Book Review

Review of Lauer, Josh. 2017. *Creditworthy: A History of Consumer Surveillance and Financial Identity in America*. New York: Columbia University Press.

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In September 2017, Equifax, a leading credit reporting agency, announced a security breach that may have jeopardized the personal information, including Social Security Numbers, of nearly half the American population. In the wake of the breach, the government's Internal Revenue Service (IRS) awarded a now-suspended \$7.2 million contract, perhaps ironically, to Equifax to verify taxpayer identity. In *Creditworthy*, Josh Lauer offers many insights that help contextualize that headline: he provides a history of credit that puts the spotlight on the hitherto largely undocumented development of credit institutions to link 19th Century surveillance regimes to 21st Century financialization; he traces the development of how credit reporting agencies use capitalist surveillance as a tool that now gathers information about millions of consumers; he shows how the textualizing of bodies (such as with Social Security Numbers) for the purposes of social monitoring has commercial rather than state origins; and he shows how government agencies—including the Department of Justice, FBI, IRS, and police—have depended on consumer data from credit institutions since at least World War I.

By historicizing capitalist surveillance, Lauer shows the “calculating logic of capitalism and its commodification of information over a much longer period of time” (2017: 11). This logic, he argues, explains why “[i]t was not the welfare or protection of the state that spawned the first mass surveillance systems in the United States; it was the security of capitalism” (34). Lauer makes this point by linking important economic moments (such as the financial crises of 1837, 1893, 1920-21, and the Great Depression of 1929) with milestones in the history of credit reporting and credit management, and by arguing that credit surveillance has been used for more than one century to discipline American consumers as responsible, obedient, profitable, and predictable. *Creditworthy* is interdisciplinary, with its main contributions to business history, communication studies, cultural studies, and surveillance studies. Over nine chapters, the book shows how credit became increasingly central to the development of the early American republic and gave rise to mechanisms of credit surveillance that are used today.

Chapter 1 presents the context within which institutionalized mass surveillance emerged in the United States. Lauer identifies the founding of the Mercantile Agency in 1841 as a central component in this emergence because it marked the dawning of a capitalist surveillance institution of social monitoring and

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mass surveillance. In showing how credit ratings firms supported the expansion of trade and an integrated national economy, Lauer makes the point that the intelligence-gathering reach of mercantile agencies at the time significantly outstripped that of any government agency.

Chapter 2 describes the 19th Century development of ubiquitous credit surveillance that extended the application of financial identity from business people to the general population. With consumers now under the “perpetual” and “totalizing” surveillance of credit institutions, so that different classes of borrowers could be managed differently, credit reporting institutions used different ratings keys to record consumers’ creditworthiness (59-60). Recorded personal information included markers such as gender, surname, marital status, address, occupation, and race. The ratings books in which this information was contained proved attractive to many different occupational groups, but especially to credit-friendly mass retailers that had reservations about cash-only policies.

Chapter 3 provides an account of how the information about consumers in the hands of credit reporting organizations was used by credit managers in lending decisions and how retail credit management shaped the development of the department store. With the spread of credit, credit managers were forced to confront tensions between the science of credit reporting (textualized, systematic, reasoned) and their own subjectivities (interpersonal knowledge, discretion, intuition). The chapter also details the scaffold of the credit surveillance infrastructure and how the profession of credit management emerged, subsequently giving way to national credit associations.

Chapter 4 shows how human and mechanical methods were used in credit management in the early decades of the 20th Century, how codifications of text and colour were used in filing technologies, and how automated consumer credit limits were used as a tool of financial discipline to limit retailers’ losses. As textual repositories of consumer credit information became more dominant, “the entire enterprise of credit analysis seemed to take on a new air of facticity” (118).

Chapter 5 demonstrates how, in the 1920s and 1930s, credit managers sorted consumers based on their personal and financial information and how this sorting gave rise to classificatory techniques for market segmentation and customization in an era of mass retailing. Despite the implication of treating consumers differently, the power of the normative discourse of the democratization of credit must be seen in light of how credit verification policies were democratic only insofar as consumers were treated equally within the ideological framework of objective credit reporting. Despite this objectivity, bias crept in, noted in credit professionals’ inferences about consumers based on race, ethnicity, profession, and address.

Chapter 6 examines the impact of computerization and how late 20th Century financial identity was transformed, by providing evidence of the data that was captured in credit reports and personnel reports. The chapter reveals the loyalty of members of the National Association of Mercantile Agencies to the US government in that they provided the FBI, IRS, and police with “unfettered access to its files” (179). The chapter states that the boundaries between commercial and government interests were blurry, not least in their joint dependence on Social Security Numbers for citizens’ personal identification.

Chapter 7 traces the postwar race to automate consumer surveillance that focused on computerized credit reporting and statistical credit scoring. Lauer shows how this movement was dependent on retailers and local consumer service providers, not members of the banking industry, in that only the former had no “ethical qualms” about client confidentiality (189). With speed and volume as the mantras of computerized credit reporting, dependent largely on behavioural modeling, new methods were created to evaluate consumers to predict their profitability in novel ways.

Chapter 8 shows how the legal system lagged with respect to the development of credit scoring. It also demonstrates the implication of this lag for citizens’ privacy and confidentiality. While this system did

introduce protections for consumers, it simultaneously legitimated and institutionalized the ubiquitous use of credit scores (227). Lauer highlights the tension between fears of totalitarianism by critics of database surveillance and promotions of democratizing credit by proponents of credit scoring; indeed, “[t]he tradeoff for democratized credit was constant surveillance” (234).

Chapter 9 shows how the information society became a surveillance society modelled largely by credit databases and marketing databases and how methods of credit assessment increasingly shaped individuals’ lives by correlating data. With consumer data more aptly characteristic of big data by the 1990s, leading credit bureaus were able to diversify beyond creditworthiness into the business of consumer data.

Studies of contemporary credit surveillance institutions, which take their point of entry at Lauer’s point of departure (in historical perspective), are faced with a dilemma of asymmetry: they present rich contributions on the consumer’s side of the credit experience, yet are overwhelmingly silent on the corporate side of credit development, scoring and decision-making. Lauer is faced with this dilemma in reverse: “with so little public comment in the historical record,” he provides a rich account on the corporate side, yet he is unable to balance this with an account on the consumer’s side (24). This provides an invitation to credit surveillance scholars to position the novelty of Lauer’s analysis as a centrepiece in multidisciplinary contributions to the field in two main ways. Firstly, viewed in its own right, Lauer’s work is a pioneering study on the history of credit, a subject about which there is little scholarly contribution. Secondly, viewed in relation to other works on credit, and specifically on the credit bureau, Lauer’s account is a methodological tool for those scholars looking to historicize their claims about the “blackbox” of contemporary credit practices, or who wish to triangulate how credit decisions shape social outcomes (such as of class, gender, and race), yet lack an empirical account of how statistical variables are used in credit analysis. Lauer correctly points out that social outcomes are not exclusively dependent on social variables in statistical analysis (238). However, without a window on the statistical methods and weightings of variables in credit scoring, scholars of contemporary credit surveillance are otherwise mostly left to draw inferences about the “back end” of credit scoring from the ways in which credit decisions affect consumers.

This compelling book offers food for thought for all its readers, but especially for those surveillance scholars who argue that state surveillance has led commercial surveillance in the social monitoring of Americans. Despite its careful scholarship and well-written historical account, some readers might be left expecting more theoretical explication, particularly in the contexts of “capitalist surveillance” and “digital capitalism.” Additionally, although Lauer cautions against claims of technological determinism to characterize the emergence of computerized credit reporting and statistical credit scoring (210), he largely focuses on the power—not (in)accuracy—of credit surveillance to account for why consumers “bowed before bureaucracy” (117). He concludes that “[a]n error in one’s credit report . . . might be less important than how one is modeled in a data broker’s secret algorithm” (274). While this draws attention to the broader effects of social inequality, some readers might question the extent to which technological errors—that undermine the accuracy of surveillance—are appropriate in the naming of a *surveillance* state. But Lauer’s careful contribution here is well equipped to engage head-on with such debate in surveillance studies.