

# INTRODUCTION

## Banking without Borders

*Culture and Credit in the New Financial World*

Devin Fergus and Tim Boyd

In 1980, Jimmy Carter's Treasury Secretary, G. William Miller, greeted the passage of the Depository Institutions Deregulation and Monetary Control Act (DIDMCA) with the promise that it would create a "new world" for US consumer finance. Much of the pro-deregulation rhetoric focused on removing or breaking down two kinds of "borders." The first border is structural, wherein operating procedures and regulations within the system regulate what different financial institutions can and cannot do. The second kind of border is relational, between individuals and the financial system that—in the eyes of deregulation's supporters—prevented ordinary citizens from gaining access to mortgages, credit, and financial services in general. By eliminating these borders, the argument went, deregulation would create not just a new set of rules for US banks, but also a whole new culture of credit in US society. In short, DIDMCA was one of the key pieces of legislation that overturned the regulatory framework for US banking that had been created by the New Deal. Secretary Miller and other neoliberal advocates of deregulation argued that a new world of fewer constraints on financial institutions would create new opportunities not just for banks but also for individuals, communities, and the nation as a whole.

From the vantage point of the financial crisis that began in 2007, deregulation clearly produced lasting economic and cultural changes in the United States. However, these changes have not been as unequivocally beneficial as sup-

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porters of deregulation had claimed or hoped. Furthermore, borders—physical and metaphorical—are still evident in the “new world” promised by the deregulation measures. These borders continue to determine who should be included and who excluded from the wealth created by the expansion of the financial sector. Overall, the redefined borders of the new financial world have resulted in glaringly uneven outcomes and experiences for Americans of different racial, social, and economic backgrounds. In response, this issue “Banking without Borders” examines the making of this new financial world as it has been organized over the past four decades and has come to constitute the subjects of financialization.

The world crafted by financial deregulation since the 1980s has, unlike that of any other era in recent memory, aggressively annexed historically excluded groups into the imagined clientele of financial services. However, without the watchful eye of the state, financial annexation has increasingly exacted a high price for the ostensible “privilege” of inclusion. Blaming these new clients for the economic crisis, the nation’s financial elite opposed revisiting these costs even as the global economy teetered on the brink of a collapse largely of the elite’s own making. As the former chair of President Obama’s Council of Economic Advisers Austan Goolsbee, quoting a study by fellow economists on mortgage deregulation, explained:

The main thing that innovations in the mortgage market have done over the past 30 years is to let in the excluded: the young, the discriminated-against, the people without a lot of money in the bank to use for a down payment. . . . It has allowed them access to mortgages whereas lenders would have once just turned them away.<sup>1</sup>

What has passed as “financial deregulation” is more often state intervention by another means. While financial deregulation is generally thought to be a negative liberty expressed in the context of political economy (i.e., the absence of state intervention in private markets), deregulation is very often a mode of active, neoliberal state regulation. Such hyperstatism is evinced in policies known as “federal preemption,” a doctrine predicated on federal supremacy over state law that was essential to erecting the legal and legislative architecture necessary for the rise of subprime mortgages.<sup>2</sup> A textbook example of federal intervention masquerading as financial deregulation is the Alternative Mortgage Transaction Parity Act of 1982. This law helped to give rise to the instruments of subprime lending by requiring states to allow adjustable-rate mortgages, balloon payments, and interest-only mortgages. The research in this volume shows the unevenness of approaches to and impacts of financial regulation on consumers, especially those from communities of color.

This special issue is one of only a handful to date by academic journals fo-

cused on the nation's credit and consumer financial landscape, produced within the humanistic and social-science disciplines, and dedicated to disseminating this specialized knowledge beyond the ivory tower. Specifically, this volume brings together a new generation of scholars whose work interrogates the origins, intents, and impacts of the credit and consumer financial landscape through an interdisciplinary lens of history, sociology, political economy, and cultural studies. It considers both housing and the impact of the financial crisis on racial minorities, but goes beyond housing and minority experiences to explore the implications of financialization for US democracy as well as the global economy. Finally, any ontological conversation about these borders' origins is tethered to cultural assumptions that are deeply embedded in our society. Such assumptions, if they remain unexplored, increase the likelihood of similar decisions about deregulation in the future. Because financial steering largely comes out of cultural narratives, we turn to the humanities scholars in the fields of critical studies to articulate and explain the stories of the country's values and economic exchanges: the foundational parables that held such sway over policymakers, politicians, and the US public.

## 1960s–1980s

The reimagining and absorption of the economically alienated, central to financial deregulation, was a bipartisan affair that began in the late 1970s and early 1980s under Democrat Jimmy Carter and a Democratically controlled Congress.<sup>3</sup> The making of a new financial order depended on the earlier construction of the financial consumer through a series of policies (e.g., Fair Housing Act, Equal Credit Opportunity Act, and Home Mortgage Disclosure Act) intended to democratize credit in the late 1960s and early 1970s. Democratizing credit was a manifold effort by the state to remedy past practices of credit discrimination, service the contemporary credit needs of historically marginalized groups, and expand the pool of possible financial consumers for the financial-services industry's never-ending search for new markets and profits.

On the surface, such measures may have been perceived to equalize or balance the competing demands of various stakeholders at the time: direct lenders and creditors, institutional investors, the secondary investment market, and taxpayers as well as such underserved credit communities as racial minorities, immigrants, and women. However, primarily at the behest of business, an erosion of regulatory protections started in the early 1980s. For businesses, the general consensus was that the nation's regulatory standards made it difficult to remain viable in an increasingly globally competitive marketplace. As a result, they claimed, foreign countries and competitors were outperforming the nation in manufacturing and elsewhere. This argument seeped into discussions regarding financial services, a sector whose regular retort to any whisper of greater

oversight was to remind the regulatory community that capital flow, like water, goes where there is least resistance. Unequal opportunities—that is, onerous regulatory rules between competing domestic financial markets (e.g., savings and loan industry versus unregulated money-market funds) as well as abroad in Germany, Japan, and later in emerging markets—helped explain the unequal outcomes, they attested. Ostensibly unable to compete under the rules that had existed since the Progressive and New Deal eras of the early twentieth century, laws under which the United States rose to be the world’s preeminent economic and political superpower, the financial lobby industry persuaded Congress and federal and state executive agencies to lower the regulatory bar.

US governments embraced what Devin Fergus has dubbed elsewhere “the soft bigotry of low regulation”<sup>4</sup> for financial institutions, reducing the expectation of accountability and oversight of the private sector. Meanwhile, however, many of these same lawmakers actually ratcheted up state control of individual bodies, most notably for school-age children, women of childbearing age, urban male youth, and, increasingly, the middle and working classes. Ultimately, protections were rolled back precisely in the domains of consumer finance—housing, transportation, education, and work-related income and social insurance—central to upward mobility. While this “war against regulation,” in historian Phillip Cooper’s memorable phrase,<sup>5</sup> would begin with Carter, Republican administrations, beginning with Ronald Reagan (aided by a coalition of Boll Weevil congressional Democrats) would do the greatest harm in eroding consumer financial protections, some of which had been in place for well over a century. This regulatory war led to the expansion of credit and of the debt-consumer base and produced a toxic alchemy in which the expansion of high-risk lending took place without accompanying government oversight to check potential consumer abuses.

## Since the 1980s

Nowhere was the social construction of the financial consumer more visible or creatively destructive than in the recent subprime contagion (circa 1988–2008). A subprime mortgage loan was originally touted as a more scientific, objective measure to underwrite high-risk customers. But subprime lenders and brokers—in various markets—soon realized that high-cost loans could be extremely profitable, especially if they could expand the boundaries of subprime loans to include high- and low-risk customers within these high-cost, high-profit borders.<sup>6</sup> At the height of subprime dealings, a subprime borrower could pay anywhere from \$85,000 to \$186,000 more in interest and fees than the average borrower over the life of a mortgage loan, according to a 2006 study conducted by the Consumer Federation of America.<sup>7</sup>

The reconfiguration of the subprime market came in two waves. The first began in the 1990s and involved the racialized expansion of the subprime bor-

rower pool to include Blacks and other racial minorities who were creditworthy (i.e., FICO score above 660). As borrowing subjects newly embraced by lenders, these groups were targeted for subprime home loans, equity, and refinance loans as studies have shown. The nation's largest mortgage lender, Wells Fargo, systematically steered Latina/o and Black homeowners into paying for subprime loans that were costlier than those offered to whites with similar credit profiles.<sup>8</sup> Nor were upper-income African Americans inoculated from the spread of the subprime contagion. A 2007 study, for example, showed that upper-income Blacks were almost twice as likely as lower-income whites to receive a high-cost mortgage (54 percent to 28 percent).<sup>9</sup>

In the early years of configuring the subprime market, the expanding community of borrowers was inhabited less by the financially insecure than by stable homeowners with some degree of accumulated equity, who largely comprised these newly targeted borrowers. As Federal Reserve and HUD reports in the mid-2000s showed, subprime lenders, often called shadow bankers, aimed for longtime homeowners in middle- and lower-income neighborhoods. Predatory lenders targeted precisely those who had begun to climb the mythic ladder of the American dream—the equity-rich, urban-dwelling minority homeowner—paralyzing their hard-won financial stability into indebtedness. Thus, ironically, the initial victims of high-cost lending leading up to the Great Recession were frequently the original victims of past redlining: the United States' elderly Blacks who, as homeowners who had lived in inner and inner-ring cities for decades, had a greater opportunity to build up home equity.

It would not be, however, the plight of this newly at-risk population that raised concern among the media and policymakers. Rather, it was when these subprime lending practices—and similar fringe consumer financial practices—began to adversely affect white working and middle classes that alarm began to spread.

### **“We Are All Subprime Now?”**

The second wave of subprime market reconfiguration occurred in the mid-2000s with the further extension of financial boundaries to incorporate an ever-growing (if unsuspecting) number of consumers once considered largely immune from the subprime contagion. Regardless of race, seniors and suburbanites were all receiving subprime mortgages at rates higher than their respective demographics had received at the start of the millennium. For example, in 2000, roughly one in seventeen mortgage loans originated as a subprime loan. By 2006, the subprime market's share of the mortgage-loan origination market had mushroomed to one in four homeowners.<sup>10</sup> As a result of this expanding market, the average subprime mortgage borrower was someone who was actually eligible for a prime loan (i.e., with a FICO score above 600).

The expansion of the financial-services industry beyond racial minorities to bring the white working and middle classes into the orbit of subprime lending was a predictable (and preventable) outcome. Such sectors had long been highly profitable for all those involved in the financial food chain: lenders, brokers, appraisers, credit-rating agencies, and securities markets. Highly lucrative, the spread of subprime loans would even bankroll a new category of financial elites: the working rich. The wealth of the new working rich, according to economists Thomas Piketty and Emmanuel Saez, came in part from stripping equity from working- and middle-class borrowers as financial firms “reaped enormous profits and paid their top bankers and traders unheard of bonuses” for originating or securitizing subprime loans.<sup>11</sup> Changes in tax policy—specifically, the rolling back of marginal rates on capital gains, which enabled wealth to be taxed less than labor—further exacerbated the wealth gap.<sup>12</sup>

The accelerated expansion of the subprime market posed two major problems for financial regulatory agencies. First was the apparent dereliction of duty among the nation’s financial regulatory elite—that is, the commissioners and other politically appointed regulators who overlooked the warnings of career experts in the federal government. Through field examinations of financial institutions, these experts had identified lending irregularities and unsafe practices as a growing problem after the 2001 domestic recession and increasing market securitization. The disconnect between “grasstop” regulators and “grassroot” regulators was manifest in the inability of Federal Reserve bank examiners to convince the seven-member national-board or regional-board banks to use and expand their supervisory powers to curb predatory lending. Second, when the regulatory elite did get involved, they exhibited a clear preference for the carrots of enticement (e.g., tax credits and special tax breaks like deferred interest payments to entice urban lending) over the sticks of enforcement (e.g., civil money penalties, blocking bank expansion). Upon finding predatory abuses, regulators both statutory and congressional who were responsible for overseeing consumer financial practices repeatedly championed tax credits and special rate breaks like deferred interest payments to entice urban lending.

An era of hyperderegulation rendered even the most muscular regulation effectively meaningless in policing too-big-to-fail institutions. During this period, arguably the biggest stick federal regulators had at their disposal was the authority of the Community Reinvestment Act (CRA) to block mergers of banks engaged in discriminatory lending. First passed in 1977 and amended in the late 1980s and 1990s, the CRA encouraged depository institutions to lend in neighborhoods in which they operated local branches. CRA critics—including the National Bureau of Economic Research, Congressional Republicans, and select members of the Financial Crisis Inquiry Commission Report—cite the CRA as the financial origin of the nation’s economic unraveling.<sup>13</sup> As illustrated in





**Figure 1.** “Bonnie and Clyde,” editorial cartoon by Michael Ramirez, *Investor’s Business Daily*, September 20, 2008. (2008 © Creators News Service. Reprinted by permission of Michael Ramirez and Creators Syndicate, Inc.)

Figure 1, this narrative asserts that through the use of “bayonet rule,” the federal government forced otherwise risk-averse lenders into making unsafe mortgage loans to undeserving borrowers who were believed to lack the credit, assets, income, and at times even employment to qualify for a home mortgage.<sup>14</sup>

In reality, a tiny fraction—as low as 6 percent, according to John Taylor of the National Community Reinvestment Coalition—of risky, high-cost loans over the last several years were covered by CRA.<sup>15</sup> The overwhelming evidence suggests that CRA-regulated institutions actually *outperformed* their nonregulated counterparts, according to studies conducted by the Federal Reserve Bank of San Francisco. As Carolina Reid has analyzed, Low and Moderate Income (LMI) borrowers who originated mortgages with CRA lenders were “significantly less likely to receive a subprime loan or loan with a risky product.”<sup>16</sup> The triggering mechanism for a CRA review is typically a bank merger. Yet between 1988 and the Great Recession, only one-half of one percent of all merger applications under the Federal Reserve’s scrutiny was ever rejected because of CRA, according to a Federal Reserve official’s 2007 congressional testimony. The regulatory gatekeepers allowed mergers to proceed at breakneck speed in the 1990s, faster than at any time in modern banking history. In fact, a bank CEO stood a better chance of being struck by lightning (about 1 in 500) than having a merger struck down because the bank failed a CRA exam.<sup>17</sup>

## Factors of Lax Enforcement That Produce the New Financial Order

What do such lax enforcement and the regulatory elite's emphasis of the carrot over the stick have to do with "banking without borders" or a new financial world order? This new financial world order appeared motivated by very familiar old-world values: particularly the notion of the inflated wages and property entitlements of whiteness. What girded the faith in the carrot over the stick was not simply a general belief that markets were capable of self-regulation but also the view or assumption that finance capital needed to be incentivized (or threatened) before entering "undesirable" markets since these spaces—mostly urban and/or minority—ostensibly possessed little worth or value. Thus investors need to be rewarded or enticed through special rate breaks, tax credits, and lower regulatory standards. As the origins of the CRA as well as recent books like *The Land Was Ours* by Andrew Kahrl reveal, banks and other private-sector businesses had been extracting financial resources from these same communities decades before any regulation existed.<sup>18</sup>

While an abiding faith in unregulated "free markets" constituted a historic and durable ideological scaffolding for these recent trends in financial lending, speculation about the causes for the current catastrophe tends to privilege a focus on the housing market. Certainly, given the foundational role of homeownership to the story of expanding financial access, the importance of the housing market cannot be overstated. That said, it is equally important not to reduce the new financial world exclusively to housing or, more specifically, to subprime mortgages. In doing so, one might pose homeownership as the sole solution to closing the growing wealth gap. It is not. The most conclusive studies indicate that homeownership accounts for only 27 percent of the difference in relative wealth growth between whites and African Americans over the last twenty-five years.<sup>19</sup> Moreover, as the recent economic collapse and the stock market's relative recovery vis-à-vis home equity illustrate, portfolio diversification is often a good idea, as the overconcentration in homeownership has cost African Americans and other racial minorities dearly. Instead, to better understand the structural impediments to upward mobility, one must consider forces and factors beyond housing.<sup>20</sup>

Given that minorities and women employers are statistically more likely to hire minorities and women, improving access to credit for women and minority enterprises is critical to facilitate the upward mobility of traditionally marginalized populations. While minority enterprises comprise 20 percent of small businesses and employ only 5 percent of the overall workforce, it is an emerging occupational market. Between 2000 and 2010, African American, Asian American, Latina/o, and women-owned businesses grew at a faster rate than both their respective populations and non-minority business enterprises. Most notably, for the very first time since the Census Bureau began compiling data in the 1970s,



minority-owned firms (African American, Asian American, and Latina/o) with paid employees grew at a faster rate (26.5 percent) compared to non-minority-owned firms (2.3 percent). By 2007, their revenue receipts also rose faster than those of non-minority-owned firms.<sup>21</sup> Of course, the contraction of credit since 2007 has not only tightened mortgage lending for individual consumers but also severely hampered minority and women-owned firms. The contraction of commercial lending in recent years has led to a sort of crowding out around credit, resulting in the pitting of women and minority entrepreneurs against one other for increasingly scarce financing. According to the Economic Policy Institute and PolicyLink, Black employment would benefit measurably by stronger state investments in women- and minority-owned business or, at minimum, a new round of quantitative easing targeting credit unions and banks that lend to small businesses that employ the hardcore unemployed.

Perhaps the most vivid example of how the new financial order has functioned beyond housing in a post-Civil Rights [financial] world was augured by financial-services trendsetter MetLife, a mutual insurance company that from the late 1800s until 2000 was the nation's largest publicly traded insurer. In the 1960s, MetLife's Black customers paid at least 11 percent more than whites for insurance premiums, received fewer dividends, and were awarded fewer shares of stocks solely on the criteria of race. As Jim Crow began to crumble in the 1950s and 1960s, MetLife moved away from the explicit use of a prospective customer's race to calculate insurance premiums, anticipating closer regulatory scrutiny of the inferior financial products it sold and marketed to minority customers. MetLife merely adopted another way to screen for Blacks, called "area underwriting," in which the company systematically charged higher rates for smaller, weekly premium policies or turned down best-priced policies from predominantly Black zip codes.<sup>22</sup> These new, *prima facie* colorblind policies enabled MetLife to maintain its profit margins while continuing its same practice of extracting financial wealth from communities of color, now using more politically correct proxies such as postal codes.<sup>23</sup> By the 1970s and '80s, area underwriting or what Fergus has called "PC or postal-code profiling" would be *de rigueur* for the insurance industry.<sup>24</sup>

This new financial order has been an all-consuming credit experience, inescapable even in the financial purgatory known as bankruptcy. Indeed, by the late 1990s, more Americans filed for bankruptcy than were graduating college. According to then-Fed Chair and armchair psychiatrist Alan Greenspan, the cause for this overleveraging of household budgets was the result of Americans having "lost their sense of shame" in regard to filing for bankruptcy.<sup>25</sup> Consequently, he counseled Congress in 1999 to reform the bankruptcy code to invest filing with more punitive effects. Not only did Greenspan ignore reputable studies showing that rising medical expenses often drove struggling Americans into financial ruin; his recommendation also appeared wholly unnecessary given his free-

market orientation. Specifically, his call for greater state action appeared out of step with a self-regulating marketplace. Lenders, after all, were free to punish wayward consumers via imposing higher rates or credit rationing.

Nonetheless, Congress dutifully responded to Greenspan in 2005. Through the Orwellian-named Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Congress erected dozens of new barriers for potential filers and increased the filing fees on distressed borrowers. The 2005 law appears to have contributed to the surge in foreclosures, as distressed borrowers whose debts would have been forgiven prior to the 2005 law now had their incomes tied up in paying off unsecured debts. As a 2009 Federal Reserve Report concluded, “cash constrained mortgagors who might have saved their home . . . are more likely to face foreclosure or to have to sell their home” because of the 2005 reform.<sup>26</sup>

These reforms to the consumer bankruptcy code have harmed consumers generally and exacerbated the racial wealth gap particularly. Blacks have been about twice as likely as whites to be funneled into paying the more expensive form of consumer bankruptcy, Chapter 13. This may take debtors several years to pay back, as opposed to Chapter 7, in which debts are wiped away typically in a few months.<sup>27</sup> The median fee for Chapter 13 is \$2,500, while the median fee for Chapter 7 is \$1,000.<sup>28</sup> In sum, the racial gap in Chapter 13 filings has persisted even when controlling for financial characteristics like income, homeownership, assets, and education.<sup>29</sup> The evidence suggests that lawyers were disproportionately steering Blacks into a process that was not as good for them financially, in part because of biases, whether conscious or unconscious, to inculcate “good values” in indebted Blacks.<sup>30</sup> As Neil Ellington, executive vice president of Consumer Education Services, a credit counseling agency in Raleigh, North Carolina, responded: “Unfortunately I’m not surprised. The same underlying issues . . . are present in all financial fields.”<sup>31</sup> The notion that the failure to balance household budgets is characteristic of Black America is belied by statistical evidence. Most recently, surveys conducted for Prudential Financial in 2011 and 2013, respectively, indicate African Americans were *more likely* than the general population to make household debt reduction a top financial priority.<sup>32</sup>

As with so many other areas of our political economy, the single most significant mechanism driving bankruptcy reform has been corporate lobbying. Business law students are introduced to the new bankruptcy law as the “banking lobby’s greatest all-time victory.”<sup>33</sup> Surprisingly, even national security concerns were trumped by the power of the financial services lobbies. In post-9/11 America, debt accounted for nearly two of every three security-clearance losses by military personnel. Yet, because banks, student loan companies, payday lenders, and other consumer creditors held more influence on Capitol Hill than the Pentagon, Congress repeatedly ignored the collective pleas of the Defense and State Departments, along with a host of service associations like the National Military Family Association, to exempt military personnel from new bankruptcy reform

legislation that promised to only further bury troops and their families in debt. Instead, Senators like Utah's Orrin Hatch pressed for accountability from consumers while lobbyist-friendly lawmakers passed the buck: "If bad actors are preying on our military personnel . . . then I encourage . . . our Banking Committee to look in to the issue."<sup>34</sup>

As the evidence above suggests, any meaningful conversation about consumer finance and economic inequality must grapple with the oversized influence of corporate lobbying within our political system. Corporate America's stake in financial deregulation is evinced in the expansion of lobbying in recent years. Between 1998 and 2009, corporate lobbying has increased by over 150 percent. Labor was the rare sector in which lobbying decreased over this same time.<sup>35</sup> Bank lobbyists in particular appeared to have ratcheted up their influence-peddling efforts in a post-Recession, post-Dodd-Frank world. Last year, Wall Street lobbyists outnumbered consumer advocates twenty to one. In 2012, the five leading finance industry groups sent 406 lobbyists to Capitol Hill to neuter Dodd-Frank, compared to the twenty sent by the top five consumer protection groups.<sup>36</sup>

For a more perspicacious understanding of the values that actually lie behind the differential, racial practices of lenders and the exacerbation of the wealth gap, this issue of "Banking without Borders" and its contributors more carefully consider how the practices of deregulation and of profit-making at any and all cost have become supreme values within this age of neoliberal, racialized state capitalism.

## Overview of Feature Articles

Perhaps more than any other sphere of social policy, financial deregulation has been regarded as a stateless, raceless, and gender-free project. An emerging set of scholars, represented in this special volume, has begun to correct this misreading.

In "Race, Market Constraints, and the Housing Crisis: A Problem of Embeddedness," Jesus Hernandez examines the racially disparate impact of the subprime mortgage crisis in Sacramento. By considering the origins of "racialized space" within Sacramento's housing patterns during the twentieth century, Hernandez challenges the idea that the higher rates of foreclosure suffered by Sacramento's nonwhite residents in the twenty-first are simply the result of "racially neutral" market forces. Instead, Hernandez demonstrates that a confluence of political, social, and racial attitudes was used to craft explicitly discriminatory housing policies (and to deny nonwhites access to credit on equal terms) in such a way as to leave racial difference already "embedded" in Sacramento's housing market when the subprime crisis hit.

In her article "Revisiting 'Black-Korean Conflict' and the 'Myth of Special Assistance': Korean Banks, US Government Agencies, and the Capitalization

of Korean Immigrant Small Business in the United States,” Tamara K. Nopper considers differences between nonwhite racial groups. Starting from the ongoing scholarly argument about whether or not Korean communities receive special treatment that is denied to other minorities (especially African Americans), Nopper investigates the way in which Korean banks and federal agencies have tried to foster economic opportunity for Korean American communities. Nopper notes that the opportunities that many Koreans make use of are not *limited* to them as an ethnic group. That said, Nopper nonetheless shows how a variety of supposedly race-blind factors have added to the perception of Koreans as being “insulated” and “underserved” communities deserving of greater assistance than other groups. This perception has had actual consequences in the privileges afforded to these communities by lending practices, notably in the development of resources and programs that are often “specifically tailored to Korean immigrants.”

Complementing the empirical case studies of Hernandez and Nopper, David Witzling’s article “Reflections on the ‘Ownership Society’ in Recent Black Fiction” analyzes a collection of novels written in the last twenty-five years that explore the impact of the “financialization” of US culture and society on African American communities. Using the works of Walter Mosley, Michael Thomas, and Nathan McCall, Witzling analyzes how these authors juxtapose the neoliberal drive for an “ownership society”—a desire that is often shared by racial minorities—with the fears and concerns among African Americans that such a society will prove to be another form of subjugation. The characters in these novels find themselves needing to make all manner of compromises with consumer capitalism in order to achieve economic security, even as those compromises harm their community and the longed-for security remains elusive. Ultimately, Witzling persuasively demonstrates how African American authors have deployed fictional settings to allegorize the complexities of the modern financial world.

Stepping back from the focus on specific communities or specific individuals, Lynn Mie Itagaki’s “United States, Inc.: *Citizens United* and the Shareholder Citizen” provides an overarching analysis of the way in which changes in the corporate and financial world in the last generation have affected our understanding of citizenship. Itagaki focuses in particular on the Supreme Court’s *Citizens United* ruling, which, she argues, was a crucial moment in a long process of conflating “the people with the market” (115). Itagaki argues that by upholding the right of corporations to political speech while simultaneously deploying the rhetoric of ending discrimination *against* corporations to justify its reasoning, the ruling privileges an investor class and has in fact simply further undermined the individual citizen’s status within the US system.

Finally, in “Housing Desegregation in the Era of Deregulation,” Christopher Bonastia considers the policies pursued by four presidential administrations

from the 1960s to the 1990s to address residential segregation. Beginning with the adoption of the 1968 Fair Housing Act, Bonastia provides an overview of how successive US presidents and HUD Secretaries have responded to pressure from Civil Rights organizations for the federal government to do more to address racial disparities in housing. The story is not an encouraging one—even the more proactive HUD Secretaries under Nixon and Carter faced resistance from the White House, Congress, and suburban communities, as well as a general lack of enforcement powers and political will. Especially as conservatives began to shape the public’s perception of inner-city problems as rooted in crime rather than need, efforts to break down racial borders in housing went from “modest” to nominal. In Bonastia’s telling, the deregulation of lending in the 1980s and beyond dovetailed with this retreat from efforts to achieve desegregation by government action and a new “tough on crime” policy towards urban residents: “in essence, the private sector was freed from regulation while the behavior of poor individuals became hyper-regulated” (159).

These articles therefore focus on many different parts of the United States, use a range of different approaches, and explore a variety of case studies: nonetheless, there are several issues common to all that speak to the key questions that this special issue of *Kalfou* seeks to address. First, the relationship between the *intent* of various policies designed to increase access to capital and their *impact* is stressed. After all, the ostensible intent of deregulating financial services was, at least in part, to equalize access to credit by making capital more available; it should have been a tool to dismantle the “borders” that were keeping some groups of Americans from opportunity and prosperity. That it has not worked out that way leaves open the question of whether the policies were flawed or dishonest in their intent, or whether they simply failed to have the desired impact.

Jesus Hernandez addresses the matter explicitly by asking why “colorblind” reforms to the housing industry during and since the Civil Rights Movement have *not* mitigated racial discrimination in Sacramento’s mortgage market. In his article, he suggests that even those recent policies that have been well intentioned are hamstrung by the preexisting structures created by generations of policy intended to sustain discrimination. In other words, the barriers to access created a century ago have become such an integral part of the system that policy today is almost inevitably still shaped by them—and so cannot (and will not) bring them down.

Bonastia reaches a similar conclusion about intractable barriers to achieving racial equality in the housing market, but with a slight reversal of chronology. In his telling, the well-intentioned policies were from the decades prior to financial deregulation—the 1968 Fair Housing Act in particular. He stresses that these policies were nonetheless born of political compromise, and unfortunately “created an environment that invited corruption, with unscrupulous individu-

als chasing quick profits” (143). The ultimate—and unintended—impact was to weaken public support and delegitimize efforts to equalize the housing market through government action. The move towards financial deregulation that gained momentum as a result was therefore not an attempt to find ways to break down barriers in the housing market so much as a move by the government to wash its hands of any responsibility for doing so.

In the fictional works considered by Witzling, a similar theme emerges: efforts to create a colorblind society based on universal property ownership repeatedly run into the reality of “publicly unspeakable racial dynamics” (107). Even well-meaning white characters cannot help placing the African American protagonists in situations where their racial differences become apparent—whether in a discussion over the value of “Bulgarian feta” in a Brooklyn deli, or in persuading them to bet beyond their means at an exclusive (mostly white) golf club. Yet the verdict of the authors in Witzling’s piece remains ambiguous: the opportunity for the characters to become actors in the financial marketplace does indeed provide opportunities for *individual* advancement, but at the expense of communal unity.

A similar ambiguity is explored by Nopper, who considers how policies designed to assist one racial minority might in turn deny opportunities to others. Instead of suggesting that preexisting structures play the defining role, she argues that a general “typification” of Korean communities as being in need of additional assistance—and, crucially, *deserving* it—has produced policies and structures that have benefited them. Meanwhile, the lack of a similar attitude toward African Americans has contributed to a lack of equivalent policies to address their needs as a community. In short, the intent of helping one disadvantaged group has had a problematic impact on another disadvantaged group.

Itagaki draws a less generous conclusion about the motives of those behind *Citizens United*. While the ruling was ostensibly part of the conservative/neoliberal agenda of promoting the “ownership society,” both it and that agenda as a whole have privileged those already in power while transferring vast amounts of financial risk to a citizenry that is increasingly impotent politically. This is not, in other words, a case of good intentions gone awry, but rather one of inexorable political and economic gains going to the groups that already possessed the most power to begin with.

A second common theme in this issue is the relationship between those able to gain access to the benefits of the financial system and those excluded from it: the “insiders” and the “outsiders.” In each of the five feature articles, this relationship works in different ways. In the case of Sacramento, the insiders—those able to borrow money at the best rates and live in the most desirable neighborhoods—took explicit action to keep outsiders (mostly nonwhites) at bay. Indeed, the insiders quite explicitly justified their actions in terms of repelling “perceived subordinate threats” (Hernandez, 37). The most damning example of this is



the postwar report by the Home Owners' Lending Corporation on residential property in Sacramento that directly referred to concentrations of certain racial groups as a "hazard" best excluded (Hernandez, 42). In this instance, the meta-physical border keeping nonwhites from equal access to the financial sector was sustaining a very real border between neighborhoods of different racial groups.

Bonastia echoes this assessment on a nationwide scale: "Cities, it appeared, were dying, in desperate need of life support; suburbs desperately wanted to be left alone" (147-148). Again, those who had done well in the housing market were reluctant to make any sacrifices to help those less fortunate, or to support government aid for inner-city or suburban desegregation. Like Hernandez, however, Bonastia also notes that suburban communities were quite happy to accept government aid that would not threaten their racial and class privileges. This is detailed in the bureaucratic struggles over *where* federal aid should be allocated—for instance, should it go to the county government that sits beyond the city limits of Saint Louis, which would favor the suburbs, or to the metropolitan administration of the troubled city itself? Almost invariably, the decision favored the suburbs.

In Nopper's article on Korean-Black conflict, the insider-outsider relationship is perhaps even more intriguing. The popular image of Korean immigrants as insular and self-sufficient, in addition to the fact that they are (mostly) not native English speakers, marks them as "outsiders" in the general scheme of US life. However, the manner in which Korean financial institutions have acquired relatively high capital asset levels (compared to equivalent African American institutions), the ability of Koreans to access transnational assets to acquire loans in a way that African Americans cannot, and the existence of federal programs (such as the "Fast Trac" language program) that facilitate business networking among Korean immigrants have made them "insiders" in the perception of many African Americans.

Similarly, Witzling addresses how his authors grapple with the complexities of African Americans seeking to become insiders in an otherwise white power structure. While many characters try, the net result in the novels is generally that they find themselves caught between their community and the power structure. Men such as Walter Mosley's protagonist Easy Rawlins find themselves part of "a group whose relative wealth and status separate it both from the majority of African Americans and from bourgeois and wealthy whites who continue to benefit from their possessive investment in whiteness" (102). No longer true "outsiders," they are still not yet on the "inside."

Itagaki's article seems to contain the most clarified categories of "insiders" and "outsiders." Based around her concept of the "shareholder citizen," Itagaki notes that around half of all US households could now be classified as "investors," and therefore considered insiders within the investor class that has risen to political and economic prominence. However, she argues that among those

investors, a tiny fraction at the very top control a vast majority of the wealth; in effect, therefore, the true insiders are a very small group indeed. Nonetheless, among the most intriguing elements of Itagaki's article is her discussion of how the granting of *more* political power to corporate entities and their investors was framed as though it were helping those *outside* the system: rhetorically, the *Citizens United* decision deployed the concept that by striking down limits on corporate speech, the government was offering "preferred" status to non-corporate entities. It would seem that even those who are unquestionably on the inside prefer not to see themselves as such.

Finally, all of the authors also address the question of how the borders between different racial or social groups came about. In other words, what was the motivation or justification for differential treatment within financial markets? In some of the articles, the motive is fairly straightforward, though generally far from laudable. In Hernandez's study of Sacramento, the motivation for real-estate brokers and suburban residents to exclude nonwhites from gaining the means to move into their neighborhoods was based on a combination of racial fears linked to concerns over property values. Within such a worldview, who would object to preventing those fear-inducing "other" races from being denied access to one's own space?

Bonastia is similarly clear on this point: politicians at the federal level were more concerned with "political payoff" than with abstract notions of racial equality. Suburban resistance to aggressive enforcement of fair-housing policies was therefore a powerful motivation for several US presidents (including both Democrats and Republicans) to focus more on keeping cities' racial borders intact, rather than bringing them down.

Witzling's authors also agree that general social and racial attitudes shaped the restrictions faced by their African American characters. However, there is also an implication in some of the novels of a more class-based discrimination at work in the financial world. For instance, citing one of the concluding passages of Michael Thomas's *Man Goes Down*, Witzling notes that the author's indictment of the way in which the financial system has pushed people into appalling situations is told through the words of an Irish American character. The implication is that for all the reality of racial prejudice that shapes people's fortunes, the central border created by the new financial system is economic and class-based, rather than defined solely by race.

In Nopper's work, the answer to why different racial groups have fared differently in the new financial world seems to be twofold. It entails the above-mentioned "typification" of Koreans as "deserving" versus African Americans as "undeserving," but also a certain obliviousness to the idea that policies that are officially race-blind might nonetheless disproportionately benefit one racial minority over another. The "Fast Trac" language course, a federally sponsored

educational program at the University of Southern California, is perhaps the best example: a course notionally open to everyone, but taught overwhelmingly in Korean. As Nopper notes in response to those claiming the program is nonetheless not racially targeted, “The correlation between speaking Korean and the likelihood that one is ethnically Korean was not acknowledged” (77).

If Nopper traces the roots of policy decisions in obliviousness, Itagaki suggests the opposite in the case of *Citizens United*. She points out that the breaking down of the “border” between corporations and the electoral process was a deliberate and logical culmination of a reordering of the political sphere around the principles of financial capitalism. Referring to the “consumerization of the republic,” Itagaki explores the apparent contradiction within a policy that has severely restricted who can “play” in the political sphere while celebrating the spread of political liberty, and concludes that it is the result of a fusion of economic and political thought. Over the last generation, the neoliberal principles of financial capitalism are supposed to have driven the growth of the US economy—why should they not also govern our political discourse? After all, “our political imagination is not much more than our economic one” (132).

## Future Directions

We conclude with a brief discussion of future directions for the studies of inequality, political economy, race, and consumer finance. This review is not meant to be exhaustive so much as to introduce or highlight some promising areas of inquiry for informing important social and policy discussions centered on remedying asymmetries of power. In particular, we highlight areas in which scholarship, especially as in this special issue, could promote greater diversity in topics, methodology, and interpretive findings.

One natural direction for future research includes pushing against the epistemological understanding of austerity. Recent collections in interdisciplinary journals, like the “Race, Empire and the Crisis of the Subprime” issue of the *American Quarterly* in 2012 and the special issue “Austerity, Neoliberalism, and Black Communities” of *Souls* in the same year, have applied a rights-based approach to austerity as a matter of social justice. These and similar works by non-economists have described, for example, how “austerity budgets” favor the investor class over the working and middle classes or the ways in which austerity programs foment “more suffering and want at the bottom.”<sup>37</sup> While not inaccurate, viewing austerity primarily through the lens of an externality like social justice misses why austerity has been a conceptual *and* programmatic failure: it is bad economic policy. Overwhelming empirical evidence at home and abroad reveals that immediate deficit-reduction policies during recessionary times have typically been the wrong policy prescription for ailing economies, yielding such

anti-stimulative results as increasing unemployment, reducing GDP, chilling business investment, and prolonging economic recovery.<sup>38</sup>

Another research opportunity is to examine the most widespread and pan-ideological response to issues of debt and the wealth gap: the asset-building movement. Since first surfacing in the early 1990s, this movement has found a growing audience in national and state legislatures.<sup>39</sup> Asset building has not simply been an integral policy response and the key focus of neoliberal actors and third-way politicians like Bill Clinton and Tony Blair; nor, when it is touted as morally uplifting evidence of savings and thrift in good citizens, has it been advocated by only fiscally conservative camps. Rather, asset-building strategies have also been embraced by a coterie of anticonservative bedfellows: consumer advocates, inner-city activists, labor unions, children's-rights supporters, progressive-oriented philanthropies, and structural political economists. Asset-building egalitarianism is the primary policy solution of the Closing the Racial Wealth Gap Initiative—a network of scholars, activists, and practitioners whose eponym reflects its singular fixation on abolishing the economic conditions giving rise to wealth inequality between whites and racial minorities.<sup>40</sup>

A third area where future research holds promise is in texturing the narrative of state failure. While there is a sizeable body of scholarship in recent decades properly limning the historic (and contemporary) role that public policies may play as drivers of inequality, researchers should evaluate if such narratives may have the concomitant effect of eroding trust in the very state institutions and public bureaucracies that consumer advocates, among others, turn to in order to remedy inequality. And in what ways might flattened narratives of state failure serve, if unintentionally, to legitimate and justify demands to shrink and reduce the influence of government? Or more specifically, how can scholars stay cognizant of the liminal discursive space that asserts state action and policy as a main facilitator of inequality without also advancing narratives of state failure?

New research on the state might begin with stakeholders—activists, intellectuals, lawmakers, and regulators—claiming not-so-easy victories such as passing unprecedented legislation including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Passed over the objections of heavily financed lobbyists and obstructionist legislators, the Dodd-Frank Act is the most significant consumer protection policy in two generations. The primary instantiation of Dodd-Frank is the Consumer Financial Protection Bureau, the brainchild of progressive legal scholar, consumer advocate, and current US Senator Elizabeth Warren. Warren hatched the idea in a 2007 thought piece for *Democracy*, a journal renowned for incubating the policy proposals of progressive intellectuals with big, imaginative ideas.

A similar story of constructive state action can be told about Section 342 of Dodd-Frank.<sup>41</sup> Often referred to as the Waters Provision after charter Congressional Progressive Caucus member Congresswoman Maxine Waters, Sec-

tion 342 is not well known but has important ramifications for the financially marginalized. Specifically, the Waters Provision authorizes the creation of offices for women and minority inclusion within every federal financial regulatory agency. However, the goal of the creation of these offices is not merely inclusion but also accountability; the provision aims to curb the consumer abuses in the financial-services industry by strengthening the agencies policing the industry. The provision also means to encourage women and minority business development by growing minority suppliers that might secure federal procurements.<sup>42</sup> Now these statutory agencies are obligated to take account of (and remedy) the disparate racial and gender impact of policies the state undertakes or enforces.

By codifying accountability in this way, Dodd-Frank leaves behind the misguided imaginings of colorblindness for the realities of our racist and sexist past and present. (This is a seismic change from, say, Glass-Steagall of the New Deal, which left such concerns to local—read: southern racist—customs and practices.) In so doing, Dodd-Frank signals a genuine effort to acknowledge the disparate impact (if not intent) that ostensibly color- and gender-blind financial policies have had on the financially disfranchised. Yet Dodd-Frank should be regarded as a starting point for those who see value in regulatory reform. Important though Dodd-Frank is, more than one law will be needed to undo a multigenerational drift toward reimagining the majority of US consumers as potential subprime marks.<sup>43</sup>

This issue brings together humanists and social scientists who present a nuanced interpretation of public-private partnerships during the golden age of deregulation. This issue offers a critical interrogation of the state while also taking some measure of the recent inroads of public policy. The great strength of the articles of this issue is that they reflect, challenge, and extend the flourishing of intellectual thought by a new generation of scholars interpreting the historic, social, and cultural meanings and implications of the consumer in relation to the new financial world order.

## NOTES

1. Austan Goolsbee, “‘Irresponsible’ Mortgages Have Opened Doors to Many of the Excluded,” *New York Times*, March 29, 2007.

2. Beginning in the 1980s, the lending industry relied heavily on federal legislation like AMTPA to preempt existing state regulatory will that had capped usurious rates or banned adjustable-rate mortgages and other potentially predatory instruments like prepayment penalties. In fact, consumer-rights attorneys considered AMTPA’s preemption clause as so one-sided and unequivocal regarding the federal supremacy of law that it failed to act as a thoroughly effective deterrent. As a result, very few court challenges were ever mounted against it. Put simply, the state has remained an active facilitator and organizer of the field of financial deregulation.

3. In some ways, this reimagining of the financial consumer predated financial deregulation and was borne out of an effort to democratize credit in the late 1960s and early 1970s. Such

a reimagining of the consumer or a desire to expand credit amid an era of increased deregulation would produce a toxic alchemy: the expansion of high-risk credit but without accompanying government oversight to check potential consumer abuses.

4. Devin Fergus, “The Soft Bigotry of Low Regulation: Race and Deregulation since 1980,” paper presented at the annual meeting of the 95th Annual Convention of the Association for the Study of African American Life and History, Raleigh, North Carolina, September 29, 2010.

5. See Philip J. Cooper, *The War against Regulation* (Lawrence: University Press of Kansas, 2009).

6. A high-cost subprime loan is generally considered 5 percentage points above the Treasury note.

7. Allen J. Fishbein and Patrick Woodall, “Women Are Prime Targets for Subprime Lending: Women Are Disproportionately Represented in High-Cost Mortgage Market,” *Consumer Federation of America*, December 2006, <http://www.consumerfed.org/elements/www.consumerfed.org/file/housing/WomenPrimeTargetsStudy120606.pdf>.

8. Charles Savage, “Wells Fargo Will Settle Mortgage Bias Charges,” *New York Times*, July 12, 2012, <http://www.nytimes.com/2012/07/13/business/wells-fargo-to-settle-mortgage-discrimination-charges.html>.

9. Jeannette Wicks-Lim, “The Great Recession in Black Wealth: White Wealth Reaches Historic High of Twenty Times Black Wealth,” *Dollars and Sense: Real World Economics* 298 (January/February 2012), <http://dollarsandsense.org/archives/2012/0112wicks-lim.html>.

10. “The Subprime Mortgage Market: National and Twelfth District Developments,” *Federal Reserve Bank of San Francisco*, 2007: 8, <http://www.frbsf.org/files/2007annualreport.pdf>.

11. Thomas Piketty and Emmanuel Saez, “Growing Together or Pulling Further Apart? Income Concentration Trends in New York,” *Fiscal Policy Report*, December 13, 2010.

12. *Ibid.*

13. For more on debunking the myth of the CRA, see Carolina Reid, Ellen Seidman, Mark Willis, Lei Ding, Josh Silver, and Janneke Ratcliffe, “Debunking the CRA Myth—Again,” *UNC Center for Community Capital*, January 2013, <http://ccc.unc.edu/contentitems/debunking-the-cra-myth-again/>.

14. Readers are encouraged to judge the content of the borrower’s financial character by his physical appearance. In particular, the borrower, while embracing “ghetto youth” stylistic markers of urban Blackness, is still white. And the bank thieves here are not the borrower who embodies the putative “vices” of the inner city—dressed in unkempt attire with a “thuggish” appearance complete with a backwards baseball cap (hair)do-rag, goatee, and basketball shoes while smoking a cigarette and sporting a liquor bottle—but are in fact the governmental contractors Fannie Mae and Freddie Mac.

15. David Berenbaum, National Community Reinvestment Coalition, Regulating Consumer Financial Products Conference, Federal Reserve Bank of New York, January 6, 2010; John Taylor, Letter to the editor, *New York Times*, December 18, 2008. (In response to critics who blame the financial/mortgage/credit crisis on the CRA.)

16. Reid et al., “Debunking the CRA Myth—Again,” 4.

17. While some might point to famous 1993 Shawmut case, mergers and acquisitions didn’t slow following Shawmut; they actually accelerated.

18. Andrew Kahrl, *This Land Was Ours: African American Beaches from Jim Crow to the Sunbelt South* (Cambridge, MA: Harvard University Press, 2012).

19. Thomas Shapiro, Tatjana Meschede, and Sam Osoro, “Research and Policy Brief: The Roots of the Widening Wealth Gap: Explaining the Black-White Economic Divide,” *IASP: Institute on Assets and Social Policy*, February 2013, 2, <http://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf>.

20. Devin Fergus, “Financial Fracking in the Land of the Fee,” in *The Assets Perspective: The Rise of Asset Building and Its Impact on Social Policy*, ed. Reid Cramer and Trina R. Williams Shanks (New York: Palgrave Macmillan, 2014), 68.

21. Thomas “Danny” Boston, “Minority Report: Expanding Opportunity for All,” *Democ-*



racy: *A Journal of Ideas* 21 (Summer 2011), <http://www.democracyjournal.org/21/minority-report-expanding-opportunity-for-all.php?page=all>.

22. “State of NY Insurance Department: Report on Examination of Metropolitan Life Insurance Company Regarding Response to Supplement No. 1 to Circular Letter No. 19 (2000),” *State of New York Insurance Department*, March 1, 2002, [http://www.dfs.ny.gov/insurance/exam\\_rpt/metlifex.pdf](http://www.dfs.ny.gov/insurance/exam_rpt/metlifex.pdf); Scott Paltrow, “Old Memos Show in Black and White MetLife’s Use of Race to Screen Clients,” *Wall Street Journal*, July 24, 2001.

23. One rogue insurance agent in 1966, George Daniels of Roanoke, Virginia, used to outsmart the area underwriting system by “deliberately putting down the wrong zip codes on some applications. Later, [once the policy was in force], he would send in a change of address.” See Scott Paltrow, “Uncovered Losses: Life Insurers’ Race Bias in Decades Past Affects Policyholders Even Now,” *Wall Street Journal*, December 26, 2000.

24. Devin Fergus, “The Ghetto Tax: Auto Insurance, Postal Code Profiling, and the Racial Wealth Gap,” in *Beyond Discrimination: Racial Inequality in a Postracist Era*, ed. Fredrick C. Harris and Robert C. Lieberman (New York: Russell Sage, 2013), 277–316.

25. Quoted in Julie Kosterlitz, “Over the Edge,” *National Journal* 29, no. 18 (1997): 870.

26. Donald P. Morgan, Benjamin Iverson, and Matthew Botsch, “Seismic Effects of the Bankruptcy Reform,” *Federal Reserve Bank of New York Staff Report* 358, November 2008, revised February 2009, [http://www.newyorkfed.org/research/staff\\_reports/sr358.html](http://www.newyorkfed.org/research/staff_reports/sr358.html).

27. Tara S. Bernard, “Blacks Face Bias in Bankruptcy, Study Suggests,” *New York Times*, January 20, 2012, <http://mobile.nytimes.com/article?a=898258&f=115>.

28. For quoted amount, see Seth Rosenberg, “African American Community Frequently Not Well-Served in Bankruptcy,” *Avvo*, <http://www.avvo.com/legal-guides/ugc/african-american-community-frequently-not-well-served-in-bankruptcy>.

29. See Jean Braucher, Dov Cohen, and Robert M. Lawless, “Race, Attorney Influence, and Bankruptcy Chapter Choice,” *Journal of Empirical Legal Studies*, January 20, 2012, 12–13, 32; *Arizona Legal Studies Discussion Paper No. 12-02*; *Illinois Public Law Research Paper No. 11-17*. Available at SSRN: <http://ssrn.com/abstract=1989039> or <http://dx.doi.org/10.2139/ssrn.1989039>.

30. Bernard, “Blacks Face Bias in Bankruptcy.”

31. *Ibid.*

32. “The African American Financial Experience: 2013–14 Prudential Research,” *Prudential*, 2014, 5, 10, <http://www.prudential.com/media/managed/aa/AAStudy.pdf>.

33. See quote in following Google e-books: Michael J. Rustad, *E-Study Guide for: Introduction to Law: Understanding Sales, Leases, and Licenses in a Global Perspective (Cram101, 2012)*; Timothy S. Hatten, *E-Study Guide for: Small Business Management Entrepreneurship and Beyond (Cram101, 2012)*.

34. US Senate, *Congressional Record* 151, 109th Congress, 1st session March 1, 2005, 11.

35. Paul Blumenthal, “The Rise and Fall of Sectors in Washington Lobbying,” *Sunlight Foundation*, March 11, 2011, <http://sunlightfoundation.com/blog/2011/03/11/the-rise-and-fall-of-sectors-in-washington-lobbying/>.

36. Gary Rivlin, “How Wall Street Defanged Dodd-Frank: Battalions of Regulatory Lawyers Burrowed Deep into the Federal Bureaucracy to Foil Reform,” *The Nation*, April 30, 2013.

37. James Heintz and Radhika Balakrishnan, “Debt, Power, and Crisis: Social Stratification and the Inequitable Governance of Financial Markets,” *American Quarterly* 64, no. 3 (2012): 387, 397; Barbara Ransby, “Editor’s Note,” *Souls: A Critical Journal of Black Politics, Culture, and Society* 14, no. 3–4, 136.

38. For a recent book that balances the social justice and slow growth perspectives, see Mark Blyth, *Austerity: The History of a Dangerous Idea* (New York: Oxford, 2013).

39. The current asset-building movement and strategies are generally attributed to Michael Sherraden, *Assets and the Poor: A New American Welfare Policy* (Armonk, NY: M. E. Sharpe, 1991).

40. Collectively, these stakeholders in asset-building egalitarianism generally coalesce around (1) the shared belief that disinvestment and structural adjustment policies that defined

the political economy for the last two generations have failed communities of color and thus alternative approaches must be taken up; (2) a recognition that something beyond income and culture-of-poverty arguments determines wealth in a free market-driven society; (3) a desire or mission to address immediate local needs by providing a good or service; (4) the conviction that any discussion about ameliorating inequity requires an invested public-private partnership, including a positivist role of the state in closing the gap. (Others might consider the asset-based community development located at Northwestern University, which sees the neoliberal turn of under- and unregulated markets locally as an erosion of communal and social capital.)

41. Devin Fergus, "Regulators Who Look like America," *American Prospect*, August 19, 2010, <http://prospect.org/article/regulators-who-look-america-0>.

42. For more on successes, see Board of Governors of the Federal Reserve System, "Report to the Congress on the Office of Minority and Women Inclusion," *Federal Reserve*, March 2012, <http://www.federalreserve.gov/publications/other-reports/files/omwi-report-20120402.pdf>.

43. Furthermore, opponents of Dodd-Frank are waging a two-step frontal attack on the most significant financial regulatory overhaul since the Great Depression. The first attack is a legislative one, led by lobbyists, looking to pass so many loopholes and exemptions to Dodd-Frank that it would be rendered on virtually feckless. The second assault is against regulators who are currently drafting rules for implementation. The success of this effort to roll back the enforcement of this new law may be measured in the metric that only 153 of 398 (or 38 percent) of Dodd-Frank's rules have, as of May 26, 2013, been implemented. See Eric Lipton and Ben Protess, "Banks' Lobbyists Help in Drafting Financial Bills," *New York Times*, May 23, 2013, <http://dealbook.nytimes.com/2013/05/23/banks-lobbyists-help-in-drafting-financial-bills/?ref=ericipton>; "Slow Progress of New Rules," *New York Times*, May 23, 2013, <http://www.nytimes.com/interactive/2013/05/23/business/Slow-Progress-of-New-Rules.html>.