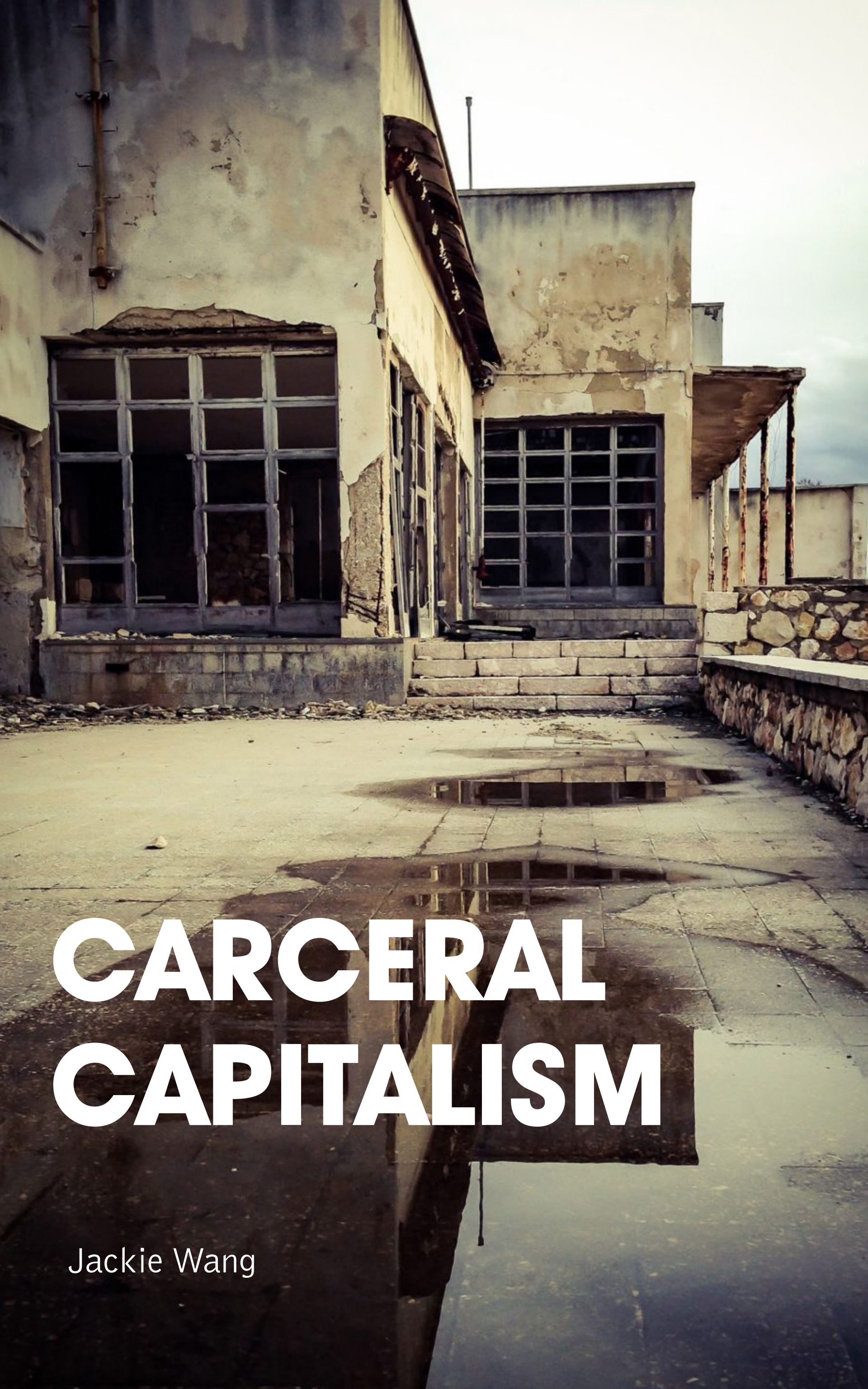

CARCERAL CAPITALISM

Jackie Wang

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ABOUT THE AUTHOR

Jackie Wang is a student of the dream state, black studies scholar, prison abolitionist, poet, performer, library rat, trauma monster, and Ph.D. candidate at Harvard University in African and African American Studies. She is the author of a number of punk zines including On Being Hard Femme, as well as a collection of dream poems titled Tiny Spelunker of the Oneiro-Womh (Capricious). She tweets @loneberrywang and blogs at loneberry.tumblr.com.

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A CONVERSATION WITH JACKIE WANG[1]

M. BUNA: In the introduction to *Carceral Capitalism,* you advance race and anti-blackness as the main foci of your analysis, which you say is necessary, given the current realities of the Prison Industrial Complex. Could you expand on this particular stance of choosing to focus primarily on the anti-blackness of the PIC, at the risk of minimizing other structural forces, such as global capitalism/neoliberalism, that enable and buttress the carceral state?

JACKIE WANG: This book, in part, comes out of my engagement with the literature on financialization and the debt economy. The idea to assemble this collection of essays into a book came to me when I read Maurizio Lazzarato's *The Making of the Indebted Man*. From Michael Hardt and Antonio Negri's *Empire* to Costas Lapavitsas's *Profiting Without Producing*, post-Marxists have analyzed the changing nature of value and work within the context of globalization. What I felt was missing from these analyses (of late capitalism, financialization, and neoliberalism) was an analysis of racializing processes — an examination of how logics of differentiation mediate capitalist accumulation. The United States has a very particular history of racism. The various techniques of socially managing nonwhite populations that have been deployed in the United States are inextricably linked to slavery, expropriation of native lands,

1 *Los Angeles Review of Books*, MAY 13, 2018

immigration policy, and so forth. What I feel that some of these post-Marxist analyses get wrong is the assumption that the dynamics of late capitalism tend to homogenize subjects, rather than producing difference as a way to enable extraction. Capitalism has no fixed morality — it can absorb anti-racist, even anti-capitalist, critique. But even though capitalism is somewhat indifferent to our identities so long as they can be commodified, late capitalism produces difference, insofar as the most extreme methods of dispossession and extraction first require the subject to be rendered lootable (devalued on the level of subjectivity).

The ongoing force of racism cannot be denied and the liberal carceral state is not an exception, as it provides ample evidence that its very structure is contingent on and advances a racist, particularly anti-black agenda. However, the carceral logic of capitalism has become increasingly focused on the most vulnerable, who, more often than not, are also the poorest. Along this line, you write that "the use of debt as a mechanism of dispossession requires that subjects first be incorporated into the capitalist system as borrowers," and also introduce the concept of "racialized accumulation by dispossession." How would you summarize the link between racialized mass incarceration and the debt economy legitimized by morality tropes such as *deserving* and *undeserving* borrowers?

One might ask, why include a chapter on the debt economy in a book about prisons and police? Perhaps I was trying to rethink how debt has been conceptualized, and show that expropriative credit instruments are also carceral instruments, insofar as the creditor owns the future of the debtor. In other words, I wanted to think of debt as a form of unfreedom that is unequally distributed (because race, class, and gender structure the forms of credit one has access to, as well as the perceived creditworthiness of the subject). But to label the use of credit as an instrument of capitalist accumulation a "carceral technique" is not merely metaphorical. In my chapter on municipal finance, I examine the chain of indebtedness produced by debt-financed governance.

Municipalities have certain financial responsibilities to their creditors that they often offload onto their constituents. Thus, the creditworthiness of municipalities that are struggling fiscally (which determines their ability to access cheap credit) becomes dependent on their ability to loot residents. The financialization of governance and the emergence of new "exotic" credit instruments produce new modes of extraction that are carried out by the criminal justice system. You are also right to point out that both the debt economy and racialized mass incarceration are propped up by a moral economy that fractures the population into the *deserving* and *undeserving*.

You argue that the court system and police play an increasingly important role in the generation of revenue via municipal fines, as debt is imposed on residents (especially black Americans, already segregated and seen as potential offenders) through a variety of criminal proceedings that transform the residents' space into a carceral one, marked by unrelenting austerity measures, hyper-policing, and fines farming. What are the traits of the carceral municipality as opposed to, let's say, an ideally free city, where mobile, insurgent nonwhite sociality would not be regulated or punished?

In the carceral municipality you are followed in your car by a police officer as you drive to your shit job simply because you are not white. While you are being given a ticket for $300 the cop realizes there is a warrant out for your arrest for an unpaid fine for the length of your grass being three inches too long (though you cannot recall having ever received such a fine). In jail, you call your aunt to bail you out, but she doesn't have the money and it takes her a day to secure your release through a commercial bondsman. Since your aunt lacked financial assets, she had to list her car as collateral. When she misses a payment due to low-waged and precarious employment, she will be charged additional fees by the bondsman. After you are released from jail, you are reprimanded by your boss for missing work without calling in, and you are written up. Because your license has been revoked for traffic violations and an unpaid ticket, you now have to use the unreliable and underfunded public transportation system to get to work. You arrive late on the day you have been summoned to appear in court because the bus did not arrive on time, and thus you are forced to reschedule your court appearance and pay an additional fee. This scenario could go on and on and on ...

What would an alternative look like? I invoke Fred Moten toward the end of the chapter on municipal finance because he reminds me that in the cracks of the carceral society, insurgent socialities already exist. People have an urge toward life, a need to gather, to jam, to conduct experiments in care when the welfare state and health-care system have failed us. It could be comrades taking turns to take the poet Anne Boyer to the hospital while she undergoes cancer treatment, or the creation of mental health collectives, or things more quotidian, not necessarily bound up with our brokenness and deteriorating bodies. It could be the sociality created in the Baltimore Feminist Reading group I was part of, the different mode of engagement we invented there, based on friendship and not the performance of mastery found in the academic seminar. This is not to glorify informal structures of care that emerge in the crucible of a capitalist system that would grind us all to pulp if it weren't for our friends. But this is the unexpected underside of social precarity: its production of need and dependence can sometimes be socially binding.

Still, some people fall through the cracks. These informal structures are not always sustainable or functional. We don't always have the resources to catch each other when we fall, when someone is laid off from their job or evicted. I would like a world where housing and food are not commodities, where everyone has health care and guaranteed basic income rather than compulsory debt, and everyone is free to move (without being policed or surveilled) and travel using reliable green transportation infrastructure. As for the city, it should not consist solely of commercial space, but also include true commons: public space for people to gather, for teens to loiter to their heart's content. Who knows what will be created when congregation is not met with regulation.

Following the 1990s construction of the juvenile "superpredator" by John Dilulio Jr., racialized juvenile defenders became less and less distinct from their adult counterparts, while also being regarded as incapable of self-government and self-determination. How exactly did they *earn the right* to be punished as adults in the first place?

In the media they "earned" the right to be punished as adults by committing crimes that were cast as socially unforgivable (i.e., violent crimes such as murder). Essentially, the concept of the superpredator produces a type of subject that is incapable of "redemption," insofar as they are considered constitutionally antisocial and psychopathic. In this view, the only way to protect the social body from the ungovernable juvenile hordes is to permanently confine the so-called superpredators.

Assumingly unbiased and neutral algorithmic/predictive policing uses assumingly error-free data to provide knowledge about where and when the next crime will occur. Why is it important to question who gathers data and how data is gathered in the first place?

Great question. There are some techno-critics who are also techno-optimists, in that they believe algorithmic bias can be corrected through the collection of clean, accurate data. Dirty data would be, say, the data on sexual violence manipulated by the Baltimore Police Department in order to bolster their appearance of being efficacious and responsive. Good datasets would consist of data that gives us some kind of accurate snapshot of the world based on records that have not been tampered with. When it comes to policing, I don't think it makes sense to uncritically make appeals for better data collection (unless it's on police conduct!), as such appeals will necessarily expand the domain of policing, and create a more totalizing surveillance state. As I mention in the book, populations that are not heavily policed fail to generate reams of data. Who collects data, what they will use the data for, what their motivations are, what categories are being used for data collection — all of these factors reveal that data is always-already political. Why is it that only the rich have maintained their right to opacity? Maybe if the context in which data collection took place was not defined by capitalism and white supremacy, we could start thinking about other uses for data — we could use data to determine social needs and resource redistribution rather than punishment and profits. The system in which new technologies appear tends to structure how these technologies are used.

You use the dutiful crime-fighting cyborg from Paul Verhoeven's *RoboCop* (1987) as an analogy for the future (or present, as some might argue) of law enforcement, with its combination of militarization and cybernetic control. Verhoeven's hybrid starts on the path toward reclaiming his lost humanity. But can't putting a more humane face on policing and imprisonment (in the final scene, RoboCop no longer presents himself as a corporate-owned product, but as Murphy) be construed as a way of rebranding state-sanctioned violence in some of its most repressive forms?

RoboCop stages the proverbial showdown between good cop and bad cop. ACAB ("All cops are bastards"), as a mantra, reveals this structure to always be reactionary. RoboCop is policing redeemed by the retention of the human element. But nowadays cybernetic police practices extend beyond the human and the locatable. What happens when we consider predictive forms of policing that have no face and thus cannot be personified? Perhaps there is a need for personification to arouse our moral indignation. "All police databases are bastards" makes no sense. We need new aesthetic and political practices to respond to new forms of power that circulate through technology and algorithmic regulation.

Just as risk scoring segregates people into the rigid categories of *deserving* and *undeserving*, based on the a priori association of blackness with risk (criminality, laziness, welfare-dependence), the notion of *innocence* segregates racialized subjects into the categories of *bad* and *good* — as is, for instance, the case with DACA, with its emphasis on good versus bad immigrants. This state

of innocence — how is it fabricated and instrumentalized, and what aspects get obscured in the process?

I wrote the essays in this book before the Trump presidency (he was elected while I was finishing the introduction). If I could go back, I would add more reflections on the politics of innocence, and the current framing of immigration discourse as it relates to the binary of the good immigrant (hard-working, invested in the American Dream, educated, family-oriented) and the bad immigrant ("bad hombres," thugs, dropouts, et cetera). Although I mentioned it in passing, I would also do more to deconstruct the violent versus nonviolent offender binary. Decreased punitivity for nonviolent offenders is often accompanied by increased punitivity toward violent offenders, which can strengthen the carceral state as a whole.

Do you envision *Carceral Capitalism* becoming part of the ever-expanding curriculum for teaching about prisons, policing, and prison abolition — ranging from foundational texts such as Angela Davis's Are Prisons Obsolete? to the latest posts on Mariame Kaba's Prison Culture blog — which aims to show that there is actually no master narrative when it comes to the carceral state?

I agree with the claim that, when it comes to the carceral state, there is no master narrative. Academia forces scholars to brand their arguments in order to sell books and land a job. Now there is a lot of intellectual jousting about what caused mass incarceration. Was it a backlash to prisoner organization or to black power and the urban riots of the '60s and '70s? Was it the need for a new method of racial management in the wake of the collapse of Jim Crow? Was it postwar moral panics around sex? Was it the buildup of state infrastructure during the Cold War? Was it prosecutors or the War on Drugs? Was it a way to socially manage surplus populations created by de-industrialization? Was it the three-strikes laws and determinate sentencing regimes? Was it private prisons, law-and-order politicians, wrongheaded criminologists, or a compromise Democrats made to maintain the loyalty of their white constituents? I don't think racialized mass incarceration can be reduced to any single factor. That's why I had to be interdisciplinary in my approach to unpacking issues related to the carceral state — to attack a set of problems on multiple levels of analysis (law, discourse, political economy, autobiography, culture, aesthetics, political theory, biopolitics, et cetera). I don't claim to be offering a master narrative in my book. With that said, I do hope people will read and engage with the book, whether it's in radical reading groups or in the classroom or outside a structured learning environment. I hope that *Carceral Capitalism* will spark conversations and organizing efforts.

INTRODUCTION, *CARCERAL CAPITALISM*

THE NEW RACIAL CAPITALISM[2]

The essays included in Carceral Capitalism attempt to update the analytic of racial capitalism for a contemporary context. Rather than focusing on the axis of production by analyzing how racism operates via wage differentials, this work attempts to identify and analyze what I consider the two main modalities of contemporary racial capitalism: predatory lending and parasitic governance. These racialized economic practices and modes of governance are linked insofar as they both emerge to temporarily stave off crises generated by finance capital. By titling this book Carceral Capitalism, I hope to draw attention to the ways in which the carceral techniques of the state are shaped by—and work in tandem with—the imperatives of global capitalism.

Predatory lending is a form of bad-faith lending that uses the extension of credit as a method of dispossession. In the United States, the kind of credit a borrower has access to depends in part on the race of the borrower. Today, before working on this introduction, I read an article in the New York Times about how the largest bank in the U.S.—J.P. Morgan—will pay $55 million in damages for discriminatory lending practices that

2 The following is an edited excerpt from the Introduction. It was published without footnotes in *The New Inquiry*, 01/22/18.

targeted blacks and Latinxs for higher-interest mortgage loans than whites of the same income bracket (Wells Fargo also had to pay $175 million for engaging in the same practices). As predatory lending systematically prevents mostly poor black Americans from accumulating wealth or private property, it is a form of social exclusion that operates via the inclusion of marginalized populations as borrowers. For it is as borrowers that they are eventually marked for further social exclusion (through credit and e-scores). Predatory lending exists in many forms, including subprime mortgage loans, student loans for sham for-profit colleges (which Obama attempted to regulate, but may be revived by Secretary of Education Betsy DeVos), car loans, and so forth. Predatory lending practices also have a decidedly spatialized character. In impoverished urban areas, predatory lending exists in the form of rent-to-own scams, payday loans, bail-bond loans, and other practices. Overall, predatory lending enables profit maximization when growth is stagnant, but this form of credit will always be plagued by realization problems, which are sometimes resolved using state force.

Parasitic forms of governance—which have intensified in the wake of the 2008 crash—are rooted in decades-old problems that are coming to a head only now. Beginning in the 1970s, there was a revolt in the capitalist class that undermined the tax state and led to the transformation of public finance. During the subsequent decades the tax state was gradually transformed into the debt state, which Wolfgang Streeck calls "a state which covers a large, possibly rising, part of its expenditure through borrowing rather than taxation, thereby accumulating a debt mountain that it has to finance with an ever greater share of its revenue." This model of public finance creates a situation where creditors, rather than the public, become the privileged constituency of governments. The hegemony of finance is antidemocratic not only because financial institutions are opaque and can influence finance through their ownership of the public debt but also because fiscal crises (which can be induced by the financial sector) authorize the use of state power to extract from the public.
Parasitic governance, as a modality of the new racial capitalism, uses five primary techniques: 1) financial states of

exception, 2) automated processing, 3) extraction and looting, 4) confinement, and 5) gratuitous violence (with execution as an extreme manifestation of this technique).

THE FINANCIAL STATE OF EXCEPTION

Perhaps what I would call a financial state of exception would be best exemplified by the recent cases of the Flint water crisis and the Puerto Rican fiscal crisis. They both entail a suspension of the so-called normal democratic modes of governance (where decisions are made by elected officials) and the implementation of rule by emergency managers (EMs) who represent the interests of the financial sector. Usually it is a state, municipal, or sovereign debt crisis that authorizes the financial takeover of governance (but it can also be a "natural" disaster, as we saw in New Orleans with Hurricane Katrina). A financial state of emergency can also be induced when banks create a liquidity shortage by abruptly refusing to lend money to government bodies (which is what occurred in the 1975 bankruptcy of New York City).

Flint, Michigan, is a perfect example of how a financial state of exception can produce a nightmarish outcome. As I write this, it has been more than a thousand days since Flint had clean water—but what does this have to do with the financial and government processes I have described above? In 2011, Governor Rick Snyder appointed emergency managers to seize control of the financial affairs of the city in the name of the public good. Like many other ailing postindustrial cities in Michigan that have experienced depopulation and the collapse of the tax base, Flint was facing a fiscal crisis. In 2014, to cut costs, the city switched its water source from Detroit's Lake Huron system to the Flint River. Officials—including the emergency financial managers—did this knowing that the city did not have the infrastructure to properly treat the water. The untreated water corroded the pipes, and high levels of lead leaked into the water, poisoning the primarily black residents of the city.

To give you a sense of how toxic the water was, consider that at 5,000 parts per billion of lead, water is regarded as hazardous waste. When the Flint resident LeeAnne Walters had her water tested, the lead level was at 13,200 parts per billion. Like many of the children and infants exposed to the contaminated water, Walters's son Gavin was diagnosed with lead poisoning. In short, the financial state of exception created by the budget crisis authorized the implementation of emergency financial managers whose primary goal was to make Flint solvent by any means necessary, even if it meant endangering the health of the residents. Under the auspices of the EMs, Flint was barred from borrowing money or issuing bonds. Given that, under the current fiscal paradigm, the federal government no longer provides significant funds to cities, the residents were left to suffer the consequences of the dramatic spending cuts.

As dry and technical and boring as the topic of municipal finance and fiscal retrenchment is, we see in the case of the Flint water crisis that these matters form the invisible backdrop of our lives: They directly determine our quality of life and even our health outcomes. We cannot, even on a bodily level, flourish under these conditions. But it should be emphasized that vulnerability to parasitic government practices is not equally distributed in the country. The practices you are exposed to depend on where you live (which, given how segregated our country is, is determined in large part by your race and class).

AUTOMATION

The second technique of the parasitic governance model I am outlining is automation. In *Weapons of Math Destruction,* Cathy O'Neil points out that "the privileged, we'll see time and again, are processed more by people, the masses by machines." When government bodies are strapped for cash, they can raise revenue by implementing software that automates the process of fining people; garnishing wages, Social Security, and tax returns; ticketing people; and extracting wealth—all while avoiding the cost of hiring personnel to individually file cases against people. To cite a common example: Tickets for traffic violations such as running a red light can be issued by mail when sensors and cameras are affixed to traffic lights. Though this practice seems benign, it can become a nightmarish scenario when a person (perhaps because they have moved) never receives the ticket and thus has a warrant out for their arrest. But perhaps the most paradigmatic example of this practice is a situation that recently came to light in—again—Michigan. In 2013—during the peak of the same fiscal crisis that led to the bankruptcy of Detroit and the Flint water crisis—the Michigan Unemployment Insurance Agency (UIA) implemented a system that automatically issued more than 20,000 accusations of fraud against people who were applying for unemployment benefits. After a class-action lawsuit was filed, a review of the cases found that 93 percent of the fraud claims issued by the Michigan Integrated Data Automated System (MiDAS) were false. After the implementation of MiDAS, the balance of the UIA's contingent fund (which consists mostly of funds generated from fraud fines) ballooned from $3.1 million to $155 million. Just a week before the report was released, Michigan passed legislation that enabled the state to use money from the UIA's contingent fund to balance the state budget. As the attorney David Blanchard put it, "It's literally balancing the books on the backs of Michigan's poorest and jobless." Unfortunately, because the social consequences of automated processing are difficult to make legible and identify, cases such as the MiDAS case often fail to register as scandals.

EXTRACTION AND LOOTING

While extraction and looting are the lifeblood of global capitalism, it occurs domestically in the public sphere when government bodies—out of pressure to satisfy their private creditors—harm the public not only by gutting social services, but also by looting the public through regressive taxation, fee and fine farming, offender-funded criminal-justice "services" such as private probation services, and so forth. While in the private sector the extension of subprime credit is often deployed as a racialized form of expropriation, in the public sector municipal governments (in tandem with or on behalf of financial institutions) use the police and the criminal-justice system to loot residents of primarily black jurisdictions. I would like to briefly turn to Brandon Terry's analysis of what could be described as a *domestic* staging of what Marxist and post-Marxist thinkers, including David Harvey, have analyzed in terms of how the advanced global economies—and the U.S. in particular—use their military, economic, and political might to secure access to natural resources and cheap labor: the expropriation of wealth from black America.

In "Insurgency and Imagination in an Age of Debt," Terry uses Stokely Carmichael and Charles V. Hamilton's conceptualization of black America as an "internal colony" to elucidate finance capital's predatory relationship to black America. Since the neoliberalization of the U.S. economy, household debt has ballooned, and this debt load is disproportionately borne by black Americans and the poor. Given this unequal debt load among urbanized black Americans who have lost access to secure employment (owing to the loss of unionized manufacturing jobs and the scaling back of the public sector), Terry is justified in his centering of "debt and financialization" over "labor and production" as his main axis of analysis. This debt regime operates not only through categorizing and targeting certain racialized subjects for loans that are essentially scams—it is also territorializing insofar as it relies on spatialized segregation in order to function. In his description of the "consumer life of the ghetto," Terry provides a number of examples of predatory scams such as "rent-to-own" that are only possible vis-à-vis the ghetto as a spatial configuration.

In urban ghettos, ethically dubious extractive methods prevail because residents are spatially exposed to predation. Terry suggests that, given the territorializing and expropriative character of capital's relation to black America, the colonial analogy in Carmichael and Hamilton's conceptualization of black America as an internal colony is apt in the domains of geography and economics (precisely where the analogy seems "ill-fitting"). Some theorists—and particularly Afro-pessimists such as Jared Sexton—would likely cavil at the use of colonialism as an analytic to understand antiblack social dynamics, as black racialization historically occurred on the axis of enslavement (by associating blackness with the transferrable condition of enslavement) and not colonization or territorial conquest. Nonetheless, Terry's analysis is convincing insofar as it shows how racial segregation and the spatial concentration of poverty essentially create zones that are marked lootable. The looting persists because residents in these zones have access to neither "good-faith" credit nor the material means to escape spatial exposure to predation.

CONFINEMENT

While the first three categories (financialization, automation, and looting) represent exclusionary processes that proceed by way of inclusion (subjectivation as citizen debtors, incorporation through the extension of credit), confinement and gratuitous violence are examples of exclusionary processes that result in civic and actual death. In other words, in the first three instances the parasitic state and predatory credit system must keep people alive in order to extract from them; in the latter two instances it must confine and kill to maintain the current racial order.

As we move to the fourth and fifth techniques of parasitic governance—confinement and gratuitous violence—we reach the point at which political economy fails as a lens through which to analyze racial dynamics in the United States. Although the concept of the prison-industrial complex draws attention to the industries that benefit from the prison boom of the last several decades—including the construction companies contracted to build the prisons, the companies contracted to supply food and commissary items, the predatory phone and video companies contracted to provide communication services, and private prison companies such as GEO Group and the Corrections Corporation of America (which has recently rebranded itself as CoreCivic)—the profit motive itself is not sufficient in explaining the phenomenon of racialized mass incarceration. Nonetheless, an economic analysis of prisons should not be wholly abandoned.

In addition to drawing attention to the private companies that benefit from the existence of prisons, there is much that political economy can tell us about prisons in the U.S.: it can elucidate how the economies of rural white America were revived through the construction of prisons and the employment of displaced white workers as prison guards; it can explain how deindustrialization and the migration of jobs to the suburbs and abroad created zones of concentrated black urban poverty; and it can show how the expansion of prisons "solved" the surplus population crisis caused by the wave of unemployment that followed the restructuring of the U.S. economy. Political economy also gives us a way to understand the growth of private prisons in the last several decades (particularly in the arena of juvenile detention) and the use of prison labor to produce goods at an average cost of 93 cents per hour. The lens of political economy can even shed light on why there has been a marginal decrease in the prison population in the wake of the 2008 financial crash, which led to revenue shortfalls that left many states desperate to slash public spending.

Yet to reduce mass incarceration to the profit motive would be misleading, considering that most inmates are held in publicly operated state and federal facilities as well as public local jails. Though as many as 700,000 prisoners are employed in a variety of jobs (ranging from facility maintenance to manufacturing jobs in industries such as furniture production), the majority of those in prisons and jails don't work. At the end of the day, the cost of housing prisoners is high, and the public bears the burden of the cost. A question that a purely economistic view fails to address is why, when the welfare state was being dismantled and there was an ideological pivot away from "big government," was the public induced to believe that a prison binge was legitimate while spending on social services, education, and job creation was not? Is it possible that, as the government withdrew from the arena of social welfare and the revolt among those in the capitalist class reorganized politics such that the government was no longer allowed to regulate the economy, the only remaining social entitlement—the entitlement that has come to give the state as an entity its coherence—is the entitlement of *security*?

This evolution in the social function of the state from *provider of social services* to *provider of security* also represented an evolution in how racialized populations in the United States would be managed. The project of dismantling the welfare state gained legitimacy through the association of social entitlements with blackness. If black Americans were seen as the primary beneficiaries of social programs (whether affirmative action, Medicaid, or food stamps), then the post–civil rights era conservative view that black Americans were getting ahead at the expense of white Americans would conveniently delegitimize the welfare function of the state as a whole. This is perhaps why many poor and working-class Americans can rail against welfare and "greedy minorities" while not even being aware that they are beneficiaries of the very services and programs undermined by their sentiments. It is hardly surprising that today, a Pew Research Center survey found that 43 percent of Republicans said that whites, rather than blacks, experience a lot of discrimination, while only 27 percent of Republicans believed that blacks experience a lot of discrimination. Given that white conservatives feel that blacks have a social advantage over whites, and that this "unfair advantage" is, in their view, facilitated by the state, it follows that gutting social entitlements will bring about their warped version of "equality."

All this is to say that antiblack racism is at the core of mass incarceration and the transformation of the welfare state not only into the (neoliberal) debt state but into the penal state as well. At the dawn of the carceral era, the United States chose the path of divestment in social entitlements and investment in prisons and police. There was nothing inevitable about this policy path, as Elizabeth Hinton captures in her brilliant book *From the War on Poverty to the War on Crime: The Making of Mass Incarceration in America*. The project of dismantling the welfare state was intimately tied to constructing urban black Americans trapped in zones of concentrated poverty as deserving of their situation. Coded racism was used to construct poverty as a personal moral failure. A structural analysis of urban poverty was set aside, and a racialized narrative of cultural pathology was taken up. In holding those hit hardest by cataclysmic changes in the economy responsible for their suffering (attributing their situation to laziness, criminal proclivities, and cultural inferiority), black Americans were simultaneously constructed as deserving of punishment. The conversion of poverty into a personal moral failure was intimately tied to the construction of black Americans as disposable and subject to mass incarceration. Antiblack racism, and not merely the profit motive, is at the heart of mass incarceration. Thus, the title of this book, Carceral Capitalism, is an attempt not to posit carcerality as an effect of capitalism but to think about the carceral continuum alongside and in conjunction with the dynamics of late capitalism.

GRATUITOUS VIOLENCE

There are fundamental disagreements between those who use racial capitalism as an analytic (whether the axis emphasized is debt, labor, or expropriation) and those who use an Afro-pessimistic lens, which is partly centered on gratuitous violence as a defining feature of antiblack racism. The focus on the dynamics of capitalism and how black people are bilked by that system (as workers or debtors) ignores the fact that global capitalism's condition of possibility was black enslavement—a legacy that continues to this day in modified iterations. Under slavery, black people were—as racialized subjects—considered commodities and were not the owners of their labor power (white workers) nor of property (the capitalist). Frank Wilderson writes, to Michael C. Dawson's chagrin, "work is a white category. The fact that millions upon millions of black people work misses the point. The point is we were never meant to be workers; in other words, capital/white supremacy's dream did not envision us as being incorporated or incorporative. From the very beginning, we were meant to be accumulated and die. . . . Today, at the end of the twentieth century, we are still not meant to be workers. We are meant to be warehoused and die." Dawson responds that this claim is "fundamentally wrong: we were brought here to work, and to die." Perhaps what is at stake in their disagreement is the question of whether black racialization proceeds by way of a logic of disposability or a logic of exploitability.

In this book I hold that black racialization proceeds by way of a logic of disposability and a logic of exploitability. While I analyze how government and financial institutions use extractive mechanisms designed to plunder black Americans, I am also aware that this line of thinking can create the impression that racism is rational insofar as it can be reduced to a set of economic determinants or a profit motive. An economically deterministic analysis would just paper over and soften the raw brutality of American racism. For Afro-pessimists it is not the economic sphere that forms the "base" from which the "superstructure" of civil society, politics, and culture emerges but antiblack violence that makes possible and is necessitated by global capitalism, freedom, civil society, and the interlocutory life of white (and nonblack) subjects. In short, antiblack violence is not a deviation from the supposedly American values of liberal equality, multiculturalism, and freedom—it the foundation on which the United States has been erected.

Though analyses of racial capitalism are much more nuanced than the caricatures of Marxism articulated by Afro-pessimist thinkers, analyses that focus on how racism is incentivized by capitalism and instrumentalized for monetary gain can sidestep the intractable psychological dimension of racism. In "Beyond the Wages of Whiteness: Du Bois on the Irrationality of Antiblack Racism," Ella Myers describes how Du Boisian analyses of race that reduce whiteness to a "public and psychological wage" selectively draw from only part of W. E. B. Du Bois's account of how white supremacy operates. Such analyses rely on a divide-and-conquer narrative: Racism buttresses capitalism by fracturing the working class and providing psychological compensation for exploited whites, which in turn enables the smooth functioning of capitalism by impeding political cooperation between working-class whites and blacks. However, while Du Bois focuses on the proprietary dimension of whiteness when he writes that whiteness is "the ownership of the earth, forever and ever, Amen," Myers notes that he was also attuned to the ways in which white supremacy was sadistic, defined as much by a "lust for blood" as by economic exploitation and psychological compensation. Although Du Bois initially believed that racism was a matter of ignorance and that knowledge could free whites of their racial delusions, after witnessing the lynching of a black man named

Sam Hose in Georgia, Du Bois recognized the depths of whites' hatred toward blacks and became disillusioned with the social sciences. Du Bois—who prided himself on his scholarly fastidiousness and commitment to objectivity—was en route to deliver "a careful and reasoned statement concerning the evident facts" regarding Hose's case when he found out about the lynching. In his 1940 autobiography, Dusk of Dawn, he reflected that he had "regarded it as axiomatic that the world wanted to learn the truth." The realization that racial hatred trumped enlightened reason led him to two conclusions: "First, one could not be a calm, cool, and detached scientist while Negroes were lynched, murdered and starved; and secondly, there was no such definite demand for scientific work of the sort that I was doing." Furthermore, Du Bois became more cognizant of the "irrational" dimensions of racism at the dawn of the Freudian era: "I now began to realize that in the fight against race prejudice, we were not facing simply the rational, conscious determination of white folk to oppress us; we were facing age-long complexes sunk now largely to unconscious habit and irrational urge." Like the Martinican anticolonial theorist Frantz Fanon, Du Bois was able to offer a multilayered account of racism by combining a Marxist-inflected analysis of capitalism with a psychoanalytic-inflected analysis of the unconscious life of racism.

At the time of writing this introduction, over the course of a single week, three separate trials that have involved a police officer fatally shooting a black man have resulted in no convictions. Following the acquittal of Jeronimo Yanez—the officer who shot Philando Castile—Castile's mother, Valerie Castile, gave a powerful speech to the reporters who were gathered to hear statements from the family. When Castile's mother spoke about the trial, her revelation echoed Du Bois's thoughts after the lynching of Sam Hose: The truth had done nothing to bring about justice. Dash-cam footage revealed that Castile was in his car and that he calmly disclosed that he was (legally) carrying a weapon. When the officer screamed at him to not pull out his gun and he calmly replied that he wasn't going to, the officer proceeded to shoot him seven times. Given that Castile lived in the St. Louis region, where predatory fine farming by the police is a common practice, it is hardly surprising that before this fatal encounter, Castile had been stopped by the police fifty-two times for minor traffic infractions.

Empirical evidence (such as video footage) that reveals that cops are murdering black people without reason does very little to disabuse some white people of their belief that the officers are justified in their actions. Take, for instance, the dash-cam footage of Yanez shooting Castile. Some conservative news commenters claimed that when Castile said he wasn't going to take out his gun, what he actually said was that he was going to take it out. This "interpretation" is both factually wrong and nonsensical as an explanation. Why would Castile calmly disclose he was carrying a firearm if he were planning to shoot the officer? Even many commenters who were not sympathetic to Castile had to concede, based on the video, that the officer was trigger-happy, but they justified siding with the officer by characterizing Castile as a thug, thus marking him as unworthy of sympathy. One YouTube commenter noted, "This officer didn't have trigger discipline, and that is entirely his fault . . . But some people are acting like Castille [sic] was some sort of saint, HE WASN'T!"

While reading the comments, I was struck by how racism affects people on the level of perception, enabling them to hallucinate a reality that conforms to their predetermined expectations. Thus, hallucinated racial expectations enable a conservative commentator to hear Castile say "I'm gonna pull out my gun" when watching the dash-cam video of Yanez shooting Castile. Similarly, officer Darren Wilson imagines that Mike Brown has turned into the hulk while ticketing him, and officer Raymond Tensing imagines a threat that is not substantiated by body-cam footage of him shooting Samuel DuBose. When the body-cam footage did not support Officer Tensing's claim that he shot DuBose because his arm was stuck in the steering wheel and DuBose was trying to drive away, rather than this being grounds to convict Tensing, the trial became about what was in the officer's "mind" at the time of shooting DuBose—in other words, whether it was plausible that Tensing "imagined" a threat.
This case lays bare the fallacy of believing that body cams will curb antiblack policing. Not only does this "solution" expand

the surveillance state, it also seems more likely that the footage captured by body cams will be used against the people who are being policed and not against the police officers who are legally given discretion to shoot people. The statements of Castile's sister and mother cut through this wishful line of thinking: Even the truth (captured by the dash cam) will not bring about "justice" when the adjudicating institutions have been systematically designed to fail black people (and not only to fail them but to be used against them). The raw despair and anger in Valerie Castile's voice when she says that the "system continues to fail black people" ruptures the myth of American fairness and justice. Philando Castile's sister, Allysza Castile, echoed this sentiment when she ended her statement with the mantra "I will never have faith in this system; I will never have faith in this system; I will never have faith in this system"—repeated three times as she retreats from the microphone and her voice hauntingly fades.

RACIALIZED ACCUMULATION BY DISPOSSESSION IN THE AGE OF FINANCE CAPITAL: NOTES ON THE DEBT ECONOMY[3]

The development of the hermeneutic of "racial capitalism" can be traced back to the political theorist Cedric Robinson, who developed this framework in his groundbreaking work *Black Marxism: The Making of the Black Radical Tradition* (1983). While working on the book during a sabbatical in the U.K., Robinson heard the term "racial capitalism" used to describe the economy of South Africa. He then took up the term and broadened it into an analytic that posits race as a central feature of capitalism. His analysis does not claim that capitalism itself produced racial distinctions, nor does he posit that racial categories and stereotypes were cooked up to pit workers against each other or to "justify" slavery and exploitation.1 Rather, racialism was already a part of Western civilization before the advent of capitalism. Capitalism, then, was not a modernizing force that embodied a total break from the old feudalist order, but emerged out of it and retained some of its features. Western societies were primed for racial thinking even before racial slavery and colonialism, as Europeans themselves were divided into racial groups. As

3 Chapter 1 of the *Carceral Capitalism* (NY: Semiotexte, 2017).

Robin D. G. Kelley notes, when capitalism emerged, the "first European proletarians were *racial* subjects (Irish, Jews, Roma or Gypsies, Slavs, etc.) and they were victims of dispossession (enclosure), colonialism, and slavery *within Europe*"[2] Critics of Marx who have taken up Robinsons hermeneutic of racial capitalism contest Marxs division of people in a capitalist society into the universal class-based categories of workers and capitalists. However, this critique misses that in texts other than *Capital*—particularly in his historical and journalistic writings—Marx writes about a complex cast of characters that cannot be reduced solely to capitalists and workers (remember: in Capital, Marx presents us with *abstract models* as a way to critique classical political economy, and so these models should not be taken as empirical descriptions of reality). Nonetheless, a tension persists between those who claim that capitalist processes tend to *homogenize* subjects, and those who hold that capitalism operates through *differentiation*. Those who adhere to the latter perspective claim that "capitalism was not the great modernizer giving birth to the European proletariat as a universal subject," for—as Robinson writes—the "tendency of European civilization through capitalism was thus not to homogenize but to differentiate—to exaggerate regional, subcultural, and dialectical differences into 'racial' ones."[3]

However, if we are open to the claims of such thinkers as Rosa Luxemburg and David Harvey, that capitalism has a dual character, then it becomes possible to analyze how these two axes—one that homogenizes, the other that differentiates—operate simultaneously. If the *exploitation* axis is characterized by the homogenizing wage relation (insofar as it produces worker-subjects who have nothing to sell but their labor-power), then the axis of *expropriation* relies on a logic of differentiation that reproduces racialized (as well as gendered) subjects. It is the latter process that I take up in this essay on race, expropriation, and debt as a method of dispossession in the age of finance capital. But before I discuss these modern techniques of extraction, I first trace debates about ongoing accumulation by dispossession and racial capitalism, beginning with Marx's analysis of primitive accumulation.

PRIMITIVE ACCUMULATION

In Part 8 of *Capital* (Volume 1) Marx attempts to describe the historical processes that create the conditions necessary for the emergence of capitalism. He describes the "pre-history" of capitalism as a process of "primitive accumulation." Unlike his contemporaries, Marx did not naturalize the process of primitive accumulation, and he rejected the narrative that the emergence of capitalism was the result of enterprising individuals who accumulated wealth by working harder than others. Instead, he focused on the use of force, and particularly state power, to pave the way for capitalism: "In actual history, it is a notorious fact that conquest, enslavement, robbery, murder, in short, force, play the greatest part."4

But what exactly is primitive accumulation? It entails the creation of a labor market and a system of private property achieved through the violent process of dispossessing people of their land and ways of life so that they can be converted into workers for capitalists. In order to turn peasants, small craftsmen, and others into workers who have nothing to sell but their labor power, these people must first be alienated from their means of subsistence. As Marx writes:

> In the history of primitive accumulation, all revolutions are epoch-making that act as levers for the capitalist class in the course of its formation; but this is true above all for those moments when great masses of men are suddenly and forcibly torn from their means of subsistence, and hurled onto the labour-market as free, unprotected and rightless proletarians. The expropriation of the agricultural producer, of the peasant, from the soil is the basis of the whole process. The history of this expropriation assumes different aspects in different countries, and runs through its various phases in different orders of succession, and at different historical epochs.5

What follows in Chapters 27 and 28 of *Capital* (Volume I) is a brief history of what Marx considers a "classic" form of primitive accumulation: the gradual transformation of the English landed peasantry into an industrial workforce. This process—which initially involved the lawless theft of land through brute force—was eventually carried out by the state apparatus in the eighteenth and nineteenth centuries through the passing of thousands of laws, or Enclosure Acts, that formally destroyed the commons and privatized the land. For the purpose of this essay, I wont go into great detail about Marxs description of this process, but it is important to note that although Marx used England as his case study, he acknowledged that the process is historically contingent and follows different paths in different contexts. Though Marx's account leaves room for historical variation, Marxist thinkers have sometimes taken issue with his assumption that the expropriative and violent looting methods that characterize primitive accumulation take place exclusively *prior* to the implementation of the capitalist mode of production. If economic development follows a linear path toward capitalism, then other modes of production such as slavery and feudalism are distinct from and prior to capitalism— they are "backwards" modes of production that will eventually be subsumed by capitalism.

Contemporary historians of capitalism and slavery are partly animated by a (sometimes unstated) desire to prove Marx wrong by demonstrating that U.S. slavery was well integrated into the circuits of global capitalism and thus cannot be considered as separate from or prior to capitalism. Indeed, the Industrial Revolution in Britain in the nineteenth century was fueled by cotton produced in the slaveholding states of the United States. As the historian Walter Johnson argues in *River of Dark Dreams: Slavery and Empire in the Cotton Kingdom,* slavery was very much a part of the global capitalist economy, as 85 to 90 percent of the cotton produced in America was sent to Liverpool for sale and then processed into textiles in British factories.

But a century before the "new historians of capitalism" made this analytical contribution to debates about capitalism and slavery, Rosa Luxemburg levied a similar and more theoretical critique of Marx in her 1913 work of political economy *The Accumulation of Capital: A Contribution to an Economic Explanation of Imperialism*. Though her theoretical intervention is very technical, what follows is a jargon-light summary of her critique. In Part III of *The Accumulation of Capital,* Luxemburg sets out to disprove the mathematical model for expanded reproduction that Marx develops in Volume II of *Capital*. Expanded reproduction is the process by which capitalism grows when a portion of surplus value is reinvested in production. Though Marx concedes that his model is an abstraction (and thus takes place in a fanciful context where there is only capitalism and two classes consisting of workers and capitalists), Luxemburg nonetheless finds his model flawed on both historical and theoretical grounds. She notes that Marxs schema "takes no account of the increasing productivity of labor," which means that surplus value would increase relative to variable capital (i.e., purchased labor power).6 In other words, capitalism would grow faster than workers' capacity to consume products, which would ultimately lead to a crisis of realization (surplus value would not be realized in full because there would be no buyers for a portion of the products). Thus, she asserts, Marx is wrong in his belief that expanded reproduction could occur in "a society consisting only of capitalists and workers."7 Third parties must be introduced to temporarily resolve the antagonism between the expansion of the productive forces and restrictions on the capacity of consumption. But "who, then, realizes the constantly increasing surplus value?"8 In Luxemburg's view, it is consumers outside the domain of the formal capitalist sphere who prop up the capitalist economies by absorbing the surplus production of both consumer goods and the means of production (construction materials for infrastructure projects, etc.). Luxemburg's analysis of the parasitic relationship between capitalist and noncapitalist spheres has since been recast in terms of developed and underdeveloped spheres, the Global North and Global South, and the core and (dependent) periphery— all of which draw attention to the geographical unevenness of global trade.

To offer a contemporary example, consider the recent global investments made by China. China has a glut of steel, and one way it has deferred an overproduction/underconsumption crisis is by supplying both the credit and the materials, as well as much of the labor and expertise, for African nations to construct a vast railway system across East Africa. Between 2004 and 2014, African countries borrowed some $10 billion from the China Export-Import Bank to finance railway projects that are part of the East African Railway Master Plan. The railway system also facilitates the creation of a market for exported Chinese consumer goods, which have already begun to flood marketplaces across Africa.

Though there are many more dimensions to Luxemburg's analysis of how capitalist accumulation takes place, the most important points to be gleaned from her account, for the purpose of this essay, are:

1) Capitalism is inherently expansionary, as it seeks to realize an ever-increasing amount of surplus value;
2) There is no reason why surplus value need be realized within the formal capitalist sphere when realization can be secured through violence, state force, colonization, militarism, war, the use of international credit to promote the interests of the hegemonies, the expropriation of indigenous land, predatory tariffs and taxes, hyper-exploitation, and the pilfering of the public purse.

In other words, according to Luxemburg, the methods used for primitive accumulation do not end when the capitalist mode of production becomes dominant in a specific context. Since capitalism is a global system, and levels of economic and political "development" vary gready across the globe, the drive to both secure consumer markets and cut production costs compels capitalists to take advantage of this unevenness by developing a parasitic relationship with noncapitalist or underdeveloped spheres. If—in the mid-nineteenth century—the cheapest source of cotton was cultivated using slave labor in the U.S. South, why would a British industrialist prioritize securing this raw material from a "capitalist" source? As Luxemburg writes:

> In its drive to appropriate these productive forces for the purposes of exploitation, capital ransacks the whole planet, procuring means of production from every crevice of the Earth, snatching up or acquiring them from civilizations of all stages and all forms of society. Far from being already resolved by the material form of the surplus value generated by capitalist production, the question of the material elements of capital accumulation transforms itself into an entirely different one: for the productive

> employment of realized surplus value, it is necessary for capital to dispose ever more fully over the whole globe in order to have available to it a quantitatively and qualitatively unrestricted range of means of production.9

This is Luxemburg's point: to assume that capitalism is the exclusive and universal mode of production, as Marx does in his schema of expanded reproduction, is to miss how capitalist accumulation actually takes place. Luxemburg even goes so far as to conclude that the moment the capitalist mode of production becomes universal, it would no longer be able to function, because there would be no way for it to fully realize the surplus value produced, as there would be no domains left to ransack. However, this narrative assumes that capitalism is a static system rather than a dynamic system that can adapt to changing conditions. It also assumes that those who are incorporated into the capitalist system are permanently integrated into the economy as waged laborers. Given that labor productivity generally increases over time owing to technological innovations, segments of the workforce are also regularly shunted from the process of production. It is usually the case that somewhere in the world, yesterdays workers are todays surplus population. This process continually opens up new domains for expropriation and value generation, whether it is through moneylending or warehousing people in prisons.

At this point in the analysis you may be wondering, what does any of this have to do with racial capitalism? Luxemburg accounts for the way race mediates the accumulation process when she argues that racialized colonization, expropriation, and slavery have historically been capitalisms condition of possibility:

> Since capitalist production must have all territories and climes at its disposal in order for it to develop, it can no more be confined to the natural resources and productive forces of the temperate zone than it can make do with the labor-power of the white race alone. Capital needs other races to exploit territories where the white race is not capable of working, and in general it needs unrestricted disposal over all the labor-power in the world, in order to mobilize all of the Earth's productive forces to the extent that this is possible within the constraints of surplus

> value production. However, in most cases, as capital encounters this labor-power, the latter is rigidly bound by outmoded, precapitalist relations of production, from which it must first be "set free," in order to be enlisted in the active army of capital. The process of extricating labor-power from primitive social relations and absorbing it into the capitalist wage system is one of the indispensable historical foundations of capitalism. The British cotton industry, which was the first genuinely capitalist branch of production, would have been impossible not only without cotton from the southern states of the American Union, but also without the millions of Black Africans who were transported to America in order to provide labor-power for the plantations, and who subsequently joined the ranks of the capitalist class of wage laborers as free proletarians after the American Civil War. The importance of acquiring the requisite labor- power from noncapitalist societies becomes very palpable for capital in the form of the so-called labor problem in the colonies. In order to solve this problem, all possible methods of "soft power" are employed to detach the labor-power that is subordinated to other social authorities and conditions of production from these and to place it under the command of capital. These endeavors give rise in the colonial countries to the most peculiar hybrid forms of the modern wage system and primitive relations of domination. These latter give a palpable demonstration of the fact that capitalist production is not feasible without labor-power from other social formations.10

What Luxemburg is describing is a dual labor system whereby the liberal contract prevails in the "temperate zone" of the "white race" while the labor supply in the extra-capitalist social strata is secured through colonial domination and forms of soft power. A hybrid form emerges when capitalist social formations are grafted onto noncapitalist social formations.

Luxemburg's arguments are relevant to debates about the birth of capitalism and ongoing accumulation, but they also help us analyze fictitious capital, financialization, and contemporary racial capitalism. Prior to my reading of Part III of The Accumulation of Capital, I came to similar conclusions as Luxemburg when thinking about realization problems related to the debt economy. Some post-Marxists are dismissive of analyses of financialization because fictitious capital is not part of the "real" economy. But looking at how crises created by the credit economy were resolved, I found that the state apparatus was used to force realization through racialized expropriation when no other avenues were available. Although Luxemburg is mostly talking about an unequal transnational exchange between capitalist and noncapitalist nations, a similar dynamic is enabled within the U.S. because of uneven regional economic health and development. Consider, for instance, such postindustrial cities and regions as Detroit, where there has been dramatic depopulation, the collapse of the city's tax base (partly because of racist housing policies and white flight), and the collapse of the manufacturing sector. The financial sector saw Detroit's decline as an opportunity to capitalize on its fiscal desperation by extending high-risk credit to the city and—when the city went bankrupt—attempting to force payment through the bankruptcy litigation process. Wherever there is economic desperation and a high concentration of poverty, predatory lending mechanisms dominate. Local economies that are struggling become the testing grounds for predatory financial instruments. Examples of domestic forms of expropriation trouble the inside-outside distinction Luxemburg makes between capitalist and noncapitalist societies. In some cases, it is not a strict demarcation between capitalist and noncapitalist spheres that enables expropriation, but geographical unevenness.

Furthermore, in the age of finance capital, the use of debt as a mechanism of *dispossession* requires that subjects first be incorporated into the capitalist system as borrowers.

FROM PRIMITIVE ACCUMULATION TO RACIALIZED ACCUMULATION BY DISPOSSESSION

In *The New Imperialism*, the Marxist geographer David Harvey uses Luxemburg's analysis of ongoing accumulation by force to develop a theoretical framework suited to the neoliberal era. Instead of using the Marxist term "primitive accumulation"—which relegates the use of violence, coercion, and fraud to the stage *preceding* capitalism—he opts instead for the term "accumulation by dispossession." He writes, "Accumulation by dispossession can here be interpreted as the necessary cost of making a successful breakthrough into capitalist development with the strong backing of state powers."[11] Harvey agrees with Luxemburg's claim that capitalism has a dual character: one sphere is governed by freedom of contract and the rule of law while the other is dominated by political violence and looting carried out by hegemonic capitalist nations. The looting component of the accumulation process is often carried out through the international credit system, which Harvey notes is the linchpin of late capitalism:

> The credit system and finance capital became, as Lenin, Hilferding, and Luxemburg all remarked at the beginning of the twentieth century, major levers of predation, fraud, and thievery. The strong wave of financialization that set in after 1973 has been every bit as spectacular for its speculative and predatory style. Stock promotions, ponzi schemes, structured asset destruction through inflation, asset-stripping through mergers and acquisitions, and the promotion of levels of debt incumbency that reduce whole populations, even in the advanced capitalist countries, to debt peonage, to say nothing of corporate fraud and dispossession of assets (the raiding of pension funds and their decimation by stock and corporate collapses) by credit and stock manipulations—all of these are central features of what contemporary capitalism is about.[12]

Although I largely agree with Harvey's analysis of accumulation by dispossession, as well as his attention to the use of credit as a method of expropriation, I would like to further extend his analysis to focus on the racial dimension of this process—what one might call *racialized accumulation by dispossession*. In the following sections I look at recent attempts to theorize expropriation as a racializing process.

RACIAL CAPITALISM AND SETTLER COLONIALISM

Given the dual character of capitalist accumulation identified by both Rosa Luxemburg and David Harvey, what new understanding of capitalism would be generated by focusing on dispossession and expropriation over work and production? Contemporary political theorists as well as critical ethnic studies, black studies, and Native studies scholars and activists analyze how racial slavery and settler colonialism provide the material and territorial foundation for U.S. and Canadian sovereignty. Rather than casting slavery and Native genocide as temporally circumscribed events that inaugurated the birth of capitalism in the New World ('primitive accumulation"), they show how the racial logics produced by these processes persist to this day:

> In order to recuperate the frame of political economy, a focus on the dialectic of racial slavery and setder colonialism leads to important revisions of Karl Marxs theory of primitive accumulation.
>
> In particular, Marx designates the transition from feudal to capitalist social relations as a violent process of primitive accumulation whereby "conquest, enslavement, robbery, murder, in short, force, play the greatest part." For Marx, this results in the expropriation of the worker, the proletariat, who becomes the privileged subject of capitalist revolution. If we consider primitive accumulation as a persistent structure rather than event, both Afro-pessimism and settler colonial studies destabilize normative conceptions of capitalism through the conceptual displacements of the proletariat. As Coulthard demonstrates, in considering Indigenous peoples in relation to primitive accumulation, it appears that the history and experience of dispossession, not proletarianization, has been the dominant background structure shaping the character of the historical relationship between Indigenous peoples and the Canadian state." It is thus dispossession of land through genocidal elimination, relocation, and theft that animates Indigenous resistance and anticapitalism and "less around our emergent status as 'rightless proletarians."' If we extend the frame of primitive accumulation to the question of slavery, it is the dispossession of the slaves body rather than the proletarianization of labor that both precedes and exceeds the frame of settler colonial and global modernity.13

As Iyko Day notes, Native dispossession occurs through the expropriation of land, while black dispossession is characterized by enslavement and bodily dispossession. Although both racial logics buttress white accumulation and are defined by a "genocidal limit concept" that constitutes these subjects as disposable, Day notes that “the racial content of Indigenous peoples is the mirror opposite of blackness. From the beginning, an eliminatory project was driven to reduce Native populations through genocidal wars and later through statistical elimination through blood quantum and assimilationist policies. For slaves, an opposite logic of exclusion was driven to increase, not eliminate, the population of slaves.”14 A debate has ensued in critical ethnic studies about which axis of dispossession is capitalisms condition of possibility: the expropriation of Native land or chattel slavery? Was the U.S. made possible primarily by unbridled access to black labor, or through territorial conquest? Is the global racial order defined—as Day writes—primarily by the indigenous-settler binary or the black-nonblack binary? At stake in this debate is the question of which axis of dispossession is the “base” from which the “superstructures” of economy, national sovereignty, or even subjectivity itself emerge. Those who argue that settler colonialism is central have sometimes made the claim that even black Americans participate in settler colonialism and indigenous displacement by continuing to live on stolen land, while those who center slavery and antiblackness have sometimes viewed Native Americans as perpetrators of antiblackness insofar as some tribes have historically owned slaves and seek state recognition by making land-based claims to sovereignty—a claim that relies on a political grammar that black Americans do not have access to, as slaves were rent from their native lands when they were transported to the Americas (see Jared Sextons “The Vel of Slavery”). Although weighing in on this debate is beyond the scope of this essay, I generally agree with Days assertion that to treat this set of issues as a zero-sum game obfuscates the complexity of these processes. With that said, it is important to note that this book deals primarily with the antiblack dimensions of prisons, police, and racial capitalism, though I acknowledge that analyses of settler colonialism are equally vital to understanding the operations of racial capitalism and how race is produced through multiple expropriative logics.

GENDERED EXPROPRIATION

Though this book focuses primarily on black racialization in a contemporary context, it is worth noting that expropriation reproduces multiple categories of difference—including the man-woman gender binary. Although categories of difference were not invented by capitalism, expropriative processes assign particular meanings to categories of difference. “Woman” is reproduced as inferior through the unwaged theft of her labor, while the esteem of the category of “man” is propped up by the valorization of his labor. Even when women are in the professional workforce, they are still vulnerable to expropriation when they are given or take on work beyond their formal duties—whether its washing the dishes at the office, mentoring students, or doing thankless administrative work while male colleagues get the “dysfunctional genius” pass. But above all, gendered expropriation occurs through the extraction of care labor, emotional labor, as well as domestic and reproductive labor— all of which is enabled by the enforcement of a rigid gender binary. This system is propped up by gender socialization, which compels women to psychologically internalize a feeling of responsibility for others.

Although, at a glance, it might seem that the expropriation of womens labor happens primarily through housewifization, the marriage contract, and the assignment of child-care duties to women, in the current epoch—characterized by an aging baby boomer population and a shortage of geriatric health-care workers—women are increasingly filling this void by taking care of sick parents, family members, and loved ones. It is hardly surprising that two-thirds of those who care for those with Alzheimer’s disease are women, even as women are the primary victims of this disease. Given that womens lives are often interrupted by both childcare duties and caring for ailing family members, it’s also hardly surprising that women accumulate many fewer assets and are more likely to retire into poverty than their male counterparts. A recent report found that the European Union gender pension gap was 40 percent, which far exceeds the gender pay gap of 16 percent. Overall, gender is a material relation that, among other things, bilks women of their futures. The aged woman who has toiled by caring for others is left with little by the end of her life. Though gender distinctions are maintained through expropriative processes, they also have consequences beyond the economic and material realm. While it could be said that disposability is the logic that corresponds to racialized expropriation, gendered subjectivation has as its corollary *rapeability*. It also goes without saying that these expropriative logics are not mutually exclusive, as nonwhite women and gender-non- conforming people may be subject to a different set of expropriative logics than white women.

RACIALIZED EXPROPRIATION

Although I do not claim that expropriation should be defined exclusively as racialization (again, because different expropriative logics reproduce multiple categories of difference), this book deals primarily with the antiblack racial order that is produced by late-capitalist accumulation. Michael C. Dawson and Nancy Fraser are two contemporary political theorists who have defined expropriation as a racializing process in capitalist societies. In "Hidden in Plain Sight," Dawson takes Fraser to task for not acknowledging racialized expropriation as one of the "background domains" of capitalist society. Understanding the logic of expropriation, in his view, is necessary for understanding which modes of resistance are needed at this historical juncture. His article begins with a meditation on the question: Should activists and movements such as Black Lives Matter focus on racialized state violence (police shootings, mass incarceration, and so forth), or should they focus on racialized inequality caused by expropriation and exploitation? What is the relationship between the first logic—characterized by disposability—and the second logic—characterized by exploit ability and exp rop viability? Rather than describing these logics as distinct forms of antiblack racism, he analyzes them as two dimensions of a dynamic process whereby capitalist expropriation generates the racial order by fracturing the population into superior and inferior humans:

> Understanding the foundation of capitalism requires a consideration of “the hidden abode of race”: the ontological distinction between superior and inferior humans—codified as race—that was necessary for slavery, colonialism, the theft of lands in the Americas, and genocide. This racial separation is manifested in the division between full humans who possess the right to sell their labor and compete within markets, and those that are disposable, discriminated against, and ultimately either eliminated or superexploited.15

Black racialization, then, is the mark that renders subjects as suitable for—on the one hand—hyperexploitation and expropriation, and, on the other hand, annihilation. Before the neoliberal era, the racial order was propped up by the state, and racial distinctions were enforced through legal codification, Jim Crow segregation, and other formal arrangements. In a contemporary context, though the legal regime undergirding the racial order has been dismantled, race has maintained its dual character, which consists of “not only a probabilistic assignment of relative economic value but also an index of differential vulnerability to state violence.”16 In other words, vulnerability to hyperexploitation and expropriation in the economic domain and vulnerability to premature death in the political and social domains. My essay on the Ferguson Police Department and the city’s program of municipal plunder is an attempt to make visible the hidden backdrop of Mike Browns execution: the widespread racialized expropriation of black residents carried out by the criminal justice arm of the state. It is not just that Mike Browns murder happened alongside the looting of residents at the behest of the police and the city’s financial manager, but that racial legacies that have marked black residents as lootable are intimately tied to police officers’ treatment of black people as killable. The two logics reinforce and are bound up with each other.

In her response to Dawson’s analysis of racialization as expropriation, Fraser develops Dawson’s claims by looking at the interplay between economic expropriation and “politically enforced status distinctions.”17 Not only does accumulation in a capitalist society occur along the two axes of exploitation and expropriation, but one makes the other possible in that the “racialized subjection of those whom capital expropriates is a condition of possibility for the freedom of those whom it exploits."18 In other words, the "front story" of free workers who are contracted by capitalists to sell their labor-power for a wage is enabled by, and depends on, expropriation that takes place outside this contractual arrangement. Fraser further extends Dawson's analysis by offering a historical account of the various regimes of racialization. In her analysis of the "proletarianization" of black Americans as they migrated from the South to industrial centers in the North and Midwest during the first half of the twentieth century, she points out that even in the context of industrial "exploitation," the segmented labor market was organized such that a "confiscatory premium was placed on black labor" Black industrial workers were paid less than their white counterparts. In some sense, the racialized gap in earnings can be thought of as the portion that was expropriated from black workers. It is not as though the black laborers who joined the ranks of the industrial proletariat were newly subjected to exploitation rather than expropriation, but that these two methods of accumulation were operating in tandem.

In the "present regime of racialized accumulation"—which she refers to as "financialized capitalism"—Fraser notes that there has been a loosening of the binary that has historically separated who should be subjected to expropriation from who should be subjected to exploitation, and that during the present period, debt is regularly deployed as a method of dispossession:

> Much large-scale industrial exploitation now occurs outside the historic core, in the BRICS countries of the semi-periphery. And expropriation has become ubiquitous, afflicting not only its traditional subjects but also those who were previously shielded by their status as citizen- workers. In these developments, debt plays a major role, as global financial institutions pressure states to collude with investors in extracting value from defenseless populations.19

While I agree with Fraser's claim that the "sharp divide" between "expropriate subjects and exploitable citizen-workers" has been replaced by a "continuum" (albeit a continuum that remains racialized), I would add that the existence of poor whites who have fallen out of the middle class or have been affected by the opiate crisis at the present juncture represents not racial progress for black Americans, but the generalization of expropriability as a condition in the face of an accumulation crisis. In other words, immiseration for all rather than a growing respect for black Americans. Fraser rightly points out that "expropriation becomes tempting in periods of crisis."20 Sometimes the methods of accumulation that were once reserved exclusively for racialized subjects bleed over and are used on those with privileged status markings.

If expropriation and exploitation now occur on a continuum, then it has been made possible, in part, by late capitalisms current modus operandi: the probabilistic ranking of subjects according to risk, sometimes indexed by a persons credit score. As I will demonstrate in the coming sections, this method is not a race-neutral way of gleaning information about a subjects personal integrity, credibility, or financial responsibility. It is merely an index of already-existing inequality and a way to distinguish between which people should be expropriated from and which should be merely exploited.

RACE AND THE DEBT ECONOMY

> *I have seen a black farmer fall in debt to a white storekeeper, and that storekeeper go to his farm and strip it of every single marketable article,—mules, ploughs, stored crops, tools, furniture, bedding, clocks, looking-glass,—and all this without a warrant, without process of law, without a sheriff or officer, in the face of the law for homestead exemptions, and without rendering to a single responsible person any account or reckoning.* —W. E. B. Du Bois 21

> *Here in 1890 lived ten thousand Negroes and two thousand whites. The country is rich, yet the people are poor. The key-note of the Black Belt is debt; not commercial credit, but debt in the sense of continued inability on the part of the mass of the population to make income cover expense.*
> —W. E. B. Du Bois 22

When observing the economic life of the United States, we see that at every historical juncture, debt has been racialized. During the antebellum period whites used slaves as collateral when taking out loans. As W. E. B. Du Bois highlights in *The Souls of Black Folk*, after slavery was abolished, debt was a racialized regime of social control that was enabled by the tenant farming system. As black sharecroppers left the agricultural sector in the South to join the industrial workforce, debt migrated from the point of production to the point of consumption. Dawson and Megan Ming Francis write:

> A *difference* between the crushing debt of the Jim Crow era and the current neoliberal racial order is that debt during the previous era was tied to blacks' roles as *producers* in the economy—specifically, first as agricultural workers (primarily sharecroppers) and then during Jim Crow as industrial- sector urban workers (heavily concentrated in unionized manufacturing). In this era, the debt is primarily tied to blacks' roles as *consumers*.23

The authors also note that, as urban manufacturing jobs left the inner cities, the displacement of black American workers further intensified black dependency on consumer credit: between 1970 and 1991, black labor force participation dropped from 63 percent to 49 percent. Recent data that shows overall low unemployment among black Americans (though black unemployment is still high relative to white unemployment) is skewed because such data fails to account for black displacement from the waged labor force caused by mass incarceration. Although racial disparities exist in the various domains of consumer debt, indebtedness as an economic and social conditionis becoming a generalized condition in the U.S. However—as I have already emphasized—the form of credit available to people varies based on their race, place of residency, and class status.

STUDENT DEBT

At a glance, the domain of student loans might appear to be equal and nondiscriminatory, but a racial debt gap exists in this domain as well. Federal student loans—seemingly not designed to be predatory—facilitate predation when black borrowers are disproportionately tracked into expensive, unaccredited, for-profit colleges. The recent sharp increase in the cost of tuition even at public universities (exacerbated by funding cuts) has also contributed to the racial student debt gap, where black and Latinx students graduate with greater debt loads than whites.

There are a number of reasons why an analysis of the debt economy using the framework of racial capitalism should focus on student loans and the racial student debt gap. Excluding mortgages, student loans make up the largest portion of consumer debt (exceeding that of credit cards and auto loan debt). In recent years, the composition of household debt has been changing such that mortgage debt is decreasing while student debt is increasing. Given the rapid explosion of the student debt load, it is hardly surprising that student loans have the highest delinquency rate of any form of credit. When a student loan goes into default, the borrowers credit score will take a hit. Even for federal loans, a missed payment could have a negative impact on someone's credit score in about ninety days. But this is only the beginning of the potentially lifelong nightmare that is set into motion by student debt. The high delinquency rate would not only negatively affect what form of credit these people would have access to in the future (as well as their interest rates), but also their employment and housing prospects. In 2010, the Society for Human Resource Management found that 60 percent of employers surveyed ran credit checks when screening applicants, though in recent years some places have begun to outlaw this practice.24 Thus, bad credit caused by student loan defaults can lead to exclusion from the labor market. The paradoxical nature of this maddening scenario is not lost on me: students borrow money to get degrees that are supposed to increase their employment prospects, only to become trapped in an endless cycle of debt that can destroy their financial futures and actually decrease their employment prospects. This could jump-start a process where, as a struggling borrowers credit score worsens, employment prospects grow ever distant, along with the possibility of repaying the loans and improving credit scores. To make matters worse, it s basically impossible to wipe out student debt through filing for bankruptcy, which means that someone deep in the hole would have no way to reset their finances. These borrowers can also look forward to the federal government garnishing their Social Security checks as they age.

Student loans are also a powerful mechanism of social control because they track people into the debt regime at a young age—essentially, at the very moment they become adults. Significant class- based asymmetries exist between borrowers from financially “literate” households and borrowers from financially “illiterate” households. Such asymmetries could fracture borrowers into two camps: those who have the familial support, material means, or financial literacy to manage their student loans would be put on the path to potential wealth accumulation, while those who cant keep up with payments or lack knowledge about how to manage student loans would be put on the path to future economic marginalization. But even the first path has been partly obstructed by debt collection agencies such as Navient—the largest student debt collector in the country—which has a history of deliberately losing payments, preventing low-income students from getting on income- based payment plans, and obstructing disabled borrowers from getting their loans wiped.

Almost daily, new scandals emerge across all domains of borrowing. This points to an accumulation crisis that companies and lending institutions are trying to stave off through fraud, manipulation of interest rates, the automatic charging of fees, debt collection harassment, and naked expropriation.

MUNICIPAL INDEBTEDNESS

A racialized form of debt that is prevalent in black- majority cities across the country is criminal justice debt. Types of criminal justice debt include:

> (1) Fines and assessments that are levied with a punitive purpose, (2) penalties levied with a restitution purpose,

> and (3) assessments levied by jails and other criminal justice agencies with a public cost-recovery purpose. The latter category includes (i) pre-conviction assessments, such as jail book-in fees, levied at the time of arrest, jail per diem fees and public defender application fees; (ii) post-conviction fees, such as a presentence report fee that helps defray the cost of gathering information, public defender recoupment fees, residential fees and cost of prison housing; (iii) post-release fees, such as monthly supervision fees, i.e. parole and probation fees.25

In addition to court-related fines and fees, municipal debt accrues to subjects who are routinely fined and ticketed by the police. This type of debt is deployed neither for production nor consumption, but at *the point of policing*. You could also call these legal financial obligations a racial surtax', it is a form of extraction that funds the very government activities that are engaged in expropriating from black residents. Criminal justice debt affects not only the individuals ensnared in the criminal justice system but also their family members and loved ones, who sometimes go into debt to pay for criminal justice-related fees and fines, or to communicate with and financially support incarcerated loved ones. Over the last couple of years, galvanized by the Department of Justice investigation of the Ferguson Police Department, activists and lawyers have begun to contest the use of the police and the courts to generate revenue to cover the cost of government operations or to pay municipal bondholders.

Although debtors' prisons were outlawed in 1833, lawyers across the country have filed lawsuits claiming that these municipal fine farming practices amount to debtors' prison. *The Atlantic* found that 95 percent of outstanding arrest warrants are from unpaid fines.26 In Texas, a staggering 650,000 people are locked up for failing to pay fines, though a court justice ruled that the jailing of indigent people for failing to pay fines must cease by September 1, 2017. The city of New Orleans recently waived $1 million in court fees with the hope of avoiding a federal civil rights lawsuit. In New Orleans, judges were also financially incen- tivized to find defendants guilty. I will return to this issue in greater depth in the next chapter, but for now I want to emphasize that this method of extracting revenue from black residents is not just limited to a few outlier cities such as New Orleans or Ferguson—*it is a systematic institutional practice*. A recent study that examined data for more than nine thousand U.S. cities found that "the use of fines as revenue is common and that it is robustly related to the share of city residents who are black."27 The racial discrepancy in the use of police fines to generate revenue was partially (but not completely) mitigated by black political representation and the presence of black people on city councils.

RACIALIZED MORTGAGE DEBT: FROM REDLINE TO SUBPRIME

In the last few decades there has been a lending paradigm shift in relation to black mortgage borrowing. Between 1934 and 1968, when the U.S. was rapidly suburbanizing, black Americans were largely excluded as borrowers. Federal Housing Administration (FHA) mortgage insurance loans that enabled the suburbanization of white America and the building of the white middle class systematically barred black Americans from the most common path to wealth accumulation: homeownership. The policies of the FHA fostered racial segregation and codified racism on the institutional level by granting loans to borrowers moving to new neighborhoods on the periphery of cities and barring black borrowers in the inner city. The term "redlining" refers to the practice of using red lines to mark the boundaries of neighborhoods considered "risky" and thus unfit for investment by financial institutions. These zones were left to languish while white Americans rapidly fled cities and moved to the suburbs.

Eventually this paradigm shifted when risk itself was commodified through risk-adjusted mortgage rate pricing. In the years leading up to the 2008 housing market crash, black and Latinx borrowers who wanted to buy houses were targeted for subprime mortgage loans by lending institutions— which marks a move away from *financial exclusion* to *expropriation through financial inclusion*. This transition was facilitated by support for “market” solutions to structural problems: in particular, a belief in the idea that the racial wealth gap could be closed through the expansion of credit access. Yet these loans were not designed to offer a path to homeownership for black and brown borrowers; they were a way of converting risk into a source of revenue, with loans designed such that borrowers would ultimately be dispossessed of their homes.

The standard, ideological narrative of the 2008 subprime mortgage crisis goes something like this: blacks and Latinxs clamored for access to mortgage loans but were unable to pay them back because they’re too irresponsible or poor. Thus, they are not victims swindled by financial institutions, but the *cause of the crisis itself* Another more “benevolent” reading of the crisis is that these demographics lacked the financial literacy to make smart choices when it came to taking out loans to buy houses. But both narratives fail to consider that subprime mortgages and mortgage-backed securities were a way for banks to generate revenue through financial speculation.

There is ample evidence that the banks committed racialized fraud during the lead-up to the crisis. In the years since the 2008 subprime mortgage crisis, a series of investigations into the lending practices of such banks as Bank of America, Wells Fargo, Citigroup, and the National City/PNC bank revealed the extent to which these banks were engaged in predatory practices by using race as a “central factor in determining higher fees and interest rates during the housing boom.”28 The authors go on to note that a DOJ investigation found that even when controlling for income and other factors, “highly qualified black borrowers were four times as likely, and Latino borrowers three times as likely, to receive a subprime loan from Wells Fargo.”29 However, there are subtle ways in which Francis and Dawsons reference to the “highly qualified black borrowers” who were bilked by banks like Wells Fargo capitulates to a moral framework where deserving black borrowers are implicitly distinguished from high-risk, undeserving black borrowers. Although the intention behind highlighting qualified black borrowers may have been to emphasize that these lending practices were racialized and did not correspond to actual risk, such comments, though factually true, validate risk-based credit pricing as a legitimate and rational practice, so long as it is not racist. Yet legitimizing the practice of indexing people by risk renders structural inequality invisible and casts high-risk borrowers as irresponsible and amoral for failing to make good on their promise to pay back loans. Rather than challenging the explosion of the debt economy as a whole and viewing it as a symptom of a broader accumulation crisis, it turns a structural problem into an individualized moral problem and overlooks the ways in which racialized inequality increases the likelihood that black Americans are targeted for and exposed to predatory forms of credit (designed to fail) that would increase their likelihood of being sorted into the high-risk pool.

THE CONTENT OF YOUR CREDITWORTHINESS AND NOT THE COLOR OF YOUR SKIN: RISK AND THE NEW COLOR-BLIND RACISM

The use of the FICO credit score to determine loan pricing, which began in 1989 and took off in the 1990s, was viewed as a positive step toward enabling those who were formerly excluded from credit markets to access consumer credit. The scores would enable black Americans to participate in the system, albeit sometimes as high-risk borrowers. While the practice of redlining is now viewed as unfair and blatantly racist, risk-adjusted credit pricing—so long as it corresponds to a person's *actual* risk—is seen as fair. However, the practices that were used during the lead-up to the 2008 crisis were viewed as unfair because they relied on racial stereotypes to determine risk rather than individuals' actual risk. Thomas Perez, the assistant attorney general for the DOJ Civil Rights Division, said, "People with similar qualifications should be treated similarly. They should be judged by the content of their creditworthiness and not the color of their skin."30 In this view, the solution is to eliminate human bias in lending practices as well as to eliminate mortgage industry strategies and a discriminatory banking culture that target blacks and Latinxs for bad loans. However, the idea that people should be "judged by the content of their creditworthiness and not the color of their skin" capitulates to the association of creditworthiness with moral rectitude and responsibility. In other words, according to this view, good credit equals good character. Having a bad credit score is seen as a moral failing rather than merely an index of structural inequality. The "content of your creditworthiness" view also implicitly supports the idea that subprime lending is a justified and rational market practice to apply to (actual) high-risk borrowers. I hold that risk is a new color-blind racism, for it enshrines already-existing social and economic inequalities under the guise of equality of opportunity. When thinking about risk, we should ask ourselves if market mechanisms will have the capacity to redress hundreds of years of structural inequality. To accept risk scores as an index of personal competency is to embrace a liberal politics of personal agency, where those who work hard to maintain good credit get what they deserve.

Furthermore, risk scoring is a practice that fractures the population into the categories of *deserving* and *undeserving*. When a subject bears the marker of "high-risk borrower," they are treated as fit for predation and expropriation. The use of expropria- tive credit instruments on high-risk borrowers does not register as a scandal because of the ways in which debt has historically been framed in terms of morality. David Graeber illustrates how this framework operates using a memorable anecdote in the first chapter of his book *Debt: The First 5,000 Years*. He describes a conversation he had at a party about Third World debt with a stranger who was a socially-conscious lawyer:

> "But what was your position?" the lawyer asked.
> "About the IMF? We wanted to abolish it."
> "No, I mean, about the Third World debt."
> "Oh, we wanted to abolish that too. ... The more long-term aim was debt amnesty. Something along the lines of the biblical Jubilee.
> As far as we were concerned," I told her, "thirty years of money flowing from the poorest countries to the richest was quite enough."
> "But," she objected, as if this were self-evident, "they'd

> borrowed the money! Surely one has to pay one's debts."
>
> Where to start? I could have begun by explaining how these loans had originally been taken out by unelected dictators who placed most of it directly in their Swiss bank accounts, and ask her to contemplate the justice of insisting that the lenders be repaid, not by the dictator, or even by his cronies, but by literally taking food from the mouths of hungry children. Or to think about how many of these poor countries had actually already paid back what they'd borrowed three or four times now, but that through the miracle of compound interest, it still hadn't made a significant dent in the principal. I could also observe that there was a difference between refinancing loans, and demanding that in order to obtain refinancing, countries have to follow some orthodox free-market economic policy designed in Washington or Zurich that their citizens had never agreed to and never would, and that it was a bit dishonest to insist that countries adopt democratic constitutions and then also insist that, whoever gets elected, they have no control over their country's policies anyway. Or that the economic policies imposed by the IMF didn't even work. But there was a more basic problem: the very assumption that debts have to be repaid.
>
> Actually, the remarkable thing about the statement "one has to pay one's debts" is that even according to standard economic theory, it isn't true. A lender is supposed to accept a certain degree of risk.[31]

For many, it is not the immorality of creditors' lending practices that are called into question, but the immorality of borrowers who cannot or do not pay back their loans. This example also draws my attention to how power asymmetries affect the terms of credit, and how the lenders always have the upper hand and are incentivized to exploit people. They are the ones designing the debt instruments, they have a profit motive, and they are in possession of something that borrowers need: money. One might ask—cant these borrowers reject bad terms by refusing to borrow from unfair lending institutions? This is not possible in an economic context where wages in some sectors (e.g., the service sector) are below subsistence level, or in regions where the local economy is doing so poorly that people cannot find employment at all and so must borrow money to consume goods.

The idea that people have a moral obligation to make good on their promise to pay their debts is partly tied to the idea that freedom means personally bearing the risks of your actions and decisions. At the same time—beginning with seventeenth-century maritime trade insurance—instruments have been developed to off-load risk onto financial institutions. In *Freaks of Fortune*, the historian Jonathan Levy writes:

> The thread that runs most consistently through risk's history is a moral one. [...] A generation— financiers, abolitionists, actuaries, jurists, preachers, legislators, corporate executives, philosophers, social scientists—developed a vision of freedom that linked the liberal ideal of self-ownership to the personal assumption of "risk." In a democratic society, according to the new gospel, free and equal men must take, run, own, assume, bear, carry, and manage personal risks. That involved actively attempting to become the master of one's own personal destiny, adopting a moral duty to attend to the future. Which meant taking risks. But it also meant offloading one's risk onto new financial corporations—like when a wage worker insured his productive labor against workplace accident, an ex-slave opened a savings account, or a Wall Street financier hatched a corporate profit- sharing and employee benefit plan. A new vision of what it meant to be a free and secure actor thus took shape in the new material and psychological reality created by the modern American corporate financial system. Liberal notions of selfhood had long emphasized the need for self-mastery, even in the face of uncertainty. But only in the nineteenth century did self-ownership come to mean mastery over a personal financial "risk." The moral conundrum that posed, and still poses, is that individual freedom required a new form of dependence. A dependence, that is, upon a new corporate financial system, the central nervous system of a rising capitalism that fed off radical uncertainty and ceaseless change. Therefore corporate risk management time and again manufactured new forms of uncertainty and insecurity.32

The financial instruments that have proliferated as of late are designed to manage risk and convert risk into a tradable commodity. Consider, for instance, how derivatives markets work. Lets take a brief look at the financial instruments that were popular during the lead-up to the 2008 crash: the mortgage-backed security (MBS) and the collateralized debt obligation (CDO). First, people took out mortgages, mostly from nonbank private entities and banks (nonbank private lenders such as Quicken Loans have taken over this market since the crash). Financial institutions then pooled these mortgages to create "securities" that are divided into "tranches." Imagine a building that is, say, five stories high. This building represents the payment structure of the mortgage-backed securities. People who purchased bonds from the top tranche would be paid first, while people who purchased bonds from the bottom tranche would be paid last. The bonds from the top floor (tranche) might be rated AAA, while the subsequent descending floors might be rated AA, A, BBB, BB-, or junk.

Why would anyone buy bonds from the lower tranches if they are considered riskier? High-risk bonds enable bondholders to collect more revenue because the "yield" (interest revenue from an investment) is higher on poorly rated bonds than on low-risk bonds. Bonds from the AAA-rated tranche might have a yield of 5 percent, while bonds from the junk-rated bottom tranche might have a yield of 20 percent.

A CDO is a structured financial product that is backed by non-prime MBSs. It is created by pooling the lowest-rated bottom tranches of MBSs and repackaging them. One way to think of it: you take the junk from the bottom floors of, say, eight buildings and dump that junk into another building that is similarly divided into tranches that are rated. If everyone is paying their mortgages on time, the money would theoretically trickle down to the bottom tranches, then to the CDOs, and possibly even to the CDO-squared—a financial product that is created by pooling the junk-rated tranches of CDOs. In other words, you take the junk of the MBSs to make CDOs, then you take the junk of the CDOs to make CDO2s. The idea is that pooling mortgages and allowing shareholders to take on the level of risk they feel comfortable with would reduce the overall risk for everyone (as the risk would be spread thin). Investors gobbled up these financial products en masse, assuming that even if some people here and there defaulted on their mortgages, at the very worst, people who held AAA-rated bonds would still get paid. However, the mortgages that formed the foundation of this financial meta-structure were designed to maximize revenue by tracking so-called "risky" borrowers into mortgages with free-floating interest rates that would balloon as soon as the "hook" rate expired. These mortgages were designed such that they would almost inevitably fail. As the amount due skyrocketed, borrowers would go into default and their houses would be foreclosed. When the payments stopped coming, the whole financial meta-structure erected on these underlying assets collapsed in on itself, and as large financial institutions held these toxic financial assets, the whole banking system began to crumble. In short, what those who designed these derivative financial products essentially did was take an underlying asset, hold it between two mirrors so that it appeared to proliferate to infinity, then mistake the multiplied reflection for the creation of new wealth.

The financial sector is not risk-averse; when there is a shortage of new domains for investment or when the interest rates set by the Federal Reserve are low, risk becomes a last-ditch method of capitalization. While the high yield on risky investments can make risk enticing for hedge funds during times of crisis, risk may also be enticing during boom periods because the market appears to be very stable. Risky investments bring with them the promise of rapid wealth expansion, while safe investments mature at a much slower pace. Beginning with Alan Greenspan, the Federal Reserve has followed the monetary policy of setting interest rates low as a way to heat up the economy, enabling banks and other financial institutions to access cheap money. However, as the business press often reports, this increases investors' appetite for risk, as they seek to overcome low returns on bonds by seeking out risky, high-yield investments.

Riskier investments have higher yields because those making the investments are supposedly taking on the risk burden. That is not the case when the state apparatus expropriates from the masses to facilitate the transfer of wealth to the financial sector when their investments fail (the Puerto Rican debt crisis is an example of this). When considering the millions of people who lost their homes in the wake of the 2008 housing crisis, it is no stretch to say that expropriation is the hidden underside of our financialized economy of risk.

THE RACIALIZATION OF RISK

As I hope some of my examples have illustrated, finance capital is incentivized to increase the pool of people marked risky because this practice is more lucrative. Not only were those who tracked people into subprime mortgages given bonuses, but so-called risky borrowers also borrow at much higher interest rates: "For a homeowner taking out a $165,000 mortgage, a difference of three percentage points in the loan rate—a typical spread between conventional and subprime loans—adds more than $100,000 in interest payments."33

Tony Paschal, a former mortgage loan officer at Wells Fargo bank, said that loan officers "received cash incentives to aggressively market subprime loans in minority communities." Black borrowers were referred to by Wells Fargo employees as "mud people," and the subprime loans the bank was pushing were referred to as "ghetto loans." Both Paschal and another former loan officer, Beth Jacobson, said that the bank gave bonuses to loan officers who steered those who qualified for prime loans into subprime loans. A New York Times article reported, "Jacobson said that she made $700,000 one year and that the company flew her and other subprime officers to resorts across the country."34 An investigation that led to a federal lawsuit also found that loan officers sometimes falsified borrowers' credit reports or failed to collect income documentation so the loans would flip from prime to subprime.

Given that lending institutions are incentivized to charge the highest possible interest rate they can, recent scandals—revealing that banks and debt collection companies have been manipulating interest rates to boost revenue—are almost expected. Navient Corporation—the largest student loan collection agency in the United States—committed fraud en masse to keep people trapped in a cycle of debt, adding as much as $4 billion in interest rate charges to students' loans. The cases of Wells Fargo and Navient are not a deviation from the norm of good and fair lending practices; they represent a tendency inherent in capitalism itself. As finance capitals accumulation crisis intensifies, fraud and predation become a way to secure profits and maintain growth as there are fewer and fewer domains for expansion. Thus it is hardly surprising that in addition to Wells Fargo's racist subprime mortgage lending practices, the bank also opened up nearly two million sham credit cards and bank accounts, tampered with mortgage loan rates without borrowers' consent, and created unnecessary insurance charges to tack onto auto loans. The proliferation of hidden fees and charges is a symptom of this crisis, especially as banks play an increasingly expansive role in the consumer lives of Americans. Large corporations have become financial institutions in themselves and have taken over the traditional role of banks; namely, to lend capital to the private sector for the purpose of starting or growing a business (thus, banks must develop new ways to generate revenue). Since Wells Fargo exhausted all the "legitimate" ways to grow its business, a semblance of growth was created by literally fudging the numbers and using fraudulent surcharges and interest-rate manipulation to generate revenue.

As I have already mentioned, the credit system is legitimized by the moral framework that shapes our understanding of debt—whereby the creditor is framed as benevolent while the struggling debtors are viewed as lazy or irresponsible for defaulting on their loans. However, as lending practices become more predatory, this moral framework is at risk of unraveling. If predatory practices ever become fully generalized (in that they affect most people), such practice may eventually register as a scandal among the public. Perhaps that is why the most predatory practices— at least in the initial stages—are reserved for the most vulnerable segments of the population (it was specifically people of color, the elderly, students, and immigrants who were targeted by Wells Fargo for sham accounts).

The racist practice of targeting of black people (as well as Native Americans, Latinxs, and immigrants) for predatory loan products is coded in a color-blind discourse of "risk." The subprime crisis showed us that in the U.S., creditworthiness itself is racialized, as there was an a priori association of blackness with risk. This is consistent with the general moral construction of race, which is undergirded by the assumption that black Americans are immoral (read: *criminal*) and that they don't contribute to society or make good on social promises (read: *lazy* and *welfare-dependent*). Critiques of the subprime crisis that appeal to creditworthiness and are focused on "highly qualified" black borrowers fail to deconstruct the racialized moral economy that underlies conceptions of risk. Not only does the credit system reinforce racial inequality, but moneylending itself is a racializing process, for it marks certain subjects as suitable for expropriation.

The debt economy's moral edifice will hold so long as the population is fractured into deserving and undeserving borrowers, and the most predatory credit instruments are reserved for the most vulnerable segments of the population. However, as capitalism generally tends toward expansion, it is only a matter of time before these practices are generalized (as growth opportunities shrink). Indeed, in many areas of lending, we are already witnessing the generalization of these practices.

Given the expropriative and racist nature of the credit system, it is credit unworthiness and not creditworthiness that is the ethical position to occupy. A refusal to pay is a refusal to validate an illegitimate system propped up by predation.

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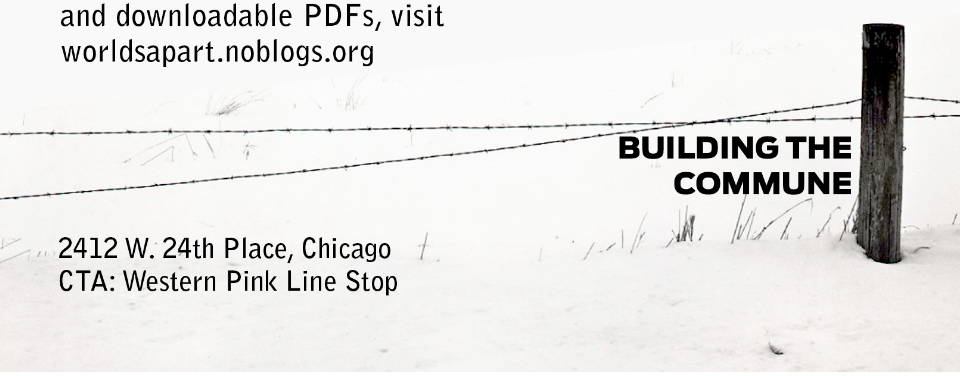

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