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Borrow: The American Way of Debt by Louis Hyman

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authenticity work, Mirchandani shows how national identity management (see Poster 2007, above) endures in different forms. She illustrates the capacity of firms to maintain these practices through re-invention. Furthermore, Mirchandani revisits her sites and her informants over time in her methodology, which provides an enriching understanding of workers' experiences. An employee interviewed in 2007 and again in 2009 reports that her salary has basically stayed the same, increasing only slightly. What these jobs will hold for workers in the long-term is a lingering question explored, for example, by Vira and James in "Building cross-sector careers in India's new service economy? Tracking former call centre agents in the national capital region" (2012) and by James and Vira in "Labour geographies of India's new service economy" (2012).

Third, and most important, what marks this book as unique is the intersectional perspective that considers gender, class, race, and nation in a holistic fashion. These themes run throughout the text. For instance, in Chapter 2 Mirchandani describes how class and regional background work together in these firms to construct employees from southern states of India and nonaffluent backgrounds as "deficient workers" (p. 36). Several chapters highlight the importance of race, ethnicity, and nation in the construction of these jobs. The politics of nationalism, "hate," and ethnocentrism in the backlash to outsourcing from the global north are examined in Chapter 3. The role of abuse by customers is outlined in Chapter 5, along with the way "customer prejudice as a legitimate expression of individual preference is characteristic of neoliberal racism" (p. 113). And while gender is noted in many places in the text, Mirchandani goes beyond the analysis of "women workers" to consider the gendering of work itself. She notes that even though men dominate this work in India, the tasks are feminized through their association with caring and servitude.

Phone Clones is, overall, a delight to read. It draws from a refreshing compilation of ethnographic materials, such as scribbles from workers' notes in training sessions, which are quite revealing of their internalization—and resistance against—the authenticity project. Mirchandani interweaves perspectives from diverse fields and intellectual traditions, engaging both theoretical and empirical sources, to provide a captivating adventure for the audience. This book will be valuable for the classroom, for scholarly research, and for the joy of reading.

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Borrow: The American Way of Debt. By Louis Hyman. New York: Vintage Books, 2012. 304 pp. ISBN 978-0-307-74168-4, $15 (Paperback).

Louis Hyman's lively new book, *Borrow: The American Way of Debt,* traces the emergence and eventual dominance of new forms of consumer credit from approximately 1920 to the present. *Borrow* follows closely on the heels of Hyman's more-academic *Debtor Nation,* published in 2011 by Harvard University Press. *Borrow* shifts Hyman's focus from the changing institutional structure of debt to Americans' perceptions about borrowing. This makes for an engaging book that bridges business and cultural history, describing how businessmen and regulators have approached debt and how individual borrowers have thought about it.

Hyman opens *Borrow* with the story of "Dick" and "Jane" Smith, who "flush with love and short on cash" take out a balloon mortgage only to find themselves unable to refinance when house values plummet (p. 3). The story reads as contemporary, but it occurred during 1932. The ensuing chapters strike a similarly foreboding tone as Hyman describes the unfolding of new forms of debt. A growing list of personal purchases could be financed by borrowing, from cars to houses to durable goods such as appliances, and eventually, almost everything. Installment plans and later rotating credit enabled retailers to tap into larger consumer bases, and the securitization of mortgages and eventually credit card debt, offered lenders access to new pools of capital. Financial instruments such as Collateralized Mortgage Obligations (CMOs) and Mortgage Participation Certificates (PCs) rendered personal debt tradable, connecting individual borrowers with high finance.

Borrow is enriched by colorful anecdotes and images that illustrate the way retailers, government agencies, and credit card companies peddled debt. These examples link business strategy with popular culture. Two particularly memorable magazine advertisements capture the alchemy and magic that attended mortgage securitization even in the 1980s. One bizarre image depicts two gnomes explaining the intricacies of CMOs and PCs to a Freddie Mac executive. The cartoon advertisement reassured readers that "the gnomes of the secondary mortgage market, our omniscient associates" understood these new financial instruments, even if ordinary investors and homeowners did not (p. 182). Another ad from the same period portrayed pipes of money gushing out of suburban homes as mortgages were repackaged into high-yield securities (p. 208).

Borrow's strength lies in its ability to make installment plans, revolving credit, and securitization interesting and accessible, generally without sacrificing rigor. Even as Hyman describes the supernatural rhetoric surrounding securitization, he avoids this language himself, offering simple but not simplistic accounts of how various financial instruments worked in practice. For a general audience or for teaching, Hyman strikes an ideal balance, though occasionally specialist readers may find themselves wanting more on the nuts and bolts of the business of lending. For example, *Borrow* is peppered with intriguing statistics, but it is sometimes difficult to situate these in Hyman's larger story. A few charts showing the growth of personal indebtedness and of the secondary mortgage market over the course of the twentieth century would have made *Borrow* more persuasive without weighing down the text with data. Nonetheless, Hyman's slim book is an admirably clear account of an often dry, technical topic.

Hyman's analysis of consumer borrowing before the twentieth century is somewhat less satisfying than the rest of his account. He begins *Borrow* with a kind of pre-history of debt covering the vast terrain from "2000 B.C.—A.D. 1920" (p. 17). This somewhat scattered overview mentions everything from the Crusades to immigrant lending circles to southern sharecropping. Hyman concludes from this broad survey that debt is old, but that personal debt financed by big business is new. Yet many of the institutions Hyman describes as distinctive in the twentieth century can be found in the nineteenth century and even before. Borrowers made all kinds of purchases on credit, and lenders managed to work around usury laws and even to re-sell their receivables. Hyman might have done well to apply the title of his own introduction, Everything Old Is New Again, to the period before 1920. Still, although *Borrow* sometimes overstates the newness of various financial instruments and institutions, Hyman persuasively shows that both the scale and the scope of personal lending increased dramatically during the twentieth century.

At every turn, *Borrow* offers eerie portents of the recent mortgage crisis, and in the conclusion Hyman addresses it directly. He does not condemn debt and securitization generally, describing them instead as tools that can both precipitate crises and enable economic prosperity. He is pessimistic about reform efforts thus far, writing that many of the "underlying practices that enabled the crisis remain. . . . [Financial instruments and institutions] are largely unchanged, and credit-rating agencies continue to operate unregulated" (p. 250). Ultimately, however, the structure of lending plays only a supporting role in Hyman's explanation of the crisis. He argues that its root causes are economic inequality and income stagnation. The dangerous investments that caused the crisis were enabled by faulty lending practices, but they were also caused by stagnating wages at the bottom of the income distribution and by surplus capital at the top. Workers with declining prospects borrowed to maintain their standard of living, and wealthy investors bought their debt, repackaged into supposedly safe securities. This is a powerful argument that comes late in the book, and tying it more closely to the earlier chapters would have greatly enriched Hyman's account.

Hyman's most important insight may be that securitizing consumer debt has the potential to displace investment in businesses. As he writes, "productivity and profitability are not aligned because financial instruments make it easier to invest in consumer debt than in business debt" (p. 253). To remedy this, Hyman proposes the founding of two new agencies: first, a "Bureau of Business Security" to evaluate businesses "the same way the FHA created standards for houses," and second, "Bobby Mac," a brother agency to Fannie, Freddie, and Ginnie that would securitize business debt. Hyman believes this provocative idea would channel investment to industry, jobs, and entrepreneurship instead of to consumer spending, thus addressing the underlying problem of inequality. But a new round of securitization for an asset class far more diverse (and more intangible) than houses is, if anything, more difficult to swallow after reading *Borrow*. Hyman's description, for example, of the corruption-ridden extension of FHA appraisal practices into inner city neighborhoods raises serious questions about the unintended consequences of establishing a new agency to evaluate business debt. Still, the idea is original and worthy of debate. It would also be a great conversation-starter in the classroom.

Borrow is an engaging and even entertaining book on a timely and important topic. It will be an excellent resource for undergraduate teaching, both because it will bring economics students into history classrooms and because it makes high finance accessible for nonspecialists. This book could also offer a useful historical perspective for any course dealing with the recent financial crisis.

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