LIKE MANY AMERICANS, my parents believed that they
could count on economic security as long as they made good
choices: work hard, spend thoughtfully, and stay away from
all debt except “good debt”—to buy a house or help your
kids get a college education, for example. They assumed
that people only got into trouble with debt because of bad
choices. But, in the year 2000, my teenage sister Erin devel-
oped a serious eating disorder. My mom called me with the
news that Erin needed inpatient treatment. Her doctors said
that if she did not receive treatment soon, her organs would
shut down, and she would die. Back then, my mom worked
as a waitress, and my dad worked for my grandpa’s vending
machine business—from 5 a.m. to nearly 8 p.m., he would
drive from factory to factory across Grand Rapids, Michi-
gan, filling machines with ham and cheese sandwiches,
Coca-Cola, Mountain Dew, Snickers bars, and Nutty Buddy
Waffer Bars.
To save my sister’s life, my parents had to come up with a lot of money very quickly. They had no time to fight with their medical insurer, who refused to cover the inpatient treatment. Instead, they turned to credit, as do many Americans facing emergencies.

My parents owned their home, and in the year 2000, banks and brokers increasingly encouraged homeowners to take out home equity lines of credit. The first broker they called offered them a prime rate, thirty-year fixed home equity loan, and they hurried to the bank to sign the loan, feeling relieved and grateful. When the broker slid the loan documents across the table, however, the numbers did not match what they had been told over the phone—this new loan carried an adjustable interest rate that could increase at any time. My parents asked about the fixed-rate loan they had been offered, but the broker told them that they did not qualify for that loan after all. Anxious about my sister’s condition and with no time to search for a different lender, they signed the document. My parents hoped for the best, figuring they could refinance a second time if necessary.

Five years later, their interest rate jumped so much that their monthly payments on the loan nearly tripled. They couldn’t refinance, and their income did not stretch far enough to cover the mortgage payments and keep my three younger sisters fed, clothed, and healthy. To make ends meet, they began paying for necessities like groceries with their credit card. That way, they could make enough headway on the mortgage payments to stave off foreclosure. My dad tried to apply for food stamps but was rejected. He told me, “Maybe I just didn’t know how to fill out the forms.” Eventually, unable to keep up with both their mortgage and credit card payments, they turned to bankruptcy. They lost their house, and my dad lost the family vending business.

Filing for bankruptcy humiliated my parents. To them, leaving one’s debt unpaid was not just a financial failure, but a moral failure. Despite the affront to their dignity, my parents acknowledged that bankruptcy was a crucial lifeline. They were able to discharge their debts—no
longer could debt collectors and creditors hound them for repayment, and they wouldn’t have to choose between paying for groceries and paying the phone bill. They had lost all their wealth, but at least they had a chance to start over. My dad started a new vending business, and my mom got a job at a computer lab in an elementary school. Now they could keep the income they earned instead of struggling under the weight of their debts indefinitely.

After fifteen years of studying debt in the United States, I now understand that millions of Americans share a story much like my family’s, except that many are not able to access debt relief and get a fresh start. Most Americans do not end up in debt because of bad choices, but the credit lobby has convinced Congress that households file for bankruptcy strategically and abusively—so (as I’ll explain) Congress made the bankruptcy system complex, confusing, and expensive. As a result, borrowers struggle while financial institutions, creditors, and debt collectors profit. I learned that injustice pervades the American household debt landscape, and I have devoted much of my career to unveiling the ways in which American debt practices and policies violate basic human rights principles. American credit policies promote access to credit and then punish borrowers when things go wrong—creditors can impose fees and interest and then invoke the power of the courts to garnish wages, seize property, and even threaten arrest.

That is not to say that borrowing never leads to opportunities. I graduated law school with over $100,000 in combined undergraduate and law school debt. However, with the opportunities afforded to me by my Harvard degree, I have no trouble making the payments. My sister Brooke, on the other hand, borrowed the same amount to get an English degree from a less prestigious college—much of it through private loans with high interest rates. As a public school teacher in Chicago, she struggles to manage her loan repayments alongside her basic living costs. She has no idea when or if she will be able to pay off her student loans. Debt leads to opportunities for some and oppression for
others. Debt more often creates opportunities for those who already enjoy some degree of privilege, while debt often merely exacerbates financial problems for low-income borrowers, especially for borrowers of color. America’s household debt policies are completely disconnected from the reality of debt.

These days, I teach a law school class called *Debt and Injustice* where I talk with my students about the reality of household debt and the way injustice and inequality pervade American household debt policies. But back in 2005, despite experiencing the problems with debt firsthand, I was far from understanding that American household debt policies were a matter of systemic injustice. That year, as my parents overcame their embarrassment and asked the bankruptcy court to wipe their debts away, I arrived at Harvard Law School as a transfer student from Arizona State Law School. I applied to Harvard with the intention of becoming a law professor who would work toward social justice and respect for human rights. But even though my family had struggled with debt, my admissions essay did not include a single reference to debt; I simply did not think of debt as a justice issue. Instead, I wrote about our criminal (in)justice system.

At Harvard, I planned to fill my schedule with classes on criminal law, constitutional law, and human rights, and I was especially excited to study with Lani Guinier, a civil rights and racial justice expert, embodying the kind of professor, scholar, and advocate I hoped to become. I certainly did not imagine I would ever sign up for a bankruptcy law class. It did not occur to me that debt—especially consumer or household debt—had anything to do with justice or injustice. As far as I knew, debt was a personal problem, but the criminal justice system was a human rights issue.

The truth is that debt has everything to do with human rights. Indeed, debt was a contributing factor to mass incarceration. Even as I packed for my move to Boston, thousands of people in the United States were languishing behind bars because they could not pay a debt.
The US Constitution and human rights obligations prohibit the incarceration of a person simply because they cannot pay a debt, but the American Civil Liberties Union (ACLU) documented thousands of cases in which people ended up in jail because they could not pay a private civil debt.\(^1\) The police and prison system absolutely violate and interfere with the human dignity of millions of Americans—but then, so does debt. Indeed, as the ACLU investigation revealed, the two are inextricably linked.

I might not have understood the connection between debt and injustice, but there was a professor at Harvard who had made this very connection her life’s work: Elizabeth Warren. Like most Americans back then (this was 2005), I didn’t know anything about Elizabeth Warren. My second week at Harvard, I saw an announcement that she would give a lunchtime lecture about the Socratic method—a pedagogical method ubiquitous in law schools that I, at the time, had come to think of as anti-feminist and oppressive. To my surprise, she explained that if we care about equality in the classroom, we should try the Socratic method. If we only rely on volunteers, she said, we’ll most likely hear mostly from the two white guys who love to talk and have been encouraged to do so their whole lives. I left the room buzzing with the excitement of a convert—and right after I got back to my dorm, I emailed Professor Warren to tell her so. She replied right away, inviting me to office hours and assuring me that she always loved to talk with students who were interested in commercial law. I felt a flush of embarrassment—I had no interest in commercial law! There had been a terrible misunderstanding!

Once in her office, and eager to correct the misunderstanding, I launched into my explanation: I wanted to be a law professor who fought for social justice, so I would focus on criminal justice issues—issues of real injustice, I told her, not commercial law. I hoped she would understand—and still help me learn to teach like her. For a long time, Professor Warren just listened. Then she smiled, leaned across the
table, and told me something that would change my life: “If you care about social justice so much, you should really consider teaching bankruptcy and commercial law.” Nearly all the passionate, justice-oriented students go into constitutional or criminal law, she said, leaving the economic issues to be dominated by the right wing. Meanwhile, she said, it’s equally unjust that US economic policies hurt so many Americans—disproportionately women and people of color.

Professor Warren then told me the story that she later told to millions of Americans—first in her books, and then on the campaign trail: The United States’ household debt policies, she explained, have completely ignored the empirical reality. Americans turn to debt in order to survive, and Black and brown Americans disproportionately bear the burdens of debt. Despite this, the credit lobby successfully painted a narrative for Congress that Americans frivolously run up debts as an indulgence. In response to this false portrayal of reckless spenders, policymakers have increasingly erected impediments to debt relief. If it was injustice that I was interested in fighting, Professor Warren argued, then I would find ample injustice and inequality in the household economic system. She didn’t know about my family’s struggle with debt, but she knew that many Americans filed for bankruptcy for reasons just like theirs. She urged me to use my legal education to help get the true story out there: as average households are squeezed by an economy that depends on household debt to function, banks increasingly receive all of the upsides, while shirking any responsibility or consequences for the downsides.

Anyone who has heard Elizabeth Warren speak on the campaign trail knows how persuasive she can be. She convinced me that the US household economic landscape was every bit as important as the criminal justice landscape when it came to issues of liberty, equality, and human dignity. That semester, I switched my schedule to take all her classes and work with her in whatever ways I could—and I came to see that what she said was true: the economic landscape of the US
household was marked by precarity and inequality. Our debt policies, as a nation, were completely disconnected from the empirical reality of debtors. She demonstrated how Congress ignored the reality of struggling households to push through bankruptcy reform that would keep more money in the hands of financial institutions. She shared evidence that households took on debt out of hardship and necessity, and that even when they took on debt to pursue opportunities like new homes or an education, these loans were often unaffordable and even predatory.

Today, Americans hold over $17 trillion in household debt—a new record. An estimated seventy-seven million Americans—35 percent of adults—have at least one debt that has gone to collection. However, most Americans are not frivolously spending on unnecessary goods and services—Americans turn to debt to survive. The US is unique among developed countries in that so many households rely on debt to secure their basic needs. Nearly a third of Americans report that they are either “just getting by” or “finding it difficult to get by.” And when Americans turn to debt for opportunity, it often creates more burdens than benefits. US household debt policy ignores the reality that people resort to debt to survive, and it ignores historic and ongoing discrimination. Rather than face reality, our debt policies rely on myths—the myth that Americans take on debt strategically, the myth that credit yields opportunities for all, and the biggest myth of all, the myth of the free market. As a result, precarity and inequality permeate the US household economic landscape. Policymakers cannot improve household debt policies without discarding these myths and without a new taxonomy of household debt that can help identify just policies for different types of household debt.

In part 1 of this book, I illustrate the reality of household debt in the lives of Americans. I use the term household debt to refer to any debt that human beings incur in the process of helping themselves or their household survive or thrive. I show that many Americans must
take on debt just to survive. I call this debt “survival debt” and demonstrate that it often only increases households’ financial hardships. Then, I show that when Americans take on debt to pursue opportunities (“opportunity debt”), the promised opportunities often do not materialize. I also explain how both survival debt and opportunity debt often qualify as what I call “extractive debt”—debt, often offered on predatory terms, that benefits someone other than the debtor and is substantially likely to harm the debtor. I then describe the injustice and inequality that pervade US household debt practices and policies, from inception to collection.

In part 2, I show how and why US household debt policies ignore the truth about household debt. The United States’ unjust household debt policies purport to stem from “rational” free-market principles, but instead are deeply rooted in myths—that is, collective beliefs—rather than evidence, empiricism, or fact. I identify and dismantle two prominent household debt myths that perpetuate unjust household debt policies: first, the myth that credit leads to equality and prosperity; and second, the myth that people take on debt and file for bankruptcy as a strategic choice rather than out of necessity. I explain that these myths are deeply entrenched in US household debt policies to the extent that they infuse even our basic language around household debt. The consumer credit lobby has induced federal political leaders to redefine the significance—at times, even the definitions—of debt and credit, associating the words debtor and consumer debt with bad choices that deserve punishment. I explain that the intransigence of these myths results from a stubborn adherence to free-market beliefs: to successfully dismantle the household debt myths, we must ultimately understand that the free market itself is a myth.

In part 3, I reimagine what household debt policy might look like if governed by the guiding principle of human dignity rather than the myth of the free market. Using this lens of human dignity—abetted by reparative and abolitionist approaches pioneered by critical race
I argue that policymakers should adopt an abolitionist approach to survival debt and any extractive debt, and a reparative approach to opportunity debt.

Centering human dignity in household debt policymaking requires creativity and imagination. I close the book with some examples of policies, practices, and ideas consistent with an abolitionist approach to survival and extractive debts and a reparative approach to opportunity debt.

While my family successfully navigated what could have been a financial catastrophe, they shouldn’t have had to face such debt simply for my sister’s survival. They, like so many other Americans, should not have been manipulated into taking out a mortgage that they had no hope of repaying. Our existing policies around household debt make it not only possible, but probable, that family after family must go through ordeals like the one my family went through. And, because of the institutional racism embedded in our legal and economic landscape, Black and brown families who are forced into these ordeals will continue to disproportionately suffer the consequences of debt. It is time to discard these unjust debt policies and the myths upon which they are based. We need a new way to think about household debt—one that reflects reality and prioritizes human beings over profit.