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Of the multiple changes to consumer banking in the last fifty years, decreases in savings, increases in borrowing, and the shift from a cash to a plastic economy have received the most attention.[1] A recent spate of books like Mehrsa Baradaran's *How the Other Half Banks* and Lisa Servon's *Unbanking of America* focuses on a related but perhaps more dramatic shift.[2] Due to deregulation, profit-seeking through fees (most notably overdraft "protection" fees), and a shift to focusing on wealthy customers, "over the past four decades . . . banking itself has morphed into a system that no longer serves the needs of far too many Americans."[3] Instead, low- and middle-income Americans are switching to so-called "alternative financial services."[4] Baradaran notes that "the rise of fringe banking correlates directly with the decline of banks in poor communities" and that "banks compete for the deposits of the wealthy and middle class while the other half is left to fringe institutions that are often usurious, sometimes predatory, and almost always much worse for low-income individuals than the services offered by traditional banks."[5]

In the past eight years, the biennial National Survey of Unbanked and Underbanked Households has consistently found that more than a quarter of US households either have no bank account or, if they do, still use alternative financial services including "money orders, check cashing, international remittances, payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, or auto title loans."[6] Since the 1990s, these alternative financial services, or "fringe banking," have exploded in scale and popularity.[7] Prepaid cards are one of these fringe banking services. Unlike bank debit cards that link to a traditional bank account in which a minimum balance may be required and overdraft fees may be charged, prepaid cards are loaded with funds online, in person, or through the direct deposit of a paycheck, and then, subject to usage fees, the user may withdraw money or spend at locations that accept debit cards. The history of these types of cards stretches back at least to the early 1990s, when Electronic Benefits Transfer cards replaced paper food stamps and when "open system gift cards" were introduced.[8]

Unlike other fringe services like check cashing, payday loans, rapid tax refunds, and money orders, prepaid cards offer consumers a way to enter the growing plastic economy—in which a credit or debit card is necessary to make internet transactions and authorize contingent payment on things like rental cars—without using a traditional bank account. These benefits, along with the ability to have paychecks and tax refunds direct deposited, are usually impossible without a bank account. They are also cheaper with a prepaid card than the cost of using a storefront check casher to access funds, but as critics are quick to point out, a "free" checking account is much cheaper. Critics of fringe financial services focus on the fees and high interest rates associated with many of these products and suggest that users are making poor financial decisions because of a lack of "financial literacy." However, prepaid debit cards do not fit so neatly in this characterization of fringe banking services. First, unlike payday loans, auto title loans, and rent-to-own services, prepaid cards are *debt remote*, meaning that there is no way to become indebted using them. Even traditional checking accounts are rarely debt remote, as overdraft "protection" can be understood as an expensive form of short-term credit.[9] Second, the transparency of (at least some) prepaid debit fees makes them different from traditional bank services.[10] Traditional banks have a long history of targeting the poor and minority consumers for disproportionate exploitation. Low-income consumers are more likely to have low or no credit scores, which means that they will pay higher interest rates for bank credit.[11] The process by which those interest rates are determined is obscure. Black people have also long been targets of disproportionate financial exploitation, from the post-emancipation sharecropping system to the multiple documented contemporary incidences of black borrowers receiving higher interest rates and fees on bank loans than their white counterparts with the same credit scores.[12]

We find evidence of the significance of prepaid debit cards for black users in debates around one card in particular, the Russell Simmons RushCard. Founded in 2003, the RushCard was one of Simmons's many business ventures, alongside the more well-known record label Def Jam and clothing line Phat Farm. The RushCard has, since its inception, been marketed to a young, urban audience that either does not have access to or chooses not to use traditional banking.[13] Although Simmons has not been fully active with the RushCard since he sold it to prepaid card giant Green Dot Corporation in early 2017 for $147 million dollars, he remains the figure most popularly associated with his namesake card. RushCard television and internet advertisements often capitalize on Simmons's celebrity persona. One 2011 commercial depicts Simmons empathizing with viewers who may be "fed up with high banking and check cashing fees," asking them to "join the RushCard Revolution."[14] The cards themselves also not-so-subtly reference Simmons's hip-hop mogul status with past branding options ranging from images of large diamonds to the Baby Phat logo (owned by Kimora Lee Simmons, Simmons's ex-wife-turned-reality-TV-star).[15] Until the recent allegations of sexual assault against Simmons led to the removal of his photos from the RushCard website, Green Dot still "saw value in Simmons' continued connection to the brand."[16] However, even after the allegations,[17] Green Dot retains the self-referential name Simmons first gave to the card in 2003 and continues to market the product to a young, urban audience.

Since its release, the RushCard has provoked heated criticism, especially from experts of financial literacy, who argue that Simmons preys on black deficiency. Some have even argued that the RushCard *prevents* an exploited group of people—disproportionately poor and black people—from joining a traditional bank and, thus, building credit. According to this criticism, users choose this card with its high fees and inability to build a user's credit history because they are financially illiterate and do not know that there are better options, such as a traditional banking account. Rather than a critique of racial exploitation or banks' flight from poor and middle-class consumers, financial literacy discourses position the RushCard as an economically irrational choice by its users. Such users then require financial literacy education to teach them how to become rational subjects, à la homo economicus.

We take the debate around the RushCard to be emblematic of the racialized critique of prepaid debit cards. Against those critiques, we assert that the RushCard and other prepaid debit cards like it may function to provide a limited, though necessary, avenue into capitalism for a portion of black and poor urban people that does not disproportionately strip wealth by miring these consumers in webs of obscure and exploitative debt.[18] While the RushCard is not "free," many of its critics fail to acknowledge that supposedly "free" checking accounts are disproportionately expensive for both poor and black consumers.[19] The historical relationship between antiblack violence, banking, and debt that leads black consumers to seek alternative financial services goes a long way toward explaining the popularity and utility of prepaid debit cards for black people.

Therefore, we argue in this essay that prepaid debit cards are better understood within the frame of what we call "black economic life." Prepaid cards offer a new way to manage the racial violence of capitalism in which black people have been objectified and exploited with disproportionately damaging debt. Here we are speaking to the "black" in black economic life not solely in the racialized sense, even as it often functions that way. Black economic life is *black* in terms of "blackening," or what Kumi Silva calls the "identification" of some people based on their race as open to state-economic violence, no matter their self-identity.[20] Black economic life is *not* a choice made by the rational economic subject, that is, structured on Western logics of mind and body; instead, it is a *condition* of survival for a large number of people, targeted for debt and/or social death, under transnational capitalism. Counter to the implicit assumption in some financial literacy discourses that black consumers are economically irrational, our position is that racism is productive of a uniquely black economic life that makes seeking alternatives to traditionally rational approaches to finance capital reasonable. While this does not make fringe banking services like prepaid debit cards less exploitative, it explains their appeal. Prepaid debit cards can thus be seen as one mode through which black consumers engage in the plastic economy with a measure of control over their historical relation to capitalism—a position that has rarely been available to them in the past. Calls for financial literacy education for black people cannot overcome the mutually constitutive relation between capitalist exploitation and racial violence. Better alternatives must honor black economic life and the wisdom it carries.

In this essay, we apply black studies to financial literacy discourses, particularly to the history of economic rationality and homo economicus, to uncover the implicit racialized claim of black deficiency in critiques of prepaid debit cards like the RushCard. We find that the privileged economic rational subject has historically been constructed against the black as an object (especially in the figure of the slave body), as a target of disproportionately exploitative debt, and as void of rationality. The essay proceeds in four sections. First, we unpack debates about the RushCard that pit financial literacy critiques against Simmons's language of "racial empowerment." We argue against these critiques of Simmons *not* because we think Simmons or his racial empowerment discourses are "correct" but because the critiques miss the reality of the users' black economic life experiences. Second, we outline black economic life, in which racial violence ensures that traditional (white) narratives of economic rationality hold no universality for black people. Next, we explore the historical racialization of the figure of homo economicus in opposition to the objecthood of black bodies and the disproportionate indebtedness of black people within capitalism. In the conclusion, we explore black economic life more deeply, particularly how attempts at financial empowerment can take black economic life seriously.[21]

RushCard and Financial Literacy

Twelve million Americans use some kind of prepaid card.[22] Only a small fraction—about 650,000 people[23]—use the RushCard, but it has become a highly visible, often critiqued financial product because Simmons has framed it as a tool of racial empowerment. While RushCard advertising and Simmons's own comments often use a color-blind rhetoric with euphemisms like "underserved communities,"[24] the fact that the card is for the empowerment of black people is evident when Simmons states that the RushCard is for users immersed in "hip-hop culture," those who match the urban black and brown population of his own upbringing. In an interview in 2004, Simmons argued: "Everything that we do comes from hip-hop culture, which is the expression of people who are struggling. . . . I'm doing something the banks should have done. The banks looked at the people in the face and did not see enough money in their eyes to pay attention to them."[25]

On other occasions, Simmons has commented on the racial implications of empowerment available through the card. After criticism from a black finance professor, Boyce Watkins at Syracuse University, in 2009, Simmons wrote a response to the professor, who posted it on his blog, *African American Money*. The focus on empowerment is evident when Simmons writes, "I have watched with pride the way it has changed the lives of hundreds of thousands of people giving them respect and dignity. It gives underserved communities the tools to get their money right." Simmons even claims that the card is a part of his mission to "make it my job to help relieve the suffering of others whenever possible."[26]

Simmons's rhetorical framing of his for-profit RushCard business as a way to give "respect and dignity" and to "relieve suffering" runs directly counter to the dominant narratives about the exploitative and predatory nature of fringe banking,[27] and critics have been quick to point out Simmons's hypocrisy, situating him as a rational economic subject exploiting other irrational beings, or for David Bukszpan, "pimping Black people for profit."[28] In a 2011 open letter published in the Huffington Post, a "Financial Expert and Economic Commentator," Ryan Mack, implores Simmons to "Stop Selling Your RushCard!"[29] Mack addresses the cost of the RushCard compared with "the typical bank offered debit card." He lists a number of services available for a fee with the RushCard, including activation, ATM withdrawal, and bill payment, and in side-by-side columns claims that the "Typical Bank Card" offers the same services, all for "Free." He concludes, "As you see, there is no *financial reason* for one to choose the RushCard over a typical banking institution which offers debit cards as a part of their services."[30] Like Bukszpan, Mack blames Simmons for "capitalizing" off the black community.[31] But he also aims a paternalistic critique at RushCard users themselves:

> The pre-paid debit card industry has always been an industry that is built upon a lack of knowledge within the community. . . . Those who know the strategies to empower the community have a moral obligation to those, who may not be as knowledgeable, to *fully* inform them. There are other more efficient means to empower those in our communities than pre-paid debit cards and other financially destructive establishments such as check cashing facilities. . . . Making money from ignorance is not the answer. . . . education is the answer and we must provide it.[32]

In making this claim, Mack positions himself and Simmons as fully informed, rational economic agents who understand the workings of capitalism. He then positions RushCard users as ignorant, irrational dupes who use the card because they do not know any better, that is, the financially illiterate. On the one hand, Mack is on to something: contemporary capitalism—characterized by Gilded Age levels of inequality—has enriched a narrow slice of society at the expense of everyone else, and Simmons belongs firmly in the super-rich category.[33] On the other hand, Mack replicates the logic of a rational economic subject, a position presented as universal.

Thus Mack invokes financial literacy education to critique the RushCard. The guiding idea of financial literacy initiatives is that individuals borrow too much, save too little, and use high-cost, fringe banking services instead of traditional banks at least partly due to a lack of financial knowledge. The (nearly) universally valued pursuit of education inflects this discourse, making financial literacy a moral virtue that will, it is assumed, result in greater individual financial health and, in the aggregate, greater financial stability for the nation as a whole.[34] Calls for increased financial literacy education have been a dominant response to the unbanking crisis identified by Baradaran and Servon. In 2003 the Financial Literacy and Education Commission was established in the US Department of the Treasury to actively promote financial literacy education.[35] Corporations are also in on the game. The American Bankers Association and most large banks offer "free" financial literacy materials online. A 2017 survey found that "nearly all the bankers surveyed believe financial education should be mandatory in grades K–12."[36] Financial institutions spend over thirty million dollars a year on financial literacy education. This is dwarfed by the nearly half a billion spent by nonprofits, though many nonprofits are sponsored by financial institutions. In the age of increasing political tribalism, it is rare to find a policy goal so widely supported by business, government, and nonprofit groups alike.

Financial literacy is not without its critics. Some point out that it does not actually lead to better personal financial outcomes for those who receive it or that it seems to be designed specifically to better secure people into circuits of capitalist profit making through the securitization of household payments.[37] In addition, critics have disputed the thesis that a deficiency of financial knowledge is to blame for the increasing financial pressures faced by Americans, citing instead stagnant wages, the flight of banks from lower-income communities, deregulation, and the ascent of aggressive fee-seeking in traditional banks.[38] Still, many "underbanked" households, which are around 20 percent of US households, appear to actively choose fringe services; they have a bank account and still use things like prepaid cards.[39] This state of affairs seems to lend credence to the idea that lack of understanding of personal finance leads people to make irrational financial decisions and financial literacy education could rectify things. However, purely class-based analyses of these phenomena may miss the unique history and experience of black economic life that structure the way black people engage with financial services. In the next section, we describe black economic life and explore how it calls financial literacy logics into question.

On Black Economic Life

Both the trend toward fringe banking services and the call for financial literacy as a solution are more pronounced for black people. Black people are the highest proportional group of the "unbanked" and more likely to use alternatives like check cashers, payday loans, and prepaid debit cards.[40] Indeed, as noted in the work of Baradaran, Cedric Robinson, and Manning Marable, with the antiblack sentiments held by many of the owners of the means of production in the US, the relation between blackness and debt is not surprising.[41] Capitalism in the US, particularly from the position of banks, has never neatly disarticulated class from the country's racial framing. The contemporary push for financial literacy, unsurprisingly then, is imbued with racial emphasis. Indeed, a member of President Barack Obama's Advisory Council on Financial Capability and self-described "advocate for poverty eradication," John Hope Bryant, expresses the financial literacy thesis with explicitly racial language, calling financial literacy "the new civil rights issue for this generation."[42] He writes:

> In good times, when work is easy to find and money flows in, it's easy to not see the foundational flaws in our lifestyles. But when things get tight, it's the financially illiterate that find it hard to adjust. In my opinion, if you don't understand the language of money today, and if you don't have a bank account today, you are nothing more than an economic slave, plain and simple.[43]

Bryant's use of the terms *civil rights* and *slave* connects financial literacy to racial empowerment, suggesting that racial economic inequality can be alleviated through financial literacy attainment. Indeed, Bryant asserts that traditional banking and financial literacy are inseparable and links race and finances in ways that universalize one form of economic rationality.

Yet Simmons's rhetoric of racial empowerment and users' own reports about why they prefer the card seem to run counter to the logic of financial literacy, suggesting an alternative black economic life that may explain the appeal of prepaid debit cards. In a 2004 statement defending the RushCard, representative Craig Marshall said, "We have a number of customers (who can't) walk into a bank and get an account."[44] In addition, he notes that using a bank might require the kind of consumer banking record that many users don't have: "They bounced too many checks, overdrew accounts or defaulted on credit cards and so are completely cut out of the financial system. These individuals are waiting on line at check-cashing (establishments) with no way to pay bills or reserve hotel rooms."[45] Marshall's defense highlights the distance between the ideal world that financial literacy assumes and the available options for the many RushCard users, many of whom live in precisely those communities that traditional banks have fled. In short, Marshall is arguing for the contextual rationality of the RushCard given the actual options available to poor black consumers.

Other research supports this framing as well. In *How the Other Half Banks*, Baradaran paints a stark picture of the options available to poor consumers whom banks have abandoned. She explains that consumers without the excess cash to keep a cushion in their accounts face not only overdraft fees but also potential blacklisting. Overdraft charges are recorded through the ChexSystem database, which banks can use to refuse service.[46] For people who have bank accounts, prepaid cards continue to work even if that account is overdrawn. One respondent to a Pew Charitable Trusts survey told the researchers, "I am already negative in my checking account. So with this I know what I can put on and what I can and cannot use." The Pew researchers suggest that some users choose prepaid cards even if they could use a bank: "Prepaid card users are trying to regain control of their financial lives, chiefly by avoiding debt, fees, and the possibility of spending beyond their means."[47]

In addition, the side-by-side fee calculation Mack gives does not accurately reflect the true cost of so-called free checking accounts. For instance, Wells Fargo's "Everyday Checking" is free if you make ten or more purchases per month, have direct deposits totaling more than $500 per month, have a $1,500 minimum balance or link your account to Campus Debit Card. If you do not meet one of these criteria, you will pay a $10 monthly service fee.[48] And that does not include the most costly feature of "free" checking: overdrafts. In his 2009 defense of the RushCard to Watkins, Simmons makes a calculation eerily similar to Mack's:

> Some people pay a lot to have a bank account. The average US household pays over $340 a year in bank insufficient fund fees. In fact, most of these are paid by members of underserved communities totaling over $1,300 per year per household. I have read that we are somehow trying to take advantage of people by charging high fees. . . . Over half of the RushCard members who use these tools say they save more than $300 a year. 30% say they're saving $600/year. And we're constantly adding new features to help people.[49]

In this quote, Simmons draws attention to the fact that the traditional banking products that most closely resemble the RushCard, the checking account with debit card, are expensive for the particular consumers his card attracts. According to Baradaran, only 28 percent of "free" checking accounts are actually free, and most cost around $150 a year in fees.[50] One third of checking account users overdraft, frequent overdrafters pay on average $450 a year, and total overdraft fee revenue in 2016 was about $15 billion.[51] And while black people make up 11 percent of the US population, they make of 18 percent of checking account users who are charged overdraft fees.[52] Thus the RushCard, which "does not offer a line of credit like credit cards and there are no overdraft fees,"[53] offers an attractive alternative service, contrary to the supposedly rational economic choice, in light of the true cost of traditional banking for black consumers.[54]

Overdraft fees are not just a high cost of bank accounts vis-à-vis the fees charged on the RushCard. They are actually a type of punitive debt that "catches" those consumers who have the least resources. As Servon reports, "Some who lack other sources of funds use overdrafts as a short-term loan . . . [which] can result in cascading bad checks and hundreds of dollars in charges."[55] The result is that the poorest users and proportionally higher rates of minorities end up paying incredibly high rates of interest on overdraft "loans." Thus the traditional bank account is in fact a debt service, and an incredibly expensive one, even if it does not bill itself as such. Prepaid debit cards are a *debt-remote* service, since they do not allow overdraft, do not offer lines of credit, and must be prepaid. In this way also, prepaid cards provide an alternative avenue from the traditional checking account that is advertised as a money management tool but in effect becomes an extravagantly expensive line of credit disproportionately affecting low-income black consumers.

These two characteristics of prepaid cards—their function as an alternative to traditional banks that nevertheless allows customers to engage in the plastic economy, and their noncredit status—do not qualify them as economically rational according to financial literacy, but they do correspond to two important characteristics of the historical relationship between blackness and capitalism. First, black people have historically existed as objects rather than subjects of economic decision-making. Second, black people have also historically been inserted into relationships of disproportionately expensive debt bondage along racial lines. In the next section, we apply black studies to financial literacy discourse to unpack the ways that (white) economic rationality is unavailable to black consumers.

Homo Economicus's Others: Black Objects and Black Debt

One of the financial literacy programs run by the government, Money Smart, is a free "instructor-led curriculum" that can be taught in "a classroom or small group setting."[56] The curriculum covers "deposit and credit services offered by financial institutions, choosing and maintaining a checking account, spending plans, the importance of saving, how to obtain and use credit effectively, and the basics of building or repairing credit."[57] These materials, among many others, display the basic and well-established assumptions of financial literacy education: that individual financial stability requires rational calculations and decision-making. In other words, financial literacy is a normative project to bring individuals into compliance with the simplistic assumptions of economic models, or what James Kwak terms "economism."[58] As such, financial literacy acknowledges and seeks to remediate what behavioral economists have long noted: that models do not match reality because individuals do not act rationally.[59] However, if individuals *can be made* to act rationally, optimal economic outcomes can be achieved. In other words, the purpose of financial literacy is to make each of us a well-functioning and rational "homo economicus," the idealized subject of free market capitalism.

Financial literacy is just the latest narrative to deploy a version of homo economicus as the baseline subject of economic rationality. Although the term is said to have originated only in the nineteenth century in response to the writing of John Stuart Mill, the notion of a "proper" capitalist subject who acts correctly within various models of capitalism is much older.[60] It is also a raced subject. The history of capitalism reveals that the dominant notion of economic rationality is constructed as/in a white subject over and against black bodies both as objects rather than subjects of capitalism and as intense targets of exploitative debt. This racial tension at the heart of economic rationality reveals the racial stakes of calls for financial literacy education of black consumers.

White Subject, Black Object

According to Michel Foucault, the homo economicus of the late twentieth century eschews the early political economic concern of buying and selling one's own labor power—with all its potentially collectivist political implications—for the individualized pursuit of self-interest "as an entrepreneur of himself."[61] Foucault offers as evidence Gary Becker's universalizing idea of "human capital." Homo economicus is he who can solve any social problem by accumulating human capital that produces an earnings stream for the entrepreneur of himself. But this entrepreneurial self-determination is not equally accessible by all raced subjects. According to Denise Ferreira da Silva, the black is not self-determined but "outer-determined," which is to say, always open to being "affected," manipulated by the Western subject for his own benefit.[62] The black, then, functions as one about whom choices are made, not one who makes choices.

Sylvia Wynter provides the most explicit argument of the overrepresentation of homo economicus as white within the Western construct of the human, which she argues cannot be disarticulated from capitalism. Indeed, homo economicus emerges out of the shift from the Renaissance's conceptions of politics and Western Judeo-Christianity as signifiers of the human, what she calls "Man1," to "Man2," or "a figure based on the Western bourgeoisie's model of being human that has been articulated as, since the latter half of the nineteenth century, liberal monohumanism's *homo oeconomicus.*"[63] Likewise, Lisa Tilley argues that Wynter's homo economicus is a revision of a racialized humanness, "formulated within the colonial episteme's Darwinian distortions as divided between the naturally selected (Europeans) and the naturally 'dys-selected' (those racialized as naturally inferiority)."[64] Wynter finds the origins of this shift in humanness in the "colonial matrix of power."[65] In her essay "1492," she argues that Christopher Columbus functioned as a racialized turning point for Europe, one that replaced Western religious conceptions of knowledge, such as the world being flat, with secularized conceptions of the world.[66] Further, Columbus's voyage had as much to do with spreading Christianity and glorifying the Spanish nation as it did with enriching "himself and his family with all the gold and tribute he could extort from the indigenous peoples, even from making some into *cabezas de indios y indias* (heads of Indian men and women), who could be sold as slaves."[67]

Wynter notes that Columbus is often positioned in terms of celebratory American "discovery" in ways that brush over the colonial, nationalistic, and imperialistic implications of his individual financial aspirations and the objectification of black bodies on which those aspirations depended. Walter Mignolo follows Wynter, providing some insight into the racial foundations of homo economicus, particularly connecting it to Western colonialism and imperialism, both of which are inseparable from the post-Columbian context.[68] Mignolo argues that the self-interested optimization that fleshes out the figure of homo economicus assumes coloniality and imperialism.[69] In effect, Western colonial enrichment—at the expense of indigenous racial others of Europe—is already inherent in the "economic rationality" of homo economicus, as it is seen as a financially rational tool of enrichment, rather than a moral wrong.

Elsewhere Wynter claims that the proto-notion of homo economicus that circulated in the sixteenth century underwent important transformations by the nineteenth century. Further removed from Judeo-Christianity, conceptions of economic rationality in the nineteenth century functioned in raced form to articulate both black and indigenous populations in the "New World" as the epitome of economic *irrationality*. Wynter notes that by the nineteenth century, the black slave "would now be made into the physical referent of the ostensibly most racially inferior and non-evolved Other to *Man*, itself redefined as optimally *homo economicus*."[70] The black slave is in effect the defining opposite of homo economicus, that nonbeing who is less than human and/or not human at all. Where homo economicus is self-interested and free to choose—the subject who can fulfill the ultimate human goal of surplus accumulation on his own—the slave is utterly removed from not only this goal but even the possibility of choosing or acting within the construct of the self.

W. E. B. Du Bois suggested the white worker's choice and the black slave's absence of choice were important components of the capitalistic distinction between blackness and whiteness. Du Bois argued white workers always held out hope that "they themselves might also become planters by saving money, by investment, by the power of good luck."[71] Black slaves come into existence not as *exploited*, which is to say "free" to sell their labor (choice), but *expropriated* in ways that mirror the extraction of natural resources.[72] Another way to say this is that the slave, much like the tree or cattle, for Frank Wilderson,[73] is the ground on which human capitalist exploitation stands. Julia Ott's comprehensive review of research on slave capital bears this out: the transatlantic slave trade and slave-based Southern US commodity production created modern capitalism, financing transformations in technology, industry, and economy more thoroughly than any other capital input.[74]

Ian Baucom explains the connection between the objecthood of black slave bodies and the economic rationality of finance.[75] According to Baucom, it was the transatlantic slave trade that birthed the modern financial calculation of value through insurance on slaves. The value of slave bodies as chattel, which could, if circumstances demanded, be cast overboard from a slave ship facing turbulent seas, was guaranteed in advance for the owners of slave ships by insurance policies. The calculation of the cost of that insurance was a foundational form of what Baucom variously terms "actuarial historicism" or "theoretical realism," which are forms of rationality that "ground value in the loss of the singular and the invention of the average."[76] In other words, insurance on slave bodies evacuated their singularity more completely even than enslavement, rendering them placeholders of value, which could be converted into paper money either through exchange or through the exercise of an insurance contract once they were cast overboard. For Baucom, the modern credit economy and finance capitalism itself are founded on the reification of speculative values that the insured transatlantic trade in black slaves inaugurated. In his formulation, it is the white slave trader or actuary who can see through the "thingliness" of the objects of slavery to calculate their speculative value, embodying the "speculative culture of finance capital" that has much in common with the economic rationality invoked in the calculation of the abstract cost of "free" checking accounts, despite their very real lived costs for poor customers.[77]

These dynamics did not end with slavery. The twentieth century is rich with examples of outerdetermined black objecthood within capitalism.[78] The 1939 Federal Housing Authority Underwriting Manual that served as both guide and tool for suburbanization in the US not only ratified the practice of "redlining" whereby neighborhoods of black families were drawn out of mortgage lending, but actually directed homeowners to use racial covenants to prevent black people from moving into their neighborhoods.[79] Both redlining and racial covenants *acted on* black homeowners and potential buyers, making them objects to be circumscribed and excluded. They also prevented black people from becoming privileged subjects of the American mortgage boom, which was built and protected for those consumers who fit within the racialized subject position of homo economicus.

Black as/in Debt

The promotion of financial literacy education to black consumers begins with the assumption that capitalism is a fair economic system and black people simply require inclusion into it. However, research suggests that analyzing capitalism, and Western society as a whole, along lines of inclusion and exclusion provides a limited understanding of the interrelation between blackness and capitalism. Indeed, if we have learned anything from the relationship of the black slave body to the foundation of the US banking industry, capitalism has not excluded the black body but depends on the differential indebtedness of black people, whether as slaves or as free.[80] Prepaid debit cards are one limited response to this larger history of white economic rationality and the differential articulations of black debt.

The black body, as a commodity inseparable from capitalism, holds an "aberrant economic" relationship to the system, ensuring that debt means something different for black people than it does for white.[81] As Michael Dawson argues, "The logics of white supremacy and patriarchy also have to be mediated so that the capitalist economy can function as efficiently as possible," and this mediation often takes the form of debt.[82] The concept of blackness begins by defining the black body as an object (chattel slavery) circulating in the market. Since capitalism is a central process of the production of blackness itself, black people do not solely go into debt, but blackness *is debt*.[83] The West constructed Africa as "lacking history," as outside time. This was a political process, one that involved the West's purposeful erasure and forgetting of Africa. Thus, as Cedric Robinson argues, "by the middle of the nineteenth century, Western civilization, both at the strata of intellectual and scientific thought and that of popular opinion and mythology, had effectively sealed the African past."[84] The sealing of the African past situated European and American colonization and enslavement of Africans and Africa as *benevolent.* Edward Baptist explains that one consistent discussion of many slave owners in North America, along with philosophers, scientists, and politicians, was that the black slave "owed" the West, as slavery benevolently brought the African into history.[85]

Thus the entry of the black into capitalism happened along two connected economic vectors: slaves were a form of property—capital—and therefore a source of profit; but the position of the black was also always already indebted to white benevolence. This dual position, as a source of profit and in debt, continued after abolition as a way to keep black laborers performing the same functions they did as slaves.[86] Baradaran explains that

> without wealth or land, the majority of black southerners turned toward sharecropping arrangement to make a living. . . . Sharecroppers paid for the land, supplies, and tools using credit, and they paid back their debts with their crop yields typically with nothing left to spare. . . . Each plantation become its own system of banking and debt collection.[87]

This situation profited cotton traders, who "could not have been happier with the outcome."[88] The debt relations of sharecropping "ensured perpetual debt and perpetual poverty and a singular focus on cotton production."[89]

In the twentieth and twenty-first centuries, black consumers were no less positioned as sources of profit through their indebtedness. During the FHA-created mortgage boom of the mid-twentieth century, when black people could get a mortgage, they consistently paid more.[90] The built-in government subsidy of FHA mortgage insurance was denied to black homeowners through the practice of redlining.[91] In the 1990s finance companies directly targeted poor African American neighborhoods with high-interest home equity loans, ostensibly so that homeowners could consolidate debt or make home repairs. This practice, dubbed "reverse redlining," often stripped homeowners' equity through fees and multiple refinancings, significantly reducing the largest source of black wealth, home equity.[92]

Additionally, black home buyers are disproportionately targeted with high cost and predatory mortgages. Rugh et al. studied mortgages issued by Wells Fargo in Baltimore from 2000 to 2008 and found that black borrowers on average paid around fifteen thousand dollars more for their mortgages over the life of the loan than their white counterparts of similar credit risk.[93] Black borrowers were also more likely to experience foreclosure, and, significantly, that foreclosure produced a disproportionate reduction of wealth as well.[94] In 2015 Wells Fargo was sued for targeting black people with more exploitative debt. According to the suit, "between 2004 and 2014, African American borrowers were twice as likely to receive high-cost loans when compared with white borrowers with similar credit backgrounds."[95] But these practices not only occurred at Wells Fargo, as Servon explains:

> The Department of Justice has sued mortgage lenders for violating fair-lending laws after discovering patterns of charging African American women higher broker fees than those charged to white males in the same situation. Research conducted by the Federal Reserve showed that African American and Latino applicants are more likely to be offered higher-priced mortgage loans, even after controlling for borrower and loan characteristics. . . . After controlling for individual, credit, and housing characteristics, research showed that African American females were five times more likely to get a subprime mortgage than comparable white male applicants were.[96]

It is no surprise that since the inception of reverse redlining and subprime mortgages in the mid-1990s, the racial wealth gap has widened.[97] Disproportionate wealth extraction from black borrowers delivers disproportionate profit to finance companies and banks who receive payments.[98] Whereas for white borrowers, debt may serve as leverage, as an opportunity to build equity in an asset through comparably low interest rates, for black people it serves as a form of bondage, tying borrowers to difficult-to-pay high-interest rate loans and stripping equity. In short, black homeowners experience debt as disproportionately exploitative and financially devastating in comparison to their white counterparts. Further, such relations call into question the utility of financial literacy education and, instead, speak to a conjuncture in which racial violence structures black people's economic lives.

The promotion of financial literacy to make consumers into a rational homo economicus ignores the relationship between the privileged capitalist subject position and whiteness. It also turns a blind eye to the historical objecthood of black bodies and the ways that black people have long been disproportionate targets of exploitative debt. Therefore, insofar as financial literacy education offers practical advice for how to become economically rational in the fashion of homo economicus, such education requires adherents to achieve a subject position that has in the past been, and in many ways remains, impossible for black people. What's more, it not only tells black consumers to simply "learn" how to be homo economicus but also erases or individualizes all those racialized conditions—the wealth gap, employment discrimination, redlining, reverse redlining, uneven access to education—that make that feat impossible.

Darrick Hamilton and William A. Darity Jr. explain the structural barriers black people face.[99] They argue that the historically constituted racial wealth gap, not lack of financial education, accounts for the use of alternative banking services by black people. They cite evidence that suggests that black households are actually more likely to save than white households and borrow at the same rate as white people when controlling for household income. So, they argue, black people do not fit the image of the profligate financial illiterate. Instead, they write: "The intergenerational racial wealth gap was structurally created and has virtually nothing to do with individual or racialized choices. The source of inequality is structural, not behavioral—intra-family transfers provide some young adults with capital to purchase a wealth-generating asset like a home, a new business or a debt-free college education that will appreciate over a lifetime."[100]

Financial literacy discourses claim the exact opposite of Darrity and Hamilton. For instance, despite the fact that black people have been consistently targeted with subprime lending products, even when they qualify for prime rates, Investopedia.com, the foremost financial education website, declares that "financial illiteracy causes many people to become victims of predatory lending, subprime mortgages, and fraud and high interest rates, potentially resulting in bad credit, bankruptcy or foreclosure."[101] This financially illiterate subject is assumed to be merely a blank subject, waiting to be educated into the ranks of homo economicus. Financial literacy discourse acknowledges no connection between the subprime borrower of the 2000s and the long line of explicitly raced others of homo economicus, from the black slave in the nineteenth century to the indebted sharecropper. Black economic life does.

Conclusion: Taking Black Economic Life Seriously

The figure of homo economicus, who is the exemplar of the economic rationality promoted by financial literacy education, is a capitalist subject position historically constructed in opposition to black objecthood and indebtedness. Black economic life, in contrast, encompasses the lived experience of the racial history of capitalism. Within black economic life, prepaid debit cards may serve not only as vehicles of capitalist exploitation but also as technologies for managing life within that exploitation. Prepaid cards allow black users to avoid traditional banking institutions and practices that have historically objectified and exploited black people. Cards like the RushCard may be more expensive than "free" checking in theory. They also do not report to credit bureaus. But prepaid cards do provide an avenue for a largely black population to engage in a system that has historically approached them as objects or disproportionately profitable debtors.

Prepaid debit cards offer users a measure of control over their objectification and exploitation in capitalism through entry into the plastic economy according to a set fee schedule rather than a complicated system of "gotcha" conditions. In offering an alternative to the traditional bank account, they allow black people to navigate a capitalist system while exercising an actual choice. They are explicitly nondebt instruments, unlike traditional bank cards with their potential for accumulating overdraft fees or credit cards with their potential for accumulating large amounts of high-interest debt. This positions prepaid cards, if not outside, at least out of the center of the defining exploitation of blackness within capitalism. Prepaid cards are a technology that can be used *by* black people while categorically limiting the ways in which *they* can be used. The only comparable alternatives for engaging in the capitalist economy without the potential of being exploited through debt is to use check cashers, money orders, and cash, which carry their own high fees, and the cost of not being able to engage in the modern plastic economy.

That the largely white economic elite considers cards like the RushCard "exploitative" of black people ignores the role of that same white economic elite in the history of racist policymaking, housing covenants, and exploitative lending practices. If one is black, these were never solely racist practices but always racist-economic ones. If one is black, racism and economic exploitation are inseparable, and just because these racist practices are now considered illegal (which is not to say they no longer happen) does not automatically restore black people's faith in traditional banking systems. Thus the RushCard is something created by a black man for black people, not because there are no exploitative elements to it and not because Simmons did not wish to make money with it, but because exploitation does not change the fact that a large population of people need a prepaid card because they are black. The RushCard and other prepaid debit cards provide a limited route through the plastic economy with a knowable form of exploitation offered as a choice and thus as a rare instance of control for black consumers.

In a 2012 article titled "Consumers or Critical Citizens? Financial Literacy Education and Freedom," Chris Arthur argues that "financial literacy education separates the individual as consumer from the individual as citizen and emphasizes the former over the latter," ultimately "delegitimizing collective, political, civic action aimed at achieving greater freedom."[102] In essence, he sees financial literacy as anticollectivist. We would add that the inherently apolitical individualism of financial literacy is specifically at odds with collective antiracism. By individualizing the conditions of economic inequality that are historically and contemporarily racialized and promoting a color-blind solution in financial literacy, the social pathology of racism is obscured.

But we also find that this same history reveals the shape of black economic life, one that seeks true alternatives that allow black people to exercise subjective agency and build a firewall between engaging in the capitalist economy and being targeted with exploitative debt bondage. Mainstream financial literacy asks black consumers to exchange their race-conscious black economic life for a supposedly neutral, historically white, economic rationality, putting them at risk. What's more, financial literacy reinforces the myth of black economic irrationality and the idea that with literacy tools, racial economic disparities will be overcome. Thus policy aimed at promoting financial literacy to black populations will not only be ineffectual but also distract attention from policy initiatives that might actually improve the economic lives of black people.

This point is not merely theoretical, as over $670 million per year is spent by corporations, nonprofits, and the US government for financial literacy education.[103] Our examination of black economic life has implications for how black economic empowerment, as per Simmons's goals, could be achieved. The wisdom of black economic life in seeking subjective agency and avoiding debt should be incorporated into future policy proposals for addressing racial disparities in banking and wealth creation. Those policies would do well to focus on increasing access to and decreasing the cost of nondebt financial services for the poor and minorities and promoting them from within those communities. Instead of attempting to plug black people into traditional lending, policies that promote specifically antipoverty and antiracist lending, such as the work of the Self-Help Credit Union, should also be emphasized.[104]

One recent proposal that has gained support among fringe bank critics is postal banking. Since 2006 the United States Postal Office has struggled to make up a budget shortfall created when Congress legislated that it had to prefund its pension fund (unlike all other government agencies, which do not).[105] Proponents see postal banking—which existed in the US between 1913 and 1968 and remains a norm in other advanced countries—as a way to save the postal service and provide low-cost deposit banking and small loans to poor and minority consumers whom banks have left behind.[106] Senator Kirsten Gillibrand has proposed legislation to make postal banking a reality.[107] If it passes, it is imperative that black economic life be brought to bear on the form and format it takes. For one, in order for postal banking to be an actual choice, it must not be funded or controlled by traditional banks in any way. In the current political era, when lobbyists increasingly influence key legislation, from the Affordable Care Act to the Tax Cuts and Jobs Act, the threat that banks will set themselves up to fund, oversee, or interact with a postal banking system is real. To be a real alternative to traditional and fringe banking, postal banking must remain the sole province of the nonprofit postal service.

Additionally, the small-loan function of any postal banking proposal must be carefully managed. Postal banking offering small loans with underwriting and lower interest rates than predatory payday and title loan lenders is an admirable and desperately needed service. But these loans should never be an automatic feature of having a postal banking deposit account. Prepaid debit cards reflect black economic life because they are fully debt-remote, noncredit instruments. Postal banking accounts must use modern technology to decline charges rather than automatically funding them through lines of credit, as banks do with overdraft "protection."

Finally, acknowledging black economic life is not only about providing agentic choice and protection from exploitative debt. It also reminds us that larger political economic transformation—through increases to the minimum wage and job security—must be pursued, for racial empowerment and economic empowerment cannot be disentangled. These ideas are not new, but only when the supposed magic bullet of financial literacy has been debunked and jettisoned can we face the truth that racial empowerment within contemporary capitalism cannot be achieved simply by plugging black people into traditional banks. It will require the hard, political work of incrementally transforming capitalism itself.

Notes

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