Democracy of Credit: Ownership and the Politics of Credit Access in Late Twentieth-Century America

Greta R. Krippner
University of Michigan

In recent years, sociologists have noted the increasing centrality of credit for determining life chances in our society, but they have not given adequate attention to the credit market as a key site where individuals assert claims over economic resources. This article explores distinctive features of the credit transaction that differentiate claims making in the credit market from more familiar forms of claims making in the labor market. Rather than the quid pro quo exchange between formal equals that characterizes the wage relation, the extension of credit creates an obligation that marks the debtor as inferior to the creditor. The hierarchical and asymmetrical nature of the loan contract appears to erode the possibility for effective political demands in this arena. However, this article demonstrates that to the extent the status of “ownership” is institutionalized in the credit transaction, borrowers may be able to overcome some of the disadvantages associated with occupying the weaker position in an unequal relationship of exchange.

INTRODUCTION

The foreclosure crisis that has deprived millions of Americans of their homes in recent years has produced no shortage of puzzles for social scientists, but

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among the most striking is the nature of political claims generated by the crisis. Notably, the most salient reaction to the foreclosure crisis has been framed in terms of the violation of individual property rights committed by banks that did not conduct due diligence in initiating foreclosure proceedings. This is especially remarkable given that, a generation ago, we might have expected the claim to housing as a basic entitlement of citizenship to feature more prominently in the public narrative of the crisis. Or perhaps we might have expected greater attention to discriminatory practices on the part of mortgage lenders, particularly given what social science research has revealed about the role of predatory lending and “reverse redlining” in generating the crisis (Been, Ellen, and Madar 2009; Immergluck 2009; Rugh and Massey 2010). This is not to suggest that these alternative framings have been entirely absent, but it was allegations that so-called “robo-signers” flouted the formal legal conventions of property ownership that generated widespread media attention, congressional hearings, and finally legal action, eclipsing other possible ways of understanding the nature of the transgression committed against victimized homeowners.

The response to the foreclosure crisis represents a very visible instance of the politics of credit, a neglected arena for the study of political claims making, especially given the centrality of credit in our society. While sociologists have increasingly turned their attention to the credit market as a critical institution shaping the economy and polity, this research has focused primarily on the dilemmas confronting policy makers as they have relied on credit to ease distributional conflicts and supplant the welfare state (Krippner 2011; Streeck 2011; Prasad 2012; Quinn 2017). But the wider availability of credit has not only provided an indispensable tool of statecraft; it has also transformed the terrain of economic citizenship more broadly, especially as access to credit has increasingly become a substitute for wage income and a prerequisite for full inclusion in the marketplace. Yet sociologists have not given adequate attention to the credit market as a site where individuals assert claims over the control of economic resources, nor considered how such claims might differ systematically from claims based on the wage relation.
In this article, I engage the politics of credit from the perspective of claimants rather than the state actors who have been the main focus of the literature to date (but see Hyman 2011; Thurston 2013; Trumbull 2014). What form does political claims making take in an economy in which the credit market has become increasingly central in determining life chances (Fourcade and Healy 2013a), potentially displacing the labor market as the key site of economic citizenship? What new political subjectivities emerge when the citizen-debtor replaces the citizen-worker as the iconic figure of late 20th-century capitalism (Lazzarato 2012)? In order to answer these questions, we need to consider the particularities of credit as well as the character of economic citizenship in American society more broadly. Unlike the wage relation, which depends on the formal equality of parties to exchange, the extension of credit constitutes an unequal relationship between creditor and debtor during the period of time in which the debt remains unpaid (Mauss 2000, p. 65; Graeber 2011; Lazzarato 2012). The hierarchical and asymmetric nature of the loan contract has led many commentators to be pessimistic regarding the possibility for effective political demands in this arena, but closer inspection reveals other dimensions of credit that provide a stronger basis for claims making. As I will elaborate below, the provision of collateral institutionalizes ownership as integral to the credit transaction, potentially allowing borrowers to overcome some of the disadvantages associated with occupying the weaker position in an unequal relationship of exchange. In the following analysis, I argue that it is the capacity of borrowers to anchor their demands in the most foundational of rights claims—claims of ownership—that differentiates the politics of credit from other

kinds of claims making, as well as helps to explain when attempts to broaden access to credit are most likely to be successful.

The article proceeds in five parts. I first consider the main contributions of the emerging macrosociology of credit in order to motivate the questions I raise here. I then attend to the particularities of credit in developing an analysis of the distinct modalities of political claims making in credit markets. In the main empirical sections of the article, I apply this analysis to two influential credit movements that mobilized to democratize access to credit beginning in the 1970s: (1) the feminist campaign, led by the National Organization for Women (NOW), to end gender discrimination in consumer lending, and (2) the mobilization of community activists based in Chicago against the “redlining” of urban neighborhoods. The choice of these two movements, located in the crucible of the 1970s, is strategic: it was in this period that a dramatic expansion of credit began in U.S. society, transforming how Americans spent and saved, as well as how they balanced competing obligations in the context of growing austerity (Hyman 2011; Krippner 2011; Streeck 2011). In a concluding section, I offer general lessons from these movements for understanding the shifting contours of economic citizenship in U.S. society more broadly.

THE MACROSOCIOLOGY OF CREDIT

In recent years, sociologists have increasingly turned their attention to the role of credit in shaping key features of American political economy. This emerging literature offers a novel vantage point from which to reconsider long-standing questions regarding the distinctive nature of the American welfare state (Logemann 2012; Prasad 2012; Thurston 2013; Trumbull 2014) as well as to raise new questions exploring how credit markets intersect distributional struggles more often located in labor and commodity markets (Wiley 1967; Krippner 2011; Streeck 2011; Fourcade and Healy 2013). For some scholars, the pivotal role of credit in U.S. society originates with the creation of a credit infrastructure early in the 20th century (Prasad 2012; Trumbull 2014; Quinn 2017); for others, the critical developments are of a more recent vintage, revolving around the crisis of the 1970s and the subsequent deregulation of financial markets (Crouch 2009; Krippner 2011; Streeck 2011). Notwithstanding these different periodizations, what these accounts share in common is an understanding of credit as a social lubricant that substantially eases the state’s task of providing for the well-being of its citizens while avoiding potentially explosive conflicts over the division of spoils in a market economy.

Several key findings of this literature merit attention. First, scholars suggest that credit must be understood as an integral part of the U.S. welfare regime, a mechanism for smoothing incomes and redistributing wealth, pro-
tecting against the risk and uncertainty inherent to industrial society, and promoting varied social goals such as homeownership and education. Indeed, scholars have contrasted a distinctive American path to social welfare based on lax credit and anemic social spending to a European path in which these polarities are reversed (Logemann 2012; Prasad 2012; Trumbull 2014). While these divergent welfare state formations have sometimes been described in terms of a “trade-off” between credit and welfare, it is perhaps more apt to consider free-flowing credit as the particular form taken by social provision in the U.S. context rather than as an alternative to it. In this regard, understanding credit markets as part of the infrastructure of the state allows a more nuanced understanding of the implementation of social policy in the contemporary United States (Howard 1999; Logemann 2012; Thurston 2013).

A second, closely related observation concerns the role of the state in constructing the institutions that allowed credit markets to assume their outsize role in U.S. society. If credit is an important vehicle for the achievement of social policy objectives in the United States, this result has been engineered by policy makers (Hyman 2011; Trumbull 2014; Quinn 2017), although not always with perfect foresight (Krippner 2011). Here the agrarian history of the country looms large, with aggrieved farmers pressuring the state for expanded credit access over the course of the late 19th and early 20th centuries (Sanders 1999; Prasad 2012). After numerous failed efforts at reforming the nation’s credit infrastructure, policy makers responded to long-standing agrarian discontent with the passage in 1916 of the Federal Farm Loan Act (Quinn 2017), a law that provided a template for the amortized mortgage that would eventually transform the American system of housing finance (Schwartz 2009; Prasad 2012). The state also made a deep imprint on markets for consumer credit through Title I of the 1934 Federal Housing Act (Calder 2001; Harris 2009; Hyman 2011). Title I offered a government guarantee to lenders who made small loans intended for the “modernization” of the home—the installation of indoor plumbing, electricity, or a new roof. As with mortgage loans, the government’s backstop of small consumer loans drew commercial banks into new lending activities, creating a degree of legitimacy in this segment of the credit market that was lacking outside the United States (Trumbull 2014).

Third, if credit markets were constituted by the state, so too was the state constituted by credit. This became increasingly evident as growth rates in the U.S. economy slowed in the period beginning in the 1970s, and the state

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5 The contrast here, which is most prominent in Prasad’s (2012) account, is perhaps a bit too stylized, as the Scandinavian countries are characterized both by generous welfare provision and high levels of household debt. I am indebted to an anonymous reviewer for this observation.
American Journal of Sociology

turned to financial markets to “[pull] forward future resources into present consumption and distribution” (Streeck 2011, p. 12; cf. Krippner 2011). While the American state had long relied on credit to substitute for weakly developed public sector institutions, this compensatory function assumed even greater importance as growth stalled, incomes stagnated, and inequality increased (Hyman 2011; Rajan 2011). In this regard, financial deregulation was an essential complement to the emergence and consolidation of a “debt-state” as policy makers sought to avoid directly allocating scarce resources between competing social priorities by instead tapping into liberalized financial markets (Krippner 2011; Streeck 2011). Somewhat predictably, this strategy resulted in swelling public sector liabilities in the 1980s; when gaping deficits became too costly in political terms, policy makers passed the baton back to private households who again used easy access to financial markets to cushion budgets under strain (Crouch 2009; Schwartz 2009; Streeck 2011).

Finally, the American credit regime appears quite robust and is likely to endure into the foreseeable future. To some degree, this reflects path dependency: Americans have increasingly relied on credit to obtain a degree of economic security, and as a result they have made fewer demands on atrophied systems of state provision. As Americans have enjoyed the ability to pull future wealth into present consumption (Streeck 2011), they have formed a loose, largely unwitting constituency that supports lax financial regulation and free-flowing credit (Krippner 2011; Prasad 2012). But there is more than path dependency at work here. As Quinn (2017) perceptively argues, broad affinities exist between characteristics of credit markets and deep-seated tendencies in American political culture. Most important, credit is a form of collective social provision that hides the state, presenting as “self-help” what is in fact a deliberate social policy. In this sense, as Quinn emphasizes, credit offers a uniquely American solution to the dilemmas of distribution in a society that prefers the market over the heavy hand of the state and treats zero-sum transfers of resources between social groups as untenable.

Thus, the existing literature has revealed credit to be indispensable for policy makers who rely on debt-financed public spending and private consumption to compensate for lagging social investment and to smooth over distributional conflict in an increasingly unequal society. But while we have learned a great deal about credit as a tool of statecraft from this literature, we know considerably less about how free-flowing credit has transformed the terrain of economic citizenship more broadly. Scholars writing in this

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6 Conversely, Europeans who are accustomed to more generous welfare state programs have not displayed the same inclination as Americans to rely on debt to finance personal consumption (Logemann 2012; Trumbull 2014).
literature frequently assert that access to credit has come to be defined as a right of citizenship in U.S. society (e.g., Hyman 2011; Logemann 2012; Turnbull 2014; Thurston 2015), but precisely what kind of “right” credit represents bears exploring in greater detail. Who may demand access to credit, and under what conditions are these demands likely to be successful? What sort of political subjectivities does credit create, and how do these subjectivities differ from more familiar political identities centered on the wage relation (Cohen 1990; cf. Wiley 1967)? What, finally, does greater access to credit portend in terms of how Americans think about—and assert—rights claims in the broader economy and society?

This article sets out to address these questions by examining the shifting nature of economic citizenship in an economy dominated by credit. By “economic citizenship,” I refer to rights over economic resources that are conferred by membership in a given society (cf. Marshall and Bottomore 1992). In the context of the United States, claims over economic resources have typically been organized around the contrasting logics of contract and charity, with contract serving as the dominant pole (Fraser and Gordon 1992; Somers 2008). That is, wage employment offers the basic template for claiming in our society, with entitlements of citizenship understood as a quid pro quo exchange: one’s contributions in the labor market earn the rewards of citizenship. Those who are not able to make such contributions—for whatever reason—are the recipients of charity, a denigrated form of citizenship based on a gift “on which the recipient [has] no claim and for which the donor [has] no obligation” (Fraser and Gordon 1992, p. 59). As we will see, these contrasting logics are deeply embedded in the credit transaction, which has often been analyzed as a particular form of gift relationship (Mauss 2000; Peebles 2010; Graeber 2011). Indeed, this returns us to the central problem of this article: If the wage relation is predicated on the formal equality of contracting parties who exchange in the labor market, does not the creditor’s bestowal of a “gift” on the debtor constitute an unequal relationship that erodes claims to economic citizenship in the credit market? In fact, while some aspects of the credit relationship reflect notions of charity, other aspects appear to encompass a contractual form of citizenship more analogous to the wage relation. In the following section of the article, I examine the credit transaction more closely, attempting to understand the different modalities of economic citizenship it contains, before applying this analysis to two key movements that mobilized for greater access to credit beginning in the 1970s.

7 What is completely absent in the U.S. context, of course, is a noncontractual form of social citizenship in which the entitlements of citizenship are not conditional on contribution but integral to one’s status as a member in society. See Somers (2008; cf. Fraser and Gordon 1992) for an elaboration of this Marshallian concept of social citizenship.
THE CREDIT RELATIONSHIP

The credit market offers a distinctive site for contests over access to economic resources. Critically, credit involves an obligation that extends through time—over days, months, years, decades, and potentially a lifetime depending on the particular type of credit. The temporal extension of the credit contract creates unique challenges for the creditor, who must project the borrower’s current circumstances (as well as the condition of collateral offered to secure the loan) far into the future. In this sense, as Carruthers (2009) observes, lenders are subject to both uncertainty and vulnerability: they do not know whether the borrower will repay, and they are exposed to an almost certain loss if she does not. How do lenders respond to these difficulties?

Following Rajan and Zingales (2004), we can identify two broad strategies adopted in response to uncertainty and vulnerability, respectively, which they term “connections” and “collateral.”

First, “connections” refer to lenders’ attempts to reduce uncertainty by gathering intensive information about prospective borrowers in order to assess the likelihood of default. Traditionally, lenders sought this information through reliance on informal personal ties (hence “connections”), but as the economy developed and market transactions increasingly extended beyond local communities, more formal organizational devices took the place of social networks (Carruthers and Ariovich 2010; cf. Muldrew 1998). Beginning in the late 19th century, consumer credit bureaus compiled information on potential borrowers from local merchants (and other more questionable sources) and sold this information to lenders in the form of the credit report; by the late 20th century, the development of credit scoring transformed the information contained in credit reports into a compact statistical prediction of the risk of default (Guseva and Rona-Tas 2001; Poon 2007; Carruthers and Ariovich 2010; Hyman 2011). Second, “collateral” references lenders’ at-

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8 For Nietzsche (1996), the temporal extension of the relationship between creditor and debtor creates the necessity of promising, which in turn requires wrestling man from his state of permanent forgetfulness. According to Nietzsche, we remember primarily that which is painful, and hence the relationship of the creditor and debtor becomes a key site for the infliction of punishment, inscribed with shame, guilt, and “a bad conscience.” I return to these observations below.

9 Carruthers (2009) elaborates 10 distinct strategies that creditors use to minimize the problems of uncertainty and vulnerability. Needless to say, in collapsing these varied strategies into two broad categories, I am emphasizing the dimensions I deem most relevant for the politics of credit rather than seeking to be exhaustive.

10 Hyman (2011, pp. 206–13) reports on some of the tactics employed in the early days of credit reporting when local informants—attorneys, bartenders, friends, and neighbors—were paid to report on each other. One particularly problematic practice was the credit bureau’s reliance on the “Welcome Wagon” lady to inquire over coffee about the details of a newly arrived family’s circumstances while conducting a surreptitious inspection of the home’s condition and its furnishings.
tempt to reduce vulnerability by securing the loan so as to partially protect the lender against loss in the event of default. The emphasis on partial protection here is important, as no amount of collateral can fully protect the lender as property securing the loan tends to be hard to value and difficult to collect. But at a minimum, collateral requirements impose a loss on the borrower in the event of default and thereby help to more closely align incentives of the borrower and lender.

Notably, creditors’ reliance on either connections or collateral to minimize losses constitutes the relationship between creditor and debtor differently, conditioning the claims that can be made. Here we must attend carefully to the particularities of credit. The extension of credit, like any market transaction, establishes a relationship of exchange that depends on formal equality between parties to the transaction (Graeber 2011). It is this formal equality that allows the debtor to walk away, unencumbered by any further obligation to the creditor, once the debt is repaid. But critically, this relationship of equality is suspended during the period of time in which the debt remains unpaid (cf. Nietzsche 1996, p. 46; Mauss 2000, p. 65; Lazzarato 2012). Of course, the wage-labor contract could also be characterized in similar terms: formal equality between buyers and sellers of labor is suspended when the employee clocks in for the day and assumes the role of subordinate. However, the law recognizes this problem and imposes limits on it: an individual cannot permanently sell herself (slavery is illegal), and the wage relationship can be exited at any time (Graeber 2011, p. 120).

What is critical for our purposes is the way that these relationships differently structure claims making. The formal equality of the wage relation may be violated in the actual content of the relationship, but the fiction that equivalents are exchanged in the labor market nevertheless provides a basis for political demands. The worker’s fundamental complaint, after all, is that she has not been adequately compensated for her contributions to the capitalist’s profits. If quid pro quo—“something for something”—is the basic principle of the market system (Lindblom 2002; cf. Somers 2008), then what comparable complaint can the borrower—who offers only a promise (Nietzsche 1996)—make against the creditor? The borrower’s difficulties are com-

11 Here it may be objected that the credit transaction is also organized around a quid pro quo exchange, as evidenced by the payment of interest. But this is misleading: interest is paid after credit is extended and does not offer a basis on which the borrower may demand access to credit (i.e., in the same way that the worker who has provided a service may demand payment in the form of the wage). But it is not only the temporal order of service versus payment that differentiates the credit transaction from the wage relation (after all, workers may be paid in advance for their services). The critical distinction here is which party is being compensated for services offered in these two markets. In the labor market, it is the worker who extends a service and may demand compensation in the form of the wage; in the credit market, it is the creditor who extends the service (access to capital) and may demand compensation in the form of interest. Thus, in the wage relation the
pounded because the other side of the capacity to honor one’s debt—that is, being entitled to make a promise—is culpability for having assumed the debt in the first instance (Lazzarato 2012, p. 30). As Nietzsche (1996) famously observed, the notion of “guilt” is deeply inscribed in the credit relationship. In fact, this is a reflection of the temporary disruption of status equality between creditor and debtor, a condition that necessarily invites moralizing judgments. As Graeber (2011, p. 121; emphasis added) explains, “Since creditor and debtor are ultimately equals, if the debtor cannot do what it takes to restore herself to equality, there is obviously something wrong with her; it must be her fault.”

These judgments typically take the form of assessments of the borrower’s creditworthiness—a discourse that evaluates the borrower’s worth in moral as well as economic terms (Polillo 2011; Fourcade and Healy 2013b; Dodd 2014). Of course, the observation that the relationship between creditor and debtor is morally laden is a feature of credit that has long been noted by social theorists (see Lazzarato 2012). But while the moralization of the creditor-debtor relationship is an old story, what is new and deserves attention here are the techniques through which this moralization operates (Mar-ron 2009; Fourcade and Healy 2013a). If the stigma attached to debt has arguably lessened as credit has become institutionalized as a “normal” part of the functioning of the modern economy (Calder 2001; Hyman 2011), the moralizing judgments of the creditor are nevertheless trained ever more intensively on the borrower. This is especially the case as credit scoring has displaced reliance on social networks as a method to gather information on borrowers and determine the likelihood of default (Carruthers and Ariovich 2010, pp. 8–10; cf. Guseva and Rona-Tas 2001). Credit scores, like other actuarial techniques, place individuals in groups constructed from a seemingly arbitrary configuration of characteristics, rendering invisible structural categories such as race or gender that stratify access to resources in our society.

principle of quid pro quo strengthens the weaker party (the worker), equalizing the exchange, whereas in the credit transaction, quid pro quo enhances the position of the stronger party (the lender), exacerbating the inequality of parties to exchange. I am indebted to Ryan Calder for these observations.

12 Nietzsche (1996, p. 44) notes the close relationship in the German language between schuld (guilt) and schulden (debt). In other European languages, words used for “debt” connote “fault,” “sin,” or “guilt” (Graeber 2011, p. 121).

13 As Marx (1975, p. 264; emphasis in original) writes: “Credit is the economic judgment on the morality of a man. . . . The substance, the body clothing the spirit of money is not money, paper, but instead it is my personal existence, my flesh and blood, my social worth and status. Credit no longer actualizes money-values in actual money but in human flesh and human hearts.” Nietzsche (1996, p. 73) goes even further, seeing the creditor-debtor relationship as imprinting the broader culture with a pernicious moralism in which each individual is increasingly encumbered by feelings of guilt and fear: “Oh this insane, sad beast, man!”
(Simon 1988; Horan 2011; Poon 2012; Fourcade 2016). Of course, these structures are still operative underneath credit scoring algorithms, but it is difficult to perceive scoring outcomes other than as the product of individual choices and behaviors, with attendant failures of judgment, discipline, and character (Fourcade and Healy 2013b).

This is where we see the manner in which connections and collateral invite different kinds of claims. As the cases of credit mobilization I examine below demonstrate, borrowers who are subject to credit scoring tend to participate, unwittingly or not, in self-evaluations using the same metrics of moral worthiness as creditors themselves. By contrast, borrowers who can support their demands for access to credit by identifying themselves as owners are in a better position to resist the moralizing discourse of creditworthiness. Borrowers who offer collateral—or make ownership claims in other forms—assert their equal moral status to creditors (even during the period in which debts are outstanding). In this sense, the availability of collateral actually demoralizes the relationship between lender and borrower by removing the borrower’s (deficient) moral condition as a basis for judgment; instead the contest is recast as being about the validity of competing ownership claims (e.g., Singer 2000). This is a much stronger basis for making effective political demands.14

To understand why this is so, we must consider how property rights are distinct from other kinds of rights claims. Legal scholars typically define property rights in terms of rules that grant the “owner” control over the possession, use, and transfer of property (Honore 1961; Snare 1972; Waldron 1991). But the most critical aspect of ownership is arguably the right to exclude (Singer 1996). This capacity is what clearly distinguishes property rights from other kinds of rights: my exercise of free speech, freedom of religion, due process rights, and so on need not diminish anyone else’s enjoyment of these rights. But my claim of a property right necessarily denies that right to others (Underkuffler-Freund 1996). Notably, the right to exclude does something very important: it determines how the “burden of persuasion” is distributed (Singer 2000, pp. 61, 84). That is, the exercise of a property right draws a clear line between owners and nonowners: on one side of this line, individuals must justify their actions, invariably understood as “incursions” and “encroachments”; on the other side of this line, there is nothing to explain.15 In this regard, treating both creditor and debtor as exercising an

14 Of course, the borrower’s access to collateral not only allows her to “resist” the discourse of creditworthiness but arguably improves her creditworthiness as well, a point I elaborate on below.

15 This lopsided “burden of persuasion” reflects the basic presumption that distributions of property are prepolitical and therefore that restrictions on property rights involve a form of government regulation that redistributes already existing entitlements (Sunstein 1987, 1994; Singer 2000; Murphy and Nagel 2002).
ownership claim shifts the “burden of persuasion”: rather than owner facing nonowner, two individuals, each with their own legitimate rights over property, confront each other.

Of course, matters are not quite as simple as this: the offer of collateral establishes an ownership status that is necessarily ambiguous (Zavisca 2010). Consider that under the mortgage laws prevailing in many states, for example, the borrower holds title to the property and is therefore considered an “owner,” but the bank also retains rights in the property and may repossess should the borrower default on the loan (Singer 2000, p. 80). Similarly, installment credit—a form of collateralized loan that became popular in the late 19th and early 20th centuries and continues to finance consumer purchases in certain industries (e.g., automobiles) to the present day—offers another illustration. As one early 20th-century legal treatise noted, so-called conditional sale contracts pass “practically all the incidents of absolute ownership” to the purchaser, and yet the seller retains “sufficient title to prevent the purchaser from reselling or mortgaging [items], to prevent their passing to a trustee in a bankruptcy [sic], to prevent creditors of the purchaser from seizing them, and to enable the seller to retake them upon non-fulfillment of the condition [i.e., non-payment]” (Hoar 1929, p. 3; cf. Calder 2001). Thus, in the case of both mortgage and installment credit, the contractual agreement splits between creditor and debtor rights that conventional understandings of property typically vest in one person (the “owner”) (Singer 2000). In this regard, the borrower’s claim to ownership is not absolute but is associated with varying rights and entitlements.

Nevertheless, collateral institutionalizes ownership as integral to the credit relationship in a way that is distinct from other market transactions. Notably, the credit market is not the only domain where claimants mobilize the discourse of ownership; Marx (1992) famously argued in the 19th century that workers “own” the product of their labor, and this view has motivated labor mobilization ever since. The crucial difference is that the capitalist categorically rejects the worker’s ownership of the product of her labor, insisting that the property of the worker is not expropriated but properly compensated through the payment of a wage. In contrast, the creditor’s reliance on collateral means that both parties to the transaction accept the borrower’s status as (partial) owner. This is significant because recognizing that creditor and debtor each have a claim to ownership fundamentally alters how these actors engage each other, moving conflicts between them inside the system of property (Singer 2000).

This suggests that the role of collateral in improving the position of the borrower is as much symbolic as it is material. To be sure, borrowers with collateral have something to offer creditors that borrowers without collateral simply do not. But equally important are the specific ways in which the status of “owner” becomes embedded in the credit transaction through var-
ied legal conventions and cultural practices (Zavisca 2010). After all, the individual who holds a mortgage—with a trivial or even nonexistent down payment—is afforded privileges and protections that are not available to the renter, even though the material circumstances of these two individuals may be virtually indistinguishable (Singer 2000). Critically, this means that these privileges may travel outside of credit transactions where loans are collateralized to credit transactions where ownership claims are exercised in other forms—including, as we will see momentarily, collective forms of ownership that may be especially conducive to mobilization. In the case of the community reinvestment movement, neighborhood residents asserted (collective) ownership claims over deposits in local savings and loan institutions. Here it was not the fact that these would-be borrowers offered collateral that was operative (although in most instances, reinvestment activists solicited business, mortgage, and home improvement loans that were in fact collateralized), but the manner in which the role of collateral in credit transactions generally made it seem natural and legitimate to imagine these potential borrowers as “owners.”

In the following analysis, I use “connections” and “collateral” as admittedly imperfect terms to describe two distinct modalities of economic citizenship contained within the credit transaction—one that involves the creditor’s intensive scrutiny of the borrower (however little this actually involves personal connections in contemporary credit markets) and another that requires the borrower to establish her status as an “owner” (whether or not this directly involves the mobilization of collateral in specific credit transactions). It should now be evident why “connections” and “collateral” facilitate very different kinds of claims in credit markets: the first of these positions the borrower as a supplicant, subject to the creditor’s scrutiny and judgment; the second treats the borrower as a formal equal to the creditor, empowered to exercise a claim rather than to receive a gift. Returning to our earlier discussion, “connections” correspond to notions of charity, with problematic connotations of inequality and subordination, and accordingly diminished expectations of citizenship; “collateral” reflects the logic of contract, premised on formal equality and allowing robust assertions of rights and entitlements.

In the next two sections of the article, I develop this analysis by examining the history of two movements that mobilized for wider access to credit beginning in the 1970s, each differently positioned with respect to creditors’ dual strategies to protect against losses. Feminist mobilization to end gender discrimination in credit markets contended with creditors’ efforts to collect fine-grained information on prospective borrowers through the use of credit scores. As we will see, credit scoring obscured the structural causes of women’s disadvantage in obtaining access to credit, disorganizing feminist credit activism and turning complaints that women were unfairly excluded from credit markets into a reluctant endorsement of creditors’ own metrics of
worth. Initially, it appeared that the struggle against the redlining of urban neighborhoods would succumb in similar ways to creditors’ assessment that the residents of these neighborhoods simply were not creditworthy. However, creditors’ begrudging acceptance of borrowers’ status as owners of the capital that banks allocated between competing lending priorities created critical opportunities for movement participants to deflect such assessments. Accordingly, it was not a question of establishing whether would-be borrowers were creditworthy; instead, neighborhood residents used their claim of ownership to catapult themselves over the barricade behind which creditors exercised judgment and scrutinized risks. Particularly critical in this case, as we will see, was the fact that these ownership claims were asserted on behalf of a collectivity—a striking deviation from the tendency in American political culture to treat property rights as axiomatically individual in nature (see Abraham 1996). This apparent anomaly allows us to question whether the opposed poles of contract and charity exhaust the possibilities of economic citizenship or whether the politics of credit might contain new forms of claiming that are as yet largely untheorized in the literature (but see Ferguson 2015)—an issue I will return to in the conclusion of this article.

An important caveat should be noted: feminist credit mobilization and the community reinvestment movement represent almost “pure” cases with respect to the theoretical argument developed in this article. That is, NOW’s credit campaign was primarily focused on (unsecured) consumer loans, with credit card debt being a major focus of contention; as such, feminists did not (and could not) make ownership claims in attempting to gain access to credit markets. Conversely, the efforts of the community reinvestment movement were directed at types of credit not subject to credit scoring in this period, primarily mortgage and business loans. Accordingly, activists involved in the struggle against redlining did not contend with the challenges to credit mobilization posed by the introduction of credit scoring. Thus, in other cases we might expect “connections” and “collateral” to overlap more substantially than they do here, jointly determining the constraints and opportunities confronted by credit movements. Nevertheless, the fact that these two dimensions can be isolated in the cases examined in this article makes them especially useful for identifying distinctive modalities of economic citizenship.

FEMINIST MOBILIZATION FOR EQUAL CREDIT ACCESS

Feminist mobilization to end credit discrimination emerged in the early 1970s in response to widespread evidence that women were encountering serious difficulties in obtaining credit. This issue first began to draw attention in 1972 when the National Commission on Consumer Finance (1972) held hearings examining the problem of credit discrimination, with discrimination against women unexpectedly emerging as a focus of testimony (Hyman
The Commission’s hearings soon attracted widespread media attention, with articles about gender discrimination in credit markets appearing in periodicals ranging from the *New York Times* to *Time* to *Glamour*.'\(^{16}\) The issue gained even more salience when *Ms.* Magazine published an editorial describing the barriers that prevented women from gaining access to credit (Trumbull 2014). The editorial elicited a flood of angry letters, prompting NOW to form its National Credit Task Force to address the problem of gender discrimination in credit markets.\(^{17}\)

The Commission’s hearings and subsequent research conducted by NOW revealed that the discrimination that women suffered in credit markets varied with life stage (Hyman 2011; Trumbull 2014). Young, single women typically fared best in credit markets, although many otherwise qualified female borrowers were denied mortgage loans because it was assumed that they did not have the requisite skills to keep up a property.\(^{18}\) Upon marriage, women who had been economically independent typically found that their credit identities were subsumed into those of their husbands. Creditors routinely cancelled credit cards that women had carried before marriage in their own names and required women to reapply for credit under the husband’s name—with his permission and signature. In adopting this practice, creditors cited the need to economize on the costs of record keeping as well as their desire to respect what they believed were conventional gender norms.

A credit manager at J. C. Penney defended his company’s credit practices in these terms when he observed, “Why have we continued to carry the account in the name of John Doe rather than Mary Doe? Frankly, because the vast majority of our customers want it that way, and because the vast majority of our customers have pointed to the husband as breadwinner and bill payer. The habits, mores, and legal restrictions of our society have placed creditors in the position of having to favor the male.” Even in situations where couples

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\(^{16}\) Even the iconic television housewife, Edith Bunker, combated credit discrimination in an episode of *All in the Family* entitled “Edith versus the Bank.” Letter to Norman Lear from Cynthia Harrison, November 26, 1978, Cynthia Ellen Harrison Papers, box 1, folder 3, SL.

\(^{17}\) NOW was the most active and visible of a number of feminist organizations that would become involved in the credit issue over the following years, including the Center for Women’s Policy Studies, the Women’s Equity Action League, and the League of Women Voters. Other organizations involved in feminist credit politics in the 1970s included the American Association of University Women, the National Council of Jewish Women, and the National Federation of Business and Professional Women’s Clubs. For purposes of tractability, the following analysis focuses on the activities of NOW, which took the lead on the credit issue. See Thurston (2013) for an account of feminist credit politics that gives greater attention to a broader range of organizations involved in the struggle to end credit discrimination.

\(^{18}\) Sharyn Campbell, “Identification of Issues,” Cynthia Ellen Harrison Papers, box 1, folder 13, SL.
did not conform to these conventions and women paid the bills, J. C. Penney insisted that its practices were appropriate: “In not directing our monthly statements and correspondence to the husband’s attention, we could be accused of conspiring with the wife to keep the knowledge of the existence of the account from him.”

More than simple indignity was involved in stripping a woman’s name from a credit card. Reissuing credit cards under the husband’s name deprived women of a credit history; all activity on the account contributed to establishing the husband’s credit, not the wife’s. As a result, women faced significant obstacles in applying for bank loans independently of their husbands, who were invariably required to co-sign (even in cases where wives supported dependent husbands). These difficulties were compounded in the case of mortgage credit, where the standard practice was to discount a wife’s income if she was of childbearing age on the assumption that a pregnancy would soon result and the wife would withdraw from the labor market. Sometimes lenders would relax these restrictions if the couple provided a “pill letter” describing their birth control practices and indicating that they intended to abort if the woman became pregnant. Even supplied with such documentation, married women could still expect to have only half or less of their income counted toward the qualifying amount of a mortgage loan. The practice of discounting a wife’s income was not only perpetuated by private mortgage lenders but was actually official government policy at agencies such the Veteran’s Administration (VA) and the Federal National Mortgage Association (FNMA) (Thurston 2013; Trumbull 2014).

While marriage handicapped women in their attempts to gain access to credit, it was women whose marriages ended through divorce or widowhood who found themselves in the most dire straits of all. In most cases, it was only in the moment of divorce or widowhood that women learned that they had not accumulated a credit history of their own when using a credit card under their husband’s name or when a spouse (or father) co-signed on a loan. The necessity of establishing a credit history at a moment of financial vulnerability imposed an especially onerous burden on recently divorced, separated, and widowed women. In addition, many creditors had a blanket policy of not extending credit to newly divorced women for a period of up to a year

19 Letter to Cynthia Harrison from J. Hecht, Credit Manager at J. C. Penny, December 13, 1972, Cynthia Ellen Harrison Papers, box 2, folder 25, SL.
20 Sharyn Campbell, “Identification of Issues,” Cynthia Ellen Harrison Papers, box 1, folder 13, SL.
21 Ibid.
after the separation in case the end of the marriage augured some deeper instability.23 An additional problem for separated and divorced women was that many creditors refused to count alimony and child support toward income as they assumed that these payments would not be reliable.24

Evidence that these practices were widespread quickly mobilized feminist activists who joined with sympathetic legislators to work for passage of an antidiscrimination statute, the Equal Credit Opportunity Act (ECOA), which was signed into law in 1974. The law’s prohibition of the use of sex or marital status in determining access to credit represented a significant victory for feminist organizations,25 even as enforcement of the law remained a major challenge.26 In this regard, one of the provisions that NOW had fought hard for but failed to obtain was automatic disclosure of reasons for the denial of a credit application. Instead, the law merely required informing rejected applicants that they had the right to request the reasons for a negative decision. Since very few rejected applicants took the step of writing a letter to request the reasons for denial, most women never learned why they had been denied credit. Without this information, it was very difficult to establish a pattern of discrimination, much less to encourage women to file lawsuits claiming unfair treatment. Accordingly, NOW’s activists formed local credit committees in communities across the country, setting up tables in shopping malls and town plazas to distribute “credit kits” that informed women of their credit rights, instructed them on how to establish a credit history, encouraged them to learn the reasons for a denial in the event of suspected discrimination, and provided form letters making it easier to register a complaint with a credit bureau (Thurston 2013; Trumbull 2014).27

Notwithstanding the rather minimal nature of the law’s notification requirement, its adoption nevertheless precipitated a wholesale shift in the industry toward the practice of credit scoring (Hṣia 1978; Matheson 1984; Marron 2007; Hyman 2011; Poon 2012). Credit scoring represented an intensification of creditors’ efforts to obtain fine-grained information on potential borrowers, supplanting traditional reliance on borrowers’ social networks in order to assess the likelihood of repayment (Carruthers and Ariovich 2010, pp. 8–10; cf. Guseva and Rona-Tas 2001). At the time the legislation was

23 Sharyn Campbell, “Identification of Issues,” Cynthia Ellen Harrison Papers, box 1, folder 13, SL.
24 Ibid.
25 In amendments to ECOA passed in 1976, race, color, religion, national origin, and age were added to sex and marital status as protected classes. In addition, the 1976 amendments prevented creditors from denying access to credit because the applicant received public assistance.
26 “Economic Rights Workshop,” Cynthia Ellen Harrison Papers, box 2, folder 23, SL.
27 “Preparation Sheet for Credit Education Project,” Cynthia Ellen Harrison Papers, box 2, folder 6, SL.
passed, most creditors relied on what was referred to as “judgmental” credit screening: a face-to-face interview with the prospective borrower allowed the creditor to weigh relevant factors in a subjective fashion until a “gut feeling” produced a decision (Stuart 2003). Naturally, this apparently arbitrary method left the creditor vulnerable to charges of discrimination and for this reason creditors were eager to adopt a screening technique that appeared more scientific and objective. Creditors’ enthusiasm for credit scoring also reflected the manner in which the technique scrambled socially meaningfully group identities (Marron 2007; cf. Simon 1988; Horan 2011), thereby weakening enforcement of the law’s provisions.

In order to understand the challenges posed by credit scoring to the enforcement of ECOA, it is necessary to examine more closely how credit scoring works. The purpose of credit scoring is to distinguish between paying loans and nonpaying loans by identifying borrower characteristics associated with each outcome. To create a credit score, creditors culled customer data from their loan files in order to construct an index composed of 8–12 borrower characteristics, with each item assigned a point score depending on how much it added to the predictive power of the index. New applicants for credit were evaluated on each such attribute and assigned the indicated number of points. Those achieving a score above a given cutoff would receive credit; those below that threshold would be denied credit. Importantly, the attributes used for credit scoring were predictive but not explanatory: that is, it was not necessary that a causal relationship to the applicant’s credit behavior be established, only a correlation to the credit behavior of other individuals sharing that same characteristic. This feature of credit scoring systems proved controversial, as very often the characteristics that were scored appeared tangential to credit behavior—occupation, time at res-

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28 Legislators also contributed to the widespread adoption of credit scoring by explicitly endorsing the use of “empirically derived” and “demonstrably and statistically sound” systems over judgmental methods of evaluating credit applications in amendments to ECOA passed in 1976 (Taylor 1980).

29 In this article, I discuss credit scoring as it was implemented in the mid-1970s and not as the practice subsequently developed in later years. See Martha Poon’s (2007, 2009, 2012) various writings for the definitive account of the history of credit scoring.

30 More specifically, creditors created scores using a variant of discriminant analysis in which each borrower characteristic was sequentially paired with every other possible borrower characteristic in order to identify the two-variable combination that best separated paying and nonpaying accounts. This two-variable sequence was then paired sequentially with all other possible borrower characteristics in order to identify the three-variable combination that best separated paying and nonpaying accounts. This process was repeated until the addition of new variables no longer improved the performance of the index (Hsia 1978). Initially, credit systems were created individually for each creditor by analyzing the company’s internal database of accounts. Fair Isaac and Company later standardized credit scoring so that the construction of a credit score no longer relied on each individual creditor’s internal data (see Poon 2007).
idence, family size, and so on—whereas others that might be assumed to be relevant—particularly pertaining to an individual’s credit history—were omitted from scoring models (Capon 1982). The failure of credit scoring to use variables that had explanatory purchase raised concerns that the practice discriminated against individuals by treating them as members of statistically constructed groups rather than relying on their individual credit-relevant behavior, especially their past history of payment (Capon 1977, 1978).

But as creditors were fond of pointing out, the term “discriminate” had a double meaning in the credit context (National Commission on Consumer Finance 1972, p. 151). In its most common (and typically pejorative) usage, to discriminate meant to exclude an individual from access to some social good on the basis of membership in a social category (e.g., race, gender, marital status, age, etc.). For creditors, in contrast, to discriminate simply referred to the act of exercising judgment—the necessary process of sifting through good and bad credit risks. Notably, these two meanings of discrimination were linked: if creditors’ unaided judgments were fully adequate to the task of distinguishing between credit risks, it would be unnecessary to rely on social categories to assess the creditworthiness of potential borrowers. However, since creditors’ judgments were necessarily fallible, creditors argued that to avoid the use of categories would not eliminate unfair treatment, since it merely meant that members of lower-risk groups subsidized (unidentified) higher-risk individuals. Of course, there would always be some individuals in high-risk categories who did not “fit” the behavior ascribed to them—a divorced woman with an excellent record of making payments on her mortgage, for example. But the logic of credit scoring was to parse risks ever more finely by scoring increasing numbers of attributes, closing the gap between the aggregate category and the person. “As the system becomes more finely honed,” the National Commission on Consumer Finance

31 As one vociferous critic of credit scoring pointed out, the use of variables that were related to credit behavior in a predictive but not explanatory fashion was analogous to basing college admissions on father’s occupation rather than grades and aptitude tests: “If the denied applicant’s father changed his job, the applicant would be no more suited for college than before; however, an improvement in high school grades would be important” (Capon 1977, p. A19).

32 Senator Joseph Biden emerged as the primary spokesperson for this view in congressional hearings held in 1976 on proposed amendments to ECOA: “When you make [John Doe] part of a category which is totally beyond his control, where he has no way of affecting what happens within that category, and you in fact then impose upon him certain limitations because he falls within that category . . . [this] certainly does not move us toward a society which recognizes the importance of individuals as opposed to statistical categories.” Senate Committee on Banking, Housing, and Urban Affairs, Equal Credit Opportunity Amendments and Consumer Leasing Act—1975, July 15, 17, and 24, 1975, p. 458 (U.S. Congress 1975b).

American Journal of Sociology

(1972, p. 152) noted in its final report, “fewer consumers are discriminated against because they are classified more precisely into smaller and smaller risk categories.”

Whether it was in fact possible to “close the gap” between statistical aggregate and person remained an open question, but the resulting proliferation of risk classifications was clearly consequential for how credit scoring operated as a political technology (Poon 2012). As one commentator observed, “[Scoring] has as a premise that any individual is not a member of a class, definable by a single characteristic [such as race or gender], but rather is a member of a number of subgroups in society” (Brandel 1976, p. 88). Indeed, the number of “subgroups” created by credit scoring defied comprehension: the smallest number of possible combinations in a scoring system such as the one used by Montgomery Ward, for example, exceeded 750,000.34 The implication was clear: rather than credit being denied to women as a class, it was denied to individuals whose identities had been sliced and diced into smaller and smaller pieces—length of time in current employment, type of occupation, telephone in house, rent/own home, and so on. In this sense, the effect of credit scoring, as with actuarial techniques generally, was “[to place] people in groups that have no experienced meaning for the members” (Simon 1988, p. 774; cf. Marron 2007).

Equally significant, credit scoring turned the potentially threatening requirement that creditors disclose reasons for the denial of credit into an innocuous exercise (Taylor 1980). While the law instructed creditors to give “specific” reasons to those whose applications they had rejected, the method used to construct credit scoring systems meant that no single attribute was meaningful by itself since the contribution of each such attribute depended on the value of the other variables scored. Creditors typically complied with the law by reporting the items on which a rejected applicant lost the greatest number of points,35 but they emphasized that it was not possible to identify any given characteristic as the cause for credit denial. Imagine a hypothetical credit customer who missed the cutoff for a loan approval by one point.36 The creditor might offer as an explanation that the applicant had received only 3 out of a possible 27 points for the category “occupation.” The impli-

35 Incredibly, the Federal Reserve did not require these reported reasons to correspond to the attributes on which the applicant had lost the greatest number of points, leaving creditors free to arbitrarily select the characteristics least likely to raise objections (see Federal Reserve Board, Proposed Rulemaking, Equal Credit Opportunity: Application to Credit Scoring, Cynthia Ellen Harrison Papers, box 1, folder 18, SL).
36 This example is drawn from Taylor (1980, p. 115).
cation that the applicant was denied credit because of her occupation was easily dismissed, however, as an additional point on any one of the other criteria used by the creditor would have resulted in a positive decision. As a corporate credit manager for Montgomery Ward explained, “Only the aggregate of all score weights is usable. . . . No legitimate inference can be made about a single score weight taken out of context. In other words, no single characteristic will permit an approval nor cause a rejection for credit extension to the applicant.”

No single, coherent identity characterized those denied credit, and no single, isolated characteristic could be identified as the cause for denial. The result of credit scoring was to first disassemble the group identities constitutive of social and political action and then recombine the resulting fragments into a lifeless statistical aggregate. Feminist credit activists were well aware of the manner in which credit scoring threatened to demobilize women experiencing credit discrimination and they pleaded for “simple, clear, and straightforward credit scoring systems, with a minimum of predictive elements, which can be clearly described to rejected applicants.” But regulators did not heed this request, and as creditors remedied the most egregious forms of credit discrimination, more subtle and pervasive forms of discrimination vanished into complex credit scoring algorithms.

Of course, credit scoring did not completely mask women’s continuing disadvantage in credit markets: as NOW observed, many of the characteristics commonly scored by creditors were correlated with gender (as well as with race), and in this sense credit scoring merely substituted proxy variables for protected classes that could not be scored directly. In fact, the issue posed a stark dilemma for feminists. If the items commonly scored by

38 Letter to Federal Reserve Board from Cynthia Harrison, August 21, 1979, Cynthia Ellen Harrison Papers, box 1, folder 18, SL.
39 “FRB Comments,” Cynthia Ellen Harrison Papers, box 1, folder 18, SL; Letter to Federal Reserve Board from Cynthia Harrison, June 5, 1979, Cynthia Ellen Harrison Papers, box 1, folder 18, SL. Regulators conceded this problem, and in some cases corrected the problem by prohibiting the scoring of the proxy variable (Matheson 1984). “Telephone listing in own name” was disallowed, for example, as most telephone lines were listed in the husband’s name, although “telephone in the house” was permissible. Similarly, ECOA did not allow creditors to score part-time income differently from regular income as this was considered to be a thinly veiled proxy for gender. Many other gender-correlated variables—for example, length of time with current employment, occupation, rent or own home—were allowed to stand, however. Another well-known example of a proxy variable was the use of zip code as an indirect indicator for race (race was added to the classes protected by ECOA in amendments passed in 1976); see Senate Committee on Banking, Housing, and Urban Affairs, Credit Card Redlining, June 4 and 5, 1979 (U.S. Congress 1979).
creditors and strongly correlated with gender such as occupation, length of
time with current employer, homeownership, and income reflected the eco-
nomic standing of the prospective borrower, was it discriminatory to base
credit decisions on them? From one perspective, these items almost certainly
carried information about creditworthiness, and hence any responsible
lender had to take them into consideration; from another vantage point, as
long as women (and minorities) were encumbered by cumulative disadvan-
tages in credit and other markets, relying on such information served to per-
petuate past discrimination (Matheson 1984; Hyman 2011).

In fact, the difficulties feminists confronted in sorting through such ques-
tions revealed creditworthiness to be a highly moralized discourse in which
women’s individual choices were balanced precariously against structural
features of markets. When the position of any individual woman was con-
sidered, creditworthiness seemed a reasonable standard on which to deter-
mine credit access. But when the structural features of markets that pro-
duce group disadvantage were taken into account, individual merit stood
against the murky shadows of history, and entrenched relationships of sub-
jugation surfaced. Rather than privileging one or the other of these views,
NOW’s position initially appeared to shift between them according to the
specific issue under consideration. NOW’s Credit Handbook, for example,
stated: “We do not take the position that women ought to be granted credit
merely because they are women. We take the position that they must not be
denied credit because they are women.” In other words, NOW activists sug-
gested that women’s status as women be made irrelevant to credit decisions.
But later in testimony on proposed regulations to implement ECOA, NOW
suggested that the Federal Reserve Board drop language suggesting that “or-
dinary credit standards” should apply equally to both men and women. As the
testimony noted approvingly, “many creditors, in hopes of making up for past
discriminations, are willing to bend their ordinary standards of creditwor-
thiness for women who are borderline applicants.” The ink was barely
dry on this testimony when it was denounced as “antifeminist” by other wom-
en’s organizations involved in the credit struggle. NOW quickly revoked
the testimony and submitted new testimony that rejected the suggestion that
creditors might relax credit standards for women applicants. NOW’s Pres-

40 “Women and Credit,” January 1973, Cynthia Ellen Harrison Papers, box 1, folder 14, SL.
41 NOW Statement, Hearings on Proposed Regulations to Implement the Equal Credit
Opportunity Act, Federal Reserve Board, May 28, 1975, Cynthia Ellen Harrison Papers,
box 1, folder 22, SL.
42 Letter to Barbara Bergmann from Margaret J. Gates, June 25, 1975, Cynthia Ellen
Harrison Papers, box 1, folder 22, SL.
43 NOW Statement, Hearings on Proposed Regulations to Implement the Equal Credit
Opportunity Act, Federal Reserve Board, July 14, 1975, Cynthia Ellen Harrison Papers,
box 1, folder 22, SL.
ident Karen DeCrow observed, “To promote the idea that discrimination is permissible if it is ‘in favor’ of one group is to forget that the other side of the coin is discrimination against another group.” According to NOW’s revised testimony, the appropriate subject of antidiscrimination law was the individual, and the burden of history fell away.

As we have already seen, credit scoring operated to erase this history by removing the imprint of group identities from the credit decision, and it is perhaps not surprising that as the technique diffused, NOW adopted an increasingly uncritical view of the discourse of creditworthiness. In this regard, NOW’s stated opinion that it would be inappropriate to “[punish] creditors for the inequities of the world at large” did not substantially differ from the views of creditors themselves. NOW observed that the simple fact that women earn less than men meant that using income as a screening criterion would inevitably result in fewer women receiving credit than men. But, as NOW argued, “a criterion such as income is so vital to the creditors’ determination of whether an applicant is creditworthy that it cannot reasonably be avoided, and the fact that less women than men will get credit as a result of the use of this criterion does not reflect unfavorably on the creditor.” NOW concluded: “The discriminatory criteria that we feel creditors should be prohibited from using are those which are not essential to a determination of creditworthiness.”

By the late 1970s, however, the larger fight for the passage of the Equal Rights Amendment revealed deeper tensions in the quest for credit access. NOW lamented the inability of ECOA to touch the broader inequities that made the statute less effective in improving women’s position in credit markets than feminists had hoped. Reflecting its long-standing position, NOW endorsed the view that only creditworthy women should be granted access to credit. But feminist activists also recognized that the credit problem was merely a “symptom” of women’s underlying economic disadvantage, which itself undermined women’s attempts to establish themselves as creditworthy. In short, women’s financial vulnerability legitimated creditors’ rejection of female applicants while at the same time it also reflected a prior (and in some cases, continuing) history of discrimination in the labor market, inside the family, and in other sites—a history transmitted into the present at the moment a loan was denied.

44 Letter to Susan Onaitis from Karen DeCrow, September 19, 1975, NOW Papers, box 44, folder 36, SL.
45 Statement of the National Organization for Women at Federal Reserve Board Hearings on “Proposed Regulations to Implement the Equal Credit Opportunity Act,” July 14, 1975, Cynthia Ellen Harrison Papers, box 1. folder 22, SL.
46 “ECOA and the ERA,” Cynthia Ellen Harrison Papers, box 1, folder 4, SL.
47 “Women and Credit,” January 1973, Cynthia Ellen Harrison Papers, box 1, folder 14, SL.
The struggles of feminist credit activists came to an end when NOW’s Credit Task Force was abruptly disbanded in 1979. There is little direct evidence documenting the reasons for the Task Force’s dissolution, but the larger forces undermining the movement’s vitality are not difficult to discern. Most critically, the widespread adoption of credit scoring as a technique used to gather information on borrower characteristics—reflecting creditors’ reliance on “connections” as a strategy to minimize losses—posed serious challenges to feminist credit activism. As numerous scholars have observed (e.g., Simon 1988; Horan 2011; Poon 2012; Fourcade 2016), credit scoring, like other actuarial techniques, submerges group identities that necessarily form the basis of collective mobilization. This process was evident here and clearly operated to disorganize NOW’s credit campaign by privileging individualized forms of claims making.49 Critically, such claims rendered politically sterile the legacies of past discrimination that might have served as a platform for ongoing mobilization around access to credit. In this regard, the adoption of credit scoring not only individualized but also moralized claims making by obscuring the structural forces that sorted individuals in markets; if an individual could not qualify for a loan, this must be the cumulative effect of her poor choices, not a consequence of discrimination, adverse developments in the broader economy, or simple bad luck (Fourcade and Healy 2013b). Thus, credit scoring technologies served to neutralize feminist credit activism not only by making women as a class less visible in credit transactions but also by legitimating (individual) women’s continuing disadvantage in credit markets as a reflection of the “lesser” creditworthiness of female applicants for credit.

THE COMMUNITY REINVESTMENT MOVEMENT

As was the case with feminist credit activism, the community reinvestment movement emerged when long-standing discriminatory practices in credit markets collided with changing social mores beginning in the late 1960s.

48 A handwritten note from a NOW board member to the resigning chair of the Task Force (who set aside her credit activities in order to pursue doctoral studies) simply noted a desire to streamline the organization’s cumbersome committee structure (Note to Cynthia Harrison from Barbara Duke, January 20, 1980, Cynthia Ellen Harrison Papers, box 1, folder 1, SL). NOW was in the process of overhauling its decentralized, issue-oriented organizational structure in order to prepare for the fight for the Equal Rights Amendment (Turk 2010).

49 This appears particularly ironic given that it occurred at a moment when the broader feminist movement was contemplating a move in the opposite direction. As Mayeri (2009; cf. Graham 1990) documents, by the late 1970s feminists had come to the realization that the movement’s successful campaign to obtain formal legal equality through the elimination of sex-based classifications represented a hollow victory and that group-based remedies would be necessary to secure progress on gender equality.
and early 1970s. Initially, it appeared that the efforts of community activists to gain access to credit markets would resemble the experience of NOW’s credit campaign in other respects as well, as many creditors deemed residents of urban neighborhoods, like women, to be unworthy of credit almost by definition. However, two features of urban credit markets distinguished the experience of the community reinvestment movement from the feminist case. First, credit scoring was not applied in this period to mortgage and business loans, the primary focus of community activists’ efforts to secure access to credit. For this reason, the structural sources of disadvantage in credit markets that credit scoring had rendered difficult to see in the feminist case remained plainly visible here, aiding activists’ attempts to mobilize claims for broader credit access. Second, and perhaps more important, activists asserted the position of neighborhood residents as owners of financial assets in mobilizing for access to credit, refusing the inequality inscribed in the creditor-debtor dyad and subverting the creditors’ scrutinizing gaze.

The key to understanding urban credit markets in this period is provided by a concept introduced by urbanist Charles Abrams (1955) in his mid-century classic, Forbidden Neighbors. As Abrams trenchantly observed, academics, policy makers, and real estate professionals proffered an implicit “racial theory of value” that treated racial and ethnic homogeneity in a residential area as the critical determinant of stable property values; accordingly, a neighborhood “in transition” from one racial or ethnic group to another was a neighborhood in decline (Bradford 1979; Jackson 1985; Massey and Denton 1993; Stuart 2003). Of course, this belief had the character of a self-fulfilling prophecy, since financial institutions that refused to extend mortgage or home improvement loans in neighborhoods considered “unstable” caused property values to decline.

Critically, many white homeowners shared this assessment that racial mixing augured decline, and the mere sight of a black family moving into the neighborhood could precipitate a panicked decision to sell before properties lost their value. Real estate speculators—appropriately called “panic peddlers” or “block busters”—encouraged these fears by hiring black women

50 Even after credit scoring was applied to mortgage lending in the mid-1990s, geographical discrimination (or “redlining”) remained more visible than other forms of discrimination because of the spatial concentration of its effects. Activists seemed to be well aware of the manner in which geographical discrimination was different from discrimination based on gender or race and sought to use this to their advantage. As one community activist observed, “Defining an issue in terms of its visible effect on the neighborhood is the key to cutting the issue locally. . . . Thus while we cut the issue of city services by the trash in the alley, the un-swept street, and the lack of street lights, so must the issue of redlining first and foremost be cut in terms of the visible effects upon the neighborhood: abandoned and dilapidated houses, vacant lots, slum apartment buildings, and ghost town business strips” (Rob Schater, “Working the Streets,” Disclosure 29, June 1977, p. 7, NTIC Papers).
to push strollers and carry sacks of groceries up and down the block, or black men to drive noisy cars through the neighborhood and stage loud fights in neighborhood alleys, carrying the charade as far as calling out “don’t shoot!” (Vitchek and Balk 1962; Santow 2000). Even when real estate speculators refrained from such theatrics, mere persistence was often enough to break a neighborhood’s resistance to selling. One block bust, who detailed his methods in a shocking tell-all piece written for the Saturday Evening Post, distributed postcards to neighborhood residents offering cash for their property: “The word ‘cash’ was key. It assured homeowners that they could get out quickly and reminded them that their neighbors could too” (Vitchek and Balk 1962, p. 16). Urban neighborhoods were literally crawling with real estate speculators in the 1960s—one Chicago property owner displayed 93 calling cards left by real estate salesmen in the preceding months (Santow 2000, p. 111)—and the cumulative effect of these efforts was to wear down neighborhood residents. When a white family sold—typically moving out under cover of darkness to avoid the opprobrium of neighbors—the speculator prominently displayed a “sold” sign on the property, reminding the residents who remained what would soon be their fate. Once the process was set in motion, a block could “flip” quickly, with real estate speculators positioned to profit handsomely on these transactions.

Beginning in the 1950s, panic peddlers took advantage of the growing number of middle-class blacks who desired to leave inner city areas but had restricted access to better neighborhoods (Bradford 1979). Across northern cities, rigidly enforced patterns of racial segregation had confined black home buyers to neighborhoods that were experiencing severe overcrowding in the wake of the Great Migration by southern blacks (Massey and Denton 1993). The 1948 Shelley v. Kraemer Supreme Court decision that outlawed racially restrictive mortgage covenants potentially opened new neighborhoods to these blacks, although resettlement in white areas was limited by the discriminatory practices of many sellers who would not transact with black buyers and lenders who refused to underwrite loans for even well-heeled black borrowers (Helper 1969). Since blacks were excluded from the mainstream mortgage market, they paid exorbitant sums to panic peddlers, sometimes as much as double or even triple the original seller’s price (Chicago Commission on Human Relations 1962). These sales were typically arranged on “contract,” referring to a private arrangement between a buyer and seller in which the standard protections embedded in the conventional mortgage did not apply (Satter 2009). Most critically, in a contract sale, the seller retained title to the property until the full value of the property had been paid off. Should the buyer miss even a single payment, the property was forfeited, along with whatever payments the buyer had made. This of course gave sell-

51 Interview with Shel Trapp, March 11, 2010.
ers an incentive to foreclose so that they could recoup the value of the property, pocket the payments that had already been made, and quickly resell the house to a new buyer.

Paradoxically, the federal government accelerated this process through the operation of the Federal Housing Administration (FHA) (Bradford 1979). The FHA was created in the depths of the depression to encourage mortgage lending by protecting lenders from losses through the extension of mortgage insurance. In the first several decades of its existence, the FHA had focused its mortgage insurance program almost exclusively on white borrowers, giving official sanction to the racial biases encoded in the underwriting guidelines of the appraisal industry (Jackson 1985; Stuart 2003). In the wake of the racial riots of the 1960s, however, the mission of the FHA was retooled to support minority homeownership. The availability of FHA financing liberated blacks from the dreaded contract sale, but without substantially improving their position in real estate markets. Prior to the change in FHA policy, real estate speculators had relied on marginal financial institutions in order to fund their mortgage transactions; now they could tap into the more expansive resources of the federal government, which enabled them to conduct their dubious trade on a much larger volume (Bradford 1979). In addition, the fact that the FHA fully guaranteed the lender (although not the borrower) against loss meant that lenders were freed from conducting due diligence on the financial position of buyers or the condition of the property (Boyer 1973). Loans were made to individuals who could not afford to service the debt, and appraisers conspired with lenders to conceal serious defects in properties offered for sale. The predictable result was a high rate of foreclosure on properties underwritten with FHA financing. This was of no incident to lenders who made more money collecting on FHA insurance than they did when mortgage loans were properly serviced and paid off in full, but it was devastating to neighborhoods where a high rate of foreclosure contributed to plummeting property values and tore apart the social fabric of communities.  

Neighborhoods were not passive in the face of the threats posed by real estate predators (Seligman 2005). In fact, the presence of speculators was a major impetus to neighborhood organization in the form of proliferating networks of block clubs and neighborhood associations. In Chicago—the city that would emerge at the center of the reinvestment struggle—this thick web of associations grew out of the innovative tactics of the storied community organizer Saul Alinsky, who sought to reinvigorate local democracy in urban America in the 1940s and 1950s. Alinsky’s objective was to build a network of neighborhood organizations on top of the existing structure anchored in parish life, turning the intense territorial identities of urban Cath-

olics to new ends (McGreevy 1998; Santow 2000). Of course, since these ter-
ritorial identities were infused with racial hostilities and fears, Alinsky’s
vision of urban democracy would not be an easy one to achieve. Alinsky’s
strategy was to begin from the local concerns of neighborhood residents to
define pragmatic, achievable goals that would gradually build trust across
neighbors—even, Alinsky hoped, neighbors on opposite sides of the racial
divide (Santow 2000). Of course, establishing such trust took time and pa-
tience, and some of the neighborhood groups organized by Alinsky were lit-
tle more than reactionary mobs that gathered on the front porches of newly
arrived black neighbors to threaten and harass them. Others more appro-
priately directed their animus at speculators, although relying on the same
tactics of intimidation.53

Over time, the emphasis of these groups shifted from keeping blacks out
to discouraging whites from leaving urban neighborhoods (Seligman 2005).
In part, this shift reflected the failure of attempts to prevent the relocation of
blacks into formerly white areas. In spite of the efforts of organized resi-
dents, neighborhoods “flipped” very quickly: Chicago’s West Garfield Park,
which counted a number of active associations, had a black population in
1960 that constituted about 16% of the total population; five years later, the
neighborhood was majority black, with an estimated 65%—80% of the total
population accounted for by black residents (Seligman 2005, p. 175). West
Garfield Park told a story that was repeated across Chicago neighborhoods—
Austin, North Lawndale Englewood, Roseland, Woodlawn—as well as in
cities throughout the nation. Failing to stem the tide of black in-migration,
whites now hoped merely to slow, not stop, the rate of racial change so that
neighborhoods could be “stabilized.”54 The goal was to prevent fragile social
networks from completely unraveling—as occurred when long-term white res-
dents embedded in the associational life of the neighborhood fled en masse
and were replaced by incoming blacks who arrived without developed ties
to any community institution (Santow 2000, p. 67). While this did not neces-
sarily mean that whites welcomed blacks into their neighborhoods, neither did
they shun them. For pragmatic reasons if not principled ones, white residents
decided to tolerate blacks in their communities and to work together in ser-
vice of larger, common goals.

The interests of white residents converged with those of arriving blacks in
a number of areas, but nowhere more critically than with respect to the dis-
criminatory lending practices that starved urban areas for credit.55 As noted,
appraisal techniques considered neighborhood racial composition to be de-
terminative in predicting property values. This meant that even relatively

53 Interview with Shel Trapp, March 11, 2010.
54 Ibid.
55 Ibid.
affluent whites moving into areas undergoing racial change found themselves unable to secure a mortgage or a home improvement loan once blacks had entered the area. As conventional bank financing for mortgages dried up, a pattern of neighborhood deterioration quickly set in, condemning residents to watch their communities atrophy and decay (Boyer 1973; Bradford 1979).56

While these forces were at work in every urban center across the country, their effects were perhaps most evident in Chicago, the birthplace of the community reinvestment movement. The event precipitating the emergence of the reinvestment movement occurred in 1971 when, within the space of a few days, two individuals walked into the Northwest Community Organization to complain that they had been unfairly denied loans by a local bank.57 One individual was a Pole seeking a home mortgage; the other was a Puerto Rican who had applied for a business loan. Both were convinced that they had been discriminated against because they lived in neighborhoods undergoing racial transition, and investigation by the neighborhood association soon confirmed that the financial institution’s decision in each case had been driven primarily by location. After two unsuccessful attempts to picket the bank, Shel Trapp, an ex-minister who directed the Northwest Community Organization, assembled a group of approximately 40 neighborhood residents one Saturday morning. Community residents entered the bank and formed a line, each person taking out $1 in pennies and then immediately re-depositing 50¢, before taking his or her place at the back of the line. The protest went on for hours, seemingly without reaction from bank officials who looked on as tellers mindlessly completed each request. Organizers were beginning to worry that they could not sustain the action much longer when suddenly, unprompted, an elderly Polish woman named Josephine Kozial took her handful of pennies and threw them to the floor where they scattered in every direction, echoing loudly through the lobby. “Shit!” Bank officials were suddenly at rapt attention, scrambling to collect the pennies and return them to Mrs. Kozial. No sooner did Mrs. Kozial again hold the pennies than she turned her outstretched hand and let them fall to the floor a second time. “Shit,” she repeated. Now others were doing the same, creating a deafening clamor. Within minutes, the bank’s president appeared in the lobby and agreed to a meeting with community residents. Following a lengthy meeting, the institution agreed to allow a community board to review any loans that were denied and made a $1,000 contribution to the neighborhood association.58 The community reinvestment movement had won its first victory.

56 “Conventional” bank financing refers to loans not underwritten by government programs, such as the Federal Housing Authority or the Veteran’s Administration.
57 Interview with Shel Trapp, March 11, 2010.
Reinvestment advocates realized that this victory would not translate into larger changes if information about bank lending was not made available in a more systematic fashion. Many residents in urban Chicago neighborhoods were finding it difficult to gain access to credit to purchase homes, maintain and improve them, or invest in small businesses, leading community organizers to suspect that their neighborhoods were being “redlined” by financial institutions that had made deliberate decisions to withhold credit from the area.59 A coalition of 13 community groups joined together to form the Metropolitan Area Housing Alliance (MAHA) in an effort to coordinate activities across Chicago neighborhoods. The MAHA promptly initiated a series of meetings with officials from the Federal Home Loan Bank Board (FHLBB), the federal government agency charged with regulating federally chartered savings and loan institutions. The organization’s demand was a simple one: they wanted disclosure of the areas in which financial institutions collected deposits and made loans in order to substantiate their claim that local savings and loans were siphoning money out of Chicago neighborhoods.60

The FHLBB was initially quite reluctant to cede this request. In a series of heated meetings with community members held in 1973, they argued that they lacked regulatory authority to impose disclosure, that the costs for financial institutions would be prohibitive, and that disclosure would not definitively prove geographic discrimination and hence would not accomplish its stated objective.61 Community groups were persistent in their demands, however, borrowing tactics from neighborhood struggles with panic peddlers. After the president of the regional Chicago office of the FHLBB, John Stipp, abruptly ended one meeting, he was followed by a group of community residents to his suburban home where they encamped on his front steps. When Stipp finally emerged, he committed to distribute a voluntary survey to Chicago savings and loan institutions that would collect information about lending practices.62 The survey requested data from 1972 and 1973 showing the number and dollar amount of conventional loans, Federal Housing Administration (FHA) and Veterans Administration (VA) loans, construction

59 The term “redlining” has its origins in the use of color-coded maps to identify areas that were desirable and undesirable locations for investment (Jackson 1985).
61 Transcripts of FHLBB Meetings, August 8, August 27, September 12, 1973, NTIC Papers.
loans, and home improvement loans all by zip code, as well as information about the location of savings deposits. The Chicago office of the FHLBB withheld information that would identify specific financial institutions, but aggregate data confirmed what neighborhood activists had long suspected: Chicago’s urban neighborhoods accounted for 28% of deposits but received only 10% of new loans, with some Chicago neighborhoods receiving as little as four cents per dollar of savings in new loans.63

While obtaining the results of the Chicago survey was a very significant victory, community activists were eager to secure access to lending data on a more permanent basis. This meant taking the fight for disclosure to the national stage. Trapp had already joined forces in 1972 with veteran neighborhood activist Gail Cincotta to form the Housing Training and Information Center (later renamed the National Training and Information Center). Cincotta was a long-time Chicago resident, the wife of a service station owner, whose experiences paralleled those of many white Chicagoans. Twice Cincotta had sold her home and relocated her family out of neighborhoods experiencing an influx of black home buyers; when the Austin neighborhood began to transition in the mid-1960s, Cincotta decided it was time to stay and fight.64 She became active in the Organization for a Better Austin, quickly ascending the leadership ranks, where she came to know Trapp. Bemoaning the situation in Chicago’s neighborhoods, Cincotta and the ex-minister shared a bottle of vodka one evening, hatching a dream of a national campaign that would pursue the issues that Chicago activists were working on locally.65 A multicity housing conference organized by Trapp and Cincotta catalyzed an incipient national network that began to demand that FHLBB require disclosure on an ongoing basis. When the FHLBB proved resistant to these demands, the National Training and Information Center found a sympathetically in Senator William Proxmire, who introduced the Home Mortgage Disclosure Act (HMDA) in the Senate in 1975.66

As originally drafted, HMDA required lending institutions to disclose the number and total dollar amount of mortgage loans, the type of financing of-

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63 “CAP Analysis of the Savings and Loan Survey Results: Principle Findings,” MEJ Papers, box 33, folder 9, WSHS. While the FHLBB Survey was limited to savings and loan institutions, data later collected under the auspices of a city ordinance demonstrated that the investment performance of Chicago banks was considerably worse: in 1973, Chicago banks invested only 1.5% of neighborhood deposits in mortgage loans, with the vast majority of these loans directed to suburban rather than urban areas (“Chicago’s City Ordinance Proves Total Disinvestment!” Disclosure 6, March 1975, pp. 5–6, NTIC Papers).

64 Interview with Shel Trapp, March 11, 2010.

65 Ibid.

fered (conventional, FHA, or VA), and similarly the number and total dollar amount of savings accounts all by zip code (Moskowitz 1987; Immergluck 2004). Equipping consumers with information about where loans were being made would allow them to do business with those institutions that were active in their communities and take business away from those that were not. Accordingly, Senator Proxmire argued that the bill would not set up “yet another bureaucracy” directing banks where to invest but instead would rely on the informed judgments of local citizens, “[letting] the free market do the rest.”\(^67\) In a similar vein, reinvestment advocates argued that, in an era of government retrenchment, using disclosure to “leverage” private capital represented a market-friendly policy that would contribute to the revitalization of urban neighborhoods “without costing the federal government one cent.”\(^68\)

One significant weakness of HMDA, of course, was that it contained no mechanism to remedy irregularities in the distribution of loans identified by the data collected under its provisions other than through the sporadic consumer actions envisioned by Senator Proxmire. In fact, neighborhood activists had already discovered such tactics and were actively involved in what were referred to as “greenlining” campaigns in the mid-1970s.\(^69\) In the typical greenlining action, organizers would collect pledges from members to withdraw funds from savings institutions that were neglecting local needs and transfer them to institutions that would commit to making loans in the community and allow residents to monitor compliance. The campaigns were not always successful; sometimes the funds committed were not sizable enough to be significant especially to larger financial institutions,\(^70\) and organizers worried that not all those who signed “pledge” cards would actually go to the trouble of transferring funds when instructed to do so.\(^71\) Still, in many instances, greenlining campaigns provided critical leverage over financial institutions. In Chicago, for example, organizers collected $26.5 million in pledges by June of 1974 and were projecting pledges of $60–$85 million by the end of the

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\(^67\) Congressional Record 121, no. 48, March 22, 1975.

\(^68\) Letter to Senator John Heinz from Gail Cincotta, May 9, 1985, NTIC Papers; “The Home Mortgage Disclosure Act: The Need for a Permanent Law,” NTIC Papers; “HMDA Fact Sheet,” NTIC Papers. This expression of promarket sentiment on the part of the reinvestment movement was likely more than simply a matter of tactics, instead reflecting deep ambivalence about the role of government, particularly in the wake of FHA abuses (interview with Shel Trapp, March 11, 2010).

\(^69\) See Ross (2015) for a detailed account of Chicago organizations mobilizing around “greenlining” actions in this period.


drive, representing from 17% to 25% of the net lendable assets in the Chicago banking system.\(^{72}\) On the basis of this show of force, Chicago activists signed agreements with three local savings and loans requiring the institutions to commit a total of $6.6 million for new mortgage lending in urban Chicago neighborhoods over the following year.\(^{73}\)

Notwithstanding the notable successes of greenlining campaigns, reinvestment advocates were eager to place such attempts to enforce accountability on the part of financial institutions on a firmer institutional foundation. Again, community activists joined forces with Senator Proxmire, who introduced the Community Reinvestment Act (CRA) in January of 1977. The original version of the CRA followed the template of the early greenlining campaigns. In particular, after stating the basic principle that financial institutions have “an affirmative obligation to meet the credit needs of the communities in which they are chartered,” the bill required that financial institutions identify a “primary savings service area” from which they gathered the majority of their deposits and then indicate the proportion of those deposits that would be reinvested in the area (McCluskey 1983, p. 36).\(^{74}\) Although the bill did not explicitly provide any guidelines as to what this proportion should be, financial industry lobbyists immediately attacked the bill as an instance of “credit allocation.” Consequently, provisions dictating that financial institutions identify the areas where they obtained deposits and what proportion of these deposits were returned to the community were deleted from the bill.

While the final version of the Community Reinvestment Act fell short of what activists had wanted, it nevertheless offered unprecedented opportunities for securing credit for neglected urban communities. The basic mechanism for implementing the statute was a provision that allowed community groups to file a protest with the appropriate regulatory agency when a financial institution applied for a new branch or sought permission for a merger; regulators were required to consider these complaints in making a decision about the application. Over the course of the CRA’s history, however, only a handful of such applications were denied on CRA grounds.\(^{75}\) Nevertheless,

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\(^{72}\) Memo: Possible Next Steps in “Greenlining Save the City Pledge Drive,” Citizens Action Program, MEJ Papers, box 33, folder 1, WSHS.


\(^{74}\) This version of the bill provided an important expansion of HMDA in requiring financial institutions to disclose information about the location of deposits, a requirement that had been stripped from HMDA in the process of moving the earlier bill through Congress (Moskowitz 1987; Immergluck 2004).

\(^{75}\) Immergluck (2004, p. 163) reports that regulators denied only eight of approximately 40,000 applications during the first 10 years of the CRA.
a CRA protest could substantially delay the approval of an application for a new branch or a merger, and many financial institutions preferred to negotiate side agreements with protesting organizations rather than delay plans for expansion. Typically, these side agreements committed the financial institution to a program of housing and business lending in a given community, subject to the proviso that there were lending opportunities available that met the institution’s standard risk and underwriting criteria. While these agreements varied greatly, the amounts involved were not trivial: tallying the activity of the entire reinvestment movement, one authority estimates that some $18 billion in reinvestment commitments were negotiated between the passage of the law in 1977 and the early 1990s (Squires 1992). More important, such agreements provided a platform for ongoing credit activism around community reinvestment. While the temper of activism has cooled since the 1970s, the reinvestment movement has remained viable to the present day (Immergluck 2004; Hartman and Squires 2013).

This is rather remarkable, especially given that initially it seemed likely that the community reinvestment movement would succumb to the same fate as NOW’s credit campaign. This outcome appeared especially likely when creditors staged a counteroffensive following the passage of HMDA, arguing that taking location into consideration in lending decisions was in many cases a legitimate business practice.76 Paralleling the arguments made following passage of ECOA by creditors who suggested that they should not be held responsible for social inequities that they did not create, lenders observed that there were good business reasons for denying credit in majority black neighborhoods. “Unfortunately, there is a relationship between high unemployment, less stability and income, and minority areas,” one savings and loan president observed. “But [savings and loans] didn’t create that [situation].”77 A financial industry lobbyist compared anti-redlining regulations to “a regulation prohibiting you from considering the model year of a car when you’re making an automobile loan.”78 Against such ludicrous notions, financial institutions pleaded with the public to remember that they were businesses, not social welfare organizations.79

Feminist activists combatting credit discrimination had become mired in similar arguments, and they grudgingly conceded that creditors could not be

76 “Are Facts Discriminatory?” Savings and Loan News, MEJ Papers, box 27, folder 7, WSHS.
78 “S&L Group Asks Calif. BA for Active Support to Defeat Proposed Anti-Redlining Regulation,” American Banker, October 6, 1975.
held “responsible” for women’s disadvantaged position in credit markets. In drawing attention to discrimination perpetuated through the practice of redlining, reinvestment activists appeared to make their movement vulnerable to creditors’ same unassailable logic. Community activists, however, challenged creditors’ right to exclude potential borrowers from access to credit by invoking the process of disinvestment. “Disinvestment” described the behavior of financial institutions that received deposits from neighborhood residents but made loans in other areas. What was significant about the concept of disinvestment is that it sidestepped creditors’ claims that individuals denied access to credit simply were not creditworthy. In fact, the charge that financial institutions were disinvesting from urban neighborhoods did not turn on the qualifications of potential borrowers at all. To be sure, movement activists were not suggesting that financial institutions be forced to make unsound loans. But the discussion of creditworthiness missed the point: resources that belonged to neighborhood residents were being extracted from the community and siphoned into other areas.

In short, the claim was one of ownership: reinvestment activists demanded full control over resources that they perceived to be the rightful property of neighborhood residents. This, in fact, had been the hard won lesson of the greenlining campaigns. As one greenlining activist explained, “When we first started people didn’t understand how we could get a savings and loan association to do anything, since they thought that once they put their money in, it became the institution’s money. Now the people are beginning to think of their deposits as their own money.” In a similar manner, reinvestment activists subverted the banker’s refrain that they had a fiduciary responsibility to protect depositors’ investments and therefore could not perform social welfare functions. Community residents were the depositors, and they were not asking for handouts but merely demanding that their money be used in service of their communities. “The saver . . . has a right to know how his or her deposits are being invested,” Cincotta insisted. “Where are our savings going?” Neighborhood activists were increasingly skeptical that they were receiving a fair return on their deposit dollars, and they were no longer placated by the “convenient” services that financial institutions offered them. As one disgruntled community resident asked: “How well protected are the depositors if they earn regular interest while [the] neighborhood goes to hell? It’s just not enough for banks to be in the neighborhood and offer good hours

80 Interview with Shel Trapp, March 11, 2010.
82 Testimony by Gail Cincotta before House of Representatives, Subcommittee on Financial Institutions Supervision, Regulation, and Insurance, June 26, 1975, NTIC Papers.
This quid pro quo logic provided a highly resonant model of economic citizenship. Critically, claims based on ownership had the capacity to subvert the inherent inequality of the credit relationship; rather than being subject to the scrutiny of creditors, neighborhood borrowers turned their gaze on lenders, asserting control over the disposal of resources that they claimed as their own. This is not to suggest that merely claiming ownership was by itself sufficient to make political demands effective. But the discourse of ownership transformed the nature of the contest: rather than implicitly accepting creditors’ (as owners) right to exclude, as feminists did, neighborhood activists themselves claimed this right by asserting ownership over bank deposits, flattening the hierarchy that placed the creditor in the position of passing judgment on the borrower. What made this reversal particularly powerful, moreover, was the fact that it was enforced collectively: individuals who claimed a right to credit did so not on the basis of their individual ownership of financial assets, but by virtue of their relationship to a community of individuals who were in the aggregate property owners. In the concluding section of the article, I consider this aspect of credit politics more closely.

DISCUSSION AND CONCLUSION

In this article, I have built on the emerging macrosociology of credit by examining questions of economic citizenship that have not been a central focus of the literature to date. In particular, I have explored political claims making in an economy based on credit, suggesting that we might expect claims over economic resources to take distinctive forms as the credit market has assumed greater importance in determining the life chances of individuals relative to the labor market (cf. Fourcade and Healy 2013a). This expectation reflects a fundamental difference in the manner in which relationships between parties to exchange are constituted in the credit market and in the labor market (Graeber 2011; Lazarrato 2012). The wage relation, as we have seen, rests on formal equality between parties to exchange. However much

83 “Jamaica Plain: Neighborhood in the Red,” Boston Phoenix, July 9, 1974, p. 12. Of course, there was a slight flaw in this logic. The basic presumption of the reinvestment movement was that capital was being exported from urban neighborhoods and that community needs could be self-financed if these areas could only retain local deposits. What this argument ignored was the possibility that, as lower income areas, urban neighborhoods might not actually have the resource base to be self-supporting. In fact, many urban neighborhoods were capital deficit areas that required capital infusions from more affluent areas in order to prosper and grow (see Immergluck 2004).
this formal equality may be violated in the actual content of the relationship, it nevertheless forms the basis of claims, as the normative expectation undergirding the labor contract is that each party exchanges something of equivalent value. In this regard, the worker’s fundamental grievance is that her reward is not consistent with her contribution to the profits of the enterprise (cf. Lindblom 2002). In contrast, the credit relationship expresses the inequality between parties to exchange: the creditor looms over the borrower, positioned to bestow credit or deny it. Rather than the quid pro quo exchange that characterizes the wage relation, the extension of credit creates an obligation that, as long as it is unreciprocated, marks the debtor as inferior to the creditor (Mauss 2000, p. 65). On what basis then can the borrower make claims, since she is already in the position of supplicant?

In order to answer this question, I argued that creditors’ reliance on “connections” and “collateral” (Rajan and Zingales 2004)—two strategies used by creditors to minimize uncertainty and vulnerability in the credit transaction, respectively (Carruthers 2009)—condition the kinds of claims that can be mobilized in credit markets. The two credit movements examined in this article demonstrate this proposition. NOW’s campaign to end gender discrimination in credit markets intersected the first of these strategies, as it was in response to feminist attempts to broaden access to credit that creditors initially implemented the use of credit scoring technologies that sought to gather intensive information on borrowers. As we have seen, the adoption of credit scoring legitimated the inequality inscribed in the credit relationship by rendering the structural conditions that produce group disadvantage difficult to see (Poon 2012; Fourcade and Healy 2013b; Fourcade 2016; cf. Simon 1988). Accordingly, the adoption of credit scoring led feminist activists to privilege individualized forms of claims making, legitimating creditors’ moralizing discourse of creditworthiness.

If creditors’ reliance on connections in the form of credit scoring reinforced the inequality of the credit relationship, creditors’ reliance on collateral—the second strategy used by creditors to minimize losses—potentially allowed would-be borrowers to redefine this relationship by facilitating claims based on ownership. The community reinvestment movement’s attempt to redirect capital into credit-starved urban areas offers an illustration of the potency of ownership claims as property right met property right. The argument here must be carefully qualified; I do not claim that the mere assertion of an ownership claim automatically balanced the relationship between creditor and debtor. Not all ownership claims are equivalent, and deciding what counts as “property” (and who counts as an “owner”) was itself a point of contention in this case. Moreover, the form of ownership exercised here—direct control over bank deposits—arguably offered neighborhood activists a more powerful lever than the typical collateralized loan in which the ownership
claims of the borrower and the lender are more closely intertwined. Also critical in this case was that reinvestment activists advanced ownership claims on behalf of a collectivity: it was not as individuals, but rather as members of a community, that neighborhood residents claimed ownership of financial assets.

This latter observation is particularly important, for while the cases examined here may appear to simply resurrect contract and charity as opposed poles of economic citizenship, in fact the collective dimension of ownership points beyond this opposition. The basic problem posed by the credit market as a site of economic citizenship is that it appears to encompass the dominated pole in contract-charity: the lender is under no obligation, but extends credit as a “gift” that subordinates the borrower and subjects her to moralizing judgment. While this does indeed capture certain aspects of the credit relationship, we have seen that there is also another side to the credit market, one in which the borrower establishes her status as an owner, and therefore is in a position to assert claims as a (potential) equal to the creditor. As much as this might appear to improve prospects for economic citizenship by making the credit market more analogous to the wage relation, it also raises familiar dualities counterpoising the gift relationship, with its entrenched hierarchies and protective forms of social closure (Mauss 2000), to the market, with its formal equality, untrammeled individualism, and contribution-based view of moral desert (Somers 2008; Ferguson 2015). Are these options, each problematic, really the only ones we have available?

The analysis in this article suggests that there may indeed be other possibilities. Thus far, we have treated the assertion of ownership in the community reinvestment movement as conforming to the logic of contract: a quid pro quo exchange in which each individual receives in accordance with her contribution. This seems quite natural because property rights are typically conceptualized as axiomatically individual rights (see Abraham 1996). Political theorist C. B. MacPherson (1969), for example, defines “possessive individualism” as the reigning ideology of modern capitalist societies. MacPherson makes possession of one’s own person—self-ownership—the key to market exchange, effectively fusing ownership and individual rights under capitalism. But in fact the concept of ownership is more capacious than this view suggests (see Rose 1994; Alexander 1997; Blomley 2004; Becher 2014). Notably, the mantra of the community reinvestment movement—“it

84 The source of Macpherson’s interpretation here is John Locke (1980, p. 19), who grounded the right to property in an individual’s control of his own body: “Every man has a property in his own person; this no body has any right to but himself. The labour of his body, and work of his hands, we may say, are properly his. Whatever else then he removes out of the state that nature hath provided, and left in it, he hath mixed his labour with, and joined to it something that is his own, and thereby makes it his property.”
is our money”85—is at once possessive and collective.86 Pace Macpherson, we might also refer to “possessive collectivism” to reference the embedding of possessive claims typically associated with individual rights in what are in effect communal relationships (Roy 2017; cf. Porter 2014).

Understood this way, “it is our money” raises intriguing new ways of thinking about economic citizenship outside the frame of either gift or market. “It is our money” clearly rejects the logic of charity, as one does not receive as a gift what one already has. “It is our money” also rejects the logic of exchange: what is being demanded is not compensation for a contribution but rather recognition of a share that precedes exchange. Following anthropologist James Ferguson (2015; cf. Price 1975; Peterson 1993, 2013; Woodburn 1998) we might usefully consider claims in this form as representing a kind of “demand sharing” that conforms to neither charity nor contract but depends more fundamentally on membership (cf. Somers 2008). For the community reinvestment movement, what entitled a neighborhood resident to a loan was not that person’s individual asset ownership but rather attachment to a community that owned assets in the aggregate. “Ownership” in this context reflects an endowment that grows out of the simple fact of belonging; it is an inheritance that one possesses by existing in a collective. In this sense, possessive collectivism expresses a kind of unconditional claim based on presence (cf. Widlok 2012). Ferguson (2015, p. 214) elaborates on the basic intuition: “When a hunter returns to camp with a carcass, who is entitled to receive a share? The principle of demand sharing provides an answer: whoever is there... The force of ‘demand,’ in such contexts, comes from a non-negotiable principle that presence itself brings with it a distributive entitlement.”

It may seem far-fetched to search in hunter-gatherer societies for analogues to claims making in late capitalist economies. However, the princi-


86 The community reinvestment movement did not, of course, invent this discourse whole cloth but was drawing (deliberately or not) on older currents in Anglo-American political culture, including traditions of agrarian radicalism in the American South and Midwest (Goodwyn 1976; Postel 2009) as well as the “social credit” doctrine put into practice in Canadian provincial government between the 1930s and 1970s (MacPherson 1962; Bell 1993). Paradoxically, in asserting “it is our money,” reinvestment activists also turned the mutual traditions characteristic of early thrift institutions against their late 20th-century descendants (see Havemen and Rao 1997; Mason 2004, 2012; Haveman, Rao, and Paruchuri 2007). I am indebted to Marc Schneiberg for these observations.
amples that Ferguson describes are not as remote from our own society as at first they might appear. Indeed, contemporary capitalism is organized primarily around collectively held property in the form of the corporation (Roy 1997), with claims on this collective expressed in terms of “shares.” Of course, shareholders are commonly understood to be the individual owners of the corporation, but in fact shareholders do not exercise the usual powers of ownership such as use, exclusion, alienation, and so on (Frug 1979; Stout 2012; Ciepley 2013). Shareholders do elect a board of directors, but as Ciepley (2013, p. 146) aptly observes, “[t]his implies no more legal title on the part of shareholders to corporate assets than voting rights imply a legal title to a country’s fighter jets, the property of the state.” If shareholders are not in actuality the owners of the corporation, we are left to conclude that the corporation itself is the owner of corporate assets (Stout 2012; Ciepley 2013), with shares representing a distributive claim grounded in membership in the corporate group.

In fact, if we follow Margaret Somers’s (1996) remarkable account, such collective forms of property may be constitutive of capitalism as a social form. Somers argues that in early industrializing communities in England, workers conceptualized “property” in terms of the skills they acquired either through formal apprenticeship in guilds or less formally through craft knowledge passed on inside the rural household. But rather than being an individual possession, easily transferable between contexts once acquired, these skills remained firmly embedded in the corporate body and referenced the set of relations in which a craft was practiced and honed.87 In this regard, the right to practice a trade was as significant as the capacity to do so—a right that one earned by virtue of observing the rules of membership in a community of artisans or a family group (Somers 1996, p. 67). Indeed, the original English word for skill, “mistery,” referred both to specialized techniques of production and to the guild itself, a lexical indication of the identity between property as knowledge of a craft and property as group membership (Somers 1996, p. 74). In this sense, property was understood to be at once individual and collective, suggesting the “simultaneity of ‘modern’ waged labor relations and ‘traditional’ corporate solidarity” (Somers 1996, p. 82).

Taken together, these examples require us to confront the possibility that the basic imagery of liberalism that maps “individual” to “property” is misleading in fundamental respects. Other configurations—including the forms of possessive collectivism considered here—are also present, even ubiquitous, in our society (see Rose 1994; Alexander 1997; Blomley 2004). The fact that these alternative configurations are not commonly recognized in conven-

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87 The contrast to contemporary notions of human capital, according to which skill is seen as an individual attribute that one purchases on the market, is striking (Somers 1996, p. 74).
tional understandings of property represents a significant impoverishment of the political imagination and a foreclosing of the possibilities for progressive politics (Blomley 2004; Becher 2014; Roy 2017). Of course, numerous scholars have noted the dangers inherent in attempting to harness the discourse of ownership to progressive political purposes, observing what they describe as an intrinsically conservative and antiredistributive current to property claims, even when they are attached to seemingly egalitarian goals (Simon 1986; Fraser and Gordon 1992; Nedelsky 1994). Libby Porter (2014, p. 402), for example, warns against operating on a “political terrain that recognizes fully functioning selves and subjects only through the register of possession.” Porter’s warning seems appropriate in the context of a liberal political culture in which ownership offers a language of separation rather than relation (Nedelsky 1990), but what if rather than dislodging social obligations, the logic of possession binds individuals firmly to a community? Does this conjoining of sociality and property, to paraphrase Porter (2014, p. 398), mark the limit of progressive politics or signal its expanding horizon? The answers to these questions are far from obvious, and yet as David Graeber (2001, p. 227) emphasizes, whenever possible we ought “to view practices and institutions in terms of their potentialities, to force on oneself a kind of pragmatic optimism.” In this regard, as has often been the case in historical experience, movements seem to be ahead of theory.

APPENDIX

Data Sources

<table>
<thead>
<tr>
<th>TABLE A1</th>
<th>ARCHIVAL MATERIALS</th>
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<tbody>
<tr>
<td>Abbreviation</td>
<td>Details</td>
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<tr>
<td>NTIC</td>
<td>National Training and Information Center, Chicago. Unprocessed private collection of documents used with special permission</td>
</tr>
<tr>
<td>WSHS</td>
<td>Wisconsin State Historical Society, University of Wisconsin—Madison. Center for Public Representation Papers (CPR) and Movement for Economic Justice Papers (MEJ)</td>
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</table>
American Journal of Sociology

TABLE A2
INTERVIEWS

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<tr>
<th>Name</th>
<th>Role</th>
<th>Location</th>
<th>Date</th>
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<tbody>
<tr>
<td>Anne-Marie Douglas</td>
<td>Former administrator of National Training and Information Center</td>
<td>Chicago, Illinois</td>
<td>November 18, 2010</td>
</tr>
<tr>
<td>Cynthia Harrison</td>
<td>Former chair of NOW’s Credit Task Force</td>
<td>Washington, D.C.</td>
<td>August 24, 2010</td>
</tr>
<tr>
<td>Helen Murray</td>
<td>Former organizer in National Training and Information Center</td>
<td>Chicago, Illinois</td>
<td>December 2, 2010</td>
</tr>
<tr>
<td>Shel Trapp</td>
<td>Founder of National Training and Information Center</td>
<td>Chicago, Illinois</td>
<td>March 11, 2010</td>
</tr>
<tr>
<td>Ted Wysocki</td>
<td>Former editor of Disclosure (newsletter of the National Training and Information Center)</td>
<td>Chicago, Illinois</td>
<td>November 18, 2010</td>
</tr>
</tbody>
</table>

REFERENCES


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