

## ***Finance and Inequality***

SOCIOL 392 | Spring 2024

Tues/Thurs 3:30-4:50PM

Parkes Hall 213

### **INSTRUCTOR:**

Kathy Copas (she/her)

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**Office Hours:** Tuesdays, 2-3:30 and by appointment

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### **COURSE DESCRIPTION**

Wealth inequality has increased exponentially since the 1970s, with the bottom 50% of US households holding less than 3% of total wealth according to recent Federal Reserve statistics. With the disappearance of social safety nets and an increase in financialization, more people are turning to credit to make ends meet. Society is both richer than ever before, but it is also more indebted. We are familiar with student loans, 30-year mortgages, and credit cards, but do not overlook apps like Robinhood, Venmo, and BitPay. Finance is more than a tool to make payments and investments; it also plays a role in reproducing and deepening inequality in the US and globally. What impact has financial technology and regulation had on society? What is the future of “fin-tech”? In this course, we will trace financialization in the United States from a business and regulatory perspective. Most importantly, we critically examine the disparate impacts of this new financial capitalism.

### **LEARNING OBJECTIVES**

1. Apply a critical and sociological lens to financial and economic trends.
2. Gain a better understanding of the complex processes of financialization, racial capitalism, and neoliberalism.
3. Identify key regulations that enabled the expansion of credit in the US.
4. Recognize how the topics we discuss in class are evident in our own interactions and communities.
5. Learn to identify and incorporate scholarly work into their own writing.
6. Engage in constructive and respectful discussion with peers and instructors.

## **ASSIGNMENTS & GRADING**

Grading will be scaled to be out of a total of 100 points, meaning that the total points you've earned is equal to the % grade. Below is the breakdown of grading.

**Participation & Engagement = 15%**

**Weekly Reading Quizzes = 16%**

**Discussion Moderation = 9%**

**Midterm Essay = 25%**

**Final Paper = 35%**

## **COURSE REQUIREMENTS**

### ***Participation and Engagement***

Students are expected to attend class with the readings completed. Full participation points are granted to students who actively engage with the readings and in discussions. All readings are available on Canvas or via hyperlinks.

There are 18 class sessions, and you have to attend 15 for the chance to receive full points; each class is worth 1 point. You get three excused absences, no questions asked. If you have reasons to miss more than that, please reach out as early as possible so we can work out remote participation options or discuss withdrawal. The maximum number of absences allowed is 6 (33% of class meetings).

### ***Weekly Quizzes*** (lowest score dropped)

There will be nine quizzes, and your lowest score will be dropped (so if you skip one completely, that is the score that will be dropped). There will generally be three questions. These questions will sometimes be reading check questions and other times, opinion based questions – just pushing you to apply what we've learned to some particular event. These are due Tuesdays at 3PM and worth 2 points each.

### ***Discussion Moderation***

At the start of the quarter, all students will sign up for one class session where they will help me moderate the discussion. This entails preparing 3-5 critical questions that you submit to me by 3PM the day of the class. Then, I will go over lecture like usual, and will open the floor for discussion, and you are expected to help moderate discussion. You can ask the questions you've prepared or respond to others' thoughts and reactions. You should sign up for a session where you're most interested in the reading!

### ***Midterm Essay***

This assignment is based on one created by Eunmi Mun at the University of Illinois, which she calls a "forwards-and-backwards" memo. Your task is to select one of the peer reviewed articles or books from our syllabus and find an article that it cites and then read that article. Then you will find an article that cites the article on the syllabus and

read that one. Then you will write a 5-8 page essay that 1) describes the two other articles 2) discuss whether the “forwards” article properly interpreted the original article and 3) puts all three articles into conversation and how all three tell us something more complex/interesting/general about finance or society. A rubric will be provided. This is due sometime in week 5.

**Final Paper** (30 points for final paper, 5 points for the topic memo)

There are two options for the final paper, both will have their own rubric and particular requirements. During week 8, you will send me a one-page memo with your choice, the topic idea, and a description. Details to come, but the two options are:

- a.) Policy brief
- b.) Analysis of a financial product, service, or event that has impacted society

**Potential Extra Credit** (up to 10% bonus to final paper, i.e., bonus of 3 points to the final grade)

In the last session of class, you are invited to present your final paper, but not required. Those who do can get up to three bonus points in the class. You get one point automatically for doing it but must earn the other 2 points. Notify me when you turn in your topic memo if you are interested.

## **TENTATIVE COURSE SCHEDULE**

### **Week 1: Introduction**

**Thursday, March 28**

- Syllabus overview, introduction to the course, establish goals for the course
- Brief lecture about “what is finance?” and tips for reading academic articles
- Discussion about what you know about credit and debt

### **Week 2: Financialization**

**Tuesday, April 2**

- Davis, Gerald and Suntae Kim. 2015. “Financialization of the Economy” *Annual Review of Sociology* 41:203-221.
- Tomaskovic-Devey, Donald and Ken-Hou Lin. 2011. “Income Dynamics, Economic Rents, and the Financialization of the US Economy.” *American Sociological Review*.

**Thursday, April 4**

- Krippner, Greta. 2011. *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Harvard University Press.
  - Read all of Chapter 2

*Optional Readings:*

- Carruthers, Bruce G. 2022. *The Economy of Promises: Trust, Power, and Credit in America*. Princeton University Press.
  - Chapter 4
- Prechel, Harland. 2021. *Normalized Financial Wrongdoing: How Re-regulating the Markets Created Risks and Fostered Inequality*. Stanford, CA: Stanford University Press.
  - Chapter 2, pages 20-29 and 40-45

**Week 3: Finance Culture and Wall Street**

***Tuesday, April 9***

- Brownstein, Emmalyse. 2023. "Wall Street's loneliness crisis." *Business Insider*, Nov. 23, retrieved Mar. 18, 2024. <https://www.businessinsider.com/how-wall-streets-culture-is-contributing-to-the-loneliness-crisis-2023-11>
  - **AND PICK ONE:**
    - Rivera, Lauren. 2015. *Pedigree: How Elite Students Get Elite Jobs*. Princeton University Press.
      - Conclusion
- OR**
- Ho, Karen. 2009. *Liquidated: An Ethnography of Wall Street*. Duke University Press.
    - Chapter 1

***Thursday, April 11***

- Fligstein, Neil and Adam Goldstein. 2015. "The emergence of a finance culture in American households, 1989–2007." *Socio-Economic Review* 13(3): 575-601.

**Week 4: Housing and Mortgage-Backed Securities**

***Tuesday, April 16***

- Saegert, Susan, Desiree Fields, and Kimberly Libman. 2009. "Deflating the Dream: Radical Risk and Neoliberalization of Homeownership." *Journal of Urban Affairs* 31(3): 297-317.
  - Only read sections "Overselling Homeownership" and "Conclusions"
- Fligstein, Neil. 2021. *The Banks Did It: An Anatomy of the Financial Crisis*. Harvard University Press.
  - Chapter 5

***Optional, but recommended to skim for more background on housing policy:***

- Martin, Isaac William. 2023. "How we Pay to House Each Other" in *Sociology of Housing* eds. McCabe and Rosen. University of Chicago Press.
- Rucks-Ahidiana, Zawadi. 2023. "Housing as Capital: US Policy, Homeownership, and the Racial Wealth Gap" in *Sociology of Housing* eds. McCabe and Rosen. University of Chicago Press.

### **Thursday, April 18**

- Botella, Elena. 2021. "Investment firms aren't buying all the houses. But they are buying the most important ones." *Slate*, June 19, retrieved Mar. 18, 2024.  
<https://slate.com/business/2021/06/blackrock-invitation-houses-investment-firms-real-estate.html>

#### *Optional Reading:*

- Carruthers, Bruce G. 2022. *The Economy of Promises: Trust, Power, and Credit in America*. Princeton University Press.
  - Chapter 7

## **Week 5: Housing and Neighborhoods**

### **Tuesday, April 23**

- Dymski, Gary, Jesus Hernandez, and Lisa Mohanty. 2013. Race, Gender, Power, and the US Subprime Mortgage and Foreclosure Crisis: A Meso Analysis." *Feminist Economics* 19(3): 124-151.

### **Thursday, April 25**

- Taylor, Keeanga-Yamahtta. 2019. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*.
  - Conclusion

#### *Optional Reading:*

- Chakraborty, Arnab. 2013. "Zoning Restrictiveness and Housing Foreclosures: Exploring a New Link to the Subprime Mortgage Crisis." *Housing Policy Debate* 23(2): 431-457.

**Midterm Essay Due: April 28, 5PM**

## **Week 6: Credit, Debt, and Credit Scores**

### ***Tuesday, April 30***

- Lin, Ken-Hou and Megan Tobias Neely. 2020. *Divested: Inequality in the Age of Finance*. Oxford University Press.
  - Chapter 5, American Life in Debt
- Hyman, Louis. 2011. *Debtor Nation: The history of America in Red Ink*. Princeton University Press.
  - Read Ch. 6 – Legitimizing the Credit Infrastructure: Race, Gender, and Credit Access, focus on the section “Surveillance, Computers, and the Fair Credit Reporting Act”

### ***Thursday, May 2***

- Kiviat, Barbara. 2019. “Credit Scoring in the United States.” *Economic Sociology: The European Electronic Newsletter* 21(1): 33-42.
- Faber, Jacob William. 2019. “Segregation and the cost of money: race, poverty, and the prevalence of alternative financial institutions.” *Work in Progress: Sociology on the economy, work and inequality (Blog)*  
<http://www.wipsociology.org/2019/07/24/segregation-and-the-cost-of-money-race-poverty-and-the-prevalence-of-alternative-financial-institutions/#more-1631>

### ***Optional Readings:***

- Nopper, Tamara. “Digital Character in ‘The Scored Society’: FICO, Social Networks, and Competing Measurements of Creditworthiness.” Pp. 178-187 in *Captivating Technology: Race, Carceral Technoscience, and Liberatory Imagination in Everyday Life*, edited by Benjamin Ruha. Durham, NC: Duke University Press.
- Kus, Basak. 2015. “Sociology of Debt: States, Credit Markets, and Indebted Citizens.” *Sociology Compass* 14(2): 212-223.
- Hyman, Louis. 2011. *Debtor Nation: The history of America in Red Ink*. Princeton University Press.
  - Chapter 1

## **Week 7: Student Loans**

### ***Tuesday, May 7***

- Eaton, Charlie. 2022. *Bankers in the Ivory Tower: The Troubling Rise of Financiers in US Higher Education*. Chicago: University of Chicago Press.
  - Chapter 1
- Houle, Jason and Fenaba R. Addo. 2022. *A Dream Defaulted: The Student Loan Crisis Among Black Borrowers*. Harvard Education Press.
  - Foreword and Chapter 1: Missing Race in the Student Debt Debate

### **Thursday, May 9**

- Catherine, Sylvain and Constantine Yannelis. "The Distributional Effects of Student Loan Forgiveness." *Becker Friedman Institute for Economics at University of Chicago Research Brief*. No. 2020-169. [https://bfi.uchicago.edu/wp-content/uploads/2020/12/BFI\\_RB\\_Yannelis\\_120620-1.pdf](https://bfi.uchicago.edu/wp-content/uploads/2020/12/BFI_RB_Yannelis_120620-1.pdf)
- <https://www.ahead-penn.org/research-projects/questioning-calculations>

#### *Optional Reading:*

- Goldrick-Rab, Sara. 2016. *Paying the price: College costs, financial aid, and the betrayal of the American Dream*. University of Chicago Press.
- Martin, Elizabeth C. and Rachel E. Dwyer. "Financial Stress, Race, and Student Debt During the Great Recession." *Social Currents* 8(5): 424-445.

### **Week 8: Global Finance**

#### **Tuesday, May 14**

- Hoang, Kimberly Kay. 2022. *Spiderweb Capitalism: How Global Elites Exploit Frontier Markets*. Princeton University Press.
  - Introduction
  - Ch. 4 – Tax Strategies of Global Elites

#### **Thursday, May 16**

- Surak, Kristin. "Millionaire mobility and the sale of citizenship." *Journal of Ethnic and Migration Studies* 47(1): 166-189.

**Final Paper Topic Due: May 17, 11:59PM**

### **Week 9: Affluence**

#### **Tuesday, May 21**

- Sherman, Rachel. 2019. *Uneasy Street: The Anxieties of Affluence*. Princeton University Press.
- Young, Cristobal. 2017. "If you tax the rich, they won't leave: US data contradicts millionaires' threats." *The Guardian*.

#### **Thursday, May 23**

- Final Paper Presentations (Optional)

### **Week 10**

#### **Tuesday, May 28**

Final Paper Work Day – Office Hours

**Final Paper Due: Thursday, June 6, 5PM**



## UNIVERSITY & COURSE POLICIES

*Extensions and Late Policy:* I will not accept late quizzes since the lowest grade is dropped. Late quizzes (submitted within one week of the due date) can receive half credit. In order to be flexible but also to have respect for my own schedule and boundaries, students are allowed **one** extension per quarter. Students may use this on *either* the midterm or the final. You receive syllabi from all your classes and you can plan this accordingly. Please send me an email at least 24 hours in advance of the due date, and you will be granted an automatic 48 hour extension. Midterm papers that are late will receive a deduction of two points per day late. Final papers that are late will receive a four point deduction per day late and will *not* be accepted after three days. Of course, if you have a documented emergency, reach out as soon as you can for accommodation.

*Communication:* The best way to contact me is via email. I will answer them within 24 hours. I generally avoid replying to email after 5PM.

*Class Discussions:* A critical lens on the reading is not only encouraged in this course, it is a requirement. While I anticipate a healthy discussion, it is nonetheless important to note that no disrespect for any person will be tolerated. Some of the topics that we discuss in this course may challenge closely-held personal, moral, or political beliefs, or may be controversial. I will do my best to create an intellectually vibrant and respectful atmosphere. Please make me aware of any concerns that you may have, and I will do my best to address them.

*Academic Integrity:* Students in this course are required to comply with the policies found in the booklet, "Academic Integrity at Northwestern University: A Basic Guide". All papers submitted for credit in this course must be submitted electronically unless otherwise instructed by the professor. Your written work may be tested for plagiarized content. For details regarding academic integrity at Northwestern or to download the guide, visit:

<https://www.northwestern.edu/provost/policies-procedures/academic-integrity/index.html>

Any form of cheating, including improper use of content generated by artificial intelligence, constitutes a violation of Northwestern's academic integrity policy.

*Resources for Wellness and Mental Health:* Northwestern University is committed to supporting the wellness of our students. Student Affairs has multiple resources to support student wellness and mental health. If you are feeling distressed or overwhelmed, please reach out for help. Students can access confidential resources through the Counseling and Psychological Services (CAPS), Religious and Spiritual Life (RSL) and the Center for Awareness, Response and Education (CARE). All Northwestern students are also eligible to access support at no cost through TimelyCare, a virtual mental health platform that provides counseling, health coaching and 24/7 on-demand services.

Additional information on the resources mentioned above can be found here:

<https://www.northwestern.edu/studentaffairs/timelycare.html>

<https://www.northwestern.edu/counseling/>

<https://www.northwestern.edu/religious-life/>  
<https://www.northwestern.edu/care/>

*Accessibility Statement:* Northwestern University is committed to providing the most accessible learning environment as possible for students with disabilities. Should you anticipate or experience disability-related barriers in the academic setting, please contact AccessibleNU to move forward with the university's established accommodation process (e: [accessiblenu@northwestern.edu](mailto:accessiblenu@northwestern.edu); p: 847-467-5530). If you already have established accommodations with AccessibleNU, please let me know as soon as possible, preferably within the first two weeks of the term, so we can work together to implement your disability accommodations. Disability information, including academic accommodations, is confidential under the Family Educational Rights and Privacy Act. *Class Recordings:* On request, this class or portions of this class will be recorded by the instructor for educational purposes. Your instructor will communicate how members of the class can access the recordings. Portions of the course that contain images, questions or commentary/discussion by students will be edited out of any recordings that are saved beyond the current term.

*Religious Observance Statement:* Northwestern is committed to fostering an academic community respectful and welcoming of persons from all backgrounds. To that end, the policy on academic accommodations for religious holidays stipulates that students will not be penalized for class absences to observe religious holidays. If you will observe a religious holiday during a class meeting, scheduled exam, or assignment deadline, please let me know as soon as possible, preferably within the first two week of class. If exams or assignment deadlines on the syllabus fall on religious holidays you observe, please reach out so that we can discuss that coursework.

*Class Recordings:* This class or portions of this class will be recorded by the instructor for educational purposes. Your instructor will communicate how members of the class can access the recordings. Portions of the course that contain images, questions or commentary/discussion by students will be edited out of any recordings that are saved beyond the current term.

Unauthorized student recording of classroom or other academic activities (including advising sessions or office hours) is prohibited. Unauthorized recording is unethical and may also be a violation of University policy and state law. Students requesting the use of assistive technology as an accommodation should contact AccessibleNU. Unauthorized use of classroom recordings – including distributing or posting them – is also prohibited. Under the University's Copyright Policy, faculty own the copyright to instructional materials – including those resources created specifically for the purposes of instruction, such as syllabi, lectures and lecture notes, and presentations. Students cannot copy, reproduce, display, or distribute these materials. Students who engage in unauthorized recording, unauthorized use of a recording, or unauthorized distribution of instructional materials will be referred to the appropriate University office for follow-up.

*Class Modality and Health:* Class sessions for this course will occur in person. Individual students will not be granted permission to attend remotely except as the result of an Americans with Disabilities Act (ADA) accommodation as determined by AccessibleNU.

Community health remains our priority. If you are experiencing symptoms of COVID-19, do not attend class and follow the steps outlined by the CDC for testing and isolation. Contact your instructor as soon as possible to make plans to complete your coursework.

Students who experience other personal emergencies should contact the instructor as soon as possible to arrange to complete coursework.

Should public health recommendations prevent in-person class from being held on a given day, the instructor or the university will notify students.

***Course Details Subject to Change:*** Please note that the specifics of this course syllabus are subject to change in the case of unforeseen circumstances. Instructors will notify students of any changes as soon as possible. Students will be responsible for abiding by the changes.

### **ACKNOWLEDGMENTS**

This syllabus is based on course content by Davon Norris and Dan Hirschman. Course policies and assignments are based on syllabi from Rebecca Ewert and Eunmi Mun.