mercantile agency."[2] Begin-

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1. For an exemplary volume of essays on the subject, see Jane Caplan and John Torpey, eds., *Documenting Individual Identity: The Development of State Practices in the Modern World* (Princeton, N.J., 2001). The editors acknowledge the limitations of a state-based focus in this "embryonic" field of inquiry and recommend a broader perspective that includes the commercial sector (p. 4).

2. The first (and, for many years, only) history of nineteenth-century credit reporting is James D. Norris, *R.G. Dun & Co., 1841–1900: The Development of Credit-Reporting in the Nineteenth Century* (Westport, Conn., 1978). For an excellent recent account, see Rowena Olegario, *A Culture of Credit: Embedding Trust and Transparency in American*

ning in the 1840s, these private-sector agencies brought thousands of U.S. citizens—merchants, traders, manufacturers, and artisans—into a massive network of social monitoring designed to facilitate safe business relationships in a world increasingly inhabited by strangers.

This article describes the development and operation of the nineteenth-century mercantile agency in the interest of illuminating a pivotal though neglected chapter in the history of modern surveillance practice. As the author of a 386-page diatribe against these agencies fumed in 1896, "The history has not yet been written of the American Inquisition."[3] In addition to challenging the primacy of the nation-state in the evolution of American mass surveillance, this article also underscores one of the mercantile agency's most consequential effects: the invention of disembodied financial identity.

The model for these early credit-reporting agencies was established in 1841 by Lewis Tappan, an evangelical Christian and noted abolitionist who ran a silk wholesaling business in New York City with his brother Arthur.[4] Emerging nearly bankrupt from the panic of 1837, an economic crisis precipitated by a cascade of defaulted debt, Tappan launched the Mercantile Agency—a name that became generic for such institutions—to implement a national system of credit checking. "This Agency," he announced in an 1843 advertisement, "was established . . . for the purpose of procuring by

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Business (Cambridge, Mass., 2006). Company-sponsored histories include Edward Neville Vose, *Seventy-Five Years of the Mercantile Agency R.G. Dun & Co., 1841–1916* (Brooklyn, N.Y., 1916), and Roy A. Foulke, *The Sinews of American Commerce* (New York, 1941). A superb description of Tappan's agency and its contribution to emergent nineteenth-century notions of identity is provided in Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, Mass., 2005), 99–158. Scholarly essays include R. W. Hidy, "Credit Rating before Dun and Bradstreet," *Bulletin of the Business Historical Society* 13 (1939): 81–88; Lewis E. Atherton, "The Problem of Credit Rating in the Ante-Bellum South," *Journal of Southern History* 12 (1946): 534–56; Bertram Wyatt-Brown, "God and Dun and Bradstreet, 1841–1851," *Business History Review* 40 (1966): 432–50; James H. Madison, "The Evolution of Commercial Credit Reporting Agencies in Nineteenth-Century America," *Business History Review* 48 (1974): 164–86; Rowena Olegario, "'That Mysterious People': Jewish Merchants, Transparency, and Community in Nineteenth-Century America," *Business History Review* 73 (1999): 161–89; and Rowena Olegario, "Credit Reporting Agencies: A Historical Perspective," in *Credit Reporting Systems and the International Economy*, ed. Margaret J. Miller (Cambridge, Mass., 2003), 115–59.

3. William Yates Chinn, *The Mercantile Agencies against Commerce: "Are We a Nation of Swindlers and Liars?"* (Chicago, 1896), 28.

4. Tappan's model did not emerge sui generis. On American precursors, see Norris, 10–14; on earlier English trade societies, see Olegario, *A Culture of Credit* (n. 2 above), 32–35; on credit networks in early modern Europe, see Laurence Fontaine, *History of Pedlars in Europe*, trans. Vicki Whittaker (Durham, N.C., 1996), chap. 6; Craig Muldrew, *The Economy of Obligation: The Culture of Credit and Social Relations in Early Modern England* (New York, 1998); and Philip T. Hoffman, Gilles Postel-Vinay, and Jean-Laurent Rosenthal, *Priceless Markets: The Political Economy of Credit in Paris, 1660–1870* (Chicago, 2000).

resident and special agents, information respecting the standing, responsibility, &c., of country merchants. . . . It is not a system of espionage, but the same as merchants usually employ—only on an extended plan—to ascertain whether persons applying for credit are worthy of the same and to what extent."[5] As one agency advocate explained in 1858: "False and fraudulent representations by a purchaser are mercilessly exposed by the Agency; plausible swindlers are detected; the weak and incompetent trader described, and the extravagant checked."[6]

The mercantile agency, like the nineteenth-century nation-state, sought to render the individual legible.[7] Such legibility centered upon texts: handwritten reports, correspondence, ledgers, notes, and, later, printed reference volumes and newsletters that compressed an individual life into a brief statement of creditworthiness, ultimately represented by a numerical value. At the core of Tappan's reporting system was a library of imposing ledgers in which all known businesses in the United States were documented, along with detailed reports on the personal character, financial means, and local reputations of their proprietors.[8] This information was tightly controlled. Until coded reference books appeared in the late 1850s, subscribers—wholesalers, merchants, bankers, and insurance companies—received it only in the offices of the Mercantile Agency, and only as read by discreet clerks who summarized the contents of the ledgers; copies were not available, and no written traces other than the subscribers' notes could leave the premises.

After Tappan relinquished his stake in the agency in 1854, his system was continued by several associates, including Robert Graham Dun, who took over in 1859 and ran the firm as R.G. Dun and Company. Tappan's agency was the first to achieve wide success, but it was not the only one in existence. Its chief rival was the Bradstreet Company, founded in 1849 by John M. Bradstreet, a former dry goods merchant and attorney based in Cincinnati. In 1855, Bradstreet moved his base of operations to New York City, and the two companies competed aggressively until 1933, when they merged to form Dun & Bradstreet, one of the preeminent commercial credit-rating firms in the world today.

5. "Mercantile Agency," in *New-York City and Co-Partnership Directory for 1843 & 1844* (New York, 1843), n.p.

6. "The Mercantile Agency System," *Banker's Magazine and Statistical Register*, 7 January 1858, 548.

7. On legibility as a technique of state control and social engineering, see James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven, Conn., 1998), 1–83.

8. Between 1841 and 1890, Tappan and his successors filled more than 2,500 volumes of credit reports (preserved in the R.G. Dun archive, Baker Library, Harvard Business School, Cambridge, Mass.). Many nineteenth-century agencies, including Tappan's, reported the credit standing of individuals outside the United States, notably in Canada. The present study addresses the mercantile agency's primary operations in the United States.

The American mercantile agency system represented a radical new technology of institutional surveillance. Credit reporting served a different purpose than other forms of bureaucratic centralization and communication that emerged during the mid-nineteenth century, notably those associated with the railroad and telegraph.[9] The mercantile agency's raison d'être was to collect information about people. In the absence of certified financial statements, the basis of corporate credit assessment today, nineteenth-century commercial credit reporting was a study of individuals rather than faceless organizations. As nineteenth-century businesses were typically sole proprietorships or small partnerships, commercial credit reporting entailed investigations into the integrity of these particular people. Moreover, the information processed by these agencies was not primarily for internal recordkeeping or administrative use, but for commodification and distribution.[10]

The mercantile agency system of the 1840s introduced an entirely new way of identifying, classifying, and valuating individuals as economic subjects. What Tappan and his successors invented was not just a highly coordinated system of disciplinary surveillance, but the very idea of financial identity itself. This new technology of identification became a key infrastructural component of the modern credit economy and, in turn, produced its own category of social reality. Within the mercantile agency's integrated network of recordkeeping and transcription—an example of what Foucault termed "disciplinary writing"—financial identity served as the primary unit of analysis.[11] Such disembodied textual representations

9. Alfred D. Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977); James Beniger, *The Control Revolution: Technological and Economic Origins of the Information Society* (Cambridge, Mass., 1986); and JoAnne Yates, *Control through Communication: The Rise of System in American Management* (Baltimore, 1989).

10. Sandage (n. 2 above) aptly refers to mercantile agencies as "identity brokers" (p. 149) and notes their role in fostering the commodification of identity during the nineteenth century.

11. This study draws upon Michel Foucault's paradigmatic concept of disciplinary power; see Foucault, *Discipline and Punish: The Birth of the Prison*, trans. Alan Sheridan (New York, 1995), 170–288, and *Power/Knowledge: Selected Interviews and Other Writings*, ed. Colin Gordon (New York, 1980), 71–75, 146–65. Although Foucault's well-known discussion of panopticism has exerted a deep influence on contemporary surveillance scholarship—indeed, it is arguably the dominant theoretical perspective—this analysis focuses specifically on "textualization," the process by which embodied subjects of surveillance are selectively reduced, re-presented, and processed as textual evidence. In the case of the mercantile agency, these texts took the form of handwritten documents, ledgers, and printed books; in other contexts, they might include photographs, fingerprints, electronic files, computer code, video, or DNA signatures. For a discussion of textualization, see Carolyn Marvin, "Communication as Embodiment," in *Communication as . . . Perspectives on Theory*, ed. Gregory J. Shepherd, Jeffrey St. John, and Ted Striphas (Thousand Oaks, Calif., 2005), 67–74. For a critique of panopticism that addresses the centrality of recordkeeping, see Mark Poster, *The Mode of Information: Poststructuralism and Social Context* (Chicago, 1990), 69–98, esp. 91.

fostered a new epistemology of risk, one that converted the financial means and reputation of individuals into quasi-empirical facts.[12] The purported facticity of financial identity not only imposed parameters of normative behavior, but also offered the tantalizing possibility of rational calculation. Here, the development of American credit reporting can be viewed in the broader context of nineteenth-century quantification, particularly the new sciences of statistics and accounting.[13] The same ideals of objectivity and transparency that stimulated the quantification of populations, social phenomena, and commercial transactions were also manifest in the development of financial identity as a site of individual accountability.[14]

The national credit-reporting apparatus forged during the antebellum market revolution constituted a new regime of economic objectification, one that facilitated the penetration of market values and commercial morality into the everyday lives of nineteenth-century Americans. Importantly, the surreptitious operation of these private agencies incited vigorous opposition among many Americans, resistance evident in numerous published denunciations, legal battles, and legislative efforts to curtail the mercantile agency system. The concept of financial identity that emerged during the 1840s is the direct precursor of modern consumer-credit identity, and the privacy debates that flared around its early development remain with us today. Above all, the history of nineteenth-century financial identity reveals the *moral* underpinnings of all credit-reporting systems, including those in which financial behavior and performance—socially determined markers of trustworthiness and economic legitimacy—are obscured behind the veil of quantification and technical neutrality.

12. Mary Poovey, *A History of the Modern Fact: Problems of Knowledge in the Sciences of Wealth and Society* (Chicago, 1998). A similar process of financial objectification was at work in the nineteenth-century life insurance industry; see Viviana Zelizer, *Morals and the Markets: The Development of Life Insurance in the United States* (New York, 1979).

13. See Patricia Cline Cohen, *A Calculating People: The Spread of Numeracy in Early America* (New York, 1999); Theodore M. Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton, N.J., 1995); and Ian Hacking, *The Taming of Chance* (Cambridge, 1990).

14. There are rich parallels between the development of nineteenth-century credit reporting and the history of accounting as a technology of economic objectification. See Peter Miller and Ted O'Leary, "Accounting and the Construction of the Governable Person," *Accounting, Organization, and Society* 12 (1987): 235–65; Peter Miller, "Accounting and Objectivity: The Invention of Calculating Selves and Calculable Spaces," *Annals of Scholarship* 9 (1992): 61–86; and Keith Hoskin and Richard Macve, "Writing, Examining, Disciplining: The Genesis of Accounting's Modern Power," in *Accounting as Social and Institutional Practice*, ed. Anthony G. Hopwood and Peter Miller (New York, 1994), 67–97. On accounting as a rhetoric of objectivity, see Bruce G. Carruthers and Wendy Nelson Epseland, "Accounting for Rationality: Double-Entry Bookkeeping and the Rhetoric of Economic Rationality," *American Journal of Sociology* 91 (1991): 31–69; Porter, 89–98; and Poovey (n. 12 above), 29–90.

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As urban concentrations on the eastern seaboard swelled during the early decades of the nineteenth century and western migration brought growing numbers inland, American society began to exhibit telltale signs of modernity. Chief among them was a breakdown of social trust within the commercial sphere.[15] This had a profound impact on merchants and traders whose business depended upon lengthening chains of credit. Each spring and fall, tradesmen from all parts of the country converged on New York City and other coastal hubs seeking (often on credit) merchandise from importers, manufacturers, wholesalers, and jobbers that they could resell in their home markets (again, often on credit). By offering liberal credit terms, merchants in effect became bankers, first to one another and then to local customers and communities. But as many discovered, often through disaster, the traditional way of assessing a credit-seeker's trustworthiness—direct experience, word of mouth, and letters of recommendation—proved increasingly unreliable.[16] Tappan's "strange mercantile agency" may have seemed "a curious and somewhat thankless office" to one observer in the summer of 1841, but its appeal to "those merchants, who have suffered bitterly from dishonest men" was apparent.[17]

Until the early nineteenth century, commercial activity was essentially local and credit assessment was largely an informal, embodied practice based on personal observation and conversation with neighbors and associates. Such direct experience provided a measure of security (perhaps illusory) that one knew who one was dealing with. "The most trifling actions

15. The problem of trust (and its obverse, risk) as a defining feature of modernity occupies much of contemporary sociological theory, particularly in connection with the mediating role of institutions and technical expertise; see Anthony Giddens, *The Consequences of Modernity* (Stanford, Calif., 1990), and Ulrich Beck, *Risk Society: Towards a New Modernity*, trans. Mark Ritter (London, 1992). Georg Simmel, among the first to underscore the importance of trust in modern financial relationships, notes the paradoxical interdependence of strangers in the burgeoning credit economy; see Simmel, "The Sociology of Secrecy and Secret Societies," trans. Albion W. Small, *American Journal of Sociology* 11 (1906): 441–98, esp. 445–46, and *The Philosophy of Money*, 2nd ed., trans. Tom Bottomore and David Frisby (London, 1990). The risk-management perspective is dominant among economists, who generally view credit reporting as a solution to the problem of imperfect or asymmetrical information in lending situations; see Margaret J. Miller, "Introduction," in *Credit Reporting Systems* (n. 2 above), 1–21.

16. On recommendation letters and their connection to bookkeeping, clerical writing, and notions of moral accountability, see Thomas Augst, *The Clerk's Tale: Young Men and Moral Life in Nineteenth-Century America* (Chicago, 2003), esp. 219–32. The crisis of social identity in nineteenth-century America, articulated in advice manuals that promoted "'transparency' of character" (p. xvi), is well described in Karen Halttunen, *Confidence Men and Painted Ladies: A Study of Middle-Class Culture, 1830–1870* (New Haven, Conn., 1982).

17. "Strange Mercantile Agency," *North American Review and Daily Advertiser*, 27 July 1841, n.p.

that affect a man's credit are to be regarded," Benjamin Franklin instructed. "The sound of your hammer at five in the morning, or eight at night, heard by the creditor, makes him easy six months longer; but if he sees you at the billiard-table, or hears your voice at a tavern, when you should be at work, he sends for his money the next day."[18] Thus the judicious creditor actively observed his neighbors, looking and listening for evidence of integrity or, contrarily, sloth and vice. Such information culled from prying eyes and ears was distilled in community opinion, which could be tapped as needed. Knowledge of an individual's property and financial assets was fundamental, but equally important was knowledge of his or her character. It was not simply a matter of whether one had the means to repay one's debts, but whether one was the sort of person who felt sufficiently constrained, by conscience or social obligation, to do so. Not everyone did. Legal remedies for collecting debts were imperfect, and the passage of a federal bankruptcy law in 1841 provided the insolvent with generous legal and financial protection. Not surprisingly, jilted creditors sought more penetrating and reliable information about the financial reputation of would-be borrowers, especially those they did not know.[19]

When credit information could not be obtained through personal knowledge or the word of a trusted acquaintance, letters of recommendation were accepted as surrogates. Written by clergymen, lawyers, bankers, and business associates, these open-ended testimonials vouched for the honesty of their bearer, providing a modicum of security in the absence of contradictory evidence. Such letters became more common as the geography of American commerce expanded. Seeking to drum up new business in the South, the Tappans advertised their willingness to extend credit terms to all who could produce "respectable letters."[20] Unfortunately, such letters were not difficult to obtain (through either persistence or collusion), and the Tappans suffered great losses when they trusted a system vulnerable to misrepresentation.

Commissioned investigations were embraced as a more dependable way to sound out distant strangers. Individual storekeepers and lawyers in the South would sometimes provide local credit information to eastern wholesalers, but this was rarely shared or systematic.[21] In the early nineteenth century, some large firms began to employ traveling reporters to canvass various areas of the country for information about businessmen who sought credit relationships, an approach that was both slow and expensive. One

18. Quoted in Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (New York, 1958), 49.

19. On the antebellum credit system and the impact of the 1841 Bankruptcy Act, see Edward J. Balleisen, *Navigating Failure: Bankruptcy and Commercial Society in Antebellum America* (Chapel Hill, N.C., 2001), esp. 146–51.

20. Atherton (n. 2 above), 536.

21. Ibid., 535–36.

notable exception was Thomas Wren Ward, a retired Boston attorney who worked for Baring Brothers & Company, a London-based financial house.[22] Hired in 1829 to report on the firm's U.S. interests, Ward traveled from Maine to Louisiana to inquire into the standing of local businesses. This labor-intensive endeavor centered almost entirely on personal consultations. As Ralph Hidy has observed: "Merchants were averse to writing particulars about their neighbors and competitors. They would tell much more in private conversation, but that method involved constant travel."[23] Ward's good reputation and network of acquaintances gained him access to the candid opinions of his contacts, which he dutifully submitted to Baring Brothers until 1853. His terse reports, the first of their kind, summarized the subject's capital and character; for example: "William Goddard [of Boston]—Safe and handsome property. $60,000 upwards. Very particular—energetic in business—has influence—apt to like strongly and dislike strongly."[24]

The mercantile agency system implemented by Tappan represented a major innovation in that it pooled the resources of the business community in a centralized, subscription-based reporting service. Key to its success was the use of unpaid local correspondents instead of lone traveling reporters. Most members of this vast network were attorneys who filed reports in exchange for referrals to prosecute debt collections in their communities. Commenting on the superiority of the local correspondent over the traveling reporter, Tappan wrote that "the local agent . . . having his eye upon every trader of importance in his county, and noting it down as it occurs, every circumstance affecting his credit, favorably or unfavorably, becomes better acquainted with his actual condition than any stranger can be."[25] Tappan's agency had over 300 correspondents in 1844, and nearly 700 in 1846.[26] By the early 1870s, this number soared to more than 10,000.[27] As business writer Jesse Sprague noted in 1943, "Lewis Tappan, it might be said, was first to apply the principles of mass production to credit reporting."[28]

The correspondent's primary task was to convey the local standing of individuals in situ. A contemporary account explained:

22. Sheldon P. Church provided credit reports for several New York City dry goods wholesalers as early as 1827 and served as a traveling reporter in the South during the 1840s; see *The Commercial Agency: Its Origin, Growth, &c.* (New York, 1874), 3–4; Thomas F. Meagher, *The Commercial Agency "System" of the United States and Canada Exposed* (New York, 1876), 5; Foulke (n. 2 above), 333–34, 366–68.

23. Hidy (n. 2 above), 84.

24. Quoted in Foulke, 363.

25. Quoted in Norris (n. 2 above), 22.

26. Wyatt-Brown (n. 2 above), 444, 447.

27. *The Mercantile Agency: Its Claims upon the Favor and Support of the Community* (New York, 1872), 6.

28. Jesse R. Sprague, *The Romance of Credit* (New York, 1943), 111.

> Hence the main object with the agency is, to furnish the home standing of the merchant obtained from intelligent and reliable sources, there. . . . There, and only there, can [w]e learn whether he owns property, and is a man of good character—whether he does a legitimate or a speculative business—and whether he is competent, steady, and attentive, or otherwise.[29]

In essence, the correspondent was to extract and reproduce the individual's local reputation for a national audience. During the early years of the mercantile agency—indeed, until at least the 1860s—public records or personal statements were not a major component of these reports.

So what then was the basis of the correspondent's assessment? Personal opinion, informed hearsay, rumor, and anecdotes judiciously culled from local news and conversation. To modern observers these sources appear perilously subjective. But as Tappan indicated in the prospectus quoted above, his system was "not one of espionage, but the same as merchants usually employ—only on an extended plan." As this method was based primarily upon personal knowledge and communal opinion, the system was merely an attempt to formalize and elaborate these time-honored and trusted ways of knowing. "Particularly in the early years," as James Madison has noted, "correspondents relied on their general, personal knowledge of business conditions in the town or area of their responsibility. Most of their reports simply stated the subject's general reputation in the community."[30] Typical of such reports is the following excerpt: "Oliver Hutchins [New York City] Shoes. Apr 28/52 Has been in bus[iness] 10 yrs. Is a hard scrubbing, Indus[trious], money m[a]k[in]g man; prud[ent] & econom[ical]. [I]s s[ai]d to have made money & to be w[orth] eno[ugh] to m[a]ke him g[oo]d for all he wants. He owns R[eal] E[state] & is out of debt."[31]

At a fundamental level, these reports served just two purposes, both of which were predictive: estimating the individual's chance of success in business, and gauging the likelihood of securing repayment, particularly in the event of failure. Toward this end, the key information was encapsulated in what would later be formalized as the "three C's" of credit reporting: character, capacity, and capital. Each category had its own implicit indicators. For character: the individual's work habits (hard working? conscientious?), local reputation (well liked? trusted?), and personal life (married? alcoholic? gambler? philanderer?). For capacity: age, experience in business, past employment, and known history of successes or failures. For capital: assets, liabilities, and property owned by the individual, as well as assets potentially available through well-to-do family or business connections

29. "The Mercantile Agency," *Hunt's Merchant's Magazine*, 24 January 1851, 47–48.
30. Madison (n. 2 above), 171.
31. "New York," Dun archive, vol. 189, 242.

who might rescue an individual in default.[32] When information in one category was not available, which was often the case, additional details in another might serve to compensate. Thus, for example, where little information was known of the subject's debts or property, a few extra words might be said about his or her habits or family connections.

The heart of the mercantile agency system was the library of ledgers into which the correspondents' reports were transcribed.[33] According to an observer who visited the New York office in 1851, "Upwards of thirty men are constantly occupied in the details of this office alone, condensing, copying, and giving out reports, carrying on the correspondence, &c., &c. Their records are contained in more than 100 books, of the size of the largest leger [*sic*], extending to 600 and 700 pages each."[34] The following is a contemporary account of the agency's operations:

> Step into one of these offices and you see before you a row of heavy folio volumes lying at regular intervals upon a long desk, something in the manner of the newspapers in a hotel reading-room. A young man enters and hands to one of the clerks a slip of paper on which is written the name of a firm and place of business. The latter receives the paper, glances over it and proceeds to open one of the books. In a few moments he takes a pen, jots down something and passes it to the young man aforesaid, who perhaps finds written the following: "Peter Mullen, ———, ——— Co., Illinois. Has done business in the same store for the last thirty-five years—made some money—owns a lot in Chicago heavily mortgaged—is the oldest of two children—has lately married his second wife—is professionally a Methodist, and enjoys a general reputation for honesty."[35]

The ledgers were organized by location (county and state), and each entry began with the proprietor's name, line of business, and in some cases a street address. To conserve space, reports were rendered in a small hand and abbreviated language, often lacking punctuation or capitalization to separate sentences. The entry for each business was arranged as a single running paragraph, with updates in the series preceded by a small blank

32. On character and capacity, see Olegario, *A Culture of Credit* (n. 2 above), 80–118.

33. For descriptions of nineteenth-century business writing and the constraints of ledger systems, see Yates (n. 9 above); Martin Campbell-Kelly, "Data Processing and Technological Change: The Post Office Savings Bank, 1861–1930," *Technology and Culture* 39 (1998): 1–32; Charles W. Wootton and Carel M. Wolk, "The Evolution and Acceptance of the Loose-Leaf Accounting System," *Technology and Culture* 41 (2000): 80–98.

34. "The Mercantile Agency," 50.

35. "The Dry Goods Trade," *New York Daily Times*, 8 March 1856, 10. A variation of the Peter Mullen example appears in "Beauties of the Credit System," *Circular* [Brooklyn, N.Y.], 14 August 1856, 120, the major difference being its reproduction of the dating style used in the agency ledgers and the addition of Mullen's Whig political affiliation.

space, the date, and a code number or initials designating the source of the report. Such coding was not simply a matter of expediency, but used to protect the identities of the local correspondents who, if discovered, might be stigmatized by their communities. Although local reputation served as a widely trusted indicator of creditworthiness, its formalization in written reports was often resisted as a breach of propriety. This sentiment was reflected by Edward Payson Bradstreet, a friend and distant relative of John Bradstreet, who declined an offer to work for Bradstreet's fledgling agency because he "did not like the plan of constantly nosing into other people's business."[36] Indeed, one anxious agency correspondent went so far as to request preprinted return envelopes in which to mail his reports, explaining: "I fear my handwriting will be recognized at the post-office, and thus my utility will be cut off."[37]

Since the ledgers were updated as reports arrived, they evolved organically and were not arranged alphabetically or by any universal principle of classification (although in some instances sections were organized by trade). A single volume might contain entries dating from the 1840s through the 1870s. Thus a complex system of numerical indexing and cross-referencing was implemented to locate businesses and their proprietors within and among many separate ledger volumes and to track individuals as they bought and sold businesses, worked under different names or with partners, or moved to new locations. Multiple page numbering and indexing systems were often juxtaposed, with pointing fingers drawn to indicate cross-referencing. Within the entries, key pieces of information, especially sums indicating known assets, were occasionally glossed with brackets to accent hard data or what might be viewed as the true bottom line of an individual's credit status.

The New York–based mercantile agency established by Tappan opened its first branch office in Boston in 1843, followed by Philadelphia in 1845 and Baltimore in 1846. By 1870, the agency had almost thirty branch offices, including several in Canada and one in London.[38] Each time a branch was established, a new set of ledgers was hand-copied from an existing set. New copies were also produced to replace older sets that had fallen into disrepair. With the agency's expansion, reports were submitted to the nearest branch, where a copy was made and then forwarded to New York, which served as the central repository. Except when news of some dramatic development—fire, natural disaster, or financial debacle—might have a direct impact on creditors in other districts, branch offices did not send reports to one another. While correspondence among reporters, branches, and the main

36. C. W. Steffler, "The Evolution of the Commercial Agency: The Story of Bradstreet's," *Commerce and Finance*, 22 February 1928, 426.

37. "Beauties of the Credit System," 120.

38. *The Mercantile Agency* (n. 27 above), 5.

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office was conducted by mail, news of "serious embarrassments, assignments, and failures" was immediately telegraphed to the New York office.[39]

In 1875, R.G. Dun placed an order for 100 Remington typewriters, making the company an early adopter of this new office technology. Branches were instructed to duplicate typed reports on tissue paper and transmit them among the sixty-five offices then in operation.[40] Typed reports soon replaced the handwritten ledger as the core of the agency's information storage and retrieval system. Commenting on the "Spenserian" beauty of the agency's early handwritten ledgers, one company historian noted that the copyists "looked upon the introduction of the typewriter as an offense against the chirographic art."[41] Even the copyists, whose exemplary penmanship signaled physical presence and the aura of personality, were subsumed in the disembodying machinery of the credit-reporting industry.

By the early 1870s, these credit-reporting organizations were operating on a massive scale. "A stranger going into one of these agencies during business hours is struck by the stupendous machinery at work before him," a contemporary observer marveled. "Rows of desks, private rooms, particular departments, scores of busy clerks, hundreds of interested searchers, are around and on all sides of him. A constant stream of busy men, young and old, is flowing in and out all day, and every manuscript volume, of which there are hundreds, seems to be the subject of eager examination."[42] Describing the internal activities of Dun's Chicago office in 1896, another writer counted as many as 200 employees, among whom was "a little army of typewriter girls."[43] A visitor to the office of Dun's archrival, Bradstreet, was similarly impressed by the size of the firm's workforce, but even more

39. The telegraph was generally reserved for emergencies because of its cost ("The Mercantile Agency System" [n. 6 above], 547). Seeking a competitive edge, at least one major wholesaling firm strung its own direct telegraph line to one of the mercantile agencies, establishing a system of real-time credit authorization; thus "while one partner is showing off the silks and shoddy-mixed broadcloths" to a prospective customer, a contemporary observer explained, another "clicks a few strokes, and learns—'owns farm worth $8000 clear, failed once five years ago, good—,' and returns to assist in bowing and assuring the stranger that he can have the goods on any terms he chooses" ("Magnetic Communication for Individual Purposes," *Scientific American*, 28 February 1857, 197); see also "The Telegraph," *DeBow's Review and Industrial Resources, Statistics, Etc.* 16 (1854): 165–69.

40. Initially, tissue-paper copies were pasted into the handwritten ledgers, but their fragility soon led to their being pasted onto sheets of manila paper; these were sent to the various branches, which arranged them alphabetically and by location and placed them in special binders; see Vose (n. 2 above), 125–32; Norris (n. 2 above), 138–39.

41. *The Centennial of the Birth of Impartial Credit Reporting—an American Idea* (New York, 1941), 30.

42. "Agencies," *Brooklyn Eagle*, 15 November 1873, 2.

43. "The Mercantile Agencies: They Have Grown Indispensable to Business," *Chicago Tribune*, 15 March 1896, 6.

so by its composition: "There are, indeed, many establishments in the country—factories, machine shops and the like—where more individuals find work, but how many private corporations are there which require the services of a thousand brain workers?"[44]

Crisis of Control: Narrativity and Dissemination

The development of nineteenth-century communication technologies has been characterized as a "crisis of control" born of major shifts in economic production and distribution.[45] The emergence of the mercantile agency during the 1840s certainly reflected anxiety over the changing conduct and scale of commercial affairs. But the crisis of control that it sought to solve—the problem of rationalized credit assessment—spawned two new crises directly related to the system of textualization itself. These centered around two problems: how to transmute qualitative data into quantitative fact, and how to control the release of such information to subscribers. While the idea of codifying the local reputations of merchants seemed straightforward, the use of narrative credit reporting to achieve this end proved vexing. Early mercantile agency reports illustrate the difficulty with which correspondents struggled to convert their local knowledge into meaningful risk assessments. Their reports were, for better or worse, highly subjective and often vague, deliberately so in cases where information was lacking and accurate statements of creditworthiness could not be ventured. Isolating relevant information proved a complex process, in part because local opinion was embedded in rich social contexts that when stripped away left individuals looking rather pallid and one-dimensional at one extreme, or hopelessly complex and contradictory at the other. In the case of Philadelphia paper dealer Charles Dull, for instance, the correspondent's report indicated that he was a sound credit risk though an unlikable fellow: "Mar 20/50 Have known him personally 10 yrs. there is a g[oo]d prej[udi]ce as among the trade—enjoys generally a poor reputation as a man, but is gen[erall]y sup[pose]d to have money—owns a g[oo]d Prop[erty] in an adjoining vil[lage] where he lives—if he gives his note he will no doubt pay it."[46]

What was a prospective creditor in a distant city to make of this? What could—or should—one read between the lines? When deployed to qualify or contextualize a complicated life or personality, the narrative mode inevitably opened rather than closed the range of potential meanings and interpretations. In this regard, the legible subject was still quite blurry.

44. "Business Credits," *Philadelphia Inquirer*, 28 March 1879, 7.

45. Beniger (n. 9 above), 121–287; although Beniger's deterministic perspective is problematic, it does not invalidate this basic observation. Following Chandler (n. 9 above), 221–22, Beniger includes credit reporting among the litany of innovations he cites (p. 130).

46. "Pennsylvania," Dun archive, vol. 131, 101.

As a form of predictive data, early credit reporting often missed the mark. While it was fairly easy to identify the extremes of the business community—the up-and-up and the ne'er-do-well—it was the vast middle range that proved troublesome. Entrepreneurial activity was by its nature precarious and risky, and even the most promising individuals might defy expectation. Consider Alfred Herrenschmidt, the son of a wealthy French leather dealer who arrived in New York City in 1852 and received a glowing credit report: "When he came here he had ab[ou]t $15000 mostly in G[oo]ds & has facilities to do an est[eeme]d bus[iness]; his fa[ther] is s[ai]d to be w[orth] $150000. There is no reason why he sh[oul]d not succeed. He is of g[oo]d char[acter] & hab[it]s & det[ermine]d[.] w[orth]y of a reason[a]ble cr[edit]."

Two years later, Herrenschmidt was out of business and reported to have fled to Strasbourg.[47] Likewise, a more middling prospect, the industrious Oliver Hutchins cited above, subsequently failed several times—and continued to receive generally sympathetic credit assessments because he made an effort to repay his creditors—before finally going out of business in 1860.

To the nineteenth-century mind, the inadequacies of credit reporting were not to be found in polysemous texts, but in the fallible instruments of transcription: the correspondents. Since most of the agency's reporters were unpaid attorneys, critics argued that this work could attract only the inexperienced, inept, or predatory. "Fit tools for this kind of work," one observer wrote, "are usually found in the briefless young lawyer" who in his eagerness to gain favor with the mercantile agency and drum up business was prone to exaggeration. "[B]riefless lawyers shall have as much business as their mischief can make."[48] According to Thomas Meagher, a mercantile agency defector who published what was perhaps the most thoroughgoing damnation of the system: "The substantial men in a community never sink to this work. It can only be performed . . . by the ill-at-ease, struggling, acrid spirits of the place—the meddlesome, mischief-making busy bodies, whose moving springs are envy, greed, uncharitableness, or disappointed ambition."[49] The perceived utility of the mercantile agency, implicit in its success, would seem to contradict such claims of widespread incompetence, but clearly some correspondents were better than others. Indeed, the ranks of such correspondents included several future U.S. presidents, not least of whom was Abraham Lincoln.[50]

Even so, as bellwethers of local opinion—itself hardly a stable or monolithic entity—correspondents wielded enormous unchecked power. The

47. "New York," Dun archive, vol. 189, 240.

48. "Traits of Trade—Laudable and Iniquitous," *Hunt's Merchant's Magazine and Commercial Review*, July 1853, 51.

49. Meagher (n. 22 above), 18.

50. Vose (n. 2 above), 36–38. Presidents Chester Arthur, Grover Cleveland, and William McKinley also worked as correspondents.

possibility that private grudges might color reports, however subtly, was a legitimate concern. As late as 1890, the use of unpaid attorneys was still cited as a source of unreliability. According to Peter Earling, a credit manager who approved of the system as a whole, "we necessarily have to contend with frequent negligence, inaccuracy, and incompetency, and sometimes even personal favoritism or prejudice" as a result of such "gratuitously" rendered services.[51] In rural communities, where divisions along political or religious lines skewed impressions, accusations of prejudice were common. "I find that in most country places there are two factions in the business community," one reporter observed in 1883. "And when the local commercial reporter belongs to one faction the other fellows will swear that he doesn't give them a fair send-off."[52]

These flaws and others were remedied to some extent by the introduction of full-time credit reporters during the 1860s and an increasing reliance on financial data, instead of personal opinion, as the basis of reports. During the 1870s, company balance sheets were requested as evidence and business owners were provided with preprinted financial statement forms to submit to reporters.[53] Additionally, full-time reporters in larger cities began to specialize in a particular trade or area of commerce, thus improving their ability to gauge the prospects of those involved in such activities. Full-time reporters were also employed to corroborate the accounts of local correspondents in cases of glaring inconsistencies, an important step toward quality control. This system, one advocate concluded, "must certainly approach as near perfection as is practicable under any circumstance."[54]

Efforts to compel business owners to submit signed financial statements were resisted or ignored well into the 1890s, however, and without them agencies could only pretend to objectivity. At the turn of the century, the deficiencies of the reports came under the scrutiny of the National Association of Credit Men, an organization formed in 1896 to represent the interests of newly professionalized credit managers. Although careful not to antagonize the agencies it viewed as allies, the association immediately organized a committee for the "improvement of mercantile agency service" and registered its deep dissatisfaction with the accuracy, speed, and lack of reliable financial data in the reports.[55] As one member argued in 1897, "I

51. P. R. Earling, *Whom to Trust: A Practical Treatise on Mercantile Credits* (Chicago, 1890), 32.

52. "Commercial Credit," *Chicago Tribune*, 1 September 1883, 5.

53. "'Statements' as an Aid in Determining Credit," *The Mercantile Agency Annual for 1873* (New York, 1873), 2; Foulke (n. 2 above), 374.

54. "The Mercantile Agency System" (n. 6 above), 547.

55. See "First Annual Convention: National Association of Credit Men [1896]," reprinted in *Golden Anniversary Credit Congress, Souvenir Program* (New York, 1947), 222–23. For reports presented at the association's annual conventions, see *Business: The Office Paper*, June 1897, 213; June 1898, 379; and June 1899, 375–76; see also Olegario, *A Culture of Credit* (n. 2 above), 190–96.

should suggest stripping the reports of all unnecessary verbiage along the line of guessing and estimates, and confine the information as strictly as possible to facts."[56] Rebuffed by representatives of both Dun and Bradstreet, the association began to compile its own statistics to support its case, and in 1900 it conducted a survey that reflected poorly on the agencies. Among its findings, the study revealed that the information in nearly 60 percent of reports received from Dun and Bradstreet either did not include a financial statement or was over a year old.[57]

While credit-reporting firms were under pressure to improve the quality of their reports, the problem of controlling the information they contained remained an ongoing struggle. This difficulty involved three separate issues: unauthorized sharing between subscribers and nonsubscribers, outright theft by competitors, and the threat of libel suits. Tappan's mercantile agency had fewer than fifty subscribers in its first year of operation, but by 1851 this number had grown to nearly 2,000.[58] Subscribers paid a prorated fee based on their annual sales and were entitled to an unlimited number of credit inquiries. As noted above, this information was available only at the agency, and only in verbal format. When new information was received by the agency, a subscriber whose particular interests were affected might receive a "call slip" inviting him to visit the office. There the material would be read to him from carefully positioned ledgers behind a screened counter. Initially the agency did not compile credit reports on its subscribers, but this policy was later reversed when overseas wholesalers demanded credit information on all U.S. interests.[59]

From the start, nineteenth-century credit reporting was a secretive endeavor. When filing reports for Baring Brothers during the 1830s, Thomas Wren Ward entered his comments in a "Private Remarks Book" and disguised the names and credit status of individual firms in numerical codes to protect against the "prying eyes" of "inquisitive sea captains carrying the mail" to London.[60] Tappan's subscribers were not only forbidden to disclose information from the proprietary reports, but encouraged to conceal their identity as subscribers to the service. According to James Norris, "Tappan soon discovered that despite all his efforts, subscribers could not keep the information to themselves."[61] While the leaking of information to nonsubscribers reduced the agency's subscriptions, a greater problem involved libel suits brought against the agency by scandalized credit seekers whose busi-

56. F. J. Hopkins, "Suggestions on Mercantile Agency Reports," *Business: The Office Paper*, November 1897, 331.

57. "Improvement of Mercantile Agency Service," *Business: The Office Paper*, July 1900, 337–38.

58. "The Mercantile Agency" (n. 29 above), 49.

59. Norris (n. 2 above), 25.

60. Hidy (n. 2 above), 85.

61. Norris, 26.

nesses were adversely affected by negative reports. The issue in question was whether such credit reports should be legally protected as privileged communication between the agency and its subscribers.

The first major libel suit was entered in 1851 by John and Horace Beardsley of Norwalk, Ohio. The Beardsleys claimed that they had been barred from purchasing goods in New York because a report filed by a local correspondent informed the agency that John Beardsley's wife was about to file for divorce and alimony. The report anticipated that this development would reduce Beardsley's real estate assets and put the partners out of business.[62] During the first trial, Tappan's successor, Benjamin Douglass, steadfastly refused to disclose the identity of any agency correspondents in Norwalk—an act of defiance that landed him in jail for twenty days. A second libel suit was brought against the agency in 1854 by Waterman Ormsby, a New York engraver who charged that he had been slandered by a report stating that he was a counterfeiter and had left his wife for a prostitute. This case was decided in favor of the mercantile agency on the grounds that the report, though unfavorable to Ormsby, was without deliberate malice and had been furnished to a subscriber on terms of strict confidentiality.[63] The Beardsley case was initially settled in favor of the plaintiff, but in 1870, the U.S. Supreme Court reversed the decision on a technicality. Although these and other suits were decided in favor of the agencies, the legal basis of commercial credit reporting in privileged communication took additional decades to solidify.[64] For the agencies, such protracted litigation underscored the importance of secrecy and control in the dissemination of their proprietary information.

From Narrative to Number: The Credit-Rating Reference Book

The principle of privileged communication used in defending these suits was predicated, at least in part, upon the argument that subscribers received their reports orally and within the private confines of the agency office. As a result, subscribers were faced with the continual inconvenience

62. *Reports of the Four Leading Cases against The Mercantile Agency for Slander and Libel* (New York, 1873), 1–125. For a more detailed account of the Beardsley case, see Sandage (n. 2 above), 164–78.

63. *Reports of the Four Leading Cases*, 183–86.

64. For a summary of this legal debate, see Louis M. Greeley, "What Publications of Commercial Agencies Are Privileged," *American Law Register* 35 (November 1887): 681–93. During the 1890s at least four bills—two in the Illinois General Assembly, one in North Dakota, and another in the U.S. Congress—were proposed to check the activities of the mercantile agencies. See "Aimed at the Agencies," *Chicago Tribune*, 11 March 1891, 6; "It Affects Commercial Agencies," *Chicago Tribune*, 7 March 1895, 12; and *Congressional Record*, 55th Cong., 1st sess., 1897, 30: 1307.

of visiting the agency. Growing market demand and competition among the major agencies eventually led to the publication of reference books with abbreviated credit ratings. The first of these, *Bradstreet's Improved Commercial Agency Reports*, was published in 1857 and contained the names of some 17,000 individuals and firms in nine cities.[65] Bradstreet had begun experimenting with the publication of coded update sheets several years earlier. These consisted of abstracts from his full reports with a separate numerical key indicating words and phases to be inserted into the text by the subscriber; for example: "1 6 8 11 14 17 21 25 following the dealer's name stood for 'making money,' 'economical,' 'business not too much extended,' 'does not pay large interest,' 'good moral character,' 'credits prudently,' and 'not sued.'"[66] Bradstreet's reference book further reduced the report to a numerical summary indicating the overall credit standing of the individual or firm.

R.G. Dun initially resisted the idea of publishing a reference book, as the owners were loath to open themselves to new libel suits or risk losing control of their valuable information by putting it directly into the hands of subscribers. However, the great popularity of Bradstreet's book encroached upon Dun's business and compelled the company to respond with its own reference book in 1859. This 519-page volume included more than 20,000 names and employed a four-part rating system that provided separate numerical ratings for three different types of creditors, and a final column summarizing the subject's overall credit standing.[67] According to the book's preface, ratings were "based upon the historical facts upon our records, often running back eighteen years, regarding the business training, the moral and business fitness, the capital, the nature, extent, and hazards of business, &c."[68] A second edition, published in installments in 1860, was 250 pages longer with more than 30,000 names, each subdivided into six trade classifications. R.G. Dun published another, slightly smaller, edition in 1861 before the outbreak of the Civil War interrupted its production. Each edition was bound in heavy leather and equipped with a lock to prevent unauthorized usage.

R.G. Dun returned to publishing the reference book in 1864, in an edition that included a redesigned rating system whose major innovation was the ranking of "pecuniary strength": its top category (A1+) identified indi-

65. Steffler (n. 36 above), 427.

66. Norris (n. 2 above), 51.

67. The top ranking was A No. 1 ("credit unlimited"), followed by 1 ("unquestioned"), 1 1/2 ("strong"), 2 ("good"), 2 1/2 ("very fair"), 3 ("fair"), and two lower grades, 3 1/2 and 4, so poor as to be beneath description. The ratings were further qualified with plus and minus signs; see "Key to Markings," *The Mercantile Agency's Reference Book, of the United States and British Provinces: Containing Ratings of the Principal Wholesale Merchants (Together with Some Retailers) and Manufacturers, for the Year 1859* (New York, 1859), in Vose (n. 2 above), 83.

68. "Preface," in ibid., 84–85.

viduals or firms with capital estimated at $1 million or more.[69] This marked a radical break from previous rating systems: for the first time, capital was disconnected from character and capacity and articulated in its own explicit terms. A second column, "general credit," implicitly captured character and capacity in a parallel ranking from A1 ("unlimited") to 3 1/2 ("fair"). As Norris has observed: "Dun's innovation in the 1864 *Reference Book*—the inclusion of capital worth as well as general credit ratings—transformed credit-reporting to general credit ratings and allowed subscribers to make comparisons between firms and to adopt uniform rules and regulations on granting credit."[70] Although in theory an individual or firm might receive a low "general credit" rating despite enormous capital, in practice there was a strong correlation between credit ratings and assets. This was deliberate. In a note to the New York City office, Robert Dun instructed: "There should be a constant effort to keep the credit marking in close relation to the capital marking."[71] In 1868, the numbers used for "pecuniary strength" were changed to letters to avoid confusing them with the "general credit" column, and in 1877, a system of symbols was added to sort businesses into various trade classifications. Except for these minor modifications, the credit-rating system established in 1864 remained virtually unchanged into the twentieth century.

In addition to simplifying the practice of credit rating and making ratings readily available for subscribers, reference books also solved, at least to outward appearances, the difficulty of interpreting narrative reports. Although subscribers were encouraged to call at the office for full reports (a service denied to those who only purchased the book), the reference books quickly attained independent authority. The early annual editions suffered from rapid obsolescence, but by the early 1870s they were published quarterly and supplemented with regular newssheets and pocket-sized editions for individual cities so that the apparent locus of credit authority shifted from the hidden ledgers to the published volumes. In reducing individuals to numerical values (weighted in favor of capital), the textualization of credit risk became increasingly abstract and, in contrast to earlier modes of credit assessment, disembodied and impersonal. This system of numerical ranking and classification paralleled the late nineteenth-century movement toward scientific business management.

Despite the veneer of objectivity provided by the credit-rating system—particularly as affected by the separation of capital from personality—ambiguities abounded. The "vagueness" and "looseness" of the credit-rating

69. Capital ratings consisted of A1+ ($1 million or more), A1 ($500,000 to $1 million), 1 ($250,000 to 500,000), 1 1/2 ($100,000 to $250,000), 2 ($50,000 to $100,000), 2 1/2 ($25,000 to $50,000), 3 ($10,000 to $25,000), and 3 1/2 ($5,000 to $10,000); see "Key to Markings," in ibid., 92.

70. Norris, 87.

71. Quoted in ibid., 93.

keys was fodder for Meagher, who lambasted the logic of the capital estimates ("the millionaire and the $20,000,000 millionaire are 'all one' to the agency") and the meaningless terms employed to designate creditworthiness (what is the difference, he asked, between "very good" and "high"?).[72] For all of Meagher's bluster and sensationalism in exposing the incompetence of the mercantile agency, his opposition hinged on a more profound observation: "Anything approaching a basis for a credit formula is plainly out of the question in commercial transactions. No system can be devised . . . to overcome, or accurately anticipate, conditions and circumstances so complex and variable."[73] In short, Meagher viewed as a gross charade the mercantile agency's effort to textualize and control the individual. The alphanumeric credit ratings, in his view, merely obscured the inherent deficiencies of the entire system—a system based upon gossip and pseudo-science. His vitriol reflected a deep-seated skepticism not only toward the quantification of credit risk, but the legitimacy of credit rating itself. Worse still, as a totalizing system of surveillance, those involved in commerce and trade were increasingly beholden to its judgments. In 1868, R.G. Dun's reference book included credit ratings for 350,000 individuals and firms. This number surpassed 500,000 in 1872 and continued to climb each year, reaching 1 million in 1886.[74]

Financial Identity and Disciplinary Surveillance

By the mid-1850s, the mercantile agency system had evolved into a sophisticated network of mass surveillance that tracked businessmen and -women throughout the nation. This system of surveillance involved constant monitoring and revision and its scope was total, in that its objective was to identify all individuals who might seek commercial credit for whatever reason. "A thousand folios include a page or two or more about you and your affairs," an unnamed "Merchant of Boston" warned in 1853. "Go where you may to purchase goods, a character has preceded you, either for your benefit or your destruction."[75] That business reputation was disconnected from local relationships was viewed positively by advocates of the system, who contended that such remote centralization actually freed the credit-seeker from carrying letters of recommendation or conducting business in person. "[The businessman] is known to the whole list of the agency's subscribers," noted one such advocate:

> He has the range of the entire market in all the cities where these offices are established; the communication between them being such,

72. Meagher (n. 22 above), 29–30.
73. Ibid., 6, 7.
74. Vose (n. 2 above), 98.
75. "Traits of Trade" (n. 48 above), 52.

> that what is known to one is known to all. He need not even leave home to make his purchases. His order is as good as his presence, and will always be promptly met, to the extent of what his intelligent neighbors regard as safe and prudent.[76]

The textualized individual inscribed in the ledgers and reference books became a surrogate for the individual himself. While defending the mercantile agency in the Ormsby libel suit, the agency's attorney observed: "Under the Mercantile Agency system no effort is necessary on the part of the proposed buyer to bring with him a character. The character which exists among his neighbors travels with him."[77] Such textualized identities may have expedited commercial transactions and facilitated trust, but inevitably they were imperfect reductions of total lives and social contexts. Capital was reified as a marker of creditworthiness and, despite the agency's best efforts, character—a much more perplexing quality—was always prone to rumormongering and prejudice.

More than simply identifying and tracking individuals, however, the information documented in the mercantile agency's "thousand folios" represented a system of disciplinary surveillance that sought to regulate business behavior under its omnipresent gaze. "In business or out, have your reputation spotless, your character clean," a business magazine reminded its readers:

> Commercial agencies record every movement made from the time one enters business. If not fair and upright in all your dealings, you will be greatly hampered; if honest and trustworthy, your credit may in time be unlimited. Creditors will have nothing to do with a person tricky and unscrupulous; merchants and bankers extend credit according to their confidence in one, therefore, pay bills promptly; the delay of a day may weaken your credit.[78]

Commenting on credit reporting in the South, Atherton indicates that "no-change" reports were as important as those detailing dramatic shifts because it "would demonstrate to eastern merchants that all storekeepers were constantly under observation."[79]

Among the virtues of the system, according to its supporters, was its ability to frighten merchants into good behavior. The system, one writer noted with approval, "tends to promote a high standard of mercantile honor, to check speculation and extravagance, to enhance the value of punctuality and good character, and to make it the interest of every trader to be temperate, industrious, economical, and desirous of an unspotted

76. "The Mercantile Agency" (n. 29 above), 50.
77. *Reports of the Four Leading Cases* (n. 62 above), 170.
78. "Solid Facts," *Business: The Office Paper*, April 1899, 228.
79. Atherton (n. 2 above), 542.

reputation."[80] While the text served as the locus of disciplinary surveillance, it was the correspondents who served as its unsleeping eyes and ears. "The credit reporter's job bears some resemblance to the news reporter's with one exception," according to a centennial history of the mercantile agency. "[T]he credit reporter's story is never finished. He writes a continuous story, and a factual one, concisely recording the credit history of each business concern as long as it remains in business."[81] For advocates of the mercantile agency system, continuous surveillance fortified the trustworthy and deterred the malignant. "It is no discredit, even to an honest man, to say that he is safe under the wholesome restraints, and jealous vigilance of society," wrote one supporter. "[P]rudence, like the other virtues, is all the better for being watched."[82] As another reflected at the end of the nineteenth century, "the mercantile agency might well be termed a bureau for the promotion of honesty."[83]

Despite the halo of beneficence donned by the agencies, it is clear that the subjects of their surveillance felt otherwise. Opposition and resentment ran deep. "These institutions," an 1856 newspaper account observed, "are regarded by country merchants with something like the affection bestowed by slave-owners on conductors of the underground railroad."[84] Although welcomed by many in the business community,[85] the mercantile agency elicited strong resistance from those who abhorred the remote, seemingly inescapable system of monitoring that it entailed. "The systematic plan of espionage adopted and perfected by the 'Mercantile Agencies,' is far from being generally popular," a Boston merchant noted. "[T]he whole proceeding bears upon its face the most diabolical jesuitism that has ever cursed the world."[86]

During the mid-1850s, one journalist described credit reporting as

> an organized system of espionage, which, centered in New York, extends its ramifications to every city, village, and school district in the Union. Spies are regularly employed by this institution to travel throughout the country, and secretly obtain precise information on the property, the associations, the business, the family, and the personal habits of every man engaged in trade.[87]

80. "The Mercantile Agency," 51.

81. *The Centennial of the Birth of Impartial Credit Reporting* (n. 41 above), 20–21.

82. "The Mercantile Agency" (n. 29 above), 51.

83. "The Mercantile Agencies" (n. 43 above), 6.

84. "The Dry Goods Trade" (n. 35 above), 10.

85. *The Mercantile Agency: Its Claims upon the Favor and Support of the Community* (New York, 1872) reprints seventy-five "commendatory letters" from businessmen in Boston and the New England region, each attesting to the accuracy and indispensability of the agency's information.

86. "Traits of Trade" (n. 48 above), 51.

87. George G. Foster, *New York Naked* (New York, 1850), 119.

While this persistent hostility is sometimes underplayed or dismissed by historians of the mercantile agency, it is important to note. Certainly wholesalers in major trading centers believed they had much to gain by patronizing the agencies, but smaller merchants and jobbers often did not. As one journalist explained: "Most men see their commercial hobbies with lover's eyes, and the very possibility of having them subjected to hostile scrutiny is revolting."[88] The historical trajectory of this privacy debate is worth noting in light of more recent concerns about computerized consumer surveillance and the role of credit bureaus as centralized repositories of sensitive personal information. A glimpse into the past here places this issue in a much longer historical context.

For some, opposition to the agencies was a matter of principle. The distrust implied by national networks of credit reporting bred hostility and resentment rather than confidence and goodwill, the cornerstones of healthy commerce according to the optimistic ethos of nineteenth-century American business. A recurring criticism of the agency system was the threat implied by nonparticipation, as those who refused to subscribe believed they would receive poor ratings in retribution. "What they desire," a Brooklyn reporter observed, heaping scorn on the agencies, "is to drive the man within their own inclosure, and force him to become a subscriber to their institution."[89] The system, once insinuated into the community, was thus viewed as a self-justifying cash cow that bullied merchants into participation. From a producerist perspective, the agencies were condemned as parasitic middlemen that merely compiled and resold a community's collective knowledge, creating nothing new themselves. This "scheme," as one contemporary account explained, "consisted only of getting something from the business-men for nothing and retailing it back to them again for money."[90] The idea that information could beget information—a phenomenon not unlike that of money lent at interest—was distasteful to some; the idea of an information economy—one in which knowledge might be collected, packaged, and sold as a commodity—was apparently inconceivable. Yet, by the end of the nineteenth century, the concept of *financial identity*, implicit in the prodigious ledgers of the major mercantile agencies, was firmly established in the commercial sphere and would serve as a model for new efforts to control the proliferation of "consumptive" credit.

Long before credit reporting entered the age of database computing, it was the book—the ledger and then the reference volume—that served as the principal technology of financial surveillance. This rationalized system for identifying, tracking, and predicting the life chances of individuals based upon economic behavior and performance in turn led to new cate-

88. "Checks upon Over-Trading," *New York Times*, 29 October 1859, 4.
89. "Agencies" (n. 42 above), 2.
90. "Commercial Credit" (n. 52 above), 5.

gories of personal identification and economic subjectivity. Within the pages of the mercantile agency's books, local social relationships were abstracted, enumerated, and disembodied as textual data, providing a bridge between orality and textuality as individuals were brought into a network of institutionalized surveillance that has only grown more powerful since its origins during the 1840s.

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