

# An Analysis of *The American* from the Perspective of New Economic Criticism

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## Abstract

**This paper analyzes Henry James's *The American* from the perspective of New Economic Criticism. It first makes an extratxtual analysis on the economic factors and cultural context of the production of novel, which reveals the historical and cultural significance behind the text. It then turns to the text itself, using the theories of "homo economicus" and "information asymmetry", and the concept of "credit economy" in Economics to analyze the marriage transaction in the novel, illustrating the internal logic of the characters' psychology and behavior in the marriage transaction, reflecting the important role of economic factors in the plot construction and characterization. At the same time, it also reveals the great cultural differences between the United States and Europe, and provides a new perspective to understand Henry James's "international theme".**

## Keywords

**Henry James, *The American*, New Economic Criticism, Homo Economicus, Information Asymmetry.**

## 1. Introduction

Henry James is one of the great writers of modern British and American literature, a pioneer of the Western modernist literary movement, and a highly regarded figure in both the British and American literary worlds. The American-born, British-lived novelist was a key figure in the transition from nineteenth-century realism to twentieth-century modernism in British and American literature, and his work, characterised by its 'international theme', remains an important inspiration at a time when cultural exchange is being promoted today. *The American*, Henry James's first full-length novel to deal with the 'international theme', tells the story of a successful American businessman Newman, who returns to his country after the journey to Europe where he made a passionate but frustrating pursuit of a young widow of noble birth. The course of this romantic relationship and engagement is influenced not only by emotional factors, but also by economic ones.

As an interdisciplinary study between literature and economics, New Economic Criticism came to existence during 1990. Moving away from the deconstruction, semiotics, and other formalist methods that were prevalent in the 1970s and early 1980s, New Economic Criticism theory can be seen as a branch of New Historicism. New Economic Criticism interprets literature from its production to the various stages of acceptance by readers through two categories, "extratextual" and "intratextual," which are further divided into three stages: production, internal circulation, and external circulation and consumption. [1] Stemming from the new historicism's assertion to understand history from literary records and literature from cultural contexts, the New Economic Criticism accomplishes a reversal of the new criticism originating from Russian formalism.

This paper will use *The American* as a discourse, applying the theory of New Economic Criticism in the light of the principle of homo economicus as well as information asymmetry and drawing

on the relevant concept of credit economy to explore the market-based behaviour in the marriage transaction between the United States and continental Europe at the end of the nineteenth century. By analyzing the characters' behaviour and psychology in pursuit of their goals and the exchange of information, this paper is aimed to reveal the profitability and economics of social relations in the context of the capitalist market economy, as well as the divergence and conflict between American culture and continental European traditions. In addition, the paper will focus on the period in which the economic context of the novel was created to explore the historical and cultural values behind the novel's text.

## 2. Homo Economicus in The American

### 2.1. Homo Economicus

The concept of Homo economicus, also known as Rational Economic Man, is a fundamental concept in contemporary mainstream economics. It was first introduced by John Stuart Mill in the 19th century and encompasses the notion that a rational economic man is an economic agent who behaves rationally. This assumption can be traced back to Adam Smith's *Wealth of Nations*, which posited that individual egoism is the basic motivation for human economic behavior. Based on this premise, the rational economic man is considered to be a self-interested individual who acts and makes decisions based solely on the principle of benefit maximization and utility. No matter what he wants, he will maximize ruthlessly to get it[2]. Moreover, the rational economic man is believed to possess the ability to think rationally and engage in in-depth analysis and calculations in the pursuit of personal interests, taking into account individual circumstances and interests. This enables him to formulate optimal strategies that can achieve desired outcomes even under constrained conditions. In addition, the rational economist believes in the decisive power of the market. The forces of the market are seen to have a significant and inevitable influence on the outcome of the interests pursued by man. Therefore, any attempt to improve the market environment or change the economy and society to perfectly meet people's needs is viewed as misguided and likely to result in worse outcomes[3].

### 2.2. The Embodiment of Homo Economicus in The American

In the novel *The American*, the character Newman, along with Old Madame de Bellegarde, M.de Bellegarde, and Mademoiselle Noemie, are depicted as exemplification of the rational economic man.

For the first 35 years of his life, Newman's sole aim was to accumulate wealth, which is consistent with the rational economic principle of self-interest. Despite his involvement in the American Civil War, which he found to be a waste of his time, money, and talents, he eventually chose to pursue business as a means of maximizing his profits. Considering his excellent adventurous spirit, a flexible mind, and unwavering character, as well as the unlimited possibilities and opportunities in the American West, he consequently set his sights on unpredictable yet potential San Francisco, where his career ultimately succeeded, earning him a large fortune from nothing. Newman did not consider whether the industries he engaged in were decent or not, which is totally different from the Bellegarde family, and would do any business, including copper mining, selling leather, and bath tubs, because his sole objective was to make money. If a particular industry could allow him to earn the most money with the least cost, he was likely to engage in that business to achieve the goal of maximizing his benefits, which is a typical principle of rational economic man.

As he acquired enough wealth, Newman shifted his focus to finding a suitable wife with specific requirements, including kindness, beauty, intelligence, and wisdom and with his ultimate goal of pleasing himself. He was well aware of his own worth and was willing to use his resources to

obtain the best possible partner in the marriage market, claiming that he wanted to “possess the best article in the market”<sup>[4: 40]</sup>. Newman's decision to search for a wife in Europe was also a rational choice that allowed him to widen his options and select a more desirable partner.

His selection of Claire, who possessed many values of a good wife including elaborate education, elegant demeanor, noble birth and broad vision, is an indication of his benefit maximization approach, for Claire was believed to be the best wife Newman could have sought in the marriage market. He described Claire as “a very expensive article which a man with an ambition to have everything about him of the best would find it highly agreeable to possess”<sup>[4: 131]</sup>. Once he set his target, he pursued it with a spirit of pragmatism, beginning to visit the Bellegardes frequently though he held little fancy for Old Madame de Bellegardes and her elder son.

In addition, at the end of the story, Newman's decision to burn the note that could prove the guilt of Old Madame de Bellegardes, which seemingly an irrational choice violating his plan for revenge, actually reflected another characteristic of rational economic actors that they view the market's power as an irresistible force. Newman finally came to realize that he was excluded from the European aristocratic marriage market, and as an outsider, Claire could never be circulated to him. He burned the letter because he understood that he was not accepted by the market and that he could not change the market's overall situation. There's no other choice for him except to accept the effects of market forces imposed on him. He once attempted to turn to the Duchess for help, hoping to use her influence in the aristocratic circle to ruin Old Madame de Bellegarde's reputation. However, through the Duchess's attitude, he understood that he could never rely on the forces that excluded him to help him. Newman's actions in giving up on Claire and his revenge plan demonstrated his acceptance of the limitations imposed by market forces and his willingness to adapt to changing circumstances.

Old Madame de Bellegarde and M. de Bellegarde exhibit the characteristics of rational economic man, too. Both of them came from ancient aristocratic families and bound everyone in their family with the decorum and demands of the nobility. However, in their generation, the economic condition of the family was no longer optimistic. In their minds, maintaining their noble status and obtaining wealth was the most important goal. In order to achieve this goal, Old Madame de Bellegarde was willing to use her own daughter Claire's marriage as a tool to acquire wealth and status. The first prospective husband she chose for her daughter was M. de Cintre because he had a title that could match hers and he did not demand a large dowry from Old Madame de Bellegarde. Furthermore, Mr. de Cintré was over sixty years old, in poor health, and expected to die soon, so once he passed away, Claire would have the right to inherit his estate. In this way, she not only preserved the tradition of intermarriage among the nobility, adding another title to her own family, but also gained extra wealth, thus making it a good deal for her. As for her daughter's feelings and lifelong happiness, they were not within her consideration. She held absolute authority over her daughter and regards her as her own property. The principle guiding her actions is to use her daughter's value to maximize her own profit. However, after M. de Cintré's death, she did not get the expected sum of money. Having failed to achieve her goal, she planned to have her daughter remarried to obtain more money from her marriage. When she met the second suitor for her daughter, Mr. Newman, she initially could not accept him as her son-in-law because he was not part of the noble circle and had no education, which she found almost intolerable. However, after hearing about Mr. Newman's specific wealth amount, she eventually decided to tolerate his pursuit of her daughter. However, she and her son, the Marquis de Bellegarde, were still not satisfied because their goal was only half achieved. They hoped to gain more value from Claire. So they turned their attention to Claire's British cousin, Lord Deepmere, who was both titled and wealthy (with a substantial fortune in England), and ultimately forced Claire to give up Newman against her own will.

Furthermore, Mademoiselle Noemie, whom Newman met at the Louvre, also embodies features of a rational economic man. Unlike the other characters in the novel, Mademoiselle Noemie was neither a member of the aristocracy nor wealthy. She was simply the daughter of an ordinary Parisian citizen, born into a family that has fallen on hard times due to her father's failed business. However, she possessed striking beauty and charm that could captivate those around her. She was not only aware of her allure but also understood how to use it to obtain the life she desired. She had both beauty and ambition. Valentin's assessment of her is that "she has taken the measure of life, and has determined to be something - to succeed at any cost...she has not as much heart as will go on the point of a needle." [4: 165] Mademoiselle Noemie was not content to marry an ordinary Parisian citizen or work hard to earn her own dowry. Her goal was to become a true lady of the upper class. She recognized that marriage was the best method to achieve her goal of improving her wealth and social status. To be precise, she is an opportunist. At one point, she set her sights on Newman. At first, she was somewhat fawning toward him, but when she realized he had no interest in her, her attitude became very cold and distant. She waited patiently for the right moment and was determined to choose only the best suitor. She carefully selected her targets, shifting her gaze from Newman to a wealthy man in his fifties, and from M. Stanislas Kapp, the son of a beer brewer, then to Lord Deepmere. She also used men's infatuation with her to satisfy her vanity, for example, she incited Valentin to duel for her, resulting in his death, without feeling any remorse.

### 3. Homo Economicus in The American

#### 3.1. Information Asymmetry and Credit Economy

The concept of asymmetric information was first proposed by economist Akerlof in 1970, which refers to the situation where one party in a transaction possesses more information than the other. Traditional economics assumes that the market is the best way to organize the economy, and through free competition, resources can be allocated efficiently. One of the basic assumptions is that "economic man" have complete information<sup>[5]</sup>. However, in reality, market participants cannot possess complete market information. The existence of imperfect information hinders the optimization of market transactions<sup>[6]</sup>. The unfairness of market exchanges is partly due to the unequal distribution of information. Asymmetric information often puts the party with more information in an advantageous position while leaving the party with less information in a disadvantaged position. The party with more information may pursue greater benefits while damaging the interests of the other party. This result is theoretically referred to as moral hazard and adverse selection.

Credit economy is an important component of contemporary market economy. Its earliest form, commodity credit, is an optimization of monetary economy, which simplifies the process of transaction and enhances transaction efficiency. With the further development of commodity economy, credit itself has become an important part of transaction. Modern market economy is built on a series of credit relationships. As an intermediary in most market transactions, once credit is lost, the chain of transactions will be broken, and the market economy will not be able to function properly<sup>[7]</sup>.

Behind the credit economy also lies the existence of credit crises, which are closely related to the phenomenon of asymmetric information. Asymmetric information can lead to credit crises because when one party in a transaction finds that it can deceive and defraud the other party through information asymmetry to obtain more benefits, especially when the cost of such behavior is low, credit may be abandoned, which will damage the prosperity and development of the market economy.

### 3.2. The Embodiment of Information Asymmetry and Credit Economy in The American

For literary works, the development of narrative novels depends on asymmetric information, using the differences in information to develop themes, subplots, and morals. In this text, the role that information asymmetry played in the plot construction, characterization and theme representation is mainly reflected in the two transactional confrontations between Newman and the Bellegarde family. Newman's engagement to Claire is actually a marriage transaction between Newman and the Bellegarde family, and a key factor in the confrontation between the two parties in this credit-based transaction is the amount of information they possess. Newman's ultimate failure is closely related to his lack of information.

During the process of Newman pursuing Claire, getting engaged to her, and then being jilted, the object of the transaction revolved around Claire. The Marquis and Old Madame de Bellegarde played the role of sellers in this marriage transaction, while Newman played the role of the buyer. Newman clearly had less information than the Marquis and Old Madame de Bellegarde. Most of Newman's understanding of them was indirect, such as through Mrs. Tristram's introduction, some information from Valentin, and observation of the building during his visit to the Bellegardes' mansion. The Marquis and Old Madame de Bellegarde did not reveal much information about themselves to him. Due to the huge cultural differences, Newman was even not able to grasp the indirect information well. When he first learned about the Bellegarde family through Mrs. Tristram, his first reaction was whether Claire would be difficult to approach, but he knew nothing about the marriage market rules of French nobles. When he visited the Bellegardes' mansion, he wondered why the mansion of a person of high status appeared so dark and dusty, which was completely different from the wealthy lifestyle he had imagined for Americans, proving his lack of understanding of the lifestyle of French nobles. In addition, although Mrs. Tristram had told him the absolute obedience of daughters to their mothers in French families, he still had little concept. So when Old Madame de Bellegarde told him that it was she who ordered Claire to give him up, he kept emphasizing, "A man can't be used in this fashion. You have got no right; you have got no power"<sup>[4:278]</sup>, which showed his misunderstanding of the power relations in French families. Even when he witnessed Claire's conversation with Lord Deepmere at his own engagement party, he did not know that the Marquis and Old Madame de Bellegarde were still matchmaking Claire with the Marquis behind the scenes, nor did he know that his performance at the party made Marquis de Bellegarde ashamed. The most valuable information he obtained was limited to the fact that the Marquis and Old Madame de Bellegarde were eager to use Claire's marriage to obtain wealth, while he himself was a millionaire. These factors led to his blind optimism about this marriage transaction. Besides, when Newman visited the Bellegardes, he disclosed his entire career experience, growth experience, education level, and family situation, including his one and only advantage - a large sum of wealth. It was this information asymmetry that gave the Marquis and Old Madame de Bellegarde the advantage in this marriage transaction, allowing them to have more choices than Newman and giving them the confidence to jilt him.

Furthermore, another key premise for the Marquis and Old Madame de Bellegarde to retract their recognition of the engagement agreement between Newman and Claire is that the marriage transaction was based on a credit relationship. We can observe the existence of a credit economy in this marriage transaction. Both parties had clear goals - Newman wanted Claire, while the Marquis and Old Madame de Bellegarde wanted money. However, this transaction was not conducted in the form of cash and goods exchange, but was achieved by a verbal agreement, namely through credit as an intermediary. As one party to the transaction, Newman gave almost his complete trust to it, wherever the trust came from an American businessman's respect for market rules or his naive optimism in the Bellegarde family's honor and faithfulness. However, the Marquis and Old Madame de Bellegarde had other ideas. They

first promised Newman and Claire's engagement verbally, which ensured they would receive the minimum benefit - a large sum of wealth. But they secretly chose a better "buyer", Lord Deepmere, which was essentially an act of deception and breach of contract that is unacceptable in a healthy market. They chose to go down the path of breach of trust for two reasons. First, this deceptive behavior could bring them more tangible benefits, and second, the cost of their betrayal was much lower than the benefits they could obtain. To begin with, their transaction was based solely on a verbal commitment, so even if they breached the agreement, it would not result in any legal disputes. Moreover, even if Newman spread the word about their dishonest behavior to his friends, it would not damage their reputation, as Newman's friends were far away in another continent and had no connection to their social circle. As for their own social circle, they believed their friends would stand by them, which was later improved indeed the case, so their breach of contract was more beneficial than harmful to the Bellegarde family. The information asymmetry between them and Newman was still the key factor that allowed them to breach the agreement.

The second phase of the confrontation revolves around the piece of note containing evidence of the guilt of Old Madame de Bellegarde. At this time, Newman played the role of the seller, while the Marquis and Old Madame de Bellegarde were the buyers. In this contest, Newman appeared to have the information advantage. Initially, he realized the Bellegarde family had a shady secret through Valentin's last words, and used this information to threaten Marquis de Bellegarde to agree his marriage proposal for the first time. When he mentioned this secret, the Marquis and Old Madame de Bellegarde showed clear signs of unease, but as the information was still in a state of complete vagueness, the information gap between the two parties was not yet evident, so the deal ended without any outcome. The Marquis and Old Madame de Bellegarde obviously did not believe that Newman could find out the truth of the past, but they did not know that Valentin had helped him to trace the clue to Mrs. Bread, one of the few people who knew the real situation. Then Newman found Mrs. Bread and did everything possible to make her tell the truth about the death of the old Marquis de Bellegarde. More importantly, he also obtained the piece of paper that could prove Old Madame de Bellegarde's guilt from Mrs. Bread. At this point, Newman had accurate information that exceeded that of the Marquis and her mother, as they were unaware of Mrs. Bread's involvement in the matter, let alone the existence of the note written by the old Marquis himself. So when Newman seized the opportunity, he went to them again and threatened them one more time with the existence of the note. At first glance, Newman's threat was successful because the Marquis de Bellegarde soon visited him and requested to buy the note under certain conditions. However, what puzzled Newman was that the Marquis did not follow his manipulation and still refused to fulfill his request to return Claire to him, which he believed was a mutually harmful behavior. But in fact, Newman did not have a complete information advantage in this transaction either. During the confrontation between Newman and the Marquis and Old Madame de Bellegarde, the old madame asked him how he would deal with the note. Newman revealed his plan, saying that he would present the note to the Duchess and other nobles to make them realize that it would cause serious consequences once the note was made public. However, the actual effect was the opposite of what he expected. From his perspective, he believed in the good nature of humankind so that the Parisian aristocracy would not be indifferent to such a murder case. But he did not realize that this kind of event was nothing new at all to the Duchess, who was used to family secrets; and other nobles also would not break off with the Bellegardes because of that. Therefore, this way of dealing with the note did not pose any substantial threat to the Bellegarde family. The reaction of the noble circles to a murder case happening among them was what Newman had not anticipated, but what the Bellegarde family was familiar with, creating another invisible information gap. Behind this information gap lies the inescapable difference and conflict between the deceitful and sinister old Europe and the optimistic, liberal

and just new America. As a member of the new America, Newman's natural information disadvantage in the European market was almost impossible to avoid, which led to the failure of both his deals with the Bellegardes.

#### 4. Conclusion

*The American* is James's first full-length novel to successfully reflect on the 'international theme', depicting the experiences of Newman, a wealthy and ambitious American businessman, as he travels to Europe and Paris for the first time. Driven by his quest for exotic experience and a compatible life partner in Europe, Newman's journey eventually ends up with his disillusionment with the Bellegard family and European culture, leading to his solitary return to America. The righteous and optimistic Newman realizes that Europe is not that brilliant all as he sees, but that there is a lot of darkness and ugliness behind it, even calculations that he, a businessman, never anticipates, reflecting the insurmountable cultural differences between Europe and America.

Using an interdisciplinary critical approach, the thesis analyses the impact of historical and economic factors on the production of the novel's text, showing the historical and cultural significance of the novel. It draws on the economic theory of 'homo economicus', as well as the concept of 'information asymmetry' and the related 'credit economy', to explore the psychology behind the transactions of each of the characters in the marriage transaction. By showing the strong pursuit of profit maximization in the context of value exchange, the role of the information gap in social value exchange and interpersonal relationships, and the choices made by the characters when they have information or lack of information, the novel reveals the important role of economic factors in the construction of the plot and characterization. At the same time, the insurmountable information gap also reflects the great cultural differences between Europe and the United States, which provides another way of interpreting the 'international theme' in James's work.

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