



CRESC Working Paper Series

Working Paper No. 92

The Age of Insecurity: indebtedness and the politics of abandonment

Johnna Montgomerie

CRESC, The University of Manchester

March 2011

For further information: Centre for Research on Socio-Cultural Change (CRESC)
Faculty of Social Sciences, The Open University,
Walton Hall, Milton Keynes, MK7 6AA, UK
Tel: +44 (0)1908 654458 Fax: +44 (0)1908 654488

Email: cresc@manchester.ac.uk or cresc@open.ac.uk

Web: www.cresc.ac.uk



The Age of Insecurity: indebtedness and the politics of abandonment

Johnna Montgomerie

Abstract

This article explores the growing indebtedness of young adults and senior citizens in the United States during the recent credit bubble. The aim is to extend accounts of the inequalities and exploitation created by the credit bubble beyond the credit relations between lenders and borrowers. In doing so, it highlights three factors contributing to young adults and senior citizens indebtedness: (1) Persistently slow income growth over the past two decades is a major, and often overlooked, contributor to mounting household debt levels; (2) The culture of homeownership in the United States that was intimately bound up with the recent credit boom, which made sense of young adults becoming highly leveraged homeowners and senior citizens using their homes as ATMs; (3) In addition to funding consumption, debt is used as safety net to replace eroding public expenditure for social insurance and services. The emphasis here is on the cumulative effects of these three factors. Certainly the young and retired were affected in different ways, but with similar outcomes: rising indebtedness and growing financial insecurity. When we move beyond framing the excesses of the recent credit bubble using the narrow conception of the 'subprime' experience, we see that a wide cross-section of American society was made significantly worse off, both now and arguably well into the future.

Keywords: young adults, senior citizens, debt, subprime, financial crisis

The Age of Insecurity: indebtedness and the politics of abandonment

Critiques of financial inequality created by the 2001-2007 credit and asset bubble tend to focus on 'subprime' lending. The exploitation of the poor provides a politically salient account of the most pernicious aspects of liberalized financial markets; also, subprime lending was the most spectacular failure of the 'scientific' claims of economists and policy makers about the superiority of modern financial theory. As such, the subprime experience is used as both metaphor and allegory to expose all that is wrong with financial markets and economic governance priorities as well as the profound social consequences. Amidst this outrage and triumphalism we have yet to consider whether 'subprime' is the most effective way of framing and analyzing the financial inequality and insecurity brought about by the recent credit bubble.

Subprime is both a credit-score and a type of loan. As a credit-score, 'subprime' is assigned to individuals with various credit and life-cycle characteristics interpreted in relation to a standard (or prime) benchmark (Treacy and Carey 2000; Jacobson and Roszbach 2003). Typically, someone is 'subprime' if they have a FICO score below 620, which results from a poor credit history, higher debt levels, late payments, low incomes and spotty employment history. Cultural economy analyses focus on credit-scoring and how new 'calculative technologies' of finance are used to create and act upon the 'subprime' subject. By contrast, the Home Mortgage Disclosure Act (HMDA defines 'subprime' or 'high-cost subprime' loans as 3 percent or 5 percent, respectively, spread between the annual percentage rate (APR) of designated loans and the yield on a US Treasury security of comparable maturity (Avery, Brevort et al. 2006). Economic geographers tend to focus on subprime as a loan type, and by isolating the terms-of-credit offered on individual loans elucidate the socio-economic and spatial characteristics of the subprime boom.

These accounts rarely, if ever, address *why* households borrowed so much in the first place. By not addressing this issue in any detail these analyses (unwittingly) put forward an account of households taking on huge amounts of debt simply because they could. Also, the existing literature on the inequalities of subprime lending tends to not go beyond the uptake of these loans to consider the longer-term implications of indebtedness on the financial security of these families. The aim here is to constructively engage with these critical accounts by offering evidence of how borrowing translated into rising debt levels for young adults and senior citizens. Using the Federal Reserve's triennial Survey of Consumer Finances (SCF), the longest running and most comprehensive cross-sectional survey of the household balance sheet, we can see the scale of indebtedness and how much it increased as a result of the 2001-2007 credit bubble. Moreover, the SCF data illustrates how relatively slow income growth compares to the rapid ascent of mortgage debt and consumer debt for both young adults (under-35) and senior citizens (over-65).¹

Also, this analysis seeks to extend accounts of the inequalities and exploitation created by the recent credit bubble beyond the credit relations between lenders and borrowers. In doing so, it highlights three factors contributing to young adults and senior citizens borrowing so heavily:

(1) Persistently slow income growth over the past two decades is a major, and often overlooked, contributor to mounting household debt levels. The causes of flat income growth are multifaceted: government and central banks explicit efforts to dampen wage-inflation, the introduction of flexible labour markets and widespread welfare reform all served, in one way or another, to stifle income growth for young adults and senior citizens. Here, income measures from the SCF include: wages, self-employed business income, interest income, dividends, capital gains as well as food stamps and other government support, pension income, social security, alimony and other support. This comprehensive measure of annual total cash income, before taxes, allows us to see the impact of government transfers and household investment, as well as wages.

(2) The culture of homeownership in the United States was intimately bound up with the recent credit boom (Aalbers 2008; Schwartz 2008). For the vast majority of American households, their home is their only major asset and long-term store wealth. Without a comprehensive welfare system and tenuous commitment to full employment, Americans use their primary residence as a form of social protection (Castles 1997). The problem is that young adults must now borrow ever larger amounts to access homeownership because incomes have not kept pace with the rapid ascent of house prices. This form of leveraged investment, and in addition to all the other forms of borrowing young families have, leads me to question whether owning a home actually compounds—rather than protects against—financial insecurity. For senior citizens, homes are being used as proverbial ATMs as the recent credit boom translated into widespread equity extraction (borrowing against the value of the home) for the 60% of over-65 households earning less than \$40,000 per year. In effect, many senior citizens are depleting the equity in their homes in order to maintain their standard-of-living because social security and savings can no longer provide sufficient protection against rising health care and living costs (McGhee and Draut 2006).

(3) Debt is used as safety net, in addition to funding consumption. Debt-financed consumption fuelled US economic expansion during the boom years (Montgomerie 2009). For all the concern that rising household debt levels signal a loss of prudence and the abandonment of thrift as the cultural guideposts for sound family finances, regular use of debt to transcend the limits of income has become the lifeblood of the US economy. Without it, American households could no longer be the ‘consumers-of-last resort’ for all globally produced goods, while governments and the business community would have to face the political fallout from the destruction of the American way of life. Therefore, the problem is not that debt is being used, rather how and why. In addition to using debt to buy a car, get an education (in the case of young adults), purchase ‘big-ticket’ items like televisions, computers, white goods and vacations, there is growing evidence that households are using debt as a safety net, in particular, to cover rising medical expenses or unemployment (see: DeNavas-Walt, Proctor et al. 2003; Doty, Edwards et al. 2005; Sullivan 2008). In 2004, one-third of households reported using credit cards to cover basic living expenses, on average, four out of 12 months (Wheary and Draut 2005, p.11).² Taken as a whole, we see that debt is used for every manner of reason, but most problematically to cope with the lack of a social safety net.

The emphasis here is on the cumulative consequences of these three factors. Certainly the young and retired were affected in different ways by the recent credit and asset bubble but with similar outcomes: rising indebtedness and growing financial insecurity. For instance, low nominal interest rates may have facilitated the widespread availability of cheap loans but it also decimated savings rates, reducing many retired households interest income from savings accounts and dissuading young adults from having savings accounts at all. Political support for wage-restraint may affect the young more adversely, but the related trend of reducing non-wage benefits has meant less health care coverage and rising health care costs for both young adults and senior citizens—creating new impetuses to borrow. Finally, federal and state governments’ efforts to curtail public expenditure means senior citizens face stagnating social security benefits just as less and less is covered by Medicare; young adults face the rising education costs, as governments no longer offer the same level of funding for a university education, in addition to the lack of social support if they are unemployed. It is these processes that make unforeseen events so detrimental to financial stability and, in the case of the young they, create new obstacles for achieving long-term financial stability. Yet, these circumstances are by no means unique to young adults and senior citizens. Indeed, this is precisely the point. When we move beyond framing the excesses of the recent credit bubble using the narrow conception of the ‘subprime’ experience, we see that a wide cross-section of American society is made significantly worse off, both today and arguably well into the future.

Beyond the subprime: the many faces of financial inequality

Subprime lending has become the clearest illustration of the most pernicious aspects of pre-crisis financial markets. Most critiques of subprime lending challenge the widespread belief—at the time—that liberalization was further democratizing access to mainstream financial services. Prior to 2007, subprime lending enjoyed widespread political legitimacy because it was believed that greater market segmentation allowed for the targeted allocation of capital to specific markets; while credit-scoring and risk-profiling provided the necessary information to more accurately price loans (Federal Reserve 2001). These innovations were seen as extending access to mainstream financial services to previously excluded groups at the same time they smoothed out the life-cycle income constraints faced by the young and the old (David 2008; Mooslechner, Schuberth et al. 2006).

Before the subprime lending boom, households' access to mainstream financial services was the demarcation between financial inclusion and exclusion. Examples would be whether a family had access to a bank loan compared to pawnbroker, door-to-door credit providers or other forms of alternative financing, usually at very high rates of interest and expensive penalty fees (Kempson 1999; Burton, Knights et al. 2004). During the 1980s and 1990s, branch closures and forced migration to automotive payment systems brought about a spatial reorganization of financial infrastructure and created new conditions for basic financial citizenship (Leyshon and Thrift 1995). The advent of subprime lending shifted these boundaries, as access to high-cost loans was either offered by mainstream financial institutions or one of their subsidiaries. Therefore, rather than creating new forms of financial access, lending to traditionally excluded groups extended in tandem with the ebb and flow of financial market expansion and contraction (Dymski 2006).

Using a terms-of-credit framework to consider who gets credit and at what price economic geographers have been able to demonstrate that subprime mortgage segmentation exacerbated rather than reduced traditional financial inequalities (Wyly, Moos et al. 2008, p.11). Here, the spatial reorganization of financial services becomes clear as high-cost subprime lending was overwhelming concentrated in poor urban neighbourhoods (Calem, Gillen et al. 2004; Wyly, Atia et al. 2006). By counting the number of high-cost subprime loans sold to women and minority groups, we find that subprime loans disproportionately targeted these groups compared to middle-income, male and white borrowers (HUD 2000; Bailey 2005). Even when controlling for credit-scores and risk characteristics assigned to subprime borrowers, women and minorities are significantly over-represented in the pool of subprime mortgages (Fishbein and Woodall 2006). Such predatory lending practices were rife in subprime mortgage markets, as individuals who were eligible for less-costly 'prime' loans were sold subprime loans because of their profitability (Caggiano, Franzén et al. 2008).

These changing terms-of-credit for socially marginalized groups fundamentally altered the financial landscape of America's working poor by bringing previously unfathomable and arguably more insidious forms of financial insecurity. Although it provides a very clear picture of who subprime borrowers are—mainly women and/or minorities living in America's inner cities—the terms of credit approach is limited because it rarely goes beyond the point of consumption. As such, we cannot see how increased borrowing transformed the scale and scope of indebtedness faced by socially marginalized groups. Importantly, having a subprime loan, in and of itself, is not enough to determine financial insecurity. To know this we must examine household debt levels and consider how these transform the claims on income and future financial security. Certainly, the subprime experience isn't captured only in the loan agreement itself.

Most critiques of subprime lending appearing take an altogether different approach. The cultural economy of finance literature uses the concept of subprime heuristically to analyze how the calculative and scientific narratives of credit-scoring and risk-profiling are

constitutive of emerging neoliberal subjectivities. This approach seeks to analyse economic and organizational life through a ‘shared focus on the heterogeneous ways in which objects and persons (firms, markets, consumers) are “made up” or “assembled” by the discourses and dispositifs of which they are supposedly the cause’ (Pryke and du Gay 2007, p. 340). Earlier critiques of financial risk management claimed that discourses of risk transform cultural practices into profits (de Goede 2004); moreover, these practices inform the logic of risk-based pricing which both constitute the subjects and act upon them, re-shaping the form in which consumer credit relations take place (Marron 2007). Paul Langley’s (2008) article details how the assembly of agency in subprime mortgage lending was made up through calculative devices of risk, by allowing for the targeting, sorting, pricing and governing of customers in terms of risk. In evaluating the historically specific agency of subprime lending, Langley claims: ‘what matters are the ways in which the assembly of the socio-technical agency of sub-prime lending ensured that it came to appear as a legitimate part of the contemporary financial markets, that is, as calculative and scientific’ (p.472).

Cultural economy analyses provide a convincing account of how new calculative technologies aid in the formation of different subject positions, thereby integrating individuals into the decentred networks of finance. Indeed, it deconstructs the assumed rationality of modern finance and exposes the entrepreneurial narratives of self-management and risk-taking that are integral to cultural practices of financialization (Martin 2002, p.32). However, the preoccupation with financial market practice—and the narratives of risk used to make sense of them—offers a one-sided account of the cultural dynamics of finance, in general, and subprime lending, in particular. We must consider the multiple types of ‘subprime’ credit products, which include: mortgages, refinancing loans, home equity lines of credit, credit cards, home improvement loans, pay-day loans, automobile title loans; also, people with prime credit scores that were sold subprime loans (which is predatory lending). There are also ‘exotic mortgages’ such as interest-only, payment option, negative amortization, as well as adjustable-rate mortgages (ARMs) and zero-down payment mortgages, which are technically not subprime, but have been included in cultural economy analyses of subprime lending (Langley 2008). We could include Alt-A loans, which blur the line between prime and subprime because they were generally made for people with good credit scores and incomes around the median, but who had borrowed too much money in relation to their income and /or lacked a down payment (purchase money).³ With this bewildering array of calculative devices and the potential multitude of different subjectivities embodied in subprime lending processes (which is a very small segment of the financial services industry) it is quite surprising that cultural economy analyses tend back to generalizations about the ‘subprime subject’ without much recourse evidence of why people borrowed or its effects.

This is not to say that I deride generalizations; on the contrary, this analysis offers many generalizations about the causes and effects of the credit bubble. Rather, my point is that cultural economy emphasis on how marginalized people are targeted, measured, priced and sold to, results in ‘the subprime’ becoming a metaphor for financial exploitation. I could argue that young adults and senior citizens are often subprime borrowers by virtue of their credit score: under-35s typically have limited employment, income and credit histories; senior citizens typically have fixed-income and limited employment, but are also penalized because social security checks cannot be garnished and they have greater likelihood of dying rather than declaring bankruptcy. But this form of speculative construction would suggest that ‘subprime’ was some form of legitimate social or financial category understood by all; when, in fact, it is not. More importantly, the scope of financial inequality and exploitation wrecked on a wide cross-section of American society as a result of the credit bubble goes well beyond whether someone was classified as ‘subprime’ or not. Therefore, this analysis moves to refocus the current debate to the effects of the credit bubble on socially and economically marginalized groups.

Young adults and senior citizens provide two interesting examples of the potentially long term negative effects of borrowing during the recent credit boom. They show how general economic trends, like low interest rates and rollbacks in public funding, manifest differently for these two age groups; also, in the case of the credit bubble, how there were remarkably similar results: rising indebtedness and increased financial insecurity. The intergenerational dynamics of finance are typically cast as conflictual, be it in private pension funds, social security, or even the public financing of government services (Jensen 1995; Hamil-Luker 2001; Kohli 2002). The changing size of birth cohorts, resulting from changing birth rates (compare for example the relatively numerous Baby Boomers with the decreasing birth rates of the last decades), interplay with economic assumptions about the income and wealth life-cycle and lead to a story of conflict: the young pay—often unsure if the same services will be available to them in the future—and the old benefit with no consideration of the fiscal implications. Of course, these are highly stylized facts most often used to advance pre-existing commitments to fiscal conservatism. Nevertheless, it is important to clarify that this article does not offer an intergenerational analysis in the strict sense. The Survey of Consumer Finances is not a panel survey, meaning the same households are not interviewed each year. This prevents any concrete conclusions about differences in intergenerational borrowing patterns from being drawn. This could only be done using panel or birth cohort survey. Instead, basic age categories of under-35 for young adults and over-65 (by combining the SCF age groups 65-74 and 75 and over) for senior citizens are used; and over the two decades analysed here these age categories cross generational groups (i.e. Baby Boomer, Gen X and Gen Y).

My aim is to draw attention to the fact that your ‘stage of life’ is as important as the political and economic times you live in. ‘Life-cycle stage’s is an economic concept that assumes a balance between income, assets, savings and debt changes across an adult’s lifetime. According to this model, the very young will have low incomes, limited savings and assets, and will borrow relatively more. As individuals acquire longer employment histories, income, savings and assets are assumed to increase. Upon retirement, individuals are assumed to go into a phase of dis-saving in which assets and savings are depleted to replace employment income. Like most economic models, these underlying assumptions are ideal types that provide proximate descriptions of reality; moreover, life-cycle models also tacitly assume stable levels of economic growth, stable labour markets with low unemployment, individuals with stable working careers and a numerical balance between birth cohorts. With each assumption the model moves further away from the current reality faced by young adults and senior citizens. Just as the democratization of finance provides a rationale for lending to low-income groups, the logic of the ‘life-cycle’ obscures the intensifying financial insecurity among the young and old. Policy makers and economists dismissed rising debt levels among the under-35s and over-65s as a predicable outcome the life-cycle model.

The stage of life of young adults and senior citizens is not irrelevant, rather the here we consider income, debt levels, homeownership and social insurance provisions without assuming a balancing out over the life-cycle. Also, these factors were considerably altered by the political and economic conditions of the post-2001 American economy. Just like subprime borrowers, young adults and senior citizens exist outside of the ‘prime’ benchmark that largely reflects the middle-aged and middle-income norm. Their relative level of financial insecurity cannot be dismissed with reference to the technical minutia of economic modelling, especially since it was directly aggravated by political decisions and exploitative business practices.

In debt to get ahead? Young adults’ pursuit of financial security

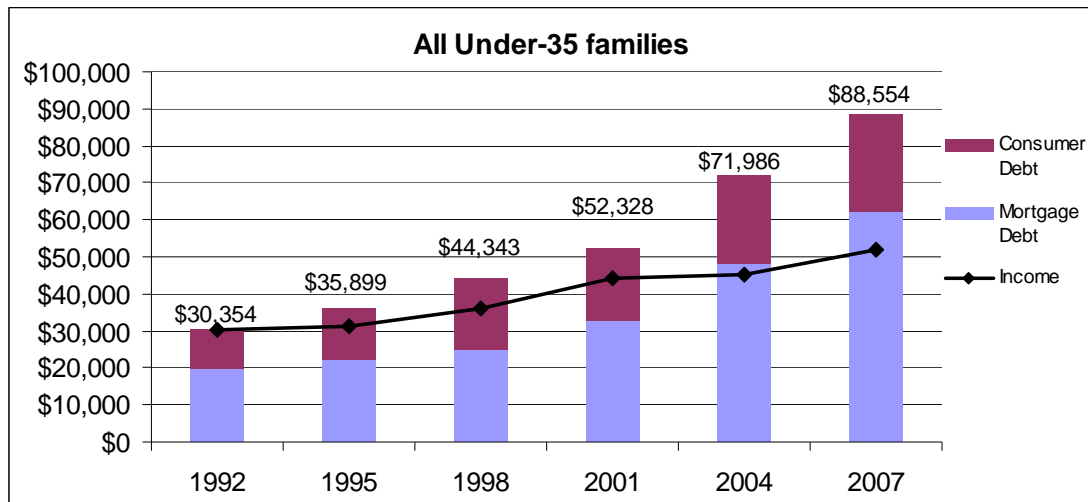
High debt levels in the early stages of working life are considered, in both economic theory and common sense understandings, as necessary for young adults to begin building assets and long-term wealth holdings. For the majority of American households, the home is their only

major asset. So, getting on the housing ladder is an important first step in becoming an adult and establishing financial independence (Arnett 1998; Kennedy 2004). Also, there are tax advantages to homeownership in the US, compared to renting, because mortgage interest payments can be deducted against income tax. These factors inform the widespread belief that owning a home is always better than renting, a cultural assumption not shared, for example, by continental Europeans. The belief that young people borrow to invest in their future financial security is not limited to homeownership. Student loans are justified using the same rhetoric: borrowing to get an education is an investment. This is partly true; in the US, your level of education is the single most important factor in determining potential life time earnings (Breen and Jonsson 2005). Undermining this commonly held understanding is the sheer amount of debt now required to access homeownership, and university, which were previously considered standard middle-class entitlements.

This section questions whether the outcome of the strategy of young adults – to borrow in order to invest in their long-term financial security – is actually attainable. The growth in overall debt levels, especially compared to income levels, since 2001 suggests that indebtedness is threatening—not helping—young peoples prospects for long-term financial security. In part, the problem lies in contextualizing young peoples’ debt over their life time, where debt is seen as necessary and temporary when compared to the wealth gains that (might) be realized latter in life. Indeed, many see it as a necessary ‘risk’. Yet, this ignores the equally plausible possibility that high debt levels early in working life can intensify financial insecurity if indebtedness becomes a lifelong necessity. In particular, if income, savings and assets never exceed cumulative debt levels or servicing costs create a sustained drain on income.

Over the past decade, the rapid ascent of US property prices, especially in major metropolitan areas where most young adults live, raised the bar for entry into the housing market. The problem of affordability was addressed with access to credit. Loosening mortgage lending requirements by allowing smaller down payments and calculating total mortgage amounts based on monthly interest payments (compared to multiples of annual household income) allowed bigger mortgages to match higher house prices. Also, larger mortgage payments are tantamount to a bigger tax break, temporarily obscuring the consequences of the rapidly inflating housing bubble. However, it is not just mortgage loans: most under-35 households use multiple credit sources to pay for every manner of expense, which creates additional financial burdens (Sharpe 1997). This compounds the insecurity faced by young adults because of their lower income levels and limited time in the labour market. Their relatively weak position in the labour market—as the ‘new hire’, temporary or contract workers—leaves many young adults particularly vulnerable to job loss. Also, the young have been hard hit by rollbacks in non-wage benefits offered by employers, especially health care coverage, just at a time when many are starting families. No doubt the current economic downturn and falling property prices will disproportionately affect the young as they got on the housing ladder in the midst of an asset-price bubble and are more likely to be on the forefront of job losses.

Graph 1: All Under-35 Households Average Outstanding Debts and Income



Source: *Survey of Consumer Finances*

Graph one shows the broadest measure of ‘all’ families with head under-35, which includes all education levels as well as renters and homeowners. In 1992, average total debt outstanding is approximately equal to average income levels, and throughout the 1990s total debts grew by \$14,000 but over the next decade it increased by \$44,000. Over the two decades from 1992, annual pre-tax incomes for young adults increased much slower (70%) than debt levels: 215% for mortgage debt and 150% for consumer debt. Slow income growth too often means wages are not enough to pay housing, bills, and health care costs. A recent survey found that forty-five percent of under-35s reported using credit cards in the last year to pay for basic living expenses, such as rent, mortgage payments, groceries and utilities (Dēmos 2007, p.3). These figures suggest that indebtedness is now a pervasive feature of young adult life.

Table one disaggregates under-35 households into homeowners and renters to demonstrate the complexities of assessing the advantages of leveraged homeownership. As already mentioned, the problems of access to homeownership created by the property bubble were, temporarily at least, staved off by increased access to credit. But, with wage rates growing much slower than debt levels, in effect most young adults used leverage (borrowing ever higher multiples of income) to get on the housing ladder. Yet, after all this, homeownership rates for under-35s increased by a meagre 4% from 1992-2007. This suggests that easier access to credit did not extend homeownership to young adults that were previously excluded; instead, the consistent level of 36-40% of young adults that own a home required ever-higher levels of debt to do so. This scenario is illustrated by the fact that homeowners have higher income than renters, but also considerably higher debt levels. In 1992, young adult homeowners had average total debt levels equal to 153% of annual income; by 2007 total debt was 250% of income. In addition, homeowners have higher consumer debt levels, which could be because of the additional costs associated with owning a home. Also, it could be that the cost of servicing mortgage debts from take-home income requires greater recourse to consumer credit facilities for daily expenses. While servicing these debts is a significant drain on income, average annual repayment for homeowners was \$21,129, in 2007, and \$2,719 for renters. Of course, renters will still have to pay living costs which for homeowners are subsumed under mortgage payments. Nevertheless, the issue here is whether homeownership creates long-term financial stability. If young adults must borrow significantly more to own a home, and thus subscribe to additional financial obligations, there is the possibility that such high debt levels early in life may create a life time of indebtedness rather than building wealth.

Table 1: Under-35 Average Outstanding Debts and Income: Owners vs. Renters

	<i>Own</i>				<i>Rent</i>		
	<i>Income</i>	<i>Mortgage Debt</i>	<i>Consumer Debt</i>	<i>Annual Repayment</i>	<i>Income</i>	<i>Consumer Debt</i>	<i>Annual Repayment</i>
1992	\$43,673	\$53,395	\$13,614	\$10,531	\$22,540	\$8,999	\$1,977
1995	\$42,516	\$57,800	\$17,787	\$10,807	\$24,345	\$11,684	\$2,372
1998	\$53,830	\$64,168	\$23,408	\$12,424	\$24,834	\$16,796	\$2,270
2001	\$64,708	\$81,478	\$26,477	\$14,995	\$30,575	\$15,443	\$2,738
2004	\$65,083	\$115,475	\$30,995	\$15,967	\$30,935	\$18,986	\$2,393
2007	\$76,505	\$152,656	\$35,787	\$21,129	\$34,753	\$20,077	\$2,719

Source: *Survey Consumer Finances*

In addition to buying a home, getting a university education is widely considered one of the most important things a young adult can do to ensure higher long-term financial security (Machin and Vignoles 2004). The cultural and economic importance of a college degree (to use the American phrasing) as basic entitlement of middle-class children, or ticket to the middle-class for the poor, legitimizes the risks students now take on when borrowing heavily to get a degree. In 1992, the introduction of the unsubsidized federal student loan program effectively allowed private credit to replace receding public funding for higher education. At the time, student loans were justified because a degree was seen as an investment in the future and since students were the primary beneficiaries of the higher incomes from education, they should bear the additional costs (Baum and O'Malley 2002). As with homeownership, access to credit staved off the more insidious problem of the rising costs of getting a degree. The average inflation-adjusted cost of higher education has increased 165 percent between 1970 and 2005, and even public universities have tripled tuition fees since 1980 (Garcia, 2006; Dēmos, 2007a, p.2). At the same time, funding for government bursaries such as the 1965 GI Bill and the Higher Education Act, which guaranteed affordable university education for all that qualified, has not kept pace with the escalating costs of education.⁴ No federal administration or state legislature has addressed the intensifying problem of financial barriers to education; instead, credit has become the main vehicle for most students to gain access to a university education. The 2002 National Student Loan Survey revealed that over 70% of students agreed that student loans were very or extremely important in allowing them access to education after high school, while 72% said student loans were very or extremely important in allowing them to pursue graduate studies (Baum and O'Malley 2002).⁵

The level of debt now required to complete university, in addition to the falling incomes for college graduates due to 'education inflation' (or the growing number of college educated workers devalues the income gains achieved by the qualification), undermines the assumptions about the future benefits of higher educational attainment. Table 2 compares the income, debt and repayment levels of under-35 households with a high school diploma and with a college degree.⁶ As is expected, income levels for high school graduates are much lower than for college graduates, but the much higher debt levels for those with a college degree goes some way in offsetting the overall gains of getting a college degree. For instance, a total debt outstanding for high school graduates is 150% of pre-tax income levels and 194% for college grads. This is, in part, because university students are actively targeted for, and use, a plethora of credit sources to fund their education. In fact, young people are regarded by credit card lenders as more profitable borrowers because they tend to hold revolving balances longer (Kara, Kaynak et al. 1994; Levesque Ware 2002). Credit card use among students is

not just for consumer purchases: the 2002 National Student Loan survey reported that 27% of students used credit cards to pay for part of the costs of an undergraduate education, such as tuition or books (Baum and O'Malley 2002). Students' extensive use of credit cards has become so prolific it is euphemistically referred to as 'yuppie food stamps' (Manning 2000).

Table 2: Under-35 Average Outstanding Debts and Income: High school vs. College

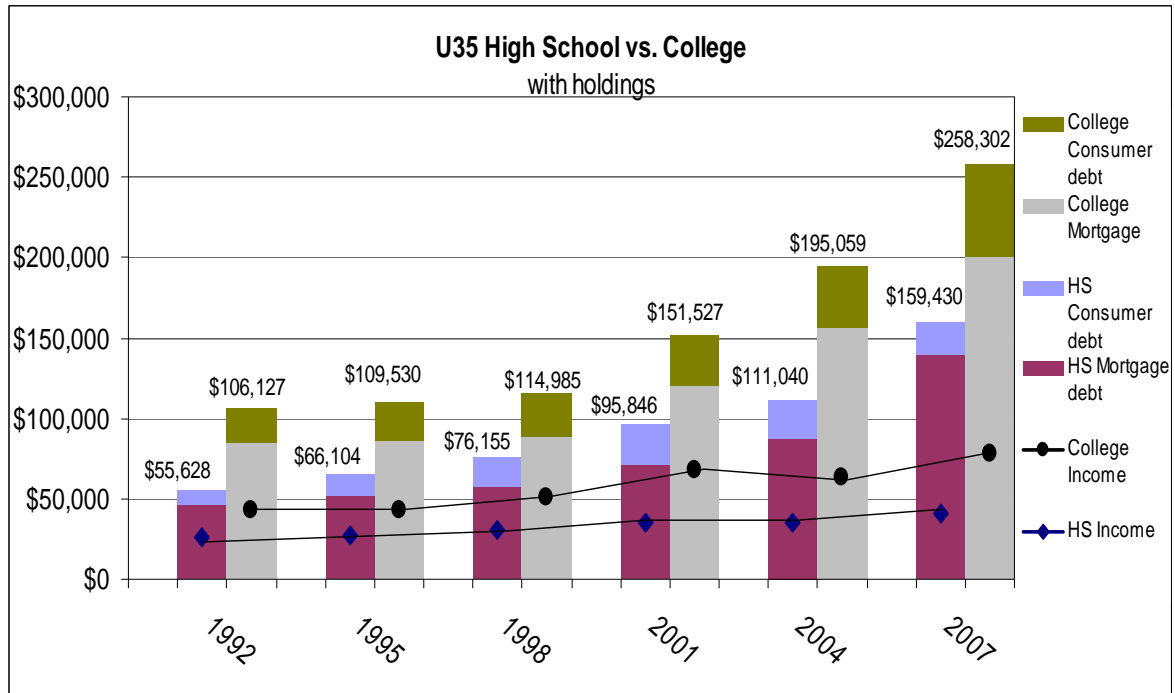
	<i>High school diploma/GED</i>			<i>College Degree</i>		
	<i>Income</i>	<i>Total Debts Outstanding</i>	<i>Annual Repayment</i>	<i>Income</i>	<i>Total Debts Outstanding</i>	<i>Annual Repayment</i>
1992	\$25,619	\$23,068	\$4,228	\$42,594	\$50,050	\$8,060
1995	\$27,162	\$26,909	\$4,775	\$42,560	\$57,752	\$8,034
1998	\$30,099	\$31,280	\$5,247	\$50,822	\$61,614	\$7,882
2001	\$35,563	\$36,137	\$5,958	\$67,736	\$86,958	\$11,612
2004	\$35,026	\$45,361	\$5,881	\$63,947	\$117,813	\$12,048
2007	\$40,300	\$66,088	\$9,216	\$77,844	\$149,389	\$15,059

Source: *Survey of Consumer Finances*

Carrying such high debt levels while at school adds additional financial pressures after graduation, when student loan repayment begins. Most students graduate from university at 24 and will carry student loan debts well into working life. That being said, high school graduates still fare worse when it comes to income growth: 57% compared to 83% for college grads, over the two decades from 1992 – which points to growing income inequality. So, getting a university education still ensures higher income levels and faster income growth, but it does not protect against long-term repercussion of such high debt levels.

So far this section problematizes the effectiveness of the strategy of young adults to borrow to invest in housing or education as a means of securing their future financial prosperity by contextualizing it within the unique contours of the post-2001 credit and asset bubble. Graph 2 looks at cumulative debt levels of homeowners by level of educational attainment. This shows why how homeownership and educational attainment, alongside the additional sources of indebtedness these entail, are arguably not as much of a buffer against long-term financial insecurity as currently believed.

Graph 2: Under-35: High school vs. College graduates with mortgage holdings



Source: *Survey of Consumer Finances*

Columns on the left are mortgage and consumer debt holding for households with High School, and the diamond is income levels. Columns on the right are mortgage and consumer debt holding for households with a College degree, and the dots are income levels. Only under-35 households with mortgage holdings are included; however, these figures exclude the very small number of under-35s that own outright or do not pay the mortgage which would skew the results.

We see that having a college degree does provide higher income levels. However, when compared on the same scale to debt levels the relative income differences between high school and college are not that impressive. Most striking is the considerably higher debt levels, both mortgage and consumer, for college graduates compared to high school grads, especially after 2001. In the 1990s, college graduates average total debt outstanding increased by a mere \$9,000 but, over the 2000s, it increased by \$107,000, while average income levels grew by only \$35,000 over the same two decades.

College graduates are still financially better-off than their high school counterparts. High school graduates average total outstanding debts are 395% of their annual income, whereas it is 330% of the income of college graduates. What is surprising is the absence of a major difference between college and high school graduates in terms of their prospects for long-term financial security. To some extent these trends contradicts the claim that getting an education and buying a home is a sound investment in the future. Instead, it is the very combination of getting on the property ladder after acquiring a university degree that may result, for the current and perhaps future groups of under-35 Americans, in a considerable level of financial insecurity.

Borrowing to live—Senior citizens struggle to stay afloat

Depleting savings and wealth holdings is expected when individuals retire from the workforce and no longer have access to regular wages. Yet the amount of savings and wealth holdings

required to fund retirement is beyond the financial capabilities of most working families. This is precisely why the US government, in 1935, created social security in order to protect the retired, as well as disabled and survivors (widows and orphans), from poverty and destitution. More recently, retired households also have access to savings, investments and company pension plans to supplement income after they have left the workforce. However, the specific political and economic conditions of the last decade have meant senior citizens increasingly rely on debt to supplement stagnating social security payments, abysmal savings rates, poorly performing investment plans and roll-backs in company pensions. Most often, debt is incurred by borrowing against the equity in the home. With property prices rising, senior citizens, like many other families, used their homes as proverbial ATMs by cashing out some of the (higher) value of their property. But the costs of repaying these loans create new and often very high claims against their fixed-incomes: ‘turning what should have been comfortable retirements into hand-to-mouth existences’ (Punch 2003, p.36)

Senior citizens are actively targeted for credit products because of key lifestyle changes; for example, in the case of credit cards, their fixed incomes make them more likely to revolve balances and stay in repayment status longer (Mathur and Moschis 1994; Lichtenstein, Chen et al. 2003). The market for credit to senior citizens is grown so large that the retail credit industry has developed new debt collection strategies that target the emotional vulnerabilities of elderly people, such as persistent phone calls and debt collection notices, as a means of selling additional third-party products like second mortgages and viaticles (Punch 2004). Pressures to make repayments on outstanding debts is often used to compel senior citizens to agree to viaticles—which involves selling of life insurance to third parties for one-off or monthly payments (Vincentini and Jacques 2004). This type of marketing and collection strategies mirrors the exploitation experienced by the subprime borrower.

Compared to other age groups, senior citizens have high rates of homeownership (Myers 2001) and, in the SCF, rates are consistently around 80% over the past two decades. Therefore, when assessing the effects of the post-2001 credit and asset bubble, the biggest contributor to financial insecurity is whether seniors have outstanding loans against their primary residence. We can see this in the SCF by comparing ‘all families’ with heads over-65 to those ‘with mortgage holdings’. Table 3 shows the average annual income levels for all families with the head over-65, average mortgage debts outstanding, average total debt (which includes consumer debts) and average annual repayment amounts. Annual income levels appear relatively healthy; but this is partly because the SCF oversamples wealthy households (which tend to be older), which skews the mean figures upward (Getter 2007). In fact, 60% of over-65 families earn less than \$40,000 per year (see graph 3). Also, mortgage debt levels are relatively small because most senior citizens own their home’s outright. Nevertheless, we see that throughout the 1990s average mortgage debt is below \$9,000 but begins to increase rapidly post-2001. Importantly, the most pronounced increase is between 2004 and 2007 (approximately \$12,000), which coincides with the height of the subprime boom. Even with the mediating effects of wealthy retired households, average total debts outstanding (which include both mortgage and consumer loans) was 30% of pre-tax income levels in 1992, and 52% in 2007.

Table 3: Over-65: Income, debt and repayment - All families and with holdings

	<i>All Families</i>				<i>With Holdings</i>		
	<i>Income</i>	<i>Mortgage debt</i>	<i>Total Outstanding</i>	<i>Repayment</i>	<i>Mortgage debt</i>	<i>Total Outstanding</i>	<i>Repayment</i>
1992	\$26,593	\$4,845	\$7,902	\$1,715	\$33,937	\$41,285	\$8,678
1995	\$32,569	\$5,700	\$8,136	\$1,786	\$34,245	\$39,731	\$8,001
1998	\$38,153	\$8,953	\$12,382	\$2,755	\$46,803	\$58,298	\$11,445
2001	\$47,419	\$13,018	\$17,064	\$3,346	\$62,188	\$71,331	\$13,008
2004	\$50,179	\$17,996	\$30,189	\$4,105	\$71,004	\$83,743	\$11,311
2007	\$68,792	\$30,060	\$36,023	\$5,441	\$106,116	\$117,897	\$16,130

Source: *Survey of Consumer Finances*

The right side of the table isolates only those over-65 households with loans secured against the primary residence. Throughout the 1990s, mortgage debt levels grew by around \$17,000, but the most rapid growth is post-2001, with debts increasing by \$44,000. Moreover, with the inclusion of consumer debts in the total outstanding debt category shows how other debt sources contribute to staggering levels of indebtedness for people who largely live on fixed incomes and are without full-time employment. We get a glimpse of the effects on senior citizens in the average annual debt repayment amounts, which are three times higher for families with mortgage holdings compared to all (over-65) families.

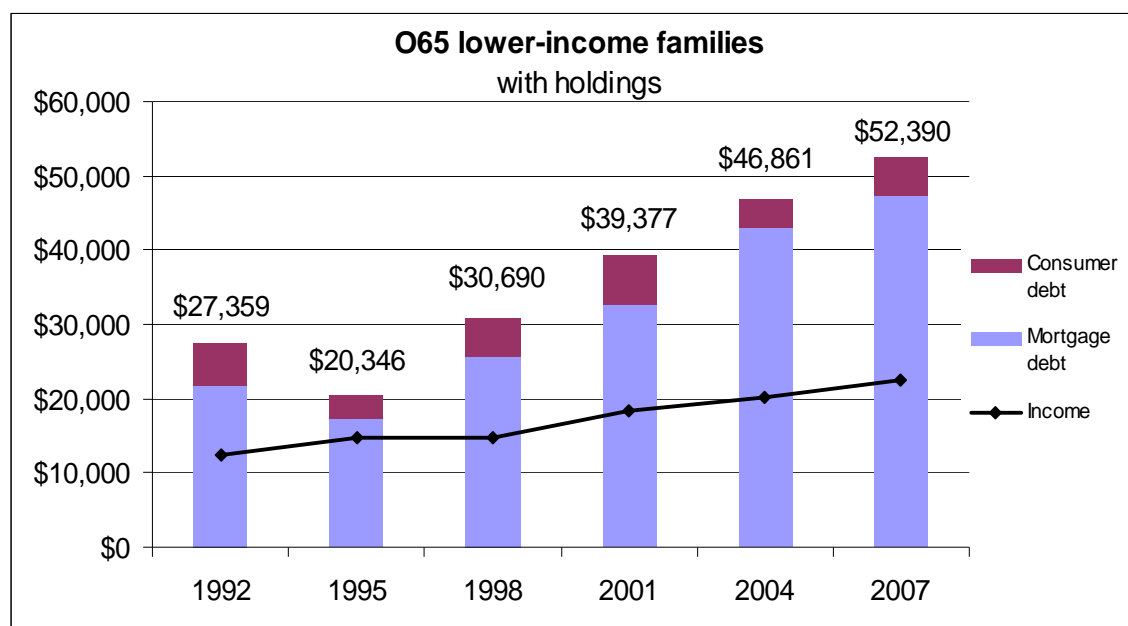
To understand why senior citizens debt levels grew so quickly over such a short period of time, we look to slow income growth and rising costs of living particular to this age group. Firstly, the low nominal interest rates that fuelled easy access to credit decimated returns from traditional savings accounts. By and large, seniors followed the general trend of transferring traditional savings accounts into market-indexed investment plans because they were widely considered the ‘safest’ or ‘less risky’ form of investment. But pronounced market downturns in 2001 and again in 2007, in which most household investment portfolios had only just made back what was lost six years previous, meant that the amount required to fund a comfortable retirement is beyond the reach of most income earners. Froud et al. (2010) provide a detailed simulation of these effects, which is worth quoting at length:

In every year of the 2000s, the value of the required ‘half of median’ fund was near or above \$500,000 and, at the peak in 2003, the required fund was more than \$2 million. The variation in size of fund required *entirely* reflects changes in the rate of interest, because that is the only variable which changes from year to year. The simulation therefore demonstrates how the decline in nominal rates of interest after 1980 (and in real rates from the early 1990s) was a great misfortune for modest income earners trying to save for retirement. The post-2000 Greenspan and post-2007 Bernanke monetary policies of stabilising and stimulating the US economy by reducing interest rates towards zero were then a catastrophe for low and middle income savers. Such policies completely undermine the rationale for long term saving through pension, insurance or deposit account because no feasible level of saving from limited income will generate a large enough fund.

The failure of financial markets to provide sufficient returns for retired households to live on is compounded by the Federal government’s efforts to cap social security payments. Eighty-

four percent of households aged 65 and over receive social security benefits, while 40% claim social security is their largest source of income (AARP Policy Research Institute 2006). As one of the largest expenditures in the US federal budget, social security benefits have steadily declined under the auspices of fiscal austerity. Faced with an aging population and a declining birth rate, successive US administrations attempted to ‘plug the fiscal gap’ by capping social security benefit pay-outs. To meet this end, the US government fundamentally changed how it measures the Consumer Price Index (CPI) with the explicit aim of saving \$1 trillion by correcting the ‘over-indexing’ of social security from 1997 to 2007 (Boskin, Dulberger et al. 1996, p.15).

We can see the effects of these trends in Graph 3, which shows the average income and debt levels for the 60% of over-65 households that earn less than \$40,000 in pre-tax income.⁷ Firstly, average income levels increased by \$10,000 over two decades, while average total debt levels grew by \$25,000 over the same period, suggesting that senior citizens supplemented their minimal income growth with new debts, in particular after 2001.

Graph 3: Over 65s earning less than \$40,000: average income and debt levels

Source: *Survey of Consumer Finances*

Average mortgage debts grew much more than consumer debt, but average total debt outstanding reached a staggering 233% of pre-tax income levels in 2007. The costs of servicing these new loans creates additional claims on senior citizens fixed incomes; in 2007, the annual cost of debt repayment was equivalent to 36% (or \$8,200) of annual pre-tax income levels.

Senior citizens are using debt to supplement slow income growth that has not kept pace with the rising living costs which are unique to over-65s (Hurst and Willen 2007). The largest components of senior citizens household expenditures are health care, prescription drugs, housing, fuel, and food—which have all had prices rising faster than the Consumer Price Index used to index their social security payments (Federal Interagency Forum on Aging-Related Statistics 2006; Purcell 2006). Moreover, many retired households have borne the brunt of successive rounds of corporate restructuring of ‘legacy costs’, in particular company-sponsored medical coverage and pension plans. In 2003, only 38 percent of large employers offered medical coverage to retired employees compared to 66 percent in 1988 (Dēmos 2007, p.3). Undoubtedly, senior citizens are seriously affected by the overall increase in health care costs over the past decade. Paying health insurance premiums or uninsured health problems are the biggest concerns among senior citizens (Employment Benefit Research Institute 2008). For low-income seniors, dwindling state subsidies for Medicare means that without medical insurance seniors must contribute up to a third of their income to health care related expenses (Public Policy Institute 2003). Most often these expenses are for prescription drugs, which for those covered under Medicare averages \$860 a year in out-of-pocket expenses (Zeldin and Rukavina 2007). Gaps in health care coverage for the elderly leave many seniors to shoulder soaring medical expenses at a time when they are encountering more frequent, and serious, health problems.

As private sector benefits declined, most seniors became even more reliant on state support, such as social security and Medicare benefits, to maintain basic living costs. Meanwhile, the American government has made no effort to increase social security payments, while the failed Pharmacare plan available to seniors receiving Medicare proved unhelpful in reducing

the financial burden of rising prescription drug costs. The overall effect of rising living costs, stagnating private sources of income and declining state support has been a growing reliance on debt to bridge the gap between income and the cost of essential goods and services.

Conclusion: financial crisis and the politics of abandonment

This article sought to extend our commonly held understanding of subprime lending—as the most pernicious form of financial exploitation of pre-2007 liberalized financial markets, but largely limited to poor women and minorities living in America’s inner-cities—to include young adults (under-35s) and senior citizens (over-65s) who also experienced sharp increases in average debt levels during the 2001 to 2007 credit bubble. Like low-income families living in inner-cities, the young and old were targeted by lenders because of their limited incomes and relative financial insecurity. Although the under-35s and over-65 have completely different experiences of the recent credit bubble, using descriptive exhibits from the Survey of Consumer Finances we see that the outcomes are broadly similar: slow income growth compared to rapidly rising indebtedness. For young adults, current debt levels undermine the promise that borrowing to buy a home or get an education is a ‘sound’ investment in the future, because the amount of debt now required to do so has the potential to seriously damage future financial security. For the majority of senior citizens the recent escalation in debt levels to meet living costs belies the belief that saving and investing for the future can provide a comfortable retirement.

The 2007 financial crisis not only exposed the failure of liberalized financial markets but also the broader politics of abandonment that leaves the poor, the old and the young to cope with the failings of the American economy and political system through debts incurred from (the now failed) financial markets. Too often private debt is replacing public provisions for social stability. This politics of abandonment manifests in a multitude of interrelated ways where both American government and business community have absconded from their responsibilities to workers and citizens, not to mention their duty to protect systemic economic stability. All while continuously depending on workers and consumers to drive economic growth. In many ways, rising asset prices and skyrocketing profitability blinded many to the large cracks already present in the edifice of financialized expansion. Free-market logics framed subprime lending as a step toward greater financial inclusion for groups previously excluded from mainstream financial services. Credit scoring was heralded as proof of the efficiency and expertise of financial markets to adequately price risk. The prevailing ideological assumptions of policy makers dismissed escalating debt levels as part of the wealth-effect, believing that households were acting as rational calculating agents astutely using debt to acquire new assets. For under-35s and over-65s, life-cycle assumptions blinded policy makers to the systemic threats of driving already financial fragile groups further into debt through extensive lending. It appears that dislodging over thirty years of economic rationale and disentangling the intricate links that bind financial markets to everyday social, cultural and economic life is a much more difficult task than organizing successive bailouts for the financial services industry.

By extending our analysis beyond the creditor-debtor relationship to included why households borrow we see how the continual re-structuring of government provisions for social protection and the gradual relinquishing of the business community’s responsibilities to its employees has widespread implications for the financial instability of a large cross-section of American households. As imperatives of fiscal restraint for public services came to dominate Federal and State-level political agendas the cumulative effects of labour market and welfare reform, in the name of curbing public expenditures, deepened the financial insecurity of young adults and senior citizens. Caps on funding for health care dramatically increased the costs of these services, which disproportionately affects the elderly. Declining subsidies for higher education has contributed to growing debt levels in young adults (Dēmos 2007). Similarly,

senior citizens borrow to counter-act the effects of dwindling government transfer programs, particularly social security and Medicare. The rising costs of health care, education and lack of social support created conditions where debt is being used as a ‘plastic safety net’ (Draut 2006). In addition to direct policy interventions, the American government’s ideological and political support for endless rounds of corporate restructuring has effectively released the larger business community from any responsibility to its employees. There was a time when the American corporations provided jobs, decent health care, pension plans, and even subsidized credit to its employees; which all contributed to the wealth and prosperity that embodies the vision of American economic superiority. Now the American business community is obsessed with continuously restructuring by shedding jobs, pushing hard against wage growth, and significantly reducing or eliminating non-wage benefits, like health care and pensions, for non-management workers (Cutler and Waine 2001). For many households these processes converge when slow income growth, higher living costs, health problems, or temporary emergencies make recourse to debt a necessity *not* an option.

¹ Income is total annual cash income before taxes including: wages, self-employed business income, interest, dividends, capital gains as well as food stamps and other government support, pension income, social security, alimony and other support. Mortgage debt is to all loans, mortgage or home equity, secured against the primary residence. Consumer debt is the sum of outstanding totals for SCF categories: credit card, education loans, all instalment loans, all lines of credit and vehicle loans. Annual debt repayment takes the SCF ‘total value of monthly debt repayment’ and multiplies by 12 in order to provide comparability to annual income levels.

² A Demos survey in 2003-2004 asked households whether they had used credit cards in the past year to pay for basic living expenses, such as rent, mortgage payments, groceries, utilities or insurance, because they did not have money in their checking or savings account.

³ Thank you to Herman Schwartz who made this point about Alt-A loans in comments on another draft.

⁴ In 1970s the maximum Pell Grant award (main bursary program for students from low-income households) covered 70% of education costs, in 2006 the same award only covered about one-third, and it is now harder to qualify for the maximum amount (Dēmos, 2007a, p.2).

⁵ Forty-two percent of those who did not go on to graduate school said their student loans had a major influence on their decision not to go to graduate school.

⁶ In the SCF, under-35 with a High school diploma (or General Educational Development degree) is just over a third, which is the same as those households with a College degree—32.4% and 32.1%, respectively, in 2007. The remaining third of the population is distributed between no High school (just over 10%) and some College (around 20%).

⁷ The Federal Reserves ‘bulletin’ categories roughly approximate the income quintiles, and 60% of senior citizens households fall below the middle income range of \$40-59,999.

References

- Aalbers, M. B. (2008) 'The Financialization of Home and the Mortgage Market Crisis'. Competition and Change **12**(2): 148-166.
- AARP Policy Research Institute (2006) Fact Sheet: Sources of Income for Older Persons. Washinton DC, American Association for Retired Persons (AARP)
- Arnett, J. J. (1998) 'Learning to Stand Alone: The Contemporary American Transition to Adulthood in Cultural and Historical Context'. Human Development **41** (5/6): 295-315.
- Avery, R. B., K. P. Brevort, et al. (2006) 'Higher-Priced Home Lending and the 2005 HMDA Data'. Federal Reserve Bulletin **Summer**(A125)
- Bailey, N. S. (2005) 'Predatory Lending: The New Face of Economic Injustice'. Human Rights **32**(3): 14-28.
- Baum, S. and M. O'Malley (2002) College on credit: How borrowers perceive their education debt. Results of the 2002 National Student Loan Surve, Nellie Mae.
- Boskin, M. J., E. Dulberger, et al. (1996) Toward a More Accurate Measure of the Cost of Living. Final Report to the Senate Finance Committee. Washington, D.C.
- Breen, R. and J. O. Jonsson (2005) 'Inequality of opportunity in comparative perspective: Recent research on educational attainment and social mobility', Annual Review of Sociology **31**: 223-243.
- Burton, D., D. Knights, et al. (2004) 'Making a market: the UK retail financial services industry and the rise of the complex sub-prime credit market', Competition and Change **8**(1)
- Caggiano, J. R., T. G. Franzén, et al. (2008) 'Subprime Mortgage and Predatory Lending Law Developments', The Business Lawyer **63**(2): 625.
- Calem, P., K. Gillen, et al. (2004) 'The Neighborhood Distribution of Subprime Mortgage Lending', Journal of Real Estate Finance and Economics **29**(4)
- Castles, F. G. (1997) 'The Really Big Trade-Off. Home Ownership and the Welfare State in the New World and the Old', Acta Politica **32**(4): 1-19.
- Cutler, T. and B. Waine (2001) 'Social insecurity and the retreat from social democracy: occupational welfare in the long boom and financialization', Review of International Political Economy **8**(1): 96-118.
- David, P. V. (2008) 'Chasing the American Dream: New Perspectives on Affordable Homeownership', American Planning Association. Journal of the American Planning Association **74**(2): 256.
- Dēmos (2007) Executive Summary. Young Adult Economics Series. T. Draut. New York, Demos, A network of ideas and action.
- Dēmos (2007) Generation Debt: Student Loans, Credit Cards, and their Consequences. New York, Demos-a network of ideas and actions.
- Dēmos (2007) Higher and Higher Education: Trends in Access, Affordability, and Debt. Young Adult Economics Series, Demos-a nextwork for ideas and actions.
- DeNavas-Walt, C., B. D. Proctor, et al. (2003) Income, Poverty, and Health Insurance Coverage in the United States. Current Population Reports. C. Bureau.
- Doty, M. M., J. N. Edwards, et al. (2005) 'Seeing red: Americans driven into debt by medical bills. Results from a National Survey', Issue Brief Commonwealth Fund(837): 1-12.

Draut, T. (2006) Strapped: why America's 20- and 30-somethings can't get ahead. New York, Doubleday :.

Dymski, G. (2006) 'Targets of opportunity in two landscapes of financial globalization', Geoforum **37**(2): 307-311.

Employment Benefit Research Institute, E. (2008) The 2008 Retirement Confidence Survey. Washinton DC: Issue Brief No. 316.

Federal Interagency Forum on Aging-Related Statistics (2006) Older Americans Update 2006: Key Indicators of Well-being. Washington, DC, Government Printing Office.

Federal Reserve (2001) 'Expanded Guidance for Subprime Lending Programs',

Fishbein, A. J. and P. Woodall (2006) Women are Prime Targets for Subprime Lending: Women are Disproportionately Represented in High-Cost Mortgage Market Washington, DC, The Consumer Federation of America.

Froud, J., S. Johal, et al. (2010) 'The tyranny of earned income and finance as social innovation', New Political Economy **forthcoming**.

Getter, D.-E. (2007) 'Using the Survey of Consumer Finances: Some Methodological Considerations and Issues: Sins, Sinners, Data, and Details: Commentary', Journal of Consumer Affairs **41**(2): 216-18.

Goede, M. d. (2004) 'Repoliticizing financial risk', Economy and Society **33**(2): 197-217.

Hamil-Luker, J. (2001) 'The prospects of age war: Inequality between (and within) age groups', Social Science Research **30**(3): 386-400.

HUD (2000) Unequal Burden: Income and Racial Disparities in Subprime Lending in America, U.S. Department of Housing and Urban Development.

Hurst, E. and P. Willen (2007) 'Social Security and Unsecured Debt', Journal of Public Economics **91**(7-8): 1273-97.

Jacobson, T. and K. Roszbach (2003) 'Bank lending policy, credit scoring and value-at-risk', Journal of Banking and Finance **27**(4): 615-33.

Jensen, S. (1995) 'Public debt, macroeconomic poliyy and intergenerational distribution', Nationalokonomisk Tidsskrift **133**(1): 66-86.

Kara, A., E. Kaynak, et al. (1994) 'Credit card development strategies for the youth market: The use of conjoint analysis', The International Journal of Bank Marketing **12**(6): 30.

Kempson, E. (1999) Kept out or opted out? Understanding and combating financial exclusion. London, The Policy Studies Institute.

Kennedy, D. G. (2004) 'House Arrest', American Demographics **24**(4): 13-16.

Kohli, M. (2002) 'Generational equity is more than pension finance', Zeitschrift Fur Gerontologie Und Geriatrie **35**(2): 129-138.

Langley, P. (2008) 'Sub-prime mortgage lending: a cultural economy', Economy and Society **37**(4): 469 - 494.

Levesque Ware, C. (2002) Consumerism, credit cards, and college students. United States -- Rhode Island, Salve Regina University.

Leyshon, A. and N. Thrift (1995) 'Geogrpahies of financial exclusion: financial abandonment in Britain and the United States', Transactions of the Institute of British Geographers **20**(3): 312-341.

Lichtenstein, J., Y. Chen, et al. (2003) 'Retirement income security, wealth, and debt burden among baby boomers and vulnerable populations: Research results', Gerontologist **43**: 80-80.

- Machin, S. and A. Vignoles (2004) 'Educational inequality: The widening socio-economic gap', Fiscal Studies **25**(2): 107-128.
- Manning, R. D. (2000) Credit Card Nation: The Consequences of America's Addiction to Credit. Washington, D.C, Basic Books.
- Marron, D. (2007) 'Lending by numbers': credit scoring and the constitution of risk within American consumer credit', Economy and Society **36**(1): 103-133.
- Martin, R. (2002) Financialization of daily life. Philadelphia, PA, Temple University Press.
- Mathur, A. and G. P. Moschis (1994) 'Use of credit cards by older Americans', The Journal of Services Marketing **8**(1): 27.
- McGhee, H. C. and T. Draut (2006) Retiring in the Red: the growth of debt among older Americans. Borrowing to make ends meet. New York, Demos.
- Montgomerie, J. (2009) 'The pursuit of (past) happiness? Middle-class indebtedness and American financialisation', New Political Economy **14**(1): 1-24.
- Mooslechner, P., H. Schubert, et al., Eds. (2006) Financial Market Regulation and the Dynamics of Inclusion and Exclusion. The Political Economy of Financial Market Regulation.
- Myers, D. (2001) Advances in Homeownership Across the States and Generations: Continued Gains for the Elderly and Stagnation Among the Young. Washington, D.C, Fannie Mae Foundation. **Census Note 08**.
- Pryke, M. and P. du Gay (2007) 'Take an issue: cultural economy and finance', Economy and Society **36**(3): 339 - 354.
- Public Policy Institute (2003) Out-of-Pocket spending on health care by medicare beneficiaries aged 65 and older. D. Digest. Washington DC.
- Punch, L. (2003) 'The graying of card debt', Credit Card Management **15**(11): 36.
- Punch, L. (2004) 'Older Debtors, New Problems', Credit Card Management **17**(5): 26.
- Purcell, P. (2006) Topics in Aging: Income and Poverty Among Older Americans. C. R. Service. Washington, D.C.
- Schwartz, H. (2008) 'Housing, Global Finance, and American Hegemony: Building Conservative Politics One Brick at a Time', Comparative European Politics **6**(2): 262-284.
- Sharpe, D. L. (1997) 'Credit and debt portfolios of the young and old', Consumer Interests Annual, Vol 43: 210-212.
- Sullivan, J.-X. (2008) 'Borrowing during Unemployment: Unsecured Debt as a Safety Net', Journal of Human Resources **43**(2): 383-412.
- Treacy, W. F. and M. Carey (2000) 'Credit and risk rating systems at large US banks', Journal of Banking and Finance **24**: 167-201.
- Vincentini, C. and P. Jacques (2004) 'Seniors get ready to "Charge"', MarketFacts Quarterly **23**(1): 64.
- Wheary, J. and T. Draut (2005) The Plastic Safety Net: The Reality Behind Debt in America, Demos
- The Center for Responsible Lending.
- Wyly, E. K., M. Atia, et al. (2006) 'American home: Predatory mortgage capital and neighbourhood spaces of race and class exploitation in the United States', Geografiska Annaler **88**(2): 105-132.

Wyly, E. K., M. Moos, et al. (2008) 'Subprime mortgage segmentation in the American Urban system', Tijdschrift voor Economische en Sociale Geografie **99**(1): 3-23.

Zeldin, C. and M. Rukavina (2007) *Borrowing to Stay Healthy: How Credit Card Debt is Related to Medical Expenses*. New York, Dēmos: A network of ideas and action and The Access Project.