

“IT’S A CATCH 22”
LIVED EXPERIENCES OF SHORT-TERM, HIGH-COST CREDIT AMONG
LOW-INCOME PEOPLE IN THE NEOLIBERAL STATE

by
Jascha Wagner

A thesis submitted to the Faculty of the University of Delaware in partial
fulfillment of the requirements for the degree of Master of Arts in Sociology

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ABSTRACT

This paper contributes to the literature of lived experiences in the neoliberal United States—the United States in times of deindustrialization, post-welfare, mass-incarceration, and mass-probation. The focus is on the question what role high-cost, short-term credit plays for low-income Americans to make ends meet. Through 20 in-depth interviews with economically-poor, working-poor, and near-poor Americans, this paper argues that credit behaviors and especially short-term, high-cost credit plays an important role in how Americans deal with precarious living conditions in the low-wage work-sector, and with limited welfare support. Especially precarious life events, for individuals or family members, as health care emergencies, job loss, or involvement with the criminal justice system lead to use of high-cost credit for short term fixes, as well as to manage the often long lingering ‘outfall’ of emergencies. This study also tries to complicate the perspective of ‘optimal credit usage’ for the economically-poor by echoing the convoluted lives the participant describe. Furthermore, the paper argues that credit—alongside work and consumption—has become an important part of how people make sense of themselves and construct identities. I outline here how participants internalize and resist narratives about appropriate credit and financial behaviors for low-income people.

Chapter 1

INTRODUCTION

“If you walk there on the first, and I swear I wish somebody with a camera would just walk in there, you would be totally shocked: at 7am they open up on the first - the line is long. People trying to pay back loans, these are elderly people, young people. You wouldn’t believe it. 7am in the morning on a first, trying to pay a payday loan? And you know, it takes approximately one hour just to get up to the window to pay, that’s ridiculous. That’s what people don’t hear about, know about. And if they think I am lying, tell them to send somebody over there.”

- Victoria

Hundreds of thousands low-income Americans visit one of the over 20,000 payday loan stores across the US on the first of each month to pay back their loans—or as more often the case—to renew them. Unnoticed? While the rise of the payday loan sector through the 1990s and 2000s was widely overlooked, payday lending is now a highly controversial topic and the focus of contentious debates about regulation.

Payday loans—short-term, high-interest, unsecured loans—are often marked as predatory loans, and news stories of customers trapped in debt have taken up the narrative of payday lending as modern-day loan sharking (Traub 2011). Accordingly, the Consumer Financial Protection Bureau (CFPB) is since its establishment in 2012 investigating payday lending and has produced numerous white papers on the topic, conducted studies, and outlined and subsequently postponed reform agendas.

Meanwhile, the payday lending industry has made heavy lobbying efforts to prevent legislation on a federal level and has found widespread political support in the

Republican Party but also by Democrats, as in the former Chair of the Democratic National Committee Debbie Wasserman Schultz (Carter 2016).

So it seems Victoria is wrong—people do know about payday lending. The news stories about Americans in the ‘payday loan treadmill’ are out there, and politicians and social justice organizations have noticed them. But Victoria is also right, there has been no systematic investigation of lived experiences of payday loan customers (Caskey 2012; Deville and Seigworth 2015; Gonzalez 2015). We know very little about how they perceive, contextualize, and narrate their experiences, or about how these experiences connect to and differ depending on other social identities customers hold. And moreover, how are experiences with fringe credit connected to lived experiences of structural inequalities in the US, and how do payday loan customers perceive credit, debt, consumption, and inequality in the US?

Using qualitative data based on 20 in-depth interviews with short-term, high-cost loan customers, I examine how low-income Americans experience fringe credit and how their experiences relate to structural inequalities in the neoliberal US, as apparent in low-wage work, workfare, or the penal state. I find that payday loan experiences are connected to diverse structural inequalities and strategies of resilience among low-income Americans. Discussing payday loan use as a strategy to allow kin network resources to time travel and by addressing differing forms of consumption—that work as coping strategies, to foster parenting identities, or to maintain social status—this study connects fringe credit use to the qualitative literature on economic hardship and contributes by pointing towards the often overlooked role

of credit use among low-income Americans. Similarly, the study points towards the use of short-term, high-cost loans among those involved with the penal state.

Preliminary results suggest here connections to the rising costs associated with the court system as well as to long term structural barriers for convicted offenders. I also examine how financial and credit identities are constructed among fringe credit customers. The study provides here empirical evidence for concepts of neoliberal governance, which argue that available financial identities for low-income Americans advance the individualistic perspective and shift responsibilities towards the individual without consideration of living conditions. Here, I discuss how participants experience the credit score as an objective measure of trustworthiness and overall character. Specifically, the study shows that the weight of the credit score rests on the illusion of the always up-to-date, objective version of trustworthiness and moral character—to exercise social control this is an immense advantage over, for example, a criminal mark.

The thesis takes the following steps to make these arguments. First, the concept of the neoliberal state is introduced and central inequalities that shape the experiences of low-income Americans are outlined. Here, I recap the previous qualitative literature on economic hardship and outline the peripheral status of credit within the literature. Following Susanne Soederberg's concept of debtfare, I then describe the connections between the dimensions of inequalities in the fields of work, welfare, the criminal justice system, and credit. And, I sketch the development and scope of payday lending—as the most common form of high-cost, short-term

credit—in the US. Second, the methods and the analytical approach the study took are described. And in a third step, the findings are outlined by establishing the differing experiences and positions within the low income spectrum. Subsequently, concrete situations and experiences of credit use are discussed along the spectrum. Then, connections to the penal state and credit identities are outlined. The thesis concludes with a recap of the findings and the contributions to the literature as well as outlining further research.

The Concept of the Neoliberal State

Neoliberalism is often described as an ideology that developed in the 1930s and 1940s and became dominant since the 1970s among global elites—mainly from Western countries—as high-ranking politicians, CEO’s of transnational corporations, and top officials of influential multinational organizations, as, for example, the World Trade Organization, the World Bank, or the International Monetary Fund (Anderson 2000; Gamble 2007; Connell 2010). In this perspective, the main objective of neoliberalism as an ideology is to transfer power and control, especially regarding the economy, from governments to markets (Centeno and Cohen 2012). The theory follows and transforms here ideas from its predecessor ‘liberalism’ by arguing that central values of Western societies—as freedom, prosperity, or economic efficiency, but also fairness and democracy—can only be achieved through free markets, free trade, and private property (Harvey 2005).

However, assumptions about neoliberalism as one coherent project and theory, or hegemonic ideology carried by global elites, have been criticized as idealistic,

ahistorical, and neglecting concrete social actors (and resisters) and trading them in for the mythical actant neoliberalism (Touraine 2001; Barnett 2005); instead, as for example Touraine (2001) argues, neoliberalism needs to be understood as a concrete historical development that was established and advanced by concrete social and political groups—often with differing, diverging or even conflicting interests and ideologies.

For instance, as Soss, Fording, and Schram (2009) outline, US business reacted to declining profit margins and political setbacks in the late 1960s and early 1970s by increasing the number of corporate-sponsored political action committees by 900% during the 1970s alone to advance lobby and policy oriented work (see also Royce 2015 [2009]). Their broad agenda followed neoliberal goals—as to cut taxes, deregulate financial markets, shift necessary tax burdens towards workers and wages, weaken environmental and workplace protections, and overall undercut labor unions. However, the authors argue that the business organizations coordinated their efforts with the emerging social-conservative coalition—Christian fundamentalists, neoconservatives, and racial-conservatives—to advance “an agenda rooted in order, discipline, personal responsibility, and a moral state” (Soss, Fording, and Schram 2009: 11). The authors argue that this strategy focused less on immediate legislative success for business interests but on a profound shift of the political landscape, and political discourses in the US, and so the fundamental dismantling of the ‘activist Keynesian state’.

Accordingly, the focus on the economic dimension of neoliberalism, as for example Wacquant (2010) argues, is limited and describes a ‘thin’ concept of neoliberalism. Several authors have argued for a multifaceted conceptualization of neoliberalism and neoliberal politics that examines connections among central social institutions—as work, social welfare, and the criminal justice system (Piven and Cloward 1971, 1993; Peck 2001; Soss, Fording, and Schram 2009; Western and Wildeman 2009; Wacquant 2002, 2009; Alexander 2010; Soederberg 2014; Royce 2015 [2009]). Following a conflict theoretic position, these approaches understand neoliberalism as the current form to govern an economic surplus population in postindustrial societies and as a system of racial domination.

Structural Inequalities in the Neoliberal State

One central argument underlying these approaches is that diverse changes to commodity production and work in the second half of the 20th century, often simplified labeled as deindustrialization (Cowie and Heathcott 2003), have led to an overall decline in demand for manufacturing work and an increase in service sector work, which, in turn, drives the wage stagnation since the 1970s and the increasing class inequality in the US (Wilson 1996; Western and Wildeman 2009; Soederberg 2012).¹

¹ According to census data the median household income in the US in 2014 was round about \$54,000, with White Americans making a median income \$60,000 and Black Americans making \$35,000. The median income for the lowest quantile was about \$21,500. Around 15% or 46 million Americans, including 20 million children, were in poverty in 2014 (around 20% of the poor are considered working-poor, that means working 27 weeks or more a year full time (6.3% of the total full time working population); 76 million were below 150% of the poverty line and over 100 million below

Moreover, the low-wage work sector is constantly downgraded (Doussard 2013). This means not only that wages stagnate or decline across service work and other low-wage work—as for example retail, entertainment, or construction—but also that jobs carry less benefits, are overall less secure (including sometimes physical dangers), and are often seasonal or part time. However, as Doussard further describes, these conditions are not somehow inherent to the low-wage work sector in general but have been increasingly implemented since the 1990s and are often unique to the US, compared to other Western countries, even within multinational operating corporations.

This degrading of low wage work in the US rests hereby on the welfare system (Collins and Mayer 2010) and the criminal justice system (Wacquant 2009). On the one hand, welfare subsidizes low wage work without, or with very limited, benefits and so allows workers and their families to survive on minimum or below minimum wages. Plus, on the other hand, welfare reforms since the 1980s, and especially since the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the extensions in the 2000s (Katz 2010), push Americans into the low wage work sector (Collins and Mayer 2010)—as the conservative welfare reform advocate Lawrence Mead once stated: “low-wage work apparently must be mandated, just as a draft has been sometimes necessary to staff the military” (Mead 1986: 84; quoted in Collins and

200% of the poverty line, the crude cut off for what is considered low income (DeNavas-Walt and Proctor 2015).

Mayer 2010). Between 1994 and 2004 over six million people were pushed from welfare into the labor market. This increased competition for all kinds of jobs but especially less formal-skill requiring jobs and so allowed to maintain low pay and precarious working conditions, as insecure jobs, or temporary work (Peck 2001; Collins and Mayer 2010; Hatton 2011, 2013; Purser 2012). Moreover, the competition hereby allowed to normalize working conditions which had long been ‘unthinkable’ or at least had been delegated to the very periphery of the labor market (Doussard 2013).²

Mirroring the restructuring process in the fields of work and welfare, criminal justice reforms and changes in policing since the 1980s have increased the incarceration rate in the US fourfold (Garland 2001; Western and Pettit 2010). The prison boom has stabilized since the late 2000s at a historical high level of around 2,200,000 (Mijls 2016), and at the end of 2014 6,851,000 individuals in the US were under direct control (incarceration, parole, probation) of the correctional system (Glaze and Kaeble 2014). To put these numbers into perspective, this means that we can estimate that currently over 7,700,000 people in the US have been in prison at one point in time, and, moreover, 20,000,000 US citizens have a felony conviction of one kind or another (Shannon et al. 2011).

² Additionally, as Doussard (2013) points out, current US immigration politics push millions of people into the most instable and insecure working conditions without legal protections, which further allows to downgrade the low-wage work sector.

However, as Wacquant (2002; 2009) describes, it is better to understand this process of mass incarceration as hyper incarceration of economically-poor Americans and minorities—especially economically-poor Black Americans. As Shannon et al. (2011) estimate, 10% of all African Americans in the US are or have been imprisoned and over 25% have a felony record. Similarly, Western and Pettit (2010) predict that 30% of all White, male high school dropouts will go to prison in their life time as will almost 70% of all Black American men who drop out of high school (and 30% with a high school degree or less)³—if we think only about dropouts from economically-poor families, these outrageous numbers might even be higher, albeit, of course, there is a close relationship to begin with (Blau and Blau 1982; Kelly 2000).

Among the most damaging collateral consequence of incarceration in the US are the difficulties released prisoners face to find stable employment (Hagan and Dinovitzer 1999; Pager 2003, 2007; Pager, Western, and Sugie 2009).⁴ A criminal record reduces the likelihood for a call back—as a first step towards a job—by over

³ Western et al. (2015) report lower numbers based on work by Travis, Western and Redburn (2014): “In 2010 [...] incarceration rates for male high school dropouts under age 40 reached 12 percent for whites and 35 percent for African Americans” (1).

⁴ However, consequences of incarceration a diverse and go beyond the imprisoned individual—incarceration also perpetuates already existing inequalities in regards to mental health for prisoners and their partners (Fishman 1990; Braman 2004; Lamb and Weinberger 2005; Comfort 2009; Wakefield and Uggen 2010; Dumont, et al. 2012; Wildemann, Schnittker, and Turney 2012), puts strain on children development in families with incarcerated fathers or mothers (Wildeman 2009; Wakefield 2007; Hagan and Foster 2012; Turney 2014; Wakefield and Uggen 2010; Wildeman and Muller 2012), and incarceration radically restricts and reduces civic participation (Weaver and Lerman 2010).

50% (Pager 2003),⁵ and incarcerated individuals have the lowest chances of mobility out of poverty even compared to other high risk groups, as high school dropouts, or individuals who show lower cognitive abilities (Shannon et al. 2010); one important reason for this rests on the restrictions on military service participation for former prisoners, which is one of the main pathways out of poverty especially for African American men (Western and Pettit 2010; Harding et al. 2014). Additionally, incarceration limits access to welfare benefits; for example, people convicted for drug felonies face since 1996 a lifetime ban for welfare benefits as SNAP and TANF, except if the state elects to drop out of the ban to modify the conditions (The Sentencing Project 2015), and residence in public housing is restricted (Harding et al. 2014). Furthermore, incarceration leads to an overall decline in human capital due to gaps in work histories, skill decline, exacerbation of psychological disorders, and assumptions about anti-social behaviors of prisoners by potential employers (Harding et al. 2014); moreover, since the 1990 prisons have increasingly stopped offering educational and vocational programs that could have enhanced or counterbalanced the decline in human capital (Mijs 2016).⁶

⁵ Moreover, Pager, Bonikowski, and Western (2009) show discrimination based on race and a criminal record for the low-wage sector. Additionally, Uggen et al. (2014) demonstrate that racial discrimination and overall lower call back rates also persist for low-level offenders.

⁶ These factors, in addition to limited access to student loans, also function to limit access to colleges—and education is the second main pathway out of poverty (Western and Pettit 2010; Harding et al. 2014).

One of the latest developments in the study of the penal state is the increasing realization of the role of monetary sanctions, as well as fees and costs associated with daily prison life, in the perpetuation of class and racial inequalities (Harris, Evans, and Beckett 2010; Harris 2016). While monetary sanctions for a long time were seen as an alternative and even solution to mass incarceration, for example, Harris et al. (2010) show that the sanctions are often connected with stress, debt, reduced family incomes, and, in fact, increase the likelihood of continuing involvement with the criminal justice system. Moreover, Katzenstein and Waller (2015) contrast the below-the-radar costs of the penal state, which mainly effect the economically-poor, to the ‘submerged welfare state’ for the middle class, and summarize:

“Economically and socially, the result is the further material and ideological polarization of class and racial groups in the United States, with the middle class and the wealthy reaping additional financial benefits and the poor bearing an additional monetary burden” (641).

As Sobol (2016) furthermore points out, these under the radar costs can include almost anything from ‘free-public defenders’ to charges for ‘postage’; moreover, ‘poverty penalties’—as late fees, fees for installment plans, interest, as well as costs for collection—disproportional effect the economically-poor. To put these costs into perspective, a recent participatory action research project by the Ella Baker Center offered comprehensive data on the subject estimating that charges for “legal expenses, including cost of attorney, court fees and fines, and phone and visitation charges” often end up to a years’ worth of earnings for low-income families—\$13,607 (DeVuono-Powell et al. 2015); 63% of these costs were hereby carried by outside family members.

Central to the description of the neoliberal state in the US is also persistent residential segregation based on class and race (Massey and Denton 1988, 1989, 1993; Massey 2001). Residential segregation allows to restrict poverty to specific areas and therewith leads to uneven life chances based on higher crime rates (Blau and Blau 1982; Kelly 2000; Stolzenberg, Eitle, D'Alessio 2006), less effective schools (Hoschild 2003; for a complex review of the issue see Downey and Condrón 2016; for racial disparities see for example the special issue of *Race and Social Problems* 2015 and the introduction by Noguera, Pierce, and Ahrum 2015), less employment opportunities as well as commercial activities and commercial profits (Lens and Meltzer 2016), poor health and nutrition services (Zenk et al. 2005), higher risk of victimization and psychological trauma related to experiences of violence (Thomas et al. 2016; Carothers et al. 2016), and overall higher levels of 'social disorganization' and restricted opportunities (Wilson 2012 [1987]; Duck 2015; Lens 2015)⁷. But, residential segregation also allows for policing practices that contribute to mass incarceration to begin with (in neighborhoods Goffman 2009; Duck 2015; Rios 2015; and in schools Kupchik and Ward 2013; Nance 2015; with a focus on racialized practices Rios 2011). Moreover, the socio-economic consequences of incarceration, as

⁷ However, these relationships can be more complicated, so, for example, profit White Americans from residential segregation in regards to employment and educational attainment (Lens 2015), and Black Americans profit in regards to some—but by far not all—health related outcomes (Kramer and Hogue 2009). Also, my statements about the overall structural inequalities that economically-poor and especially economically-poor Black neighborhoods face in the US are not addressing the resilience in these neighborhoods (Payne 2011)—as the review upon the lived experiences and my own findings show, resilience takes diverse forms.

discussed above, are funneled back into economically-poor neighborhoods and exacerbate the inequality of opportunities and, in turn, further complicating successful reentry (Lopez-Aguado 2016).

These inequalities in opportunities contribute heavily to the persistent and widening income- as well as wealth-inequalities in the US (Piketty and Saez 2003; Chetty et al. 2014; Reardon and Bischoff 2016). While the number of economically-poor and economically-rich neighborhoods increases across the US, middle-income neighborhoods decrease (Reardon and Bischoff 2016), so further increasing the unequal pattern of opportunity (Lens 2015). Meanwhile, residential mobility, particularly since the Great Recession, has drastically decreased (Partridge et al. 2012), and especially for families with children and Black Americans moves to high opportunity neighborhoods have become less and less likely (Lichter, Parisi, and Taquino 2012; Owens 2016). Following this argumentation—that opportunity structures shape income and wealth, which in turn shape opportunities and life chances—we can see that intergenerational effects increase social inequalities in terms of class and race in the US (Duncan et al. 1998; Oliver and Shapiro 2006; Sharkey 2012; Corak 2013; Chetty et al. 2014; Chetty and Hendren 2015; Rothwell and Massey 2015; for wealth trajectories see Brown 2016; and for a discussion of unequal returns on opportunities based on race see Herring and Henderson 2016).⁸

⁸ However, people move in and out of poverty. For example, between 2009 and 2012 around 35% of the population had at least 2 month during which they fell below the poverty line, while only 2.7% of the population lived in poverty all 48 month of the same time period (DeNavas-Walt and Proctor 2015).

Lived Experiences of Structural Inequalities in the Neoliberal State: Violence and Resilience

Documenting the experiences of these structural inequalities among the economically-poor, working-poor, and low-income people with ethnographic methods has a long tradition in sociology (Engels 1993 [1844]; DuBois 1899). In the US studies of economically-poor and low-income communities have hereby a strong focus on the study of economically-poor Black communities; this is, as described, partially due to the racialized history of the US that, in fact, restricted past and current life chances for Black Americans through structural violence (Wacquant 2002; Alexander 2010), but it also rests on the representation of poverty in the media and the minds of the White US middle class who racialize poverty and link it to Black Americans (Royce 2015 [2009]).⁹ Especially the most negative imaginaries of poverty—which were used to drive diverse neoliberal policies—as the ‘welfare queen’ and the ‘super predator’ draw heavily on the legacy of racism and have linked welfare and crime for many Americans to Black and Brown people (Wilson 1987; Gilens 1999; Rios 2015).

Moreover, diverse studies that document the consequences of structural inequalities portray the economically-poor through the lens of social disorganization (Duck 2015). From DuBois’s (1899) devastating descriptions of stepping into shacks where dead and living ‘ghetto dwellers’ vegetated together in despair, to the

⁹ While Black Americans are overrepresented among those that live below the poverty line in the US, they make up only 25% of Americans below the poverty line (Iceland 2013).

descriptions of the ‘disorganization’ of economically-poor Black families and communities (Frazier 1948; Moynihan 1965; Wilson 1987), researchers were able to document the structural violence communities face and outlined an array of social problems connected to them. However, against the backdrop of the social disorganization perspective, which culminated in the culture of poverty theories of the 1960s, researchers began to focus on the resiliency of economically-poor communities (Duck 2012). Black as well as feminist sociologists of the 1960s and 1970s, as, for example, Joyce Ladner (1971) and Carol Stack (1974; here also a short summary of the agenda, and authors against the ‘culture poverty’ approach), outline how economically-poor Black women strongly, creatively, and resourcefully manage and resist the structural and cultural violence they experience in daily life. As Stack writes:

“Men and women in The Flats [the urban areas she studied] know that the minimal funds they receive from low-paying jobs on welfare do not cover their monthly necessities of life: rent, food, and clothing. They must search for solutions in order to survive” (57).

The solutions Stack observed are intensive work to establish and maintain kin and non-kin networks through which goods, resources, and services are exchanged. Networks of reciprocal obligations here insure, or at least heighten the chance of finding the resources to make ends meet.

Twenty years later Edin and Lein (1997) raised this question again—how do single mothers survive welfare and low-wage work—for Black, Brown, and White Americans and shift the focus towards the question how especially financial liquidity to pay for expenses is achieved. They had found that cash welfare and food stamps covered only 3/5 of the monthly fixed expenses for mothers on welfare, and only 2/3

were covered for employed mothers, and so they inquired about the strategies to substitute the lack of cash. The multiple and dynamic strategies that they found, as the use of kin and friendship networks, of help by absent fathers and boyfriends, the use of social organizations and charities, work off the books, and illegal work, as the drug trade, sex work, or selling of stolen goods, have since been extensively discussed, echoed, and refined in the sociological and anthropological literature (for extensive reviews outlining refined research directions see: Small and Newman 2001; Morgen and Maskovsky 2003; Newman and Massengill 2006; for an overview of ethnographic research on the penal state see: Cunha 2014; and for making ends meet after prison see: Purser 2012, and with very similar findings to Edin and Lein (1997) see especially Harding et al. 2014).

This perspective on resilience among the economically-poor has also been extended to the working-poor (Newman 1999), and what they later called the ‘missing class or near-poor’—between the working-poor and the middle class (Newman and Chen 2007; Halpern-Meekin et al. 2015). The authors identify here an additional survival strategy: credit. While credit and debt sporadically come up in the ethnographic literature on the economically-poor—particularly in the form of credit card debt that lingers somewhere in the background, especially for families tumbling down from the middle class (Edin and Lein 1997), or loan sharks making brief, sketchy appearances (LeBlanc 2003)—the connection of credit and making ends meet was neglected. However, the focus of Newman and Chen’s (2007) work is on the ‘near-poor’ and their constant struggle between middle class aspirations and the

precarious working conditions in the low-wage work sector. Therefore the use of credit is described as: “For these workers [Missing Class workers], running up card balances is not so much about acquiring things as seeking what everyone else seems to have: middle class surfeit” (60-61). ‘The American Dream on Installments’, or consumption among the American middle class based on credit, has been ongoing since the 19th century (Calder 2009). Current approaches discuss these forms of consumption as, on the one hand, part of how the current economy and the neoliberal state sustain themselves (especially on credit, see Crouch 2009), and, on the other hand, in studies on consumerism as part of expression and construction of personal identities (Ritzer 1995; Baumann 2007; Ritzer and Jurgenson 2010; Trentmann 2016).

However, on the fringe of the discussion about credit cards, consumption, and middle class ambitions by Newman and Chen (2007) another form of credit shows up: the payday advance loan. While discussing families who have fallen out of the ‘near poor’, they have two sentences for this form of credit:

“Many check cashing stores also offer so called payday advances, which provide the customer with cash now with the stipulation that the loan will be paid back—often at an exorbitant rate of interest—when the paycheck finally arrives. Those families who are uninformed or desperate enough to consider this option can quickly fall into a sinkhole of debt” (75).

If payday advance loans or other forms of alternative financial products or fringe credit are discussed, as here by Newman and Chen, they are briefly mentioned and connected to ‘desperation’ or poor choice making without letting participants speak to their decision making process or their situations, and so these discussions fail to examine the role of the loans in the lives of low-income Americans or as part of

making ends meet among the economically-poor (other examples of the same treatment are Chen 2015, and Halpern Meekin et al. 2015).

One notable exception is ‘Benita’s Story’ described by Waverly Duck (2012, 2015), in which he addresses diverse forms of fringe credit as parts of how Benita, a single mother of four, from an economically-poor neighborhood, tries to survive low-wage jobs and limited governmental support. Benita, for example, qualified for affordable housing but it took her years to move up the list, during which time she was evicted several times; she was also arrested numerous times for traffic violation and unpaid bills. While Duck never describes the situations in which Benita uses fringe credit, he discusses her story before the background of strained community resources (Anderson 1990, 2008), and, mirroring that, addresses strain on family resources and the informal networks that past research had described as so central to the survival for the economically-poor. Following his argument we might understand fringe credit as a substitute for kin and non-kin networks, or as a solution for minor problems, since, he argues, for major crisis Benita was able to reactivate her family networks that she strained over her lifetime of struggle.

Following this, credit, fringe-credit and especially unsecured cash-loans, such as payday loans, might play an essential part for making ends meet among low-income Americans. Life does not stop when networks are exhausted, and people can’t jump into the drug trade or sex work when they need to repair their car or if their hours at work are cut in half. The picture of making ends meet seems incomplete without the inclusion of credit—as a survival strategy, or as a link between diverse other

strategies. Moreover, it seems implausible that in a consumer society—in which belonging, self-expression, identities, and even care and love are preformed and expressed through consumer goods and consumption—only the middle class will make use of credit to ‘fulfill their dreams’.

Debt and Fringe Credit in the Neoliberal State

More recently Soederberg (2014) has conceptualized the relationship of debt among low-wage workers, the economically-poor and the neoliberal state in her concept of debtfare. She makes two relevant argument for this discussion: First, she points towards the use of high cost credit for subsistence needs and as a substitute for stagnating wages and welfare, which allows for the reproduction of the labor force and surplus labor force but shifts costs and responsibility from states and business to the economically-poor. Second, she argues in accordance with Marx that these secondary forms of exploitation are less visible and less politicized and take on the character of business transactions and individual responsibility, on the one hand, and consumer protection instead of class warfare, on the other hand. Consequently, debtfare can be understood as the roof over the pillars of the neoliberal state: workfare, the penal state, and low-wage work.

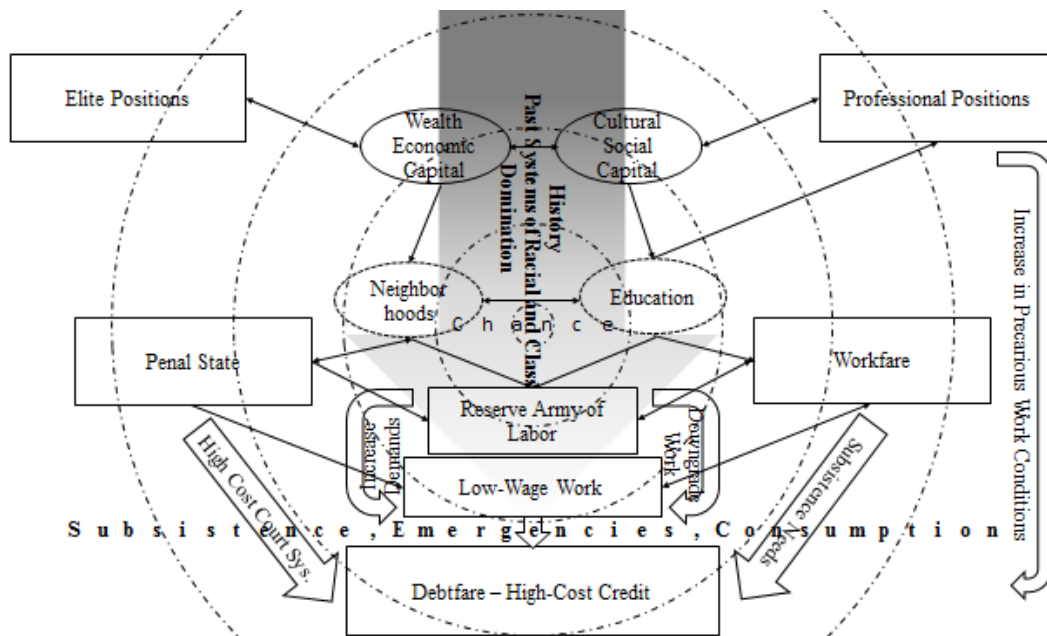


Figure 1: The Social World from a Conflict Theoretic Perspective: The Role of Fringe-Credit in the Neoliberal State

While the concept of the neoliberal state contextualizes short-term, high-cost credit in themes of social inequality and helps to conceptualize the social situations in which the lending occurs, the concepts of financialization of daily life, and credit-identities point towards the cultural, symbolic context that frames credit and debt experiences in the US (Martin 2002; Langley 2008; Marron 2009, 2013). Marron (2009) argues that neoliberal politics have followed the concept of generalized consumption—here, individuals need to be freed from market constraints and positioned as ‘choice makers’ and benefit maximizers in all spheres of life:

“Such individuals are to govern their own lives, to skillfully and judiciously deploy their resources over time in order to optimize their autonomous capacity to choose and thus calculably fashion a fulfilling and meaningful life for themselves.” (92)

Combined with this perspective, the assessment of individual risk of credit was decoupled from ‘discriminatory’ estimates of credit worthiness as race, ethnicity, age or gender, and was reintroduced as ‘objective’ statistical measure of an individual’s credit worthiness, based on the individual’s choices and behaviors. Laws and regulations as the Equal Credit Opportunity Act of 1974 or the Community Reinvestment Act of 1977, which were mainly aimed at ending racialized lending practices, had the unintended consequence of contributing to the idea of objective risk estimation and the development of instruments to measure and represent the ‘real’ individual risk conditions (blind to all kinds of social constraints on economic behaviors). The individual becomes responsible for their ‘electronic doppelgänger’, their credit identities. Access to, and education about, credit scores are argued to enable the individual to actively construct their identity through credit consumption choices. The credit identity, in turn, is used by lenders and providers to distinguish ‘objectively’ responsible from irresponsible consumers. The individual, so Marron, is urged to accept negative evaluations as outcome of individual failures and ‘bad’ choices. Therefore: “borrowing on the fringe [is] the fate of the risky” (141). Failure to take care of one’s credit self, opens one up to moral scrutiny due to the ‘excessive risk’ one poses—delinquencies, defaults, or bankruptcies are faults of character. However, credit identities are not available to everyone, immigrants, the young, and the economically-poor are largely unable to build their credit identities, which might be perceived as an individual fault by themselves and others. Fringe financial services cater to these deviant credit identities, which are excluded from the regular market.

However, payday lenders do not report financial transactions, whether successful or with default, to any credit scoring agencies, and therefore, on their own, do not help or hinder individuals to build their credit selves.

Payday Lending in the US

We can think of consumer credit products in the US along a continuum. On the high end we find mainstream products mainly provided by banks. On the lower end we find alternative financial services as pawnbrokers and payday lenders. Products offered by these fringe lenders include tax refund anticipation loans, car title loans, installment loans, check cashing, or prepaid credit cards (Durkin et al. 2014). However, most common are payday loans—short-term, high-interest products. Payday loans in their current form developed in the early 1990s out of the check cashing industry (Caskey 1994).

As the AFS or fringe banking sector in general the rise of payday lending was fast and steep. For several years the saying was that they went from being virtually non-existent through the early 1990s to offering “22.000 outlets, more payday and loan check cashing stores than McDonalds, Burger King, Sears, J.C. Penny, and Target combined” (Stegman 2007: 169). However, the number of stores is declining since the financial crisis of 2008 (Negro, Visentin, and Swaminathan 2014), but, on the other hand, the online branch is increasing and now 1 in 3 payday loans is taken out online (Abbott et al. 2013). Ramirez (2014) states that the high point was reached in 2007 with 24.000 stores and that it declined since to 20.600 stores in 2010. Yet, the

loan volume grew from \$50 million in 2004 to \$30 billion in 2010 for storefront lenders alone (*ibid.*)¹⁰, with over \$8 billion generated in fees (Soederberg 2014).

Payday loans are unsecured, short-term consumer credit loans from non-depository institutions (CFPB 2013). Most loans are taken out at storefront lenders that evaluate the eligibility of the customer—some form of statement that ensures that the customer receives regular payment and has a bank account—and then authorizes the loan against a predated check or pre-authorized electronic debit of the consumer's deposit account. Payday loans are so called small-dollar loans that are for now regulated on state level with typical ceilings between \$500-1000, albeit some states set no explicit maximum for the loan amounts. Most common are regulations that allow loans up to \$500 dollars with a \$15 fee per \$100—this would add up to an APR of 391% for 14-day loan. 14-days or 'till the next payday' are the typical duration of the loans which need to be repaid in a single balloon payment. However, borrowers have the option to roll the loan over and pay a new set of fees. Several states try to limit the number of rollovers to prevent customers from getting trapped in the loan and the rollover payments.

States differ in their regulation of rollover permission, maximum loan amount, or the allowed fee structure. For example, the Pew Charitable Trusts (pewtrust.org)

¹⁰ Ramirez (2014) further reports, based on an industry report by Stephens Inc, that the loan volume for brick-and-mortar stores declined from \$45 billion in 2007 and it can be estimated, since one in three loans is now taken out online, that the current volume will lie somewhere in between \$30 and \$45 billion..

categorizes states into permissive, hybrid, or restrictive. Twenty-seven states had permissive laws—they allowed single-repayment loans with APR's of 391% or higher—nine had hybrid laws—includes diverse restrictions that differ by state as restrictions on loan amounts, rollover rates, or repayment periods—and fifteen had restrictive laws against payday lending. The state regulations have hereby a strong impact on usage rates, albeit customers sometimes have the option to circumvent the laws by using online lenders or new loan products introduced by the same lenders to avoid regulation. Furthermore, Pew estimates a national usage rate of around 5.5%—over 12,000,000 borrowers in the US—ranging from 1-13% depending on the state; other estimates go as high as 30,000,000 customers (Soederberg 2014). Restrictive states show usage rates of 2.9% on average, while hybrid states show 6.3%, and permissive states 6.6%.

Strata within the customer base are one major insight from survey oriented research on payday lending. While early survey research on payday lending was often regionally restricted and limited by access to customer lists provided by lenders (for example Elliehausen and Lawrence 2001), three nationwide studies—undertaken by PEW, the FDIC, and the CFPB—over the last 10 years have provided a clearer picture of customer characteristics and motivations for borrowing. Payday loan customers come typically from low- and moderate-income communities; the CFPB found that 25% of payday loan applicants reported income of \$14,172 or less, the Median income was \$22,476 and the mean income \$26,167. They furthermore found that 75% of all applicants were employed at the time of the application, 18% were receiving Public

Assistance and/or benefits of some kinds, while 4% were retired and another 3% were unclassified. The CFPB (2013) found that borrowers on public assistance were mainly found in the two lowest income categories while employed borrowers stretched through all categories, albeit they were concentrated in the income range of \$10,000 to \$40,000. These findings are highly relevant since income and form of inclusion in the labor market might strongly shape the reasons for lending, as well as the trajectory of the credit and debt experience. Moreover, the findings support approaches that discuss payday lending as connected to limited welfare benefits and low-wage work (Hembruff and Soederberg 2015).

The ‘Modal customer’ is a White female between twenty-five and forty-four years, albeit African American, those without a four-year college degree, renters, separated or divorced individuals, and those earning below \$40,000 annually have higher odds of using payday loans (Bourke, Horowitz, and Roche 2012)—characteristics that apply to what has been called ‘the missing class’ or ‘the working-poor’ (Newman and Chen 2007). The typical borrower furthermore remains in debt for 196 days a year on average, while 25% stay indebted for 302 days or more (CFPB 2013). This means that loans are commonly rolled over ten or more times. The median borrower in the CFPB study paid \$458 in fees alone for their payday loan, while the top 25% paid \$781 or more in fees for their loans. This indicates that much of the revenue is made from roll over fees. Furthermore it stands to reason that the roll overs are especially common among the lower income brackets for which balloon payments are a significant burden in their biweekly expenses.

Moreover, survey research informs us about the reasons and motivations for payday usage. Lenders advertise payday loans as ‘emergency loans’, in case of some unexpected event. Elliehausen and Lawrence (2001), for example, found that around two of three customers used the loan because of a shortfall of income or an unexpected expense, while around 12% used the loan for a planned expenditure, while the remaining reasons might also be called some kind of urgent needs. However, going into more detail Pew’s survey (Abbott et al. 2013) found that 69% of first time borrowers cover reoccurring expenses with the loan, this includes credit card bill, rent or mortgage payments, food, or utilities, while 16% were used for emergencies as medical expenses or car repair.

These findings might support Soederbergs (2014) argument that AFS loans are used to subsidize subsistence needs for which the low-income work sector and the welfare state don’t provide. Similarly, Stegman and Faris (2005) found that welfare recipients are over represented as payday loan customers within the low-income bracket. Furthermore, these findings correspond with the above mentioned high rollover rates of customers; living paycheck to paycheck makes it difficult to repay and at the same time causes ‘constant’ emergency needs regarding making ends meet.

Accordingly, studies found that 37% of all customers said they would have taken out the loan no matter the cost (Mann and Hawkins 2007). This moreover indicates the urgency of the needs for which the loans are used. However, studies report conflicting estimates about the satisfaction with the loan process. For example, Pew (Abbott et al. 2013) found that a majority of borrowers’ state that they feel taken

advantage of and most customers support more regulation. Yet, other studies—reported in Durkin et al. (2014) —found satisfaction rates of almost 90%. Some of the differences might be explained by the data gathering techniques as Caskey (2012) reflects (telephone surveys vs. customer data and surveys through payday loan organizations). However, I would argue that it stands to reason to expect differing amounts of satisfaction based on the credit experience—this means, the differences in reasons to begin with or the ability to repay. Here social class might be central to understand the differences based on resource availabilities. In the resource constrained lower bracket, especially when the borrower has a family to take care of, the loans might be used both for emergencies as well as to make ends meet; therefore, the loans might be connected to higher and longer debt and connected with this financial strain and emotional-psychological stress. Ability to repay is then connected to external financial stimuli as informal credit by family or friends, shifting loans to a less expensive credit sources, or pawnshops (Melzer 2011), or using tax refunds to pay off loans (according to Pew (Abbott et al. 2013) 41% of borrowers need ‘external cash infusion’ to pay off the loan). In contrast, in higher brackets loans might be used only for emergency needs or non-subsistence consumption and might more often be paid off with limited rollovers and several months or years might pass before the next loan.

Chapter 2

METHODS

Between June and August 2016 I conducted 20 in-depth interviews with low-income Americans about experiences with short-term, high-cost loans. As stated, low-income Americans' experiences with payday lending and connections to lived experiences of structural inequalities—as well as experiences with, and thoughts about the increasing role of credit, and consumption based on credit—are rarely addressed in the sociological literature. Therefore, the aim of this qualitative approach was to gather insights into these experiences in general, but also to potentially inform different social groups about others lived experiences and so to foster understanding and solidarity (Weiss 1994). Moreover, the project used a phenomenological approach and followed and prioritized participants' views and framings. Hereby, I tried to document the differences and similarities in the experiences, the differing combinations of conditions and experiences, as well as what experiences meant to the participants and how they influenced their identities (Creswell 2012).

Interviews were conducted using a semi-structured, in-depth interviewing approach. An interview guide with open ended questions provided the basic structure of the interview; the open ended questions were usually followed by probes and further open ended questions (Roulston 2010). Semi-structured interviewing and open ended questions allowed the participants to direct the interview and develop their themes instead of just responding along preset lines, while at the same time giving the interviews a comparable and systematic structure around central themes of inquiry.

Participants were asked questions about their personal background, as well as about their marital status, educational attainment, or level of income, and about their family background; specifically, about their parents' or guardians' values in regards to credit, work, and consumption. The main part of the interviews consisted of detailed descriptions of fringe credit experiences, as well as descriptions of work and consumption in the participants' lives, and their views of the role of credit and consumption in the US society at large. The interviews closed with participants' statements upon their desires, hopes, and thoughts in regards to credit and work, and with a short survey about debt and income pattern.

In order to be selected for the study participants had to make below 200% of the poverty line for their respective household size and had to have taken out a short-term, high-cost loan within the last two years. To reach a diverse group of participants, I used diverse recruiting strategies as recruitment via flyers on local community boards, posting flyer to online message boards, and an invitation letter was distributed using the email list server of local credit union which also includes a credit clinic and offers alternative products to payday loans. All communications explained the goals and structure of the study and interviews, provided descriptions of how confidentiality of their identities would be protected, and provided the IRB approved informed consent form. Participants chose pseudonyms to further protect their identities, these are used below. I paid participants \$25 to compensate for time and travel costs. Total interview and contact times varied in-between one and two and a half hours; most interviews lasted around one hundred minutes. All interviews were recorded using a

digital recorder with an external microphone, as well as a laptop as a backup recording device; additionally hand written notes were taken during the interviews. All interviews were transcribed.

The transcribing process allowed me to further familiarize myself with the data, as were initial ‘overview’ readings of the transcripts. Analysis of the data was developed in parallel with data collection to allow for possible adjustments to the interview guide and sampling frame. All coding was done in NVivo and based on analysis approaches developed in the grounded theory tradition (Strauss and Corbin 1990). Initially, coding focused on identifying central categories and properties of the data. Hereby line by line coding, focused on developing in-vivo codes from words and phrases of the participants that might indicate central themes, were undertaken. Through rereading of the transcripts, reevaluating the in-vivo codes, and adding more interviews a list of codes was compiled. Initial and emerging codes were constantly compared and evaluated and relationships between the codes were developed (Emerson et al. 1995). While pattern, categories, and themes emerged from the data, the groupings and connections were also driven by my theoretical assumptions and were connected, conceptualized, and narrated accordingly. Therefore, themes must be seen as grounded in the data as well as theory driven. This process was furthermore accompanied by memoing about themes and possible concepts of analysis (Lofland and Lofland 2006).

Surely my status as a White male influenced matters of trust and openness, but also credibility among participants. Interviews always started out with rapport building

and small talk and establishing a calm and relaxing atmosphere. At the end of interviews many participants expressed enthusiasm about the interview and being able to speak freely about their experiences. Some of them also openly stated that they ‘were dreading’ the interview when the appointments came closer because of the private topic, but that they actually ‘were glad that [they] came’. I also received follow up emails by participants sharing thoughts and ideas they had in the aftermath of our interviews and again expressing satisfaction or excitement for the study. Nonetheless, as a European I am in a way an outsider to all my participants, but my social identities as White and male make my outsider status with Black Americans and women more obvious. I think that overall the outsider status led participants to more clearly lay their experiences out for me and explain certain things about the American way of life, being a single mother, and also about for example the racialized history of the US touching on topics as slavery, redlining, the GI bill, and contemporary racism. Limitations in this study in regards to race—Whiteness and Blackness—are more likely due to my inexperience in discussing the topic than reluctance to share, as well as due to the invisibility of Whiteness, which made White Participants less likely to address their experiences in terms of race.

Similarly, while I share a lot of the experiences the participants describe about their upbringing in low-income families, their worries and hopes, or the transition between different positions on the low income spectrum, and while I have experienced material hardship similar to what some participants shared, experiences of unemployment, debt, and welfare are still different in the US and Germany. Of course,

low-wage work and unemployment restrict resources and opportunities, and debt and bankruptcy can lead to stretches of severe material hardship in Germany as in the US, but overall the safety net in Germany, with cash support and vocational training, seems stronger than in the US (at least through the 80s and 90s). One of the main differences, which has played an important role in my life, is free education and financial support (without student debt) for students from low-income families. While social class is a strong predictor of academic success in Germany as in the US—and I in fact left the common track to higher education for a path more suitable to first generation college students, and students from ‘struggling families’—free higher education in Germany offers a chance to upward mobility without the high costs in case of failure as in the US—as apparent in high student debt. My current social status, and how my participants must have perceived me, might be best described as upward mobile or middle class. I think these status differences played out similarly to those regarding race and gender: participants were more inclined to explain to me how they are making ends meet, what support they get from social institutions, and how they feel and think about social inequalities in the US.

Sample Overview

All participants in the study made below the middle income (200% of the poverty line) for their corresponding household size during the year they took out the short-term, high-cost loan. Household incomes ranged from \$7,800 through social security for a single to over \$50,000 for a family of five which had income from two providers. Half the sample had no or some college experience while the other half had some form of

college degrees, whereby most participants reported bachelor degrees (one participant took some doctoral level classes). Four participants in the study received some form of welfare (means tested programs) as their main source of income, two received social security, and two received disability. Participants held jobs ranging from unskilled work in the service sector—as for example doing warehouse jobs, or working in the hospitality or food industry, as well as unskilled construction or office work—to foremen on construction sides, or professional positions in the education sector. Two participants were self-employed as the main source of income, one in the artistic sector and one in the massage therapy industry.

The study sample was diverse in several regards; six female participants identified as Black as did four men, and six men identified as White or Caucasian as did four women. Four participants were married and living with their spouse and up to three children [1BF without children, 1BF with children, 2WM with children], six participants were living alone [two single (1BM, 1WM), three divorced (1BF, 2WF), one widowed (1WM)], three were single parents with between one and four children [1BM, 1BF, 1WM], and three mothers and fathers were living with an unmarried significant other or family of some kind [1BF, 1BM, 1WF], and one participant was living alone with an unmarried significant other [1BM], while three were living alone with family [with their mothers (1WF, 1BF), or their sister (1WM)].

Table 1: Sample Overview

N=20*	Number	%
Gender		
Men	10	50
Women	10	50
Age (Range: 25-70; Median Age 43)		
18-36	6	30
37-50	7	35
Over 50	7	35
Primary Race**		
Black	10	50
White	10	50
Education Level		
Less Than High School	2	10
High School Diploma or Equivalency	3	15
Some College	5	25
Associate Degree	2	10
Bachelor's or Master's Degree	8	40
Primary Income Source		
Service Sector (Warehouse, Hospitality Industry, Food Industry, etc.)	6	30
Construction Sector	2	10
Self-Employed	2	10
Professional and Managerial Positions	4	20
Temp Work Agency	1	5
Welfare	4	20
Pension	1	5
HH Income (Range: \$7,800-51,000; Median Income \$19,600)		
Below \$22,000***	11	55
Between \$22,000 and Middle Income for Household Size	9	45
Household Size		
1	6	30
2	6	30
3	4	20
4	2	10
5	2	10

*6 additional participants (3 White men, 2 White women, and 1 Black woman) that were interviewed are excluded because their income puts them outside of the frame of interest for this discussion. These cases were interviewed for a comparative reading of middle class and low-income experiences to guide and subsequently validate/check the presented interpretations.

**Several participants, White and Black Americans, also identified as Native Americans or as of Hispanic origin.

***4 participants were below the poverty level for their respective household size (www.federalregister.gov).

One participant identified as gay while the other participants reported heterosexual relationships of some kind, without discussing their sexuality. Age ranged between twenty-five and seventy years with a median age of forty-three years, so offering three fairly even age groups.

Table 2: Overview Income Differences by Demographics

	Median	Range
Income by Race		
Black Americans	\$25,000	\$7,800 to \$51,000
White Americans	\$18,350	\$11,000 to \$45,000
Income by Gender		
Women	\$18,250	\$7,800 to \$51,000
Men	\$20,000	\$11,500 to \$45,000
Income by Race and Gender		
Black American Women	\$26,250	\$7,800 to \$51,000
Black American Men	\$25,000	\$15,000 to \$34,000
White American Women	\$14,500	\$11,000 to \$25,000
White American Men	\$19,600	\$11,500 to \$45,000
Income by Household Size		
HH Size 1 (2WM, 2WF, 1BM, 1BF)	\$14,500	\$7,800 to \$20,000
HH Size 2 (2BM, 2BF, 1WM, 1WF)	\$18,500	\$11,000 to \$34,000
HH Size 3 (2WM, BF, WF)	\$27,500	\$18,000 to \$38,000
HH Size 4 (BM, WM)	\$37,500	\$30,000 to \$45,000
HH Size 5 (2BF)	\$48,000	\$45,000 to \$51,000

The median income for Black Americans in the sample was \$25,000 with a range from \$7,800 to \$51,000, and \$18,350 for White Americans with a range \$11,000 to \$45,000. The median income for women in the sample was \$18,250 with a range from \$7,800 to \$51,000, and \$20,000 for men with a range from \$11,500 to \$45,000.

Tendencies in income differences between Black and White Americans in the sample were mainly driven by household size—as shown above, six of ten White participants were living alone or in a household of two, while only one White person lived in a

household of four or more compared to three Black participants in households of four or more and only two living alone.

Additionally, three of four managerial positions are held by Black Americans with two Black Women with a household of four and five respectively making two of the three highest incomes in the sample. Moreover, educational degrees are evenly distributed between Black and White Americans in the sample with six of ten Black Americans with some college or less and five White Americans with some college or less, albeit the two lowest but also the highest degree were achieved by White participants. Similarly, women and men in the sample have achieved comparable degrees with five participants in each group having some college or less and five with an associate degree or above. Overall, the demographic makeup of the participants allows for adequate group representation as well as the opportunity to explore differences among them.

Chapter 3

RESULTS AND DISCUSSION

In this part I outline how structural inequalities in the neoliberal state are experienced and shape economic, as well as emotional, and psychological aspects of people's lives. However, it is important to understand how structural inequalities are experienced differently depending on the status within the low-income continuum between poverty and lower middle class. Providing examples along a continuum—based on economic, cultural, and social capital indicators—we can see differences in experiences of financial and material hardship, different spending habits, as well as differences in the concerns and psychological-emotional experiences among low-income people. While we can also see that these status positions are dynamic and change for some participants, I argue here that depending on the overall experiences of inequalities we find differing situations, reasons, and experiences of high-cost credit use.

I then outline the situations in which short-term, high-cost credit is used along three categories: routine expenses, emergencies, and consumption. Hereby, I discuss differences in regards to status and extend previous work on kin networks and making ends meet to high-cost credit use. I also highlight the multiple forms consumption takes and connect them to coping, as well as consumer-, and parenting-identities. Additionally, I outline how the penal state can be seen as closely connected to payday loan use in several regards. I close the findings part with a discussion of financial and credit identities among low-income Americans with a focus on internalization and resistance. Here, so the argument, the individualistic perspective burdens heavy weight

on participants and is criticized as a form of cultural violence against low income Americans.

Setting the Stage: Degrees of Precarious Living and Experiences of Structural Inequalities

As argued above, life in the neoliberal state for low-income Americans is shaped by diverse structural inequalities. In this section I try to answer the question how these inequalities are experienced depending on the status position within the low income spectrum. Participants along the low-income spectrum have, for example, diverse family, and educational backgrounds, and their life paths are suspected to be very different. This, in turn, should shape economic, as well as emotional, and psychological experiences of degrees of inequalities and precarious living. If so, high-cost loan use has to be understood based on the status positions and the experiences connected to them.

Between Low-Income and Middle Class. Only four participants in the sample had at least one parent who went to college. Most parents worked or work jobs as meat processing and other factory work, doing laundry, care-work, work as janitors and bus drivers, do construction, or work for the military. However, for many parents these were stable, well-paying jobs. Half of the participants, especially in the older age groups, described how their parents had one job, or stayed with one company as long as they can remember. So, growing up many participants witnessed upward mobility. While families often started out in neighborhoods that participants described as ‘not too good’, neighborhoods in which their parents for example feared for the safety of

their children, many families were able to buy homes in better neighborhoods and send their children to college. As stated, 15 of 20 participants had at least some college experience with 10 achieving a degree. While this is partially due to a changing job market in which ‘you need that degree’ to find a ‘well-paying’ job, it also reflects the upward mobility many participants experienced during their childhoods. For example Michael, a White office worker for an urban planning company in his late 30s, illustrates this experience of upward mobility:

“My father started when they first came to the US as a bus boy and a dish washer. He then worked in a printing factory, they printed computer manuals, and my mother was a housekeeper, a maid. We were in a very poor neighborhood and we didn’t have much to spend, not much money. I mean, both my parents worked very low end jobs, my mom actually worked two or three jobs at one time. I spend a lot of my time either at school or at home - didn’t go out much. I guess the best way to describe it is sheltered. I mean we were in a bad neighborhood and we didn’t have much money to go out. Many kids go out and watch movies, go on camping trips, I didn’t have that. The neighborhood was a bad neighborhood so you can’t go out and play basketball or play at the playground, there was a lot of drug dealers, prostitutes, and gang members in our neighborhood, so, yeah, your little kid can’t go out in that neighborhood... In middle school probably in 8th grade they bought a home and we moved to a better neighborhood. So high school was different, I was older, we had a home and were in a better neighborhood, so I could go out a little more have a little more freedom, have a little bit more money. Again, I mean were definitely not rich, maybe lower middle class would be the best way to put it.”

Michael’s parents as many immigrants without higher education start out with low wage blue collar jobs and in neighborhoods with cheap apartments. Coming up for Michael was shaped by trying to avoid the physical space he lived in and the dangers that came with it. These are common strategies in economically-poor neighborhoods for working families (Schingaro 2014). However, as Duck (2015) points out, whether these strategies are successful or not depends to a large part on the resources available to families; for example, you need a car to get your children to and from school, instead of them having to walk and taking the bus, and you need the time and

flexibility to take them, and this in turn depends on stable employment. Michael's parents were successful in this regards and were able to move on to a better neighborhood, allowed their son a good high school education, and enabled him to go on to college to study urban planning, albeit they were not able to cover his college expenses. Michael continued on this track: he interned for two years with an architectural company, got a job and gathered working experience till he had to move on to another firm after three years when his company was downsizing. He found another job, married a biotechnologist, and became a father—but his parents still sometimes wonder why he has not moved further ahead.

“I try to explain to them that it was different when you worked 20 or 30 years ago than where I am at now. Cost of living has gone up, inflation has gone up, even though I earn more I have to pay a lot more. They don't understand that they tell me, oh when I came to the US I worked for minimum wage and I was able to raise a family. I was able to this and I was able to that. I say, remember back then you didn't have to pay for cable, you didn't have to pay for internet, for cell phone, your rents back then were like 200 or 300 dollars a month, now that same apartment can cost 10 times that what you used to pay. Costs have risen 10 times and I do not get paid 10 times more than you. The costs just have gone more than what I get paid.”

Moreover, over the last few years his hours have been cut down periodically and over one year ago his wife lost her job and is struggling to find positions for which she is qualified without starting over on the entry level. He relives arguments he now regularly has with his parents:

“The costs are just so different now, and they don't understand that. And also back then my dad worked in his job for over 30 years, you know, he had the same job. Now in today's economy people don't stay in their jobs more than 5, 7 years. Companies change and jobs change. Not like for my mom and my dad back then, like blue collar jobs they stay, well until they retire. I told them it is not like that today anymore, the people, the companies, the economy, they operate differently, people have to change jobs, not by choice but by necessity, you know? They don't understand that, they think you changed your job because you are not good at your job. If you were doing a good job you would stay in your job. They think also, the companies, well if you do a good job the companies want you stay and by wanting you to stay they will pay you more to stay and they will promote you. But it is not that simple, I wish it were that simple, you just work hard and do very well and the company will automatically promote you. It is not like that,

maybe back in 1980 it was like that, 1985 if you had a job back then it was like that. But nowadays hard work does not guarantee you a stable job for 20 years. And to them automatically in their minds it is very simple, black or white: you do well you stay at a job, you don't do well you leave the job. In their minds they don't understand the complexity and they judge so easily.”

Whether Michael's descriptions of the 1980s and the labor market and housing situation are true,¹¹ his perceptions remain and shape the context of his experiences, and they might very well be reflective of many upward mobile Americans who got stuck in low-income work, or who transition between low-income and the middle class. Michaels story mirrors arguments by Richard Sennett (1998) about changes in the labor market to more knowledge based work and need for formal training for these jobs, and about fundamental changes to life experiences: between stability and predictability, but also monotony and stagnation, on the one hand for what is called organized modernity, and an overall increase of job insecurity, changing job demands, and an emerging culture of flexibility in the postindustrial economy. However, as Michael describes, this new demands are often contradictory to the individual—they are put into their hands as opportunities and under their control, but are in fact still depending on developments totally extraneous to them (for example, educational success does not equal stable employment as many participants experienced). As a consequence, psychologically Michael struggles with feelings of failure and disappointment and economically he drifts between social classes.

¹¹ Soederberg (2014) offers similar descriptions of changes in costs and stagnation for income among the lower middle class and the missing class.

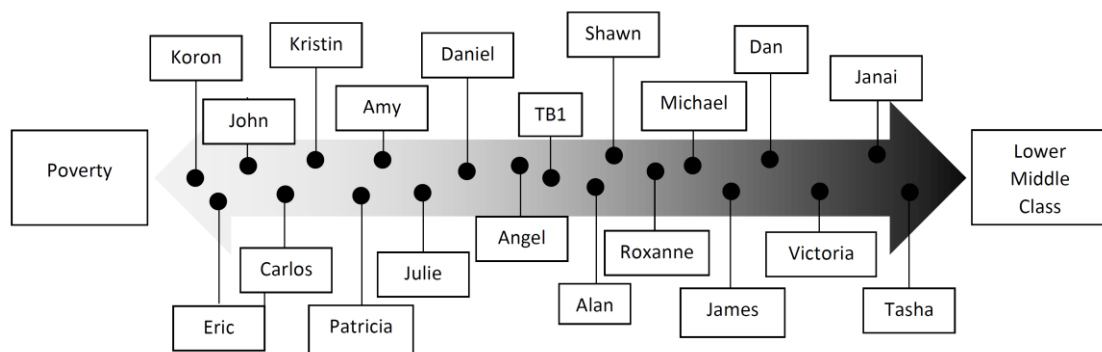


Figure 2: Continuum of Precarious Living within Low-Income Sample

Criteria for construction include cultural capital, income, and wealth aspects: Family background (poverty, upward-mobile, middle-class), credit availability (low, medium, high), education (no-degree, degree), and income (poverty, 100-150% of poverty, 150-200% poverty).

On the high end of the continuum spending habits are very closely connected to middle class lifestyles and aspirations (Newman and Chen 2007). This shows in how money is spend on children activities and development and this also shows in the values that parents express and try to pass on. For example, on a typical month, in spite of all the drama that life has to offer, Janai is comfortable with her life and finances. Janai, a Black woman in her early 30s and single mother of four children between two and sixteen years old, works as a university financial aid technician and she just loves her job, loves her children, and her safe neighborhood in which she can leave her daughters alone at home without worries, or she can even call on neighbors to check in. While she grew up “really nice and [she] didn’t have to struggle” she knows how complicated life can get, and she personally relates to especially young single mothers and fathers who try to get a college education—that is her story, too. She has a degree related to human resource management and on a month when she works full time she gets by just fine:

“In a typical month it is basically bills and kids. I like to keep my kids in activities ... I keep them busy, if they want the moon I go get it for them. So, a lot of my paycheck just goes to make sure that they have everything they need and beyond to do good in school, that’s my main thing – you can have anything you want as long as you bring good grades in. And so a lot of my paycheck goes to bills and to what they want to do, they both dance and then my youngest daughter wants to do karate, so I just signed her up. So that is basically my check. So I am just now learning some different spending habits.”

Money is mainly spent on routine expenses and on all kinds of children’s activities.

While Janai is not able to build up a ‘nest egg’ with her current spending habits, she knows that she could cut back on certain expenses if she decides to. And she is planning to, because in the back of her mind she does worry about ‘the future and the long run’ and the ‘what if anything happens to me’, and she wants to get a ‘backup’. However, the development of her children is most important to her. She worries about her children, especially her teen daughter, developing confidence and self-worth, something she looks back on herself as young woman and sees lacking; she considers it one of the main reasons for her young pregnancy, which, of course, she does not regret. Thinking about herself and womanhood in this way Janai relies on typical narratives about Black womanhood as straddling between strength and respectability (Johnson 2013):

“I don’t want my daughter get into the cycle of getting pregnant young. You know, so I did a few things differently that my mom was missing out with me, there is the self-esteem issue, making sure I was busy, I make sure my daughters are prideful with themselves, that they are happy, and in content, that they are busy, so they don’t have time to worry about boys and stuff, of course, that is going to come up, but you got to break the cycle. And all this social media stuff... If we just can get some of those old school morals back, things would be a lot better.”

Giving her children the chance to do whatever they desire and encouraging them to challenge themselves she hopes that “the good old values”, good old middle class values one might say, don’t get lost. While financial worries are at the back of Janai’s

mind she currently thinks about raising her kids the right way, what morals to pass on, as well as how to accomplish this. She worries that women, especially Black women, get pregnant young and that families don't stay together: "All I see is single parents".

Between Poverty and Low-Income. Michael's and Janai's experiences are situated at the upper end of the low-income spectrum and in good times their families are part of the stable middle class that might struggle with rising costs, might quarrel about child rearing and worry about the society and culture that their children are growing up in, but they are two steps ahead of material hardship. But not all participants were upward mobile during their childhoods and later lives. Several participants that grew up in similar neighborhoods as Michael never left them, or not until they started to work on their own. And the insecurities Michael describes in regards to work are multiplied in the unskilled low wage work sector. For example, Angel, a Black woman in her mid-30s who currently works in the food industry, got her first daily job when she was in high school and she never stopped working since; she has had close to 20 employers. Keeping a job for five or seven years which Michael describes as a struggle is the exception for Angel. She has worked jobs in the food industry, as a cashier, and in warehouses and sales all her life; the longest she stayed with one job was three years. The three years job was an unskilled secretary job in which she did basically everything that was to do as 'typical' secretary tasks as keeping files in order, or scheduling meetings, but since she had taken some classes towards a certificate in administrative assistance and computer applications she was also responsible for all kinds of accounting tasks:

“I was going crazy, I was sitting, and it was so much work piling up on my desk and it would never go away and then the stress, I would never leave for my lunch breaks, I would just work, work, work, and then I was starting to gain weight and I was there every weekend working... I should have asked for a raise because I got more and more stuff put on me more work more training, more things to do, it was just too much, just too much... The pay was okay, but for what we were doing we should have got at least \$20 an hour, for all that, and I mean we were not even getting close to that. Doing accounting, paperwork, and the stress of that all, having the owner coming and you having to cater to them and explain what is going on with the company, they had us there 7 days a week. So I felt like they took advantage of me and my co-workers there and they didn't pay as well because we weren't college educated, you know what I mean? So I felt that without getting my degree I didn't have a say, I mean they could have gotten rid of me easily and get someone younger than me, so they had me worried for some time.”

If it comes to pay this was easily the best job Angel has had in her working career.

That is also why she stayed for as long as she did. She is not shy of moving on from a job when the pay is not great, the hours get irregular, or if the hours or commute conflict with her other responsibilities, or when she feels that she is treated disrespectfully by her boss or colleagues. Moving on from a better, even though not great, paid job of higher status compared to cashier/food-industry work was harder for her. She knew they were taking advantage of her and that she was doing a tremendous amount of work, but at the same time she felt replaceable without ‘her degree’.

Downgrading of low wage work happens in all branches and takes differing forms (Doussard 2013). Increasing the pace of work, extending responsibilities without raises in wages and at the cost of the physical and mental health of workers is not restricted to specific branches but a common strategy to increase corporate profits in the low-wage sector.

Financial hardship is more pronounced in the unskilled work sector (Newman 1994). Troubles to pay bills and ‘robbing Peter to pay Paul’ are very common, especially when hours are cut, raises never come through, or for seasonal workers. If

we think about Michael as between the middle class and the high end of the low-income spectrum, individuals like Angel transition between low-income and poverty. Here, financial hardship and job insecurities also raise the risk for material hardship. This summer Angel had to leave her ‘cheap’ apartment in which she lived with her mother because ‘it didn’t meet code’ and was deemed unsafe. While Angel and her mother were able to find another apartment which both consider an upgrade to their last one, four other participants described being homeless at one time in their lives and even more had to move in with friends and family at one time or another. For example, John a White, now 52 year old, male who receives disability has once been homeless and moved from shelter to shelter, he now has an apartment again and loves it—albeit, asked about his neighborhood he states: “Ghetto, it is scummy, it sucks”. However, becoming homeless again is a far larger concern for him. Even more participants describe struggles with material hardship as putting food on the table, especially among those with some form of welfare. This gets apparent when John describes how he spends his disability check on a typical month:

“Well basically, I am like everybody else that I know, you are basically broke on the second week, what I do is I stock up on food, I pay my bills, phone bill, internet all that, and then I try to get little gigs on the side, you know.

I: Gigs on the side? Can you give me an example what you do? [He gestures to his spot] Besides studies like this.

John: I use to get catering jobs but the economy, seems to me, is really taking a blow, because the catering guys, the people that I use to work for, well there are basically two catering companies now here and they have become very rigid about their requirements, for example you now need a car, yeah it is different now, with those gigs, and other gigs I used to have a are not available now. And I have been looking for other things, and that is a source of a lot of stress”

‘Broke’ at the second week of the month John does what people on welfare have done for years: finding ‘gigs’ on the side to substitute barely livable incomes (Edin and Lein 1997). But similar to Michael and his wife on the high end of the low-income class, participants looking for unskilled jobs perceive jobs as getting scarce. John furthermore describes that more and more requirements are put on him to get a job—a job which he has done before and has ample experience. As Angel he feels that competition for unskilled jobs has increased and he fears that he might be no longer able to supplement his income through extra work (Collins and Mayer 2010).

Among those barely above the poverty line and in low-wage jobs, such as Angel, the situations are not much different—the closer the end of the month comes the less resources are available. However, how resources are spent is different. For example: TB1¹², a Black man on the same status level as Angel, put himself through college by working three jobs, two in nightshifts on a daily basis, and by taking out immense student loans for a university he now just simply says ‘he couldn’t afford’, even though he received some grants. He left with a 4-year degree in behavioral sciences, but has been unable to ever find work in his field. Yet, for years he has been working for non-profit companies, organizing weekly meetings for people with mental illnesses; the same job at a hospital requires a master’s degree, which, right now, is financially out of reach for him. He is in his mid-30s and has had multiple jobs, and

¹² To state again all pseudonyms were selected by the participants.

for now being a bartender is the best he can imagine. Until 2013 he had worked in the warehouse of a retailer for a wage that never allowed him to buy anything at the same store and without a raise in 5 years of work:

“During the financial crisis, when was that, 2008, they closed a lot of stores, I could tell after that that we were not doing well as a company, we didn’t get a raise for years. They couldn’t just give anyone a raise. And with all jobs it’s hard if you don’t get a raise at least once a year. Everything goes up so at least we need a raise, but they were like no we can’t give you raises. So can we get at least overtime? No, no overtime and no raises. So over time we really got paid less. Around 11\$ an hour, but we were not getting raises and we were not getting overtime, and everything else goes up we were really making less money.”

However, he liked his job, mainly because he worked with friends, several in the same situation as himself with for example degrees in arts and theater, and because of the stability which he needed as he moved in and took care of his sick mother. While his mother was recovering from cancer in 2013 his grandmother who had raised him and who he lived with most of his childhood died. TB1 became ‘very depressed’ and sick, but his company health insurance which had a lifetime cap at \$6,000, which he had reached during the years he was employed there, wouldn’t cover it and now he still has medical bills further pressing on him. Moreover, his mother is now on disability and receives roughly \$700 a month and substituted housing in a high rise in neighborhood TB1 had once lived in himself and had left after he was robbed at gunpoint—while he cannot help his mother move to a better place, he gives her something extra each month to get something nice. On a typical month all TB1 does is paying bills: rent, electric, car insurance, health insurance, cell phone, medical bills, student loans, money for his mother and groceries: “If there is something extra at the end of the month I might go to McDonalds one day, that is like a treat; you know, I

don't really go out, you know. Last month I went to the movies and that was like a nice little day." But, financial hardship here also goes beyond economic constraints and cuts in on TB1 further life chances and his psyche:

"I don't date much, hate to date; when you get older, the last girl I dated we broke up but we are still friends, when we were going out, well I guess, a lot of women want guys who can afford more stuff than I can, and I guess, well I can't afford a house, and I can't effort to take her on nice trips to Paris and stuff, I just can't afford it. And it seems like a lot of women are looking for that stuff and I just can't afford it. And so yeah I can see that is not gonna happen. My ex didn't come out saying that I didn't make enough, she didn't say that, but it was kind of obvious. She was a paralegal at that time, and I was 35 when we dated and she was 36 and she bought her own house. And, there were a lot of different things between us, I guess she felt that I was below her standards. I mean I didn't care about that stuff I liked her for her but I think to her it was more of an issue. We are still friends and hang out and stuff, but yeah [sigh]... But you know it seems like a good relationship is hard to find, that finances and stuff plays a big issue and stuff... Don't get me wrong I like to be with somebody and have a relationship, get married and have kids and stuff but if I see friends on Facebook doing that stuff I just can't afford it right now. I guess it makes you a little sad, because I will never be able to do that type of things because I will never make enough money to have a family. So you know, I guess that is a little sad. And that is a little stressful. But money is a stressor in life period, you know."

In his mid-30s TB1 increasingly feels left behind when it comes to starting a family.

He feels that dating is a status game in which he without provider characteristics and the consumption power to perform romance, love, and care can all but give up (Edin and Kefalas 2005). "I just can't afford it" is how he feels about the ideal of romantic relationships. It is a cause for disappointment, stress, and sadness for him. However, the urge to find romantic love is strong and TB1 continues online dating and tries to stay optimistic to find the 'right', understanding person that doesn't mind a 'cheap' date:

"On my last date we went to a park, and walked, that was as nice, and then we got ice cream, that was nice too. But, this girls is a little younger than me, but, she is understanding and she is cool, and she works two jobs herself, so she understands it, you know what I mean?"

So TB1 oscillates between being fed up with romantic relationships and optimism to find love—love he can afford.

This section outlined how economic, emotional, and psychological experiences differ within the low income spectrum. While the findings show that status positions are dynamic, as one would expect based on the ‘relatively low’ permanent poverty rate (DeNavas-Walt and Proctor 2015), they show also that we can think about the experiences in low-income households as depending on degrees of precarious living based on family wealth, the neighborhoods people live in, educational background, employment, criminal background, and the overall family situation.

Table 3: Experiences of Structural Inequalities along the Low-Income Status Continuum


	<div> <div>Poverty</div> <div>  </div> <div>Middle Class</div> </div>	
Economic Experiences	Material Hardship (Lack of Housing, Food, Utilities, Medical Care); Limited Welfare; Very High Job Overturn Rate; Paycheck to Paycheck; Downgraded Work; Wage Stagnation; Limited Benefits; Rising Work Demands; Unpaid Work; Very Limited Savings; Debt (Student Loans, Medical Debt, Legal Debt); Rising COL (Housing, Groceries, Utilities); Very Limited Family Wealth	High Job Overturn Rate; Wage Stagnation; Limited Savings; High Debt (Student loans, Credit Cards, Car Loans); Rising COL for the Middle Class (Housing, Schools); Limited Family Wealth
Emotional-Psychological Experiences	Fears of Homelessness, Hunger; Fear for Safety; Fear of Job Loss; Stigma of Poverty; Anger Over Inequality; Feeling Left Behind; Limited Family Prospects; Very Concerned about Future; Fear of Family Emergencies	Struggle Getting Ahead; Pass on Cultural Capital; Keep Status; Concerned about Future; Fear of Family Emergencies

Table 3 summarizes the codes used to describe economic, and emotional-psychological experiences along the continuum. This reveals a closer connection between the experiences on the low and middle of the continuum. We find here the most severe effects of downgraded, low-wage work, and concerns and fears focus on

aspects of material hardship. But, participants also face the diverse stigmata connected to the economically-poor and struggle with the exclusion from certain social identities (especially in the work and family sphere). In contrast, on the high end we find middle class aspirations and concerns change from a focus on material hardship to concerns about maintaining and advancing the social status. However, low-income households on the high end lack the stability of the middle class; jobs are often subject to sudden reductions in hours, and wage stagnation and job loss are common as well. This, in turn, leads to limited savings, and combined with changing spending and consumption pattern, economic situations can become quite dire very fast. Moreover, limited family wealth to begin with burdens high costs on low-income people in cases of health emergencies for family members. Emergencies burden high costs on an emotional and psychological level but also through reduced hours, to participate in care work, and direct financial support.

Situations of Short-Term, High-Cost Credit Use

As outlined it makes sense to think about low-income households in terms of degrees of precarious living depending on family wealth, the neighborhoods people live in, educational background, employment, criminal background and family situations. Positions are also dynamic and change as became apparent when participants described their life trajectories. Similarly, incomes and spending habits differ depending on the position within the low-income continuum as do emotional and psychological experiences. Accordingly, this section asks how situations of payday loan use are connected to different degrees of experiences of structural inequalities.

While previous research has addressed routine expenses, emergency expenses, and consumption as the main reasons for payday loan use, I ask how these situations are experienced—what reasoning processes, thoughts, and hopes participants had—and what differences we find based on the status within the low-income spectrum. Moreover, this section focuses on how payday loan use is connected to strategies of making ends meet among the economically poor.

In this study two forms of loans were used by participants: two participants used car title loans (a short-term, high-cost loan with the car registration as collateral), and eighteen used payday loans. While loan amounts depend on the reasons for usage, overall the loaned amounts correspond to the positions on the continuum—lower amounts on the low end and higher amounts on the high end (car title loans can be an exception since the regulations allow for higher amounts, however, we find here too a small, small loan of \$250 on the low end and a \$1,200 loan on the middle). As expected, based on previous research, three main reasons for usage emerged in the data: use for routine expenses, use for emergencies, and use for consumption. While no clear pattern for the use among specific parts of the continuum surface, the concrete forms that, for example, routine expenses or consumption take differ (see Figure 3). However, reasons to use a loan are not always clear cut, as the examples will show.

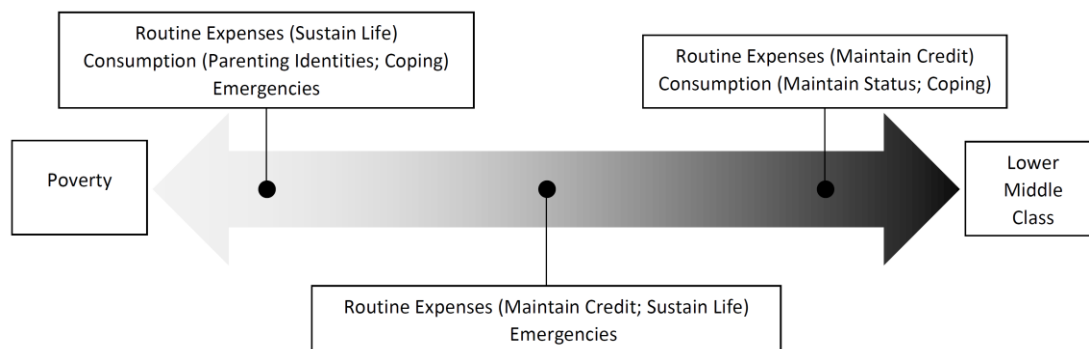


Figure 3: Reasons for AFS use Along the Precarious Living Continuum

Routine Expenses: Sustain Life. Fixed, reoccurring monthly expenses as rent, insurance, bills, and all kinds of debt payments are part of routine expenses. While routine expenses are connected to payday use on all levels along the continuum they take differing forms. As John described above, if you are broke two weeks after your paycheck comes in and you have half a month ahead of you, if jobs and gigs are limited, payday loans are used for routine expenses as groceries, rent, or utilities. As Soederberg (2014) argues loans function here to supplant limited welfare payments and limited employment options. This leads to the question: how is payday lending connected to resilience, and strategies to make ends meet among the economically-poor?

Payday Loan use and Resilience: Navigating Strained Networks. As especially Stark (1974), and Edin and Lein (1997) have shown, people in low-wage jobs, or on welfare apply a multitude of strategies for survival. Koron practices them all; she is a 65 year old Black woman who lives in public housing and tries to get by on social

security. Out of high school she went to the navy during the ‘Vietnam era’ and left soon after with an honorable discharge; shortly after that her son was born and she was a housekeeper for several years. But, her relationship with her husband became unstable; he became abusive, ‘drugs got involved’, and she divorced and left him. She has struggled with holding steady employment throughout her life, and asked if there ever was a time in her life where she now thinks she could have managed her money differently, she honestly replies:

“Well yes definitely, but you know different situations and circumstance can cause you, a person not to manage their contents of finances. There were times when I was homeless and I either had to pay somebody to stay with them or go to hotel, then you have to pay for your food and stuff. There were just times, depending on your circumstances ... I am not saying that was an excuse but, there might have been times where I overspend on partying too much, I am not going to go into detail on that, but yeah. But you know, really no matter what I did, sometimes it’s just hard.”

For Koron her past and financial behavior is both shaped by her actions and decisions—both good and bad—and the circumstances she found herself in, but, one way or the other her life has been a struggle with material hardship. Now she is receiving social security and is still trying to get by in rough circumstances:

“You know even though I am retired my income is very, very limited. I get food stamps and then I go to the food pantries – two or three food pantries to make ends meet... There are pantries I go to, they service you, you know, meat products and all the other things, some pantries don’t, but I go to three of them that give you a variety of food that is healthy to eat and you have variety and not just canned goods.”

She makes use of social services and has become quite knowledgeable where she can get what she needs. But, as seen in John’s case, finding work on the side is crucial, she does small ‘gigs’, as working in call studios for political campaigns, doing mock trials, or helping out with university studies. And, while with her income and the support of

the food pantries she is able to get her groceries, she relies from time to time on social organizations to cover certain bills:

“Sometimes it gets a little rough, say like for example you electric bill is due, and in the summer time you are running your air; and then from time to time you get these threatening disconnect notices and you need to find, so you have to find organizations that will assist you to keep your utilities from being turned off.”

While Koron is able to cover certain expenses and manage to get other help she needs from social organizations or the ‘VA’ for routine expenses, she also relies on friends and family to help her out. Her brother and her son help whenever they can without ever asking for money back, but they have families of their own, and both are working factory jobs that, while stable, do not pay too well. So, Koron also relies on friends to help from time to time and works hard to maintain good relationships:

“And one time a friend of mine - I guess I needed 146 and a friend lend me a 100 and my nephew lent me 46... And I paid it back. You know, the way I had to do it was pay 25 per month, But I had to pay it back, you know, every time someone takes you to the ATM machine and pulls out a 100 for you they understand that you will. And well my nephew he works a part time job and he is short on cash, so yeah I definitely paid them back, it took a while but I paid them back.”

Paying friends and extended family back is important for Koron as a basic social obligation and as part of her gratitude. She knows that other people are struggling as well and that a helping hand needs to be paid back whenever possible. However, as Duck (2015) found in his discussion of making ends meet for a single mother in a low-wage job, Koron finds her own resources and networks increasingly strained. She is waiting for a raise to her income for some time, which she needs just to keep up with rising costs, and her family is working only part time or low wage work as well. Koron is not alone in this situation. When Angel needed to fix her car and was looking for someone to chip in she found out that her mother as well as her brother were taking

on payday loans, even from the same store where she ended up going to. And similarly, Alan, a 70 year old White retiree, told me, when I asked him how he had decided on taking a payday loan: “Well I couldn’t get a loan from anybody else. I asked several friends they all declared bankruptcy or were broke, it was their suggestion that I went to the payday loan place.”

While networks can be tapped out they can also be strained by past loan experiences. Additionally, participants reported long lingering conflicts with family members over loans, as for example between Carlos and his brother:

“I don’t like asking family like that, I have borrowed money from family before, my brother and I we got into it for a while and didn’t talk over something dumb, so yeah, so I didn’t want to ask.”

While Koron’s family relations are unstrained and she could ask at any time, people just can’t help at any given time. For example, when Koron’s sister died and Koron needed money to travel to the funeral, she knew that: “There was no family that could help at that time, my brother had his own expenses, my family was just not able to do it, except my niece.” But, her niece had just lost her mother and Koron couldn’t bring herself to ask her. She took out the loan, and later, after she had gotten ‘several notices’, she called her niece anyways and asked her if she could help her pay.

In the past Koron had also used pawnshops to pay off payday loans, as had Angel, both ending up pawning jewelry that they now miss for sentimental reasons. However, ‘valuable’ items are limited on the low-end of the low-income continuum. Similarly, Pew (2013) had found that over 40% of all payday loan customers end up borrowing from family, or rely on a tax refund to pay back the loans. In their YouTube

clip on how a typical borrowing experiences unfolds we even find a young White woman borrowing from her parents, happy to help her out, to end the payday cycle—leaving the viewer asking, why didn't she do that in the first place? Networks can be tapped out especially among the economically-poor, and payday loans can fill the void for both routine expenses and emergency expenses. However, instead of being an absolute substitute for kin networks, AFS loans as payday loans often simply stretch network capabilities over time and allow for activation at a later time—yet, the extra costs might further strain the resources in the network in the long run (Soederberg 2014). While participants in this study, comparable to Duck's (2015) findings, had in fact tapped out networks, and were in conflict with family over constant borrowing, we can also see, in contrast, that payday loans can work as temporary, instead of absolute, substitutes and allow for network resources to travel through time.

Routine Expenses-Maintain Status. In contrast, the use for routine expenses on the middle-, and high-end is closely connected to momentary downfalls of income, and not a permanent predicament. Towards the middle of the continuum we find cases as Julie's, a White woman in her early 40s, who has been working on diverse artistic projects all over the world and has now moved back in with her mother who got sick and is now receiving full time care. While the seven-days-a-week care workers are for now paid for by her mother, they both see the family's resources dwindling away:

“Yeah I feel like I should be taking care of her. Her money is going down fast with the care giver and her insurance is only paying 50%, if she were to go into a nursing home they would pay a hundred percent. But she wants to stay home and I don't blame her for wanting to stay home. So, and I have brothers who help her out, but those bills, oh my god, when I look at her bills and

things like that and I want to take care of this and that but it is just a mess. So when I have a major project I give her at least 50% of what I bring in. That's just something I have to do."

Julie strongly feels that it is now her responsibility to take care of her mother; besides sharing her income with her, she has come up with a goal for herself: to save \$25,000 for her mother. Julie is currently working as a freelancer designing 'packages' for diverse firms. She tries to get a foot in the door and still feels that she needs to invest in her 'brand', so she travels to material art shows, often with very high front costs for flights, hotels, and conference fees:

"I went down to a trade show for three days, just the travel from the airport, to the convention center, to the hotel, and then the hotel and the flight that was \$1,300! I did end up making some money on my collection, but that was just 500 miles away and then thinking about other travel I have to do, it's scary."

Credit card debt from her past life as an artist and the extensive traveling she did are also wearing on her, and as soon as a contract falls short or a client takes longer to pay she comes into predicaments with both getting food on the table as well as paying bills. As John among the economically-poor, she is trying to find temporary jobs when needed, but she often doesn't get the money she needs to cover, when an expected income does not come through:

"I don't get a good rate when I do temp jobs, and sometimes they don't have temp jobs when I need them. And I don't ask my mother for any money. And then I have to go out and do payday loans. So I know when it is getting near the end and an installment is due [credit card installment] I try to get money into my account. And once you start...I call it a never ending treadmill once you start that you really don't get out of it."

Julie still relies on credit for her often high front expenses and she therefore feels that she can't afford to get into bad standing with credit card companies. However, the costs of the payday loans and the balloon payments make it difficult for her to repay

right away and often she has to carry them on until larger projects come through and she has the extra money to cover both the loan and her monthly expenses.

As Julie several people on the middle and high end of the continuum use payday loans to pay for credit card balances. Payday loans are not reported to credit rating agencies and can so be used to cover balances without impacting the credit standing. Tasha, a 52 year old Black woman, who teaches at a college, had, very similarly to Julie, to cut her hours by 70% to take care of her mother. She too has credit card payments due:

“I changed hours because my mother was ill, I cut hours down by 70% but bills expenses and desires were still the same. And then there was a bill [credit card without forgiveness] that was due on a certain date and paying it late would have meant very high fees and a lot of other issues. So for me it was easier to go and get the money, put it into my account and pay the bills; I was able to go in [into the payday loan store] shortly after anyways.”

While temporary shortfalls of income are important to understand payday loan use for routine expenses on the middle and higher end of the low-income spectrum, Tasha here also points towards other important aspects, as ‘desires’, spending habits, high credit card debt, and lack of savings. And, as straightforward as Tasha describes her situation, if we reflect on her situation, we might as well understand the loan as used for consumption, or status consumption. It seems, for example, reasonable to ask why Tasha, who is, when she and her husband are working full time, making very good money, has such high credit card debt, tens of thousands on several cards, and why they have no savings at this time; I asked her about saving:

“We could save, I never really nailed that down, and to be honest I like the casino and the race track, I like entertainment, so I do travel; so sometimes we might save next to nothing sometimes it might be a few hundred dollars... For example, sometimes we go to one of my favorite restaurants, and I have some servers that I like and naturally I tip them really well, because they go well above and beyond. And in the end, for the price for that one dinner we could have

groceries easily for a week and that is what I mean by wasteful. We enjoy what we are doing but technically we could have a meal at home. I mean how I justify it, you only live once and if you do things well, once might be enough. And I think if you do things for others there should be a time where you do things for yourself. And well sometimes this might be a little selfish and we splurge, we go here, go there.”

Restaurant visits, special relationships with waiters, entertainment, travel, and being able to afford the ‘good things in life’ are for Tasha all markers of her social status.

While she realizes that on the one hand her spending might seem wasteful and conflict with her temporary reduced income, these are on the other hand the things she does for herself, and make her feel good about herself and her life—she is consuming the American dream (Calder 2009; Chen and Newman 2007). Paradoxically, as I will later describe, is Tasha very hard on the economically-poor and their ‘wasteful’ spending habits, and she explicitly condemns use of payday loans for anything but emergency needs.

Emergencies. Koron’s case above could be considered an emergency, an unexpected expense additionally to all routine expenses. Car repairs are the main form of emergency expenses that payday loans were used for, of the six as emergencies identified cases three were for car repairs. Emergencies were concentrated on the low end, and the middle of the continuum, and they are closely connected to barely getting by, living paycheck to paycheck without ever being able to really save, and ,moreover, constraints in regards to credit cards exacerbate these situations (Barr 2012). Credit cards, which many Americans would use for emergency expenses, are not always available for diverse reasons—Angel’s case is straightforward:

“I don’t have a credit cards. I used to have four credit cards. They gave them to me right out of high school; I maxed them out pretty fast, and then I was like aehehh wait I have to pay these?

It was a disaster. So eventually years later I made settlements and they got taken off my credit and everything. So no, it didn't work out with credit cards."

Getting Americans, such as Angel, into credit cards young often leads to high debt at the beginning of working careers, which, as in her case without upward mobility and increasing incomes, or initial family wealth, can be harmful and constrain financial flexibility (Ritzer 1995; Barr 2012; Soederberg 2013). Of course there are other reasons as well why participants don't have credit cards, for example, medical bills, and student loans that affect participants' credit, as in the case of TB1.

As John previously pointed out, even low-wage jobs now often require workers to have a car. And, besides being required, low wage workers such as Angel or TB1 rely on their cars for their commutes, which would become a 'hassle' without them (Ong 2002). Jobs, such as bartending and even the food-industry require levels of flexibility from workers that can conflict with bus schedules, especially, if you are looking for overtime and extra work flexibility becomes important.

Usage for emergencies seems also connected to high levels of dissatisfaction. Car repairs often go in the hundreds and require higher loans, in the sample all loans related to car repairs were above \$400. High loans are difficult to repay in a balloon payment, which means that the loans are more likely to get dragged on. For example, both Angel and Tb1 end up paying twice their loan amount, as Angel describes it:

"It was like a never ending thing, it was pretty bad; five month I kept on going in there, pay them off, and get another loan, I always need the money for something else, for groceries - so I get the groceries and think next period I am going to pay them off, but I am going to need that for rent, and so it's like [sigh]."

Dragging out the loan and paying the rollover fees is stressful as it is, but participants who use payday loans for emergency or routine needs connected to survival perceive their situations as fundamentally unfair, and they voice their anger in diverse forms, as in deprecating statements about politicians and bankers, or against foreigners and immigrants that are perceived to have advantages, such as loan and grant opportunities that are not open to the participants as US citizens. TB1 speaks for many participants on the low-end and the middle of the continuum when he states:

“I hate to say it, but in this society it feels like it is set up to shit on you, if you are poor, or you are working class or whatever, it does everything for you to pay more, you know what I mean, it feels like... If you work in a store and you can’t afford to buy that stuff there, that is pretty messed up.”

Consumption: Status. Consumption lingers in the background for several participants as seen with Tasha, but, other participants lower on the spectrum mention consumption directly. For example, Alan states: “It is hard for me to stay within a budget, it really, really is. I like to enjoy my life, as short as it is, and I take each day as it comes, so I don’t know what tomorrow is going to bring.” As mentioned, Alan is a retiree, and while he sees his loan situations as emergencies—and similarly to Tasha condemns use of loans for entertainment—his gambling activities, trips to Atlantic City, and social gatherings with friends might have contributed to him taking on several payday loans as well as other loans.

However, Alan's consumption is directed towards his enjoyment and distraction from the loneliness he feels since he has lost his partner.¹³ For Tasha and other participants higher on the continuum consumption is closer connected to direct identity work. Consumption here fulfills the role to reaffirm their middle class identities, or aspirations. Consumption needs here to be performed for others to see, as when Tasha tips 'her waiters' especially well. Status needs the other, since it needs to be affirmed and reflected by others (Bauman 2013 [2007]). For instance, James, a 36 year old Black man currently working in sales, has been on a financially downward spiral for some time. He worked as a manager for a hospitality business and lived with his girlfriend and son in a rented house. They were doing well when he was working full time and his girlfriend was employed, but his hours were cut down until he was out of full time work, and he began taking on odd jobs to get by—their monthly expenses became twice their paychecks. They have now moved in with an uncle of his girlfriend who is in need of care. So they help each other out, 'doubling up' (Edin and Lein 1997), while James is looking to upgrade his current sales job. He took out two payday loans last year shortly before they lost their home. While he was already feeling the pressure of the cuts in his hours, he had family coming to visit, and he and his girlfriend had for some time planned to get new furniture and 'something' for the house:

¹³ In this perspective his use of payday loans might seem similar to the use for coping, but he explicitly connects the loans to emergencies instead of consumption.

“Well I want to be honest with you, I kind of jumped into it a little faster than I should have, we should just have waited till we were able to do it but we went and took the loans out because we had family coming to town. We kind of just wanted it to look better than it really was, if you know what I mean.”

Making it ‘look better than it really was’ means maintaining middle class status in the eyes of others, and, through the reflection, in James’ own eyes. While this temporary worked out for James, he was unable to pay the loans, had to settle, and lost the house and furniture. Moreover, a consequence of the use of payday loans to maintain a certain ‘front’ through consumption is that the loans needs to be concealed, which can turn the loans into secrets. This makes it on the one hand difficult to ask for help to repay them if times get tough, and it also adds intense feelings of shame, as, for example, Victoria, a 63 year old Black woman, describes:

“My Husband he didn’t even know I had payday loans, I kept it a secret, I was kind of a closeted payday loan person. I never told my husband because it was so embarrassing I didn’t want him to know I had it. They are so easy to get, but the problem is they are fine for a while but you find yourself doing them over and over it is a vicious circle. I lived a secret life, my husband did not know that I was out of control, every time something big came up I had to go ask for the payday loan”

Victoria gets into a cycle of payday loans because she feels too embarrassed to even tell her husband about them. Using the loans to take care of things and to maintain social status can become an emotional roller coaster that participants such as Victoria frame using ideas about addiction, shame and secrecy—even suggesting to form self-help groups after the AA model, as I will later describe. However, while status consumption was only found at the high end of the continuum, the individualistic perspective—this is my problem, I have to take care of this—is common on the middle end, and even the lower end, too. Similarly to Edin and Lein (1997) who found that participants only really felt independent and self-reliant when they were able to get by

without their family networks, some participants in this study were ashamed to ask family and friends, and they felt the need to take care of things by themselves, as one participant described it:

“My parents were that way too - you just don’t ask people. You find your way and you try to do it on your own. Especially with people, if they are related or not, you give them chance to get something to throw into your face. And I don’t like for anyone to hold anything against me.”

From this perspective we could understand the use of a payday loans for an urgent car repair as an emergency, as well as status consumption—just without the middle class status marker, but for working class pride.

Consumption: Parenting Identities. Forgoing consumption of scarce resources by parents for their children has long been discussed as fostering parental identities among low-income people, as well as fostering strong family ties (Kochuyt 2004). Participants in this study apply very similar use and understandings to payday loans. The ideal of ‘getting the moon for your children’ as Janai previously expressed, is common along the continuum. However, on the high end this takes the form of routine expenses, and while here parents’ consumption might also be secondary and forgone, scarcity of resources on the low end of the continuum further complicates the situations. Loans fulfill here the function to make the impossible possible. While consumption of other than basic goods would normally mean a period of time in which sacrifices have to be made to save money for whatever the children need or desire, loans allow borrowers to immediately fulfill certain needs—albeit, again, for a high price that further strains scarce resources.

Spending money on your children, and even taking on loans to do this can foster parenting and family identities even without children really realizing what has been done for them. For example, Patricia, a 30 year old Black woman, and her husband have both been in part time jobs for some time, and last year they had to move into a smaller, cheaper apartment; they are now renting ‘a room’ in which they live with their two year old son. They are both paying close attention to their expenses, are constantly looking for better jobs, and they are mapping out further education opportunities. But, most months they are ‘just paying bills’, and without anything ‘extra’ they weren’t able to buy their son a Christmas present, and so they made the decision to take out a \$200 loan for a present and a Christmas dinner. Patricia and her husband informed themselves about the loan products, sat down to plan what expenses they could cut, what money would be coming in during the coming weeks, and they made the decision to have Christmas—‘it just was something [they] needed to do’. This Christmas celebration was clearly not for the child but for the parents to foster their identity as a family, and as caring parents by participating in one of the central family holidays. The loan here enabled them to perform their roles and to develop their identities as parents. While saving and giving a present in April might have made no difference to their son, the effects of participating in a collective ritual as Christmas go beyond the sheer pleasure of giving a gift to their child (Kochuyt 2004).

However, sometime situations in which loans are used by parents for their children are more pressing. Eric, 44 year old White male, has had an often traumatic life that has let him through cycles of abuse, mental illness, and drug use. He started

working young in the hospitality industry as a kitchen aid, continued as a cook, and so he never finished high school. He describes his family, his brothers and sisters, as struggling with mental illness as well, and he partially attributes his drug use to his mental illness. Recently Eric has been approved for disability but struggles to hold on to his identity as a worker:

“I do keep trying to work. I always worked since I was twelve years old and I had quality jobs and I always had a sense of value and purpose. But I am truly unemployable, I lost another job today, I try to volunteer, or I pick up part time work just to give a little extra money and something to do, but I just can’t do it right now.”

Eric is also a father of two. His twenty year old daughter is in college and ‘doing great’, while his son lived till very recently with his mother. Eric gets emotional when he says that the main thing about his illness is that he sometimes feels as if he missed being ‘a real dad’ to his son. However, just after Eric was approved for disability and had moved into a different apartment, his fourteen year old son and his mother were getting into conflicts that got more and more severe and made the situation unlivable.

Eric sees it now as his obligation to take of his son:

“I owed him to get him comfortable, so we were renting an apartment that costs us a \$1000 a month, that is a little more than the plan was, but I think we have to give kids a chance to fly and that is what I do now. I give them a chance to fly, my kids are going to soar.”

Eric paid a lot of money for the move and the two apartments he had to handle, and when it then came to other things they needed he took out a \$500 payday loan:

“We were just moving out here and we didn’t have anything and my son even didn’t have a bed. I had money from the social security [disability]. But I flew through it because we needed so much stuff. I needed money, we needed basics of life. My son needed a bed.”

Eric has here the chance to take care of his son in the most basic way, providing him with shelter and making him feel safe. Feeling guilty about himself as a father for a

long time, and being unable to keep up his working identity, taking on the payday loan becomes a strategy to show his absolute commitment to make everything possible for his son, at all costs, and it so allows him to maintain a positive sense of self in very difficult circumstances. It also allows him to find a material signifier for his love and commitment to his son—a commitment he, and maybe his son too, might sometimes doubt. In the long run ‘sacrifice’ experiences like this, going into debt to make a gift, have been found to foster strong family ties (Kochuyt 2004).

Consumption: Coping. Consuming to enjoy oneself and as status consumption to maintain certain social and personal identities is, as shown, common. While these actions might allow emotional release and enhance feelings of self-worth, participants also use payday loans to directly cope with very difficult emotional life situations. Consumption as coping is hereby not restricted to a specific part of the continuum. However, coping on the low end might take the form of an emotional reaction to situations inflicted by, or closely related to, economic strain, while on the middle and high end consumption and coping are closer related to traumatic life events, which of course are not socially restricted and can as well be found on the low end of the continuum.

Kristin, a now 35 year old White woman, lives with her 15 year old son in her father’s house; she and her boyfriend lost 3 apartments during a two year period. Of course money played a role in them having to move; Kristin’s boyfriend has difficulties finding work, and Kristin has had trouble keeping her jobs longer than a few months; currently she is working in a warehouse, but unsure how long she will

stay. Last year, after she moved in with her father, and after she lost a job, her boyfriend and her father got into arguments and her father kicked her boyfriend out. In that situation she went ‘to get something for herself’, something to make her feel better. She describes having these impulses to shop in stressful situations for long time:

“Even when I was young I would just go into a store and look around and say I really have to have that. Of course I didn’t really have to have that, but I thought in my mind that I needed it, so if I had the money I would buy it. I would do compulsive shopping, I would buy things on impulse, I could buy several things clothes, magazines, stuff that I don’t really need and before I knew it, I would be broke. And later on I would be like why did I even buy this in the first place? In wish I would have never bought it – I bought things on impulse.”

Out of money and out of work, she used a car title loan for \$250. She doesn’t even really recall what she bought, ‘just stuff’—more important than what gets consumed is that the impulse gets satisfied, at least one thing that can get satisfied in an emotionally draining living situation.

However, as stated, coping is not constrained to the low end of the continuum. For example, Janai’s oldest daughter, which she got when she was 16 years old, has a rare condition that causes seizures and she regularly has to be hospitalized for several weeks, or months. While Janai has learned to live with her daughter’s condition and the constant fear she feels of losing her, she is keeping her emotions and problems to herself: “It is really hard for me to receive. I am a giver, I don’t like to ask for help. I don’t want to say I am prideful, but it is really hard for me to receive, but I am working on it.” For Janai this is true both in emotional as well as material terms. And, as with Kristin, Janai has developed shopping into a personal coping mechanism for especially stressful situations:

“I like to dress, I like to have stuff, I just like to shop, and that is usual like my coping mechanism. If I feel in a certain way I go shop. That is my way not to feel sad. It is just like people use alcohol and stuff like that to get through how you are feeling. And that was just my thing, it’s actually not a good thing, because after I go shopping, I am back in the depressed mode because I spend money that I don’t have.”

When her daughter after another seizure fell into a coma, she became depressed and overwhelmed. She fell behind on bills, spent money on shopping, and took out multiple loans to prolong her coping habit. When she took out a loan, she would spend some money on bills and on things her daughters needed, and then would go on to buy something for herself. In the end she was able to open up to her aunt, about her emotions and her financial situation—she owed several thousand dollars, her account was over drawn, and she was almost too exhausted to go to work. She is now trying to figure out other ways to reduce her stress. She knows that there is nothing she can do against her fears and the situation of her daughter but she tries to handle situations differently now. While her coping strategy was aimed at keeping everything going as is, she now tries to take a step back, work less when she feels drained, and be open with at least her aunt about her emotional and financial situation:

“I try to slow it down a little bit. Because I have to take care of the children. And sometimes I am just exhausted, and if I don’t take care of me, who is going to take care of them. I had to learn that too. I just needed to slow it down a little. And that is why certain things, the kids have everything that they need, but for once I have to slow it down a little bit, just a little bit. I am making sure we are going to be okay financially.”

Payday loans in Janai’s situation allowed her on the one hand to maintain her coping mechanism and so to function and survive an incredibly draining situation, on the other hand they could have let her into bankruptcy, if not for her family resources. And, when we, as stated, think about these situations as not restricted to the higher end of the low-income spectrum, it is easy to imagine how short-term, high-cost loans,

when used for coping through consumption, can have even more dire financial consequences on the lower end of the spectrum.

This section addressed the situations of payday loan use along the low income spectrum. The three main reasons for loan use, emergencies, routine expenses, and consumption, were outlined and their dimensions were described. Routine expenses on the low end are directed towards expenses directly sustaining life, as groceries, rent, or utilities. While we find payday loan use for routine expenses on the higher end as well, these expenses are for credit card bills, or other payments that are not directly connected to sustaining life. Comparing these situations we also see that payday loan use on the high end is due to ‘temporary’ shortfalls of income, as, for example, reduced hours. On the low end loans are used when ‘gig’ opportunities, or networks that are used to substitute low-wage work and limited welfare payments don’t come through.

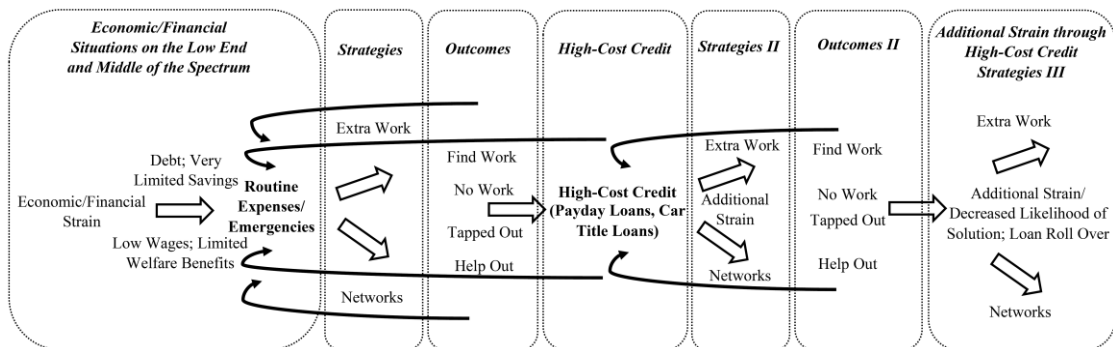


Figure 4: Stretching Strained Resources and Networks: High-Cost Credit Use as Part of Making Ends Meet.

Strategies of making ends meet by substituting and complementing low-wage jobs and limited welfare with extra work, or through kin and non-kin networks have been further complicated through the downgraded low-wage labor market and through strained networks (Anderson 1999). High-cost credit is used among the economically-poor, the low-end, and middle of the low-income class to substitute for tapped out networks and limited extra work opportunities. Loans allow borrowers to stretch limited resources and postpone shortfalls into the future. This allows for extra time to find work opportunities or for networks to mobilize the needed resources. However, high-cost credit also further strains resources through the extra costs. Oftentimes people continue loans months into the future until extra work finally comes through, or savings from low-wage jobs are finally enough to repay the loans. But even more often people rely on networks to cover the extra costs. It seems very likely that of the 41% of all borrowers that are estimated to need external help to repay the loans, a majority can be found in the lowest income brackets. So, while high-cost credit allows the economically poor to rely on and maintain established strategies to make ends meet even in times when networks extremely strained, they also further extract hundreds to thousands of dollars from low-income people and so perpetuate the process.

This section also provided insights into the relationship of payday loan use and consumption. Loan use for consumption goes against ‘the purpose of a payday loan place’ and theories that discuss payday loan use in terms of optimal credit decisions often use ‘loans for consumption’ to address financial immaturity among low-income

payday loan customers. In contrast to that perspective, this analysis shows that consumption for parenting identities and coping—as we find on the low-end and the middle of the continuum—is a direct reaction to emotional-psychological consequences of structural inequalities and helps participants to survive structural, and cultural violence. For instance, consumption takes the form of coping when participants face a lack of control over their economic situation and are struggling to maintain a sense of self-worth. Consumption in forms of spending on retail, going out, or enjoying oneself allows participants access to consumer identities in times when they are excluded from, for example, positive work identities, or ‘provider identities’. In cases where participants would also have been excluded from consumer identities payday loans allow access. Also, for the same reason—consumption is able to deliver a positive sense of self—participants use consumption to cope with life crises. Similarly, payday loans are connected to consumption by allowing participants to practice and develop identities as parents. In times when care and love are often expressed through gift giving, payday loans allow low-income people with very restricted incomes to take on parenting and provider roles, especially during holidays as Christmas or Thanksgiving, or in crisis situations. Overall, the section allows insights into the experiences behind payday loan use for emergencies, routine expenses, and consumption. It shows the close connection to economic strain as a main factor for the use and discusses it as part of resilience, but the section also shows

that the explanation is incomplete without a focus on the emotional-psychological dimension of lived experiences of low-income Americans.

The Penal State and Short-Term, High-Cost Credit Use

As outlined, the role of the criminal justice system in perpetuating racial and class inequalities has long been addressed, and more recently the high costs for people who come into contact with the criminal justice system have garnered more interest. In this section I begin to address a so far absent question of this research direction: what role does short-term, high-cost credit play for low-income Americans involved with the criminal justice system?

I find that participants lived experiences and their credit use are connected to the penal state in several important ways. Of the twenty participants five reported interactions with the penal state, including felony convictions for embezzlement, forgery, and drug related charges. Problems include, as suspected, difficulties finding stable employment and housing (Pager 2003; Harding et al. 2014). Furthermore, participants reported impaired credit due to outstanding fines, and due to mistrust because of crimes as forgery and embezzlement. Furthermore, loans were used to pay court related fees, such as bail and lawyer fees.

Carlos, a 25 year old Black man, has experienced several of these constraints due to his involvement with the penal state. He works for a construction company and is excited that business seems to be becoming better again; he hopes to finally get some overtime, instead of 30-35 hours per week. His father is a construction worker as well and he too thinks that things are finally getting better for the industry after the

downturn due to the financial crisis. His mother works in the laundry in a hospital and both his parents, as well as Carlos, are living paycheck to paycheck, barely ever saving something. However, Carlos is happy to have his job. He got a drug related felony conviction at 17 and another one a few years later, which is now down to a misdemeanor. So, background checks have prevented him from getting several jobs he applied for and his current job came through family contacts. He knows that most likely he is going to spend his life doing construction work and, while he thinks about college from time to time, he is not seriously considering it:

“I am going to stick with manual labor, cause everything that involves muscle they are not big on background checks, or they are not going to make too much out of it. They don’t really care too much, they just want hard workers.”

Besides background checks that make it harder to find work, finding a landlord willing to rent to a convicted felon is difficult as well. Kristin, who is, as stated above, living with her father is eager to move out again, because her father and her boyfriend don’t get along, describes her experiences looking for an apartment as complicated by her ‘background’:

“I have been looking around in various areas of the city and beyond. But it is kind of hard with my background being as it is, because I have, you know, not very good credit, because I have a legal background. It’s not like horrible, but some people frown upon it and look at that, you know. Everyplace that I, we have looked into denied us. Well they make excuses as they already rented it out, or they make excuses why they can’t rent it to us.

I: But you think it is because of the background checks?

Yes, I think it is because of the background check. Honestly, I believe it has to do with the background check because I am convicted felon for forgery and that is put on my record, so people judge me for that, for my past, you know, we don’t rent to her because that is a bad past. They don’t realize hey that happened several years ago, I am a different person now, people change, it is in my past but I paid for it, I paid, you know.”

Bad credit and a criminal background make it extremely hard for Kristin to find affordable housing for her family. These experiences also fuel her feelings of being treated unfairly by society based on a ‘past’ which she cannot change but has paid for; actually, Kristin is still paying for it, not only through struggling finding housing and employment, but also through monthly installments for legal financial obligations. Carlos has outstanding debt with the court as well, but since his last move he has not received any payment requests. The outstanding sum is low around \$150, he guesses, but he still hasn’t gotten to it. He has struggled paying court fines in the past, too, as when he tried to get his second felony charge down to a misdemeanor through a drug treatment program:

“I didn’t complete the program because I had to go to court monthly and drug test twice a week and do classes and all kinds of bullshit crap whatever. And I had to pay for the drug testing and drug classes... I spend a lot of money on the drug testing like \$700.”

This was a lot of money for him, especially when work in the construction sector was scarce and he had trouble finding anything else. In the end the felony became a misdemeanor anyway, and completing the program would have meant no second conviction on the record at all—but, one or two doesn’t matter to Carlos anymore, the first one makes all the difference.

Carlos knows the combination of credit and background checks as well. The first time he ever saw his credit was when he applied to a job, was denied, and subsequently was offered a copy of his credit report. He didn’t even realize that he had authorized them and thinks: “I guess, if they do a background check they do a credit check too, apparently.” There was not much on there, and till this day Carlos has not

even applied for a credit card: “I haven’t applied for them, I don’t know if I can get them, but I don’t want them. Because if you don’t pay them back...” While he has good reason to be cautious and he knows that he and his girlfriend would use the card—“I am pretty sure we would be using them all the time. If I don’t have money we wait till we get paid, and if we have a card we would just buy it right there”—he has nothing to fall back on when he needs a loan, that is, besides a payday loan.

Carlos took a payday loan after he and his girlfriend had been looking for an apartment for some time. They were denied so often that they had given up, till one day they were offered an apartment through friends of friends. Low on savings at that time, they needed to pay a deposit of \$600. Since the landlord declined Carlos request to pay it in installments, he needed a loan for \$250 to cover the deposit, and after his past experiences with borrowing money from family (as mentioned above), and his parents’ own struggles, his girlfriend suggested the payday loan service. While Carlos had everything that was required for the loan he said that he was anxious about getting denied—an experience he has had several times in his life. For him the loan and the fast service allowed him to move into an apartment without criminal background and credit checks.

Fast service was also crucial to Shawn when he took his car to a title loan store. Shawn, a 38 year old Black man who works as a supervisor on a construction site, needed the money to get his 20 year old son out of ‘trouble’:

“Well it was a late effort, my son got into some trouble with the police and I had to pay money to get him out of jail and to get him represented with an attorney... I just needed cash, I needed \$1,200 right then!”

Shawn grew up in an infamous New Jersey city—"it is just a violent city, a lot of trouble going on"—and his 'family had been in poverty' throughout his childhood. But, he stayed out of trouble and went on to college to study social work:" I did what I was supposed to do. I went to school... And I was thinking to maybe get into a position to give back to the community, and maybe help some people that could use help." When 'life got in his way' and he had his son, he took on extra work on the side and transitioned into construction work, finally quitting his studies. He has been doing well and moved with his son into a house in a suburban area. He has been doing what he was supposed to do all his life and was 'shocked' when he heard about his son being in trouble. Knowing that he had "no person to ask at that time that could have helped [him] out that fast" he took the title loan without much consideration; later on he realized the fees were "very, very, very, high". An APR of a few hundred percent on a \$1,200 loan is not easily repaid in full and can become extremely draining, as Shawn now realizes as well: "A lot of my money would have been locked up. I would have been hard pressed doing the payments". He 'asked around' and one of his friends, who is a store owner, was able to lend him the money to pay back the title loan without any interest. His son is now on probation 'monitored by the state' for which again fees are due, but, at least for now, his son is taking care of those.

This section presents some preliminary findings on the connections of the criminal justice system and the use of short-term, high-cost credit. As expected, participants who are engaged with the criminal justice system are constrained in regards to work and housing, and credit use is part of how they manage these difficult

situations. Moreover, costs related to the justice system take tolls on the participants and it stands to reason that use of credit to pay all kinds of fees is even more common than it comes up in this sample. Moreover, this section points towards the role of high-cost, short-term credit for those close to people that are involved with the criminal justice system.

Financial and Credit Selves on the Fringe: Internalization and Resistance

This section sets out to answer a set of questions, which have, so far, been rarely addressed using the accounts of the social groups they refer to: How are credit identities among low-income, fringe-credit customers constructed? How are they internalized and resisted? What narratives and assumptions do participants hold and how does it impact their emotional-psychological experiences of fringe-credit use? And, how do credit identities differ within the low-income spectrum, and how are these narratives and identities connected to the perpetuation of social inequalities?

Concepts of governance have long emphasized that social control is not only exercised through stigmatization of undesired behaviors or characteristics, but also through constructing positive and desirable social identities for people to internalize and confirm with (Marron 2013). Next to the welfare queen, the welfare leeches, in the field of welfare and work stands the ideal of the working identity, the working class hero, which many people take meaning in their lives. For example, John and Eric, both now outside the workforce and receiving disability, have to react to the implicit assumption about flaws in their characters, as when Eric above stresses: “I always worked since I was 12 years old and I had quality jobs and I always had a sense of

value and purpose, but I am truly unemployable”. However, being a good worker, a ‘do as you told to’ worker as John describes it, is connected to assumptions about individual achievement and responsibility, the individualistic perspective, and often lead to docility on the one hand, and discontent for those unable or unwilling ‘to do as they are told’ on the other. Chen (2015) calls this the meritocratic perspective:

“You succeed because you did what you were supposed to do. You failed because you did not plan ahead and work hard. In this way meritocratic morality justifies the ways of the market to ordinary men and women.” (25)

As Langley (2008) and Marron (2009) have drawn out, the same principles of the individualistic or meritocratic perspective shape financial and credit identities. In the upper middle class and beyond this is often experienced as freedom from constraints and playful, creative, and successful investing of money. Among low-income Americans however investing plays no role in how financial identities are constructed, here the positive ideal of financial identities is ‘save money and don’t get into debt’; on the negative end we find the irresponsible over-consumer who can’t control impulses, and can’t manage their resources. Saving is hereby seen through the individualistic lens that often complicates taking circumstances or context into account. Amy, a White 55 year old woman without a high school degree but a long list of food industry jobs, gives her brother as an example for someone who manages money well, in contrast to her:

“Well my brother. He just limits his spending and he knows how to save, he is always on my case – you should have been able to put away a nest egg. My brother, he has been on his job a long time at [Car Company], over 20 years, although it was tough for him, he now is able to put a little extra to the side, he now gets bonuses from his job and so forth and so on. I mean I really wished I had his qualities as far as saving money.”

Amy here clearly outlines the connection between well-paying stable employment but ends up describing saving money as an individual characteristic and individual quality one possesses, or not. Similarly, Patricia brings saving and spending back together, when she explains her progress to become a more financially responsible person; she maps out her expenses ‘on a daily basis’ and likewise plans ahead to find more part time work for herself and her boyfriend, as well as has an eye on more education to better her situation:

“See I had the experience before, I don’t want to use the credit because I did before and now I think you should just really safe. I don’t want to get caught up in spending more than I can afford, even though I need things I just stick to my banking pattern and really try to safe. When I was eighteen I spend and it was just too tempting, and all I want to do now is save.”

Saving has here taken over Patricia’s ideas about what managing money means, it means resisting temptation and making decisions that are supposed to build towards a better future. If she can succeed in resisting the temptation to spend money on credit, if she and her boyfriend can find extra work, if she goes back to school, gets a better education, she will find a better job, which will lead to better pay—and then responsible consumption is an option. Temptation of consumption, of irresponsible consumption on credit, is echoed by Shawn when he uses the trope of credit and interest as bondage:

“For me, I guess you can kind of say I have almost religious beliefs about interest. I kind of know that interest is a form of bondage and you know it keeps you stuck. So you know I am big against anything that has to do with interest and credit cards and I know some people and myself-included, we want to buy something that we can’t afford and if you have a credit card you might be tempted to do that.”

Consumption here again enters as temptation that leads astray from the right way and that keeps ‘you stuck’ on your way up. Moreover, credit and interest exacerbate that

situation. These general observations about credit cards and spending take on even stronger images when they get directed towards payday loan customers and their consumption habits. Alan, who sees himself taking his multiple loans for emergency expenses, but who clearly ‘likes to enjoy’ himself, as he says, and spends money on casino visits and restaurants, sees other customers in a less favorable light:

”Some people need the money for entertainment or maybe gambling, or to go on a trip, or some other frivolous reason, that they need the money to have something extra, honestly that is how I feel. And sometimes it loses the meaning of the purpose of a payday loan place.”

Payday loans are here positioned in opposition to consumption and use for it violates the ‘purpose’ of the loan. This conceptualization then works to define people who do use the loans for consumption as irresponsible over-consumers. Here again bad choices lead individuals astray and payday loans work as a focal point for that observation.

Moreover, Tasha brings the ideas about irresponsible spending among low-income people and especially payday customers back together with ideas about financial illiteracy and mismanagement of money:

“And I think some of them just don’t know how to manage money well, they just want to drive through fast food and pay six or eight bucks for one meal for one person - you can get fresh food and chicken, you can get a good meal for that money. So I think that these people waste money. I know some people smoke and go to the casino and it ends up costing so much more. I think some of it is mismanaging money, and some know just so little, and they just don’t know how to calculate interest in cards and loans. Or they just don’t know how minimum payments extend commitments.”

In the end responsibility rests on the individual, it is a question of self-control, on the one hand, and it is a question of knowledge to understand, control, and design an appropriate financial self that responsibly navigates the economic constraints of low-income living, on the other hand. As Soederberg (2014) points out, this perspective on

the individual and their responsibility bare of any circumstances works to justify and normalize often extremely high fees for fringe loans and so to normalize financial exploitation. Accordingly, several participants on the low-end and the middle of the spectrum describe visiting classes about managing money and about repairing impaired credit—taking care of their past faults. Participants here begin to define themselves as on the way to betterment, to increased self-control—as “works in progress”.

As financial identities for low-income Americans are structured around saving and deviant consumption, credit identities mirror these images in the narrative of the responsible debtor and the willful defaulter. James invokes these credit identities when he discusses his attitudes and works to distance himself from other payday loan customers:

“A lot of people have these loans and they don’t even care anymore to pay them off. I paid them off, because I was raised a little different. You know, I try to be a man uphold to what I sign my name for, that’s something I want to take of it. And I just wish they would have treated me as such, because they treated me like one of those people who never were going to pay, and not going to answer their phone, and not going to fulfill my obligation when that wasn’t the case. But I understand that they might think that because of the other people that default on the loan.”

In James perspective a lot of payday loan customers default on their loan and don’t fulfill their moral obligation to repay their debt. Mistaken for one of ‘those people’ James distances himself from ordinary payday loan customers by referring to his middle class upbringing: ‘raised’ a little differently with a sense of obligation and as a ‘man’ of his word. James here, as Tasha above, buys into the readily available repertoire of the deviant poor and uses it to maintain his middle class identity, while involved in the same social practices, and suspect to the same social assumption about

him as for customers lower on the economic spectrum (Lawson and Elwood 2014).

The stigma attached to payday lending is also felt by other participants higher on the low-income spectrum. Distancing as in the cases of Tasha or James is applied, or as in the case of Victoria, as described above, feelings of shame might lead to further complications. Similarly to Victoria, Julie, who we find on the middle of the continuum, but who has achieved the highest education level and comes from a middle class family, narrates her payday loan use in the common cloak of an addiction:

“I have all these options to exercise but I am not using a clear head about this. When I did it the first time I thought I really shouldn’t get into this. But as it lingers, it is really like an addiction. I let somebody pimp me, I let an irresponsible friend pimp me into that. ...And I think it is a sickness, and we need to help people, we need to say okay maybe you have a credit score that is 480 but let’s show how you can get it to 490. And then 550, and then, you know, 680 or whatever, let’s get you in this kind of program, just like they have the 28 day or two year rehab program for substance abuse, there needs to be a program like that. Cause, this is really bad. And there is a platform for me to speak, because I did that and it was inexcusable. I just needed to be more mature and responsible.”

While Julie starts out with describing her payday loan use in terms of the descent into addiction, defines it as a sickness, and even comes up with an imaginary recovery program, in the end she boils it down to immaturity and irresponsibility. While taking responsibility and reclaiming agency are part of the recovery trope, it also functions to neglect circumstances, context, social situations that might lead to use of fringe-loans, or struggle with repayment. Responsibility for the financial, and the credit self is absolute (Marron 2009).

The measure for financial responsibility, constraint from consumption, and appropriate repayment ethic is the credit score. In participants lives the credit score enters to evaluate their eligibility for loans, and trustworthiness as tenants and

employees. It is the objectified measure of what you deserve—how much risk you carry. Angel observes this when she reflects on the reasons why her mother's company is using credit scores for employment decisions:

"I had one application it was at the place my mom works at, I know they run the scores there, because you are in peoples apartments so they want to make sure that your credit is good, so you don't look at things the wrong way, that you don't get temped cause your credit isn't good. It is about trust I think, they think if your credit isn't good they think that you are not really trustworthy. ... People judge you by your credit, your credit is like your life. It is very important to keep an eye on it. Cause it reflects if you are trustworthy in a lot of people's eyes."

Angel shows here a keen understanding of how important a seemingly objective measure of one's trustworthiness has already become and further might become. It is not just a measure of your credit worthiness, or to calculate an appropriate interest rate, but it evaluates whether you as a person are trustworthy—and a clear measure of 'character' could be useful in almost all life decisions. Will you steal? Will you default on your rent? Will you cheat? Low scores are results of bad choices, and bad choices reflect flaws in character. 'Credit is like your life' means it needs to be managed and controlled according to social expectations, and that means judgment is unavoidable. The idea of individual control and responsibility for one's own economic situation and beyond clearly link moral judgements to the score and make it a burden for many participants. Roxanne, a 45 year old White massage therapist and companion for an elderly woman, represents this experience best. Her credit had declined drastically since her parents got sick in the early 2000s. Back then she was still working in the field of education, in which she also holds a BA degree:

"It happened over time. I had a divorce a couple of years ago and I was a caregiver for my parents. My father died in 2002 and after that I quit my job to become a caregiver for my mom, she needed full time care. Pretty much from that time on, my ex and I stayed together till 2004,

we really got into heavy debt when I had to quit my job to take care of my mom and, and my ex-husband got laid off, so we went from two incomes to unemployment. And the credit card companies were just not working with us, all the late fees, it got really bad. So from 2002 on it was a just difficult with finances.”

Roxanne remembers how her impaired credit effected a lot of things: “When my credit score went down it affected everything, I had to put in a deposit for electric, when I wanted a cell phone they checked my credit and had to pay more.” While it was tough financially, Roxanne also felt emotionally drained from the long caretaking process, the death of both her parents, and her divorce. Feeling that she needed to change her life she switched professionally to her ‘passion’ and became a massage therapist. She is self-employed and she had been doing well until a wrist injury made it impossible for her to work during her ‘peak season’. She worked to repair her credit through the last fifteen years and feels like she now has to start over once again:

“I am very, very disappointed because it took me from 2002 to January 2016 to improve my credit score. And since January I haven’t checked it, because I just know that it went down, because things have been late. I am still trying to get back on my feet and things have been late, and when things are late they report you. It is very depressing, very depressing for me, to have worked so hard for years and now it might be low again. I am really depressed about I don’t really like to talk about it anymore. I haven’t checked my score but I know it is bad, I know it must have dropped down.”

The ‘electronic doppelgänger’ becomes a source of stress for Roxanne, so much that she not even can bring herself to fulfill her responsibility and check her score and see what got actually reported. While her electronic, financial-self demands care, Roxanne, for now, is exhausted. All the hard work, to become a trustworthy person again, over years, might be wiped out by an injured wrist and a few late bills. No matter if her perception is true, or if Roxanne is exaggerating the decline of her score due to the stress she faces, the pressure that the score exercises on her life and her

emotional well-being becomes apparent. It is a feeling of injustice, that the score reflects the bad from the past but not the good, that bad deeds weigh more than good, and that context has just no place in the objective score system. In a way a bad credit score might weigh worse than a criminal record—it is the always up to date version of trustworthiness and moral character. While a criminal record remains as a ‘stain’, it also remains outside of the individual’s control, but a low score is an ever renewed moral failure. The assumption that the score is under an individual’s control as long as proper financial and debtor behaviors are exercised makes it the ever up to date reflection of character.

While sadness, resignation, depression, as well as shame are experienced as consequences of the social narratives connected to financial and credit selves, participants also resist the cultural violence exercised on them. As with other social identities and the labels and stigma attached to them (Rios 2011), individuals actively try to resist the financial and credit identities for low-income Americans and the economically poor. Especially participants on the low end and the middle of the spectrum point towards the lack of understanding for their lived-experiences and call out injustices. As seen above, for example, John calls out the social inequalities and uneven distribution of costs. And Roxanne, while feeling depressed, still insists on taking context and social inequalities into account when thinking about financial behaviors:

“If your bills are higher than your income there is no such thing as managing money well. If it this bill or that bill, you know what I mean. So it is different for a person that is comfortable financially, so it is different for them to manage their money than for someone who has not enough, and has to decide to spend on utilities and gas, or food. It is different.”

Roxanne simply points towards her own experience—her financial behavior has always been as good as her situation allowed. She was not irresponsible or not trustworthy when she took on debt while taking care of her sick parents, and she was not more responsible when she had lot of clients coming in and had money to pay her debts. She tries to resist the labels attached to debt and default and connects her own self-evaluation to her changing life situations and her struggles to get by. However, as seen above, she feels the pressure of the social assumptions while she tries to resist them, and tries to bring forward different measures to evaluate herself, measures that go beyond an individualistic perspective.

This fundamental lack of taking circumstances into account is echoed by Koron when she points towards the racialized US history and the uneven racial opportunities:

“It also has to do with, I mean every race has its struggle, but for Black folks the struggle has always been. My ancestors have been *enslaved* in this country. ... I think it is difficult, they cut certain benefits for people who got food stamps, they knocked them off, and people like me haven't had a raise in years. We don't get that raise, but we need that raise!”

Koron strongly feels that discrimination against Black people needs to be considered when we think about opportunities and social justice. So, on the low end of the continuum participants try to resist the credit and financial identities offered to them and point towards class and racial inequalities. Moreover, Koron, for example, strongly feels that new regulations have already made it harder for her and others like her to receive payday loans. For her the advantages the loans offer, to stretch kin networks, have become part of her survival kit and she worries what the declining

opportunities might mean for others in even worse situations than hers; particularly, when other resources, such as welfare, decline, too.

Furthermore, as documented in diverse studies, labeling, and expectations of certain behaviors often lead the labeled individuals to act out the exact stigmatized behaviors—acts of resistance and self-affirmation (Rios 2011). Eric, who has taken on multiple loans over his life time and has paid thousands of dollars in fees, has finally enough of the high costs of the loans and the constant assumption that he is not trustworthy and might default on his loans—this time he will default: “And I say this, the last one I took I was not going to pay it back. It was my F*** you.”

In this section I outlined stereotypes and stigma attached to fringe credit use. The study shows hereby that credit identities are closely connected to financial identities—but, for the low income spectrum they make up a completely negative connoted identity. Credit in every form contradicts the positive financial identities for low-income people around saving and constraint. Moreover, fringe-credit is often closely connected to irresponsibility, and stereotypical assumptions about use of the loans for consumption function to justify the high costs as appropriate for these irresponsible customers. So, stereotypes, as fundamental categorizations, function here furthermore to divide participants on the low income spectrum although they are engaged in similar practices (Bourdieu 1989). Accordingly, participants higher on the continuum more readily hold these stereotypical assumptions and need to engage in identity work to manage the strong stigma they feel connected to fringe-credit use.

Strategies from simple distancing to narratives that address addiction (depending on the degree of involvement) are used among the participants on the high end of the continuum. Participants overall struggle between internalization and resistance of the financial and credit identities for low-income Americans.

Chapter 4

CONCLUSION

This thesis started out by highlighting the structural inequalities many low-income people in the US face and how alternative financial services and especially short-term, high-cost loans as payday loans can be understood as connected to those inequalities. Then this study situated participants' experiences within structural inequalities the low-income community faces. Central to this study was herby to point towards concrete situation of payday loan use, how these loans were experienced, and how they were related in multiple ways to structural inequalities. Additionally, connections to the penal state were outlined. And finally, credit and financial identities were presented discussing internalization and resistance.

This study contributes to the sociological literature in several ways. Previous studies have shown that economic situations within the low-income spectrum are dynamic, and people drift between poverty and lower middle-class (Newman 1994; Newman and Chen 2007). This study supports those findings by showing how experiences differ depending on a status continuum within the low income community. Similar to other studies it was found that while economic conditions are often severe at all stages, participants higher on the continuum experiences less material hardship and their concerns shift instead to worries about social status and how to pass on cultural capital. However, as the study further shows these conditions are not as stable as they seem and many participants higher on the low income

spectrum have found themselves in situations of pressing financial hardship and in fear of downward mobility.

One central contribution of this study is the discussion of short-term, high-cost loan experiences along the social status continuum and so to point towards differences and similarities in the experiences of the economically-poor and the more economically stable within the low-income community. It extends existing literature on resilience among the economically-poor by connecting payday use to other strategies of making ends meet. Specifically it argues that short-term, high-cost loan products function to extend kin and fictional kin networks through time, and so to make future network resources immediately available. Additionally, the discussion points here also towards differences in consumption practices depending on the social status. Three main consumption strategies are identified: consumption to maintain social status, consumption as a coping strategy, and consumption to develop and maintain parenting identities. The study shows that status consumption is connected to middle class aspirations, while consumption for parenting identities through payday loan use is situated on the lower end and the middle of the spectrum. Coping through consumption can be found along the continuum, however, on the lower end it might be closer connected to economic strain than, for example, a life crisis in a wider sense. Additionally, this study discusses the role of payday loan use for emergencies, and discusses the perception of emergencies in connection with other spending habits, or missing activation of other network resources. The study here points out that central to

the experience of payday use among the working-poor is the feeling of injustice and frustration.

Another central direction the study takes is to outline some possible connections between the penal state and its increasing use of fees, and payday loan use. General constraints on economic condition are presented and connected to payday loan choices and experiences. One central case points hereby towards the role of high-cost credit for family members that come to need immediate cash infusions to pay costs for relatives, may it be bail or other fees. These preliminary findings point toward a so far unaddressed connection between the fringe credit system and the penal state.

The final contribution of this paper is to extend the literature on the financialization of daily life and the credit self towards the low-income community. While studies on credit experiences are rare in general, very few studies have empirically investigated credit identities among low-income people. This study finds here a completely negative connotation of credit as a secondary identity behind responsible and irresponsible financial identities. I discuss these identities as modes of neoliberal governance; they overall stress individual responsibility and work to deflect critique directed towards structural inequalities and so they work to divide people in very similar social situations who share, objective, social interests. Additionally, it is shown that the labels attached to the continuum of responsibility/trustworthiness and irresponsibility/deviance can become sources of shame among fringe loan customers. Here again we find that social status plays a crucial part in how fringe credit practices

and their stigma are experienced and narrated; people of higher social status experience more stigma and engage in intense identity work, including participants describing payday loan cycles as an addiction to express feelings of helplessness, but also to deflect challenges to their personal identities. The paper also addresses the violence of the credit score as a measure of character beyond the financial sphere. As the use of credit scores becomes more and more common for finding housing or work, people begin to question the seemingly always up to date and actualized evaluation of their character. Participants show that the reduction of complex lives into a three digit score violates their sense of self and further works to individualize experiences in a fundamentally unjust social arena. However, people here are able to hold contradicting views and selectively apply an individualistic and a structural perspective towards themselves and others, albeit again higher social status makes an individualistic perspective more likely. Resistance takes here the form of pointing towards injustices through the lack of context in evaluations of individuals' lives, and we find people that embrace the resistance of debt and enact the deviant identities and labels of debt defaulters applied to them.

The study in its current form has several limitations. While themes and directions have been identified the small sample size restricts identification of dimensions to the themes and makes conceptual developments difficult. Therefore, the sample size and accordingly constraints in depth of theme analysis and group comparisons are the most severe limitation of the study. The more connections are identified, the more relevant sub groups are needed to evaluate and criticize

preliminary results. Based on the identified themes and possible variations future research on payday loan use among low-income Americans should include further sampling for subgroups divided by race, age, gender, as well as living situation (single parents, families, and singles), for the economically poor, family members of individuals in contact with the penal state, individuals directly in contact with the penal state, individuals beyond the low income community, payday lender, and credit clinic members. This sampling frame would enable further group comparisons and a relational approach to credit and financial identities. Findings from this additional samples could then be used to criticize and extend these preliminary findings.

A second limitation is connected to retrospective interviewing. That means situations are recalled and narrated sometimes years after they happened. While limiting the time frame of the experiences should work to restrict errors in memory, narrations of experiences are not just a factual matter but are shaped by perceptions, norms and values, and overall a certain presentation of self. Results are therefore more likely accurate reflections of participants' interpretation and identity work than factual descriptions. While this is not necessary a limitation, depending on the questions of interest, results about, for example, why choices were made might not reflect the actual far more complex decision making process but a simplified interpretation of one's actions.

Beyond those limitations the interview approach also revealed certain limitations. As relevant identified aspects as for example racial experiences need to be more directly addressed in the interview or even directly requested in the recruitment

process. Without direct questions racial experiences might become salient below class experiences especially when interviewing about financial questions. To not only address race as a variable, as to look for variation in narratives or experiences, but to directly address racial experiences an approach as undertaken in this pilot study, to follow up when race is directly addressed by the participants, might not reveal the full depth of thinking about the role of race and credit experiences. Inexperience and limitations through my social identity as a White male might have even further complicated this approach. While participants, especially Black female participants, addressed racial upbringings and experiences of discrimination, the study was never able to develop any depth in the discussion of this topic and to connect racial experiences to credit. Recruitment directly stating an interest on thoughts on racial differences in regards to credit might help to address some of these problems when it comes to experiences of Black and Brown Americans, but it might be more complicated to reach White Americans with this strategy, due to the invisibility of Whiteness to many White people. Similarly, direct recruiting for specific purposes would allow participants to prepare to talk about certain experiences that are difficult to discuss in spontaneous ways as a criminal backgrounds, bankruptcy, etc.

Overall this study contributes to the sociological literature in several ways and was successful in covering a wide field of relevant experiences and points towards several aspects that warrant further in depth analysis. This project also offered participants from low-income communities a chance to voice their experiences as well as their opinions on high-cost credit and the diverse stereotypes and assumption that

come along with it. And, so it helps to shift the perspective from scrutinizing behaviors, to what people think, and how they challenge these stereotypes—a venue worth proceeding in its own regard.

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Appendix - One
IRB APPROVAL LETTER



RESEARCH OFFICE

210 Hulliher Hall
University of Delaware
Newark, Delaware 19716-1551
Ph: 302/831-2136
Fax: 302/831-2828

DATE: June 22, 2016

TO: Jascha Wagner, BA
FROM: University of Delaware IRB

STUDY TITLE: [841980-1] Experiences with Alternative Financial Services in New Castle County

SUBMISSION TYPE: New Project

ACTION: APPROVED
APPROVAL DATE: June 22, 2016
EXPIRATION DATE: June 21, 2017
REVIEW TYPE: Expedited Review

REVIEW CATEGORY: Expedited review category # (6,7)

Thank you for your submission of New Project materials for this research study. The University of Delaware IRB has APPROVED your submission. This approval is based on an appropriate risk/benefit ratio and a study design wherein the risks have been minimized. All research must be conducted in accordance with this approved submission.

This submission has received Expedited Review based on the applicable federal regulation.

Please remember that informed consent is a process beginning with a description of the study and insurance of participant understanding followed by a signed consent form. Informed consent must continue throughout the study via a dialogue between the researcher and research participant. Federal regulations require each participant receive a copy of the signed consent document.

Please note that any revision to previously approved materials must be approved by this office prior to initiation. Please use the appropriate revision forms for this procedure.

All SERIOUS and UNEXPECTED adverse events must be reported to this office. Please use the appropriate adverse event forms for this procedure. All sponsor reporting requirements should also be followed.

Please report all NON-COMPLIANCE issues or COMPLAINTS regarding this study to this office.

Please note that all research records must be retained for a minimum of three years.