

the  
**power**  
of  
**debt**

Identity & Collective Action  
in the Age of Finance



INSTITUTE ON  
INEQUALITY AND DEMOCRACY  
ORGANIZED 2010 • AT UCLA, LUNDA



SHUTTLEWORTH  
FOUNDATION



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# authors

**Hannah Appel** is Assistant Professor of Anthropology at University of California, Los Angeles, and a founding member of the Debt Collective. Her research, writing, and teaching focus on the daily life of capitalism and the economic imagination. She has a forthcoming book (Duke 2019) on U.S. oil companies in Central Africa, and has published extensively on Occupy Wall Street and the economic imagination. Her research has been supported by the National Science Foundation, the Social Science Research Council, and the Mellon Foundation, among others.

**Sa Whitley** is a PhD Candidate in the Department of Gender Studies at University of California, Los Angeles, a Part-Time Faculty member at Maryland Institute College of Art, and a Visiting Grad Scholar in the Department of Anthropology at Johns Hopkins University. Based in Baltimore, Maryland, their ethnographic dissertation project explores the afterlives of the subprime foreclosure crisis - particularly how black women and femmes organize against the gendered racism that underwrites foreclosure, gentrification, and speculative real estate development. They work with collectives that devise alternative models for community building that decenter heteronormativity and market individualism. Their research has been supported by the UC Consortium for Black Studies and the Center for the Study of Women.

**Caitlin Kline** is an advisor to the Securities and Exchange Commission on derivatives enforcement issues. She has worked as a Policy Advisor at Better Markets and Americans for Financial Reform, and previously as a credit derivatives market maker and portfolio manager. She is a Graduate Student at John Jay College of Criminal Justice in City University, New York, where her research and writing focus on the political economy of the environment, and the intersection of indebtedness and incarceration as systems of social control.

## Identity & Collective Action in the Age of Finance

**We live in an age of mass debt and high finance. What forms of collective economic power are possible and necessary in this moment? Can “debtor” be a broadly salient political identity in the age of finance? Where “worker” became a widely salient political identity that enabled the formation of labor unions in the industrialized era, are debtors’ unions possible today? This white paper seeks to answer these questions.**

Mass indebtedness sets the conditions for political mobilization around debt. Fewer U.S. residents share factory floors while the great majority now share household debt.<sup>1</sup> From education to incarceration, housing to medical care, household debt is at an all-time high, having reached \$13.5 trillion dollars in the third quarter of 2018.<sup>2</sup> What if we see this staggering total as collective leverage, rather than aggregate individual liabilities? To put it in words often attributed to J. Paul Getty: “If you owe the bank \$100,000 the bank owns you. If you owe the bank \$100 million, you own the bank.” At \$13.5 trillion dollars, the provocation of political mobilization around debt is that households now own the banks. Debtors unions—through the threat of collective nonpayment—could leverage today’s mass indebtedness, turning individual liability into collective power. Precisely because so much of our lives has been financialized, debtors exercising power over concentrated

creditors provides leverage over a wide swath of important institutions, not just an opportunity to reduce individuals' indebtedness. The opportunities are wide-ranging: debtors unions could demand mortgage write-downs, an end to racist lending practices, a cap on ballooning adjustable interest rates, student debt discharge, a truly free public education, single payer healthcare, or an end to money bail and extractive criminal justice fees.

Of course, neither mass indebtedness nor debtors unions' potential power *automatically* produces the politicized and coordinated identities as "debtors" that are necessary for such a response to take hold. Thus, this white paper asks, what work is required for "debtor" to become a salient political identity? What are the possibilities and obstacles faced by that work?

Today, to be indebted is most often an isolating and shame-laden experience. Debtors are hounded by collectors via telephone and mail, their credit scores plummet, and along with them, their chances for housing, loans, and even employment.<sup>3</sup> Morally and rhetorically, debt is widely described and experienced as an individual failure—the result of irresponsible choices.<sup>4</sup> Indeed the rhetoric of financial irresponsibility and

**if you owe the bank \$100,000  
the bank owns you. If you  
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the resultant shame around indebtedness is one of the central obstacles "debtor" faces as a potential political identity. Nonetheless, "debtor" has both the empirical and the ideological potential to be

a galvanizing and liberatory identity in the age of finance; indeed, it already has been in the past.<sup>5</sup> By analogy, consider the shift in social meaning of "undocumented" or "queer." Contemporary movements have mobilized to change the lived experience and public meaning of those categories from individualizing isolation and shame to counternormative social identities and platforms for collective empowerment and action. But this shift requires work. To transform "debtor" from the embodiment of isolation and shame to collective power requires organizing; it requires changing the language and the moral frame; it requires legal tools and direct actions and media

coverage. Proud political identities—Undocumented! Queer! Debtor!—are not born; they are made.<sup>5</sup>

The *intersectionality* of indebtedness is a second, central challenge in making debtor a salient political category.<sup>6</sup> The shift to the financialized / indebted household cannot be understood narrowly as an “economic” shift that operates independently of other experiences. For example, African American women have the highest student debt burdens, as they inhabit the

## **proud political identities— Undocumented! Queer! Debtor!—are not born; they are made**

intersection of gendered and racialized categories that are *both* underpaid in the workplace and more likely to have attended a for-profit college.<sup>7</sup> Intersectionality is an analytic framework that shows

how forms of identity—gender, race, class, sexuality, citizenship—cannot be understood separately. Rather, identity categories *intersect* with one another, as do the forms of discrimination that too often come with them. We experience ourselves, and are treated from the outside, according to multiple identity categories at the same time. In the case of debt, an intersectional framework helps us understand disproportionality and causation: why it is that certain intersectional groups, like black women, experience indebtedness at rates so much higher than other intersectional groups? In addition to disproportionality and causation, intersectionality highlights how the *social meanings* of indebtedness—both experienced by debtors and ascribed to them by dominant groups including public and private institutions—are in part a function of other identities. For example, Donald Trump’s serial bankruptcies are rarely pathologized along racial or gendered lines. In other words, his debts are rarely understood as a product of his particular intersectional identity as a wealthy white male. In contrast, the indebtedness of black women is frequently racialized and gendered—framed by outsiders as a product of gender deviance and pathological family structures, rather than the result of intersecting forms of discrimination and inequality.<sup>8</sup>

Intersectionality demands analysis and action around debt that does not privilege one form of identity (class, for example) over another (race or

gender) but rather recognizes them as co-constituted. Debt's intersectionality can be either a possibility or an obstacle in debtor organizing. It will be an obstacle if organizers overlook it, for instance by asserting incorrectly that mass indebtedness "puts us all in the same boat." It will be a *possibility* if organizers acknowledge it and do the hard work of putting gendered and racialized experiences of indebtedness at the center of collective analysis and action.

This paper proceeds in four sections. Section I offers a schematic history of the relationship between financialization and household indebtedness in the U.S.—the contemporary political economic context in which debtors unions

## Intersectional organizing strengthens social movements

Fig. 2



**Copwatch**

Activists blocking  
Broadway traffic  
and OPD HQ at  
Broadway and 7th  
#shutdownOPD  
#BlackandBreathing

23m

Figures 1 & 2 from a Black Lives Matter/ BlackOutCollective action at the Oakland, California police station (2014) show intersectionality in action. Black collectives organized and led the station barricade with support from #Asians4BlackLives and white ally group Bay Area Solidarity Action Team. Images show attention to unequal vulnerability to arrest: many older white people perform the highly arrestable action of chaining their arms together while many Black people hold the space, fists raised, in front of the police station.<sup>10</sup>

Fig. 1



**Anon**

BREAKING: Major  
action at OPD HQ on  
Broadway. Activists  
locked to entrances  
#shutdownOPD

58m

**Donald Trump's serial bankruptcies are rarely pathologized along racial or gendered lines. [...] In contrast, the indebtedness of black women is frequently racialized and gendered—framed by outsiders as a product of irresponsible and pathological family structures and patterns.**

become possible. Section II offers an account of household indebtedness from the 2008 financial crisis to the present, summarizing the most current statistics on contemporary household debt. This section pays specific attention to the intersection of race and gender in contemporary household indebtedness. Together, Sections I and II demonstrate that unprecedented household debt is a systemic condition. Therefore, it cannot be remedied with individualized responses like financial literacy or prudence in household budgeting. Such approaches perpetuate the fallacy that indebtedness is the individual failure of those who make poor choices in a fair system. Rather, systemic conditions require collective responses.

Section III explores the question of how, if at all, **debtor** might emerge as an empowered political identity in response to current conditions. What are the possibilities and limits of debtor organizing? Because this is largely a prospective question, there is very little empirical research that tests it directly. Section III starts with an account of the possibilities presented by debtor organizing, before moving to limits and how they might be transcended, and concludes with notes from recent historical precedents for debtor organizing.

Finally, Section IV uses the Debt Collective's work to date (2014-2018) as an ongoing case study of the questions: Are debtors' unions possible? Can people organize categorically in an affirmative way around debt in a financialized economy? Section IV moves through early failures and victories in debtor organizing that led to the idea of debtors' unions; the pilot campaign



with debtors from for-profit colleges which has generated over one billion dollars in debt discharge as of early 2019; the development of an online tool suite and on-the-ground organizing strategy; and finally, current campaigns and coalitions including Debt Free Justice California<sup>9</sup> and debt dispute clinics with organizers and activist groups across the country. We learn four central lessons from the work of the Debt Collective: (1) Most basically, debtors unions can work. In light of the \$1 billion dollars in debt discharge won by for-profit college students in the course of the Debt Collective's first campaign, it is clear that collective organizing of debtors is a viable strategy. (2) Debtor organizing requires a diversity of tactics. Because of the serious reprisals facing those who engage in financial disobedience by breaking debt contracts, campaigns are strongest with multiple methods of involvement that are responsive to debtors' intersectional identities. Some participants may be well positioned to strike, while others may be better positioned to use novel legal tools and other tactics developed by the campaign. (3) Both the law and the social morality around debt are pliable. The Debt Collective's pioneering work with the Defense to Repayment clause in the Higher Education Act shows how social movements can activate legal codes in new ways, and shift social morality with surprising speed. (4) Much work remains to be done connecting siloed debt campaigns—like for-profit college debt—to systemic household indebtedness. Relatedly, the general public must be pushed past binaries of legitimate vs. illegitimate debt, and toward the idea that debtors have generalizable power that could allow them not only to collectively negotiate the terms of their indebtedness, but also to push larger questions of how we finance basic needs including housing, healthcare, and education. (5) Finally, since a debtors union would have to be funded to be effective, raising money for actions and campaigns as well as for long-term infrastructure building and maintenance is critical.

## Financialization and Household Debt

**It is now commonplace to hear that we live in the age of finance. And yet for the vast majority of people in the United States and beyond, the age of finance is experienced as the age of debt.**

This section charts the relationship between financialization of the U.S. economy and the rise of household indebtedness. In short, alongside the stagnating wages and the dismantling of the welfare state beginning in the 1980s came an unprecedented expansion of household credit to finance houses, cars, education, medical care, even your own incarceration.<sup>11</sup> Services once provided or subsidized publicly through the social safety net—from essentially free public college to medical care to retirement accounts—were transformed into private contracts and individual obligations. Between 1980 and 2007, household debt doubled as a percentage of GDP, with most of the growth in residential mortgages, though auto, credit card, student loan, medical, and criminal legal debt also grew precipitously.<sup>12</sup> This household debt boom fueled the growth of the financial sector through loan origination and servicing fees, and enabled the expansion of asset-backed securities underwriting, derivatives trading, and the trading and management of fixed income products.<sup>13</sup> In other words, finance flourished on the increasingly unmanageable and unequal debt burdens on households. This section outlines that recent history in part to illustrate *how* indebtedness became an immersive and systemic condition that now requires a collective response.

## **finance flourished on the increasingly unmanageable and unequal debt burdens on households**

Since the 1980s in the United States the financial sector's share of and power over the economy has grown exponentially, as it has found a role intermediating many aspects of household existence. The

rate of growth for financial sector profits has eclipsed both GDP and non-financial profits in recent decades. Between 1980 and 2006 GDP increased 5-fold; non-financial profits grew 7 times larger, while financial profits grew by a factor of 16.<sup>14</sup> Financial activities—the provision or transfer of capital in expectation of future interest, dividends, or capital gains —now generate a significant share of corporate profits, and have moved far beyond the corporate sphere, as this paper will detail. As the financial sector has grown over the last 35 years, its role has also been transformed: from channeling savings toward productive uses, to an often predatory and inefficient mechanism for extracting excessive fees, crafting a dangerous shareholder hegemony, and seeking ever-more widespread economic rents.<sup>15</sup> An enormous scholarly literature variously attributes this shift to a mixture of 1) the interaction of public policy and corporate practice; 2) an increasingly globalized economy; and 3) an increasingly organized set of social movements. Our intervention into this vast literature is to highlight and clarify the link between financialization and the rise of household indebtedness.

Beginning in the mid-1930s, The New Deal expanded social wage and labor protections, created broad public works and infrastructure initiatives, and used G.I. Bill mortgages to encourage real-estate driven growth. The New Deal's substantial public investment in infrastructure supported the path to the consumerist American dream: highways and facilities to serve suburban development, a broad mortgage finance program for homeownership, a public university system, and a welfare and healthcare system for the poor. The U.S. social contract of the 1950s—often glossed as Fordism —relied on this physical and social infrastructure to subsidize the promise that individuals with a high school education and a good work ethic could achieve middle class status: home ownership, car ownership, upward mobility for



one's children. A strong labor sector ensured that wages were linked to gains in productivity and inflation. For the thirty years following World War II, many basic services not provided publicly were affordable on a worker's salary, and it was possible for some households to earn incomes sufficient to meet their most basic needs.

## **Social movements of the 1960s and 70s exposed Fordism and parts of the New Deal on which it was built as both patriarchal and white supremacist<sup>16</sup>—availing employment, ownership, and accumulation narrowly to middle class white men, to the systematic exclusion of others.<sup>17</sup>**

Those who were not white men had been actively excluded from participating in the post-war system of government-funded prosperity, including most consequentially, the mortgage market. Among other demands, the civil rights movement and the women's movement pressed for inclusion in the American dream—the democratization of housing, education, welfare programs, and credit. These expanded demands on resources coincided with the sustained economic crisis of the 1970s—stagflation, high interest rates, and the oil shock, as well as a burgeoning Conservative ideology that sought to reinvigorate American business interests whose political and economic influence had suffered under several decades of populist policy<sup>18</sup>. Policy makers were confronted with conflicting but increasingly organized and vocal demands in a time of slow growth.<sup>19</sup> It was at this intersection of social movement demands, political economic crisis, and the threat of class backlash that public policy began to *actively promote* finance as a solution to the distribution problem.

A number of broad finance-enabling economic policies followed, including: (1) the de-regulation of financial markets to push flows of capital across different sectors, which led to an expansion of innovative credit and investment products. (2) High interest rates at the Federal Reserve under Paul Volcker to combat high inflation, which established an era of Fed policy emphasis on price-stability over employment, and attracted foreign capital seeking high returns into the U.S. (3) policy makers relinquishing control of credit markets to market-pricing which considerably expanded access to consumer credit.<sup>20</sup>

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Broad conservative social reforms under Reagan suppressed the negotiation power of labor unions, and instituted significant cuts to federal funding for many social safety net programs, including food stamps, school lunch programs, Medicaid, job training, and unemployment benefits. As the War on

Drugs ramped up in the 1980's, an explosion in the prison population and incarceration costs led states to offset the rising criminal justice burden by imposing revenue-generating correctional fees on individuals.<sup>21</sup> In the following decades, federal, state, and municipal governments began transforming ever more public services into private financial obligations, most dramatically in the student loan market that emerged to fill the hole left by drastic cuts to state education budgets.<sup>22</sup> This combination of wage stagnation and cuts to social programs produced a new generation of households without the tools to meet a rising cost of living.<sup>23</sup>

If this moment marked the beginning of new kinds of precarity for the majority, it was the beginning of a very different moment for the finance sector. Financial profits soared with this expansion of credit in the economy and the drastic reduction of corporate tax liabilities. The finance-friendly regulatory

regime allowed the efflorescence of newly permissible financial products including variable rate loans, asset securitization, interest rate swaps and other derivatives. Efforts to spur investment in cities and remedy the discriminatory implementation of Civil Rights era housing laws brought about the Community Reinvestment Act in 1977, which effectively mandated the extension of subprime home loans to a vast market of low-income borrowers. Many policy makers and Wall Street professionals understood this moment as the intersection of efficient markets and democratized access to credit.<sup>24</sup>

**It was a new ethics and politics of distribution driven by finance and markets—often glossed as neoliberalism—but more plainly, it forced households to access basic goods through high-cost and high-interest credit.**

In other words, financialization has been the mass distribution of debt to the majority, and profit from debt payments and debt-derivative instruments for a small minority employed by or extracting rents from the financial sector.

Financialization has been not only a public policy shift but also a shift in corporate practices over the same period.<sup>25</sup> The rise of the stock market in the 1980s signaled a paradigm shift as the economic role of corporations was refocused narrowly on maximizing returns to shareholders. The “shareholder value revolution,” as it is often called, meant that a fiduciary duty to raise stock prices for shareholders too often took the place of a wider stakeholder view of the corporation that included workers and worker welfare. This doctrine, coupled with ongoing finance-friendly market policy and beneficial changes to the tax treatment of executive compensation, incentivized the development of complex contractual arrangements and accounting devices to disguise and transform financial risks. Even nonfinancial firms began seeking speculative profits through financial investments and assets rather than via commodity production. This transformation of corporate



culture and business practices compounded growing income inequality. Where average CEO pay increased 937% between 1978 and 2013, workers' wages flatlined.<sup>26</sup> Median weekly earnings have grown at 0.1 percent per year since 1979.<sup>27</sup>

Note then, the contemporaneous shifts: stagnating wages, the decline of the taxation-funded social safety net, and increased access to consumer credit. This nexus trapped the majority of the U.S. population into growing reliance on private financing. People were forced to rely on credit to compensate both for wage stagnation and for the withdrawal of public goods and services including college, affordable housing, and medical and mental health care.

Thirty years of financialization and increasing indebtedness have also produced new forms of subjectivity: new ways individuals understand themselves and their families, new expectations about the future, new visions of the good life. These changes occur not only on an individual level, but also at the level of household, family, and community. Decisions about which debts to pay become intimate choices about family and household security.

**Will my liberal arts degree lead to a salary that can cover the \$35k in debt I must take on? Do I pay my mortgage or my son's criminal legal fees so that he isn't subject to rearrest? Payday loan or bail debt? Can I afford chemotherapy and avoid foreclosure at the same time?<sup>28</sup>**

A 2017 report on New Orleans households impacted by the criminal justice system—the disproportionate majority of which are poor and African American—notes: “Every day, mothers and grandmothers are forced to choose between paying bail for someone they love and paying rent or

utilities—if they even have a choice; for many, bail is completely out of reach. Fathers have to choose between paying off criminal justice debts and providing for their children.”<sup>29</sup>

Today, at least 77% of U.S. households hold some form of debt, and much of the debt taken on by low income households is not regularly reported.<sup>30</sup> While mortgage debt has stagnated in recent years, non-mortgage household debt has increased dramatically. Totaling nearly \$4 trillion, student, auto, credit card, and home equity debt outstanding has alone increased by more than \$1 trillion in the past decade. In addition, new or non-traditional forms of financing, such as phone and utility bills, medical debt, usurious short-term loans, and municipal fees and fines in and beyond the criminal legal system, now constitute a substantial burden on a majority of low-income households. One third of delinquent debt is from unpaid bills, and nearly a third of all consumers report debt in collections.<sup>31</sup> Debt is a systemic, often inescapable phenomenon that has spread to dominate nearly every aspect of household financial life.

## PREDATORY INCLUSION

The forms of household indebtedness produced by financialization are sweeping and immersive at a national scale, but they are not evenly distributed. Indeed, mass indebtedness has profoundly deepened pre-existing racial and gendered inequalities in the United States. Broadly, the wealth gap between Black and white households has widened since 1983, when the median wealth of white households (\$98,700) was eight times that of the wealth of Black households (\$12,200). In 2013, the net worth of white households was roughly 13 times that of Black households.<sup>32</sup> Between 1983 and 2016, the median Black family saw their wealth *drop by more than half* after adjusting for inflation, compared to a 33 percent increase for the median White household.<sup>33</sup>

For Black and Brown majority communities long excluded from traditional paths to economic security including pensions or a college education, finance has offered a perverse opportunity: predatory inclusion. Defined as

## **predatory inclusion in credit markets reproduces pre-existing forms of inequality, albeit on the novel terrain of variable rate loans and asset backed financial products**

the “process wherein lenders and financial actors offer needed services to Black households but on exploitative terms that limit or eliminate their long-term benefit, predatory inclusion... is one of the mechanisms behind the persistence of racial inequality in contemporary

markets.”<sup>34</sup> Examples of predatory inclusion under financialization include subprime loans targeting Black women or for-profit education companies targeting single mothers, veterans, poor and racially marginalized communities. In its most direct and violent form, predatory inclusion underpins the “pay-for-stay” financing of incarceration with mounting fines and fees and a resurgence of debtors’ prisons. We detail each of these forms below. Here, we simply want to flag how predatory inclusion in credit markets reproduces pre-existing forms of inequality, albeit on the novel terrain of variable rate loans and asset backed financial products. Where civil rights and women’s movements fought to end racial and gender discrimination in credit markets, leading to victories including the 1968 Fair Housing Act and the 1974 Equal Credit Opportunity Act, the *market-based inclusion* that took hold in the wake of these legislative victories came with its own forms of continuing discrimination.<sup>35</sup> In the place of outright credit denial, we begin to see long records of predatory inclusion including credit lines with higher interest rates, variable interest rates including teaser rates or hybrid rate structures and other “nontraditional” terms.<sup>36</sup> If finance offers a new system of social insurance in which individuals are expected to carry their own risk, that system has unequal and regressive effects in a society where individuals are always already differentially valued by race, gender, citizenship and other intersectional categories.

These dramatic shifts that characterize the U.S. household under financialization have been at once encompassing and unequal. The rise of debt-financing everyday life is systemic, compounding and intensifying the



persistent inequalities and prejudices of patriarchy and white supremacy, among others, that underpin the socio-economic system of the United States. Financialization did not challenge these fault lines, but rather deepened them. Having briefly summarized the relationship between financialization and household debt that developed in the U.S. over the last four decades, the next section traces the financial crisis of 2008 and its aftermath, a decade that lays bare just how unequal finance has made U.S. society, along already-predictable lines of gender, class, and race.

## Indebtedness Today: 2008—2018

2018 brought a perplexing coincidence of a growing economy and household debt levels at *all-time highs*.<sup>37</sup> At more than \$13.5 trillion outstanding, immersive indebtedness unevenly impacts the daily life of households in the U.S. more than ever.<sup>38</sup> While the scope of the mortgage crisis has dominated headlines, a dramatic rise in non-mortgage debt comprises a substantial shift in the composition of household finances with disproportionate impact on lower-income and minority households. This section offers a schematic overview of household indebtedness between 2008 and 2018, focusing on how those debt burdens are differentiated by race and gender in particular. The statistics in this section help to contextualize the political landscape for the emergence of a debtor identity mapped in Sections III and IV.

### MORTGAGE CRISIS

The Great Recession began as a national mortgage crisis, partially triggered by mass defaults on U.S. subprime home loans. These individual and unintentionally coordinated acts of nonpayment destabilized the global financial system. Novel financial instruments—in this case mortgage backed securities (MBS)—had collectivized and distributed individual debt payments into tradable products that spread U.S. mortgage risk throughout investment portfolios globally. The effects of a spike in mortgage defaults were deep and swift: smaller banks, mortgage lenders and financial services firms closed along with tens of thousands of small businesses,<sup>39</sup> while the U.S. government committed trillions to shore up the largest banks and insurers. Global credit markets froze, and millions of people lost their homes, jobs, and savings. The swiftness and depth of these effects underscores the tight coupling of household debt and finance explained in Section I.

## **If finance flourished on the subprime growth of mortgage lending through loan origination fees, asset-backed securities underwriting, and derivatives trading, it foundered when the majority could not pay.**

Mortgages are uniquely central to the relationship between finance and debt because their value constitutes the bulk of all household debt in the U.S.—roughly 70% in the third quarter of 2018.<sup>40</sup>

Like other household debts, the importance of mortgages to family balance sheets varies across race and gender. While less than half of African American and Latinx families hold mortgages, compared with 71% of White families<sup>41</sup>, home loans comprise significantly more of African American and Latinx family asset portfolios than those of other racial and ethnic groups.

The outsize importance of mortgages to Black and Latinx family wealth, coupled with the predatory inclusion of these families and communities in subprime mortgage markets, led to profoundly racialized and gendered consequences of the 2008 mortgage and foreclosure crisis.<sup>42</sup>

Leading up to the 2008 crisis Black and Brown borrowers were offered “Nontraditional” loans with injurious terms uncorrelated to income and credit risk.<sup>43</sup> Even Black and Brown borrowers who were eligible for prime loans were channeled into the subprime market.<sup>44</sup> A 2012 study found that “*even when income and credit risk were equal*, African Americans were up to 34% more likely to receive higher rate and subprime loans than their white counterparts. Subprime lending was 5 times more prevalent in African American neighbourhoods than in white neighbourhoods.”<sup>45</sup> Affidavits from former Wells Fargo loan officers include “detailed accusations of deliberate racial steering into subprime [loans]” which loan officers referred to internally as “ghetto loans” issued to “mud people.”<sup>46</sup> At the intersection of gender and



race in the subprime mortgage market, “an African American woman [was] 5.7% more likely to receive a subprime mortgage than an African American man; she [was] 256.1% more likely to receive one than a white man.”<sup>47</sup> This disparity exists at every level of income and increases as income rises: an African American woman earning more than twice the median income was nearly 5 times more likely to receive a subprime mortgage than a white man with a similar income.<sup>48</sup>

Mortgage lenders also targeted Indigenous communities for predatory loans. “In New Mexico, which exhibited one of the highest disparities in subprime lending to Indigenous communities, 63.8 percent of subprime loans were issued to Indigenous people and 9.6 percent to whites, making Indigenous people 6.66 times more likely to receive a mortgage loan from a high-cost lender than from a prime lender.”<sup>49</sup>

In all these statistics, we see again how intersectional identities of race and gender in particular shape the causes and disproportionate effects of household indebtedness. In addition to causality and disproportionality, the mortgage crisis laid bare the persistence of prejudicial social meanings attributed to unevenly distributed debt burdens. With one magazine cover in 2013, *Bloomberg Businessweek* (Figure 3) suggested that reckless, financially illiterate borrowers of color caused the housing crisis, and may indeed cause the next as well.

**Bloomberg’s use of pervasive stereotypes and “controlling images” of gendered communities of color in U.S. political and cultural landscapes deflected responsibility from the financial industry’s predatory inclusion practices, moving responsibility onto the pathologized practices of people of color.**

This raced and gendered deflection of responsibility has a long history. The Reagan-era “Welfare Queen”—a stereotype of Black single-mothers accused of stealing undeserved capital from the state’s welfare programs rather than mobilizing “personal responsibility,” “work ethic,” or heteronormative family structure — persisted into the Clinton era, and has reemerged today in portrayals of the debt-financed household.



As the racist *Bloomberg Businessweek* cover inadvertently illustrates, working-class communities of color were a *testing ground* for unjust financial practices that ultimately became widespread.<sup>50</sup> As the global demand for mortgage-backed securities rose, the mortgage industry widened its targets to include white suburban communities with working and middle-class inhabitants.<sup>51</sup> The “nontraditional” features of subprime loans, including ballooning interest rates or hybrid rate structures, deferred and masked unaffordability and systemic risk. Coordinated interest rate re-sets triggered waves of simultaneous defaults, setting off the unprecedented foreclosure cum financial crisis.

Between 2006 and 2013, nearly 14 million homes entered the foreclosure process, and more than 9 million American

households lost their homes to foreclosure. These catastrophic losses become starker in disaggregate: more than 28% of African American families and 31% of Latinx families who bought homes during the subprime boom lost them to foreclosure or were seriously delinquent by January 2013—double the rate of non-Hispanic White and Asian households.<sup>52</sup> This is the

**This is the effect of predatory inclusion: communities that had endured long histories of redlining, housing discrimination, and land dispossession now faced widespread eviction and foreclosure.**

effect of predatory inclusion: communities that had endured long histories of redlining, housing discrimination, and land dispossession now faced widespread eviction and foreclosure. While the foreclosure crisis also affected white families and majority-white communities, intergenerational white wealth transfer allowed those communities to better withstand the crippling devaluation of the crisis.<sup>53</sup>

In the wake of the foreclosure crisis, finance continues to structure people's access to basic goods—housing, education, healthcare—but now with substantially reduced accumulated wealth. Since 2008, African American families lost 53% of their collective wealth and Latinx communities lost a staggering 66%.<sup>54</sup> In the immediate aftermath of the recession net worth fell roughly 30 percent across all groups, but while losses to white families' net worth leveled off between 2010 and 2013, Black and Hispanic families fell an additional 20 percent, and other families' fell a more modest 10 percent.<sup>55</sup> If we focus exclusively on wealth (vs. income), between 1983 and 2013, the *wealth* of median Black and Latinx households decreased by 75% (from \$6,800 to \$1,700) and 50% (from \$4,000 to \$2,000), respectively, while median White household wealth rose by 14% (from \$102,200 to \$116,800).<sup>56</sup> These radical disparities are particularly impactful in a financialized world, since they anticipate a household's differential ability to pay down future debts.

**Whether mortgage debt or medical debt, criminal justice debt or student debt, experiences of mass, yet massively unequal, indebtedness build durable poverty and inequality traps. Ability or inability to pay ramifies through credit scores and reports, which ensure that people with lower scores pay higher interest rates, have limited access to affordable housing, and in many cases are denied opportunities for work, thus reproducing cycles of debt and racialized inequality.**

The scale and deeply racialized history of the mortgage market illustrate the exploitative intersectionality of household indebtedness.<sup>57</sup> But the mortgage market is not exceptional; raced and gendered disparities hold true across household debt categories - from student loans to criminal justice fines and fees, auto-loans to medical debt. In the remainder of this section we offer brief overviews of student debt and criminal justice debt in particular (in part because organizing efforts are already underway to combat these, as discussed in Section IV). We complete the section with brief overviews of statistical data on auto-loans, credit card debt, and medical debt.

## **STUDENT DEBT**

Over the last two decades, average tuition and fees for U.S. based colleges and universities have skyrocketed. While public colleges and universities were once an affordable alternative, in-state tuition and fees at those schools



has risen 243%, on average, over the last two decades.<sup>58</sup> Financialization lurks here. As states drastically cut funding for public programs including education, universities turned to Wall Street to make up the funding gaps.<sup>59</sup> Debt financing perniciously subordinates educational priorities to those of bond ratings agencies, as Universities secure higher debt ratings with the promise of ever-rising tuition and complex derivative schemes. Recent research concludes that state and local divestment from higher education accounts for 41.2% of the tuition and fee revenue increases since 2008.<sup>60</sup> In the authors' own University of California system, state support has declined by 24% since the 2007-2008 academic year. These changes have been disastrous for student debt burdens. A household debt category too insignificant to be measured before 1999, student debt has quadrupled since 2004 and stands at 1.44 trillion as of September 2018.<sup>61</sup> Today, 1 in 5 adults between the ages of 30-44 carry student debt. For millennials, the number is nearly 40%.<sup>62</sup> On average, graduates from the Class of 2017 owe \$39,400<sup>63</sup> and defaults on student loans are now occurring at the rate of 1.1 million new defaults per year.<sup>64</sup> As 2019 begins, loans in serious delinquency are at an all-time high of \$166 billion<sup>65</sup>.

**a household debt category too insignificant to be measured before 1999, student debt has quadrupled since 2004 and stands at 1.44 trillion as of September 2018**

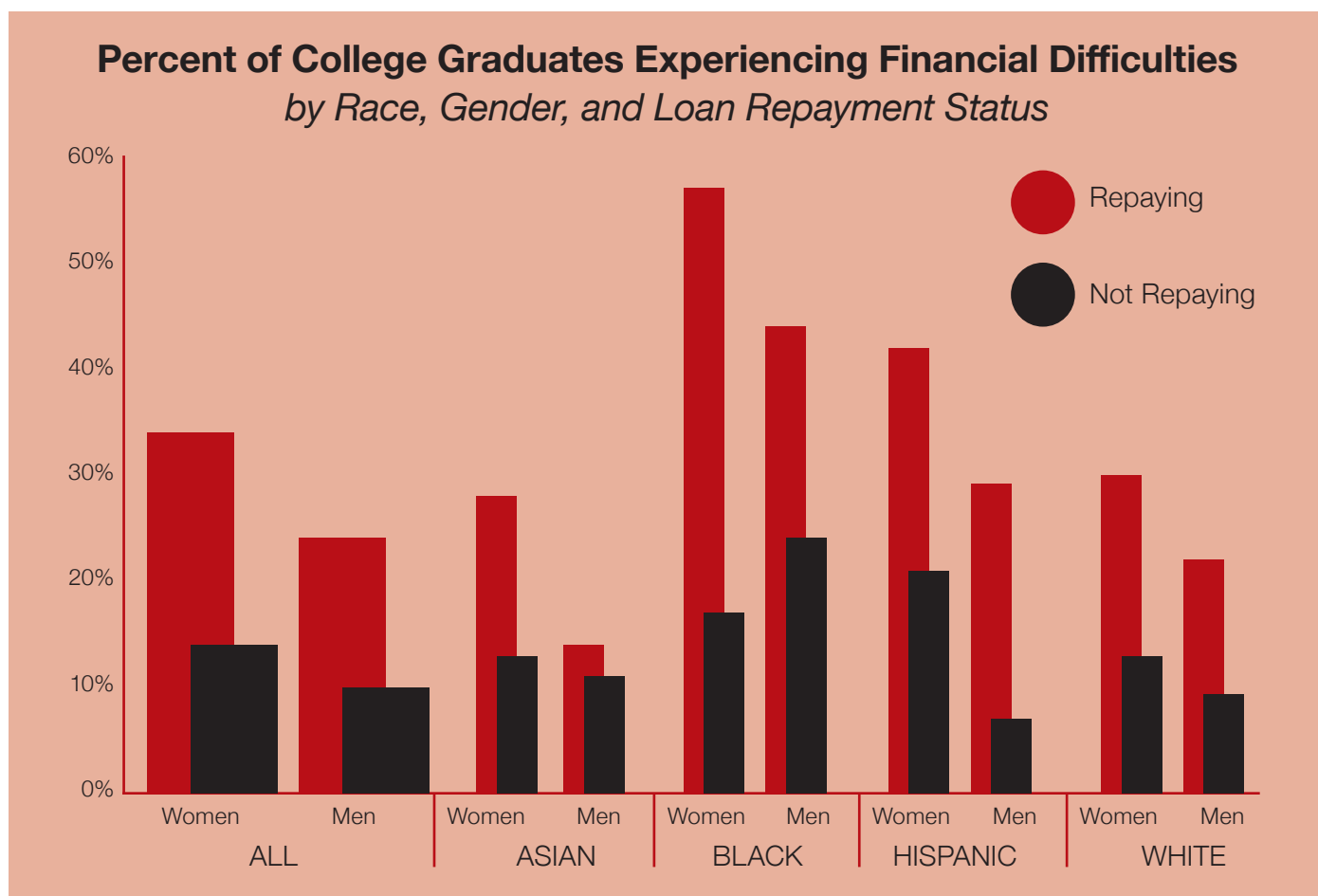
In this country, where Black, Latinx and Native households have just a fraction of the wealth of white households, where low income communities and communities of color have been shut out of traditional ladders of economic opportunity, an educational system based on debt has radically unequal effects:

- **More than half of African American households under 40 have student debt.<sup>80</sup>**
- **Four years after graduating black debtors have an average loan balance of \$57,726, while whites have less than half that amount, at \$28,006.<sup>81</sup>**
- **Twelve years after enrolling in school, the median African American borrower's loan balance has grown to 113% of the amount originally borrowed, where white students had a median balance of 65%<sup>82</sup>.**
- **More than half of black borrowers and 44% of Latinx borrowers are either in default or delinquent on their loans.**

These statistics are attributable both to the pre-existing disparities in family wealth, discussed above, and to discrimination in the labor market, where the median white worker with a bachelor's degree earned \$63,338 in 2014, about \$13,000 and \$11,000 more, respectively, than the median income of their black and Latinx counterparts.<sup>66</sup>

Gender also shapes unequal student debt burdens. Women hold nearly two-thirds of all student debt in the US.<sup>67</sup> “The combination of higher debt and lower pay (due to gender and racial wage gaps) presents particular challenges to black and Hispanic women, who pay off student loan debt more slowly and experience more financial difficulties during repayment than both white women and white men.”<sup>68</sup>

Student loans impact people of color—particularly women of color—in the most deleterious ways. Despite increased access to higher education, racism and gender discrimination prevent many students from realizing the economic benefits of arduous years of schooling.



Women take on more debt, but earn less after college.

Source: "Deeper in Debt: Women and Student Loans," American Association of University Women, May 2018.

## For-Profit Colleges, Financialization, and Predatory Inclusion

For-profit colleges offer a uniquely troubling case study of financialization, intersectionality, and higher education.<sup>83</sup> For-profit institutions are often up to twice as expensive as Ivy League universities, and routinely cost five or six times the price of a community college education. Spending the majority of their budgets on advertising, CEO pay, federal lobbying, and shareholder returns, for-profit colleges are notorious for aggressive and misleading advertising and substandard education. Marketing themselves as the democratization of higher education, their advertising and recruiting tactics disproportionately target black and Latinx students, single mothers, and veterans.<sup>84</sup> While black college enrollment increased at nearly twice the rate of white enrollment in the wake of the financial crisis, a disproportionate number of those African-American students ended up at for-profit universities. In 2011 the University of Phoenix and the online-only Ashford University produced more black graduates than any other institute of higher education in the country.

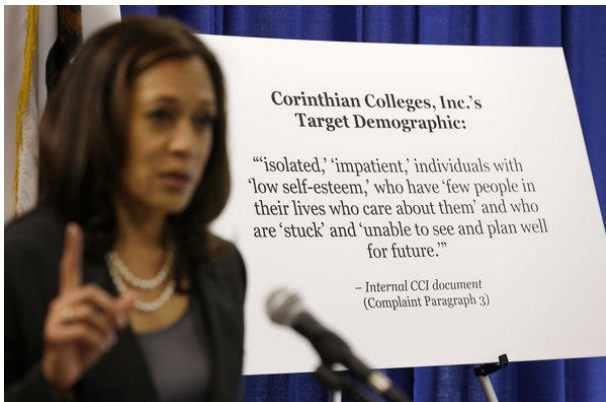
While for-profit colleges claim to be a ‘market solution’ to rising demand for higher education, they are in fact funded by public money in the form of federal student loans, which provide 86% of their revenues on average.

For-profit institutions currently enroll roughly 10% of America’s college students, but take in more than a quarter of all federal financial aid—as much as \$33 billion per year. In other words, for-profit schools are not a “market solution,” but rather purveyors of government-subsidized subprime education.





For-profit colleges illustrate the intersection of financialization, debt, and predatory inclusion. Government investigations have revealed how for-profit recruiters are explicitly directed to mine the intersections of class, race, gender and kinship to hook the most vulnerable students. A training manual for recruiters at ITT Tech instructed its employees to “poke the pain a bit and remind them who else is depending on them and their commitment to a better future.” The manual included a “pain funnel” —a visual guide to help recruiters exploit prospective students’ vulnerabilities.<sup>69</sup> Pain was also a theme at Ashford University, where enrollment advisors were directed to “dig deep” into students’ suffering to “convince them that a college degree is going to solve all their problems.”<sup>70</sup> An internal document from Corinthian Colleges, Inc. (Figure 4) specified that its target demographic is “isolated,” “impatient” individuals with “low self-esteem.” They should have “few people in their lives who care about them and be stuck in their lives, unable to imagine a future or plan well.”<sup>71</sup>



In 2013 former California Atty. Gen. Kamala Harris filed a lawsuit against Corinthian Colleges Inc. and its subsidiaries, accusing the company of false and predatory advertising, securities fraud and intentional misrepresentations to students. Photo: Eric Rigberg, Associated Press.

In 2013 the Iraq and Afghanistan Veterans of America, an organization that offers support in health, education, employment and community-building to new veterans, claimed: “Using high-pressure sales tactics and false promises, [for profit] institutions lure veterans into enrolling into expensive programs, drain their post-9/11 GI Bill education benefits, and sign them up for tens of thousands of dollars in loans. The for-profits take in the money but leave the students with a substandard education, heavy student loan debt, non-transferable credits, worthless degrees, or no degrees at

all.” President Obama spoke out against instances where for-profit colleges preyed upon troops with brain damage: “These Marines had injuries so severe some of them couldn’t recall what courses the recruiter had signed them up for.”<sup>72</sup> Betsy DeVos, Donald Trump’s secretary of education, has been particularly damaging to veterans’ groups, refusing them and other debtors the kinds of debt discharge protections hard won by the debtors union social movement described in this paper’s final section.<sup>73</sup>

## Criminal Legal Fines and Fees

Today 2.3 million people are incarcerated in the United States, over 35% of whom are African American men<sup>74</sup>. Instead of allocating government money to pay for mass incarceration, much of the financial burden is imposed on those directly impacted by the criminal legal system.<sup>75</sup> Between fines, fees, and restitution, incarcerated people have an average of \$13,607 in criminal legal debt alone.<sup>76</sup> Bail debts add exponentially to this total. According to a recent class-action lawsuit (*Fant v. City of Ferguson*), the city of Ferguson, Missouri—a crucible of the Black Lives Matter movement, where Michael Brown was shot and killed—runs a modern debtors' prison scheme in which impoverished people are routinely jailed for inability to pay criminal legal debts. The lawsuit details how Ferguson families are routinely compelled to use money needed for food, clothing, rent, and utilities to pay ever-increasing court fines, fees, costs, and surcharges. When they can't pay, they're imprisoned. In 2014, Ferguson generated 21 percent of its municipal budget from fines and fees. And Ferguson is not alone. From Missouri to California, Ohio to Michigan, Louisiana to Washington State to Alabama, the criminal legal system is "systematically and purposefully taking money from the pockets of poor people—disproportionately African Americans—to put into court and city coffers." In short, "because of long-standing and pervasive racial bias at every juncture of the criminal justice system, criminal justice fees fall disproportionately on residents of color. [...] Significant racial stratifications in income, wealth, and job stability make it so that high fees directly lead to disproportionate and inequitable harms on already economically vulnerable communities of color."<sup>77</sup> This is the nexus of financialization, household debt, and racism at its most horrifying.

Family members on the outside—disproportionately women of color living at or below the poverty line—often assume responsibility for debts incurred by loved ones in the criminal legal system. "Women bear the brunt of the costs—both financial and emotional—of their loved one's incarceration." Based on data gathered in collaboration with 20 community-based organizations across the United States, deVuono Powell et al (2015) concluded

that in 63% of cases they documented, family members on the outside were primarily responsible for court-related debts associated with conviction. Of the family members primarily responsible for these debts, 83% were women. This is a paradigmatic illustration of disproportionate household debts at the intersection of race and gender. African American and Latinx men are disproportionately policed and incarcerated, and it is the women in their families—mothers and grandmothers, wives and girlfriends—who struggle to pay down debts while also managing household costs including those associated with children, rent, food, and other basic necessities.

Adverse consequences of criminal legal debt stay with people long after they've left jail or prison. The inability to make debt payments can subject people to re-arrest and also put their public benefits at risk. Because the failure to pay court debt is often a violation of parole or probation, individuals who can't afford to pay may be cut off from benefits such as TANF, food stamps, housing assistance, and Supplemental Security Income for seniors and people with disabilities. Finally, in many jurisdictions, expungement processes—the ability to get convictions wiped off criminal records in order to access jobs or housing—cannot proceed until these debts have been paid in full. In short, court debt drives whole families to spend years trying to dig themselves out from under mountains of bills, shackling people with debt long after they've served their time.<sup>78</sup>

## CREDIT CARD DEBT

Total Outstanding Credit Card Debt (Q3 2018): \$844 Billion.<sup>85</sup>

In 2016 households with credit card debt (44%) outnumbered those with a mortgage (42%) for the first time since 1998.<sup>86</sup>

Up to 27 million U.S. adults put medical expenses on credit cards<sup>87</sup>, costing them an average of \$471 in interest for a year's worth of out-of-pocket medical spending. That's more than \$12 billion total.<sup>88</sup>

Similarly risky borrowers of different races, holding credit cards with similar characteristics and debt levels, pay substantially different interest rates, both across card issuers and from the same firms.<sup>89</sup>

## MEDICAL DEBT

In 2015, 24% of non-elderly households (ages 18-64) reported having medical debt.<sup>90</sup>

Americans currently pay \$3.4 trillion dollars in medical care annually. The average household is projected to pay \$15,000 annually by 2023, a 50% increase from 2015, when out of pocket care cost roughly \$10,000 per family.<sup>91</sup>

Access to subsidized health insurance is causally linked to significant declines in foreclosure rates and home payment delinquency more generally.<sup>92</sup>

Insurance alone does not adequately protect against medical debt. 7 in 10 individuals with medical debt had medical insurance at the time the debt was incurred.<sup>96</sup>

## AUTO-LOAN DEBT

Total Outstanding Auto Loan Debt (Q3 2018): \$1.265 Trillion<sup>93</sup>

A study of discrimination in auto lending found that on average, non-white borrowers who experienced discrimination would have paid an average of \$2,662.56 more over the life of the loan than less-qualified white testers.<sup>94</sup>

Subprime auto loans have become increasingly popular in recent years, with some lenders also acting as strong-arm debt collectors. Credit Acceptance Corporation repossessed 35% of the autos it sold, garnished wages of defaulted borrowers, and recouped sums as large as twice the original loan amount. "In 2017, one out of every eight civil lawsuits filed in Detroit's 36th District Court was a collection case brought by Credit Acceptance." Wall Street seems to relish this deep subprime business model, and Credit Acceptance's shares gained more than 2,000% over the last decade.<sup>95</sup>

By the end of 2018 there were over a million more "troubled" auto-loan borrowers than there were in 2010. Given 2010's 10 percent unemployment rate, vs. 2018's 4 percent rate, this tells us that even in a strong labor market people are unable to pay off their bills.<sup>97</sup>



While we have presented household debt here by category, it is important to emphasize that multiple forms of debt overlap, and deepen precarity and marginalization for the disproportionately black and brown communities that hold these debts. As illustrated above, households use credit cards to pay for medical debt, and lack of affordable medical insurance translates to higher rates of foreclosure.

We also see how deep subprime auto loans get transformed into criminal justice debt burdens: in Detroit, the district court system was on the brink of insolvency just five years ago, but “is now staying financially afloat with help from the fees it collects in cases filed by [deep subprime automobile] debt collectors.”<sup>79</sup>

The Great Recession that began in 2008 with a series of uncoordinated defaults on subprime mortgages was not an isolated crisis but an ongoing one.

**The intimate relationship between financialization and household debt that started nearly four decades ago, today unevenly shapes the possibilities in people’s lives, too often forcing them to choose between an education and homeownership, homeownership and medical care, food on the table or re-arrest. Wage garnishment, tax return garnishment, plummeting credit scores, not to mention the loss of family homes and generalized financial precarity paint a frightening picture of household indebtedness in 2018, with household debt at an all-time high.**

Together, this section and the section that preceded it demonstrate that unprecedented household debt is an unequally distributed systemic condition. Thus, individualized responses including financial literacy or prudence in household budgeting will not address the problem, insofar as those responses suggest that indebtedness is the individual failure of those who make poor choices in a fair system. Rather, systemic conditions require collective responses. But collective responses do not emerge spontaneously. Simply because indebtedness is an (unequally) shared condition doesn't automatically produce a shared or coordinated reaction. Thus, Section III turns to the question of how **debtor** might emerge as a politicized identity in response to finance capitalism.

## Debtor as Political Identity—Possibilities and Limits

What are the possibilities and limits of debt-based organizing? This section starts with an account of the possibilities presented by debtor organizing, before moving to limits and how they might be transcended, and concludes with notes from recent historical precedents of debt organizing—El Barzón movement in 1990s Mexico, the Jubilee Debt Campaign in the wake of structural adjustment programs in the Global South, and disparate contemporary work in the U.S. including groups fighting foreclosure, student loan debt, municipal debt, and criminal legal fines and fees.

### ON POSSIBILITY

The immiseration and spiraling inequality that characterizes mass indebtedness, when viewed from a different perspective, is also *potential leverage* over the financial system.

**This is the provocation of debtor organizing in the age of finance: what if mass indebtedness is not simply a liability, but also a potential collective asset or leverage point in the fight for a just and equitable economy and society?**

Counterintuitively, financialization may have created the conditions of its own subversion. If owing the bank can mean owning the bank, debt's ubiquity presents the opportunity to transform indebtedness from an issue of individual isolation and shame to a platform for collective action. Where

financialization is often seen as the *foreclosure* of progressive possibilities (pun intended), debtor organizing presents a new strategy for collective economic power that is in fact made possible in the age of finance and its inverse—debt. Debt mobilized collectively as leverage through debt strikes or debtors’ unions could force the financial system to recognize people, in addition to banks, as systemically important and too big to fail.

A look back at the 2008 financial crisis through this flipped lens - debt reimagined as collective leverage - illustrates the potential power and scale of debtor organizing. The 2008 crisis was triggered by rising default rates on U.S. subprime mortgages. Small and unintentionally coordinated acts of nonpayment destabilized the entire global financial system.

**What if that nonpayment had been intentional and coordinated? What if there had been a mortgage-holders union in which union organizers heard from members that they could no longer afford their payments, and the union decided to threaten collective nonpayment to negotiate a bailout for homeowners, rather than banks? Or to demand mortgage write-downs, an end to racist lending practices, or a cap on ballooning adjustable interest rates?**

We should ask ourselves why these counterfactuals sound far-fetched. Even Sheila Bair, the Republican head of the FDIC during the crisis, argued that homeowners should be bailed out. “She was a fierce, and often lonely proponent of widespread mortgage modification” during the crisis, and had been sounding the alarm on the predations of subprime loans for *seven*

## in the wake of the mortgage crisis, some debtors—banks and bondholders in particular—were bailed out, while others—mortgage holders—were not

years before the crisis hit.<sup>98</sup> And yet Fed Chairman Alan Greenspan and Treasury Secretaries Henry Paulson and Timothy Geithner dismissed Bair, insisting that banks be bailed out at the expense of homeowners. Looking back at this outcome, we might say that *some* debt-

ors—banks and bondholders in particular—were bailed out, while others—mortgage holders—were not. Imagine if Sheila Bair had the backing of a nationwide union of mortgage-holders. The banks have a powerful collective advocacy operation: lobbyists and a revolving door of regulators and cabinet members who move between the upper echelons of banks and government. Debtors have no such collective representation. While the post-crisis Consumer Financial Protection Bureau aims to protect consumers from predatory financial practices, it does so on an individualized basis, without a clear mandate or strategy for putting power in debtors' hands. Imagine if there had been a nationwide union of mortgage-holders to participate in the visioning and negotiation of Obama's Home Affordable Modification Program (HAMP), a government-initiated program that farmed out the allocation of mortgage relief to the same predatory industry that caused the crisis in the first place, resulting in the denial of assistance to 70% of the 5.7 million people who applied.<sup>99</sup> The counterfactual of the 2008 crisis *with* debtors' unions allows us to imagine the potential of debtors—via their leverage over the economy—to exercise political power, to disrupt major institutions, and to force elites to enact regulations and reforms they otherwise would have avoided.

In their potential to exercise political power, debtors' unions work on at least two levels. First and most basically, they offer borrowers the power of contract negotiation which, to date, lenders alone have held. Are the terms fair? What is the interest rate? The repayment term? The fees and penalties? Are contract terms discriminatory by race or gender? Will this income



stream be securitized and if so, to what potential effect for borrowers? Are contract terms discriminatory? In addition to negotiations *before* the contract is signed, debtors' unions' ability to threaten or enact mass refusal to pay also enables the renegotiation or write-down of existing contracts. Second, and more broadly, because debtor organizing targets the creditor, the regulation of lending, and the means of financing the good or service in question, it draws public attention to how and by whom things we care about—education, healthcare, housing, incarceration—are or are not funded.<sup>100</sup>

**Debtors' unions can exercise their power not simply to renegotiate individual debt contracts, but also to force open questions that the era of finance seems to have foreclosed: how do we even pay for things in the first place?**

Imagine, for instance, the power of medical debtors' unions behind the push for single payer healthcare, or criminal legal unions behind the push to end extractive fees, fines, and bail. The potential of debtors' unions, in other words, is not merely to refuse and renegotiate illegitimate debts. The broader potential is to build power—with collective debt refusal as leverage—in the age of finance capitalism.

## **ON LIMITS**

Despite the clear potential of debtor organizing, there are also serious obstacles such an effort must overcome. Here we discuss three: debt and morality; the reprisals facing debt resisters; and the perils of organizing without an intersectional framework.

### ***LIMIT 1: DEBT AND MORALITY***

Despite the systemic nature of indebtedness today, most public narratives around debt still fault individuals for failing to repay a contract “freely” entered. Debtors internalize these moralizing narratives and experience their indebtedness with shame, guilt, fear, and feelings of personal irresponsibility and failure.<sup>101</sup> Even at the height of the foreclosure crisis, when it was perhaps clearest that foreclosure was a systemic problem and not individual failure, Fannie Mae (2010) data showed that “seven out of ten mortgagors surveyed who had defaulted still believed it was unacceptable to stop payments on an underwater mortgage.”<sup>102</sup>

The mental and physical health consequences of this moral universe are severe. In the U.S. alone, individuals who struggle to pay off debts are more than twice as likely to experience mental health problems including depression and anxiety.<sup>103</sup> According to an Associated Press health poll conducted at the time of the financial crisis, approximately 12 million people in the U.S. suffered reduced physical health including ulcers, digestive tract problems, and migraines due to high debts.<sup>104</sup> Testimonials from Debt Collective union members (detailed in Section IV) attest to the profound mental and emotional effects of their debts to for-profit colleges.

## testimonials

*"I don't like to admit it, because I'm somewhat old fashioned, and you know, Men aren't supposed to be down and depressed over stuff like this, but honestly, my loans kept me awake at night, sometimes. I've been ashamed of being nearly 30 years old and living with my parents, being the first person in my immediate family to go to college, and yet bringing home a degree that is effectively worth as much as a paper towel. It got so bad that I stopped going to family gatherings, even on holidays like Thanksgiving and Christmas, because I was utterly ashamed and didn't want to be seen and known. I never really wanted fabulous success, but I did aspire to be self-sufficient and at least able to afford a small house and take care of myself. Having mucked that up so hard, I couldn't bear to look people in the eye when talking about careers and degrees. I lied to people out of shame when asked where I was living or what I do for work."*

—John, Alabama

Fig. 5



**Janet Palmer**

22 hrs

It is with a heavy grief stricken heart that I share this with the group. My dear friend Mike "Billy Bob" Thomas committed suicide this past weekend. He had over 90K in student loan to ITT. He was drowning in this debt. He lost his home back in Oct. and barely had enough to live on because of the wage garnishments that Navient placed on him for the last year. He has an ex wife in Florida with twin sons. He just felt there was no way out of this debt sentence which turned into a death sentence. If you feel like Billy Bob please reach out to someone...anyone...I am even here if you need to talk. Please don't lose hope and keep fighting!



*"It hurts. I used to cry every day, but now it's just a part of my struggle. It's like being in a strong-arm robbery every paycheck and every tax refund."*

—Kaylee, Tennessee

The moral, emotional, and physical health effects of debt have clear consequences for potential organizing: “The notion of a diffuse national community identifying themselves as “debtors” ... evokes images of mismanagement, personal irresponsibility, or, even worse, inability to take care of one’s family.”<sup>105</sup> For debtor to become an empowering political category, these strong moral narratives - and the wellness consequences that can accompany them—must be transformed.

The 2018 Georgia gubernatorial race offered a powerful public illustration of the moral hegemony surrounding the category of debtor. Democratic candidate Stacey Abrams’ financial disclosure statement revealed that she owed the IRS \$50,000 and held a combination of over \$170,000 in credit card and student loan debt. Her required disclosure produced a public reprimand, with many going as far as to say that her debt should disqualify her from running for office. In response, Abrams penned a commentary in *Forbes* magazine entitled “My \$200,000 Debt Should Not Disqualify Me For Governor of Georgia.”<sup>106</sup> “I am in debt,” Abrams wrote, “but I am not alone. Debt is a millstone that weighs down more than three-quarters of Americans. It can determine whether we are able to run for office, to launch a business, to quit a job we hate. But it should not—and cannot—be a disqualification for ambition.” Much of Abrams’ commentary is a testament to the intersectionality of debt. She writes about her own experience as one of six children in a working class African American family in the south. Because her family could not provide extensive financial support, student loans and credit cards saw her through Yale Law School and into a lucrative law firm job. Abrams’ individual debt obligations, combined with financial obligations to family (including supporting her parents’ multigenerational household as they cared for her niece,) meant that even with a well-paying job, Abrams was still stretched thin. Her *Forbes* commentary usefully situates Abrams’ individual experience in the much broader raced and gendered dimensions of financial disadvantage including intergenerational wealth and its absence, and the women’s wage gap. Abrams’ commentary flipped the moral narrative: transforming her debts from evidence of personal irresponsibility into a symptom of a discriminatory system of debt-financed basic needs, including education.

Stacey Abrams' story also illustrates the *household debt* framework we advance here. While it was her name on the student loan or credit card contracts, Abrams took on those debts in response to a collective situation—a large working-class black family, her own upward mobility obligating her to support family members who were struggling financially, including her parents. “Finance hides the household behind the fictional individual of the financial contract. We should not fall for the sleight of hand. Financial contracts may tie individuals to the legal responsibilities of debt, credit, and investment, but both risk-taking and repayment—with interest—implicate broader household economies.”<sup>107</sup> As we wrote in Section I, the ubiquity of household debt under finance has *obscured* the familial, intergenerational, and collective contexts in which people assume these debts - can the household afford college tuition for one or more children? Can the household pay for chemotherapy *and* the mortgage? Can the household pay criminal legal debts *and* car payments? Despite these collective calculations, the moral universe around debt remains obstinately individualistic and isolating, a clear challenge to collective organizing. Once people who hold debt contracts have naturalized the idea that the debt is theirs alone to bear, and signifies their own failure or irresponsibility, this individualization is a high hurdle to overcome, to convince debtors of both the collective nature of debt and the collective possibilities for debt resistance.

## ***LIMIT 2: THE SPECTER OF REPRISALS***

The potential power of debtors' unions rests in the ability to threaten mass nonpayment. And yet, nonpayment of debts comes with serious consequences. In addition to constant harassment from collectors by phone and mail, and the piling up of late fees and fines on top of loan principal amounts, nonpayment can lead to dramatically lowered credit scores (and thus difficulty finding housing, a job, or taking out a loan) and even jail or re-arrest. Table 1 offers a partial account of potential reprisal by debt type:



# Table 1: Potential Reprisal by Debt Type

## MEDICAL DEBT

- Late fees can be added to the bill, making it harder to pay off in the future.
- The creditor can take debtor to court to seek a judgement. If they win, they can legally garnish wages or benefits and/or offset taxes.
- Recent changes in the law make it more difficult for medical debt to be reported to credit reporting agencies, but it can still happen.

## MORTGAGE

- Foreclosure.
- Forced to find somewhere else to live.
- Default reported to credit bureaus: damage to credit rating and ability to buy a car, buy or rent housing, secure employment or access further credit. Higher rates for insurance and interest rates on future loans.

## FEDERAL STUDENT LOANS

- Unpaid balance of loan and any interest becomes immediately due
- Lose eligibility for deferment, forbearance, and the ability to choose a repayment plan.
- Lose eligibility for additional federal student aid.
- Default reported to credit bureaus: damage to credit rating and ability to buy a car, buy or rent housing, secure employment or access further credit. Higher rates for insurance and interest rates on future loans.
- Treasury offset: tax refunds and federal benefit payments may be withheld and applied toward repayment of defaulted loan
- Wage garnishment: employer may be required to withhold a portion of pay and send it to loan holder to repay loan.
- Loan holder can take debtor to court.
- Court costs, collection fees, attorney's fees, and other costs associated with collection process.
- It may take years to re-establish good credit record. Student debt is not dischargeable in bankruptcy.
- School may withhold academic transcript until default is satisfied.
- In 19 states, government agencies can seize state-issued professional licenses from residents who default on their educational debts.
- In South Dakota you can have your driver's license suspended.

## CRIMINAL LEGAL FINES, FEES, BAIL

- Civil assessments (fines) added to initial amount
- Suspended driver's license
- Court can issue arrest warrant; subject to arrest or re-arrest; unpaid fines converted to jail time
- Subject to coercive labor agreements
- Charges cannot be removed from criminal record (clean slate court) unless fines and fees are paid in full
- Potentially cut off from public benefits. Because the "failure to pay criminal justice debt is parole or probation violation, individuals who can't afford to pay may be cut off from benefits such as TANF, food stamps, housing assistance, and Supplemental Security Income for seniors and people with disabilities.

## AUTO LOAN

- Car Repossession
- In some cases lenders have the ability to remotely deactivate car.
- Lender can take debtor to court to seek a judgement. If they win, they can legally garnish wages or benefits and/or offset taxes.
- Default reported to credit bureaus: damage to credit rating and ability to buy a car, buy or rent housing, secure employment or access further credit. Higher insurance rates and interest rates on future loans.

Table 1 makes it clear that potential reprisals from debt default are serious, and have lasting consequences. The full force of law and order can also be deployed against those who organize debt refusal actions. Without strategies to circumvent or lower these risks to debtors and organizers, coordinated debt strikes face serious hurdles. “Still,” writes Fox Piven (2013) “the great movements that succeeded in changing history also confronted the threat of reprisals, the more so when their refusals targeted powerful antagonists.” As detailed below and in Section IV, debt refusal campaigns have already begun to craft creative tactics to mitigate these consequences of financial disobedience.

### ***LIMIT 3: FAILING TO ADDRESS INTERSECTIONALITY***

Campaigns for economic justice that ignore racial and gender *in*justice rarely succeed.<sup>108</sup> In progressive politics generally, the false binary between class-based mobilization vs. so-called identity politics has been a perennially divisive issue, revived in the wake of Donald Trump’s election to the Presidency. Too often as analysts tried to work through the dynamics of the 2016 outcome, they posed the following binaries: Racism *or* class alienation? Prejudice *or* downward mobility? But these binaries are false. As intersectionality theory demonstrates, people experience and make sense of their lives through race, class, and gender simultaneously. “It is not a matter of disaffection versus racism or sexism versus fear. Rather, racism, class anxieties, and prevailing gender ideologies operate together, inseparably. [...] White working-class men understand their plight through a racial and gendered

**campaigns for economic justice that ignore racial and gender *in*justice rarely succeed**

lens.”<sup>109</sup> Whether it is about normative gender roles that position men as breadwinners and fault them when they are unable to provide for their families, or the inaccessibility of white privilege to many working-class white people and the resentment that generates, race and gender mediate class inequality. “Economic anxiety has always been refracted through the lens of race in the United States.”<sup>110</sup>

As the statistics in Section II powerfully show, people's gendered and racialized identities are formative in how they do and do not experience debt. Collective action around debt, if it is to succeed, must acknowledge, analyze, and organize intersectionally. If debtor is to become a salient political identity in the age of finance, it will only be because the organizing work leading up to that moment proceeded from a deliberately intersectional framework.

## **POSSIBILITIES, LIMITS, AND BUILDING DEBTORS' MOVEMENTS**

Given the limits sketched above - the strong moral sanction around debt; the specter of reprisals; and the legacy of opposing class vs race or gender in building political movements - what might bring people into a debtors' movement? How have debtors' movements overcome these barriers in the past? While these challenges (and others beyond the scope of the paper) make debtors' unions seem farfetched, it is important to note that they are not without precedent.

In 1996 Political Scientist Heather Williams wrote, "Imagine the impact if hundreds of thousands of consumers were to declare a moratoria on payments. The banks' past-due loan portfolio—already at dangerous levels—would plunge the nation's financial system into crisis, forcing the government to assume the full cost of rehabilitating it."<sup>11</sup> This was not a visionary anticipation of the 2008 crisis, but an account of El Barzón movement in Mexico during the 1990s. In response to an economic crisis in 1994 that radically devalued the Mexican peso, El Barzón amassed a membership of hundreds of thousands of people, (Williams estimates 500,000 by 1996), rural and urban alike across class and race lines, starting from the problem of consumer debt. "Reversing the shame and embarrassment that individual debtors feel when they cannot meet their loan obligations, organizers of El Barzón [told debtors] that their debt [was] not legitimate debt. It [was] a huge scam by a handful of billionaires who control the lion's share of the country's capital" (Williams 1996: 6). In other words, El Barzón's campaign directly

targeted the problem of debtor morality by suggesting that widespread indebtedness was not, in fact, the fault of the debtors, but the fault of a failing government and financial system that led to crisis. “The El Barzón movement began its ideological campaign by claiming that the loan repayment conditions after the collapse of the peso were not the fault of the debtors but of the government and the banks. [...] [T]he power of justice was brought to the side of the debtor” (Caffentzis 2013: 827). In a movement that started with rural farmers unable to secure new credit for crop inputs and unable to

“debo, no niego,  
pago lo justo”

*“I owe, I don’t deny it, but  
I’ll pay what is just”*

—slogan of Mexico’s El  
Barzón debtors’ movement

pay off old loans, El Barzón expanded to middle class urban shop owners and eventually boasted membership spanning class, race, urban and rural geographies, and political identities. El Barzón organizing focused on the moral frame - *reversing the shame and embarrassment* - by introducing a counter frame of legitimate vs. illegitimate debt.<sup>112</sup> As their movement slogan declared, “Debo, no niego, pago lo justo” (“I owe, I don’t deny it, but I’ll pay what is just”). New moral frames can help people to feel that participation in a debt resistance movement is not only potentially beneficial to them, but also ethical and even patriotic; their contribution to a more just and democratic society.

Within and beyond El Barzón, we have ample evidence that people *already* have multiple and flexible moral frames around indebtedness and its consequences.<sup>113</sup> Thus:

**people do not necessarily need a movement to help them reframe the morality around debt, which they have often done for themselves. Research shows, instead, that people need a movement to provide the infrastructure for coordinated mobilization of their shared critique.**

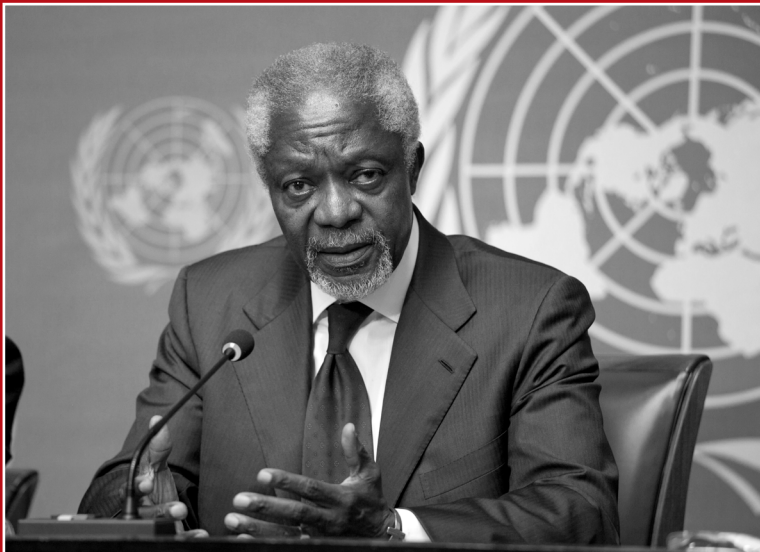
To illustrate, Robinson's data (2013) on foreclosed and other vulnerable homeowners in El Cajon, CA shows that many homeowners attributed their situation and that of their neighbors to "Wall Street greed" and believed that the government should "force the banks to stop foreclosing on people."<sup>114</sup> In other words, mortgage-holders' moral frame was already shifted away from individualized shame toward systemic illegitimacy, but what they lacked, according to Robinson's research, was access to political organizations willing and able to coordinate resistance. Similarly, Stout's research (2016) followed people enduring foreclosure as they found anonymous online communication platforms (Reddit, Craigslist) to share critical approaches to their shared predicament. "Participants operating from behind anonymizing monikers advocated bankruptcy, mortgage default, and squatting without payment as mimetic responses to the unethical and immoral practices of financial institutions. The anonymity of these domains enabled users, detached from any requirement to reveal their identities, to experience a freedom of collective participation and to question the dispossessions resulting from neoliberal financial regimes."<sup>115</sup> Beyond the anonymity of these forums, however, people enduring foreclosure most often did not find organized efforts toward strategic default or home occupation. This research shows that,



**debt's moral framework is contextually responsive. When people are willing to shift their frames of blame and causality from individual irresponsibility to anger and systemic critique, there must be institutional infrastructures in place to channel that anger and critique into coordinated action.**

El Barzón, the Jubilee Debt campaigns of the 1990s, and more recently ongoing PAH campaigns in Spain<sup>116</sup> have been able to successfully channel collective critique into coordinated action. The Jubilee Debt Campaigns organized over more than a decade to discharge the debts many countries in the global south owed to the International Monetary Fund (IMF) and the World Bank (WB). In the wake of the oil price spike of the early 1970s, many oil-importing nations in the global south were in desperate need of money. The IMF and WB arranged loans (with privatization conditionalities attached) which proved wildly lucrative for financial institutions in the global north, and contributed to further impoverishment in the global south. The Jubilee Debt Campaigns and other allies shifted the narrative around these debtor-creditor relations, from one of profligate and corrupt poor countries owing generous banks, to one of rapacious banks stealing from the world's poorest peoples and incapacitating their sovereign governments. Then Secretary-General of the United Nations Kofi Annan spoke to the movement's successes in 2001:

**“ That campaign really shamed the peoples and governments of the North into realizing how debt cripples the efforts of so many Least Developed Countries to break out of poverty - and how wrong it is, both morally and economically, that resources should be transferred from South to North instead of the other way around. I don’t mean to imply that the debt problem has been solved. As I told the Conference just now, even the poorest countries, which qualify for debt cancellation under the Heavily Indebted Poor Countries scheme still spend more on repaying debts than they do on health care.<sup>117</sup>”**



Kofi Annan in 2012  
US Mission in Geneva / Wikimedia Commons

This coalition of Jubilee Debt movements in the 1990s succeeded in winning the discharge of large swaths of debt owed by governments in the global south, and continues to work today against the practices of vulture funds, corporate tax avoidance, and toward sustainable sovereign borrowing and lending.

Along with shifting the moral frame, direct service provision has been another central tactic in bringing people in to debt-based organizing. El Barzón, for instance, provided participants with legal protection from banks, lawyers and courts in repossession proceedings. Movement lawyers filed hundreds of thousands of briefs, thus slowing the process of bank-initiated dispossession. “More than five million Mexican households were able to renegotiate debts and thousands of properties were saved from foreclosure” due to El Barzón’s direct service provision.<sup>118</sup> Closer to home, the Alliance for Californians for Community Empowerment (ACCE)’s Home Defenders League offered families threatened with foreclosure direct mutual aid as well as participatory actions that targeted banks and government offices.<sup>119</sup> Between 2010 and 2012 ACCE was able to keep dozens of people in their homes, many of whom then became involved either as ACCE organizers themselves or as participants in other ACCE initiatives. The work of the Chicago Anti Eviction Campaign merits equal attention.<sup>120</sup> We can also see the successes of direct service provision in contesting criminal legal fines and fees. Leading up to San Francisco and Alameda County’s historic 2018 elimination of a suite of administrative fees including adult probation and electronic monitoring, organizations including the East Bay Community Law Clinic (EBCLC) offered clients direct legal support with court debt while encouraging them to mobilize to pass legislation. And yet in recent history it seems to be only El Barzón that has managed to mobilize masses of people around debt writ large, rather than dividing that experience and potential leverage by debt type—mortgage debt here, court debt there. In order to realize the potential political power of debtors’ unions, this kind of cross-category debt leverage will be indispensable. The next section offers a case study of one organization in the process of trying to do just that.

## Debt Collective Case Study

In their own words, “The Debt Collective is a membership organization that empowers debtors to renegotiate, resist, and refuse unfair debts. We fight for and alongside debtors to achieve concrete results, including the cancellation of predatory loans, structural reforms, and the provision of public goods and services. Our regional and national campaigns aim to put money back in the pockets of poor people while opening up a vital new avenue in the fight against inequality and exploitation.” In short, the Debt Collective is attempting to organize Debtors’ Unions.

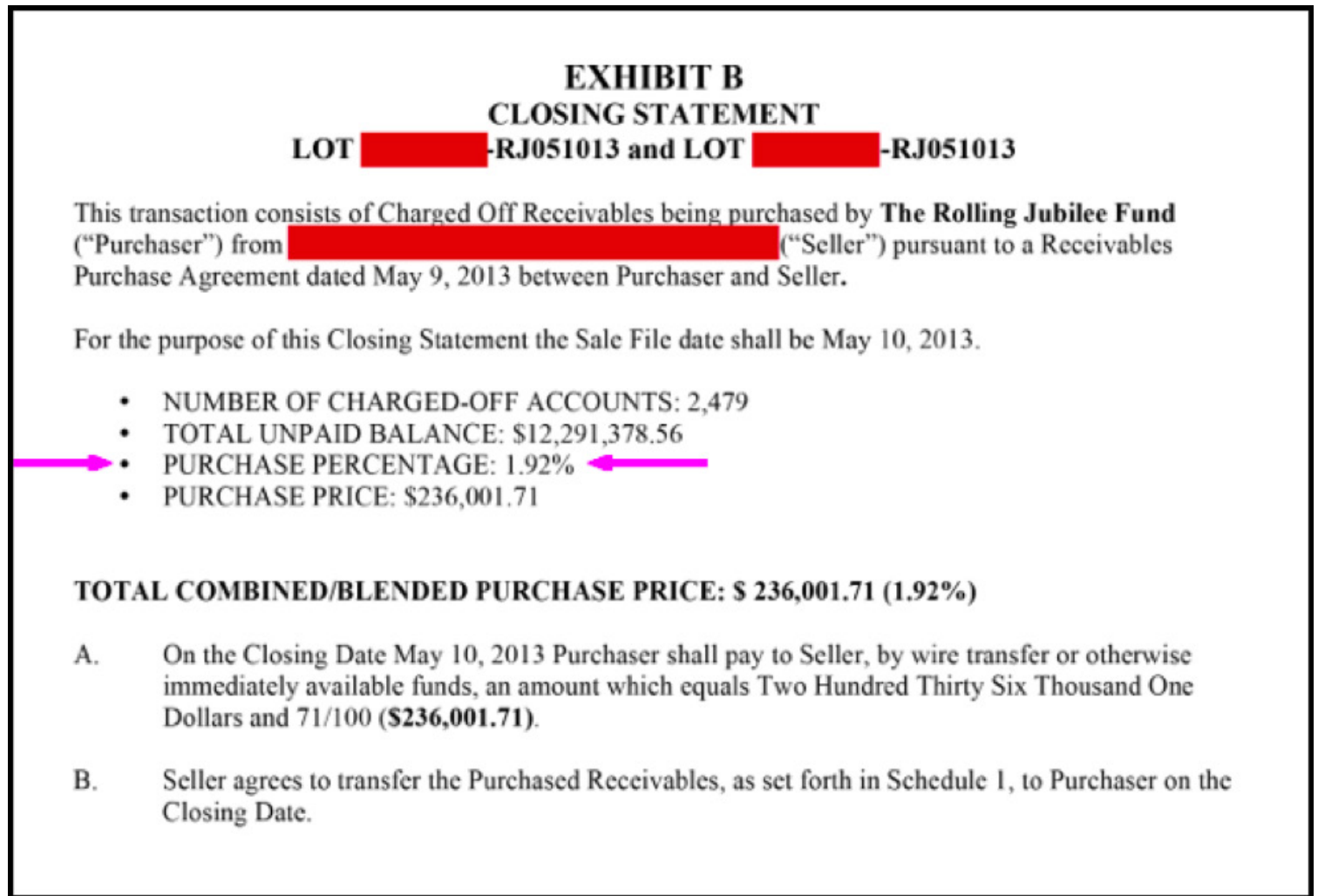


Fig. 6

Founded in 2014, the group has its roots in Occupy Wall Street, where several of its founding members met and began to collaborate. While the foreclosure crisis and student debt motivated many to join the Occupy movement, in late 2011 a subset of participants began to focus their analysis and activism around the relationship between finance and household debts of all kinds. In Spring 2012 this group emerged as Strike Debt, first in New York, and then in Oakland. As the group began to research and reimagine indebtedness

in the wake of the 2008 crisis, they held debtors’ assemblies in both cities, and produced a series of high-profile projects including the Debt Resisters’ Operations Manual<sup>126</sup> - an 11-chapter, 130-page pamphlet on consumer and municipal debt, and the Rolling Jubilee, “A bailout by the people for the people” (Figure 6).<sup>127</sup> In the Rolling Jubilee organizers completed the legal work to become a debt collecting agency, crowdsourced money, and purchased defaulted medical debt and private student debt for pennies on the dollar. Rather than collecting on those debts, they abolished them.

To illustrate, Figure 7 shows a Rolling Jubilee debt buy in which the group purchased the debts of nearly 2000 debtors whose average debt was \$6,405 dollars. The purchasing agreement (Figure 5) shows that the group paid less than two cents on the dollar for this debt, abolishing \$12,291,378.56 worth of distressed medical debt for roughly \$230,000.



**Fig. 7** Before the group put the project on hiatus in 2015, Rolling Jubilee had purchased and abolished \$33 million of medical, private student loan, private probation, and payday lending debt.

The Rolling Jubilee initiative received extensive media attention and provided



relief to thousands of people struggling with medical debt or private student loan debt. More fundamentally, the initiative challenged central aspects of debt's morality, in particular the idea that debt is a contract between two people—a lender and a borrower—morally obligated to one another as individuals. In contrast to this narrative, the Rolling Jubilee showed that debts circulate far beyond the creditor / debtor relationship, into secondary and tertiary markets; to debt collectors; as pieces of asset backed securities. The initiative also showed that the market value of debt fluctuates radically, and can plummet to as little as 2% of its value on the assumption that debtors are unaware of — and excluded from - distressed debt markets, where debt collectors purchase debts at steep discounts and then harass debtors to repay the full balance plus fines and fees.

Organizers always understood the Rolling Jubilee as a spectacle, designed to be a public challenge to the moralizing myths around debt more than an organizing tactic in and of itself. With all the media attention, much of the public seemed to see the Rolling Jubilee as a magic trick that could discharge debts without a political fight or without the cultivation of debtor as an oppositional political identity. This depoliticization of the tactic is on full display when television host John Oliver used the idea on his own show without crediting Rolling Jubilee, or the tactic turns into a charity project,

as in the efforts of RIP Medical Debt.<sup>128</sup> Organizers in both New York and Oakland had long been brainstorming the idea of debtors' unions as the Rolling Jubilee unfolded. One of the Rolling Jubilee's final debt purchases eventually led in this direction, and to the founding of the Debt Collective.

## Lesson 1: FROM THE ROLLING JUBILEE

While crowd-sourced debt relief is a feel-good tactic that reliably generates media and public attention, it can also depoliticize the conversation around debt if not coupled with broader debt refusal campaigns.

In Winter 2013, the Rolling Jubilee purchased a portfolio of private student debt from what was then one of the biggest for-profit colleges in the country, Corinthian Colleges Inc<sup>129</sup>. Debt Collective organizers hoped that this purchase would provide an opportunity to see if a more confrontational form of debtor organizing could work, in part because of the ways for-profit colleges

offered a uniquely clear link between financialization and intersectional debt, as detailed above.<sup>130</sup> In 2013, Corinthian Colleges Inc. enrolled more than 70,000 students, 69% of whom were African- American, Hispanic or other minorities. In 2014, 71% of Corinthian’s enrolled students were women; 35% were Black; 18% were Hispanic or Latinx — 58% of the total enrolled were people of color; 26% of all enrolled students were black women. At the time of the Rolling Jubilee’s purchase of the Corinthian portfolio, the company was under investigation for fraud and predatory lending by multiple Attorneys General, the Securities and Exchange Commission, and the Consumer Financial Protection Bureau, having extracted \$1.4 billion in federal grant and loan dollars in 2010 alone, more than the ten University of California campuses combined for that same year.



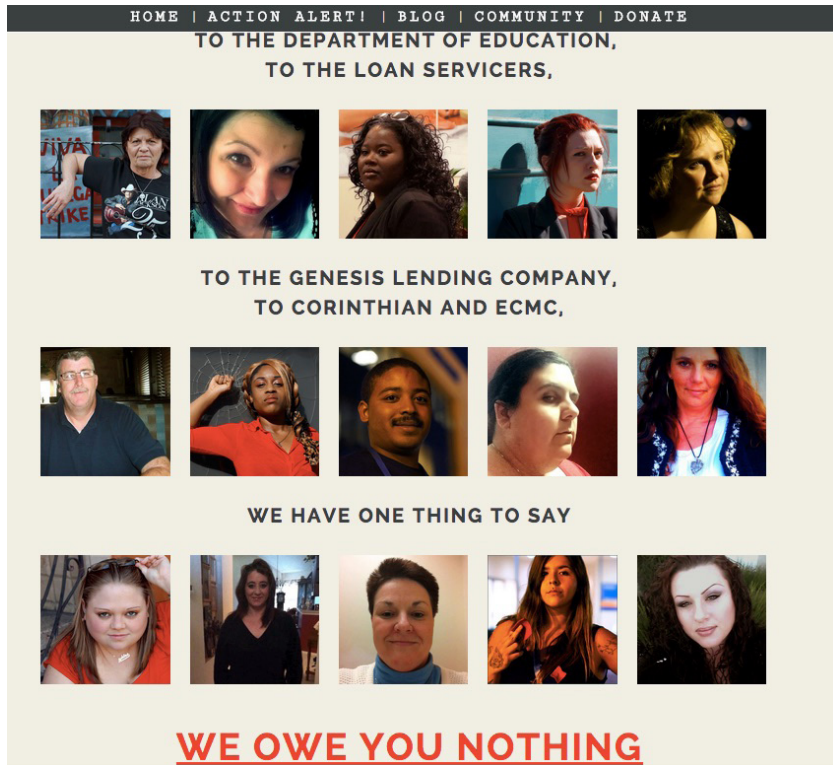
Nathan, lead organizer of the Corinthian students

## Corinthian Scandals

As Corinthian’s many scandals grew increasingly public in the summer of 2014, a small group of deeply indebted former students had already begun to organize. Debt Collective organizers met with these students, and began to work collaboratively toward two ends: (1) a pilot debt strike; (2) a novel legal tool to allow debtors to dispute their debts through legal channels.

For the strike, Debt Collective organizers worked closely with a group of 15 former Corinthian students, the majority of whom were already in default on their student loans and suffering the consequences. With the support of the Debt Collective, these students—who came to be known as The Corinthian

15—were ready to publicly declare their collective refusal to make any more payments on their federal student loans (Figure 8).



In February of 2015, after an intensive retreat with the strikers that included story sharing, leadership development, political education, legal workshops, and media training, the Corinthian 15 went public with their historic debt strike. Requests to join the strike poured in from current and former Corinthian students across the country. But rather than merely mark down all of the thousands who wanted to join, Debt Collective organizers contacted all would-be strikers individually, to ensure they understood the potential consequences

of their act. (See Table 1) Indeed, collectors working on behalf of the federal government (the ultimate creditor on federal student loans) have extraordinary powers. They can garnish wages and ask the Treasury to offset borrowers' tax returns. They are authorized to seize a portion of a debtor's disability or Social Security benefits to pay defaulted debts, and debtors' credit scores cannot be repaired while the debt is still on the books.

To broaden the reach of this action to all current and former Corinthian students, including those who would choose not to join the strike, the Debt Collective also developed an online legal tool (figure 9) via what was then a little-known provision in the Higher Education Act known as Defense to Repayment (DTR). This provision allowed students to challenge certain debts with the Department of Education. With the DTR tool online, between 2015

Fig. 8

and 2017 the strike grew beyond Corinthian to encompass ITT Tech and Art Institute debtors, and the Debt Collective's DTR tool was used to file 82,000 claims by November 2016 according to the Department of Education's numbers. Strikers were

invited to Washington DC to meet with the Department of Education, the CFPB, and other officials, and eventually striker Ann Bowers participated in a negotiated rulemaking around student debt discharge.

In January 2017, the Department of Education uploaded a copy of the Debt Collective's DTR tool to their website. While they did this with neither coordination nor notification to the Debt Collective, this cooptation of Debt Collective labor and organizing demonstrated that the nation's first debtors' union changed federal policy quickly and powerfully. All told, the Obama administration approved over 28,000 DTR applications totaling almost \$600 million in debt from former students of Corinthian



**Fig. 9** College. Tens of thousands of additional applications remained pending as oversight transferred to the Trump administration. Despite Education Secretary DeVos's public fight against Defense to Repayment claims, as of this writing (February 2019) the Trump DOE has been forced to discharge an additional \$650 million dollars of for-profit debt, bringing the total relief to over \$1 billion to date.<sup>131</sup>



**Fig. 10:** Members of the Corinthian Collective entering a meeting with the Department of Education, Washington D.C. From Left to Right: Sarah Dieffenbacher, Dawn Thompson, Jessi King, Tasha Courtwright, Latonya Suggs, Nathan Hornes, Michael Adorno (back), Ashlee Schmidt (front), Natasha Hornes (far right).



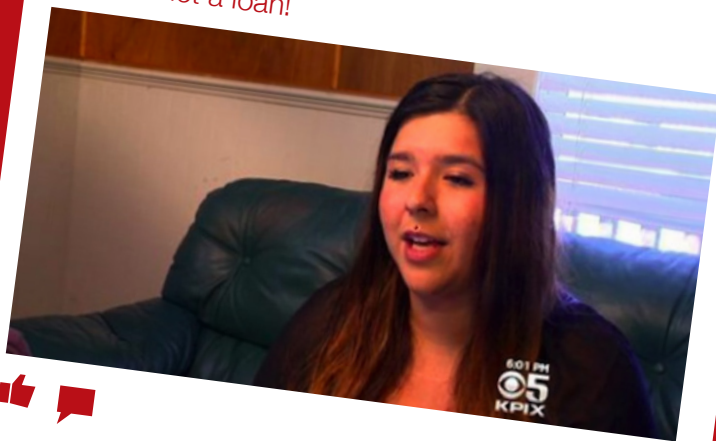
**Makenzie Vasquez**

2 hrs

Fig. 12

Damn.

This showed me how powerful collective organizing can be. Thanks to all the people that helped this process. I was able to get my loan forgiven. Although the fight continues for many others, in numbers we are strong.  
You are not a loan!



## Lesson 2: DEBTORS UNIONS ARE POSSIBLE

The Debt Collective's pilot union has won over \$1 billion in debt discharge and reimbursement for past payments for for-profit college debtors. Here, Bay Area news station KPIX features striker Makenzie Vasquez's fight for debt relief, and eventual victory, on the evening news. Below, Randi Davis posts an image of her refund check from the federal government to the group's social media.

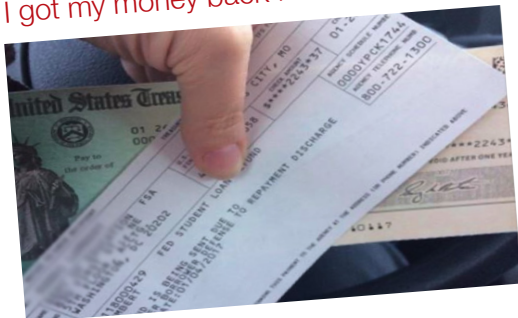
Who are we? We are the first generation made poor by the business of education.  
We are people living paycheck to paycheck, single mothers, and young people just...

Fig. 11

**Randi M Davis**

14 hrs

I got my money back from what I paid towards my federal loan!!!





## Debt Collective Pilot Strike Timeline

### 2014

#### Summer

Founders meeting in Los Angeles. First meeting with former Corinthian students at Ontario Everest campus. Borrowers shared stories and worked with Debt Collective to brainstorm strategies for demanding debt relief from the U.S. Department of Education.

#### Fall

Debt Collective works with lawyers to develop online Defense to Repayment tool.

#### Winter

15 Corinthian students in default decide to strike. Intensive retreat in San Francisco includes legal workshops, story sharing, and media training.

#### February

Debt Collective launches pilot strike and online Defense to Repayment (DTR) tool simultaneously.

### 2015

#### March

Corinthian Strike team invited to meet with Dept. of Education, Consumer Financial Protection Bureau and other DC officials.

#### April

11 Attorneys General, 13 members of Congress, SEIU, AFT and other organizations endorse Debt Collective strike and DTR campaign.

#### May

Debt strikers and regulators compel Corinthian to declare bankruptcy.

#### June

Students from other for-profit colleges including ITT Tech and Art Institute join the campaign.

#### August

Obama's Dept. of Education announces they will conduct a Negotiated Rulemaking on Defense to Repayment.

### 2016

#### February

Defrauded borrowers return to Washington D.C. to continue pressuring lawmakers to cancel loans and to speak out at negotiated rulemaking.

#### April

Debt Collective member and striker Ann Bowers represents debtors' union members at Negotiated Rulemaking in Washington DC.

#### June

Department of Education agrees to cancel some borrowers' debts

#### September

Hundreds of ITT Tech students formally declare a debt strike on their federal student loans. ITT Tech declares bankruptcy reeling from the pressure from debt strikers and regulators.

**October**

Obama's Department of Education announces it will allow some group discharges at its own discretion.

**November**

Department of Education numbers report 82,000 DTR claims filed.

## 2017

**January**

Department of Education uploads Debt Collective's DTR form to their website. Obama administration approves over 28,000 DTR applications totaling almost \$600 million in discharged debt from former students of Corinthian College. Tens of thousands of additional applications remain pending as power transfers to the Trump administration. First time ever that groups of borrowers have won federal student loan relief on such a scale.

**April**

Coordinated member complaints to regulators causes for-profit accreditation agency ACICS to lose authorization.

**June**

Sarah D., one of the original Corinthian 15 strikers, successfully challenges the Department of Education's denial of her DTR.

Trump Department of Education announces they will employ extra-legal powers to delay implementation of the DTR rule.

**July**

Harvard University Legal Aid files a lawsuit on behalf of two Debt Collective members who attended NEAI

**October**

AGs in 19 states and Harvard/Public Citizen file a lawsuit against DeVos to prevent suspension of DTR rules

## 2018

**March**

Trump Department of Education continues to delay DTR process and limit relief, though some borrowers begin to see loans disappear

**November**

Over \$500 million in student debt held by ITT is canceled in the settlement of the ITT Bankruptcy Case.

**December**

Betsy DeVos is forced to grant \$150 million in automatic closed school discharge for borrowers who attended a for-profit college that closed between November 1, 2013 and December 4, 2015

What can we learn about the limits and possibilities of debtor as a category of identity from the Debt Collective's pilot campaign? How, if at all, did this pilot strike navigate the limits on debtor as a category of political identity - debt's moral universe; fear of reprisal; intersectionality - discussed above? And how, if at all, did this pilot strike realize some of the political possibilities of debt-based activism?

## THE CORINTHIAN STRIKE AND LIMITS TO DEBTOR ORGANIZING

The Corinthian Pilot strike shows that the morality of debt is pliable, not only for debtors themselves (who have to overcome shame, fear, isolation, judgement from self and others) but also, significantly, for the society around them. Corinthian debtors, especially those with whom the Debt Collective first began to collaborate, already understood that they had been wronged by taking on such steep debt for a school that neither educated them nor prepared them for the workplace. In other words, they already had a sense that *some debts are unjust, and should not be paid*. Consider the following testimonials:

“

*I was signed the day I went in to the school. The whole process was rushed and I was told if I didn't sign that day I would have to wait another 6 months. I didn't have time to look anything over and I was told my school loans would be around \$30,000, but I would have Calgrant and Pell grant to help pay some of this debt. I was also told that I would have choices of schools I could transfer to and they were accredited. I was told when I finished I would have a paralegal certificate as well and they would help me find a job. It was all a lie. I walked out of there with a loan over \$40,000. I asked [an administrator] when do we get our paralegal certificates and he said I had to do that on my own. I tried to leave a year in because I found out about*

*their scams but I was stuck and found out none of my credits would transfer. I did find a paralegal job that I worked hard to get and thankfully I had prior legal experience so I got the job. I worked there for almost 3 years and got laid off. Now I can't even get an interview with another law office. I transferred to Argosy University and had to start over. Now I'm in over \$65,000 in debt and capped out on financial aid, not sure how I'll pay for my last 5 classes at Argosy since it will cost me \$7500 for those classes. I'm beyond frustrated.*

\*\*\*

*Employees from Everest came into my highschool*

back in 2011. I signed up to get more info and they kept calling, sending emails for me to join their school. I decided to take a tour once I graduated high school, to look at options for a future career. Everest, unfortunately, was the first school I toured. Next thing I found myself signing papers to start in August 2011. I felt pressured into attending, into signing. I kept saying that I wanted more time to think and the lady said they were running out of space, that it would make my mom proud to be the only one in the family to reach a further education. They guaranteed to find me a job. No other college guarantees such a thing. Needless to say I signed. Now 3 yrs after graduating I am jobless.

\*\*\*

If the degree I earned is worthless why should I be forced to pay? I want my federal loans gone so I can continue my education elsewhere. I was swindled into signing up. I was told my degree would cost 7000 instead I owe 60,000 and I can't do anything. I can't go get a real degree. I can't pay the debt nor do I feel I should have to. I am in deferment right now and have no intentions of paying. I am a single mother of 3 who was promised so much and given nothing.

This school didn't seem like a college. It seemed more like a high school where the teachers didn't care. I was told that I would get a job after my externship, but was placed at a site where I didn't get any experience in the field. I was a single mother at 19 and just wanted to further my education to land a better job. I didn't have any knowledge of any grants or aid and nor did they offer me a choice to this funding. So the school suckered me into thinking a loan was the only option. Not only could I never gain employment until this day, but stuck with a massive amount of debt I can't afford to pay back with a family. I wouldn't know where to go for job placement which

was promised because these school keeps ruining peoples lives, making false promises to people, changing their school name, and getting a slap on the wrist.

\*\*\*

They made me pay while i was attending school. Some months I couldn't pay and they would call me over the loudspeaker to come to the finance office and tell me I was not allowed in school until I could come up with the money that month. Also they told me if I didn't pay or go into default on my loans my degree would get revoked and I believed this. So when I couldn't get a job after I got out of school and I didn't pay my loans I thought if I tried to get a job as a medical assistant I couldn't because they revoked my licence. So I ended up joining the military and haven't worked as a medical assistant ever since 2007 when I graduated.

\*\*\*

Single father shackled with student loan payments that don't take into consideration all of my expenses when looking for different payment options. I would consider taking a pill that erased my school knowledge if I got back all that I paid in addition to erasing my debt. This is the level of extreme duress I experience in which I consider the extreme means to alleviate it.

”

As these testimonies show, former Corinthian students understood that they had been victims of a scam, and thus deserved to have their debts discharged.

**Again we see that people already have a sense of how to distinguish between debts that are incurred under fair circumstances and with fair terms—and are thus legitimate—and debts that are incurred under duress, fraud, manipulation, or powerlessness, and are thus illegitimate. This already-existing moral barometer allowed former Corinthian students to begin partially reframing their shame and fear as a demand for justice. This reframing—coupled with the infrastructure and solidarity provided by the Debt Collective—enabled them to emerge as debtors to demand that their debts be discharged.**

More broadly, the path to debtor as an empowered political identity is smoothed when the society surrounding debtors also questions the legitimacy of debts. Because of the considerable scrutiny of for-profit colleges by Attorneys General, the Consumer Financial Protection Bureau, and the media during 2013, public opinion became increasingly critical of these institutions. The Corinthian 15 benefitted from this relatively supportive social environment, which greatly bolstered both their visibility and their own

convictions about the morality of their actions. Here, these debtors as well as the wider public—77% of whom have debts themselves—were willing to contextualize different debt relationships, perhaps reserving some as just and binding, while understanding others as odious and disputable.

While the Corinthian Strike showed debt’s moral universe to be pliable, and an already-present capacity in both debtors and wider society to distinguish between legitimate and illegitimate debts, reprisals are far less flexible. Because of the severity of potential consequences, the Debt Collective had to offer multiple methods of engagement in debt resistance, and in fact ended up proving the pliability not only of debt’s moral frameworks but of its legal frameworks as well.

Of the thousands of debtors who contacted the Debt Collective wanting to join the strike, it quickly became clear that

**the specificity and intersectionality of people’s indebtedness—were they already in default? Were their wages or tax returns already being garnished? Did they have children to feed? Did they have intergenerational family wealth to rely on?—was central to how they might strategically participate in debt resistance actions.**

The vast majority of debtors with whom Debt Collective organizers spoke decided not to strike after organizers explained the serious financial risks. The Debt Collective pioneered the Defense to Repayment (DTR) tool for this reason. Because people’s ability to access daily needs is so intertwined with debt in the contemporary era, and predicated on technologies like credit scores, a debt strike is not a realistic or reasonable ask for many people, especially in its early stages. In the case of people for whom the reprisals



detailed in Table 1 exact too much of a toll, debtors willing to politicize their identity as such also need *legal* tools (vs. a strike which, as a contract breach, remains on the margins of legality) with which to push back. These legal tools should amplify the broader messages of the strike and allow for mass participation, but protect those who choose to use them from reprisals.

In addition to those who would choose not to strike, Debt Collective organizers also found that a high number of potential strikers were *already in default* on their loans, and often already suffering the consequences—trashed credit scores, wage and tax return garnishment. These debtors were defaulting and suffering the consequences alone, with neither leverage nor voice in the financial system. These were strikers by necessity. The act of defaulting *together*, and politicizing that collective default (“Can’t Pay, Won’t Pay”) offered the opportunity to find empowerment and collective action in what had previously meant increased vulnerability and isolation.

Still another category of debtor was not yet in default, but did not have the means to reliably and continuously pay. Debt Collective organizers talked many would-be strikers or DTR applicants through the government’s income-based repayment plan (IBR)—another important and underutilized existing option for relief. Many of these imperiled debtors ultimately decided to strike or apply for DTR as well. As detailed above,

**eventually over 80,000 people used the Debt Collective’s DTR tool, inaugurating a long and ongoing process that fundamentally changed federal education policy, discharged over 1 billion dollars in debt for Debt Collective union members, placed a union member on a Negotiated Rulemaking committee in**

## Washington DC, and generated a series of ongoing lawsuits to thwart the Trump administration's attempts to roll back these gains.

Prior to the Debt Collective's organizing work, the Defense to Repayment clause of the Higher Education Act was essentially dormant within the law. It was debtors' collective action that activated this little-known legal clause and made it work for them. By submitting personal information including descriptions of fraudulent claims made by their schools, for-profit college debtors were able to legally press an already-existing but little-known right. In other words, the collective struggle of for-profit debtors gave new meaning and new consequences to hitherto ambiguous legal frameworks for debt discharge.

In short, a debtors' movement has to pay attention to exactly where households are with respect to their debt payments and to their differential vulnerability to financial consequences. For people able to make payments and / or unable to face reprisals, cultivating their identities as debtors requires the provision of concrete services (like the DTR tool or help applying to IBR) and broader collective education around systemic debt. Even if they choose not to strike, inviting debtors to see that they are not alone (a loan) in their financial struggles shows that the situation is not their fault, and perhaps that there is some hope or ethic in collective action. For people unable to make payments, but also unable or unwilling to suffer consequences, legal tools must also be available, as well as

### Lesson 3: INTERSECTIONALITY AND DIVERSITY OF TACTICS

Households are differentially vulnerable to reprisals from debt refusal. For households without access to intergenerational wealth, households with children, households with histories of incarceration, or households reliant on already-precarious public benefits, the threats a strike would pose to their credit scores or public benefit access or even the threat of re-arrest often makes intentional nonpayment too much of a risk. Thus a *legal* tool—like Defense to Repayment—allows for mass participation while protecting differentially vulnerable households from reprisals.

## Lesson 4: LEGAL TACTICS

While reprisals for debt resistance are real and many (see Table 1) the legal landscape around collective debt refusal and resistance is underexplored. The Debt Collective's Defense to Repayment Tool shows that collective struggle can give new meaning and new consequences to hitherto ambiguous legal frameworks for debt discharge.

referrals to other kinds of services and mutual aid for the provision of housing and food for those in dire need (a situation that came up among single mothers in particular over the course of Debt Collective organizing.) And finally, for those people *already experiencing reprisals*, a strike can be a welcome collectivization and activation of their struggles, which had hitherto been experienced alone.

## THE CORINTHIAN STRIKE AND POSSIBILITIES OF DEBT BASED ACTIVISM

The potential to exercise mass financial power toward a more just and equitable society in the age of finance is the ultimate promise of debtors' unions.

**Though small and siloed in the face of systemic indebtedness, the significant victories of the Corinthian strike—\$1 billion in debt discharge and rapid federal policy changes—demonstrate the promise and potential of a broader movement.**

In just two years, with only a handful dedicated organizers, the pilot strike garnered not tangible victories for some strikers (including both current debt discharge and past-payment refunds - Figure 12) but also significant changes in the public conversation around student debt. Citing the work of the Debt Collective and others, the Movement for Black Lives policy platform included full debt discharge and free higher education as the first demand of their reparations plank.<sup>132</sup> NBC's hit show *The Goodwife* ran an episode (November 1, 2015) modeled explicitly on the Corinthian strike, in which students at a for-profit college went on a debt strike. The Corinthian union drew critical attention to the creditor (in this case the federal government), the regulation of lending and the means of financing goods and services. Thus, the strike publicly forced the question of how and by whom the things we care about—education, in this case—are funded, and what purpose they ultimately serve. As sociologist Tressie McMillan Cottom (2015) wrote of The Debt Collective's work:

Already, the debate about if college should be free has forced us all to consider what higher education is for. We're dusting off old words like class and race and labor. We

are even casting about for new words like ‘precariat’ and ‘generation debt.’ The Debt Collective is a prime example of this. The group of hundreds of students and graduates of (mostly) for-profit colleges are doing the hard work of forming a class-based identity around debt as opposed to work or income. The broader cultural conversation about student debt, to which free college plans are a response, sets the stage for that kind of work. The good of those conversations outweighs for me the limited democratization potential of free college.<sup>133</sup>

While giving these victories appropriate recognition, the Debt Collective’s pilot campaign also displayed serious shortcomings and lessons learned in terms of the ultimate goal of exercising mass political power. We briefly discuss two here. First, the question of campaign silos by debt-type; second, the double-edged question of legitimate vs. illegitimate debts.

Both during and after the Corinthian campaign, the Debt Collective was often understood—by press, by funders, by fellow activists and organizers, by academics—as a *student debt* organization, or even specifically a *for-profit* student debt organization siloed from both systemic household debt and even from other student debtors. By virtue of the organization’s small size and minimal funding (all organizing labor was volunteer through the end of 2016, when only two organizers began receiving small salaries), there was limited capacity to broaden the scope of work. In targeting for-profit colleges, the Debt Collective strategically sacrificed a systemic analysis for a “bad apples” win to secure an important proof of concept. In other words, the Corinthian strike undoubtedly put a bad apple out of business, and won significant debt relief for those who deserved it, but in so doing it potentially made other student debts, or even other types of debts, look legitimate by comparison. The kinds of collective power mass indebtedness potentially affords will only be exercised when collective action can leverage *systemic* indebtedness rather than siloed indebtedness.<sup>134</sup>

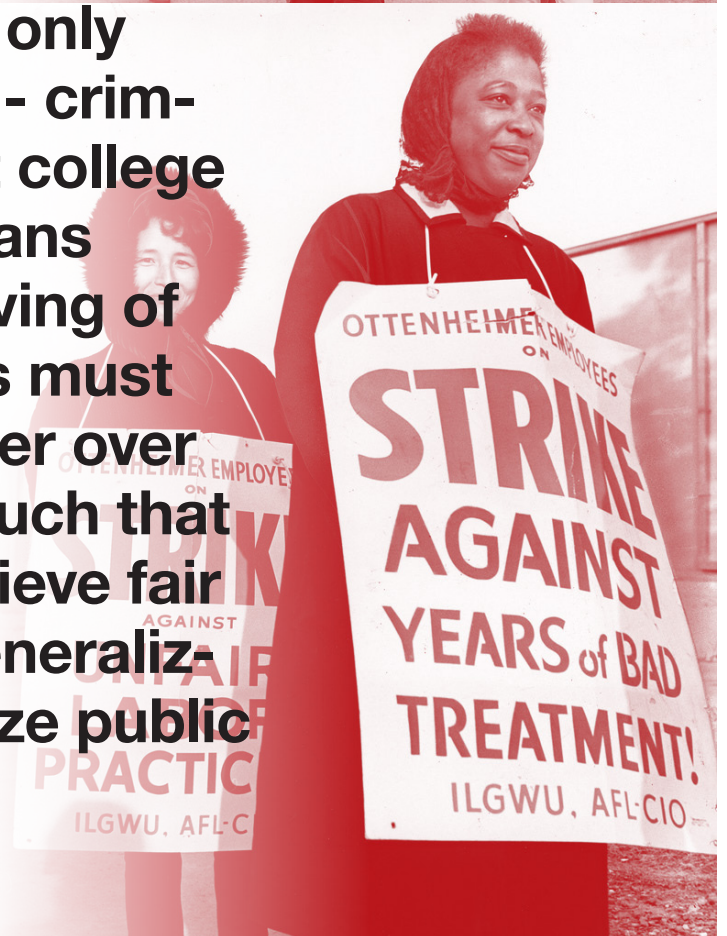
## Lesson 5: DEBT SILOS AND DEBT SYSTEMS

There is still much work to be done connecting siloed debt campaigns — like for-profit college debt — to systemic household indebtedness.

Corinthian was a clear case of illegitimate debt—a predatory lender masquerading as an institution of higher learning. This clarity allowed both potential strikers and the general public to support the idea of a strike, while potentially opposing more far-reaching debt refusal tactics, such as striking debt from non-profit colleges and universities. Thus, while the legitimate / illegitimate distinction may be helpful in the short term as debtors’ unions emerge on the public radar, it poses the risk of regressive effects if not properly managed.



Labor unions present a helpful analogy here. Labor unions don't only aim to give workers power over the worst possible working conditions. Rather, they aim to provide generalizable worker power to participate in all contract terms, even for excellent jobs. Labor organizing seeks a seat at the bargaining table alongside capital and the state. So too should debtors' unions. It cannot only be the most odious debts - criminal justice debt; for-profit college debt; predatory payday loans — that are deemed deserving of challenge. Rather, debtors must (1) gain generalizable power over the contracts they enter such that they can demand and achieve fair terms; and (2) use their generalizable power to definancialize public goods and services.





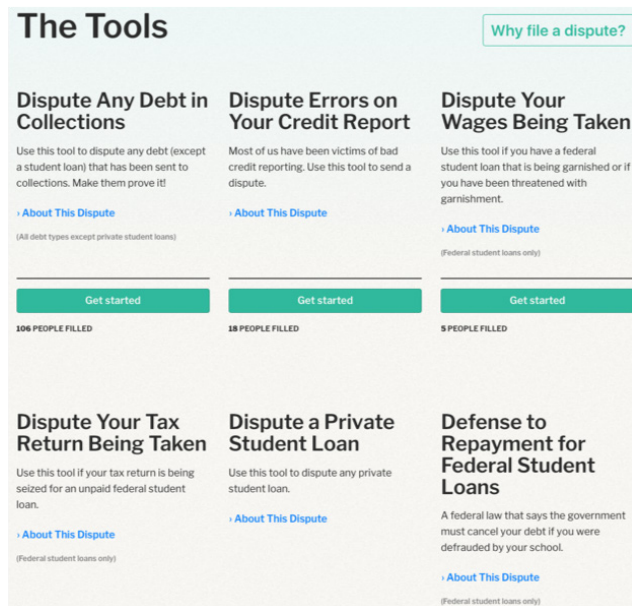


Fig. 13

The Debt Collective's post-pilot work aims to respond to these shortcomings. First, in an effort to expand beyond the student debt silo, The Debt Collective expanded its focus toward building an online platform and tool suite that allows both individual and collective debt disputes across multiple debt types, as well as online discussions and autonomous organizing discussions among union members. (Figure 13)

Since late 2018, Debt Collective organizers have brought these online tools into community organizing spaces, including One D.C. (Washington DC), Homeboy Industries, Community Action Network, Youth Justice

Coalition, and Community Coalition in Los Angeles, Ujima in Boston, and various Democratic Socialists of America groups in New York, California, Pennsylvania, Louisiana, Alabama, Tennessee, Texas, and Nevada. The idea is to put these tools in the hands of organizers with large existing bases, first to enable their membership to dispute individual debts, and then to coordinate the use of these dispute tools collectively to prospectively make demands for the kind of society we want to see: one where you don't have to go into debilitating debt for your own incarceration, healthcare, education, or utilities.

Second, to acknowledge the most unconscionable intersections of financialization, race and debt, the Debt Collective has joined a statewide coalition in California—Debt Free Justice<sup>135</sup>—to eliminate fines, fees, and bail in the criminal legal system. As detailed in

## Lesson 6: AWAY FROM BAD APPLES & TOWARD GENERALIZABLE POWER

Households Debtor organizing has to push the general public past binaries of legitimate vs. illegitimate debt, and toward the idea that debtors should have generalizable power that could allow them not only to collectively negotiate the terms of their indebtedness, but also to push larger questions of how we finance basic needs including housing, healthcare, and education in the first place.

Section II, criminal legal debts are borne disproportionately by women of color living at or below the poverty line who often assume responsibility for debts incurred by loved ones in the system. Organizing from an intersectional framework, the Debt Collective's participation in this coalition follows the lead of organizations led by system-impacted people and families.

**The Debt Collective joins as an ally in this coalition, bringing experience in debtor organizing and following the lead of system-affected organizers who have the expertise and analysis that comes from lived experience in the criminal legal system.**

Responding to the demands of coalition members, the Debt Collective is working to build a bail debt dispute tool similar to Defense To Repayment. This tool would scale novel legal work already underway that sends demand letters to bail bonds companies identifying potential violations of California consumer protection law.

Making this tool available to system-affected families would allow them not only to resist their own debts, but also to orchestrate collective disputes (for instance, timed with strategic moments in the statewide legislative campaign) in which thousands or hundreds of thousands of people could submit disputes at the same time. This kind of legal collective action has the potential to generate wide public attention to the ways that debt in the criminal legal system sucks resources out of already impoverished communities.

As the idea of Debtors' Unions remains nascent in the contemporary U.S., the work of the Debt Collective - and the meaningful wins in their pilot strike - offers an exciting precedent. How their work is able to scale and expand remains to be seen. For now, perhaps the most exciting possibilities

for future organizing may come from the back-end database of the Debt Collective's online platform, which has the potential to generate crucial new data on collective indebtedness and those willing to fight it. As debtors join the platform, and (securely, with consent) contribute geographic, identity, and creditor / servicer / aggregator information, organizers and debtors alike will be able to see new patterns and potentials for future collective actions.

Far beyond the work of the Debt Collective, there are significant signs that the U.S. may be approaching a watershed shift around approaches to debt resistance and the reimagining of finance.

**Where participants in Occupy Wall Street were derided less than a decade ago for their demands of student debt jubilee, today, there is a growing list of politicians at both the state and federal level for whom this is a central aspect of their platform.**

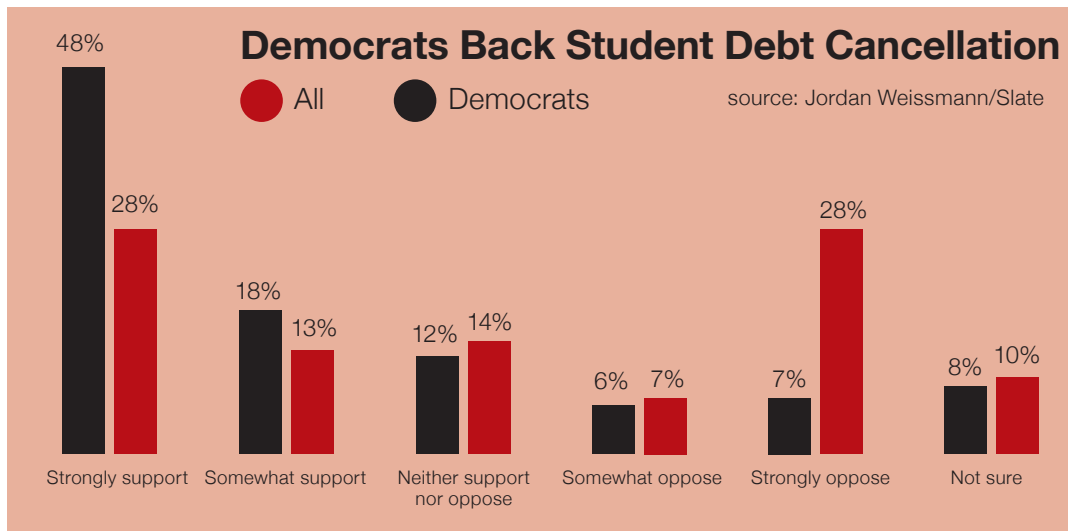
Presidential Candidate Bernie Sanders, congresswoman Alexandria Ocasio Cortez, and New York state assemblyman Ron Kim among many others have all campaigned actively on this issue, and many have sought the counsel of the Debt Collective in drafting their policy platforms. Sanders' presidential campaign commissioned a widely-publicized report on The Macroeconomic Effects of Student Debt Cancellation,<sup>136</sup> and recent polling suggests that Democrats broadly support student debt cancellation as a policy option (Figure 14).<sup>137</sup>



**Bernie Sanders**  
@BernieSanders

In the twenty-first century, a public education system that goes from early childhood education through high school is not good enough. We must make public colleges and universities tuition-free.

The Debt Free Justice California Coalition has also seen significant early victories. In December 2018 Alameda County became the second county in the state to eliminate criminal justice administration fees and discharge all outstanding probation fees, public defender fees, and sheriff's work alternative program fees. As of January 2019, Alameda county will discharge \$26 million in outstanding debt and charge no fees going forward.<sup>138</sup>



Responses to the questions: would you support or oppose reversing the tax cuts recently passed by congressional republicans and signed by President Trump, and using any proceeds to cancel outstanding student debt?

Fig. 14

Scaled proposals to address vast household debt overhangs are emerging and gaining traction. An innovative plan put forth by Cornell Law Professor Robert Hockett<sup>139</sup> in which cities use eminent domain to buy up foreclosed properties and keep owners in their homes, has expanded to other debt types despite aggressive pushback.<sup>140</sup> Saqib Bhatti, Director of the ReFund America Project, and others have proposed methods by which municipalities, individually or in coalition, might also refuse their debts to Wall Street, or collectively bargain to renegotiate loan and swap terms.<sup>141</sup> The institutionally-scaled emergent horizon presented by Public Banks has also seen recent wins, particularly in California with 8 cities including Los Angeles, San Francisco, and Sacramento exploring Public Banking legislation<sup>142</sup>. While African American and Caribbean scholars and social movements have made the case for reparations for centuries,<sup>143</sup> March 2019 saw New York Times “center-right” columnist David Brooks make an argument in favor of reparations for African- and Native Americans.<sup>144</sup> Debtors unions acting in support of these movements could provide considerable economic and political leverage. In combination with these exciting and emergent alternatives in the future of finance, Debtors Unions also present a method to redress some of the ugliest and ongoing profiteering from the 2008 crisis. For instance, the concentrated corporate ownership of residential housing stock that has emerged as big banks and private equity firms transform foreclosed properties into spectacularly profitable Wall St-owned rental housing presents one potential target.<sup>145</sup> Imagine a future where renters can collectively negotiate with their Blackstone Group or Colony Capital landlords, not as individuals desperate for housing, but as a union bolstered by the potential of a rent strike, the threat of municipal eminent domain, and public banking finance. There is power in a debtor’s union.

# Endnotes

1. This white paper follows Bryan and Rafferty (2018), Zaloom (2017) and others in using the phrase “household debt” in place of consumer debt. As Zaloom writes, “Finance hides the household behind the fictional individual of the financial contract. We should not fall for the sleight of hand. Financial contracts may tie individuals to the legal responsibilities of debt, credit, and investment, but both risk-taking and repayment—with interest—implicate broader household economies.” Dick Bryan and Mike Rafferty, *Risking Together: How Finance Is Dominating Everyday Life in Australia*. (Sydney University Press, 2018).; Caitlin Zaloom, “Finance.” *Cultural Anthropology*, (Aug. 2017), <https://culanth.org/fieldsights/1163-finance>.

2. A closely watched measure of the debt surpassed \$13.5 trillion dollars in the third quarter of 2018, eclipsing its pre-2008 peak by \$837 billion. This total translates to nearly \$50k in housing, auto, and credit card debt for every American household. The total indebtedness of households, including utility bills, medical debt, municipal obligations and fringe financing such as payday and title loans, is even greater. Source: Federal Reserve Bank of New York, Research and Statistics Group. “Quarterly Report on Household Debt and Credit Report Q3 2018.” The Center for Microeconomic Data. (Nov. 2018). <https://www.newyorkfed.org/microeconomics/hhdc.html>.

3. Consumer Financial Protection Bureau. Key Dimensions and Processes in the U.S. Credit Reporting System: A Review of How the Nation’s Largest Credit Bureaus Manage Consumer Data. Dec. 2012, <https://www.consumerfinance.gov/data-research/research-reports/key-dimensions-and-processes-in-the-u-s-credit-reporting-system/>

4. On the morality and individualization of debt see: David Graeber *Debt: The First Five Thousand Years*. (New York: Melville House, 2011). Lendol Calder, *Financing the American Dream: A Cultural History of Consumer Credit*. (Princeton, N.J.: Princeton University Press, 1999); Brett Williams, *Debt for Sale: A Social History of the Credit Trap*. (Philadelphia: University of Pennsylvania Press, 2004); Hyman Minsky, *Stabilizing an Unstable Economy*. (New York: McGraw-Hill Education. 2008); Katherine S. Newman,

*Falling from Grace: Downward Mobility in the Age of Affluence*. (Berkeley: University of California Press, 1988); Brent T. White, “The Morality of Strategic Default.” *UCLA Law Review Discourse* 58 (2010): 155—64. <http://www.uclalawreview.org/the-morality-of-strategic-default/>. Brent T. White, “Underwater and Not Walking Away: Shame, Fear and the Social Management of the Housing Crisis.” *Wake Forest Law Review* 45 (2010): 971; Catherine R. Squires, “Coloring in the Bubble: Perspectives on Black-Oriented Media on the (Latest) Economic Disaster.” *American Quarterly* 64, no. 3 (2012): 543—70. <http://dx.doi.org/10.1353/aq.2012.0034>

5. For a discussion of “stigmatized identities” in general see Brooke L. Long’s “Stigmatized Identities: Choice, Accessibility, and Authenticity” in *New Directions in Identity Theory and Research* edited by Jan E. Stets and Richard T. Serpe (New York: Oxford University Press, 2016): 539-568. On “queer” as political identity see Michael Warner, ed., *Fear of Queer Planet: Queer Politics and Social Theory* (Minneapolis: University of Minnesota Press, 1993); Cathy Cohen, “Deviance as Resistance: A New Research Agenda for the Study of Black Politics” *Du Bois Review*, 1:1(2004) 27—45, On the intersection of Undocumented and Queer identities see Jesus Cisneros and Julia Gutierrez, “What Does It Mean to Be Undocuqueer?” *Exploring (il) Legibility within the Intersection of Gender, Sexuality, and Immigration Status.* *QED: A Journal in GLBTQ Worldmaking* 5, no. 1 (2018): 84-102; Cristina Beltran, “No Papers No Fear: DREAM Activism, New Social Media, and the Queering of Immigrant Rights.” in *Contemporary Latina/o Media*. Eds. Arlene Dávila and Yeidy Rivero. (New York University Press, 2014):245-266.

6. Kimberlé Crenshaw. “Demarginalizing the Intersection of Race and Sex: A Black Feminist Critique of Antidiscrimination Doctrine, Feminist Theory and Antiracist Politics.” *University of Chicago Legal Forum* (1989): 139-167.

7. On Student Debt: “Women’s Student Debt Crisis in the United States”, *American Association of University Women*. (May 2018) <https://www.aauw.org/research/deeper-in-debt/>; On non-mortgage household debt: Aspen Institute, “Consumer Debt: A Primer.” (26 Mar. 2018). <https://www.aspeninstitute.org/publications/consumer-debt-primer/>.

8. There is ample literature on racialized social meaning and



the provision of welfare. See: J. Soss, R. C. Fording, and S. Schram. *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Race*. (Chicago: University of Chicago Press 2011). Goldberg, C.A. *Citizens and Paupers: Relief, Rights, and Race from the Freedmen's Bureau to Workfare*. (Chicago: University of Chicago Press 2007). D. E. Roberts, "The Value of Black Mothers' Work." *Connecticut Law Review* 26, 3 (1994): 871–878. M.L. Dauber, *The Sympathetic State: Disaster Relief and the Origins of the American Welfare State*. (Chicago: University of Chicago Press 2012).

9. Debt Free Justice California (DFJC). "What We Do." available <https://ebcl.org/cadebtjustice/about/>

10. Sarah Lazare. "Demanding End to War on Black People, Oakland Protesters Blockade Police Department," *Common Dreams*. (15 Dec 2014) <https://www.commondreams.org/news/2014/12/15/demanding-end-war-black-people-oakland-protesters-blockade-police-department>.

11. While it is unorthodox to include incarceration debts as a category of consumer credit, the same history of state withdrawal and individual responsibility applies: Without the government will to pay for contemporary mass incarceration, much of the financial burden has shifted to those directly impacted by the criminal legal system. Between fines, fees, and restitution, incarcerated people have an average of \$13,607 in criminal legal debt alone. (See Saneta deVuono-powell, Chris Schweidler, Alicia Walters, and Azadeh Zohrabi. "Who Pays? The True Cost of Incarceration on Families." Oakland, CA: Ella Baker Center, Forward Together, Research Action Design, 2015.) Bail debts add exponentially to this total. Some of the most innovative legal work in this space makes this consumer credit argument. For instance, Danica Rodarmel of The Bail Clinic at Lawyers' Committee for Civil Rights has been using novel legal arguments against bail bonds companies identifying potential violations of California consumer protection law. In short, the shift toward defendant-funded court and jail time is symptomatic of the larger shift toward household indebtedness and individualized financial risk described in this section.

12. Mike Konczal and Nell Abernathy. "Defining Financialization." The Roosevelt Institute. (27 Jul 2015). [http://rooseveltinstitute.org/wp-content/uploads/2015/10/](http://rooseveltinstitute.org/wp-content/uploads/2015/10/Defining_Financialization_Web.pdf)

[Defining\\_Financialization\\_Web.pdf](http://rooseveltinstitute.org/wp-content/uploads/2015/10/Defining_Financialization_Web.pdf)

13. Robin M. Greenwood and David S. Scharfstein. "The Growth of Modern Finance." (1 Jul 2012). <https://ssrn.com/abstract=2162179>

14. Mike Konczal and Nell Abernathy. "Defining Financialization." The Roosevelt Institute. (27 Jul 2015). [http://rooseveltinstitute.org/wp-content/uploads/2015/10/](http://rooseveltinstitute.org/wp-content/uploads/2015/10/Defining_Financialization_Web.pdf)

15. Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge: Harvard University Press, 2012); Karen Ho. *Liquidated: An Ethnography of Wall Street* (Durham: Duke University Press, 2009); Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investors' Democracy*. Harvard University Press, 2011; Rakesh Khurana. *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession*. (Princeton Univ. Press, 2010).

16. Francis Lee Ansley (1989) defines white supremacy as: "a political, economic, and cultural system in which whites overwhelmingly control power and material resources, conscious and unconscious ideas of white superiority are widespread, and relations of white dominance and nonwhite subordination are daily reenacted across a broad array of institutions and social settings" (1024). Frances Lee Ansley. "Stirring the Ashes: Race, Class, and the Future of Civil Rights Scholarship." *Cornell Law Review* 74 (1988): 993-1077.

17. George Lipsitz (1995) describes the overtly racist implementation of New Deal housing policy excluded minorities from opportunities to build wealth through homeownership and promoted community segregation, while labor unions secured important worker protections and benefits for a limited and disproportionately white class of workers. Tax and development policy over the following decades rewarded white suburban communities, and the inflation spike of the 1970's rewarded existing homeowners while raising rent costs and barriers to homeownership for those excluded. George Lipsitz. "The Possessive Investment in Whiteness: Racialized Social Democracy and the 'White' Problem in American Studies." *American Quarterly*, vol. 47, no. 3, (Sept. 1995), p. 369. See also Ira Katznelson

(2006) *When Affirmative Action was White: An Untold Story of Racial Inequality in America*. New York: Norton Press.  
 Kathleen Frydl (2009) *The GI Bill*. Cambridge: Cambridge University Press.  
 Amy Castro Baker. "Eroding the wealth of women: Gender and the subprime foreclosure crisis." *Social Service Review* 88, no. 1 (2014): 59-91. For a critique of the tendency to oversimplify The New Deal's racial effects see Cedric Johnson (2019) "Black Political Life and the Blue Lives Matter Presidency" in *Jacobin*. [HTTPS://JACOBINMAG.COM/2019/02/BLACK-LIVES-MATTER-POWER-POLITICS-CEDRIC-JOHNSON](https://jacobinmag.com/2019/02/black-lives-matter-power-politics-cedric-johnson)

18. This ideological project is most commonly sourced back to a 1971 memorandum drafted for the Chamber of Commerce by corporate lawyer and future Supreme Court Justice Lewis Powell. The influential Powell Memo, titled "Attack on the American Free Enterprise System," served as a blueprint for the pro-business conservative movement in the following decade. See Benjamin C. Waterhouse. *Lobbying America: The Politics of Business from Nixon to NAFTA*. (Princeton University Press, 2014).

19. Raghuram Rajan. *Fault Lines How Hidden Fractures Still Threaten the World Economy*. (Princeton University Press, 2011).; Krippner (2012).

20. This tripartite regulatory shift draws on Krippner (2012).

21. Lauren-Brooke Eisen. "Paying for Your Time: How Charging Inmates Fees Behind Bars May Violate the Excessive Fines Clause." *Brennan Center for Justice*. <https://www.brennancenter.org/analysis/paying-your-time-how-charging-inmates-fees-behind-bars-may-violate-excessive-fines-clause>

22. Steinbaum, Marshall. "A Brown v. Board for Higher Ed." *Boston Review*. (1 Sept. 2017). <http://bostonreview.net/education-opportunity/marshall-steinbaum-brown-v-board-higher-ed>.

23. Compared with those who entered the labor market in 1967, lifetime earnings of men who entered the workforce in 1983 actually declined by 10%–19%. *Lifetime Incomes in the United States over Six Decades*.

Fatih Guvenen, et al. "Lifetime Incomes in the United States over Six Decades ." *NBER Working Paper*, no. No. 23371. (Apr. 2017). <https://www.nber.org/papers/w23371.pdf>

24. On Wall St professionals see Hannah Appel. "OccupyWall Street and the Economic Imagination." *Cultural Anthropology*, vol. 29, no. 4, (Nov. 2014), pp. 602–25. This story gets more complicated, but no less problematic, when we consider the substantial investment of public pensions or university endowments in financial markets.

25. Khurana (2010); Ho (2009); Gerald F. Davis, and Michael Useem. "Top Management, Company Directors, and Corporate Control." *Handbook of Strategy and Management* 9.3, (2002), pp. 232–58.; Jacob S. Hacker, and Paul Pierson. *Winner-Take-All Politics: How Washington Made the Rich Richer and Turned Its Back on the Middle Class*. (Simon & Schuster, 2010).

26. Mike Konczal and Nell Abernathy. "Defining Financialization." *The Roosevelt Institute*. (27 Jul 2015). [http://rooseveltinstitute.org/wp-content/uploads/2015/10/Defining\\_Financialization\\_Web.pdf](http://rooseveltinstitute.org/wp-content/uploads/2015/10/Defining_Financialization_Web.pdf)

27. U.S. Bureau of Labor Statistics. <https://data.bls.gov/pdq/SurveyOutputServlet>

28. "Being Seriously Ill In America Today." *The Commonwealth Fund/The New York Times/Harvard T.H. Chan School of Public Health*. (Oct. 2018). <https://cdn1.sph.harvard.edu/wp-content/uploads/sites/94/2018/10/CMWF-NYT-HSPH-Seriously-Ill-Poll-Report.pdf>

29. Mathilde Laisne, et al. "Past Due: Examining the Costs and Consequences of Charging for Justice in New Orleans." *Vera Institute of Justice*, (2017).

30. There are a number of substantial data challenges around household debt. The Federal Reserve's Quarterly Report on Household Credit and Debt relies on credit bureau data provided by Experian, which only "excludes authorized user trades, disputed trades, lost/stolen trades, medical trades, child/family support trades, commercial trades and, as discussed above, inactive trades (accounts not reported on within the last 3 months)." Various industries don't traditionally report, or inconsistently report to credit bureaus, such as rental debt, utilities, payday lenders, rent-to-own, insurance, and medical debt. Experian is the only credit bureau that reports rental information on their credit reports. Debt in collections is typically not reported, and the majority of collection actions are associated with medical bills and utility bills. Municipal fees and fines are not

reported. The Fed's triennial Survey of Consumer Finance provides somewhat more comprehensive information, including some payday and medical debt statistics.

31. Aspen Institute, "Consumer Debt: A Primer." (26 Mar. 2018). <https://www.aspeninstitute.org/publications/consumer-debt-primer/>.

32. Pew Social Trends. "Demographic Trends and Economic Well-Being." (27 Jun 2016). <http://www.pewsocialtrends.org/2016/06/27/1-demographic-trends-and-economic-well-being/>

33. Institute for Policy Studies. "Dreams Deferred: How Enriching the 1% Widens the Racial Wealth Divide." (2019). [https://ips-dc.org/wp-content/uploads/2019/01/IPS\\_RWD-Report\\_FINAL-1.15.19.pdf](https://ips-dc.org/wp-content/uploads/2019/01/IPS_RWD-Report_FINAL-1.15.19.pdf)

34. Louise Seamster and Raphaël Charron-Chénier. "Predatory Inclusion and Education Debt: Rethinking the Racial Wealth Gap." *Social Currents*, vol. 4, no. 3, (Jun 2017), pp. 199–207, Tressie McMillan Cottom. *Lower Ed: The Troubling Rise of for-Profit Colleges in the New Economy*. (The New Press, 2017).

35. George Lipsitz. "The Possessive Investment in Whiteness: Racialized Social Democracy and the 'White' Problem in American Studies." *American Quarterly*, vol. 47, no. 3, (Sept. 1995), p. 369.

36. Carolina K. Reid, Debbie Bocian, Wei Li, Roberto G. Quercia, "Revisiting the Subprime Crisis: The Dual Mortgage Market and Mortgage Defaults by Race and Ethnicity," *Journal of Urban Affairs*, vol. 39, no. 4, (May 2017), pp. 469–87

37. This US trend is mirrored internationally, with reports of record debt levels in the United Kingdom, Australia, China, India.

38. Federal Reserve Bank of New York, Research and Statistics Group. "Quarterly Report on Household Debt and Credit Report Q3 2018." The Center for Microeconomic Data. (Nov 2018). <https://www.newyorkfed.org/microeconomics/hhdc.html>.

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