

University of Nevada, Reno

Rhetorics of Risk in American Homeownership

A dissertation submitted in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy in English

by

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May, 2012

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THE GRADUATE SCHOOL

We recommend that the dissertation
prepared under our supervision by

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entitled

Rhetorics Of Risk In American Homeownership

be accepted in partial fulfillment of the
requirements for the degree of

DOCTOR OF PHILOSOPHY

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ABSTRACT

Rhetorics of Risk in American Homeownership, taking the post-2007 mortgage crisis and its problematic rhetorics of blame as a motivating exigence, investigates historical and contemporary economic discourses relevant to homeownership, with close attention to rhetorical constructions of risk. Building a theoretical lens that combines insights from rhetorical studies of risk, such as those undertaken by J. Blake Scott, with rhetorical critiques of political economy, such as that offered by James Arnt Aune, I illuminate risk logics as dynamic rhetorical resources that serve, in changing and adaptive ways, to shape notions of future certainty and uncertainty in accordance with the needs of a contemporary neoliberal political economy, where market mentalities infuse all aspects of social life. This lens, which draws on John Poulakos' sophistic notion of *to dynaton* to locate the rhetorical force of risk in its ability to evoke and hierarchize multiple possible futures, aids me in discerning and critiquing risk logics at several sites: the long-standing tradition of American presidential homeownership promotion, where risk-based rhetorical strategies forge oppositional and dissociative relationships between risk, the economy, and homeownership; the rhetorical practices of the mortgage lending industry, where the language of risk evaluates, persuades, and shapes the identities of consumers; the contentious conversations among prominent economists in the years leading up to the crisis, where some analysts attempted to draw attention to incubating risk and others used a variety of risk-negating rhetorical appeals to insist that the market was safe and rational; and finally, the efforts on behalf of financial education so characteristic of post-crisis response, which have rhetorically magnified risks of illiteracy to authorize new initiatives in consumer education, without properly addressing failures of regulation.

Throughout, I argue that risk discourses prompt consumption, authorize deregulation, create paradigms of affordability, and castigate consumers who fail to uphold neoliberalism's expectations of self-governance. By situating *Rhetorics of Risk in American Homeownership* at the intersection of rhetorical risk studies and the rhetorical critique of political economy, I bring together two theoretical traditions that have heretofore worked independently and thus been bereft of the mutually beneficial insights that juxtaposition can present. Just as it extends rhetoric of risk scholarship by investigating the under-explored terrain of risk logics in economics, it extends the rhetorical critique of political economy by drawing attention to risk logics not only as surface features of conversation, but as meaningful in sustaining participation in economic institutions and encouraging the adoption of neoliberal economic worldviews. This study contributes to broader academic conversations on risk by drawing attention to the rhetorical ways that risk logics are produced and maintained: finally, it has pragmatic implications where it presents decision makers with a more fully developed understanding of the persuasive trajectories that inform and influence economic risk decisions in a context like homeownership.

ACKNOWLEDGMENTS

While this project bears only my name, it could not have come to be without the support of many wise advisors, encouraging friends, and loving family members. I first and foremost thank my committee members, all of whom I feel fortunate to have worked with: Dr. Jane Detweiler, Dr. Cathy Chaput, Dr. Don Hardy, Dr. Scott Casper, and Dr. Amy Pason. Graduate school would have been far less rich and rewarding without Jane, my chair: I grew immeasurably as a teacher, an administrator, a dissertation-writer, a job-seeker, and a future scholar through years of her steadfast friendship and thoughtful counsel. I have come to Jane with many a dilemma, and I have never left her presence without new ways to think through the problem, as well as new insights on the broader processes of researching, writing, and learning. I will always strive to carry what Jane has taught me about mentorship to the students of my future. Cathy was equally important in shaping this project, reading every draft and lending her brilliant mind to feedback that helped me solve problems I saw and see ones that I hadn't. Through many conversations—in her office, at coffee, and at her house with her adorable, zen daughter Maddie to provide the occasional welcome distraction—Cathy has consistently challenged me to push myself as a writer and a thinker. To her, I owe whatever is smart in the economic aspects of this project's critique, although of course its weaknesses are wholly my own. Through several seminars, Don introduced me to the linguistic theories and methods that have broadened my ways of thinking about risk; through a challenging but ultimately successful research project, he introduced me to the rewards of writing with a mentor.

I also want to express a profound debt of gratitude to the UNR English Department and the university more broadly. When in 1997 I graduated from a Reno-area high school and departed for college at the University of Oregon, I never expected that eight years later I would return to pursue one advanced degree then stay on for another. Multiple faculty members, some still at Reno and some who have moved on, have cheered and encouraged me, shared knowledge and resources, provided me with opportunities, and expanded my thinking on what it means to be a professional in this field. I will always be proud to be a graduate of the UNR English Department.

During the academic year 2011-2012, I wrote the bulk of this dissertation and completed a successful academic job market search, and it was without a doubt one of the most challenging years of my life. What bore me up through months of seemingly endless stress was hardly my own determination, which often flagged: instead, it was the enduring support of many friends, at least a few of whom I must mention by name. I am indebted to my friends who “Ph.D'd” before me: Dr. David Marquard, Dr. Maureen McBride, Dr. Maura Grady, Dr. Tiffany Threatt Bourelle, and Dr. Sarah Perrault are inspiring professionals and valued mentor-friends whose generosity with insights, advice, and resources I have deeply appreciated. I am grateful to my friend and copy-editor extraordinaire Alissa Surges, whose willingness to proofread for barter improved my chances on the job market as well as my skills at sewing Halloween costumes for dogs.

Finally, I cannot fail to mention my brilliant, encouraging, and witty colleagues in the Ph.D. at UNR: Cassie Hemstrom, Eric Stottlemyer, Zachary Bankston, Jason Ludden, Katie Miller, and especially Meghan Sweeney, my steadfast writing partner who with chitchat, coffee breaks, and bouts of silent typing sustained me through many long days of writing. This crew sympathized, teased, and cheered me on through the intense highs and lows of my dissertation year, and the only thing that lessens my sadness at leaving them is the knowledge that we will always be friends and colleagues in the academic community that we have together worked hard to join.

I am also thankful for the constant support of my family. My grandparents, Leo Hoefer and Eleanor Werner, have been benefactors not only of wise counsel but financial help: I owe much to their generosity, as do the countless others who have benefited from their great support of higher education. I am grateful, too, to my many other family members who are loving mainstays, among them my kind and generous mother-in-law and father-in-law, Christine and Robert Louis Colombini; my sister Amber Broch, her partner Scott Leland, and my beautiful niece Quincy Clementine; my charismatic cousin Christianna Beebout, who lived with me in the early stages of this project, nannied my kids, and kept me laughing with her frequent exhortations to “kick some Ph.D. behind;” my father Michael Broch, who inspires and awes me with his brilliant mind; and most particularly my mother, Debra Broch, who has always been my best friend and greatest supporter. Through this project, she put her extensive knowledge of the mortgage lending industry at my disposal; further, it is largely due to her unselfish help that I have been able to have two children and complete a Ph.D. within the same five years. There is not a day that I do not count myself fortunate to have her as my mother.

Finally, and to end with what is closest to my heart, I thank my husband Mario Colombini and my daughters Scarlett Celeste and Eden Danielle for their support and for the love and joy that they bring to my life. Mario has been my rock throughout this long process, gracefully and without complaint picking up the many responsibilities I let slide as I researched, wrote, and struggled: I am truly fortunate to have such a constant, loving, and generous partner. Scarlett and Eden, my funny, wild, and beautiful girls, were both born during my doctoral studies, and it is to them that I owe the intensity of my drive to accomplish what I set out to, regardless of the challenges. As they grow and change, I see the true value of time and of using it in the most meaningful, fulfilling ways: I hope that this value, along with the boundless love I have for them, will always infuse their lives.

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INTRODUCTION

“You see, of course, if you're not a dunce,
How it went to pieces all at once, —
All at once, and nothing first, —
Just as bubbles do when they burst.”
“*The Deacon's Masterpiece*”
Oliver Wendell Holmes, Sr. (1858)

In *Rhetoric as Currency*, Davis Houck writes that the master metaphor accompanying much talk about the economy is faith. While the notion of faith would seem to suggest unwavering—if blind—conviction, Houck suggests that faith is more accurately conceived of as a rhetorical response to the deep human need for sustenance amidst uncertainty, a balm to soothe cognitive anxiety in the face of a future where anything is possible. Central to many economic discourses is the construction of the future as predictable and knowable; while these constructions sometimes incite uncertainty, they also often work to counter it, instilling in decision-makers the confidence that certain courses of action are more profitable or safe than others. Metaphors of faith in academic discourse, Houck argues, thus exemplify what Kenneth Burke calls “secular prayer” (qtd. in Houck 1), or “*the coaching of an attitude by the use of mimetic and verbal language*” (Burke, *Attitudes Toward History* 322).

The economic context wherein orators and audiences currently “pray” and are catechized is widely held by social analysts and critics to be a unique iteration of global capitalism, one often thought to have gained force in the U.S. in the 1980s, when the resurgence of neoclassical economic thought merged with appeals to the ideals of personal freedom, spreading a new breed of liberal economic thought. Neoliberalism as David Harvey explains it is “the first instance of a theory of political economic practices

that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (*A Brief History* 2).

Associated with the Austrian school and the Mont Pelerin society, and with prominent figures like Milton Friedman and Friederich Hayek, neoliberalism as an economic philosophy casts state intervention as an enemy of individual freedom and market efficiency. It is distinct from but entangled with globalization: neoliberal policies foster globalization, and conversely the desire to globalize in competitive ways makes neoliberal policies more attractive than those that advocate for more regulation (Kotz and McDonough).

The rapid entrenchment of neoliberalism has resulted, to use Harvey’s words, in “the financialization of everything” (*A Brief History* 33). Many critics have argued that it is no longer merely a theory of economics; instead, it has become a form of governance in the sense of what Foucault calls a *governmentality*, a coherent system of mentalities and rationalities that exert powerful influences on the ways that citizens behave and act. Foucault argues that neoliberalism, by locating all human action in the domain of the market, creates the individual as the self-interested *homo economicus*, the rational actor who governs himself at the same time he is “eminently governable,” influenced to think and act in certain ways (*The Birth of Biopolitics* 270). While neoliberalism repudiates state power, its project is not actually to eliminate that power but instead to restructure and redirect it according to market principles. This internal contradiction is one of many cited in critiques of neoliberalism alleging that the practices of neoliberalism, if not the theories behind them, tend to serve an agenda of inequality: as the state retreats from

social support, the vulnerability of already-vulnerable populations and the responsibility put upon them to self-manage increase in tandem (D. Harvey, *A Brief History*). Thus there is significant evidence to suggest that neoliberalism does not advance democracy as it purports to do, but in fact impoverishes it, with mono-dimensional market logics flattening the rich textures of social life.

In important ways, rhetorical critique has engaged the concern that neoliberalism strips citizens of the power to shape the conditions of their own existence, working to discern how it accomplishes such deprivation through persuasion-based means. Wendy Brown, for instance, suggests that neoliberalism erases the distance that liberal democracy maintains between economy and polity by appropriating democracy's discourse and deploying it to shape a citizenry that is self-responsible without being deliberately active—a result particularly visible in the Bush regime and the post-9-11 national security crisis. The characteristics of the post 9-11 world have been similarly exigent, also, where rhetoricians examine the ways that neoliberalism entrenches itself and solidifies its power with recourse to pervasive uncertainty. Catherine Chaput, for instance, argues that fear discourses are essential to global capitalism's exercise of social control; they serve to simultaneously curtail and expand possibility through affective, circulatory rhetorical energies, or what she calls *rhetorical affects* ("Introduction"). The most recent financial crisis—which I, following many other scholars, refer to as the "post-2007 financial crisis"—point clearly at the rhetorical power of fear: as Chaput writes, "Fear discourses work in a paradoxical structure attuned to the changing needs of capitalism such that the American public can be scolded for not saving, overextending its debt, and creating the mortgage crisis at the same time that it is strategically infused with

tax rebates and instructed to spend for fear of lags in consumer indexes” (“Introduction” 14). We begin to see the range of decisional ends to which neoliberalism puts uncertainty.

However, we also may notice a tension between the realization that fear discourses are essential to social control in a market-infused worldview and the recognition that the market itself depends on discourses of confidence to support the conviction that good will come from uncertainty. In his discussion of this tension, William Pfau traces it back to a dichotomy in classical Aristotelian rhetoric, which presents a system of organization for understanding rhetoric in its component parts and functions. Aristotle identifies confidence as the opposite of fear, stating that “what causes it is the opposite of what causes fear; it is, therefore, the expectation associated with a mental picture of the nearness of what keeps us safe and the absence or remoteness of what is terrible: it may be due either to the near presence of what inspires confidence or to the absence of what causes alarm” (*On Rhetoric*). To put it another way, Aristotelian rhetoric locates confidence and fear in both opposition and mutual exclusion: their causes are opposite, and while one is present, the other is not.

Drawing attention to this oppositional pair, Pfau makes the case that a solitary focus on fear sidesteps the issue of unwarranted confidence, which might even more so than fear lie at the heart of some of our most pressing economic problems. While certainly I agree with Pfau that rhetorical analysis must attend as closely to confidence as it does to fear, in this project I work from the perception that in the contemporary economic context, it behooves us to move beyond conceptions that position the two as dichotomous. The essential nature of neoliberalism is to dissolve rhetorical dichotomies, to outmode the mutual exclusivities of presence and absence that an Aristotelian system

of classification would purport to maintain: as Chaput writes, “The neoliberal landscape consists of blurred boundaries that fold into one another: information flows almost instantaneously, commodities and people transgress national boundaries, time accelerates, space collapses, and distinctions between such classic demarcations as agent and subject or politics and economics erode” (“Introduction” 2). An understanding of the neoliberal economies as a space where classical demarcations erode would anticipate, in other words, that the contemporary political economy would make quick work of oppositions, including the one between fear and confidence. It therefore follows that we should not theorize them as set tensely against each other, but instead should seek ways to comprehend them as co-present, interdependent, and even at times indistinguishable, in the process striving to understand a more complex rhetorical interplay.

In this dissertation, I argue that a rhetorical analysis attentive to risk provides a means to approach neoliberalism and analyze its rhetorical entanglement of fear and confidence. Risk is a subject of much academic investigation, as Catherine Althaus argues: her cross-disciplinary literature review testifies to the degree of variation among, and the implicitly context-bound nature of, disciplinary writings on risk, which taken individually tend to reveal “a particular definitional view that is oblivious either to the philosophical debate or to other disciplinary perspectives” (568). However, in taking a broader view of the philosophical debate, Althaus illuminates risk as a concept of inherent polarities and of the spectrums between them: it appears at once “calculable and indeterminate, objective and subjective, visible and invisible, knowable and unknowable, predictable and unpredictable, individual and collective” (Althaus 581). Fear and security is another of risk’s seemingly contradictory polarities: in contemporary usage it is often

associated with fear, and has been treated by some sociological and rhetorically-minded analysts as fear's technical, more scientized equivalent. At the same, some theorists have called attention to the fact that risk in economic contexts retains distinctness from other types of risk insofar as it has strong rhetorical relationships not only with the chance of future harm, but also with the chance of profit or gain (Lupton, *Risk*). These latter perspectives seem to indicate that there is something unique about risk in economic contexts, something worthy of specialized analysis.

Taking a cue from such arguments, I make a case throughout this project that risk's full rhetorical potential is best illuminated by an analysis attentive to its dualistic capacity to encompass both the darker sides and lighter sides of uncertainty. My focus is thus on the rhetorical creation and circulation of what scholars such as Dean Mitchell have called rationalities or logics of risk, terms that consciously reject the objective, scientized sense of *risk* as a singular entity and instead foreground the subjective nature of *risks*, which index various rationalities and represent a range of culturally-constructed, locally-influenced epistemologies. The economic discourses of the contemporary political economy provide a rich context to examine what I will refer to throughout as risk logics; I argue that attending to them helps to illuminate the many ways in which risk serves as a rhetorical resource for capitalism in general, and neoliberalism in particular.

Rhetoricians have engaged in the study of risk logics, the analysis of economic discourses, and the critique of political economy. To my knowledge, however, none have yet combined these agendas into one theoretical orientation with which to undertake analysis and critique. In this dissertation, I attempt to do just that, developing a theoretical schema that is specifically attuned to the situation of neoliberal capitalism and

its ability to rhetorically deploy risk logics to influence decision-making in the service of its ideals. I mount this argument through an examination of the multivalent logics of risk surrounding one particular commodity, the home, and the broader ideal encompassing it, homeownership. The central exigency of my investigation is the sense that the commodity and ideal alike are in a state of crisis.

“Bubble, Bubble, Toil and Trouble”: Homeownership through Boom and Bust

The “American Dream,” first labeled thusly by James Truslow Adams in his 1931 book *Epic of America*, has long been identified with the national ethos of the United States, which Jacob Hacker describes as “a fixed American belief that people who work hard, make good choices, and do right by their families can buy themselves permanent membership in the middle class” (15). Signifying both social and material advancement, the American Dream is evoked in a connection with a wide variety of values, ideals, and endeavors—employment opportunity, fame, and athletics, to name just several—but is perhaps most tightly bound up with one: homeownership. Long equated to a certain gold standard of citizenship, facilitated by government policy and promoted by presidents, various industries, and media endorsement, homeownership over the last century has come in the United States to symbolize social status, long-term security, and economic advancement, representing for many “the ultimate socio-economic accomplishment” (Kiviat, “The Bastardization”). Today, however, the state of the dream is contested, unsettled by the housing boom of the early-to-mid 2000’s and by the deep economic recession that followed its collapse.

The housing boom began near the turn of the century, when prices in many United States housing markets began escalating at rates far exceeding “normal” appreciation. According to statistics provided by the now-defunct Office of Federal Housing Enterprise Oversight (OFHEO), home prices increased approximately 7% between second quarter 2001 and third quarter 2002, three-and-a-half times the more “standard” annual appreciation of 2% that occurred in the comparable post-recession period 1990-1991 (Krainer and Wei). Even this sizable increase, however, does not adequately reflect the unprecedented magnitude of a decade-long upward trend: an analysis of the S&P/Case-Shiller index shows that home prices rose by an astounding 137% from first quarter 1996 to first quarter 2006 (Sanders). At the same time that prices were rising, increasing numbers of people were buying: as early as 2004, the national homeownership rate reached its historical peak at 69%, having increased a notable 3% in just four years (Cannato). Moreover, this number does not account for the many who became speculators in the hot market, adding to their existing real estate holdings by purchasing vacation homes and investment properties with the expectation of selling or renting them for future profit.

Also feeding the growth of the housing market was the expanding availability of ever-more-innovative home mortgages. 100% financing, “no-doc” and “low-doc” loans, and Adjustable Rate Mortgage (ARM) products with low introductory rates and interest-only payments were among the enticing array of non-conventional financing options—what economist Dean Baker since labeled “cowboy financing”—available during the years of housing market expansion (“The Housing Bubble”). Such creative products were readily available to the strong creditors of the prime market; however, for the first time in

history those with weaker credit did not want for options. The subprime market provided a range of innovative options to those with poor credit history or other risk factors that barred them from “prime” loan eligibility; however, subprime loans were more likely than conventional loans to carry above-market interest rates, additional fees, penalties for early loan payoff, and yield-spread premiums, which are often-hidden, supplementary commissions collected by originating lenders or brokers, and paid by the borrower through interest rate. With hindsight informed by the crisis, many subprime loans are now widely understood as unsustainable, predatory, and almost ridiculously risky, but the thriving economy must have assured countless lenders and buyers alike that risk was negligible: mortgages did not need to be sustainable when homes could be sold or refinanced with such ease. Indeed, the message from many prominent rhetors was, essentially, “Buy now, or regret it later.”

Even as housing market growth appeared unstoppable, however, doubts about the sustainability of such rapid growth began to spread. Were housing prices destined for an abrupt and startling drop—was this, in other words, a “bubble”? The metaphor of the bubble—often prefaced by descriptors such as speculative, economic, market, price, or financial—has long been used to describe periods of high-volume market activity, usually where prices are inflated significantly above “intrinsic” or “fundamental” values (Stiglitz, “Symposium”). Bubble events have occurred with fair frequency over the last several centuries, in various economies and around the trading of various commodities, from tulip bulbs to internet start-up stocks (Kindleberger and Aliber). While economists debate the causes and definitions of bubbles, a common view is that bubbles are emotion-driven episodes, characterized by the large-scale spiraling of economic decision-making into

irrationality. This view, probably most commonly associated with Robert Shiller's theory of "irrational exuberance," sees the "irrationality" of bubble activity as standing counter to the rational activity of "normal" markets (*Irrational Exuberance*). Although those who theorize bubbles ascribe to them generalizable and predictable anatomy, they are rarely identified with any unanimity until it is too late, in part because "irrationality" is anathema to belief in the rational, self-correcting market (Kindleberger and Aliber). As this dissertation's fourth chapter demonstrates in the most depth, notions of "rationality" leave significant room for interpretation.

So it was with the housing bubble of the mid-2000s: by 2005, economic discourse surrounding the U.S. housing market had become fiercely contestatory, with some analysts predicting a crash but others employing various metrics and arguments to validate housing market growth as "rational," legitimate, and sustainable. In one 2004 publication, economic researchers Krainer and Wei concede that conditions are suspicious—"At first glance, housing would appear to be just the type of market that is susceptible to systematic mispricings"—but conclude that rising housing prices are only slightly out of equilibrium and that there is no cause for concern (1). In another, McCarthy and Peach analyze national trends to argue that strong market fundamentals justify rapid growth and belie the presence of a bubble: "As for the likelihood of a severe drop in home prices, our examination of historical national home prices finds no basis for concern" (2). Analysts circulated the same rhetorics of reassurance in the popular news media: in an August 2005 appearance on CBS News' *Face the Nation*, Columbia Business School Dean Glenn Hubbard acknowledged a "great deal of froth in housing markets" but opined that a while slowing growth was possible, a collapse was not. Co-

presenter Robert Reich, noting the persistence of historically low interest rates, agreed: “I don’t think it’s going to be a national calamity” (“CBS News”).

However, despite the prolific expert “disproof” of the time, the overwhelming evidence now is that there was indeed a bubble in housing; and bubbles, by nature, burst. This one “imploded,” as popular terminology had it, with home values and real estate sales in various markets peaking through 2006 and 2007 and then entering rapid free-fall. Between fourth quarter 2005 and first quarter 2006, median prices nationwide plunged 3.3%; by the end of 2007, they had fallen by 15% on average, and as much as 20% in some peak markets (Baker, “The Housing Bubble”). Mortgage default rates skyrocketed, and short sales and home foreclosures became pandemic. Initially labeled the “subprime crisis” and conjectured by some to be contained in the subprime loan sector or in geographical markets like California, the ensuing crisis—which came to be known, among other labels, as “the mortgage mess”—soon proved it was not bounded by state lines or market sector divisions, prompting *Calculated Risk* blogger Doris Dungey’s widely-circulated catch phrase, “We’re All Subprime Now.” By the first quarter of 2008, foreclosures were occurring at a rate of 2.8 million annually, nearly 60% of the existing home sale rate in the same quarter (Baker, “The Housing Bubble”).

Taking Attribution as Impetus for Analysis

Financial bubbles and crashes are fairly common in American and global economies—Kindleberger and Aliber call them “hardy perennials.” While the cyclical nature of economic crises would seem a reassurance that economies recover from even the most harrowing plummets, there is a strong feeling in many quarters that this

particular bubble has had and will continue to have devastating implications for homeownership and its place in the American national mythos. A 2008 *United for a Fair Economy* report articulates this sense: “Homeownership is at the foundation of the American dream, and this foundation has crumbled under the crash of the subprime mortgage market” (Rivera et al 1). Before and during the bubble, appeals to the American dream were frequently deployed to authorize the single-minded pursuit of homeownership and the acquisition of real estate at any mortgage-debt related cost: in consequence, “the Dream” seems to have become rhetorically tarnished by the same pursuit’s devastating outcomes.

While it remains to be seen if the post-2007 crisis will have real, long-lasting implications for American homeownership, certainly at the very least it has prompted reassessment of what we knew and what we know, what we believed and what we continue to believe, about it. This dissertation advocates for the role of rhetorical theory and analysis in the work of reassessment. Post-crisis forensic debate has brought into question everything from the future role of homeownership in our national and cultural imagination, to who is eligible for homeownership and how we determine that eligibility, to how we understand and construct homeownership’s inherent benefits and risks, to deeply-rooted beliefs about the role of government and the function of the economy. Robert Samuelson, for example, wrote in a post-crisis *Newsweek* column that the U.S. should revise its long-standing national commitment to the expansion of homeownership and rethink the idea that it should be something to which all have access: “The relentless promotion of homeownership as the embodiment of the American dream has outlived its usefulness...we let a sensible goal become a foolish fetish. Not everyone can become a

homeowner.” Such forensic rhetoric, often geared at assessing how that “sensible goal” became a “foolish fetish” and through whose mistakes, suffuse the bubble’s aftermath, creating a debate that is not only a rich site for rhetorical analysis but a context ripe for rhetorical intervention.

A rhetorical analysis benefits from foregrounding attention not only to the material outcomes of economic bubbles, but to their socially constructed nature. Mitchell Abolafia and Martin Kilduff, who argued in 1988 for a view of market bubbles as socially constructed, suggest that the presence of contestatory forensic rhetoric represents a predictable stage of bubble development. They reframe mania, distress, and panic, the common stages associated with an “emotional” theory of bubbles, as a parallel cycle of strategic, competitive interactions amongst market participants: action, attribution, and regulatory reaction. Visible within the attribution stage are the “compulsive sense making” efforts triggered by intense post-collapse uncertainty; this stage thus draws attention to the post-bubble production of “a rhetoric of blaming” that grows more and more furious as distress devolves into panic (181).

Certainly the concept of attribution is useful in thinking about the aftermath of the post-2007 crisis, where attributive rhetoric has pointed to decisions made at a variety of levels (governmental, institutional, social, individual) by a variety of agents (presidents and policy-makers, bankers and brokers, realtors, economic experts, pundits, speculators, and homeowners), acting from a variety of motivations and states of knowledge (greed, naiveté, ignorance, obliviousness), producing what Robert Kuttner, in a column written in the last days of the 2008 election, labeled a “battle of the narratives about the economy.” As time passes, attribution continues in more systematic ways: in 2009, for instance, the

Obama administration appointed a ten-member Federal Crisis Inquiry Commission (the FCIC) to “determine what happened and how it happened so that we could understand why it happened” (U.S. Financial Crisis xv). The FCIC’s 662-page report, released to much media notice in January 2011, locates blame for an “avoidable” crisis with “widespread failures in financial regulation and supervision” (xviii), “dramatic failures of corporate governance and risk management” (xviii), “excessive borrowing, risky investments, and lack of transparency” (xix), “a systemic breakdown in accountability and ethics” (xxii), “collapsing mortgage-lending standards and mortgage securitization” (xxiii), and other causes as well. Amidst the bewildering storm of highly partisan accusations, few if any involved parties have escaped some measure of attribution for the crisis, though politicized philosophies continue to circulate different perspectives on how much blame belongs to whom.

It is clear that attribution is an intensely rhetorical event. Yet few scholars have undertaken to substantiate or challenge the attributive claims of the post-2007 crisis through sustained rhetorical analysis. It is particularly crucial to remedy this lack of critical attention, I argue, because the persuasiveness of crisis explanations tends to be linked to the power of the worldviews that underlie them: to use the words of Abolafia and Kilduff, while “all participants are sense makers, not all are equally effective shapers of reality” (181). Certain dominant explanations that emerged in the early days of the crisis continue to hold sway, among them that large numbers of citizens made “irrational” home-buying decisions and then failed to cope with the consequences in socially and economically acceptable ways. This “blame the consumer” mentality was most pernicious in the early days of the “subprime crisis,” where the vilification of subprime

borrowers was pervasive: even the popular television show *Saturday Night Live* jumped on the bandwagon, caricaturing subprime loan holders as slovenly, greedy, and lower class.¹ It persists, albeit in more subtle ways, with the oft-repeated conjecture that American financial literacy is in a state of catastrophic inadequacy, and that had Americans on the whole been smarter, the crisis would never have happened.

The rhetorical problems of irrationality are a central focus of this dissertation. In this particular set of attributive claims, ideas about irrationality are bound up with at least two problematic presumptions: first, that individuals had unfettered and equal access to information about the full range of potential consequences to their home-buying decisions; and second, that expert rhetorics exhorting citizens to buy—and indeed, to buy with “risky mortgages”—were either not present or not persuasive during the bubble. Both of these presumptions are false, and I thus attempt throughout this dissertation to draw critical attention both to inadequacies of information and to the persuasive rhetorical influences that created, contributed to, and supported those inadequacies. Throughout, I focus on what might be considered “sites of attribution,” attending to economic orators and discourses that either make attributive claims or are the subject of them. I am particularly interested in the rhetorics of blame that prove fraught, and those that conversely emerge as viable, when the economic discourses surrounding homeownership are investigated through a rhetorical theoretical lens oriented toward a critique of neoliberalism.

As earlier noted, I further focus by orienting my analysis specifically to risk logics. Risk is by no means an arbitrary choice; to discern rhetorical relationships between homeownership and risk is to discover some key decisional influences that led to

the crisis. Where countless scholars recognize that homeownership has long been promoted as a no-risk or low-risk enterprise, my goal is to develop a more complex understanding of how risks, or absences thereof, have been rhetorically constructed to exhort buyers to engage in homeownership and to make the very decisions so questionable in retrospect: to take out a subprime loan or 100% financing on a severely overpriced house, for instance, or to purchase multiple properties with plans to “flip” them for profit.

In so channeling my analytical attention, I am particularly compelled by the charges made by countless geographers, urban scholars, and sociologists that the post-2007 crisis was not merely a financial crisis, but a crisis of social justice. This “noneconomist” perspective emphasizes what the economics institution tends not to: that race and class were indeed factors in subprime lending, and they have indeed been relevant to the way the crisis has allocated its consequences (Dymski et al.). I am perhaps most concerned by the assertion that early forms of mortgage lending discrimination like redlining were not eradicated but merely replaced by subprime mortgage lending, which disproportionately exploited minority and female borrowers during the boom and disproportionately devastated them afterwards (Dymski et al.). Yet, in a clear illustration of the slippage between “at-risk” and “risk-posing” that risk theorists, including rhetoricians like J. Blake Scott, have identified, these borrowers have also been chastised in the attributive aftermath as greedy, improvident, or financially illiterate (*Risky Rhetoric*). In fact, charges of incompetence have been extended, by the grace of neoliberal argumentation, to all who suffered from the housing market’s downfall. In addition to the interesting things it does with risk, such censure discourages cultural

memory of the extent to which the mortgaged home has been promoted as a means of self-help, a fulfillment of American ideals, and a demonstration of financial capacity—memory I attempt to reinstate. Thus one goal of this dissertation is to contribute a rhetorical voice to the defense of social justice by examining how homeownership evolved to its current state in an increasingly neoliberal context, within the purview and with the full support of a worldview that now seeks to reinvent history by chastising those who bought into it.

In multiple ways, then, the bubble and ensuing crisis provide this project with pressing exigence—what Lloyd Bitzer, in his seminal article on the rhetorical situation, defines as “imperfection marked by urgency”—to interrogate common beliefs about homeownership and analyze how those beliefs have been produced and sustained rhetorically, what they entail, and to whose benefit and at what cost (221).

Rhetoricizing the Construct of the Bubble

A rhetorical analysis must begin with a clear conception of rhetoric, which has been defined in myriad ways throughout history, from Aristotle’s claim that rhetoric is “the faculty of discovering in any particular case all of the available means of persuasion,” to I. A. Richards’ argument that “Rhetoric is the study of misunderstandings and their remedies,” to Gerald Hauser’s definition of rhetoric as “communication that attempts to coordinate social action.” Given this definitional malleability, how might rhetoric most fruitfully be defined in relationship to the material and rhetorical exigences of the housing bubble?

Existing rhetorical approaches to the housing crisis offer several answers to consider. John M. Murphy, for instance, has recently foregrounded the role of rhetoric in the post-crisis attempts to evaluate responsibility and assign blame. He argues that while the factors that contributed to the mortgage crisis are real and possessed of intrinsic material meaning, they are also imbued with symbolic meaning by rhetoric as Thomas B. Farrell defines it, as “the art of ‘making things matter’” (“Sizing Things Up;” qtd. in J. Murphy 303). Murphy writes that against the backdrop of a quickly-collapsing economy, rhetoric in the early days of the financial crisis served multiple roles: it “focused national attention, gave reasons for the problems, and structured the choices we faced in light of those issues” (304). Landmark events in the housing bubble’s implosion, like the 2008 failure of Bear Stearns, essentially served as exigence for rhetors to “make things matter” by constructing unique versions of American political economy that would appeal to different polities.

For Murphy, defining rhetoric as the art of making things matter “also makes of rhetoric a weighty matter; that is, it gives to rhetoric’s study theoretical heft and a clear focus” (303). While this definition certainly underscores the role of rhetoric in attribution, I suggest that it may also unintentionally limit rhetoric as a means of analysis by confining its relevance to the attributive stage. As Abolafia and Kilduff’s schema suggests, attribution is one moment or coherent series of moments in the lifespan of a longer economic event, which evolves and unfolds across several stages. Arguably for rhetoric to elevate certain polities at a time of crisis, those polities must have prior existence; for crisis responses to find resonance with audiences, they must jive with available epistemologies and worldviews. In essence, to conceive of rhetoric as a means

of “making things matter” could foreclose attention to the rhetorically constructed nature of the “things” themselves, discouraging the analyst from looking for meaningful links between rhetorics of crisis response and the rhetorics of crisis construction that came earlier.

I find more relevant to this project, thus, rhetorical approaches that foreground consideration of the lifespan of economic bubbles, the stages that comprise them, and the life that rhetoric takes on throughout. Abolafia and Kilduff argue that emotion-based definitions of economic bubbles tend to divorce bubbles from their social and organizational contexts, de-emphasizing the recognition that markets are comprised of participants who act with political purpose, struggle for power, and deploy and are influenced by persuasion. Following Abolafia and Kilduff, Goodnight and Green offer a theory of bubbles as social and rhetorical constructs enmeshed with beliefs and opinions, invoked with strategic and persuasive intent, and embedded in institutional structures. They propose viewing bubbles through their lifespans as *rhetorical movements*, comprised of multiple interlocking rhetorical trajectories in a “blended risk culture” (117). In an echo of the mimetic component of Burke’s “secular prayer” (*Attitudes Toward History*), they emphasize the rhetorical concept of *mimesis* as a means of understanding creative imitation in an economic bubble, where “[e]conomic actors interweave discursive and material practices, thereby shaping and becoming shaped by a mimetic spiral” (Goodnight and Green 116). In this dissertation, the conception of bubbles as rhetorical movements facilitates a focus on the dynamic, circulatory, and powerful trajectories of persuasion that exert decisional force prior to a bubble, through its lifespan, and in ongoing ways afterwards.

Rhetorical Trajectories of Risk

As I have already indicated, the rhetorical trajectories that I take as the most relevant are those pertaining to risk. While much of the extensive academic interest in risk has been devoted to physical and environmental hazard, neoliberalism's capacity to infuse social life with market rationalities elevates the importance of academic attention to market risk, and to what I insist are its unique rhetorical qualities. As I argue in Chapter One, the social infusion of market rationalities and specifically market *risk* rationalities imbues much of what we do with the sense of calculable probability that financial and other "scientized" forms of risk rhetorically convey. Further, this infusion amplifies and extends the capacity of economic risk to influence decision-making by simultaneously indexing alternate futures: that which one hopes to gain by engaging in a decision or action marked as a risk, and that which one stands to lose should the gambit fail. Conceptually, the notion of risk reflects recognition of consequence: rhetorically, it influences decision making by constructing and assigning value to competing futures, pitting desirable courses of action against ones which should be avoided. Thus my analysis is grounded in the assertion that understanding risk is not only about understanding negative consequences as they are rhetorically constructed, but also about examining specifically *how* consequences are posed and what desired outcomes they empower and disempower through juxtaposition.

It is worth noting at the outset of this analysis that the "no-risk" logics of homeownership exceed anything supported by research. Certainly much academic inquiry, particularly from the mid-twentieth century on, has supported the claim of

homeownership as an economically and socially beneficial enterprise; however, few studies have acknowledged that there are also potential negative consequences, and many have exaggerated the benefits (Dietz and Haurin).² Much of the econometric research published prior to 1990 fails to control for selection bias, statistically collapsing individual borrower tendencies with loan performance (Ding et al.). More recent studies that do control for selection bias actually find fewer and less significant benefits attached to homeownership (Gramlich).³ Further, as Edward Gramlich points out, many conclusions about the benefits of homeownership prior to the post-2007 crisis were based on past trends of job stability and economic growth, as well as the characteristics of a pre-subprime mortgage market, making them questionable reflections of the situation that gave rise to the bubble. “Putting all of this together,” Gramlich argues, “one can still make a solid empirical case that homeownership carries great benefits for households, but the empirical case is weaker than is commonly believed” (60). Yet such academic debates have little interfered with the tendency of homeownership advocates to valorize homeownership for its many benefits while downplaying or ignoring its potential risks.

As the chapters of this project demonstrate, the cultural logics that construct homeownership as a secure, highly beneficial enterprise are produced and circulated within a variety of discursive spheres relevant to homeownership. Within these spheres, such logics meld and fuse with other cultural and economic risk logics to drive deliberation by evoking the future in ways fostered and supported by neoliberalism, and by the financialization of homeownership that followed the rise of the secondary mortgage market. They persist, for instance, in the pro-homeownership strategies that have been a century-long staple for American presidents, and that illustrate some of the

material and rhetorical dynamics through which the home became culturally commodified as a means of making profit. Within mortgage lending, they enmesh with logics of finance capital: homebuyers and their purchases are evaluated as risks by mortgage lenders in ways that, particularly during the years of the bubble, were particularly contingent on the notion of homeownership as invulnerable to economic fluctuation. After 2003, as some economic analysts began to raise the possibility of a housing bubble, free market defenders wedded the notion of the home as a “special” commodity to other appeals, manufacturing risk logics that negated or minimized trouble in the housing market to construct a rhetoric of reassurance. In the wake of the crisis, risk logics continue to drive policy, with one example found in the ways that the risk of widespread financial illiteracy authorizes ongoing government and institutional action. The risk logics of homeownership form a powerful set of “rhetorical affects,” rhetorical energies that through persuasive, nearly physical forces inspire behavior and decisions on courses of action, even in the face of information that would seem contrary (“Introduction”).

Constructing and Conducting a Risk-Sensitive Rhetorical Analysis

This dissertation is a forensic rhetorical analysis in the sense that it is concerned with the past: I look back at a series of economic discourses, which I define broadly as conversations around homeownership as an economic activity, and examine the ways that they forge and promote various rhetorical relationships between risk, the home, and home financing. In taking attribution as a central exigence, I am also interested in epideictic rhetoric; further, in looking to prompt consideration of the ways that past and present rhetorics will drive future policy, I am also vitally concerned with deliberation. At the

heart of my approach is recognition of rhetoric's decisional nature. As Hauser notes, "In the human world, people have choices; they alter the course of affairs by the decisions they make. Rhetoric comes into play precisely because choices are advised and decisions coordinated through language" (7). Decisions made during an economic bubble are decisions made in hope or belief about a certain future: for example, Zhou and Sornette argue that "[d]uring a housing price bubble, homebuyers think that a home that they would normally consider too expensive for them is now an acceptable purchase because they will be compensated by significant further price increases" (5). To restate this using the language of risk, buyers perceive that the risk of exceeding their calculated debt capacity is mediated or nullified by the return they can expect in the future. While certainly this attitude toward the future is typical of bubbles involving other commodities, I argue that certain persuasive, permeating rhetorics about the nature of the home also infuse decisions to save less, buy sooner, and buy more.

To accomplish this analysis, I build a definition of rhetoric beginning with the conception of bubbles as rhetorical constructs comprised of rhetorical trajectories, the most salient of which pertain to risk's role in the negotiation of future uncertainty. My argument, in brief, is that a) a new rhetorical theoretical lens is needed to account for the full range of risk's persuasive trajectories in economics discourses, b) when used, this lens illuminates risk logics in the governmental, institutional, and public rhetorical treatments of homeownership in America, c) such trajectories have hierarchizing power and are thus in need of critique, and d) failure to be appropriately critical can be counted among the factors contributing to the crisis and, if not remedied, may undermine

stabilization attempts going forward. The research questions that drive this project include these:

- How can rhetoric account for the persuasive capacities of risk in a neoliberal political economy? What models for analyzing risk does rhetoric provide? How might a new theoretical lens which foregrounds the sophistic notion of *to dynaton*, the possible, expand understanding of risk in contexts like homeownership, where positive outcomes have tended to be valorized and negative outcomes downplayed?
- How has homeownership been advanced and defended through government intervention and its rhetorical risk logics, through industry practices and their rhetorical risk logics, through economic conversations and their rhetorical risk logics, and through the production of rhetorical relationships between risks and financial literacies? What risk logics are produced and how in these contexts?
- How might the results of an analysis driven by these questions inform rhetorical understandings of risk as a dynamic resource for persuasion? What do the results suggest for homeownership in America and for rhetorical studies themselves?

Chapter Overview

As homeownership and its risk logics are deeply enmeshed in the economy, the rhetorical conversations concerned with risk and economics are obvious starting places for this project. Chapter One reviews the literatures of two rhetorical theoretical conversations to construct a critical theoretical lens sensitive to the power and dynamism of risk logics, particularly as they relate to a neoliberal political economy. I juxtapose

their shared premises to identify gaps, including inability to account for the full spectrum of economic risk's decisional implications. Ultimately, I reposition rhetorical contingency with respect to risk's entanglement with speculation, looking to sophistic rhetoric and specifically John Poulakos' theorization of *to dynaton*, the possible, to propose a theoretical lens that accounts for the complex persuasive trajectories of risk that rely on evoking both avoidance of potential loss and hope of potential gain.

In Chapter Two, I use this lens to analyze the presidential promotion of homeownership from the early twentieth through the early twenty-first centuries. From Herbert Hoover's 1931 Conference on Home Building and Home Ownership to George W. Bush's promotion of the "ownership society," I examine the speeches and strategies of four presidents—Hoover, Johnson, Clinton, and Bush—to discern the risk logics that promote homeownership and support the recognition of certain risks over others. Findings support assertions from housing scholars that homeownership has largely been promoted as a no-or-low-risk endeavor, but extend this assertion by showing *how* that promotion is accomplished through the rhetorical deployment of risk logics that separate homeownership *from* and set it in opposition *to* risk through the evolution of an increasingly financialized housing market.

Chapter Three, which takes up Dale Cyphert's call to explore the "rhetoricity" of enterprise, looks to several specific mortgage lending practices that are materially and rhetorically concerned with the construction of risk. This analysis upholds the mutual benefit of approaching commercial or corporate practices through the lens of rhetorical theory, and demonstrates that such a project must include an ethical critique. The exigence of the housing crisis with its material outcomes affirms the need for analysis

and critique of power, particularly as it has been structured by the policies and rhetorics of free market economics. Where critical geographers have offered vocabulary to theorize the entangled “risk shifts” triggered by the financialization of the American mortgage industry, I offer an additional “risk shift,” the rhetoricization of risk, which draws attention to the proliferation of persuasive opportunity that accompanies the diversification of mortgage markets under neoliberalism (Hacker).

In Chapter Four, I analyze what McCloskey calls “economic conversations,” focusing on the interchanges among economic analysts that, unfolding through the early and mid-2000s, debated the possibility of a bubble in the housing market (*The Rhetoric*). I approach “bubble denial” as a defense of the free market that makes certain rhetorical strategies of economic analysis visible for critique. My analysis not only upholds the presence of what James Arnt Aune calls the “rhetoric of economic correctness” but extends the concept by illuminating the risk-based rhetorical strategies that neoliberalism makes use of as it entrenches and defends itself in the face of perceived attack. Drawing on the “risk/no risk dualism” offered by rhetoricians Hervè Corvellec and Åsa Boholm, I parse out the ways that the allegation of risk in housing markets is not only constructed but *de*-structured— mitigated or dismissed, neutralized or contained—to identify the highly epideictic discourses that both insist upon faith in the unregulated market as a social norm and castigate those whose faith appears to falter.

Finally, Chapter Five examines discourses of financial literacy as they are specifically entangled with homeownership, approaching them as rhetorical trajectories that notably change track with the crisis. A brief look at how homeownership promotion prior to the bubble collapsed market participation with literacy sets up the contrast with

crisis responses, which emphasize “bad homeownership decisions” and the financial ignorance of buyers who bought at the height of the market with the help of innovative loan products. My analysis bears out the concern expressed by critics of political economy that financial literacy comprises a set of deeply neoliberal discourses that, in locating responsibility for consequence management with individual consumers, tends to distract from or diminish the importance of regulatory oversight. I unveil the risk-based rhetorical strategies that such discourses draw on to blame and castigate consumers; I then conclude by discussing the importance of rhetorical intervention in these attributive conversations.

Motivations & Implications

This dissertation draws from and thus has reciprocal significance for several disciplinary conversations and subfields of study. First and foremost, I aim to help rhetoricians expand the viable sphere of risk studies beyond technical and environmental hazard to economic contexts. In examining the rhetorical practices of home lending and purchasing, I hope to develop rhetoric’s understandings of risk’s persuasive trajectories beyond the traditional concerns of risk communication. By situating this project also within the rhetoric of economics, and more specifically within the rhetorical critique of political economy, I bring together two theoretical traditions that have heretofore worked independently and thus have been bereft of the mutually beneficial insights that juxtaposition can present. Just as it extends rhetoric of risk scholarship by investigating the under-explored terrain of risk rhetoric in economics, my project extends rhetoric of economics by drawing attention to risk logics not only as surface features of

conversation, but as meaningful in sustaining participation in economic institutions and encouraging the adoption of certain economic worldviews. Further, I hope that this project can contribute to broader academic conversations on risk by drawing attention to the rhetorical ways that risk logics are produced and maintained. Finally, this study may have pragmatic implications where it presents decision makers with a more fully developed understanding of the persuasive trajectories that influence economic risk decisions in a context like homeownership.

Certainly scholarly motivations prompt this study, which combines my long-standing research interests in rhetorics of disaster, crisis, and risk with a burgeoning interest in the rhetoric of economics. As I have already noted, I am also strongly compelled by concerns for social justice. However, personal motivations also play a role, as this dissertation offers me the chance to bring a unique aspect of my own history to bear. For a time during the bubble years, I was employed in the mortgage lending industry as an assistant to a loan officer, where I was instrumental in getting both conventional and non-conventional mortgages approved for countless individuals whom, I have little doubt, have since foreclosed on over-priced houses purchased with untenable loans. At the time, I believed I was serving clients well by helping them fulfill their dreams of homeownership: I thus rhetorically reproduced and acted in accordance with many of the same risk logics that I discuss in this project, with little sense that I was engaging in unsustainable practices with long-term implications. A testament to my ignorance was my own home purchase, made at the height of the tumultuous Nevada real estate market with the help of a five-year, interest-only adjustable rate mortgage (ARM). Apart from its scholarly appeal, then, this project offers me a means of exploring my own

complicity in a crisis that has left many Americans, myself included, struggling to keep or struggling due to the loss of their homes.

ENDNOTES FOR INTRODUCTION

¹ See Kuttner for a description of the *Saturday Night Live* episode which depicted subprime borrowers as lower-class citizens and also made a number of other inflammatory claims about agents in the crisis. The skit was aired, but later pulled after public outcry.

² For a thorough review of literature discussing the benefits of homeownership, see e.g. Dietz and Haurin.

³ See, for example, Ding et al.'s application of propensity score matching methods to control for selection bias in a comparison of subprime with CRA loan performance in the Community Advantage lending program (CAP).

CHAPTER ONE

Toward a Critical Rhetoric of Social and Economic Risk for Contemporary Discursive Spaces

Risk, Rhetoric, and Contemporary Uncertainty

In 2010, prominent academic journal of rhetorical theory *Rhetoric Society Quarterly* published an article by Robert Danisch, entitled “Political Rhetoric in a World Risk Society,” which offered a new rhetorical theoretical approach to risk. Danisch extends German sociologist Ulrich Beck’s risk society thesis, which posits a contemporary social context characterized by the material and psychological proliferation of risk as essentially synonymous with fear, and links it with rhetorical theory to provide a framework for examining how rhetorical controversies of science and technology constitute the public sphere in a social landscape where “[t]he variety of risks that we face creates conjunctures and collusions between science, industry, and politics all in the context of future uncertainty” (172). While contingency historically and presently motivates political rhetoric, the risk society indicates that a new conception of contingency is warranted; as modernity declines, so too does faith in the ability of scientific and technological advancement to exert control over the natural world. The “late modernity” that develops—a *reflexive* modernity in that it is both psychologically permeating and productive of systematic ways of dealing with the uncertainties of technological advance—brings new deliberative potential: diminishing faith in expertise enables the rise of what Beck calls *subpolitics*, the shaping of politics from below, thus setting the stage for “the development of a rich public sphere that requires a rich tradition of rhetorical practice” (Danisch 181).

Danisch suggests that to rethink rhetorical contingency with an eye to the pervasive risk of the risk society it to challenge the argument prominently made by Thomas G. Goodnight, along with other theorists of communication, that the rise of the technical sphere results in the not in the invigoration of public deliberation but its impoverishment. This assertion indicates several relevant trends in contemporary rhetoric's efforts to extend and reconceive of its own theoretical approaches in response to contemporary socioeconomic contexts and the uncertainty that they give rise to. Rhetoric from classical definitions has had as its domain uncertainty: Aristotle, as Danisch also notes, delineated rhetoric from philosophy and science by allocating the necessary to the latter, and the contingent and probable to rhetoric (*On Rhetoric*). However, Danisch's argument echoes an intensifying sense among communication scholars that contemporary discursive spaces are characterized by new kinds of uncertainty and by the deployment of new rhetorical resources for navigating and negotiating that uncertainty. Rhetoricians are thus challenged to revisit existing conceptions of rhetoric and ask whether their classifications and distinctions remain valid.

Risk has become as an important focal point of this revision and extension. Risk studies are not limited to rhetoric: a subject of prolific academic investigation, risk is a topic *de jour* for the many fields that study it and use its vocabulary in their professional and disciplinary work while defining and theorizing it in diverse and even incongruous ways. Catherine Althaus' trans-disciplinary examination describes the great variation and in fact paradoxical opposition among disciplinary perspectives on risk: taken in a broader philosophical context, risk appears "calculable and indeterminate, objective and

subjective, visible and invisible, knowable and unknowable, predictable and unpredictable, individual and collective” (568). Despite these internal paradoxes, however, a “common conceptual denominator” emerges: risk serves across contexts as an epistemological resource for the negotiation and management of the unknown (qtd. in 568).¹ The risk-attentive work of rhetoricians is increasingly attuned not only to the relationships between risk and epistemology, but to more penetrating relationships between risk, knowledge, and power. Danisch is only one among several rhetoricians that have undertaken to extend rhetorical theory through democratizing analyses of risk: from Grabill and Simmons’ critical rhetoric of risk, to Sauer’s risk-based extension of rhetorical invention, to Scott’s exploration of risk and identity approached through a melding of rhetorical and cultural theory (*Risky Rhetoric*), rhetorical theorists have increasingly engaged in interdisciplinary studies with results that underscore risk’s range of rhetorical influences and implications, their various means of shaping what we know and why.

These studies offer meaningful ways of identifying and interpreting the rhetoric of risk, and I draw on many of them here and in forthcoming chapters, which explore the discursive production of risk logics in spheres where decisions about homeownership are promoted, deliberated, questioned, and made. Defining rhetoric as an influential resource for human decision-making in the context of uncertain futures, I take risk as one prominent rhetorical resource for the production and management of uncertainty. In line with rhetorical work that establishes the value of approaching risk trajectories as rhetorical trajectories that operate along both synchronic and diachronic axes, exert disciplinary force, and are replicated between actors and across social contexts, this

project extends insight on the persuasion risk exerts with recourse to varying determinacies, visibilities, valences, and subjectivities (e.g. Schwartzman et al., Goodnight and Green, and Scott).

My central argument in this chapter is that in privileging attention to the risk logics associated with technological change and physical hazard, rhetoricians have not been sufficiently cognizant of the risk logics associated with technological change and economic hazard. In taking the post-2007 housing crisis as exigency, I orient my critique to the political economic situation of neoliberalism, which has altered homeownership and its associated economies in a number of existential ways. As an economic theory, neoliberalism is a political and academic movement associated with the neoclassical or Austrian school of economic thought that advocates for open markets, privatization, and deregulation; as a critique, it underscores the paradoxes, inequities, and dangers of economic liberalization (D. Harvey, *A Brief History*). To set the stage for an analysis of risk logics in this context, I argue that a new rhetorical theoretical approach is needed.

In what follows, I develop a theoretical lens intended to help me discern the persuasive trajectories of risk logics in the commodification and financialization of homeownership.² I first situate this study at the intersection of two conversations, rhetoric of risk and rhetoric of economics—natural starting places for a risk-sensitive analysis of homeownership rhetorics, which are not only socially situated but informed by and productive of beliefs about risk and the economy. I review and then collate the conversations' respective insights, juxtaposing them to provide critical orientation but also to highlight gaps in rhetorical understandings of risk in economic contexts. While rhetorical critiques of political economy have argued for attention to the mutual

influences between rhetoric and economic structures, they have not yet attended to the discursive production of risk logics; conversely, critical rhetoricians of risk have offered valuable ways to recognize and analyze risk logics, but have focused primarily on technological and environmental hazards, and in the process have foregrounded paradigms of risk aversion. Because risk in economic spheres is entangled with notions of speculation, risk logics in contexts like homeownership evoke not only risk aversion but risk engagement, not only indeterminacy but security, not only loss but return, not only the calculably probable but the hoped or feared possible. To flesh out a conceptual theory cognizant of these possibilities, I re-theorize rhetorical contingency with the help of the notion of *to dynaton*, the possible, which John Poulakos includes in his reinvigoration of sophistic rhetorical terminology. *To dynaton* aids me in developing a conception of rhetoric attuned to risk's ability to persuade by invoking competing conceptual futures and imbuing them with hierarchical value. I conclude by discussing the implications of this conception for an analysis of risk logics in homeownership undertaken with an eye to the contemporary neoliberal context.

Reviewing the Literature: Rhetoric of Risk and Rhetoric of Economics

Scholars of communication and rhetoric have long attended to risk and its communicative problems. As Grabill and Simmons explain, the field of risk communication grew from the need of risk managers to seek and earn, through communication, public acceptance for policies developed through the practices and methods of scientific risk assessment. Traditional—also called “technical” or “technocratic”—models of risk communication strived to facilitate linear communication

about “objective” risks between expert risk managers and lay stakeholders (Grabill and Simmons). These approaches tended to insist upon the importance of expertise in risk communication and management, validating recognized authority as the traditional warrant for risk-related judgments. However, conflict grew from the failure of research-based risk quantification to acknowledge validity in local, social, and cultural risk epistemologies: traditional approaches often invoked the distinction between the “rational” experts and “irrational” public, casting public distrust as reactionary and hysterical rather than representative of legitimate concerns stemming from valid systems of knowledge.³ Risk communication thus continues to focus on discovering more viable, less hierarchizing ways to convey risk to the public (Grabill and Simmons).

Increasingly, rhetorical studies focus less on how to convey scientized perceptions of risk and more on redefining the role of rhetoric where risk reveals the limitations of science. The challenges that indeterminate risk poses to expertise have been well-discussed in risk literature, as have the challenges that the valorization of expertise poses to effective, inclusive communication. Many rhetoricians of risk thus reject “objective” in favor of “relational” approaches that take risks as social and rhetorical constructs imbedding subjective economies of value, assumptions of causation, and notions of temporality and contingency: Corvellec and Boholm, for example, define risks as “relationship[s] between things or objects posed within a certain knowledge mode” (7). By treating risks as products of political, social, geographical, and other contextual influences rather than “hypothetical, decontextualized questions on psychometric scales,” rhetoricians have reconceived decision-making and communicative processes about risk to position lay/public/citizen audiences not merely as recipients of information, but as

participants in risk's creation on the one hand and subject to its often-politicized influences on the other (Grabill and Simmons 418).

Rhetorical approaches to risk combine risk analysis with the theories and practices of rhetoric, stressing sensitivity to the rhetorical situation, cognizance of persuasive appeals, and attention to the needs and intentions of situated participants. Such approaches have tended to focus on technological, environmental, and medical hazards, with specific research contexts including mine safety and communication (Sauer, *The Rhetoric*), environmental impact assessment statements (Corvellec and Boholm), public debates on nuclear energy (Miller, "The Presumptions"), security and bioterrorism (Scott, "Kairos"), HIV testing (Scott, *Risky Rhetoric*), infant feeding (Koerber), and breast cancer (Yadlon). Offering insights on the asymmetrical assignment of risk designation power to experts (Grabill and Simmons), the operative force of expert *ethos* in the uncertain context of risk communication (Miller, "The Presumptions"), and the rhetorical problematics of regulatory documentation in potentially risky environments (Sauer, Corvellec and Boholm), a shared goal of the rhetorical agenda has arguably been democratization. For this reason, Robert Danish has argued that rhetoric of risk aligns fundamentally with another disciplinary project, sociology of risk, and particularly with the "risk society" approach of German sociologist Ulrich Beck which construes pervasive, indeterminate risk as an equalizing social force.⁴ I return to this argument later, however, to discuss how this alignment potentially limits rhetorical understandings of economic risk.

Essentially, rhetoricians of risk have underscored the need for analysis that is not merely descriptive but critical. Scholars like Maurice Charland ("Rehabilitating") and

Raymie McKerrow have argued that critical rhetorics—those which reveal power dynamics, are motivated by social movements, and identify possibilities for action—are key to revitalizing rhetoric and addressing the limitations it has historically displayed in refusing to account for and challenge inequity. By this measure, rhetoricians of risk contribute importantly to contemporary rhetorical theory: Jeffrey Grabill and Michele Simmons offer a critical rhetoric of risk that illuminates power dynamics and reframes controversy about risk as a web of meaningful positions, while other critiques focus on revealing the cultural and *kairotic* trajectories of risk rhetorics that locate risk in the realm of personal responsibility and operate with hegemonic and normative—often heteronormative—power.⁵ These latter point to the value of Foucaultian conceptions of discourse, discipline, and biopower, along with other cultural theoretical concepts, in critiquing the cultural conditions of risk discourses, their material implications, and their potentially oppressive functions. Scott’s “rhetorical-cultural” model, for example, productively applies the concept of disciplinary rhetorics to HIV testing discourses, revealing a reoccurring “*topos* of identity-based risk” that associates risk with group identity and casts those at risk of contracting HIV as simultaneously risk-posing to mainstream populations (*Risky Rhetoric*). Such studies testify to the explanatory power of classical rhetorical terminology in risk analysis and highlight the ways in which rhetoric is uniquely qualified, particularly when combined with cultural theory, to identify and critique rhetorical trajectories of risk as persuasive, politicized social forces.

However, rhetoric of risk as a body also exhibits a fundamental shortcoming where it attends to certain types of risk at the expense of others—specifically, to social risk at the expense of economic. This trend may be recently changing, for example with

the recent publication of Thomas Goodnight and Sandy Green's article on risk trajectories in economic bubbles. Noting the incomplete explanations of bubble behavior offered by paradigms of rationality, Goodnight and Green offer the rhetorical concept *mimesis* as "strategic (contending and contesting) imitation" (121) that, situated against theories of performance economics, facilitates focus on the roles of both private market participants and state interventions in the reflexive production of imitation in a "blended risk culture" (117). This approach justifies rhetoric as a valuable tool for the examination of economic worth in the global political economy of communication; still, however, it does little to illuminate the specific operative features of risk discourses. Contingent trajectories are seen to feed the normalization and transformation of risk, but the ways that they manifest in specific site-based examples of persuasion are not addressed. For the most part, in fact, rhetorical theories of risk have been neither forged nor tested in examination of economic discourses.

However, to say that rhetoricians of risk have not substantively located their analyses in economic contexts is not to say that rhetoricians have not engaged substantively with rhetorics of the economy. Edward M. Clift defines the rhetoric of economics as a nascent field on the boundary of mainstream economics that seeks, via interdisciplinary effort, "to understand the economic manifestations of persuasion" (197). Interest in the rhetoric of economics is often traced to the publication of Deirdre (then Donald) McCloskey's seminal 1983 article and 1985 book, although her work may be considered to some extent predated by scholarly interest in economic semantics as early as the 1960s.⁶ In this early work, McCloskey describes the task of the economic critic as the application of rhetorical tools to economic conversations toward the goal of making

evident methods used for persuasion. She argues that the tendency of economists to style themselves as positivists and view their work as objective science results in a widespread lack of disciplinary cognizance regarding the rhetorical nature of economic arguments. When “good science” is understood not as adherence to rule-bound methodology but instead as “the earnest and intelligent attempt to contribute to a conversation,” rhetoric provides an accurate and serious means of analyzing economic talk (*The Rhetoric* 27).⁷ By her lights, rhetorical self-awareness improves the quality of intra-disciplinary conversations, fosters better writing, teaching, and science, and facilitates better relationships with other fields of study.

In recent decades, McCloskey and those who work in her tradition have continued to refine tools for understanding the rhetorical languages of economics, and thus have grown a rhetoric of inquiry focused on facilitating economic conversations to a larger subfield attentive to the political impacts of economic language in multiple contexts (Clift). Mainstream economics has not been particularly receptive to the project, as Clift also notes; some critics have been uneasy with the critique of methodology and the interpolation of subjectivities in economic systems, although others insist the surrender of scientific rationality need not represent a turn to “irremediable arbitrariness” (Heilbroner 112).⁸ Some of this criticism is perhaps surprising given McCloskey’s own clarity in delimiting rhetoric as a tool to improve economic talk without engaging underlying theory, particularly neoclassical economic theory. Rhetoric for her cannot—or more precisely, refuses to—revolutionize economics, for it does not penetrate free markets philosophies, although it does sustain them (“How to Buy”).

Perhaps for this reason, McCloskeyan rhetoric of economics has been met with a fair amount of ambivalence from rhetorical studies. Some have hailed the critical effort, and certainly it has prompted some extension of rhetorical investigation to economic language and activities; however, rhetoric in general seems to have found the assertion of economic conversations as rhetorical less than earth-shattering.⁹ A 1988 McCloskey collection contains an early argument from Stanley Fish that the work lacks impactful potential. He notes that the postulation of a conversation as rhetorical “has no relevance to anything except the epistemological arguments and debates in which it is asserted” and may in fact have no relevance at all: while rhetoric as McCloskey defines it gives economists a new line of inquiry, it neither invalidates methodology nor cultivates critical distance from traditional viewpoints (26). Although inimical, Fish’s comments also prove intuitive, as McCloskeyan rhetoric of economics has long remained on the fringe of both of the disciplines it concerns (Clift).

More recently, however, scholars of rhetoric have inaugurated a new critical tradition which rejects rhetoric as incapable of engaging foundational economic worldviews and instead develops its critical capacity for penetrating the surface features of economic discourse to underlying institutional bases. James Arnt Aune critiques McCloskey’s failure to acknowledge the hierarchies of communicative power in free market economics, and instead formulates a rhetoric that unmasks the persuasive strategies used by academic defenders of the free market who champion its policies despite lack of measurable success. For Aune, the promotion of radical free market ideologies represents a deeply-imbedded “rhetoric of economic correctness” which stands counter to government and regulation, casts human beings as economic units, and

propagates systemic inequality. Such beliefs are penetrating, and thus must rhetoric be dually conceived: “Rhetoric is not solely a surface phenomenon. Rhetorical practice constantly reconstitutes our collective notions of character and community” (3). Aune sets the rhetorician a fairly traditional task—the examination of rhetorical strategies and their impacts on audiences “in the hope of achieving a reasoned perspective on how human beings justify decisions under conditions of uncertainty”—but one taken up with transformative motivations, enabling a rhetorical critique of capitalism through attention to material conditions and class struggle as the impetus for social change (4).

Other rhetoricians in this tradition develop and refine the rhetorical task of economic critique with an eye to the nature of contemporary global capitalism. Dana Cloud faults rhetorical studies for its problematic maintenance of distance from economics even in times of crisis, when intervention is especially warranted, a problem she attributes to the protective defense of agency. Discourses occur in economic contexts, are influenced by economic motivations, and are shaped by economic constraints, making rhetorical agency as a class-based social movement the central concern of rhetorical economic critique. Ronald Greene critiques both Aune and Cloud for contributing to a fraught notion of rhetorical agency and instead offers the notion of “living labor” via a “materialist-communicative” model, which highlights the role of communication in the invention and maintenance of class and accounts for the dynamic evolution of commodity production. In foregrounding the biopolitical nature of contemporary capitalism, Greene makes central the theorization of contemporary neoliberalism in *The Birth of Biopolitics*, where Foucault illuminates neoliberalism’s evolution from classical political economy, characterized by a conception of the market driven by spontaneous mechanisms of supply

and demand that function naturally and best in a state which intervenes only to remove hindrances to private competition and self-regulation. As a form of governance, neoliberalism regulates via the infusion of market principles in all aspects of society, creating a “politics of life” or *biopolitics* which casts the very units of the social fabric in the form of enterprise. *Homo economicus*, the product, is rational, self-interested, self-sufficient, and “eminently governable,” embodying a governmentality which defines itself through the provision of freedom while producing countering controls (*The Birth of Biopolitics* 270).

As Catherine Chaput has argued, the interpolation of Foucaultian neoliberalism in rhetorical theory has direct consequences for rhetorical approaches to the discourses of contemporary capitalism (“Rhetorical Circulation”). To recognize the biopolitical nature of the neoliberal landscape is to render outmoded analytical paradigms dependent on linearity and determinism, underscoring the need for methods of analysis and modes of production that do not rely on paradigms of rational action. Such limitations are found in traditional conceptions of the rhetorical situation, which from Bitzer and Vatz onward have tended to fixate on determining the origin of exigence and defining the elements of the rhetorical situation, thus reifying modernist, causal understandings unable to account for inherent dynamism.¹⁰ To address this limitation, Chaput offers an alternative conception of the rhetorical situation which draws from Gibson-Graham’s treatment of the *chora*, the space of movement between being and becoming, and Edbauer’s conception of the rhetorical situation as “a framework of affective ecologies” wherein persuasive power is an energy gained in viral circulation both in and beyond the boundaries of any given situation (Edbauer 9). The resultant conception of discourses

motivated by rhetorical energy, or rhetorical affects, usefully illuminates behaviors and decisions unexplainable by rationality as well as the persuasive energies of capitalism. As we will see, the notion of affect also holds substantial explanatory power for the dynamic and persuasive powers of risk discourses.

Juxtaposing Two Conversations: Contributions, Intersections, and Limitations

If, as rhetoricians of the economy suggest, the goal of rhetoric as a critical enterprise is not only to identify persuasive discourses but to explore how they participate in sustained, circulatory, and influential ways in underlying economic systems of economic belief, then it becomes necessary to attend to particular subsets of discourse that concertedly enact such participation. Chaput et al. and others have offered fear as one set of relevant discourses; confidence, Pfau suggests in a response I treat at greater length later, represents a second.¹¹ With perceptions and constructions of risk playing an integral decisional role in social and economic spheres, risk is clearly another set of discourses in need of rhetorical attention. The first question, then, is how a study which undertakes to attend to discourses of risk in economic contexts gains a critical orientation by situating itself at the intersection of these two theoretical conversations. I suggest that by juxtaposing them, one finds between rhetoric of risk and the rhetorical critique of political economy a series of shared premises, outlined below, which serve as a ready basis for an integrated approach.

First, contemporary socioeconomic spaces are diffuse contexts characterized by ineffectual or disappearing boundaries. This insight coalesces around theories of Foucault and Beck, both of whom recognize contemporary discursive spaces as globally

interconnected and characterized by porous boundaries. In Beck's risk society, pervasive uncertainty transcends traditional demarcations; risk once localized becomes global as the consequences of industrialization diffuse widely and erratically. Likewise, Foucault's neoliberal landscape is a place of disappearing demarcations, with the lines separating economic, political, and social spheres erased by the biopolitical reaches of contemporary capitalism (*The Birth of Biopolitics*).

Second, and in consequence, traditional analytical paradigms grounded in rationality are outmoded, mandating alternate means of understanding contemporary rhetorical influences. While rational actor theories have long provided foundational, if contested, frameworks for understanding social responses to risk, rhetorically-minded scholars reject rational/irrational dichotomies as insufficient for accounting for the many factors which influence risk decisions and critique the hierarchies the notion of objectivity assigns.¹² Risk's permeating, super-rational uncertainty prompts Goodnight and Green to offer *mimesis*, Scott ("Kairos") to reconceive modernist notions of *kairos*, and Danisch to reframe Aristotelian notions of contingency, deliberative rhetoric, and prudence. Similarly, because neoliberalism positions the rational, self-governing *homo economicus* against social and economic irrationality, in the process stripping social protections and distributing inequity, the rhetorical critique of political economy offers alternative paradigms: Greene's living labor replaces rhetorical agency, while Chaput's theorization of affect updates deterministic notions of the rhetorical situation ("Rhetorical Circulation").

Third, and in connection, rhetorics are transitory, their movements effecting participation between broader power structures and the citizens they encompass. Both

conversations here draw from Foucaultian notions of biopower and discipline. As Chaput notes, rhetorics in a biopolitical context travel in circulatory, connective ways, accruing emotional energy and exerting uneven control (“Rhetorical Circulation”). A kindred recognition of rhetorics as circulatory, contagious, and viral appears in Scott’s examination of HIV testing, which draws from Foucault’s work on sexuality as a “network of biopower that links the incitement of discourse, the formation of knowledges, the normalization of bodies, and the performances of embodied subjects” to examine the ways that identity-based notions of risk inform national pedagogies and create disciplinary rhetorics that manage and regulate their subjects (*Risky Rhetoric* 92). There is thus clear congruence between logics of neoliberalism and risk, both of which locate responsibility in individual conduct and promote rational action as a moral obligation.

Fourth and finally, rhetoric remains centrally concerned with the health of public deliberation and decision-making. Scholars of communication have associated widely decried declines in deliberative rhetoric with the rise of a technical society and its features.¹³ Reflecting these shared concerns, rhetoricians of risk have viewed reliance on expertise as particularly injurious and focused therefore on recouping non-expert voices and reinserting non-expert participation in deliberative processes. For rhetoricians of economics, among the many consequences of neoliberal mentalities is the erosion of liberal democratic institutions, aided by negative rhetorical affects like those that suffuse discourses of fear.¹⁴ The project of rhetoric is thus to identify ways to counteract such damages: Chaput, for example, indicates that where negative rhetorical energies rigidly

fix identities, “positive affects” conversely soften them, imparting open-mindedness to communicative processes (“Rhetorical Circulation” 21).

In essence, I suggest that juxtaposing these conversations provides a theoretical grounding that can attune the analyst to the complex and diffuse nature of contemporary social spaces, the inherent limitations of rational actor paradigms, the circulatory and power-laden nature of discourses, and the obligation of rhetoric to reveal and critique power imbalances and thus invigorate deliberation. Putting them in conversation is a way to make evident not only shared premises, but complementarity. Rhetoricians of the economy have by no means ignored risk, recognizing it—as Foucault does—as the locus of power for the rhetorical regulation of populations through the statistic (Chaput, “Introduction” 5). Rhetoricians of risk, however, have more specifically illuminated risk as a politicized rhetorical resource, providing schema for recognition of its complicated associations with scientism, objectivity, and expertise; its ability to persuade via a range of visibilities and with reference to a variety of agents and outcomes; its lack of moral neutrality; and its regulatory and identity-marking capacities. Reciprocally, rhetoricians of political economy draw critical attention to the ways that political ends are often—perhaps always—intrinsically economic, orienting rhetoric’s attention to the connections between discourses and underlying economic institutions. Although some risk scholars have gestured at the potential rootedness of risk constructions in economic opportunism, they have by and large not counted critique of the economic structures which foster such opportunism among their primary foci.¹⁵

The next questions, then, are how a study attentive to risk discourses in neoliberalism’s integrated spaces can understand the persuasive mechanisms of economic

risk, and how it must as a result understand rhetoric itself. I address these questions in the remaining three sections of this chapter. As is now evident, neither conversation sufficiently explores economic risk or sets its connotative potential apart from other types of risk. Chaput notes that while the rhetorical situation has rarely concerned itself with the sphere of economics, it is not particularly productive to “quarantine” economic discourses when such a prominent feature of the neoliberal landscape is the infusion of economic mentalities in social spheres (“Rhetorical Circulation”). Nevertheless, there is reason to assert that economic risk necessitates theoretical distinction from other types of risk—that, in fact, economic risk may be something of a last bastion for meanings seen, from the standpoint of some social theory, as basically extinct. To develop the need for this distinction, I turn to the well-known sociological theory of risk that Danisch offers as key to revitalization of political rhetoric: the risk society.

Dangerous Semantics: The Limits of the Risk Society Thesis for Economic Risk

The risk society, associated most prominently with Ulrich Beck, gives theoretical context to countless studies of risk across disciplines, including rhetoric.¹⁶ Robert Danisch, as we saw earlier, asserts that the fundamental parallelism between the rhetoric and sociology of risk motivates a new look at Aristotelian contingency as it gives rise to deliberation and delineates a space for rhetoric in the separation of probable from certain knowledge. While public deliberation is necessitated by the unknown, the contingency that historically and presently motivates political rhetoric is disrupted by the risk society, which threatens modernity with the demise of the belief that scientific rationality and technological development can exert control over the natural world. Again, Danisch

argues that this disruption actually revives rhetoric: the destabilization of expertise and the spread of uncertainty that occur as risks are increasingly traced to human intervention set the stage for the rise of “subpolitics,” the shaping of politics from below, indicating a strong potential for deliberative rhetorical practices. Certainly the quest for healthy public discourses and productive means of negotiating knowledge hierarchies is central to the contemporary rhetorical project, with regards to both risk analysis and rhetorical theory more generally. However, in addition to countering rhetorical and other studies which lay out the problems that pervasive fear poses for healthy public deliberation, Danisch’s theory equates contingency to a highly contextual notion of uncertainty that I believe is limiting for economic risk.¹⁷ In what follows, I advance this argument through a close analysis of Beck’s theory.

An understanding of risk in the risk society sense is dependent upon contrasts with earlier iterations of risk in history. Certainly there is a paucity of substantive diachronic linguistic studies of risk.¹⁸ However, scholars who reference risk’s etymological history generally agree that risk, potentially originating in association with maritime ventures in the Middle Ages or after, was once a neutral concept which accounted for all unknown outcomes, whether desired or feared.¹⁹ In early usage, it encompassed the potential for natural or supernatural events but not those that were human-triggered: the heavily religious societies of early times comprehended danger with a combination of magic and Christianity, and adverse outcomes were rarely seen as the responsibility of man (Lupton, *Risk*). With the emergence of modernity and the rise of probability science, risk came to be distinguished from uncertainty via association with rational, scientific calculation.

In response to modernist conceptions, which continue in use in scientific disciplines, social theorists of risk have sought to understand the rhetorical implications of risk in contemporary social settings (Althaus). Prominent social approaches tend to locate the powerful and often oppressive influences of contemporary risk discourses in a profound semantic sea change from modernist conceptions. In post-modern conceptions, risk is no longer a matter of contained calculation but is instead indeterminate, synonymous with danger, grounded in the possible rather than probable, and heavily associated with technological advances and human action. Cultural anthropologist Mary Douglas, an early theorist of postmodern risk, attributes this shift to risk's increasingly close association with politics:

The language of risk is reserved as a specialized lexical register for political talk about the undesirable outcomes. Risk is invoked for a modern-style riposte against abuse of power. The charge of causing risk is a stick to beat authority, to make lazy bureaucrats sit up, to exact restitution for victims. For those purposes danger would once have been the right word, but plain danger does not have the aura of science or afford the pretension of a possible precise calculation. (3-4)

Douglas argues that risk performs a moralizing function similar to Christian sin in the pre-industrial West or taboo in other cultures, but persuades by acting as a secular “sanitized” discourse with scientific overtones which provides contemporary, individualist societies with the “common forensic vocabulary” needed to designate blame (1). It thus becomes a communal rhetorical resource for both the creation of solidarity and the protection of certain members against dangerous, encroaching others—a function we see, for example, in Blake Scott’s rhetorical study of HIV testing discourses (*Risky Rhetoric*).

Beck's risk society offers a similar vision, where risk is again not new but changed, having lost its syntactic associations with chance: whereas for early explorers "the word 'risk' had a note of bravery and adventure," it has now come to connote "the threat of self-destruction of all life on Earth" (Beck 21). Increasing wealth parallels both growing danger and growing *cognizance* of danger, the latter permeating the psyche and all decision-making processes and giving rise to what Beck calls a reflexive modernity. Risk in the risk society controls conflict and consensus, trespasses and outmodes borders, and replaces positive goals with the negative, defensive goals of risk aversion. No longer a matter of foreseeable calculability, risk's "actual social impetus" lies in "the projected dangers of the future" (34). As Lupton explains, this take on risk reflects a postmodern attitude characterized by "an intensifying sense of uncertainty, complexity, ambivalence and disorder, a growing distrust of social institutions and traditional authorities and an increasing awareness of the threats inherent in everyday life" (*Risk* 11-12).

Much of what Beck asserts about the pervasive and oppressive nature of risk is supported with reference to realms of physical hazard, typically technologically-induced varieties of environmental risk. Risks like chemical contaminants spread as the "stowaways of normal consumption" (Beck 40). In this distribution, they contribute to the emergence of "a new global ascription of risks, against which individual decisions hardly exist for the simple reason that the toxins and pollutants are interwoven with the natural basis and the elementary life processes of the industrial world" (Beck 41). The perception of risks in late modernity can be summarized thus: "They induce systematic and often irreversible harm, generally remain invisible, are based on causal interpretations, and thus

initially only exist in terms of the (scientific or anti-scientific) knowledge about them” (Beck 23).

This is not to say that Beck does not recognize the integration of economic and social contexts; all risk, he says, is inextricably bound up with the production and distribution processes of the market. Risk commerce grows with risk scientization, widening the gap between those afflicted by risk and those who profit from it, those who produce risk definitions and those who consume them. Capitalism, thus, finds ample room for expansion in Beck’s risk society:

The market-expanding exploitation of risks favors a general to and fro between revealing and concealing risks—with the effect that ultimately no one quite knows whether the ‘problem’ might be the ‘solution’ or vice versa, who profits from what, where responsibilities for creation are being covered up or concealed through causal speculations, and whether the whole talk about risk is not the expression of a displaced political drama, which in reality intends something quite different. (47)

To put it another way, risks in this context “are no longer the dark side of opportunities, they are also *market opportunities*” (Beck 46, italics in original).²⁰

Though the risk society recognizes market risk, Beck’s approach reveals several problems for a rhetorical study attentive to the discursive power of risk in economics discourses. While he conceives market risk to be as prominent as physically hazardous risk, it is underrepresented in the theory’s cases. Tulloch and Lupton question this arrangement: “why, given [Beck’s] significant analytical investment in market-driven aspects of the risk society, does *environmental risk* come to be so defining in his analysis?” (9). The answer, they argue, lies in the distinction between economic and environmental risk. Economic risks, while being far-reaching and unpredictable and thus just as ingrained in the psyche as environmental risks, are more visible in the risk society:

they are gendered, socioeconomically significant, and—because their consequences are relatively more clear—far more ingrained in the processes of everyday decision-making. Thus the risk society foregrounds a particularly contextual synonymy of risk and danger highly bound up with catastrophic physical hazard: in essence, “the ‘invisibility’ of environmental risks becomes a paradigm case for [Beck’s] theory” (Tulloch and Lupton 11).

Further, while Beck acknowledges the role of market forces in the distribution and commodification of risk, he discounts the logic of capitalist development as unable to account for risk’s ramifications. The market’s loss of explanatory power occurs because fear, the motivating force of the risk society, is not congruent to the logic of utility attributed to the free market by Adam Smith’s metaphor of the invisible hand. “The sensibility and morality, the rationality and responsibility that are sometimes taught and sometimes violated in the process of becoming aware of risks can no longer be understood by means of the interlocking interests of the *market*, as was still possible in the bourgeois and industrial societies” (Beck 74, italics in original). Simply put, in the risk society the rhetorical affects of fear invalidates the market’s purported rationality, and thus appear to invalidate or reduce the relevance of all market logics.

The nullification of market logics by risk logics, I argue, oversimplifies the entanglement between the two. By diminishing the power of the market, the risk society risks foreclosing attention to the market’s ability to commodify risk and fear: if risk has utility to the market itself, an analysis sensitive to the exploitation of this utility must consider not only how logics of fear and risk invalidate logics of capitalist development, but how logics of capitalist development, superordinated, themselves organize logics of

fear and risk. This transposition reunites us with the theoretical impetus offered by the rhetorical critique of political economy and by a Foucaultian conception of neoliberalism as governmentality, which prompts critique of the way free market mentalities operate, via risk, in super-rational channels. Rather than a market outmoded by the social ramifications of risk, a market society as Foucault describes it is characterized by the integration of previously disparate contexts, occurring in part through the rhetorical and regulatory mastery of risk. Neoliberalism calls upon individuals to “exercise prudence in the face of such expert risk assessments and to organize their behavior as responsible and rational responses to actuarial data;” failure to do so leads to charges of irresponsibility (E. Murphy 292). Thus amidst a highly contingent future, neoliberal governance influences individuals through the evidence of expert-produced statistical calculations.

It is important to recognize how neoliberalism governs discursively through the cultivation of not only risk aversion but also risk engagement. As noted previously, rhetoricians of political economy have produced key insights into the influences of affective discourses in market contexts and in the governmental exercise of social control. Chaput, Braun, and Brown’s edited collection *Entertaining Fear* usefully illustrates how rhetorical economic analysis expands understanding of fear discourses. Given that fear is cultivated through the invocation of risk, and given that many risks can hardly be constructed without the presence of fear, it is reasonable to assume that the energy of risk may be wholly illuminated through examination of “the rhetorical life of fear” (Braun, Brown, and Chaput vii). William Pfau, however, offers an intriguing counterpoint which proves highly relevant to an analysis of economic risk: he points out that consideration of rhetorical affects is not productively limited to those with negative

valences. Interest in the deliberative potential of fear reaches all the way back to Aristotle, but so does interest in its foil, confidence. Where fear is the controlling mechanism of the state, confidence is the wheel grease of the financial system and the key to economic growth: in fact, “it is difficult to deny the extent to which—despite the general agreement that our current political discourse is saturated with fear—our current financial system continues to be dependent on speculation and, therefore, the discourse of confidence” (Pfau 264). A narrow focus on discourses of fear may thus result in blindness to equal relevant discourses of unwarranted confidence.

This argument, which redirects analytical attention to the relevance of confidence, is crucial to understanding the range of rhetorical trajectories that risk can take. Overwhelmingly, theories like the risk society which cast all risk as synonymous with indeterminacy and danger would seem to invalidate the notion that risk can still exert decisional force in varied and nuanced ways, ways that emerge through examination of risk as a rhetorical resource in economic contexts. I take Pfau’s insight on the centrality to economic growth of positively-valenced discourses as motivation to take a closer look at alternative rhetorics of risk which also create and contribute to risk economies via association with the notion of speculation. Because Beck foregrounds the defensive goals of risk aversion, his theory discourages attention to the ways that risk logics foster and sustain participation in economic systems in more various ways. To lay the groundwork for an analysis that remedies this lack, I turn in the following section to research illuminating logics of risk engagement.

Challenge and Security: Economics and Alternative Discourses of Risk

Economic risk is sometimes discussed in similar terms to other types of more physically hazardous risk. Take, for example, this description of economic risk from Jacob Hacker:

Economic risk is a lot like a hurricane. Hurricanes strike powerfully and suddenly. They rip apart what they touch: property, landscape, lives. They are common enough to affect many, yet rare enough to still shock. And although they can be prepared for, they cannot be prevented. Some people will inevitably suffer and require help; others will be spared. Recovery is inevitably traumatic and slow. And so it is with families whose lives have been touched by economic risk. What happens in an instant may change a life forever. (5)

Were one to strike the word “economic” from the first and penultimate sentences of this quotation, economic risk would appear quite indistinguishable from the risks that pepper Beck’s theory.

However, it proves to have another side. Althaus shows that risk in economics retains a disciplinary distinctness that is characterized by a continuing treatment of risk as an objective decisional phenomenon, measurable by probability calculations and suggestive of both security and challenge. From a rhetorical standpoint, economic risk thus appears not only to preserve some earlier, more neutral meanings of risk, but to give rise to alternative discourses that reflect lingering connections to the same things that Beck so readily discounts: adventure and bravery. Deborah Lupton makes this point explicitly, stating that while risk in general predominantly indicates unwanted outcomes, “[i]n the esoteric parlance of economic speculation...there remain such things as ‘good risks’ in relation to making a profit” (*Risk* 8). Several studies undertaken by linguists in an effort to investigate risk semantics have similarly found that economic risk retains dualistic powers of suggestion.²¹

Such insights foreground the connection between risk and futures desired rather than feared, and between outcomes perceived controllable rather than indeterminate, prompting a closer look at the connection between economic risk and speculation. Marieke De Goede offers a relevant genealogy of economic risk that begins with the eighteenth century and the advent of modernist rationality (“Repoliticizing”). In eighteenth century Europe, risk and gambling were often collapsed; financial gambling was seen as questionable through the early years of the stock market, and speculation was denounced as gambling through the Civil War years. However, especially in the U.S., the financial industry began moving in the nineteenth century to distinguish itself from gambling using the calculability of risk. Speculation became closely aligned with the study of risk and increasingly legitimized as holding an important risk-bearing function in the market, representing a particular type of expertise. In effect, “it was re-articulation of the uncertain future as a classifiable, calculable, and measurable risk that provided a durable moral and political defense for speculative financial trading” (“Repoliticizing” 204). As speculation became legitimized, so too did the correlation between risk and profit. This particular relationship may be, as Theodore Lowi notes, “heavily steeped in myth:” the endorsement of the free market is characterized by the valorization of risk-taking, but in practice there are many things that keep the wealthy from risking their wealth (18). Nevertheless, the correlation between risk and gain persists in the discourses of economic and financial sectors.

In its associations with desired outcomes and control, economic risk has, along with adventure and extreme sports, been the focus of a strain of sociological scholarship that seeks to understand the phenomenology of risk-seeking and risk-taking. Prominent

among relevant theories is Lyng's concept of edgework. A term borrowed from Hunter S. Thompson, edgework attributes the motivation for voluntary risk taking to an *ethos* of risk valorization and to the inherent potential in the marginal spaces of risk engagement for identity exploration, expansion, and creation. Lyng focuses primarily on the cult of the adventure sport, drawing significantly from fieldwork with skydivers, but argues his theoretical framework can be just as easily expanded to the risk-taking associated with high-risk business dealings, which "have the same magical, seductive character as leisure edgework activities" (26). Others directly explore the appeal of risk in high finance; Charles Smith, for example, connects the "highs" of financial edgework to mastery of skill. Yet high-adrenaline contexts are not the only places where risk has allure. Lupton and Tulloch, who research risk in everyday life, identify voluntary risk-taking with discourses of control, self-improvement, and emotional engagement, illustrating the entanglement of risk and excitement in daily activities including financial transactions. In the words of one interviewee, "The bigger the risk the more excitement. Even when you take out a mortgage it's exciting, even though it's a risk" (Lupton and Tulloch 119).

Like discourses that promote risk aversion, discourses that promote risk engagement are persuasive, and blindness to them may indeed have consequences: as De Goede argues, the valorization of speculative risk-taking is often not only cast as a heroic enterprise (and a highly gendered one, since Fortune is historically seen as female and the market participants who engage her male) but as a depoliticized technical enterprise that obscures the service of risk as a "profitable cultural process" with a normative function in defining cultural identity—how society wishes to live, and what it sees as danger in times when leaving things to chance has become morally suspect ("Repoliticizing" 205).

Further, such discourses stand counter to the admittedly powerful coupling of risk and fear in the context of crisis and disaster by highlighting the centrality of risk to an engaged life, and by contrasting risk in its indeterminate sense with discursive associations of control. Most importantly, they challenge any theory that accounts only for the dissuasive power of risk, for such a theory must by necessity ignore attendant, alternative discourses that motivate decisions about risk engagement in contexts from extreme to everyday. Though also a proponent of reflexive modernity, Anthony Giddens concurs, noting that there "can be no question of merely taking a negative attitude toward risk. Risk needs to be disciplined, but active risk-taking is a core element of a dynamic economic and an innovative society" (*Runaway World* 29).

Taken together, the risk theories discussed here surely validate Althaus' depiction of a risk contradictorily evocative of loss as well as gain, of indeterminacy as well as controllability, of the psychic permeation of fear as well as the sense of a healthy, engaged life. Further, they support an understanding of the integratedness of social and economic spheres, underscoring the importance of approaching risk discourses with readiness to comprehend the full range of futures they can invoke. The final problem remaining for this project, then, is the adoption of a definition of rhetoric that reflects and aligns with the dynamic rhetorical power of risk. In the final section of the chapter, I undertake to resolve this problem with recourse to John Poulakos' revitalization of the sophistic concept *to dynaton*.

Rethinking Rhetorical Possibility through the Sophistic *To Dynaton*

This project is critically attentive to risk discourses that traverse social as well as economic contexts. Per the premises outlined above, it intends to be cognizant of contemporary globalized discursive spaces, provide a means of understanding persuasive forces not dependent on modernist notions of rationality, track discourses through transitory movements and engagements in networks and hierarchies of power, and contribute to the health of public deliberation by illuminating risk logics and their decisional power. At the same time, it needs to be capable of accounting for risk's dualistic powers of future suggestion; in other words, it must locate risk's decisional impetus in an integrated conception of social and economic risk, which is to say in an inclusive understanding of the range of futures risk can invoke. Necessary thus is a rethinking of rhetoric's conception of its own role as regards the future, which is to say a rethinking of rhetoric itself.

The classical rhetorical tradition locates deliberative rhetoric in the realm of the probable, for what is known brooks no need for discussion. Public argument is a means of constructing the future based on probability as opposed to fate or chance. As I have indicated above, the complex nature of risk and its fraught relationship with uncertain futures has already prompted rhetoricians of risk, including Danisch and Goodnight and Green, to refocus classical rhetorical terminology, in the process redefining rhetoric's domain. J. Blake Scott, on the other hand, returns not to classical but to sophistic terminology by rethinking *kairos* as a response to risk rather a seizure opportunity ("Kairos"). Where modernist notions of *kairos* assume a control of risk based on probability, the sophistic iteration was based on the notion of a dynamic and shifting situation; however, it also offered the rhetor opportunity for seizing and shaping, thus

invoking the Bitzer-Vatz debate between situational constraints and oratorical ability. Kairos thus represents the attempt to “colonize the future in a way that creates an advantage” (119). Scott reanimates sophistic kairos with a twist, noting that while rhetoric has been classically allotted the realm of the probable, the risk society makes indeterminacy the exigent source of contingency. Scott builds on Beck’s risk society thesis to propose an alternative kairos, an “indeterminate response to distributed, transforming, immeasurable, and, to some extent, uncontrollable global risk” (117) based on notions of the future, indeterminacy, and uninsurability.

Studies like Scott’s hint at the untapped potential for a theory of rhetorical contingency that directs specific attention to the persuasive force that risk can wield via its association with speculation. However, while Scott’s approach nominally recognizes the dualistic potential of risk discourses and their circulatory and affective nature, he in echoing Beck gives primacy to the technological and environmental risks of the “second modernity” and as a result does not explore the situational relevance of alternative risk discourses. Arguably, risk is not only a prominent concern in the modern psyche but an inherently decisional phenomenon, one that informs and shapes the ways in which we understand, deliberate, and negotiate contingency in decision-making processes both high- and low-consequence, on individual, communal, and societal levels. As Elizabeth Murphy puts it, “Thinking about risk pervades everyday life, so that many decisions about present behavior are marked by preoccupation with future consequences” (292). If risks are constructed in part through notions of contingency and temporality, it follows that rhetorical theorizations of contingency and temporality aid in understanding risk’s

persuasive trajectories. However, to focus narrowly on nebulous, unpredictable risk is to incompletely comprehend the discursive operation of risk logics.

While risk in a modernist sense persuades via its affective association with the statistically and calculably probable, the insights collated in this chapter suggests a new grounding: the realm of the possible. The risk society alleges that a complex and unpredictable world has critically destabilized the notion of risk as a calculable phenomenon. Risk is increasingly unpredictable—even, paradoxically, as science becomes more adept at prediction and the public becomes increasingly intolerant to “the fairy tale of the unforeseeability of consequences” (Beck 170).²² At the same time, risk becomes futuristic, associated by nature “with anticipation, with destruction that has not yet happened but is threatening, and of course in that sense risks are already real today” (Beck 33). Amidst escalating projected danger, the state of being at risk increasingly becomes a state of vulnerability—“in the sense of a possibility of danger” (Handmer and James 124). In short, many postmodern treatments of risk tend to agree that *possibility* has come to displace *probability* as that which authorizes the discursive production and construction of risk.

That the much-discussed culture of fear relies heavily on the slippage between the rhetorical probable and the rhetorical possible is illustrated strikingly in an example from De Goede, who points out that ever since the September 11th terrorist attacks were blamed on the failure of government to imagine the potential, the possible has been increasingly legitimized as a rhetorical locus for increases in security and corresponding downgrades in freedom: as she notes, “the 9/11 Commission blamed the failure of secret services to foresee and prevent the attacks on a ‘failure of imagination’, while it

commended those government agencies that had ‘speculated’ about the military and juridical consequences of suicide hijackings” (“Beyond Risk” 155). Clearly, however, danger is not the sole possibility that risk can index. The entanglement of economic risk with speculation, and the potential that Lyng, Lupton and Tulloch, and others find in risk for shaping identity and evoking senses of control and engagement, suggest that risk has a rhetorical stake in constructing and evoking hopes along with fears about the future.

What is at stake in offering *possibility* instead of *probability* as the persuasive grounding for risk rhetoric? Both have been linked to troubling economies of risk management and control. Linda Hadfield, for example, suggests that the belief in foresight produced by risk assessment technologies has engendered a hubristic culture-wide belief in prediction and control of outcomes. Our increasing reliance on the mathematical formulae of risk management underlies flawed approaches to disaster that resemble the “gambler’s fallacy,” inspiring false confidence that certain events must happen sooner or later to even out non-occurrences (Hadfield). Carolyn Miller connects technological forecasting—in effect, guessing at risk—to a *kairos* of opportunism which imbeds the illusion that the future can be controlled once it is known (“Opportunity”). De Goede’s notion of premeditation, however, is perhaps most helpful in underscoring what is at stake in the distinction of possibility from probability (“Beyond Risk”). She argues that contemporary risk is best understood via the notion of premeditation, for both “proceed from a shared desire: to imagine, harness and commodify the uncertain future” (159). While premeditation calls to mind Miller’s technological forecasting, the former is different in purpose and method: it focuses not on correctly guessing the future, but on creatively imagining many potential futures. To put it another way, while reliance on

probability imparts a false sense of what is knowable, the easy slide into possibility authorizes the projection of nearly any imaginable future as viable.

The rhetorical problem, then, lies not in the correlation between contingency and indeterminacy, but in the risk-society-driven alignment of indeterminate futures with indeterminate, feared futures. Needed is a sense of contingency that critiques and extends the modernist grounding of risk in probability while simultaneously accounting for the potentially dualistic nature of risk in contemporary neoliberal spaces. Arguably, one does not find this sense in Aristotelian rhetoric. Aristotle locates rhetoric in the realm of the probable: to the role of the possible he gestures but not helpfully so, hinting only that probability is somewhat unbounded. Specifically, he notes that “in rhetoric there is an apparent enthymeme in regard to what is not generally probable but probable in a particular case....For some things happen contrary to probability, so what is contrary to probability is also probable. In this is case, the improbable will be probable. But not generally so...” (209). In this confusing array of modalities, the rhetorician is hard-pressed to draw the line between what is likely, what is distinctly possible, and what is remotely probable. Thus Aristotelian rhetoric admits, if abstractly, the persuasive power of the possible, but it fails to provide usable parameters for theorization.

Appropriately, it is not Aristotelian rhetoric but Sophistic rhetoric as described by John Poulakos that enables us to theorize the full potential of a rhetoric grounded in the possible. I say “appropriately” because sophistic rhetoric provides, as rhetoricians like Susan Jarratt have long argued, a non-traditional epistemic field that accounts for, among other things, “the primacy of human knowledge, possibilities for non-rational and emotional responses to the whole range of discourse types, a fundamental understanding

of knowledge and values as historically contingent, a recognition of all discourse as ‘rhetorical,’ an integral relationship between theory, practice, and the political sphere” (Jarratt xviii-xix). In its antifoundationalist approach, sophistic rhetoric more closely fulfills the critical theoretical needs I have developed in this chapter, not the least because it is unbounded by classical rhetoric’s emphasis on hegemonic and taxonomic knowledge structures. As Andrea Greenbaum has argued, “sophistic pedagogy, like the rhetoric of Marxism, teaches us to be on the lookout for what is not there, what has been excluded, and to be suspicious of what has been rendered commonsensical, ordinary, and therefore, taken for granted” (15). By these lights, sophistic vocabulary is particularly relevant to a rhetorical project aligned with Marxist-inspired critique of political economy.

Poulakos’ schema of sophistic rhetoric offers what Greenbaum describes as “a vision of rhetoric that differs considerably from that of Aristotle and Plato, since it is a rhetoric that does not strive for epistemological certainty” (12). Poulakos re-animates a variety of classical rhetorical concepts imbued with significance by the Sophists: rhetoric as art, style as personal expression, *kairos*, *to prepon*, and most importantly here, *to dynaton*, or the possible. Gorgias’ *Encomium of Helen* provides evidence that rhetoric does not spring from probability; rather, “the province of rhetoric is the possible, that which has not yet occurred to the audience” (Poulakos 31). To put it succinctly, sophistic possibility assumes that in any given situation, man is not yet fulfilled: “The starting point for the articulation of the possible is the ontological assumption that the main driving forces in man’s life are his desires, especially the desire to be other and to be elsewhere” (Poulakos 30). Recognition of something missing necessitates human participation in two co-existing but opposing worlds, the actual and the possible, creating

an existential dilemma which the rhetor must seek to address through the invocation of potentiality. The possible draws on the promise of novelty and on both hope and modesty—hope, that the proposed future may be affirmed by positive audience response, and modesty, because it may potentially be denied. While the possible exists in opposition to the actual, it seeks through rhetoric to become actualized.

Although it has been called “the most intriguing ingredient to the neosophistic revisionist position on rhetoric,” rhetoricians have not given *to dynaton* sufficient attention (Greenbaum 14). As I recover and utilize it here, *to dynaton* highlights the rootedness of rhetorical persuasion in the invocation of multiple alternate futures, supporting a definitional approach to rhetoric as an influential tool for decision-making amidst uncertainty. Even more importantly, it recuperates the promise inherent in what is not known, bringing to the forefront the important decisional aspects of uncertainty which have been obscured amidst increasing attention to threat. In effect, *to dynaton* reconstitutes promise and threat as a co-existing duality, or perhaps as the polar ends of a spectrum, prompting the recognition that risk logics operate with recourse to multiple valences. It highlights the ways that ideas about risk influence decision-making by evoking possibilities of what is hoped for and what is feared, and by imbuing those simultaneously-invoked possibilities with value.

To locate a rhetorical analysis of risk in this perspective is to foreground the intensely futuristic nature of risk without obscuring its participation in a variety of affective discourses which, particularly in the integrated spaces of contemporary capitalism, cannot be encompassed by anything other than a highly inclusive analytical paradigm. Like mimesis as offered by Goodnight and Green, *to dynaton* inscribes a

super-rational means of construing the rhetorical trajectories of risk. However, its theoretical value exceeds that of mimesis where it tells us not only *that* beliefs about risk are rhetorically replicated across contexts, but *how*, inviting a closer look at what the replication processes entail with regards to risk. As a rhetorical resource, risk through the lens of *to dynaton* becomes visible as part and parcel of the seeker's quest "to be other and to be elsewhere," whether that quest includes avoiding an imagined future or pursuing it (Poulakos 30). So attuned, the analyst is primed to discover the governing, identity-shaping powers of risk—"calculable and indeterminate, objective and subjective, visible and invisible, knowable and unknowable, predictable and unpredictable, individual and collective"—as they are marshaled via rhetorical strategies that structure choices and encourage decisions about the future (Althaus 581).

Setting the Stage for an Analysis of Homeownership's Risk Logics

Risk's internal variation is not only epistemological but methodological, forming the parameters by which investigation is conducted in a given context. It is Althaus' contention that the "definitional richness" of risk taken in a holistic perspective must be matched by definitional precision "if analysis is to be rigorous and logical" (568). However, for a rhetorically-minded study seeking to understand risk's full range of discursive powers in a multidisciplinary setting, definitional richness is arguably better taken as a caution against overly precise definitions which may foreclose attention to certain connotative possibilities. In other words, the precision desirable in analysis of risk is characterized by inclusivity, by the expectation that if risk is recognizable as or suggestive of one thing, it may just as easily be recognizable as or suggestive of that

thing's opposite. Thus I argue that a risk-sensitive rhetorical analysis should embed theoretical sensitivity to risk's context-determined nature and also to its potential inherent contradictions; it should not focus on the visible at the expense of the invisible, attend to the collective at the expense of the individual, or construe risk as indeterminate without considering how risk can evoke what may be predicted, known, or ensured.

Thus it is a rhetoric defined by its relationship to possibility, and a rhetorical risk equally informed by that definition, that constitute the theoretical lens I take to my analysis of risk in discursive sites relevant to American homeownership. As the forthcoming chapters reveal, this lens aids me in building a case for risk as a rhetorical resource which exerts persuasive force in the socially-and-economically integrated contexts of the neoliberal housing market where decisions about homeownership are promoted and made. As we will see throughout this study, homeownership's risk logics among other things prompt consumption, authorize deregulation, create paradigms of affordability, construct market engagement as literacy, and castigate consumers who fail to uphold neoliberal expectations of self-governance. *To dynaton* specifically illustrates how these risk logics persuade by positioning desirable against undesirable futures. As the first step in supporting this argument, I turn to the presidential tradition, nearly a century old, of fervent homeownership promotion.

ENDNOTES FOR CHAPTER ONE

¹ Althaus cites Ortwin Renn's reference to Markowitz's call for a "common conceptual denominator" in risk, which appears in Renn's extensive taxonomic overview of different classifications of risk. The quotation appears to be in translation, as the published version of Markowitz's argument can be found on the internet only in German.

² Schwartzman et al. describe the rhetorical trajectories of risk as operating along synchronic and diachronic axes. Goodnight and Green offer the notion of mimesis to illuminate the risk-related behaviors of investment in bubbles, while J. Blake Scott's *Risky Rhetorics* illuminates the transversal nature of risk rhetorics across contexts.

³ For more in-depth discussions of technical/technocratic approaches, see e.g. Grabill and Simmons, Rowan, Waddell. For an example of a technical/technocratic approach in action see e.g. Ferreira, who draws a distinction between the "rational" experts and "irrational" public and, via an explication of the movie *Erin Brockovitch*, casts failure of the public to trust in experts as reactionary and hysterical rather than legitimate.

⁴ The risk society thesis and the associated notion of reflexive modernity are most commonly associated with Ulrich Beck, but are also associated with contemporary scholars Anthony Giddens (*Reflexive Modernity*) and Scott Lash.

⁵ For discussions of the heteronormative powers exerted by risk discourses, see e.g. Koerber, Scott (*Risky*), and Yadlon.

⁶ Luks points out that interest in economic semantics was exhibited by landmark economists as John Maynard Keynes and even Adam Smith. Such interest was the focus of scholarly investigation years prior to McCloskey; see e.g. Fritz Machlup's 1975 edited collection *Essays in Economic Semantics*, original published in 1963 as *Essays on Economic Semantics*.

⁷ McCloskey's early work references specifically the New Rhetoric as described by Kenneth Burke's *A Rhetoric of Motives* and I.A. Richards' *The Philosophy of Rhetoric*.

⁸ See e.g. Bellofiore, who argues that McCloskey's "anti-epistemology is self-contradictory or banal" and that it cannot explain Keynesian methodology, which is crucial to a revolution in economic theory (78).

⁹ Bruener and Oeschelger, for instance, note the usefulness of McCloskey's approach in revealing "the poverty of imagination inherent in reducing environmental issues to economic questions" (218). See Edward M. Clift's edited collection for examples of more recent directions in McCloskeyan rhetoric, representing engagement from scholars across multiple disciplines.

¹⁰ In addition to Bitzer and Vatz, Chaput mentions theorists of the rhetorical situation including Richard L. Larson, David M. Hunsaker and Craig R. Smith, John H. Patton, and Scott Consigny, among others.

¹¹ See e.g. the collection *Entertaining Fear* from Chaput et al.

¹² See e.g. Renn for a discussion of the problematic rootedness of some risk approaches in paradigms of rational action.

¹³ Many scholars of rhetoric and communication have linked problems in deliberation to the development of a technical society. Thomas Frentz notes that while rhetoric has traditionally been the practice by which individuals negotiate social and societal good, the rise of technical knowledge has meant a corresponding decrease of shared public knowledge, making rhetoric "often inadequate for confronting the moral dilemmas of modern societies" (291). Walter Fischer, too, asserts that public moral argument is being replaced by arguments by those in privilege. Goodnight links the impoverishment of public debate not to the rise of technical knowledge per se, but instead to the appropriation of discourse between the personal, technical, and public spheres as arguers shift the acceptability of the grounds for argument from one sphere to another. The features of a technological society can trouble deliberation in other ways; for Katz, an ethic of expediency arising from "a 'technical rationality' that calculates the value of everything in terms of its own technical criteria and use...supplants and replaces the traditional values of society" and imbeds insensitivity to human life in deliberative processes (266).

¹⁴ See e.g. David Harvey for not only a comprehensive definition of neoliberalism but a detailed explication of the contradictions it reveals between theory and practice. See Wendy Brown for arguments pertaining to the threats that neoliberal mentalities pose to the values traditionally associated with rhetoric, including thriving deliberation and healthy public discourse.

¹⁵ See for example J. Blake Scott's article on "Kairos," which considers the risk-based power of bioterrorism rhetorics and the ways that big pharma kairotically profited from post-9-11 security fears but does not specifically address the role of market-based logics of risk in the same setting.

¹⁶ See e.g. a fairly recent article from Gabe Mythen, which reviews some criticisms of the risk society.

¹⁷ A wide range of scholars both within rhetoric and outside of it have discussed the problems that pervasive fear poses to a healthy public debate and its communicative channels. In addition to the contributors to Chaput et al., see e.g. Furedi, Glassner, Handmer and James, and Reuben. Certainly some work suggests a productive side to fear appeals, including Pfau and Walton (Pfau). However, arguably a fair amount of skepticism is warranted toward any democracy that thanks shared "hysterias" for its equality (qtd in. Danisch 182).

¹⁸ Given the tenuousness of support for a semantic shift, several language-based studies have been undertaken in an efforts to "understand more clearly the semantics of the word 'risk', the smallest unit of analysis in risk discourse" (Hamilton et al 178). I summarize several in footnote 21 below.

¹⁹ See De Goede ("Repoliticizing"), Douglas, and Lupton (*Risk*), as well as Althaus' summary of linguistic studies of risk citing Lupton, for discussions of risk's early semantic evolution.

²⁰ Other scholars have made similar observations about the relationship between risk and capitalist expansion: De Goede, for example, notes that the "neurotic citizen" constructed by risk is a model of "unprecedented commercial promise" ("Beyond" 161).

²¹ Fillmore and Atkins, who in two studies use a frame semantics methodology to research risk, find a risk frame comprised of both positively and negatively charged notions of future uncertainty, summarized in the components *Chance* and *Harm*. Hamilton et al, who use corpus linguistic analysis, discover that while risk is predominantly semantically negative, in some "transactional" contexts—settings where interactions are based on the exchange of services or information—positive semantic prosody attaches to constructions such as "risk worth taking" which "relate to people who rationalize a particular course of action" (176). Hardy and Colombini also apply corpus linguistic analysis to very contemporary American discourse to argue that constructions of "good risk" are in existence, although rare, and perhaps better explained by construction grammar.

²² Various scholars have discussed the specific problems facing scientific rationalities in the context of the risk society. Sapolsky notes that science's ability to detect risk at minute levels feeds politicized emphasis of minor risks at the expense of proper treatment of more pressing ones. Others discuss how mathematical calculation in the face of diffuse, unknowable, and potentially large-scale risk become faulty at best and useless at worst: Teuber, for example, notes that the cost-benefit analyses common in risk assessment homogenize variations among risk outcomes and sidestep questions of consent.

CHAPTER TWO
Risk Dissociated and Risk Opposed:
Logics of Risk and the Economy in the Presidential Promotion of Homeownership

[T]he sentiment for home ownership is so embedded in the American heart that millions of people who dwell in tenements, apartments, and rented rows of solid brick have the aspiration for wider opportunity in ownership of their own homes... This aspiration penetrates the heart of our national well-being. It makes for happier married life, it makes for better children, it makes for confidence and security, it makes for courage to meet the battle of life, it makes for better citizenship. There can be no fear for a democracy or self-government or for liberty or freedom from homeowners no matter how humble they may be.

--Herbert J. Hoover, "AWCH"

Home ownership is a cherished dream and achievement of most Americans. But it has always been out of reach of the nation's low-income families. Owning a home can increase responsibility and stake out a man's place in his community. The man who owns a home has something to be proud of and good reason to protect and preserve it.

--Lyndon B. Johnson, "SMCU"

You want to reinforce family values in America, encourage two-parent households, get people to stay home? Make it easy for people to own their own homes and enjoy the rewards of family life and see their work rewarded. This is a big deal. This is about more than money and sticks and boards and windows. This is about the way we live as a people and what kind of society we're going to have.

--William J. Clinton, "RONH"

All of us here in America should believe, and I think we do, that we should be... a nation of owners. Owning something is freedom, as far as I'm concerned. It's part of a free society. And ownership of a home helps bring stability to neighborhoods. You own your home in a neighborhood, you have more interest in how your neighborhood feels, looks, whether it's safe or not. It brings pride to people, it's a part of an asset-based society. It helps people build up their own individual portfolio, provides an opportunity, if need be, for a mom or a dad to leave something to their child. It's...an important part of America.

- George W. Bush, "RNAH"

Promoting homeownership has frequently been the purview of national governments, and the United States government is no exception.¹ Over the last century, federal policy has nurtured homeownership by guaranteeing mortgages, developing the secondary mortgage market, establishing fair housing laws, providing tax benefits for

owner occupancy, and more, contributing so pivotally to the design of mortgage markets—even while often proclaiming homeownership to be an individual and private matter—that Dan Immergluck has ironically hailed homeownership as evidence of the government’s “visible hand.” Though federal policies have also addressed rental housing supply, the endorsement of homeownership over other types of tenure is an established precedent frequently rationalized with references to the “positive public externalities” of ownership, the importance of access, and the correlation between high rates of owner occupancy and a strong national economy (Collins 1).² Prominent among the public figures that have zealously and publicly made such arguments are American presidents. As J. Paul Mitchell says, each president “from Herbert Hoover who started the ball of federal housing policy rolling, to Ronald Reagan who slowed it down, has acknowledged that homeowners are the backbone of the nation and declared his fervent wish that every American household so desiring might join the ranks” (40). In exhorting citizens to purchase homes through appeals to social and economic betterment, presidents and their administrations have engaged in rhetorical practices that have shaped cultural conceptions of homeowners and homeownership (Lands).

However, with the post-2007 mortgage crisis prompting reassessment of how conceptions of homeowners and homeownership were produced and maintained, it is newly exigent to revisit this tradition of promotion and examine its rhetorical and material significance—to think about what it advocated, and how and why. In this chapter, I undertake a forensic rhetorical analysis of presidential homeownership promotion from the early twentieth century through the early twenty-first. Using the theoretical lens developed in the previous chapter, and drawing also upon social history

and housing studies, I examine the rhetorical trajectories of presidential homeownership promotion as well as the expectations and assumptions that they reflect and produce. While this chapter provides historical grounding to forthcoming chapters by describing the evolution of federal housing policy initiatives, it is also an important analysis in its own right, as it identifies, analyzes, and critiques the persuasive strategies used by presidents to forge rhetorical relationships between risk and homeownership, so setting parameters for homeownership as economic engagement—determining, that is to say, the degree to which expectations of homeownership enmesh with expectations of the economy.

The focus on presidential rhetoric foregrounds the importance of what Jeffrey Tulis and others have called the “rhetorical presidency,” a notion that signifies the recognition that, in a fundamental institutional shift rooted in the advent of twentieth century advances in mass media, rhetorical leadership has become the modern presidency’s very essence. This is not to say that presidential rhetoric should be analyzed in the same way, from the standpoint of economic discourse, as the rhetoric of orators whose influences are located more symbolically and formally in knowledge of the market.³ As Michael Kaplan notes, the “iconomic” rhetorical power of a prominent economic expert like Alan Greenspan is located in speculative speech, whereas an American president’s is rooted in a broader range of political and diplomatic influence: it is less readily identified as speculative, and its influence on market activity is more subtle. However, I argue that this recondite relationship heightens rather than diminishes the need for rhetorical critique. Presidents, as Amos Kiewe writes, are “image makers:” they “seek the opportunity to define situations and construct the reality they want the

public to accept” (16). Insofar as creating reality is also constructing identity, a president serves as what Bruner calls an “identity entrepreneur,” articulating politically motivated visions of citizenship within the nation state (316). To analyze presidential homeownership discourse is thus to attend to trajectories of identify fabrication; here, those that encourage America to envision itself as a nation of homeowners and thus create a nation of housing consumers.

This chapter proceeds chronologically, alternately tracing key developments in federal housing policy and analyzing specific rhetorical moments in presidential discourse. Because space constraints make it impossible to attend to the strategic homeownership promotion of every president, I focus on four whose approaches contribute prominently to the shape of modern homeownership: Herbert Hoover, Lyndon Johnson, Bill Clinton, and George W. Bush. I follow Jim A. Kuypers in recognizing that analysis of administrative rhetoric necessitates broadened conceptions of *rhethors* and *texts* that, respectively, foreground the collaboratively-composed nature of presidential communication and permit the discourse of an administration to be approached as a text.⁴ Here, my texts are presidential speeches, denoted for the sake of convenience with four-letter acronyms, and policies, as well as relevant commentary from other sources both scholarly and popular.⁵ For each president, I identify the dominant rhetorical strategies that characterize his talk on homeownership before examining how logics of social and economic risk are strategically deployed to construe relationships between homeownership and the economy. Although risk is not at first glance a prominent feature of promotional discourse, my analysis reveals the frequent presence of two distinct but often co-occurring strategies, which I label *risk opposition* and *risk dissociation*. The

former mobilizes citizens to enter the housing market by positioning homeownership consistently in opposition to social risk and increasingly in opposition to economic risk, invoking desirable futures of stability and security; the latter works in tandem to dissociate homeownership from any risk inherent, at times visibly by dismissing or minimizing potential negative outcomes, at times invisibly by leaving risk unspoken or unacknowledged.

Taken diachronically, these strategies highlight the economization of risk logics in homeownership: where in the early 20th century homeownership was defined through its productive relationship to social stability and other benefits, it becomes increasingly rhetorically financialized. However, the latter logics do not *displace* earlier logics, but with neoliberalism's talent for fusion combine with them to produce a discourse of homeownership emphasizing it, essentially, as a uniquely risk-free investment. This analysis underscores the discursive power of risk logics in constructing what J. Blake Scott calls "national pedagogies"—here, the schooling of Americans to purchase homes by invoking return without risk—and further informs the interpolation of neoliberalism in the American housing market. While scholars have located the neoliberalization of the housing market in a clear shift from a Fordist to a neoliberal regime of accumulation accompanying the rise of the secondary mortgage market, two patterns gesture at an earlier and more gradual shift: on one hand, the longstanding presidential proclivity to leverage social risk to construct homeownership as evidence of private individual self-regulation; on the other, an equally longstanding proclivity to leverage social and economic risk to liberalize homeownership's governing statistics (Hanan, Saegert et al).

Herbert Hoover and Ownership as Spiritual Leadership

Vincent Cannato argues that the desire for homeownership has been “hard-wired into the American psyche” from the days of the founding fathers, with Thomas Jefferson, John Adams, and Alexander Hamilton among those who favored ownership as a counter to the political influences of landlords (70). Early federal support for homeownership appeared in initiatives like the Homestead Act of 1862, which allowed men to lay claim to plots of land and earn title rights by improving them. By the late twentieth century, the detached single-family home was catching on as a national ideal; renting, conversely, was increasingly seen as undesirable for middle- and upper-class families (Cannato).

Mortgage financing options at the time were not comprehensive: the standard first mortgage matured at ten to fifteen years and was made at 50% or less of the property value, meaning that borrowers needed sizable down payments, and while second and even third mortgages were available, they typically had terms of five years or fewer and were often only partially amortized, with “bullet payments” due when the note matured (Cannato). As fixed mortgages would not be in vogue until later decades, many turn-of-the-century loans had variable rates, and it was common to have to renegotiate them annually (Green and Wachter). Even so, by the early twentieth century more than 40% of American families owned their own homes (Vale).

By the end of World War I, the burgeoning belief in the value of homeownership began finding expression in policy. What was unique about this time, in other words, was not the ideal of homeownership, but the rise of concerted federal support on its behalf (Vale). In 1918, the government took a first step into public housing by forming the U.S. Housing Corporation (USHC), which cooperated with private developers to build

affordable housing for citizens in the war effort (Lands). Around the same time, the tradition of homeownership promotion was inaugurated. In 1917, the Department of Labor launched an “Own Your Own Home” campaign, distributing promotional materials to audiences including university students and schoolchildren that linked homeownership to patriotism and other social values, and exemplifying the rhetorical strategies that would become commonplace in the ownership advocacy of the time.⁶ When the campaign was moved to the Commerce Department, it became the domain of President Warren Harding’s Secretary of Commerce, Herbert Clark Hoover. Hoover would soon emerge as “the nation’s foremost promoter of homeownership” and the first in a long line of presidents who would rhetorically reinforce it as a spiritual interest of the government and a symbol of American national identity (Cannato 71).⁷

Hoover, an advocate for the renewal of liberal capitalism, came to politics from a background in mining engineering (Zieger). He became concerned with the state of homeownership as a result of the 1920 census results, which seemed to show ownership rates declining (Hutchison). As Secretary of Commerce, Hoover began a push to expand homeownership through public-private cooperation, a soon-to-be traditional ideal that his own efforts exemplified.⁸ Due to them, and to the general economic prosperity of the time, the 1920s saw the construction of nearly three million new homes and the increase of the national homeownership rate from 45.6% to 47.8% (Cannato). Once elected president, Hoover’s proselytization of homeownership took a prominent national stage, although it suffered a setback when the Wall Street Crash of 1929 occurred less than eight months after he took office. His promotion of homeownership fosters a rhetorical dislocation between national economic and private individual pursuits by synonymizing

homeownership with desirable American social and cultural values. Via positioning that proves particularly strategic given the context of the Great Depression, risk logics are deployed where homeownership appears not only to be separate from, but to stand in direct opposition to, undesirable social qualities.

A key event in homeownership history was Hoover's "Conference on Home Building and Home Ownership," held in Rochester, New York in 1931. The conference, according to Hoover, was intended to address "the whole question of home construction and ownership, and of home environment," and thereby aid in "the removal of influences which seriously limit the spread of homeownership"—in other words, the primary "question" of home ownership was how to expand it ("SAWH"). Central to Hoover's own answer was the rhetorical cultivation of desire for ownership, which arguably needed to compel potential buyers in ways that would not be hobbled by the imperiled state of the market (Lands).

Attended by over 3,700 experts, the conference was nominally concerned with all sectors of housing but clearly focused on the "one great segment" of homeownership, which Hoover valorized with *pathos*-laden appeals ("AWHC").⁹ He was in his initial address "so moved to sentiment" as to invoke the imagery of traditional American folk songs (Jeter 545):

Those immortal ballads, Home, Sweet Home; My Old Kentucky Home; and the Little Gray Home in the West, were not written about tenements or apartments. They are the expressions of racial longing which find outlet in the living poetry and songs of our people. They were written about an individual abode, alive with the tender associations of childhood, the family life at the fireside, the free out of doors, the independence, the security, and the pride in possession of the family's own home – the very seat of its being. ("AWHC")

Not merely maudlin, such imagery functions rhetorically to delineate the *home* from the *house* using the condition of single-family owner occupancy. While Hoover acknowledges another “great segment of housing” in renting, it is neither desirable nor inspiring: “they never sing songs about a pile of rent receipts... We do not in our imagination attach to a transitory place that expression about a man's home being his castle, no matter what its constitutional rights may be” (“AWHC”). Attesting to the sustaining, circulatory power of such logics, the glorification of homeownership through the vilification of renting not only predates Hoover but postdates him—and it gains increasing force, as we will see, by evoking the risk of state dependency (Cannato). The owned home, standing in contrast to the impermanent, mundane rental, becomes the end goal of all tenure situations via a national impulse so deep it is practically biological—hinting at the early presence of Foucault’s biopolitics, the exertion of economic political power on all aspects of human life (*The Birth of Biopolitics*).

The “homeownership impulse” is mobilized through the rhetorical alignment of homeownership with desirable social values, often pertaining to children, families, and moral civic character.¹⁰ Hoover equated homeownership for children to “health and morals and education and the provision of a fair chance for growing childhood” (“RPCW”), arguing that it puts at stake not only the *protection* but the *production* of children by favorably altering their “very physical, mental and moral fiber” (“Home Ownership” 20). Shaping expectations for adults as parents and spouses, the pursuit of homeownership reinscribes the gender-specific obligations of women and men and the hetero-normative relationships between them, promising among other things a “happier married life” (“AWHC”). It produces a moral citizenry by conveying not only personal

virtues like confidence, humility, and independence, but national values of loyalty and patriotism.¹¹ Hoover's promotion exemplifies what Anne Shlay calls the "deterministic tradition" that, gaining strength in later decades, imputes to good housing in general and homeownership in particular the transformative potential to mold social and economic behavior in desirable ways (513). Emphasis on homeownership's productive capacity aids Hoover in shaping an American national identity, serving the rhetorical purpose Maurice Charland labels *constitutive* in that it at once constructs the subjectivity of the American homeowner, and invites the citizen to take it on ("Constitutive Rhetoric").

It is useful to return to John Poulakos' notion of *to dynaton*, the possible, to think about how the creative potential of homeownership is rhetorically projected with the invocation of desired futures. The possible as a rhetorical device, as Poulakos notes, is a response to some perception of lack in the current situation, turning on man's "desire to be other and to be elsewhere"—for instance, to have the happier married life, better children, and the enhanced respect that the future of ownership evokes and commands (Poulakos 30). However, the rhetorical power of desired futures derives at least in part in their comparative positioning to the undesired, comparisons marshaled through logics of risk. That the vocabulary of risk is largely absent from Hoover's speeches on homeownership is unsurprising given not only research highlighting risk's fairly recent ascendance to widespread usage, but the tendency of promotional discourse to emphasize the positive (Bruner).¹² However, my more conceptual approach to risk as a resource for the rhetorical negotiation of uncertainty picks up on risk's operative force in positioning homeownership both in opposition to and as separate from possibility of unwanted results. The strategies that accomplish this, which I call *risk opposition* and *risk*

dissociation, invoke the risk/no-risk dualism Hervè Corvellec and Åsa Boholm find at play in their examination of Environmental Impact Statements, where risk is systematically acknowledged, but then dismissed or minimized. However, where such documents generically encode the expectation of risk disclosure, presidential homeownership promotion is structured by no such constraint. Risk opposition and dissociation draw power not only from the neutralization of negative futures but from their near-total absence, representing what Bruner would call a “narrative absence” regarding the contingency of homeownership on the economy—a relationship which, as the Depression reveals, predates securitization.

Risk opposition occurs where homeownership is positioned *against* risk. Certainly Hoover deploys this strategy more subtly than later presidents, who more readily evoke the negative consequences of failing to advance homeownership. Nevertheless, implicit in each of his homeownership corollaries is an inverse: flawed children, unfit parents, unhappy marriages, and unengaged or disloyal citizens. Further, homeownership counters some risks even more directly: in his early campaigns, Hoover sets it against the threat of Bolshevism, echoing the claim in other contemporary promotion efforts that “socialism and communism do not take root in the ranks of those who have their feet firmly embedded in the soil of America through homeownership” (qtd. in Cannato 71).¹³ As I have already noted, the increasing attraction of homeownership drew from a correlative decline in the appeal of renting: when Hoover claims, for example, that ownership of a home “is a physical expression of individualism, of enterprise, of independence, and of the freedom of spirit,” the risks of a dependent citizenry and a managed state are implied (“AWHC”). Certainly the primary focus is on the positive, which Bruner argues will

likely be the case when identity entrepreneurs are invoking and producing social memory: “This is not to suggest that identity entrepreneurs never bring up negative historical memories, but to suggest that the strategy is fraught with serious risks” (Bruner 324). Thus just as emphasis on homeownership’s benefits typifies the presidential rhetoric of identity construction, de-emphasis or failure to acknowledge its risks reflects the imbedding of “unifying national fictions” (Bruner 319). Risks cluster instead in opposition to the owned home, impelling audiences toward homeownership as refuge from stigmatized, undesired futures.

Hoover’s aptitude at not only opposing but *dissociating* homeownership from risk is highlighted by the context of his presidential promotion efforts, the bulk of which took place against a harsh material reality for homeownership. In the Great Depression, property values declined as much as half, and many homeowners found themselves unable to make payments, and unable to sell or refinance to make good on due notes. Between 1926 and 1933, foreclosure rates skyrocketed; at the Depression’s depth in 1933, half of American mortgages were in default, and an average thousand foreclosures were occurring each day (C. Fischer).¹⁴ Certainly in speeches Hoover gives great weight to this calamity and its implications for homeownership, telling one audience, “Literally thousands of heartbreaking instances of inability of working people to obtain renewal of expiring mortgages on favorable terms, and the consequent loss of their homes, have been one of the tragedies of this depression” (“AICO”). Even so, he deftly dissociates the futuristic ideal of homeownership from the current plight, often urging audiences to take “the long view” rather than focus on the “current emergency” (“AWHC”). That he imputes to the owned home “tentacles of sentiment as well as bonds of practical necessity

that bind the occupant to it” without acknowledging the dependence of such bonds on economic conditions is particularly striking given the difficulties faced by the Depression’s displaced (“RPCW”). The irony of insisting on the permanency of homeownership amidst a massive foreclosure crisis is perhaps mostly aptly captured by the name given the numerous shanty towns inhabited by the displaced: Hoovervilles (Freedman).

By dissociating the ideal of homeownership from the reality of the Depression, Hoover maintains homeownership’s purity as a moral enterprise and its classification as a private rather than public pursuit, rhetorical distinctions which prove relevant to the broader trajectories of promotion and their increasing financialization.¹⁵ Hoover’s awareness that expanding homeownership would have “important economic bearing” (“RPCW”) is not in dispute.¹⁶ Yet when promoting homeownership, he at times disavows the relationship between his advocacy and the immediate economic needs of the nation, telling one news conference, for example, that homeownership “is not a question of the emergency at all...It is not part of the economic plan” (“PNCO”). This attempt to rhetorically separate the situation of homeownership from the situations of the economy aligns with scholarly arguments that homeownership would not be “economized” as an investment until several decades later, when neoliberal mentalities had taken root and the home’s potential for monetary profit was being widely exploited (Hanan, Saegert et al.). However, the Great Depression, like the more recent post-2007 mortgage crisis, would suggest that an under-economized vision of homeownership—one which forecloses the perception that the sustainability of homeownership as an individual enterprise is

contingent on the broader movements of the national economy—is just as insidious as the opposite.

Though Hoover's risk logics rhetorically construct a homeownership largely *outside* of the economy, the Hoover era as Richard Harris notes nevertheless inaugurated the shaping of Americans as housing consumers. Thus retrospectively visible in that trajectory of identity construction is what may be considered a priming for neoliberalism, an early interpolation of the key economic worldviews upon which it relies. Among these was the establishment of homeownership in the domain of private enterprise and citizenry, which would become increasingly synonymous with the expectation of self-governance. Hoover set a lasting standard: homeownership was a means of individual self-help, and the presidential project was “not to set up government in the building of homes but to stimulate individual endeavor and make community conditions propitious” (“AWHC”). The role of the government would be limited to the provision of “wise stimulation and thoughtful leadership” (“MCNH”).

The exception to the rule of a non-economic, non-governmental homeownership is, of course, in the federal advancement of mortgage finance. In another example of neoliberal “priming,” Hoover initiated the presidentially-negotiated liberalization of mortgage lending's governing statistics. Blaming credit limitations for the rampant foreclosures, he described home finance as “the most backward segment of our whole credit system” and lambasted high interest rates and purchase processes so highly regulated as to resemble “a ceremony like a treaty between governments” (“RPCW”).¹⁷ His response to the foreclosure crisis was not only to expand second mortgage financing, but to persuade audiences that 50% first mortgages were insufficient for the needs of

America's potential buyers: "Our chief problem in finances relates to those who have an earnest desire for a home, who have a job and therefore possess sound character credit, but whose initial resources run to only 20 or 25 percent" ("AWHC"). In pitching liberalization, Hoover again deploys *pathos*-laden appeals that marshal social values to construct potential buyers as hard-working young couples who would willingly channel all financial resources to a mortgage, just to call their home their own.¹⁸ Risk logics again come into play: by blaming foreclosures on credit limitations, the enthymematic expectation that expanding credit will reduce or eliminate risk is facilitated. A rare use of the word "risk" in fact self-nullifies: Hoover insists that the buyers who are limited by regulations are "a good risk" ("AWHC").

Further, risk logics give rhetorical force to the problematic of inaction: when Hoover argues that we "dignify the name credit" by lowering down payment standards and allowing potential buyers entrée, he sends the message that existing standards are not merely status quo, but party to an active denial of access to deserving populations ("AWHC"). As we will see, service to underserved but deserving populations becomes a go-to presidential appeal for the de-regulation of industry standards. As LeeAnn Lands suggests, Hoover played a key role in normalizing the expectation of homeownership: by fusing an American "bootstraps" ethos of "sound character and industrious habits" with deservedness, he inserted homeownership as a normative coming-of-age milestone in the American lifecycle ("RPCW"). The lifecycle-based expectation of homeownership proves significant in the broader rhetorical trajectories of homeownership promotion, which in ever-more-forceful ways reshape the determination of who "should" have a home by, for example, altering ruling measures of creditworthiness.

Hoover's push for credit expansion soon found its way to law: in 1931, he proposed to establish a system of home loan discount banks with the "emergency purpose" of providing government capital for second mortgages. Passed in 1932, the Federal Home Loan Bank Act was credited with preventing foreclosures and bank failures. More symbolically, it coincided with a shift in the stigmatization of debt carriage which, prominent in earlier years, began fading from the late 1920s onward.¹⁹ When in 1928, for example, City National Bank made its historic move to begin providing consumer lending, it did so as MacDonald and Gastmann argue with the conviction that "despite the perception of frugality and aversion to debt many Americans were indeed willing to borrow to buy those consumer goods they felt denied in achieving the good life" (224). The owned home, arguably, had become the good life's ultimate symbol.

History has at times classified Hoover as an ineffective president who held office for only one term and whose efforts largely failed to produce economic recovery (Zieger). Congruently, suburban history scholars have tended to overlook his role in expanding homeownership (Hutchinson). Nevertheless, the remainder of this chapter makes clear that Hoover's homeownership discourse is not only part of but in many respects the start of a longer presidential tradition of "systematically promoted homeownership" that illuminates the construction of America as a nation of homeowners and housing consumers ("AWHC"). By associating homeownership with socially valued institutions and subjectivities, Hoover rhetorically mobilized desire and motivated market entry in a way that lays the groundwork for a neoliberal regime of accumulation, inaugurating the strategies of risk dissociation and opposition to serve this purpose. These strategies contribute to the growth of what Bruner calls "collective amnesia" about the

direct risks of homeownership, an amnesia fostered in evolving ways by coming administrations (316).

Lyndon Johnson: Homeownership and the “Great Society”

Both pro-homeownership sentiment and the trend toward federal intervention, particularly in home finance, gained momentum in succeeding administrations. As Hutchison notes, despite their different party affiliations “Hoover’s encouragement of homeownership and civic participation laid the groundwork for [Franklin] Roosevelt’s federal housing programs and increased state involvement in promoting consumption” (185). The 1933 National Recovery Act and 1934 Home Owners’ Loan Corporation (HOLC) both directed federal funds at mitigating the foreclosure crisis by purchasing defaulting loans (Cannato).²⁰ The National Housing Act of 1934, intended to create new jobs, improve economic conditions, and restore confidence, revolutionized the housing industry by creating the Federal Housing Administration (FHA), which by insuring lenders on mortgages that met preset criteria, “lowered the risks of lending, thereby lowering the cost” (Cannato 73). The FHA also inaugurated a new home finance standard: the twenty- or thirty-year²¹ fixed, fully amortized mortgage at 80% of property value, which caught on with private lending institutions and greatly expanded access to homeownership.²² In 1938, the Federal National Mortgage Association (FNMA or Fannie Mae) was established to purchase long-term mortgages from lenders, freeing up reserves for more lending, and in 1942 the G.I. Bill of Rights Act created the Veterans Administration (VA), which incentivized returning veterans to purchase homes with low down payments. Paired with other federal incentives like tax write-offs for mortgage

interest, these initiatives contributed to a rapid increase in home construction and sales and a skyrocketing homeownership rate: from 43.6% in 1940, it rose to 61.9% in 1960 (Cannato).

By the mid-1940s, homeownership as a “sacrosanct institution” was reaching maturity (Lands 943). Homeownership had by then accrued considerable “social and psychological stakes,” and with the carriage of sizable mortgage debt increasingly common, financial stakes were up as well (Perlstein 25). However, emergent flaws began to provoke critique. Sociologist John Dean’s 1945 book attributed the decisional force of the homeownership ideal to romanticization and misinformation, to the promise of stability where stability was no guarantee.²³ While Dean concludes that some should buy while others should not, in practice lines were more frequently drawn between those who could and could not.²⁴ Some federal initiatives in the 1930s and 1940s were geared toward strengthening rental markets, but as the focus remained on expanding homeownership, the gap between owners and renters widened.²⁵ Inner city public housing was increasingly occupied by low-income and minority populations, while white, middle-class families were migrating to the suburbs in what history has called the “white flight.” Lending discrimination was rampant, with FHA’s underwriting guidelines offering risk-assessment practices that worked against certain populations, often overtly.²⁶ Discriminatory practices included redlining, the demarcation of often racially defined areas where banks would not invest, and predatory lending, where lower income or minority borrowers were singled out for unfavorable loans.²⁷ These practices became the target of activist efforts in the 1960s amidst worsening conditions in America’s cities (Stuart). In the presidency of Lyndon Johnson, they also became the subject of new

initiatives and evolving discourses that positioned homeownership against the risks of social unrest, urban blight, and inequity.

Johnson, who took office after JFK's assassination, has been characterized as "a president who burned with ambition for transformative social programs and a political master who could get them enacted" (von Hoffman 3). He was deeply committed to social reform via his "Great Society" policies and highly preoccupied with problems in America's inner cities, which were plagued with decay, poverty, and violence. His administration grappled with urban unrest that seemed to worsen each year: in 1964, violence broke out in the Harlem and Bedford-Stuyvesant neighborhoods of New York; in 1965, the infamous Watts riot took place in Los Angeles; in 1966, riots occurred in Chicago and Cleveland; and the violence reached a crescendo in July of 1967 when rioting, burning, and looting resulted in 26 deaths over three days in Newark and 43 deaths over four days in Detroit. Although poverty and crime had disenchanted even some of public housing's strongest advocates, Johnson took the "crisis of the cities," amplified with images of blight and hopelessness, as rhetorical tinder to ignite new public commitment to housing as a means to resolve discontent—and promote ownership as the end goal.²⁸ His promotion reveals an intensifying paradox between an economizing homeownership and its persistent dislocation from risk.

In promoting homeownership, Johnson recycled appeals dating back to Hoover, though he more often connected his initiatives to Roosevelt's, emphasizing homeownership as a point of national pride and "one of the basic strengths of this country" ("RSBS"), as a means of self-help, and as a guarantee of personal contentment and community investment. Replicating what Lands calls "Hoover-style rhetoric,"

Johnson used gender-centered declarations that link personal worth to property ownership, constructing men as providers and women as singularly ambitious for the material goods that men provide (950). As he told one audience, “the thing that every woman in this country wants more than anything else, in a material way, is a house that she has title to, or hopes to get title to” (“RDAO”). While desire for *the home* is universalized, Johnson does not limit its emotional symbolism to the owned single-family dwelling, instead re-extending it to adequate rental housing. Nevertheless, homeownership remains the ultimate goal, making public housing merely a means to an end. In Johnson’s teleology, federal housing initiatives are the hopeful indicator that “one day in this Nation of so much wealth and abundance we can help every poor family to achieve its dream of home ownership” (“SPAE”).

Risk logics once again exert force through the strategic vehicles of opposition and dissociation, demonstrating the flexible capacity of the homeownership ideal to counter new or evolving social problems like discrimination. Magnifying the appeal of service to the underserved, Johnson describes the unmet needs of “those whom discrimination has too long restricted” as a glaring flaw in the national homeownership ideal:

Satisfaction with the 1,600,000 new housing starts in 1963 cannot obscure the fact that too many minorities, too many families of low income, too many elderly, too many rural families, and too many military families have not shared in the housing improvement which those units represent... Unless we act and act now, the promises of the National Housing Policy will remain empty slogans to large numbers in these groups. (“SMCH”)

Expanding homeownership resuscitates the ideal while countering the effects of discrimination; among them inner city and racial poverty, violence, and unrest. At a 1966 news conference, Johnson made this risk-countering power explicit by recounting a

success story from Denver, where “the Negroes had taken really a disproportionate share of their income and put it into home purchase, because they had such pride in the place where they lived.”²⁹ After homeownership took off, he explained, the motivation for protest evaporated: “They had no problem with outsiders coming in and staging big marches and pickets with signs. Some people... came in and urged one. They said it was the biggest flop of the year because these people have their homes and they are happy (“PNCL”). Thus as Hoover did, Johnson frequently emphasized homeownership’s productive and normative capacity to resolve social, psychological, and behavioral problems linked to poor housing.

What gave particular exigency to risk opposition was the “crisis of the cities.” Johnson’s frequent “act and act now” appeals served to create a *kairos* of immediacy that juxtaposed imminent action with imminent risk, as in comments like this: “Whether we achieve our goal of a decent home in a decent neighborhood for every American family rests, in large measure, on the actions we take now” (“SMCH”). Desirable futures accrue rhetorical appeal from the threat of the alternative: homeownership holds both “real opportunity” and the potential for catastrophe if left unaddressed (“SMCH”). Drawing often on the concept of crisis, Johnson utilized what Kiewe calls the presidential “crisis tool,” employing ideas of imminent threat to add urgency (79).³⁰ In marking this moment for action as crucial, he also deployed what Cox calls the “locus of the irreparable,” a “rhetorical commonplace derived from the irreparable nature of choice or action” (227). With emphasis on uniqueness, precariousness, and timeliness, the locus of the irreparable wields a “*nomos*-building capacity” that governs the interpretation of experience by not only projecting but hierarchizing potential outcomes (Cox 231). Its rhetorical appeal thus

“occurs as a *forewarning*, an opportunity to act in an appropriate way before it is too late” (Cox 232). Thus when he marks the decision to embrace housing and homeownership as irrevocable, Johnson reifies the normative expectation of homeownership as the answer to social problems.

Once again, risk opposition co-occurs with the dissociation that dislocates homeownership from problematic outcomes. As the Depression did for Hoover, a crisis during Johnson’s tenure made visible homeownership’s vulnerability to economic fluctuations. The 1966 disintermediation crisis occurred when the Federal Reserve attempted to curtail the growth of money and credit by allowing short-term interest rates to surpass Regulation Q ceilings, causing depositors to withdraw bank deposits in search of higher returns and hampering banks’ ability to lend (Kliesen and Tatom). The ensuing “credit crunch” caused the biggest downturn in the housing industry in twenty years (Quinn). While Johnson acknowledges the crisis and its impact on homeowners and builders, he attributes it to tight money—“about as evil a thing as we can have” (“ROFH”)—and legislative failure: “The need for homes has always been there and the income was there. But the mortgage credit, which is the lifeblood of homebuilding, was nowhere to be found” (“RUSB”). Blaming the crisis on failures of federal intervention—“We could have avoided this if we could have passed a tax increase”—Johnson simultaneously evokes support for future intervention and preemptively dismissing the risk of recurrence. His own flurry of initiatives normalizes the expectation of steady housing market growth against the proof of history: as he states on the 35th anniversary of Hoover’s Federal Home Loan Bank System, “The people of this country have every right

to expect their homebuilding industry to surge ahead with even greater strength in the years ahead—and the builders predict that” (“ROFH”).

While Johnson maintains the situatedness of homeownership in the social sphere, it is pulled in increasingly close proximity with the economy. Homeownership’s early entanglement with neoliberalism is visible not only in its increasing “economization” but in the asserted relationship of private enterprise, the liberalization of regulation, and the implicit expectations of homebuyer-citizen self-governance. As a Democrat, Johnson supported a broader range of federal housing interventions than did Hoover, a Republican; nevertheless, he pushed similarly for that intervention to be accomplished through efforts of the private sector. Like his immediate predecessor Kennedy, Johnson sought “more effective cooperation between government and industry for the joint benefit of homeowners, tenants and the industry itself,” attributing to public-private partnerships the ability to improve housing, expand homeownership, and create communities and jobs (“SMCU”).³¹ Johnson’s administration thus for the first time placed private industry at the center of both housing and homeownership initiatives (von Hoffman). The Fair Housing Act of 1968 is one such initiative. Passed just one week after the assassination of Martin Luther King, Jr. and geared toward averting discrimination in the mortgage industry, the act initially met resistance from anti-regulatory interests but ultimately served to reinscribe public-private partnership in housing policy in ways that would be championed by future—and more conservative—presidents (von Hoffman).

However, even more telling than the emphasis on public-private partnership was the shifting of public holdings to private hands. In February 1968, Johnson proposed the ambitious Housing and Urban Development (HUD) Act, which included provisions for

the rehabilitation or construction of 26 million housing units and policies intended to curtail mortgage lending discrimination. Among its most significant changes was the transition of Fannie Mae from government ownership to government sponsorship, in effect private ownership. Johnson promised that privatization would “Stimulate the flow of private credit for home building in the city by providing flexible interest ceilings on FHA mortgages,” but the effects were ultimately even more significant (“SMCU”). The Government National Mortgage Association (Ginnie Mae or GNMA) was created shortly after to take over Fannie’s function of purchasing low-income loans, although Ginnie purchased only FHA and VA loans. In 1970, shortly after Johnson left office, the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) was established under Richard Nixon to purchase conventional mortgages. Together, these three institutions were the beginning of the secondary mortgage market, where bundled mortgages could be sold to investor pools as mortgage-backed securities in a process known as securitization. By converting home loans into mortgage-backed securities, securitization diversified risk, shifting it from direct lending institutions and distributing it to third parties, intrinsically altering the course of homeownership’s history (Hanan).

The discursive intersection of civil rights and homeownership predictably creates homeownership as a civil right: consequently, endeavors to serve that right are propelled by rhetorically stripping the legitimacy from any obstacles, including the risk assessment standards of finance capital. Like Hoover, Johnson advocated the negotiation of home mortgage lending’s governing statistics, but whereas Hoover pushed for the liberalization of loan-to-value ratios, Johnson’s depiction of lack of income as a barrier to attaining ownership rhetorically legitimated the liberalization of debt-to-income. *Less removal*

than *shifts* of regulatory responsibility, the liberalization of lending standards that followed the rise of the secondary mortgage market, as I discuss in the following chapter, not only expand homeownership but increase the risk for those undertaking it (Hacker). As Shlay notes, the deterministic power of homeownership stems partially from its nature as an economic investment: the economic responsibility that homeownership *represents* is implicitly understood to teach buyers the economic responsibility it *requires* (513). In this tautological reasoning, the home purchase (re)makes the purchaser, producing citizens who are civically desirable as well as financially adept—and it is a pleasure, not a sacrifice, if those citizens must channel all resources to home and mortgage maintenance at the cost of other needs. Rhetorical constructions of affordability, dynamic themselves, thus become visible as a form of neoliberal governance that set the “rational,” paradigmatic conditions for economic engagement. The caveat, as the post-2007 mortgage crisis demonstrates with such clarity, is that the expectation for buyers to act “rationally” endures even when such paradigms fail.

John Dean, who criticized the tendency of homeownership advocates to proselytize homeownership without acknowledging its significance as an economic transaction, might have perhaps seen homeownership’s increasing “economization” as a positive development, expecting that it could prompt more balanced risk assessments on the part of consumers. However, as Johnson’s promotion hints—and later presidents’ homeownership strategies prove—economization occurs unevenly. Even as the imagination of homeownership becomes increasingly enmeshed with imagination of the economy, risk opposition and dissociation continue, at least in presidential rhetoric, to direct focus not to homeownership’s increasing instability amidst the forces of

financialization and globalization, but to its ability to ensure security against them. Thus as the risk-neutralizing power of homeownership continues to evolve and grow, the “collective amnesia” of homeownership’s sustainability as contingent on economic conditions continues correlatively to grow.

Bill Clinton and the National Homeownership Strategy

Securitization rapidly changed the physical workings of the mortgage market; by 1970, as many as 70% of new mortgages were sold onto the secondary market (Gramlich). It also marked a significant philosophical shift in the American view of homeownership and its relationships with the economy and risk. With loan performance now a concern for Wall Street investors, the home according to Hanan began manifesting “as an *abstract financial equation* rather than a physical structure that people inhabited” (184). The interpolation of Wall Street logics into homeownership served to set it on a path towards financialization that was facilitated not only by securitization, but by the rise of mortgage lending practices, including credit scoring and risk-based pricing, which support a view of houses as investments (Aalbers, “The Financialization”). Many scholars agree that the creation of the secondary mortgage market marked the subsumption of neoliberalism within homeownership, with the four methods for promoting the upward distribution of wealth that David Harvey ascribes to neoliberal regimes (*A Brief History*)—privatization and commodification, financialization, the management and manipulation of crisis, and state redistribution of resources—all manifesting in policy (Saegert et al.). As Saegert et al. explain, homeownership promotion in such a regime “triumphantly conflates the use value and exchange value of

homes by arguing that homeownership would improve the quality of life, life chances, and the wealth of disadvantaged populations both for the current generation and for generations to come” (301). As homes and homeowners became increasingly financially exploitable, risk became increasingly *radical*, layering on citizens and communities (Saegert et al.).

Following Johnson’s presidency, the quest to expand access for underserved populations continued to motivate liberalizing initiatives which, reflecting the deepening entrenchment of neoliberalism, were pushed via increasingly enmeshed rhetorics of social and economic benefit. Richard Nixon depicted the accessible, commodity-filled suburban home as evidence of the superiority of American free markets and, like Johnson, constructed it as the antidote to class-based unrest (May). Gerald Ford, who believed that the health of the housing industry was crucial to the health of the nation, passed in 1974 the Equal Credit Opportunity Act to avert racial discrimination in credit markets and in 1975 the Home Mortgage Disclosure Act (HMDA), which strengthened the required reporting of mortgage loans.³² Ford’s successor Jimmy Carter was responsible for the 1977 Community Reinvestment Act (CRA), which encouraged banks to invest in local low- and moderate- income businesses—what Saegert et al. have called “the last gasp of the welfare state” before the neoliberal agenda outmoded such interventions (299). Even then, the CRA was greeted with outrage by private institutions who saw it as an assault on the natural functioning of the free market—even though resistance lessened as the Act’s profitable potential became clear (Gramlich). In the wake of the CRA, private lenders emerged that targeted the same populations but were not bound by the same controls. Carter also passed the 1980 Depository Institutions

Deregulatory and Monetary Control Act, which allowed lending institutions to set their own interest rates, prompting an increase in high-rate, high-risk lending and a corresponding decrease in mortgage denial rates. “More than anything else, this elimination of usury law ceilings paved the way for the development of the subprime market” (Gramlich 16).

The 1980s and 1990s saw more legislation that expanded credit markets while reducing federal mechanisms of risk control. Ronald Reagan, who promoted homeownership as a representation of “the American way of life,” was responsible for legislation like the 1982 Garn-St. Germain Depository Institutions Act, which included a statute enabling banks to provide adjustable rate mortgages (ARMs). Paul Krugman would later describe the historical import of Reagan-era legislation as “essentially end[ing] New Deal restrictions on mortgage lending — restrictions that, in particular, limited the ability of families to buy homes without putting a significant amount of money down” (“Reagan Did It”). However, its impact was delayed as economic stagnation in the 1980s resulted in static or declining homeownership rates. With declines most pronounced among lower-income and minority populations, inequity was clearly—and despite federal initiatives—thriving.³³ Facing this reality, George H.W. Bush’s administration became the first since Johnson’s to “aggressively pursue homeownership-centered low-income housing policy” (Johnson and Sherraden 78). Shortly before leaving office, Bush passed the Cranston-Gonzalez National Affordable Housing Act, which established the expansion of minority homeownership as its primary objective, although it also contained provisions to support public housing.³⁴

With a clear call in place to grow homeownership for the nation's minorities, the stage was set for the presidency of William Jefferson Clinton and his ambitious frontal attack on the expansion of homeownership: his goal was to "target new markets, underserved populations, tear down the barriers of discrimination wherever they are found" ("RNAR"). Through a combination of rhetorical prowess and federal initiatives, and with the cooperative of a thriving economy, Clinton was largely successful. Where the homeownership rate had fallen from 65.6% in first quarter 1981 to 63.7% in first quarter 1993, it ratcheted back up through the Clinton years to reach 67.7% by the end of his administration, the highest rate on record (Cannato). Clinton's promotion reveals the rhetorical fusion of social and economic benefits as well as the evolving trajectories of risk logics that define and motivate housing consumption. Contrary again to what one might assume, the economization of the home does not result in the discursive inclusion of homeownership as potential risk. Instead, the home paradoxically—and arguably, dangerously—appears more and more as an investment which is effectively free from risk.

Clinton's homeownership policies have been cast by the mortgage crisis in a harsh light, with criticism often focusing on one document: *The National Homeownership Strategy: Partners in the American Dream*.³⁵ Long electronically archived on HUD's website, this record of Clinton's agenda was abruptly removed in 2007—"probably," Peter Coy suggests, "because the housing bust made it seem embarrassing to the department." He argues that the document reveals the "ridiculous lengths" gone to by the Clinton administration to expand homeownership, lengths including the extreme liberalization of home lending standards and the consequent facilitation of purchases by

underprepared, under-qualified consumers. Elsewhere labeled “The Housing Bubble’s Rosetta Stone” (W. Ross), the National Homeownership Strategy came to be in 1994, when Clinton directed HUD Secretary Henry Cisneros to create a “detailed strategy that recommits America to homeownership” (“RNAR”). In a by-now familiar theme, the strategy was to be rooted in public-private cooperation; Clinton firmly believed government should promote rather than fund homeownership and often sang the praises of programs like Habitat for Humanity, which fostered the enterprise without using federal monies.³⁶ In August 1994 Cisneros, whom Clinton called a “genuine visionary,” convened government leaders and private industry market players to produce a plan with an unprecedented goal: a record homeownership rate of 67.5% by the year 2000, translating to some eight million new homeowners added by loosening regulations, targeting underserved markets, and developing educational strategies.

Once it was established, Clinton promoted this agenda with well-worn appeals to homeownership as an unmitigated good. As the strategy’s name would suggest, Clinton relied heavily on the imagery of the American Dream, evoking the ethic of hard work, heteronormative notions of the family, and concepts of stakeholding. Homeownership is directly responsible for a variety of social goods, as Clinton conveyed with an often-retold story of coaxing his wife to marry him by buying a house she admired: “I am a living example of the power of homeownership to strengthen families and build better futures (“RNAR”). Here again, homeownership is a means of self-help—“one of the most empowering things we can ever do for anyone” (“RUSC”)—and a futuristic ideal both deeply personal and intrinsically national: while homes are “the extension of our personality, our hopes, our dreams... the main harbor of all of our

collected memories” (“RNAR”), ownership of them reflects “the way we live as a people and what kind of society we’re going to have” (“RONH”).

Clinton brings risk logics to bear through strategic and often explicit opposition. Again exercising its capacity to respond to newly exigent social risks, homeownership is promised to, among other things, counter the rising numbers of babies born out of wedlock and “reinforce family values in America, encourage two-parent households, get people to stay home” (“RONH”). Clinton’s appeals thus turn once more on the deterministic and productive expectations of homeownership, “extend[ing] longstanding political discourses about the individual and social benefits of owning a home including the ideas that owner-occupied housing is a better environment in which to raise children and promotes more committed and active citizenship” (Saegert et al. 300). Risk logics also reify the promise of homeownership through contrastively negative associations of renting. Clinton deploys the term “lifer”—which he claims he “thought that had to do with the criminal justice system”—to pitiingly describe “people who are renters for life, middle class Americans who have no hope of becoming homeowners” (“RNAR”). Like the “welfare queen” myth, the image of “lifera” invokes the risk of dependency on the state and marshals neoliberal logics to motivate ideals of private ownership. Clinton justifies his preference for homeownership at one point by expressing fear that people being put into public housing units may not “have the capacity, the resources to maintain them” (“RSSF”). Of course owners, who are presumed capable within neoliberal regimes on the sole basis that they “aspire to autonomy and employ self-governance of their own behavior to achieve this goal,” are subject to no such concern (Saegert et al. 303).

Clinton's risk opposition, again consonant with his rhetorical deployment of the American dream, draw unique exigency from the threat that the Dream could be lost. Frequently citing studies that examine what people believe about homeownership, he explicitly characterizes his work on behalf of homeownership as an attempt to alter that belief:

A national survey recently found that most people won't start saving for a home until they believe that they can actually buy a home. And I want to say to the American people, and especially to young families, if that's what you think, you ought to start saving now, because I am determined to see that you have the opportunity and together we can make that opportunity for the young families of our country. ("RNAR")

Clinton identifies his audience as those who have let lending realities impede the dream, "people who have virtually given up on the idea of owning their own home over the last 15 years" ("RSSF"). He invokes the rhetorical possible in the form not only of "what could have been"—for example the "two million young American families who would have become homeowners" had the economic downturn of the 1980s not happened—but what can be in the future if his homeownership goals are achieved ("RNAR"). In suggesting that the misfortunes of the last fifteen years *could* be duplicated, but *will not* be if his agenda is realized, he like Johnson utilizes the "locus of the irreparable" to position unwanted futures against the benefits of whole-heartedly pursuing homeownership (Cox).

Though Clinton positions homeownership within the economy, recognizing the home as a family's "most important asset, their biggest financial investment," he deploys risk opposition and dissociation to oppose it to not only social but economic risk, particularly the economic uncertainty of increasing globalization ("TPRA").

Representing security in the face of “all the changing forces that are out there in this global economy” that destabilize employment and income, homeownership promises economic stability that will spread outward (“RONH”):

All of our country will reap enormous benefits if we achieve this goal [of a 67.5% homeownership rate by the year 2000]. Home ownership encourages savings and investment. When a family buys a home, the ripple effect is enormous. It means new homeowner consumers. They need more durable goods, like washers and dryers, refrigerators and water heaters. And if more families could buy new homes or older homes, more hammers will be pounding, more saws will be buzzing. Homebuilders and home fixers will be put to work. When we boost the number of homeowners in our country, we strengthen our economy, create jobs, build up the middle class, and build better citizens. (“RONH”)

Homeownership’s innate value defuses economic fear and preserves the validity of the enterprise even against rising costs. In Clinton’s speeches, a rare mention of risk tellingly invokes the notion of the bold, deserving risk-taker: “Anybody who's willing to take the risk and who can make the mortgage payments to buy their own home, it seems to me, we ought to do what we can to help” (“RONH”). Such a throw-away comment makes it clear that Clinton doesn’t see homeownership as a risk at all—and imbeds the assumption, also, that the economy is safe while homeownership is expanding.

Clinton-era discourse demonstrates the now-deep embeddedness of neoliberal logics in homeownership with, among other things, appeals to market opportunity as transcendent access and an ever-more-aggressive push for deregulation. A 1995 HUD policy brief, which endorses Clinton’s strategy via an arguably slanted review of the literature, is particularly illustrative of the neoliberalism’s rhetorical mechanisms and their dependence on strategically deployed risk. The brief not only validates the social benefits Clinton imputes to homeownership but upholds the financial benefits, pointing to equity and tax advantages. While it begrudgingly allows that “critics of homeownership”

have insisted “the economic benefits of homeownership for lower income and minority families should also be balanced against its financial risks,” it exemplifies Corvellec and Boholm’s “risk/no risk dualism” by acknowledging potentially destructive economic contingencies only to dismiss them and ultimately conclude, “the economic evidence is clear in affirming that homeownership is a good investment that increases wealth for families of all races and incomes” (“Urban Policy Brief”). This questionable deduction is easily legitimized by a neoliberal rationality, which “disavows the idea of classes and groups as having structured hierarchical access to privilege, power, and resources, the discourse of neoliberalism presents no contradictions in stating that everybody will gain from expanded homeownership” (Saegert et al. 301). In other words, via neoliberalism’s circular logic, an economized homeownership addresses recognized class differences by insisting that the same class differences do not exist.

Intensifying an appeal from earlier presidents, Clinton enmeshes logics of risk with social appeals to identify regulatory standards not only as prohibitive but immoral. Requirements become restrictions of access, marking loan denial as a threat to social justice: too many citizens, he says, are “locked out by rigid restrictions or by a home-buying system just [...] too difficult or too frightening. And that is not right” (“RONH”). Clinton’s promotion thus proves the nearly complete conflation of homeownership as a lifecycle expectation and access to ownership as a civil right, resulting in an entrenching sense of homeownership as an entitlement—a sense that impels and legitimizes claims that, for example, a couple’s first home is “something they will always know that their country wanted them to have because they were entitled to it as a part of the American dream” (“RONH”). Harnessing the rhetorical power accrued by logics of risk opposition

in years of usage, Clinton pushes extensive liberalization in lending industry standards. His strategy numbers among “financial barriers to homeownership” the lack of cash reserves and income, arguing that new innovations in mortgage financing, “fueled by the creativity and resources of the private and public sectors, should address both of these” (*National Homeownership Strategy*). One critique of this strategy argues that the document’s “earnest language” with regards to overturning traditional measurements of creditworthiness is not only “faintly ridiculous,” but clearly indicative of “the seeds of disaster being planted” (Coy). While some of the plan’s “creative” ideas never came to fruition, others—as the increasingly creative world of mortgage financing evidences—did.³⁷

As early as 1996, Clinton was drawing attention in countless speeches to a record 15-year homeownership high—and assuring audiences that the goal had been achieved through legitimate lending means.³⁸ While he drew less attention to it, growing numbers of people were also purchasing properties for investment purposes. In 1997, the Clinton administration eliminated capital gains taxes on the first half million in profits from a primary residence sale every two years, giving rise to the practice of “property flipping,” or buying a property and selling it quickly for profit. “Property flipping” would become a “financial pastime for millions”—and one not precisely congruent with notions of homeownership as adding permanence and stability to families and neighborhood (Makin). Under Clinton, Fannie Mae and Freddie Mac standards were loosened.³⁹ Along with increasingly liberal lending from regulated institutions, the subprime market grew with the rise of broker shops and little oversight. Certainly some regulations were strengthened under Clinton—for instance, CRA guidelines were revised to increase the

number of minorities able to utilize CRA loans. Also, some new homeowner protections were put in place: the 1994 Home Owner Equity Protection Act of 1994 (HOEPA), for example, banned balloon mortgages shorter than five years and prepayment penalties longer than five years, and mandated verification of borrower ability to repay. However, the clear trend was toward regulation removal, not addition. The implosion of the technology bubble also elevated homeownership as a comparatively safe way to grow assets (Cannato). Demand rose, and real estate prices in the early years of the new century began to surge.

Susan Saegert et al. argue that through the rhetorical melding of economic advancement with social benefit, homeownership in the Clinton era was solidified as a means of social reproduction, a term which “emphasizes that the economic and other social arrangements that make life possible do not change the distribution of power and resources but rather replicate it” (301). However, while Clinton’s administration focused primarily on deregulation, it did result in some regulatory legislation, reflecting the tensions between neoliberal theory and practice (D. Harvey, *A Brief History*). The movement to even more “zealous deregulation” and a last critical shift in the concentration of the economic power of the home would occur in the next administration, that of George W. Bush (Saegert et al. 301).

George W. Bush and the “Ownership Society”

The impetus of Clinton’s National Homeownership Strategy infused the administration of George W. Bush to the extent that Bush’s housing policy “was essentially an extension of his predecessor’s” (Cannato 79). Bush’s interest in growing

homeownership preceded his presidency, and after election he became the first president since Lyndon Johnson to come to HUD to discuss increasing homeownership for underserved populations (Weicher, “Homeownership”). As Clinton did, Bush generated a numerical goal: the addition of five million minority homeowners by 2010, representing a more than 40% increase in eight years. Homeownership would thus play a prominent role in his domestic platform, which would push for the widespread privatization of public holdings through the free-market infused ideal of an “Ownership Society.” As it did for Clinton, the housing crisis gives particular exigency to an exploration of Bush’s push for homeownership and the rhetorical means that impelled it (Becker et al.).

Not for the first time in the tradition of presidential homeownership endorsement, Bush used the condition of single-family owner occupancy to delineate the *house* from the *home*. Importantly, where Bush’s strategic promotion conflates rhetorics of social and economic benefit, it also suggests an affective shift in the source of that benefit from *the home* to *ownership* itself:

All of us here in America should believe, and I think we do, that we should be...a nation of owners. Owning something is freedom, as far as I'm concerned. It's part of a free society. And ownership of a home helps bring stability to neighborhoods. You own your home in a neighborhood, you have more interest in how your neighborhood feels, looks, whether it's safe or not. It brings pride to people, it's a part of an asset-based society. It helps people build up their own individual portfolio, provides an opportunity, if need be, for a mom or a dad to leave something to their child. It's a part of—it's of being a—it's a part of—an important part of America [*sic*]. (“PHCM”)

In effect, in Bush’s “Ownership Society” it is not the home but ownership itself, writ broadly, that confers social stakes and instills national values.⁴⁰ Reifying and concentrating homeownership’s deterministic potential, Bush promotes the Ownership Society as most prominently a “compassionate” society, and the “facts of compassion,”

freedom and wealth, are themselves byproducts of ownership (“TCCA”). Via this rhetorical causality, engagement in real estate markets becomes a service to oneself as well as one’s nation.

Further, Bush is far most explicit about the direct benefits of homeownership to the national economy than earlier presidents, who exploited the relationship indirectly while directly emphasizing social benefits and *individual* economic advancement. For Bush, however, the real estate buyer makes a moral contribution by supporting the nation’s economy and thereby the economic prospects of fellow citizens, perpetuating a healthy national spirit. This sentiment is exemplified in statements like the following, made during the announcement of the Minority Homeownership Initiative: “The idea of encouraging new homeownership and the money that will be circulated as a result of people purchasing homes will mean people are more likely to find a job in America. This project not only is good for the soul of the country, it’s good for the pocketbook of the country, as well” (“PHCM”). Compassion obligates not only private citizens but religious and corporate audiences, appealing to charitable work and corporate philanthropy, and reconciles private with public interests, uniting disparate audiences in the common goals of protecting private property.

Bush’s promotion refined a neoliberal subjectivity in part through the oppositional and dissociative marshaling of risk logics. Homeownership not only counters physically visible social risks—declining neighborhoods, increasing job instability, discrimination—but also undesirable personality traits like cruelty, selfishness, indifference. Even more explicitly than his predecessors, then, Bush during his presidency conflated homeownership with moral virtue, although again, that virtue is concentrated in the

abstraction of ownership rather than in the home per se. Where ownership empowers through visions of independence and allocation of control, it projects if subtly the inverse: risk of dependency and, specifically, dependency on the state. According to this proof, a society that is not in hot pursuit of ownership risks being neither optimistic nor charitable. Homeownership logics thus position the self-governing neoliberal citizen not only as self-interested but as a benefactor, guaranteed by virtue of his wealth and his freedom to control it to apportion some to charity.

As with earlier presidents, Bush's discussion of direct risk is notable most in its absence. Bush reuses and magnifies Clinton's assertion that ownership, writ broadly, is guaranteed security in a rapidly globalizing and thus increasingly unstable world. Robert Asen argues insightfully about the decisional import of Bush's rhetorical construction of homeownership:

[T]he fluidity of global capitalism, which stresses rapid movement of assets across national borders, intimates an instability that belies ownership's assurance. In this context, uncertainty could easily develop into anxiety and fear, including fear of losing the very assets of homeownership. Bush did not address these concerns, focusing instead on what he regarded as the promise of ownership. Although he could not resolve concerns about mobility, Bush construed ownership as a basis for acting in an uncertain world. (115)

Not merely the decisional basis for acting amidst uncertainty, then, ownership becomes an inviolable certainty itself; its primary danger is only that it will not be obtained by those who want it—or that not enough will want it. This risk logic gains power through Bush's own version of "dream-loss" rhetoric, echoing Clinton's strategic invocation of "the homeowner that might have been." With homeownership the primary symbol of the American Dream, failure to expand it and extend it to America's underserved means the failure of the American *mythos*. In other words, the Dream itself is at stake: "More

Americans than ever before are experiencing that dream. But it still eludes too many people. For instance, while the rate of homeownership amongst all Americans is nearly 68 percent, the rate among African American and Hispanic families is under 50 percent. These numbers are troubling, because homeownership lies at the heart of the American Dream” (“PRAJ”).

As is evident, the vision of the economy projected in Bush’s homeownership promotion is deeply rooted in the valorization of free market ideals. As Asen points out, ownership as a standalone ideal is historically fraught with regards to the bourgeois public sphere, where the value of universal access conflicts with the exclusions that ownership by nature permits. However, neoliberal rationalities purport to remediate that tension by re-legitimizing ownership with the conceit of fairness inherent in the philosophy of the unregulated market “as an ameliorative and revitalizing social force” (Asen 110). In this milieu, the private wealth that amasses throughout ownership, both in the short term and across generations, becomes the mechanism for the production of desirable citizens. Ownership, Bush’s discourse indicates, not only instills responsibility but paradoxically—and against research that indicates the extent to which homeownership may in fact limit options for coping with both personal challenges and broader economic downturns—confers freedom.⁴¹ Neoliberalism enables other functioning contradictions as well: for example, homeownership is at once profitably permanent, implying the creation and maintenance of community and neighborhood stability as well as long-term wealth accumulation; and profitably impermanent, as evidenced by the marketing of first homes as “starter homes,” the increasingly popular

practice of property flipping, and the penchant of investors to purchase multiple rental houses.

Logics that place at risk the entitlement to homeownership as a basic right—which Bush makes explicit in statements like “Civil rights is home ownership”—continue to wear away the evaluative standards of mortgage lending (“EIPC”). Bush identifies four “barriers” to the expansion of homeownership: lack of upfront cash for down payments, low availability of affordable housing, lack of information for potential buyers, and limitations in financing options; the first and last are particularly suggestive of decreasing requirements for down payments and increasingly creative—and risky—home loan products (“PHCM”). By this point, appeals to entitlement displace logics of creditworthiness in almost shocking ways, exemplified, for example, by the promotion of programs “designed to help deserving families who have bad credit histories to qualify for homeownership loans” with no sense that what replaces credit history to define deservedness needs explanation (“PHCM”). The consequence, again, is less the elimination of regulatory responsibility than a re-allocation from governing institutions to individuals. Thus autonomous citizens, with their access to rational choice restored by the removal of unjustly tight regulation, must essentially self-assess ability to manage a mortgage—even as that ability is simultaneously assured by the remaining standards, which govern constructions of affordability within the lending transaction.

While Chapter Five explores the entanglement between homeownership and financial literacy at length, it is worthwhile to briefly note here how the subjectivity of the homeowner is shaped through notions of literacy. In positioning lack of information as a barrier to homeownership, Bush like previous presidents fosters the inverse

assumption that the financially informed will, of course, pursue homeownership.

Information is needed not for a balanced consideration of pros and cons but to arm buyers for the vagaries of the transaction: “There's an educational process that needs to go on, not only to explain the contract, explain obligation, but also to explain financing options, to help people understand the complexities of a homeownership market, and also at the same time to protect people from unscrupulous lenders, people who would take advantage of a good-hearted soul who is trying to realize their dream” (“PHCM”). Such statements limit the agency of the homeowner, who is unable to grasp the complexities of contracts and thus easily victimized, and locate regulatory responsibility not with the government to curtail unscrupulous lending practices, but with borrowers to guard against them. The entanglement of rhetorical literacies with neoliberalized homeownership reveals the way that homebuyers are compelled to buy, regardless of the state of the market, and then held responsible to manage the consequences of their decisions, regardless of the state of the market, through the social risk of illiteracy. This same problematic would later prompt Barack Obama to make frequent comments that what Bush called an “Ownership Society” was really a “you're-on-your-own' society.”

The initiatives of the Ownership Society enabled and promoted the expansion of home financing options in ways that were soon to prove disastrous. With Fannie Mae striving to meet a stepped-up goal for the purchase of lower-income mortgages, lenders offered increasingly creative financing products, many featuring low-or no-down payment requirements, no verification of income or assets, low introductory rates or interest-only payments, and even negative amortization payments.⁴² The size of loans grew with home prices: conventional loan limits increased, and investors began providing

“jumbo loans” to meet the financing needs of those purchasing exorbitantly expensive houses. Rapidly increasing home prices masked the problem of decreasing equity, and customers willingly agreed to less-than-favorable loan conditions with the expectation that they could easily refinance or sell their homes for profit within a very short time. With interests rates held artificially low after September 11th to stimulate economic growth, the housing market was first hopping, and then frenzied. By 2004, the homeownership rate had reached a new record high of 69%. However, Bush’s homeownership goals were not to be realized; before the end of his presidency, the rapidly expanding mortgage bubble had imploded, leaving countless homeowners saddled with crushing mortgage debt on homes whose values had plummeted lower than they could ever have feared.

Concluding Thoughts

Vincent Cannato argues that while the contributions of the Clinton and Bush administration to the mortgage crisis are highly visible in retrospect, the real responsibility for perceptions of homeownership that led to the crisis is rooted in a far longer-standing tradition:

[T]hese problems were much more than 15 years in the making. Clinton and Bush were simply following out the logical trajectory of the ideology of home ownership, advancing the policies of their predecessors. Like many others before them, they assumed with little evidence that home ownership would be a panacea. They believed that government backing of the mortgage market would reduce costs and increase liquidity. And they believed that the dangers of the riskiest mortgages could be adequately spread out across the market and measured by investors. They were wrong, of course — and now all of us are paying the price.
(81)

Certainly this chapter's analysis certainly bears out a problem longer than fifteen years in the making, providing rhetorical evidence that presidential rhetoric has for more than eighty years created the American homeowner as a normative model of citizenship. However, it also points to more meaning in the rhetoric of presidential homeownership promotion than a shoulder-shrug conclusion of uncritical mimesis. The "rhetorical presidency" concept gives weight to the profound influence of presidential speech on national beliefs and identity (Tulis). With regards to homeownership, presidential speech has produced, reflected, and evolved cultural understandings, emphasizing homeownership's benefits over its challenges through the rhetorical deployment of logics that not only strip risk from homeownership, but suggest that homeownership obliterates it. Increasingly neoliberalized, these rhetorics vilified alternatives to homeownership and cast the lifestyle choices of non-owners as not only undesirable but subversive demonstrations of state dependency; they also positioned homeownership as protection and protected from the increasing uncertainty of markets, abstracting the potential of loss from projections of the future.

Thus has erasure of the direct risks of homeownership been normalized, creating a "collective amnesia" that promotes forgetfulness, despite the most strident reminders, of the multiply-constituted contingency of ownership and mortgage management on the economy—a contingency influenced by fluctuating home values, changes in interest rates or the availability of mortgage capital, job instability, debt burdens that increase in response to other financial shortages, and more (Bruner 317).

After the implosion of the mortgage bubble, it was common to question how so many Americans could have purchased homes despite rapidly escalating prices, taken out

mortgages with unsustainable conditions, and failed to see the inherently risky nature of these actions. Perhaps at least one answer is that they were enacting what eighty years of leadership had told them it meant to be American, engaging in an expert-endorsed social and economic activity that they had been constantly reassured could never be a risk. In the forthcoming chapter I offer more answers to this question, examining another homeownership-related context where risk logics and their evolution construct the neoliberal subjectivities of consumption: mortgage lending.

ENDNOTES FOR CHAPTER TWO

¹ See e.g. Dolinga et al. for discussion of some other national governments and the ways that they have intervened in homeownership.

² See e.g. Carliner, Collins, or Shlay, some of the many housing scholars who reference three classes of justification for presidential homeownership promotion. See e.g. Dreier, Krueckeberg, or J. Mitchell for discussion of how the federal preference for homeownership has impacted renting.

³ On December 5th, 1996, in a speech addressing members of the American Enterprise Institute, Greenspan asked, “How do we know when irrational exuberance has unduly inflated asset values?” As Michael Kaplan recounts, indexes internationally plunged immediately into record-breaking losses. Specifically, there is an explicit relationship between the rhetorical performance of someone like Greenspan and the logics of finance capital—a relationship which in fact confounds J.L. Austin’s categorization of speech acts. An utterance from a recognized market expert “produces, reproduces, and reflects the process of speculation that constitutes the stock market” in a distinctive type of iconicity M. Kaplan labels “iconomics;” this is visible, for example, in the immediate global impact of Greenspan’s famous 1996 remarks on “irrational exuberance” in early dot-com markets (479).

⁴ Though I refer to specific presidents, I do not fail to acknowledge the prevalence of ghostwriting, taking a cue from rhetoricians of the presidency who see the institution as “an aggregate of people, as a corporate entity” possessed of intentions that can be revealed through evidence (Campbell and Jamieson 11).

⁵ For convenience and because many presidential addresses are similarly named based on their genre, speeches from the four presidents discussed in this chapter are noted with four-letter acronyms. The acronyms typically reflect the first four important words in the speech titles, or the words which are not articles or prepositions. However, in several circumstances initial letters of articles or prepositions are used, for example where the speech only has three important words, e.g. “Address in Cleveland Ohio” (AICO), or where the first letters of the first four important words are identical, as in “Remarks at the National Homeownership Summit” (RANH) and “Remarks on the National Homeownership Strategy” (RONH).

⁶ Because the focus of this chapter is presidential rhetoric, I do not examine in detail the national homeownership campaigns that were separate from presidential agendas. See e.g. Hutchison and Lands for explorations of other prominent homeownership advocacy campaigns around the time of Hoover.

⁷ Cannato and several other scholars write “home ownership” as two words. For consistency’s sake, I use the more common conjoined word throughout.

⁸ As honorary president of the volunteer, primarily female organization Better Homes in America, Hoover declared a “Better Homes Week” in 1922, eliciting help from private enterprise to improve housing design, increase construction efficiency, and expand ownership among lower-income populations (D. Mason). He also worked within finance and banking circles to promote the expansion of mortgage financing (Carliner). See e.g. Hutchison for the history of Hoover’s involvement with these and other public/private initiatives.

⁹ Such passionate valorizations of homeownership were common among Hoover’s contemporaries and other orators with vested interests in the housing industry. See e.g. Lands and Weiss for insights into the role of these strategies in the political climate of the time.

¹⁰ In 1930, Hoover had invested considerable energy in the White House Conference on Child Health and Protection, which produced the comprehensive “1930 Children’s Charter,” a progressive document articulating nineteen pledges to the “health, education, and well-being of all children regardless of race or gender.” The earlier conference became his model for the later in terms of organization (“SAWH”) and desired impact (“AWHC”), perhaps explaining his tendency to collapse issues of children and housing. None of the Charter’s pledges pertained specifically to homeownership, though some reference the importance of a stable home. The third pledge, for example, asserts that each child deserves “a home and that love and security which a home provides, a dwelling place safe, sanitary, and wholesome, a home environment harmonious and enriching” (“Children’s Charter”). However, Hoover at times referred to “the question of housing and of children” (“RAWC”) as a single issue.

¹¹ See e.g. Cannato, Lands, and Hutchison for more discussion of the ways that homeownership was construed as a response to non-American ideals, particularly the threat of socialism and Bolshevism.

¹² See e.g. Lupton’s *Risk* for discussion of the relatively recent popularity of risk.

¹³ Cannato argues that federal support for homeownership actually began as an extension of anti-communist efforts following the Russian Bolshevik Revolution. He attributes the quotation I use to “one organization of realtors” (71).

¹⁴ It became common during the post-2007 crisis to liken unprecedented foreclosure rates to those of the Great Depression, although as Smoke notes, with no consistent foreclosure or REO tracking prior to 1990, the data for an apples-to-apples comparison is hard to come by.

¹⁵ Hoover numbered his housing conference among “the visible evidences of the spiritual leadership in the Government” (“AARP”).

¹⁶ To the conference Planning Committee, for example, Hoover after extolling the social benefits of ownership allowed that “there is also an important economic bearing of this whole matter beyond even the betterment of the family” (“RPCW”).

¹⁷ Hoover included in the sectors with better financing “Commerce, industry, and to a large extent farm mortgages” (“SAWH”).

¹⁸ Hoover mounts his appeals with statements like, “The newly married pair setting out upon the stream of life seldom come to their new state with sufficient resources to purchase or enter upon that great adventure of life of building a home” (“AWHC”).

¹⁹ Though debt was stigmatized, it was certainly not non-existent. Lendol Calder notes that Americans prior to the twentieth century had access to both informal and formal sources of credit.

²⁰ Cannato points out that the HOLC refinanced almost one million mortgages and averted foreclosure for many. However, around 20% of the homeowners who benefited from HOLC would later default.

²¹ The initial maximum term for the fixed mortgage was twenty years; in 1948, the FHA increased it to thirty.

²² See e.g. Cannato or Green and Wachter for more details on the creation of the FHA and its effects.

²³ There is some suggestion in John Dean’s book, despite the claims that the notion of the home as an investment is still in development, that Dean was critiquing that position. As reviewer Helen Monchow wrote of Dean’s book, “home ownership has long been regarded as a more or less riskless investment, or even if somewhat risky, then at least worth the risk. Dr. Dean asks not only whether it is really riskless but also whether it is an investment” (734-735).

²⁴ John Dean offers a series of questions as a heuristic for making decisions about ownership.

²⁵ The Public Housing Act of 1937, for example, created the United States Housing Authority (USHA) and initiated programs to build low-rent public housing facilities.

²⁶ Multiple scholars have addressed the overtly discriminatory practices of the FHA at this time. Cannato, for example, notes that a 1930s FHA underwriting manual “even listed ‘infiltration of inharmonious racial or nationality groups’ as a risk factor to consider in a neighborhood’s assessment” (75). Perlstein notes that FHA was explicit in ranking the investment risk of different nationalities.

²⁷ Redlining initially referred to the actual practices of marking areas in which the bank would not lend on a map. Later, redlining came to refer to lending discrimination more broadly.

²⁸ See e.g. von Hoffman for discussion of how early advocates of public housing eventually reversed their positions as the situation of housing worsened.

²⁹ In recounting this story, Johnson is drawing from a conversation with *Denver Post* publisher Palmer Hoyt.

³⁰ Whereas Farrell and Goodnight have described crises as deviations from “normal discourse,” Amos Kiewe argues that presidents have routinized crisis as a means of surmounting partisan obstacles and authorizing action, a routinization which I argue is visible in Johnson’s frequent deployment.

³¹ In fact, Alexander von Hoffman suggests the private-public partnership theme “so dominated the latter years of the Johnson presidency that the phrase could have replaced the ‘Great Society’ as the administration’s domestic policy motto” (9).

³² HMDA was strengthened in 1989 with required reporting of denial rates, and it was further adjusted in 2004 with required reporting of APR for loans deemed “high-priced” (Gramlich).

³³ The persistence of discrimination was brought to the nation’s attention in 1989 by investigative journalist Bill Dedman, whose four-piece series in the *Atlanta Journal Constitution* called “The Color of Money” unveiled rampant credit discrimination. The series won him a Pulitzer Prize, led to private initiatives, and was influential in prompting the extension of HMDA (Wyly and Holloway).

³⁴ Bush gave a much more tentative support for the statutes of this act which supported housing rather than homeownership.

³⁵ See such critiques of Clinton's *NHS* e.g. in Coy, J. Mason.

³⁶ Clinton made such remarks regarding Habitat for Humanity e.g. in "RSSF".

³⁷ What Coy calls the "very worst idea in the plan" would have allowed first-time homebuyers to withdraw down payment funds from retirement savings plans with no penalty.

³⁸ Clinton notes the record high homeownership in uncountable speeches on the campaign trail. He occasionally reassures audiences that these advances have not occurred through bad lending. For example, Clinton in one address proclaimed "we haven't been making loans that violate our standards of quality. We're just outreaching, working hard, trying to move this country together and move this country forward" ("TRRC").

³⁹ Whereas Cisneros had moved to require that 40% of all Freddie and Fannie mortgages originate from low- and moderate-income borrowers, his replacement Andrew Cuomo set a new benchmark: 50%.

⁴⁰ While not the only proponent of the "ownership society"—representatives of the Cato Institute and the American Conservative Union, among others, have expounded upon the "revolutionary" potential of ownership—Bush is perhaps the most prominent (qtd in Asen 111).

⁴¹ Barbara Kiviat discusses several studies that explore the detriments and restrictions of homeownership in "The Case against Homeownership." For instance, owning a home makes it more difficult to move for a viable employment opportunity.

⁴² Expanding the earlier goal of Andrew Cuomo that 50% of the loans Fannie purchased should be low-income and minority loans, the new standard around this time became 56%.

CHAPTER THREE

The “Rhetoricization” of Mortgage Lending: Risk Logics in the Rhetorical Practices of Origination

It's 2005, and a couple decides to purchase their first home. Rates are low and values are skyrocketing, and they worry that if they don't act now, their window of opportunity to enter the market may close. After inquiring among friends who have already become owners, they select a loan officer at the local branch of a national mortgage bank. She has a broad client base, grown through advertisement and the cultivation of referrals, and is known locally to be tenacious on behalf of closing her loans. The couple might shop around later for the best interest rate, but they know they must first get prequalified: with homes flying off the market in an unprecedented boom, realtors do not waste their time with uncertain prospects. Certainly there is no shortage of real estate professionals, but the couple wants to make sure to select a qualified, reputable expert: the world of mortgage finance is a complex and intimidating place, and they have no prior experience to teach them how to navigate it. That the elevated importance of mortgage lending expertise accompanies the increasing diversity of the industry is reflected in the “industry insider lore” of the time: as one “borrower how-to” book published in 2007 instructs, “You have to find an expert to guide you through, and then you have to trust the system” (Cohen xiv).

Neoliberalism and the Diversification of Mortgage Finance

By the twenty-first century, the “plain vanilla” mortgage financing of the previous century had come to resemble something more like a self-serve frozen yogurt shop, with “vanilla” just one of many flavors available to be jazzed up with an assortment of

colorful add-ins. No longer a standardized financial instrument with a few simple options, the mortgage loan of the prime and subprime markets encompassed an array of exotic products with new features, new contingencies, and new ramifications for risk. The proliferation of mortgage financing options, which as we have seen received substantial support from presidential administrations pushing to expand the ways and means of market entry, created what has since been called the “Wild West” of mortgage financing. Creative lending, with its practices ranging from the promotion of legal but unsustainable loan products, to the quasi-legal “stating” of income and assets, to the fully deceptive alteration of documentation, was quickly pegged in the wake of the crisis as a central force to its creation—although prior to the crisis, as Chapter Four will suggest, there was little acknowledgment of potential risk: the market boom fostered the sense that loans did not *need* to be sustainable.

Chapter Two, in analyzing the presidential promotion of homeownership as a means of highlighting broader rhetorical trajectories in attendant logics of risk, traced the rise of the secondary market and suggested the consequent changes, discursive and material, that financialization wrought to the institution of homeownership. In contrast, this chapter turns inward to the primary market and to mortgage lending, the path to homeownership for the majority of people. While various financial institutions engage in mortgage lending, it is primarily the enterprise of banks and broker shops and the purview of lending experts, bankers or brokers, who specialize in the sale of home loans (Lehnert).¹ The process through which borrowers secure mortgage loans is called *origination*, which involves the completion of a loan application and the provision of supporting documentation to an underwriter who makes a decision or imposes additional

conditions to be met before the final decision can be made. Origination is federally regulated by various laws including the Truth in Lending and the Real Estate Settlement Procedures Acts; various state laws also come to bear in its processes, as do the underwriting guidelines established by GSEs (Fannie Mae, Freddie Mac, and Ginnie Mae) or other investors and the guidelines internal to specific lending institutions.

Though origination is rule-governed, it is far from un-rhetorical. Rather, the lending transaction is an intensely rhetorical situation where discourse serves in numerous ways to mediate uncertainty, construct the future, and influence decision-making toward specific actions and ends. Persuasion not only inaugurates origination but suffuses it, with the transaction comprising a series of practices wherein participants engage in the rhetorical construction and validation of an acceptable risk profile. Key practices that revolve around the assessment and construction of risk include application, credit scoring, pricing, processing, and underwriting. In contemporary mortgage lending, many aspects of these practices are computerized, with the relevant decisional factors quantified and weighed against each other through statistical modeling. However, the reliance of mortgage lending on a quantitative economic language threatens to obscure the extent of its rhetorical constructedness. As Guy Stuart has argued, the risk-based practices of mortgage lending reflect not a singular, stable rationality but shifting, multiply-determined rationalities, with the premises that guide the lending decision essentially “a mix of rules of thumb, accepted norms, and theoretical assumptions imposed on reality” (2). The components of the mix, further, vary among institutions and over time as the conditions that govern consensus change. In essence, the aura of

scientific objectivity associated with the loan decision tends to dissipate upon close inspection.

That origination and its decisional criteria are shaped and constrained by the broader political economic context is well illuminated by the critique of neoliberalism and its entrenchment in the U.S. mortgage market. Since the 1970's and the emergence of work from David Harvey ("Class-Monopoly Rent") and others, critical urban geographers have been involved in analyzing the mortgage market's secondary circuit of capital and its economic, social, and political effects.² These critical perspectives shine light on the "shifting practices of risk-taking" between earlier and contemporary mortgage markets, with the focus most recently on the causal relationships between these shifts and the global financial crisis (Ashton 3). Such shifts accompany and result from securitization and its attendant movement from the "originate and hold" model of Fordism to the "originate and distribute" model of neoliberalism (Ashton). Among the results of this shift, as Gotham points out, is "a deep tension between local social relations and networks of real estate activity that generate knowledge about a home and its distinctive characteristics, and the reach of markets to extract that knowledge, reduce its unpredictability, and routinize and commodify it" (357). This tension, embodied in what Hanan calls the Culture of Real Estate or CORE and reflected in its forms of governance, pervades not only the mortgage market's secondary circuit of capital, but the practices enacted at the level of the lending transaction.

In this chapter, I approach the practices of home mortgage lending as dynamic rhetorical practices that produce a particular economic discourse; I give specific attention to the risk-based practices that function to produce risk logics within them. I begin by

taking up communication theorist Dale Cyphert's call for rhetorical attention to the practices of enterprise. Cyphert, working within a McCloskeyan rhetorical tradition, argues that while rhetoric has tended to neglect commercial discourses and practices, rhetorical attention to the "fundamental rhetoricity of the economic sphere" provides insight on a culture's rhetorical definition of itself as a collective entity (Cyphert 217). An analysis of lending practice would of course be greatly facilitated by observation-based research within the industry, and preferably within the years leading up to the crisis. Since time travel is impossible and human subjects approval sometimes nearly so, I instead draw from my own familiarity with the lending industry, informed by research and also by experience as a former employee, to construct fictional but plausible narratives of key moments in the lending transaction that create room for rhetorical intervention and alteration. In using this rhetorical strategy, I borrow the rationale of J. Blake Scott, itself taken from Kaplan and Squier, for the use of the fictional narrative to underscore the relevance of different forms of knowledge production, unite divergent dynamics, enable the view of a process from a particular perspective, and point to sites for critique and resistance (*Risky*).

The narratives I construct initiate and facilitate critique of the reproduction and circulation of knowledge at various moments in the construction and validation of a risk profile. They precede and intersperse with the critical analysis of several practices that have taken shape in post-securitization mortgage lending, practices concerned with constructing risk and thus producing risk logics, and which have relevance to the growth of the mortgage crisis. Specifically, I look at three areas of practice: first, the commodification of certainty through the computerization of mortgage lending, and

particularly the use of credit scoring in automated underwriting; second, the opportunities for rhetorical intervention that are created by the innovative Alt-A products of bubble lending; and finally, the opportunities for rhetorical persuasion in the risk-based pricing and its Yield Spread Premium (YSP) model of profit-generation. Complementing the use of fictional narratives as primary texts are selections from popular texts published during the bubble years that address potential buyers or future lending professionals, and that thus purport to convey what I call “industry insider” lore.

This chapter’s analysis upholds the value of approaching commercial or corporate practices through rhetorical theory. However, it also underscores the importance of orienting critique to the broader shifts of securitization and the affective energies of neoliberalism. My contention is that this deeper critique is not only necessary but inevitable, as what emerges in the analysis of lending practices are the darker sides of post-securitization mortgage lending and the rhetorical problematics of its risk logics. In the last part of this chapter, therefore, I return to critical geographical theories that identify what Jacob Hacker would the “risk shifts” which are attendant to securitization in the U.S. mortgage market. I ultimately offer a new “risk shift” that recognizes the neoliberalization of mortgage lending as a proliferation of rhetorical opportunity at the level of the transaction, or what I call “rhetoricization.” Accompanying the expansion of rhetorical opportunity is the individualization of risk through logics that emphasize freedom and choice while embedding the expectation that individuals will manage the outcomes of their home financing decisions despite the problems inherent in the products, and despite the vagaries of the economy.

The Rhetoricity of Mortgage Lending

My analysis begins with the premise that the mortgage lending transaction as a rule-governed yet highly rhetorical situation can be illuminated by Cyphert's concept of "the rhetoricity of enterprise." Cyphert describes the purchase transaction as a rhetorical space wherein relationships are forged:

[T]here is no question that the act of making a purchase does accomplish the fundamental rhetorical task of enacting a relationship between seller, buyer, and product, and defining the space in which that constellation lies. Over time, the repetition of that performance reifies the relationships we discern, defining the bodies of buyer and seller and distinguishing between the script of any particular trade arrangement and the larger context of all interactions. (222)

By this logic, approaching the home lending transaction as an act—and highlighting sales and thus profit as a goal and expectation thereof—facilitates an analytical focus on the transaction as a spatial and situational concept with some features of "the script" shared across mortgage lending's varied contexts. Cyphert suggests that an analysis of "units of enterprise" must be not only linguistically but materially oriented, targeted toward economic practices that serve to "articulate relationships among human bodies, artifacts, and space while fulfilling the rhetorical purpose of creating meaningful order" (216). Certainly lenders who engage in the risk-based practices of mortgage lending act to impose certainty onto the highly contingent decisions to lend, and in that process, they use language with persuasive intent: as Stuart notes, the discourse produced "does not just disappear into the ether—it is received and processed by others" (6).³ Strategic communication is not mono-directional between lenders and their clients—certainly clients may aim to persuade lenders—and persuasion also takes places between other parties in the transaction, e.g. between lenders and underwriters. However, my focus in

this chapter is mortgage lenders and the significant discursive power they wield as experts within the rhetorical situation of origination.

To facilitate this analysis of rhetorical meaningfulness within mortgage lending, I construct fictional narratives of key moments in the transaction process. In making use of such narratives, I echo Scott's strategy in *Risky Rhetoric* and specifically in his chapter "Microtechniques of Testing at the AIDS Project." With Foucaultian methodology informing his risk-sensitive analysis of the "microtechniques" of testing and counseling at one community HIV project, Scott constructs testing narratives based on his own experience as a project volunteer (124). In foregrounding rather than obscuring his own involvement, he argues for the rhetorician to self-identify as a participant in the struggle of power, an argument I echo here by acknowledging that I have experience as a former employee of the lending industry within the "bubble years" of 2005-2007, and that it is this experience which allows me to distill what might be considered "typical" initial lender-client interactions of that time. Where Scott's narratives allow him to discern the rhetorical "microtechniques" of the test counseling interaction, however, mine invite me to abstract beyond "microtechniques" and mount an argument about the broader trajectories of rhetorical opportunity within mortgage lending that have been constituted in the wake of securitization. Certainly the use of scenarios drastically over-simplifies the diverse industry of mortgage lending and the varied nature of the transactions within it: I represent here only one particular type of transaction (a first-time home purchase) at one particular type of institution (the mortgage bank). Nevertheless, these scenarios serve a helpful starting point for an analysis that illuminates the lending transaction as a

rhetorical situation where various and far-reaching risk-related rhetorical affects culminate and exert rhetorical force at points of practice.

In what follows, I parse out several senses of “rhetoricity” with recourse to not only linguistic evidence but the material outcomes of origination. These senses respectively highlight the intensely rhetorical role of technologized risk in translating and mediating uncertainty to influence decision-making, the rhetorical invention visible the creative aspects of selling and supporting certain loan products, and the persuasion invited by risk-based pricing’s profitable opportunities. While not a comprehensive account of rhetorical behavior in mortgage lending, these examples uphold the benefit of approaching commercial practice through the lens of rhetorical theory and indicate the range of ways that risk is constructed with persuasive intent. As we will see, risk constructions function to normalize and promote certain choices, construct and solidify consumer identities, and reproduce and sustain profitable economies of knowledge and power. Moreover, they underscore the need for rhetorical analyses, at least in this context, to be critically prepared to engage in a critique of neoliberalism.

Automating Certainty: The Rhetorical Technologies of Credit Scoring and AU

As they sit down at their appointment, the loan officer asks the couple about their basic parameters for the purchase. They aren’t sure, they say: they know they want to own a home, and they have some money saved, but they are looking to her to answer pivotal questions: How much home can they afford? Which loans are available and make the most sense for them? Though she also deals frequently with experienced buyers who need less guidance, as well as with refinances and other non-purchase transactions, the

loan officer fields such questions daily, providing the parameters for her clients' home-buying decisions by offering individualized definitions of affordability. She arrives at answers by initiating the construction of a risk profile—by obtaining various pieces of information, considering the data individually, in combination, and holistically, and evaluating the results against current company, industry, and federal rules and norms (Stuart).

While her loan processors will later help support the loan file, and while the ultimate decision rests with an underwriter, the initial risk assessment is the lender's job. As her clients speak to her, they may perceive that the risk under assessment is the risk to them, the possibility that acquiring sizable real estate debt might result in any number of challenges, foreclosure only one (albeit the most extreme). However, risk language in the lending transaction almost exclusively indexes risk to the lender: the approval process is geared toward evaluating the possibility that the borrower will default and thus fail to fulfill anticipated return on the investment. Because loans are typically bundled and sold on the secondary mortgage market where risk ratings determine their selling price, the construction of the risk profile is relevant not only to the institution that originates and funds the loan but to the investor pool that eventually buys it. Thus while to some degree the borrowers' perceptions of risk overlap with their lender's, it is the lender's definitions that shape the transaction.

Like other forms of decision-making, mortgage lending attempts to manage the unknown by calculating risk. Financial and economic markets tend to distinguish risk from uncertainty through the commodification of predictive capacity, as Guy Stuart notes:

A decision is a risk decision if the person making the decision knows the probability of all the relevant events that may happen in the future and the losses and gains that will accrue to her in the case of each event. A decision is an uncertain one if the person making it does not know the probability of relevant future events and/or the losses or gains stemming from them. (Stuart 3)

The mortgage risk decision is thus intrinsically about rhetorical translation, about the “translation of future uncertainty into present-day calculations and about the probability of loss that a particular loan entails” (Stuart 4). Translation occurs through various rhetorical interactions: the definition of relevant concepts, the establishment of rules for gathering and assessing information, and the implementation of those rules (Stuart). Accomplished with recourse to the existing stands and to the language of computerized calculation, the translation of uncertainty to certainty is simultaneously the rhetorical construction of risk. Rhetoricians have already validated rhetoric as both the instrument of risk construction and the tool for analyzing and critiquing it: here, I examine the “certainty” that is rhetorically produced by technologies of risk quantification, particularly credit and mortgage scoring.⁴

“Let’s run some numbers,” the loan officer tells her clients. She opens her company-issued laptop and the application for her Point of Sale (POS) software, which allows her to complete a standard Uniform Residential Loan Application (also known as Form 1003), pull a credit report and import the data into the application, and submit the completed application directly to one of several computerized Automated Underwriting (AU) systems for preliminary loan approval. As a mortgage banker, she has access to both Fannie Mae’s Desktop Underwriter (DU) system and Freddie Mac’s Loan Prospector (LP), although unlike a broker who can “shop” the offerings of many lenders, she is limited to the loans offered by her own institution. These limits are not particularly

confining, however: with the recent upsurge in creative financing, there are countless programs available, particularly to those with good credit. Credit scoring and automated underwriting will help her determine the borrowers' access to these products.

Mortgage lending moved rapidly toward computerization in the early 1990's. Prior to that, most loan decisions were made by underwriters who manually evaluated each transaction against the most recent guidelines set forth by Fannie Mae, Freddie Mac, or other investors. Negative equity was widely recognized as the primary predictor of default, and the relevance of credit history to default prediction was still under investigation (Straka). However, with a growing body of empirical research and the increasing availability of credit records for modeling purposes, Fannie Mae and Freddie Mac developed mortgage scoring models that were packaged with automated underwriting software and promoted as standard industry practice by 1994 (Straka). LP and DU, and other later-developed, lesser-known models, juxtapose risk profiles with statistical models of credit-scoring to generate automated measures of default likelihood—measures which can also be directed, as we will see, to instruments for pricing loans by risk (Avery et al.). These new technologies incorporated a greater number of data into the risk profile and offered new potential to measure loss potential in terms of both likelihood and severity (Vandell). Early models varied wildly, prompting automated underwriting to be dubbed the “Tower of techno-Babel” (Cocheo). However, within a few short years, models had been effectively standardized and put into ubiquitous use (Straka).

Per her request, the clients have come prepared with a handwritten application and the basic documentation to initiate pre-approval: two months of bank statements, two

years of tax returns and W2s, and a month of recent paystubs. The loan officer creates a new file in her POS program and begins by entering basic personal information—names, address, birthdates, and social security numbers. Her first task is to pull a credit report, which will essentially tell her if the clients are worth her time. To obtain the couple's credit history, their current debt, and most importantly their FICO credit scores, the loan officer submits a trimerged credit report request directly to her company's service provider.⁵

The side-by-side evolution of credit and mortgage scoring placed the FICO (formerly Fair Isaac Corporation) credit score at the heart of the lending decision. The objective of the FICO score, which uses different algorithms for different lending industries, is to determine the likelihood that a consumer will enter a delinquency of 90 days or worse in the two years following the calculation of the score: the lower the score, the greater the likelihood of default. As “industry insider” Warren colorfully explains to potential buyers, “If your score is 720 or higher, you can take your choice of the loan smorgasbord. If your score is 800 or higher, you’ll have loan officers exclaiming over you and treating you like a rock star” (6). Though far less dazzling than 800, a score of 620 has long represented the bottom limit of eligibility for conventional loans, though more recent trends suggest this tradition is shifting.⁶ A bright line in the expectation of repayment over time, 620 has long been a key determiner in who gets what kinds of loans. It also factors, as we will shortly see, into the risk-based pricing rationale that, as Aalbers explains, validates “charging higher interest rates for borrowers with low scores (‘bad risks’) and charging lower interest rates for borrowers with high scores (‘good risks’)” (“The Financialization” 156).

The rise of automation was essentially a shift away from “direct experience of non-performance” as the defining measure of risk in mortgage lending (Ashton 12). The systematization of lending risk assessment integrated the anticipation of prepayment as a factor, placing default risk, as Marron notes, “under conditions whereby that risk is subsumed and integrated into another, wider and more complex determination of risk—the risk that the credit consumer will be unprofitable to the lender” (121, qtd. in Ashton 12). AU was hailed early by scholars for its potential to democratize the loan decision, with research finding it a more accurate predictor of default and fairer guarantor of loans to underserved populations (Straka).⁷ Scholars since, though, point to countless ways in which these supposedly color-blind technologies have masked and enabled the ongoing propagating of racial discrimination in lending practices, particularly through the rise of the subprime sector (Ashton). We can, I suggest, read the problems of automation as rhetorical problems.

The loan officer prints the credit report and, following standard practice, circles the middle of the three scores issued by the credit bureaus Equifax, Experian, and TransUnion, each of which uses proprietary statistical models to consider credit factors and assign a score between 300 and 850. The clients’ middle scores are just over 720. Praising them on their strong credit history, she tells them that such scores make them eligible not only for conventional fixed loans but a wide range of other loan products that offer more flexibility. They are proud and surprised: they’ve always tried to be responsible, they say, but have had a late utility bill or two. She offers a corrective explanation: only revolving and installment debt is reported to credit bureaus, and utilities aren’t reported. The clients have both used their credit and maintained it; they

have consistently paid on student loan, vehicle, and credit card accounts. While perhaps not “rock stars,” to use Warren’s words, they certainly have options in the “loan smorgasbord” (6).

The sense that default risk quantification has the predictive capacity associated with traditional science obscures the fact that, like other economic discourses and metrics, it has both rhetorical aspects and rhetorical consequences. As early as 1921, Keynes noted the predictive limits of default modeling: “Inference from statistics describing the frequency of past events occurring among a group of people, say the frequency of default among a group of borrowers, is possible so long as the people about whose future we are concerned share the same characteristics and they will be in an analogous environment” (368-9, qtd. in Stuart 4). In other words, the viability of statistical inference is troubled by information variation, future uncertainty, and the independence of people’s actions. Rhetorically, the commodification of default risk in credit scoring technologies serves not only to *construct* the future as knowable through a limited sense of the past, but to *project* a future that is analogous to the past.

The failure of the subprime market is particularly illustrative of credit scoring’s rhetorical and material limits, particularly as they arise in response to rapid developments in financial technology. As Bruce Carruthers writes, while credit rating agencies are instrumental in producing the knowledge that maintains liquidity in financial markets, the statistical inferences that form the basis of that knowledge can be fatally flawed. The credit rating models used in subprime lending drew on historic data, but as subprime loans are fairly recent innovations, relevant data was limited in several ways: the available information covered only about ten years, and during that time there were no

significant large-scale economic downturns (Brunnermeier). Thus subprime credit scoring, Carruthers argues, “embraced convenient assumptions that made their models tractable (rather than accurate)” (166). Rapid increases in production volume and divergences between underwriting guidelines and practice only magnified existing risks, which were then even further compounded by the tendency of participants to trust in statistical modeling uncritically. It is clear, in sum, that the technologies of risk assessment themselves contain risks, flaws that as Donncha Marron argues “degrade their theoretical and practical facility for distinguishing between populations of ‘good’ and ‘bad’ credit consumers” (105). However, such risks were largely invisible “because of the way the entire rating process was enshrouded with images of ‘rocket science’ and quantitatively-rigorous analytical methods” (Carruthers 166).

As the transaction narrative I have constructed suggests, credit scoring also functions rhetorically within the transaction to shape and reproduce customers as risks, or more accurately to shape and reproduce them as a range of risk types specific to the mortgage lending decision. Marron cogently illuminates the identity-constructing potential of probabilistic credit scoring, suggesting that risk-based conceptions evidence a changing entanglement between credit and, essentially, *ethos*: “Arising within the context of an ongoing expansion in the market for consumer credit, the conceiving of creditworthiness as risk evidences a discursive break, a new departure in managing consumers and their credit agreements that distinguishes it from older focal points such as ‘character’” (104). While I suggest that it might be more precise to say that risk as a set of abstract technologies serves as a new rhetorical locus for the production and projection of character, certainly it seems clear that “the conceptualization and technical

production of someone as a ‘risk’ naturalizes the potential harm of default as an inherent property of the individual” (Marron 104). Thus it is relevant to approach the logics of credit scoring as risk logics that make themselves available within the transaction for various persuasive purposes. They can induce borrowers to accept different loan products or higher loan amounts, for example, while at the same time, they create risk subjectivities by evoking the complicated relationship between prediction and foreknowledge.

Scholarly attention has generally focused on the rhetorical problems of mortgage lending risk commodification as they manifest in subprime lending: one example is Marron, who theorizes that subprime lending shifted probabilistic “what/if” models of risk prediction and social control to “what/then” scenarios that guaranteed destruction, protecting “valued” economic life by sacrificing the “surplus” economic life of racial populations. However, risk subjectivities are just as easily created in prime markets, where credit scoring and other forms of risk automation commodify individuals as “great” or “good” or “acceptable” risks. During the lending of the bubble, poor credit limited the borrower to the risky world of the subprime loan; strong credit, on the other hand, did not so much expand possibility as nearly remove its limits. Certainly, as Carruthers notes, borrowers know better than lenders what is good for them; nevertheless, choice is an undeniably powerful inducement. Highly rhetorically affective, the appeal to choice draws power from the neoliberal premise that individuals as “free, self-contained entities,” are best served by access to options, and that they choose among those options “based on full knowledge of alternatives and individual calculations of the potential for loss and gain” (Saegert et al. 298).

Thus do probabilistic notions of risk offer themselves in the service of *to dynaton*, the rhetorical appeal to the possible. As John Poulakos demonstrates through an analysis of “The Encomium of Helen,” rhetoric’s province is the possible, “that which has not yet occurred to the audience” and thus appeals through its sense of newness and novelty to evoke visions of an imagined future better than the real present (31). The technological commodification of risk assessment in mortgage lending, I argue, creates new opportunities for lenders to deploy the rhetorical possible, for example by inviting “good risk” individuals to be seduced in decision-making by dazzling options that promise certain desirable futures—perhaps futures characterized by greater flexibility in debt repayment, as this fictional narrative suggests, or by the acquisition of certain types or sizes of real estate. The possible thus emerges as synonymous with the available, which outmodes the limits of the conventional. The ideal of rational choice—and the ironic mandate to self-limit within the matrix of endless choice—is served, of course, by proffering access to creative loans.

“Stating” and Creating: Rhetorical Invention in the World of “Liar Loans”

With the credit report procured, the lender must complete the remainder of the 1003 in order to try for loan approval. She turns to the employment section, at this point discovering that one of her clients is self-employed as the owner of a landscape company. She is relieved to see that he has owned his company for four years, meeting the minimum requirement of most loan products for two years self-employment in the same line of work. However, as she turns to his tax returns to calculate a two-year income average, she quickly notices that he has done as many self-employed business people do,

and written off a substantial amount of business expenses. Having already calculated his partner's income and have noted that the debt, though well-managed, is substantial, the lender's instincts tell her that this bottom line will be a problem—but a problem she can solve.

That invention lies at heart of rhetoric is attested by Aristotle's definition of rhetoric as the discovery of available means of persuasion. Rhetorical invention has thus been central to the scholarly investigations into the conduct of inquiry that bring rhetorical theory to bear upon a range of expert discourses (Simons). John Lyne's exploration of the discourses of biology, for example, underscores rhetoric's role in mediating the dominant ideologies of science which valorize and fetishize "instrumental rationality" (37). As it is defined by the "art of the sayable," rhetoric's role is to "invent language strategies that bring about change" (Lyne 37). As we have seen, mortgage lending accomplishes much of its work through economic discourses rooted in the "instrument rationality" of automated credit scoring and underwriting. However, it would be inaccurate to say that mortgage lending conceives of itself and its work in wholly objective terms. In contrast, it is more accurate to say that rhetorical invention is key to the industry's self-concept. Its artistic aspects are underscored in the following statement from the Mortgage Bankers Association of America:

The ultimate decision of whether to lend to any specific applicant, is not a "science" involving strict mathematical formulas. Rather, it is an "art" that relies heavily on various underwriting factors that are assigned differing weights depending on the experience or risk preference of the lender or investor... Credit scoring is just one factor in the analysis. The "art" of underwriting does not lie in assigning numerical values to any of these factors, along with "pass" or "fail" ratings. Underwriting requires that each factor be accounted for and interpreted in light of the other factors and in the context of each applicant and property. In the

end, the final decision is based on a judgment call regarding the full set of circumstances that are unique to each borrower and each transaction.

This statement would seem to suggest that mortgage lending, despite the heavy reliance on computerization discussed above, in fact conceives of itself, at least to some degree, as a creative enterprise. In contrast to the tendency McCloskey notes within academic economic spheres to deny the rhetorical nature of economic work, this statement suggests that mortgage lending has some reflexivity in acknowledging its own rhetorical nature (*The Rhetoric*). To raise the notion of reflexivity in the context of a risk-focused analysis may seem to invoke Ulrich Beck's notion of the risk society, which he characterizes as a "reflexive modernity" where risk pervades psychologically and physically. Here, however, it is more congruent with Stephen Lyng's theory of "edgework," which connects the thrills of adventurous risk-taking to the simultaneous recognition and management of risk.

Essentially, it is a profession-wide sense that the mortgage lender's task is to creatively and successfully navigate the pitfalls of the transaction. Resourcefulness and ambition are widely considered the most desirable personality traits for a mortgage salesperson, as the explosion of "industry lore" texts in 2006 and 2007 make evident: more often than not, they hail mortgage lending as a mecca for the adventurous. Giannamore and Osach's 2007 *The High-Income Mortgage Originator* called individuals to "work in an industry that will challenge your ingenuity, creativity, resourcefulness" (4). Reed's 2007 *Your Successful Career as a Mortgage Broker* describes the ideal broker as a self-starter (6).⁸ In *The Millionaire Mortgage Broker*, also 2007, Seppinni promises that "if you have a burning desire to succeed, if you have determination, starting your

own mortgage broker business is right for you” (xiii). *The Complete Idiot’s Guide to Success as a Mortgage Broker* declares that mortgage lending is “a demanding, challenging, lucrative profession for smart, savvy, creative self-starters with strong people skills” (Kahn and Borden 4). Migliozzi, who after the crisis authored *Collateral Damage: Life as a Mortgage Broker*, describes the “art” of mortgage selling in the boom as defined by the “antics” of its salespeople, boundary-pushers by nature: “Temperamental at heart, a stereotypical loan agent loves to push the limits of the rules” (16). It is clear that for a lending professional, resourcefulness is not only a matter of attracting business, but of making that business happen.

Anticipating the substantiation of sufficient income as her challenge, the loan officer begins to explain the role of ratios to her clients. Loan approval, she tells them, is contingent only not on credit score but other various data, including two important ratios. The loan-to-value (LTV) ratio contrasts property value with loan amount, quantifying risk with respect to investment: the higher the down payment, the lower the possibility of borrower default. LTV is therefore concerned not only with the amount of money at risk, but the borrower’s willingness to repay, something that is also measured by credit history (Siskin and Cupingood). Debt-to-income (DTI) ratios contrast monthly income with projected monthly debt; the “front-end” ratio includes all reported monthly payments along with other ongoing obligations like child support or alimony, while the “back-end” ratio factors in projected housing expense as well. The “back end” DTI is most relevant to loan approval, signifying a borrower’s ability to manage the new debt with respect to income, thus quantifying ability to repay.⁹ With a practiced hand, the

lender experiments with different scenarios as she talks. She enters purchase prices, loan types, and interest rates, checks the resulting ratios, and makes more adjustments.

The construction of a risk profile involves choices in representation, choices made by the borrower and the lender together and individually in the interest of getting the loan approved. Lending professionals, who serve as intermediaries between borrowers and underwriters, have considerable stakes in constructing clients as acceptable risks for the underwriter—and at the same time, they must construct the transaction favorably for the customer. Aside from credit score, one of the key ways that lenders shape transactions is by constructing acceptable ratios. Ratios are not set in stone, but negotiated in origination through the manipulation of fixed against flexible numbers: property price, cash reserves, loan amount, repayment terms, current interest rates, property tax and insurance cost, and even income are among the sometimes-malleable factors. As Chapter Two makes clear, consensus about desirable ratios changes, with an overall historical trajectory toward liberalization; where a 50% LTV was standard in the early twentieth century, for instance, borrowers less than a century later might put down no money at all. Given the standards of the moment, then, the lender's job is to create ratios that work.

The lender breaks the bad news. For all but the smallest houses, her clients' back-end ratio is too high—over 60%, when the current standard for conventional loan products is 50%. The borrowers are crestfallen, but the lender quickly reiterates what she told them before—they have credit, and therefore they have options. She invites the landscaper to tell her more about his income situation. He reassures her that he makes much more than appears, especially in the busy season, but admits that he writes off as much as he can to avoid paying taxes. She is understanding, reassuring him that

generous tax write-offs are common practices among her successful self-employed clients. She then presents the option of a stated income loan, which, she says, is basically a gesture of good will for excellent creditors like themselves. Rather than going through the hassle of producing additional documentation to substantiate more income, she can simply state the income needed to qualify them for the house they deserve. With a credit score as high as theirs is, the rate increase and underwriting restrictions for this option are minimal.

In the construction of a risk profile, key rhetorical choices center around what to include in the application, and how to represent it. On conventional loans, all income and assets used to qualify the borrower must be sufficiently documented; however, the procurement of documentation is often seen as troublesome for the borrower, particularly in the era of easy money. The lender thus often attempts to provide the underwriter with the minimum information to obtain approval. Conveniently, among the financial innovations that accompanied the escalation of housing market prices were loans that required no or little substantiation. Where prior to the mid-1990s most mortgages were fixed-rate, “plain vanilla” loans, what proliferated thereafter were the innovative products not only of the subprime market, but the closer-to-prime mortgage market known as “Alt-A.” While some conflate A-minus (generally borrowers with FICOs below 680) and Alt-A products, Alt-A borrowers may actually have excellent credit; what they lack is the ability to obtain a prime loan by providing full documentation. Dean Baker argues that during the growth of the bubble, “Alt-A loans were in many cases of more questionable quality than the subprime loans:” they were likely to have high and even 100% LTVs, to be interest-only, and to have adjustable interest rates (“The Run-Up” 76). Despite the

historical low of the conventional thirty-year fixed rate, the creative financing of the Alt-A market was often lauded by economic experts: Alan Greenspan, for instance, suggested that homebuyers were wasting money with fixed instead of adjustable mortgages (Baker, “The Housing Bubble”). I argue that the mortgage lender’s invitation to rhetorical invention expanded in parallel ways to financial innovation.

The clients are hesitant. They have been cautioned against stated income loans, which they know are often called “liar” loans, but their lender’s rationale appeals. She talks it out with them, encouraging them to see the positive aspects of this decision. With construction booming, there is a lot of work for landscapers. Do they expect to make more in the coming years? Would they rather obtain their dream home now, or worry about having to “sell up” when prices are even higher? Does a nice home in a desirable neighborhood matter—are they planning to have kids? Warming up to the idea, the clients agree. Together, the three settle on a reasonable price of a nice, upscale house, and the lender enters the income that will bring the DTI to 40%—plenty of wiggle room should her clients actually find an even more expensive house, as experience tells her they are wont to do.

After completing the rest of the loan application, the lender is ready to try for approval. She submits the loan to Freddie Mac’s LP system, and it returns an answer in under a minute. “Approved!” she tells her clients, whose excitement and relief is visible. She issues the prequalification letter that they will give their realtor so that they can begin house-hunting, hands them their Good Faith Estimates (GFEs), and prints a stack of upfront disclosures, which they scan, sign, and return before making their goodbyes. Later, the loan officer’s inventive skills will be called upon again—she’ll have to fight for

this deal and the commission that comes with it when her clients decide to compare her offer with a competitor's. For now, however, she sends them on their way with their paperwork and a new view of themselves as consumers: loan-eligible and pre-approved for a bigger house than they had dreamed.

Rhetorical invention in mortgage lending obviously has a dark side: what Wayne Booth calls “rhettrickery” manifests in mortgage fraud (*The Rhetoric of Rhetoric*). Mortgage fraud is often distinguished from predatory lending as targeting lenders rather than borrowers, but this is perhaps an oversimplification: Barnett suggests that mortgage fraud is better separated into fraud for housing and fraud for profit. Research into fraud for profit, generally perpetrated by lenders against borrowers, reveals egregious instances of lenders tricking borrowers into bad loans or excessive fees through a variety of deceptive practices, sometimes bilking them out of their houses entirely.¹⁰ Fraud for housing, however, often takes place within quasi-legal boundaries like the guidelines for Alt-A loan products, and thus is harder to define. As the above fictional scenario demonstrates, lending professionals can be active parties in the misrepresentation, though they can also be passive: one study compared one hundred stated income loans to IRS figures and found that almost sixty percent of the stated amounts were exaggerated by more than fifty percent, with one or both parties participating in the misrepresentation (Barnett). The line between fraud for profit and fraud for housing was notoriously blurry in the bubble years: Michael Hudson’s scathing “industry insider” critique, for instance, describes the “Art Department” at subprime giant Ameriquest mortgage as a place where loan officers egregiously and remorselessly doctored documentation, both with and without their clients’ knowledge, to obtain approval on largely unsustainable loans.

Rhetoric's ability to "invent language strategies that bring about change" functions within mortgage lending as a response, at least in part, to the view of origination as a context for risk-taking and problem-solving (Lyne 37). I suggest that this view is part of a broader set of circulating discourses—the same set seen in the previous chapter—that draw persuasive force from constructions of the various risks of *not* obtaining homeownership. The promotion of creative financing options and the rhetorical invention that they allow suggests an extreme neoliberal rhetoric where the highly functional self-regulating consumer not only is granted entrée to the outer limits of legal possibility, but is invited to see rational choice as extending into the quasi-legal gray areas beyond it. Whereas the commodification of mortgage risk technologies gives rise to probabilistic conceptions of risk that offer themselves in the service of *to dynaton*, here it seems to be the possible itself, in the sense of what is unbounded by regulation, that authorizes the rhetorical projection of the future. In retrospect, of course, the sale of stated income loans seems reprehensible: however, it is difficult to say whether all participants felt themselves to be engaging in fraud or merely in the "acceptable" rhetorical invention that the post-securitization world invited—a world which allowed the consequences of blurring the line between invention and deception to be significantly deferred.

Rhetoric in the "Blunt Quest": Risk-Based Pricing and the Knowledge Economies of YSP

Several weeks later, the loan officer receives a call that the clients she previously pre-approved have found a property and entered contract, with a close of escrow (COE)

in thirty days. Now confident that they are “good risks” and thus will have no problem getting a loan elsewhere, they tell her they are “shopping rates” with several other lenders and want to see her best offer. She asks them to send the competitor’s rate quotes to her, promising to beat them.

Throughout, this analysis has suggested that the rhetoricity of mortgage lending is concentrated in its life as sales promotion, in what Kenneth Burke calls “the bluntest quest of advantage” and locates on rhetoric’s spectrum opposite a “more ‘pure’ form that delights in the process of appeal for itself alone, without ulterior purpose” (*A Rhetoric xiv*). Persuasive communication suffuses the various moments of origination, from the solicitation of business, the elicitation of personal information, the generation of loan scenarios, the promotion of various products, to the counseling of decision-making. However, as Cyphert writes, “the most obvious characteristic of enterprise units is their goal to produce, distribute, or consume commodities with an expectation of profitability” (216-7). With the mortgage mediating so closely between a buyer and his ability to claim ownership of real estate, the commodity at stake in mortgage lending may seem to be real estate, but what is actually being sold for profit is the loan product that conveys cash to the seller and nominal ownership to the buyer. Particularly relevant to an understanding of mortgage lending as a “blunt quest of advantage” are the ways that loans are priced and profits earned.

Mortgage lending operates on the doctrine of risk-based pricing, which arose alongside and is facilitated by automated technologies of risk assessment (Avery *et al.*). Risk-based pricing represents a shift from earlier models of “credit rationing,” wherein customers designated “high-risk” were denied loans, to a model where they simply pay

more for them (Turner and Skidmore). It imbeds the rationale that profit should be front-loaded on loans likely to be short-lived; in other words, the higher the risk of default or the anticipation of early prepayment, the higher the interest rate. Thus where conventional or “prime” loans assume that a borrower has both high ability and willingness to repay over time, non-conventional or subprime loans assume neither ability nor willingness—but lend money anyway. The doctrine of risk-based pricing was contested long before to the crisis, with proponents arguing that it valuably expands access and opponents insisting that the pricing of risky loans was far higher than merited by actual risk (White).¹¹ The crisis, of course, proved that the actual risk was higher, making visible the extreme vulnerability of non-conventional loans to default; more pressing since, therefore, has been the examination of how opportunistic profit-taking made possible by risk-based pricing enhanced the unsustainability of already-problematic loans. I direct this examination to rhetorical persuasion, and to the knowledge economies of Yield Spread Premium (YSP).

Mortgage lending is not only about the sales of loan products, but the sales of certain loan products over others: as is true across rewards-based sales situations, it is about selling the products that generate the most reward. Most lending institutions make some profit through fixed-fee channels: buyers not only pay fees levied by third parties like credit score providers, title and escrow companies, and appraisers, but in some cases pay processing, document preparation, application, or other fees stipulated by the lending institution—these are often referred to within the industry as “garbage fees.” Garbage fees can be a manipulative way of profit-taking: though federally-regulated banks control and audit the charging of lender fees, tales abound of customers particularly in the broker

industry discovering new fees at closing, or worse, failing to discover them until afterward (Barnett). However, the bulk of loan profit lies in commission, which is made in the obfuscated (to the client) space between points charged, interest rate, and cost of the rate to the lender (Hong and Reza). All costs, whether visible and less visible, are ultimately borne by the borrower, and it is thus the rhetorical domain of the lender to maximize that burden while maintain an acceptable risk profile—and the trust and willingness of the client.

Commission potential varies by loan, its limits only partially defined at a transaction's outset. The longstanding mortgage industry tradition is to charge buyers one origination point, or one percent of the loan amount, as compensation for the lender's service. Thus there is a direct correlation between loan size and commission—the higher the borrowed amount, the more the lender earns—though loan size generally has little bearing on the time and effort a loan requires (Hong and Reza).¹² Based on contractually determined commission splits, lenders receive a percentage of the origination on each loan that they originate and close.¹³ The origination and any additional “discount” points must be disclosed on the Good Faith Estimate per the Home Mortgage Disclosure Act (HMDA)—although the buyer generally will not see the profit that accrues to the lender—as must all lender fees and reasonable estimates of third party fees.

When her client stops in with the competitor's GFEs, the lender takes out her daily rate sheets, gearing herself up to deploy the sales tactics needed to keep this loan; because it is a high-credit, stated-income loan it is not likely to cost her much work, and she certainly doesn't want to lose the business to someone else. As she scans the quote, she quickly notices that the other lender has more garbage fees than she does;

additionally, he has tacked on a discount point as well as an origination point to get the interest rate that he is quoting. The rate is lower than what she initially quoted to the clients several weeks ago, but it is well above par for the day, as rates have since fluctuated down. She laughs internally, relieved that her competition is far from cutthroat; in fact, he has made it easy for her to look good to her client. If she locks the loan today, even with the pricing add-on for stated income, she can provide the client with a far better deal—and make some additional commission to boot.

Borrowers can pay origination upfront, as part of their closing costs, or wash it out with “discount” derived from YSP. As Woodward and Hall explain, YSP is “an increasing function of the coupon rate [the rate agreed to in the signed loan documents] and principal amount of the loan, and decreasing in the length of time (15, 30, 45 or 60 days) for which the loan is locked (the length of time the broker and borrower have the option to complete the loan)” (5). To put it more simply, YSP is the back-end profit gained by locking the interest rate higher than “par.” Par is the rate at which the institution will fund a loan at 100 cents on the dollar, or the rate of zero YSP (Hong and Reza).¹⁴ In this simplified sample rate sheet from Hong and Reza—it does not show the adjustments for lock time or the “pricing bumps” for add-ons like stated income—5.75% is par (132):¹⁵

Rate Cost	
5.250%	2.000
5.375%	1.500
5.500%	1.000
5.625%	0.500
5.750%	0.000 (Par)
5.875%	(-.500)
6.000%	(-1.000)
6.125%	(-1.500)

6.250% (-1.875)
 6.375% (-2.125)
 6.500% (-2.375)

To receive a rate of 5.75%, the borrower would need to pay the standard origination point. A rate of 6.00% would produce a one-point discount refund, covering the origination fee. However, if the borrower desired a lower rate, say 5.625%, he would need to pay not only one origination point but an additional half discount point.

Particularly during periods of low interest rates, the choice to reduce upfront costs in favor of a small rate bump is validated by cost-benefit analyses that assume the borrower will sell, refinance, or otherwise be rid of the loan before seeing the long-term benefits of a lower rate.¹⁶

Behind the more visible scene of points, fees, and interest rate, however, YSP provides the savvy lender with the linguistic and material means to shape the transaction in terms of what both the borrower and the lender derive. Locking at a rate above par yields points or fraction of points that the lender can direct to her customer, perhaps positioning the “refund” as a gesture of goodwill: “I’ll cover your closing costs,” she might say, implying the sacrifice of her profit although, of course, borrowers pay for YSP through the rate. And certainly she might indeed give up some or all of her own commission to increase the competitiveness of the pricing on a loan for a client who is “shopping around.” However, no rule dictates that she must do so: she can also keep YSP as “overage” to augment her base commission.

The lender adopts an air of concern and lets her client know that the other lender’s quotes give her real concern about his honesty. Printing a new GFE, she shows him how she can give him a lower interest rate and also “contribute” toward his closing

costs through a discount point refund, drastically reducing the cash he will need to close and also giving him a lower monthly payment. Shaken by the substantial difference in the two quotes, he thanks her and laughingly apologizes for “cheating.” She reassures him that she understands—he was only protecting himself by engaging in comparison—but jokingly admonishes him to trust her from this point forward. He agrees and leaves, and she returns to work, pleased that she has kept a client happy while also securing a small amount of additional commission for herself.

Certainly linguistic evidence from research within actual lending transactions would provide a more fully developed sense of “rhetoricity” than this fictional narrative can provide: it could better illuminate not only the range of “microtechniques” through which lenders sell borrowers on rhetorical pricing scenarios, but the variations between those scenarios and the actual conditions of the rate lock. However, in the absence of such linguistic evidence, I argue that certain material evidence is sufficient to indicate the space for rhetoric in the practice of risk-based pricing. While HUD once hailed YSP as a valuable tool for borrowers in “special circumstances” to purchase homes with minimal cash reserves, research has found YSP present in transactions far more often than “special circumstances” would designate, particularly on already-risky loans (Hong and Reza). A 2002 report discovered YSP in 85 to 90% of all subprime mortgages, generating an average \$1,848 in additional revenue for lenders; it found too that 75% of borrowers with YSP could have used a less expensive method to pay closing costs (Jackson and Berry). Courchane and Nickerson found in 1997 that minorities pay more average overage than other borrowers, as did Black, Boehm and DeGennaro in 2003 and Woodward in 2003. For instance, Woodward discovered that brokers take an average \$500 more in YSP

commission from African-American borrowers than from borrowers of other races. Shroder found in 2007 that higher-than-normal commission charges correspond with other higher-than-normal fees, supporting a "sheep-shearing" view of the transaction: those at risk of being "sheared" in one category are at risk of being "sheared" in others as well (Woodward and Hall).

Further, YSP is fraught with issues of disclosure. Borrowers do not have access to lender rate sheets, and while they may have a general or comparative knowledge of current market rates, they are unlikely to know if the lender is reaping above-standard profit on their transactions.¹⁷ Mortgage bankers have no legal requirement to inform borrowers about the connection between YSP and interest; while brokers do, studies have found that it often is either not disclosed or disclosed obscurely; in fact, a Justice & Integrity Project investigation found YSP disclosed less than one percent of the time (Jackson and Berry). Courchane, Surette, and Zorn found in 2003 that many borrowers eligible for prime loans were taking out and paying more for subprime loans. Woodward and Hall, whose more recent 2011 study of broker compensation finds "that an important fraction of borrowers leave a lot of money on the table for their brokers," argue that since one can't feasibly presume that buyers willingly pay more, this must be chalked up to borrower failure to engage in an appropriate amount of comparison shopping, as well as a profound confusion about how risk-based mortgage pricing operates (10). "Almost everybody, including regulators and many economists, seem to believe that points have a mechanical relation to a reduced interest rate, when in fact the term points is nothing more than another category for the broker's charge" (Woodward and Hall 34). These material outcomes, I suggest, point to the range of rhetorical choices made by mortgage

lenders in the act of profit-taking: lenders may be silent, duplicitous, or downright deceptive about the potential to collect YSP from clients, but the end result is the persuasive inducement of borrowers to sign for loans that deprive them of assets beyond the “expected” expenditures of cash to close.

Joseph Stiglitz has argued that asymmetries of information in the knowledge economies of financial markets are essentially endemic (“The Contributions”). YSP is certainly not the only example of information asymmetry in mortgage markets, particularly as they operated prior to the post-2007 crisis: the subprime crisis is often attributed to race-based and class-based informational inequities (Wyly et al.). Without doubt, rhetoric deployed in the reckless service of profit can be classified as “rhetrickery,” shoddy rhetoric that is manipulative and deceptive (Booth, *The Rhetoric of Rhetoric*). However, a strict collapse of YSP with predatory lending is not entirely accurate. Ashcraft and Schuermann offer a specific schema for assessing mortgage lending predation: it involves making an unaffordable loan based on assets rather than ability to repay, inducing a borrower to refinance to reap points and fees, or deceiving the borrower as to the true nature of the loan (qtd. in Barnett 4). A loan with YSP does not necessarily fall into one of these scenarios; the potential for minute variation in rate sheets means that the capture of some YSP may not change the borrower’s situation substantively or at all.¹⁸

Additionally, many lenders are just as likely to sacrifice standard commission to help a friend, keep a customer, or make a transaction that is on borderline of approval happen. Predation also obscures the complexity of knowledge economies *within* the industry, incorrectly presuming that both foreknowledge and malicious intent permeate

all levels of the mortgage lending institution. As Stuart points out, “[l]ending rules are a reflection of their time and institutional place. Ironies happen because, within a specific time and place, people making the rules do not see the irony in what they are doing—their reasoning is logical given where they are” (69). While post-crisis attribution put heavy blame on mortgage lenders and brokers, many of them were just as deceived as their clients, and were just as thoroughly devastated when the bubble collapsed.

In keeping with a Foucaultian approach which cautions against mis-locating analyses of power in individual intention, I therefore insist it is less illuminating to ask why individual mortgage lenders “want to dominate, what they seek, what is their overall strategy” and more relevant to “try to discover how it is that subjects are gradually, progressively, really and materially constituted through a multiplicity of organisms, forces, energies, materials, desires, thoughts, etc.” (“Disciplinary Power” 233). The real question, I believe, is how the broader mechanisms for pricing and commission logics in the institution imbed asymmetries of power and knowledge in the transaction. Company policy at the lending institution where I worked, for example, limited the loan officer to a maximum two additional points in overage on conventional loans, which was split between the mortgage lender and the company. However, on non-conventional loans from the company’s internal subprime division, the maximum profit doubled to four points; and when “brokering out” truly difficult loan files to third-party lenders, there was often no limit at all. Loans officers therefore not only could obtain more profit from borrowers already paying more than their “prime counterparts,” but were incentivized to do so.¹⁹ While certainly not all lenders in the industry would take such opportunities, many did: “industry insider” lore is rife with tales of predatory lenders taking as many as

four points from unsuspecting borrowers who did not compare lenders, or who believed that no other options were available.²⁰ As a rhetorical practice, risk-based pricing and the knowledge economies that it draws on and maintains illustrate not only the entanglement between a lender's rhetorical prowess and her bottom line, but the way that this entanglement magnifies and makes visible certain persuasive rhetorical affects that characterize the financialized mortgage market.

In Chapter Two, I briefly discussed the evolution from the mid-twentieth century of the cultural logics that increasingly legitimated the assumption of debt insofar as it enabled the pursuit of a middle-class life and its trappings, homeownership foremost among them. One might wonder if the sales-orientated rhetorical practices of mortgage lending operate on a similar justification, legitimating the pursuit of profit where it is bound up with the culturally-endorsed enterprise of spreading homeownership and expanding "the American Dream." Persuasion deployed in service of this motivation might arguably fall closer on Burke's spectrum to "pure rhetoric" than to the "bluntest quest for advantage" (*A Rhetoric xiv*). If this were the case, it would be relevant to examine how far rhetorical affects of homeownership have infused real estate more broadly. "Mortgage brokers," as Aalbers notes, "were rewarded with higher fees if they would sell loans with higher interest rates (i.e. riskier loans); many of these were not loans to buy a home, but refinanced loans and second mortgages, or, in other words, loans that did *not* contribute to the spread of homeownership" ("Sociology and Geography" 286). Certainly more research within the mortgage lending industry is warranted to further develop and justify these claims, but for now, it is reasonable to conclude that the system of risk-based pricing systemically magnifies rhetorical

opportunity in ways that are endorsed and supported by the capitalist institution, but that which both prey on and profit from inequity.

“Rhetoricizing” Shifting Risk in Neoliberal Mortgage Lending

As an institution, mortgage lending must certainly be understood as a powerful economic force, particularly prior to the post-2007 housing crisis, although the crisis greatly weakened it. Consider the year 2005, when approximately 7.3 million loans were originated (J. Harvey). That year too, residential mortgage debt totaled just over \$8 trillion, more than four times the total amount of consumer credit debt in the same year (Lehnert). Considered via a ratio of personal income after taxes, this meant that mortgage debt had doubled over a quarter of a century, rising from 45% of disposable personal income in 1980 to 90% in 2005 (Lehnert). In 2005, housing-related expenditures accounted for as much 23% of the U.S. gross domestic product (Newman). Economic power, of course, parlays to political power: a 2007 Common Cause Education report found that between 1999 and 2006, the nation’s ten largest mortgage lending companies and their affiliate organizations funneled \$22.2 million dollars to federal campaigns, demonstrating the “enormous lobbying firepower” of a monolithic industry (“Ask Yourself Why”).

Countless post-crisis critiques have examined how, during the lead-up to the bubble, power was abused and asymmetries of knowledge profitably exploited at all levels of the mortgage finance industry—between the primary and secondary markets, between the industry’s inter-related sub-industries, and of course between the primary market and its clients.²¹ It is as we recognize the importance of orienting an analysis of

mortgage lending's rhetorical practices to the broader power hierarchies in which it is embedded, then, that Cyphert's concept of rhetoricity falls short. In line with a McCloskeyan tradition that foregoes critique of theory to focus on methodology and conversation, Cyphert accepts capitalism as a foundation for analysis that is dynamic, in constant change, but nevertheless legitimate and viable: "Leaving aside for a moment the probability that we are attempting to examine a system that is in the process of transformation, we can assume the system to be stable and coherent one that consistently rewards legitimate decision-making processes and withholds valuable resources from those who fail to conform" (217). The rhetorical and material evidence marshaled in this analysis, however, clearly points upwards and outwards to a systemic facilitation of decision-making logics that were far from "legitimate," and certainly unexplained by "rationality."

In a popular non-academic text, Jacob Hacker has prominently argued that contemporary socioeconomic conditions are illuminated by the notion of a "great risk shift." While risk conceptually indexes both positive and negative possibility, the latter coalesces in the economic instability that has intensified since the 1970's, following the gradual elimination of the social protections established by Franklin Delano Roosevelt. The recent political discourses that glorify ownership, empowerment, and individual economic management mask the harsh reality of increasing bankruptcies and foreclosures, decreasing availability and affordability of health insurance, increasing instability in jobs and income, and decreasing availability of pensions. Hacker's "risk shift" is less about the quantifiable production of new risks that Beck's risk society thesis implies, and more about progressive alterations in who bears risk and how: specifically,

he argues that with various shifts towards privatization, “more and more economic risk has been offloaded by government and corporations onto the increasingly fragile balance sheets of workers and their families” (ix). The strong trajectory toward the individualization of risk transforms the family from a nucleus of safety against risk to an “epicenter” of vulnerability, the locus of struggle for hard-working but heavily indebted men and women who, in accordance with social norms, are prone to leveraging their financial stability in pursuit of a middle-class life (Hacker 95).

The transfer of the burdens of contingency relocates “stable” institutions in unstable markets, and in so doing redefines them. Homeownership is perhaps most iconic of these institutions. While the purchase of “a good house in a good neighborhood with good schools is a wise investment in the future for most families,” the problem as Hacker points out (somewhat presciently, perhaps, given the 2006 publication date of his book) is that markets are subject not only to expansion but to collapse in the crises that are inherent in capitalism (97). Writing in the expansion cycle of the real estate bubble, Hacker observes the layering of risk through increasing prices, payments, and debt, with the most pressing problem lying not in absolute payment size but in debt proportion as housing obligations came to claim larger and larger percentages of the average family’s income. This particular problem, of course, may be traced directly to the practices of the mortgage industry, and to the liberalization of evaluative standards that occurred as part and parcel of the push to expand mortgage markets and access to homeownership. To put it more simply, each alteration in lending standard altered not only the way that the mortgage industry conducted its business, but the way its clients were encouraged to interpret the potential outcomes of their housing decisions.

Critical geographers have given names to the intertwined “risk shifts” that permeate and characterize post-securitization lending. Racialization has been a key concern for scholars of urban political economy since the 1970’s, when critiques began to emerge addressing the severely troubled relationships between the developing mortgage market and minority populations.²² Racialization points to the fact that despite the heavy historical usage of appeals to expand homeownership for the benefit of the underserved, it is the underserved that in fact possess the dubious and paradoxical distinction of having both disproportionately *low* access to homeownership and a disproportionately *high* risk of being negatively affected by its intermittent crises—to the extent that the post-2007 crisis is widely understood a crisis of social justice (Wyly et al.).²³ In fact, Ashton suggests that it is through the racialization of risk, not merely the financialization of the home, that the ideal of homeownership became fully subordinated to the ideals of neoliberalism.

Through computerization or technological commodification, the rhetorical practices of lending evaluation were expanded and refined with regards to ratio calculation, credit history examination, and property appraisal. Bound up with computerization is the sense that, as we saw earlier, technologies commodify default risk while at the same time risk is itself becomes a technology. Racialization and technological commodification are entangled: because borrowers of color are more likely to make less money, have problematic credit histories, and purchase properties in less desirable locales, automated technologies function to manage and suppress racial risk through “objective” assessment. Simultaneously, they actively reshape mortgage markets by making room within it for high-risk loans (Ashton).

The development of risk processes and the increasingly close proximity of housing risks to financial market risks occur, Aalbers argues, through the interwoven threads of financialization and globalization, mutually dependent risk-shifting processes that work in tandem (“Financialization”). He defines financialization as a “pattern of accumulation in which profit-making occurs increasingly through financial channels rather than through trade and commodity production” (“Financialization” 284). It indexes the intricate interweaving of mortgages in the broader economy and the uneven intervention of the state, which has often acted to foster economic growth by growing the housing market without sufficiently supporting the regulation needed to make such growth sustainable. Within financialization, Newman suggests, “[m]ortgages acted as post-industrial widgets which helped to link the urban to global financial markets”—subprime mortgages in particular (327). That the financialization of the home is intrinsically about the exploitation of homes and borrower is exemplified not only in the securitization of mortgage loans, Aalbers suggests, but also in the rise of such mortgage lending practices as credit scoring and risk-based pricing (“Financialization”).

Each of these “risk shifts” responds to and participates in questions of attribution regarding the post-2007 crisis by highlighting explicit points for critique in state interventions—or failures of intervention—and in industry practice (Abolafia and Kilduff). They offer a conceptual vocabulary that names and narrates a series of interwoven, converging risk shifts in the securitized, neoliberalized mortgage market, providing a place (in the sense that rhetorical *topoi* are places) for examining connections between the rhetorical practices of mortgage lending and the broader discourses of power that inform, shape, and theoretically undergird the practices. To say that these

perspectives converge is not to say that they are not theoretically distinct, or that they are not built in part on critiques of each other; however, many of these accounts “find broader coherence in an approach that addresses more systematically the strategic transformation of state relationships to financial risk as one component of neoliberalization” (Ashton 5).²⁴ Taken together, further, they underscore how the practices of the mortgage lending industry accomplish exploitation through the individualization of risk.

However, this chapter’s analysis suggests another relevant thread, one which underscores the increasingly rhetorical nature of mortgage lending practices, a “rhetoricity” that gains intensity through and alongside the increasing diversification, innovation, and deregulation that characterized the mortgage industry since the rise of securitization, and during the bubble years especially. The “rhetoricization” of mortgage lending asserts that among the risk shifts of neoliberal mortgage lending is emergence of new, in many ways unbounded, spaces for persuasion. Given the heavy reliance on risk assessment and risk pricing technologies, the intensely rhetorical aspects of mortgage lending may not at first glance be highly visible. However, an analysis attentive to linguistic evidence as well as material outcomes reveals not only the rhetorical production of risk logics which serve to construct the future and influence decision-making, but the availability of new spaces within lending practices from which to deploy them.

One of the threads that emerged in this chapter, if briefly, is the role of economic expertise in discursively shaping understandings of the housing market and its risks. In the next chapter, I examine expert discourse in more detail, turning to the economic

conversations that unfolded during the years of the housing bubble to examine how risk was not only constructed but “de-structed,” normalizing the particular assumptions and practices of lending and buying that contributed so centrally to the eventual crisis.

ENDNOTES FOR CHAPTER THREE

¹ See e.g. Lehnert for a description of the variety of institutions which make loans, and the ways in which those institutions differ from each other.

² See e.g. Harvey D., Harvey and Chatterjee, and Bradford for early critiques of racialization in the housing market.

³ Throughout, I use the term “lender” to designate the human participant in the transaction, not the institution. In a bank lending situation, this person is variously called a loan officer, a lending consultant, etc.; in a broker situation, he or she is usually a broker or mortgage broker. The term “lender” allows me to speak more generally across bank-based and broker-based lending situations without having to continually make this clarification.

⁴ See e.g. Sauer, Scott or the literature that I review in Chapter One.

⁵ FICO is by far the largest player in both the U.S. and Canadian credit score markets, although some other companies have smaller market shares.

⁶ The more recent trend amongst lenders who sell to the secondary market is to use 640. Both Fannie Mae and Freddie Mac also recently raised the price on loans which have an LTV higher than 75% if borrower FICO scores are lower 740—a marked contrast to bubble years, where a score of 720 opened the door to all manner of creative loan products, including 100% financing, with little if any rate bump (Warren). Essentially, we can take this as evidence that the risk construction of credit scoring is fundamentally connected to the strength of the economy and its appetite for risk.

⁷ See e.g. Gates, Perry, and Zorn, who explore the effects of AU systems on underserved populations.

⁸ David Reed’s 2007 *Your Successful Career as a Mortgage Broker* describes the ideal broker as a self-starter who is also responsible and in possession of a basic quantitative literacy, though they “don’t need to be able to do calculus” (6).

⁹ Disparity between the two ratios is meaningful as well, helping the lender measure potential for “payment shock,” which is an expression of concern for unwieldy increases in debt obligation only insofar as it warns of default.

¹⁰ See e.g. Barnett, who describes among other instances how a subprime loan issued to a “straw borrower” was used to defraud an elderly African American couple in Chicago in 2006, stripping them of their home equity.

¹¹ The basic legality of risk-based pricing has also been questioned, with various lawsuits since the 1990’s contending that risk-based pricing and particularly YSP violate Real Estate Settlement Procedures Act (RESPA) and illegally reward lenders for steering borrowers to more expensive loans; yet the practice, at least through the years of the bubble, remained a legal and standard means of pricing loans and taking profit (Weicher, “The Economics”).

¹² The charging of an origination point is not related to any state or federal law, but was devised by lenders as a way of obtaining compensation for their services.

¹³ Commission splits may account for seniority and production volume, among other things. A bank-employed junior loan officer working under a more senior originator, for example, may receive 30%, splitting the rest with the company and the senior officer, while an independently employed broker may retain 100%.

¹⁴ While lenders typically release a daily rate sheet each weekday morning, extremely volatile market activity may prompt mid-day price changes.

¹⁵ The enterprise of rate-locking within the industry is something of a gambler’s quest, with YSP its jackpot. A mortgage rate lock is essentially the commitment of the lender to maintain a certain interest rate at a certain number of points for a certain period of time. It is intended to protect the buyer from the fluctuations of the market while the loan transaction is being processed and closed. The decision to lock should and often does rest with the borrower, though in many cases he or she will rely on the expertise of the lender to determine when to lock. Since borrowers do not have access to rate sheets, they are not privy to the ways that lock decisions are made to not only sustain the viability of the transaction but ensure its profitability. A lender may even decide to lock a loan without telling the borrower in order to gain a price advantage, though the consequences of this risky strategy are his or hers to bear.

¹⁶ In the bubble, between the array of loan products with short-term “teaser rates,” the increasing popularity of “starter homes,” and the prevalence of property-flipping, interest in the short-term often prevailed, at least in my experience.

¹⁷ White points out that prime mortgage rates are widely published, whereas subprime rates are far more obscure and difficult to find, and thus that subprime borrowers are more in danger than prime borrowers of paying additional YSP unknowingly. It is certainly true that a prime or Alt-A borrower who “shops around” sufficiently is far less likely to pay substantial overages. Still, prime borrowers are not privy to the behind-the-scenes variations in lender rate sheets, or to the specificities of mid-day or day-to-day pricing fluctuations: though they may be less vulnerable than subprime borrowers, they are certainly not invulnerable.

¹⁸ On some days, for instance, the “par” rate does not fall at zero, meaning that if it is not to actually cost the lender, the rate must embed some small fraction of YSP.

¹⁹ Locking is an intensively speculative practice, and it is perhaps here that the risk-taking aspect of mortgage lending is most heavily concentrated. With interest rates shifting not only daily but several times within a day, lenders are constantly trying to speculatively gauge the market to make the most profitable decisions for themselves and their companies. Short-term locks are the most profitable, but also the most risky—should there be a delay in a transaction, the loan officer might lose the lock, and be forced to enter a set waiting period until the loan can be relocked. At this point, a borrower might choose to move to another lender who could complete the deal faster or with a better rate.

²⁰ See e.g. Warren, who recounts tales of borrowers being charged four points.

²¹ See e.g. Van Order or Carruthers, both of whom discuss information inequities between different players in the mortgage market.

²² For early critiques of racialization see e.g. D. Harvey, Harvey and Chatterjee, and Bradford.

²³ Ashton argues that racialization actually predates securitization, dating to the scientization of mortgage lending occurring at the beginning of the 20th century, when race began to be perceived as a factor in real estate value, and redlining was offered as a viable means of addressing race-related property devaluation.

²⁴ See, for example, Ashton’s discussion of the distinctions between deregulatory and re-regulatory treatments of financialization, and the room for future development in both.

CHAPTER FOUR
Speaking Confidence and Consequence:
The Rhetorical “De-Struction” of Risk in Economic Conversations of the Bubble

"I want to be irrationally exuberant again"
*Bumper sticker made by political satirist Zack Exley, sighted in Silicon Valley in 2000
 after the crash of the dot-com bubble*

“[T]he Cassandras are predicting a free fall. It came for the dot-coms, they reason;
 housing is next. We see no such calamity on the horizon.”
 --*Nicholas Retsinas, 2004*

Re-Thinking Rhetorical Exigency in a “Black Swan” Event

In January 2010, the open-access economics journal, *Real-World Economics Review (R-WER)*, opened polling on its blog for two new prizes in economics. The first prize, initially called the “Noble Prize for Economics” but later renamed the “Revere Award” in honor of America’s most iconic alarm-raiser, called on readers to recognize their fellow economists who not only foresaw the Global Financial Collapse (GFC) that began in the housing sector, but cogently attempted to warn others. While the responsibility-eschewing party line of the “economics establishment” was that the crisis resembled what Nassim Nicholas Taleb would call a “Black Swan” occurrence, a devastating but entirely unpredictable event, the call for nominations argued that danger signs were indeed visible and that, had the few “empirically responsible economists” who recognized them been heeded instead of derided, catastrophe could have been minimized or averted (“Announcing”).¹ By contrast, the “Dynamite Prize” (initially the “Ignoble Prize”) would name the economists found “most responsible for blowing up the global economy” (“Greenspan”). The announcement emphasized the role of the economics

profession in contributing to the GFC and critiqued its profound silence on its own failure:

With other learned professions entrusted with public confidence, such as medicine and engineering, it is inconceivable that their professional bodies would not at the very least censure members who had successfully persuaded governments and public opinion to ignore elementary safety measures, so causing epidemics and widespread building collapses... To date, however, the world's major economics associations have declined to censure the major facilitators of the GFC or even to publicly identify them. ("Announcing")

The compound failure to warn of the collapse, to accept responsibility in its wake, and to recognize the foresight of those who anticipated the disaster is offered as evidence of a "continuing moral crisis" within the economics profession ("Announcing").

The Revere prize (which ultimately went to economists Steve Keen, Nouriel Roubini, and Dean Baker) and the Dynamite prize (awarded to Alan Greenspan, Milton Friedman, and Larry Summers) are among other efforts being made by economists to assess responsibility for the crisis within their own ranks. Unfolding in academic and less formal fora, such efforts are driven by the reflective questioning of disciplinary knowledge: What did the economic profession know? What, by contrast, should it have known? Given what it knew, how egregious is its nearly thorough failure to acknowledge and address the financial meltdown before it happened? What emerges is a sense of professional crisis that is not only epistemological and moral, but also rhetorical. Revere Award runner-up Paul Krugman, himself the subject of intense criticism after hailing the end of the bubble in 2005, has suggested that the crisis marks the end of a golden era of sorts wherein economists "thought that they had resolved their internal disputes" ("How Did"). Between those who argued fiercely for the self-regulating power of free markets and those who countered that markets gone awry can be corrected with appropriate

intervention, the economics profession, as Krugman argues, was profoundly blind to the potential for disaster. Now, with the comfortable sense of theoretical and practical convergence irrevocably dispelled, it must face and address its own axiological fragmentation (“How Did”).

Arguments like Krugman’s depict a profession engaged in the attributive sense-making characteristic of a bubble that has devolved to crisis (Abolafia and Kilduff). Further, they lend themselves to be read not merely as a “rhetoric of crisis” but as the manifestation of what Farrell and Goodnight call a “rhetorical crisis.” Triggered by loss of common commitment or public confidence combined with an anomaly of the material world, rhetorical crises as Farrell and Goodnight describe them are characterized by the failure of a discourse “to fulfill ordinary epistemological and axiological expectations,” leaving rhetors to “search awkwardly for language capable of defining, explaining, and assimilating urgent events” (76). Marked by breakdowns in expert credibility, they reflect systemic failures attributable less to technical problems than flaws of communicative theory and practice. While Farrell and Goodnight offer this concept through analysis of a technical disaster—the 1979 meltdown at Three Mile Island, the worst accident in U.S. commercial nuclear power plant history—the concept transfers with ease to the technical discussions around what many have called the worst economic crisis since the Great Depression. When Farrell and Goodnight suggest “the crisis was generated and sustained by the failure of technical reasoning to inform adequately public deliberation” (76), they could be echoing Krugman’s argument locating the failure of economics in the spread of elegant, scientized, and flawed theories (“How Did”), or the *R-WER* editor’s argument that Dynamite winner Milton Friedman “propagated the delusion, through his

misunderstanding of the scientific method, that an economy can be accurately modeled using counterfactual propositions about its nature” (“Greenspan”).

With the “rhetorical crisis” intensifying the exigency of the material crisis, the economic discourse surrounding the housing bubble merits rhetorical analysis: I engage it in this chapter by attending to the rhetorical trajectories of highly divisive technical arguments through the early- and mid-2000s. A turn to economic conversation, of course, evokes the work of Deidre McCloskey, who has long forwarded rhetoric as a productive means for its analysis. McCloskeyan rhetoric presents itself as “an economics of language” or means of studying the competition for communicative resources, illuminating the ways that persuasion in economics is effected through the rhetorical devices the field holds to be persuasive—among them irony, lore, performativity, and a realist or “anti-rhetorical” style—and improving economic talk by underscoring the politeness conventions of the genre (*The Rhetoric xx*). Given the extremes that made the housing market a scintillating topic of conversation during and after the bubble, such an analysis has a potentially limitless array of foci—in fact, prolific public argumentation about the causes and effects of the crisis led President Barack Obama to remark in 2009, “these days, everybody thinks they’re economists.”² I focus here, however, on contributions that are explicitly both economic and conversational—commentary from orators who, offering frequent opinions on economic matters in public venues, position themselves in overt ways as interlocutors in a debate: Jude Wanniski, Jim Cramer, and Alan Reynolds are several examples. As I am interested not only in how experts engage each other but in how they convey “knowledges” in strategic, persuasive ways to

audiences, I primarily but not exclusively consider the non-academic arguments of op-ed articles, blog postings, newsletters, and news media stories.³

The forthcoming analysis bears out McCloskey's claims that economic argument relies heavily upon rhetorical devices, and that rhetorical analysis challenges the illusion of economics as a predictive science—particularly shocking in retrospect is how strenuously many well-known economic analysts denied the possibility of incubating risk in the housing market (*The Rhetoric*). However, while a McCloskeyan tradition of rhetoric provides the means to determine how “bubble conversation” is rhetorical, it is less helpful in illuminating the fundamental ideological divide glaringly visible in what journalist Justin Lahart summarized as an “all-or-nothing orthodoxy:” “You Are With the Free Markets, or Against Them” (“Ignoring the Oracle”). I thus draw most heavily upon the rhetorical critique offered by James Arnt Aune, who extends analysis of economic conversation to critique of its institutional bases. What Aune calls the “rhetoric of economic correctness,” the rhetorical defense of the free market that appears in academic but also “workaday political rhetoric,” is the central theoretical concept of this chapter (4).

In what follows, I read the discourse of “bubble denial” as a defense of the free market that makes certain rhetorical strategies of economic analysis visible for critique. Less realist than self-consciously rhetorical, expert denial of risk in the housing market is stylistically marked by, among other things, a sardonic and punitive tone that utilizes name-calling to censure and deny credibility to those who express uncertainty about the sustainability of the housing boom. My analysis not only upholds the presence of a “rhetoric of economic correctness,” but extends the concept by illuminating the risk-

based strategies it makes use of as it entrenches, perpetuates, and defends itself in the face of perceived attack. Drawing also on the risk/no risk dualism offered by Corvellec and Boholm, I parse out the ways that allegations of risk in housing markets are less constructed than *de*-structed—mitigated or dismissed, neutralized or contained. What emerges is the vision of a highly epideictic discourse that serves simultaneously to insist on faith in the unregulated market as a social norm and castigate those whose faith appears to be wavering. Resulting is a new understanding of the ways that neoliberalism rhetorically brokers the possibilities of the future to promote uncritical support of markets in the now.

Bubble Denial and the Censure of the Economically Incorrect

By the early 2000s, real estate was the “it” investment with potential buyers, spurred by home price inflation that seemed to have no end in sight, rushing to purchase homes. First-time homebuyers entered the market in record numbers: as early as 2004, the national homeownership rate reached its historical peak at 69%, a 3% increase in just four years (Cannato 81). Others were not first-time owners, but investors growing their real estate holdings: speculators were drawn and made by profitable opportunities to purchase properties and rent or quickly resell them. In fact, according to the National Association of Realtors, as many as 40% of purchases were non-owner occupied in 2005, with 28% classified as investment properties and 12% as second or vacation homes (Christie). Market growth was facilitated by the expansion of mortgage financing: 100% financing, no-documentation or low-documentation loans, and ARM (adjustable rate

mortgage) products with low introductory rates and interest-only payments were available among the many non-conventional mortgages.

While creative products were widely available to “prime” borrowers at interest rates commensurable to or only slightly higher than conventional rates, similarly creative products expanded the buying power of those with poor credit history or other risk factors that disqualified them from prime loan eligibility—factors that only a few years prior would have barred them entirely from buying. Subprime loans, as Chapter Three discussed, were more likely to have higher rates, additional fees, and penalties for early loan payoff, increasing profit to the bank as insurance against default risk, but also increasing the risk—some would say *ensuring the outcome*—of default itself (Zalewski). The most common subprime product, for instance, was the “2/28 hybrid” (Kiff and Mills). Fixed with a “teaser” introductory rate for only two years, after which the interest rate could adjust as often as every month, the 2/28 typically had a two-year prepayment penalty, meaning that the borrower could not get out of the loan until he or she had to: in the 25th month, the payment could skyrocket with a new interest rate and, since many 2/28s were also interest-only in their teaser periods, with recalculated principle (Kiff and Mills). In 2005, one in every five home loans was subprime; by the end of third quarter 2006, it was one in every four (Schloemer et al.). The dominant climate was one of enthusiasm for real estate and optimism that its growth would sustain—as it had to be, for such loans to seem viable.

Fairly early, some economists questioned the sustainability of growth, with the “B-word”—bubble—making its first appearances. In 2002, the economics magazine *Challenge* published an article by economist Dean Baker entitled “The Run-up in Home

Prices: A Bubble,” which argued that on the heels of first overvalued stocks and then an overvalued dollar, a new bubble was developing in housing with potentially severe consequences:

[T]he long-term effects from its eventual deflation can be extremely harmful, both to the economy as a whole and to tens of millions of families that will see much of their equity disappear unexpectedly. The economy will lose an important source of demand as housing construction plummets and the wealth effect goes into reverse. This outcome will slow an economy already reeling from the effects of the collapse of the stock bubble. The loss of housing equity will be yet another blow to baby boomers on the edge of retirement, many of whom just endured large losses in the stock market. (95)

As evidence, Baker offers data from the 1990s that show a run-up in housing prices without precedent since the era of World War II. With a prescience visible in retrospect, he not only identifies risk and its eventual consequences but hails the potential lack of consequence to his own predictions, acknowledging that the prevailing trend on the part of experts is to ignore bubbles until it is too late.

Baker’s argument gestures at what would become a rhetorical hotspot in contentious economic conversations about the bubble: the notion of fundamentals. The notorious inability of economists to agree on the presence of bubbles is forecast by their inability to agree on the defining features of bubbles or even their existence—as Kroszner puts it, “identifying bubbles is fraught with peril” (3). However, common across multiple definitions is the notion of mispricing, or deviation from fundamental value, as Joseph Stiglitz explains: “if the reason that the price is high today is only because investors believe that the selling price is high tomorrow—when ‘fundamental’ factors do not seem to justify such a price—then a bubble exists. At least in the short run, the high price of the asset is merited, because it yields a return (capital gain plus dividend) equal to that on

alternative assets” (13). From this perspective, a housing bubble can be understood as a product of home buyers’ willingness to pay inflated prices for real estate because “they expect unrealistically high housing appreciation in the future” (Himmelberg et al. 1).

However, the ambiguity surrounding “fundamental factors”—enclosed by Stiglitz, appropriately, in scare quotes—is more amenable to debate than definition, fraught as it is by rhetorical challenges of estimation and translation (“Symposium” 13).⁴ Baker attempts to preempt the counterargument that the increase in housing prices reflects change in underlying fundamentals, a case which had shortly before been made by Alan Greenspan in testimony before Congress (96).⁵ He describes a procedure for establishing mispricing versus fundamental value:

The first issue to consider is whether there may have been a shift in the value that people place on housing, as opposed to other goods. In other words, if there was a shift in people's tastes, due to either income growth, growth in population, or just a random factor that led people to value housing more than they had previously, then higher home prices may be due to fundamental factors rather than a temporary bubble. (“The Run-up” 96)

Despite Baker’s efforts, the considerable room for ambiguity is easily perceived where the rhetorical distinction between “fundamental” and “temporary” is dependent on the definition and rationalization of “people’s tastes,” especially where taste can be defined by “random factors” alongside more empirically measurable factors like income and population growth—which are themselves, too, subject to interpretation.

Of course, the “perils” of ambiguity do not stop analysts from positioning the stability of fundamentals against the risk factors of rapid growth in the housing market (Kroszner 3). On the contrary, ambiguity provides what Porter calls “bubble-skeptic economists” the rhetorical matter for unique arguments—or, as McCloskey might say,

the means for staking competitive claims to scarce communicative resources that service “the insatiable desires of people to be heard” (*The Rhetoric xviii*). In the comments I analyze, various “fundamentals” support the dismissal of risk: Director of the Harvard Center for Joint Housing Studies Nicolas Retsinas, for instance, suggests in a 2004 article that rising prices are validated by increasing demand, the pervasiveness of no-growth and slow-growth restrictions, and growing flexibility in the consolidated financial services industry—e.g., the falling costs of mortgages and the increasing availability of creative financing. In “Hate to Burst Your Housing Bubble but there isn’t One,” Jerry Bowyer, radio host and founder of the conservation think tank Allegheny Institute for Public Policy, lists an increasing population, the rise in income tax receipts, and a favorite factor: low interest rates. Like Retsinas, investing advisor and broadcasting personality Jim Cramer cites land scarcity and zoning difficulties, but adds job growth, predicting the end of downsizing in the financial sector. As a rhetorical *topos*, “strong economic fundamentals” generously encompasses a variety of factors measured by a variety of metrics, its tirelessness bearing out what Stiglitz essentially argues when he summarizes the contingent and temporal complexities undermining positive identification of bubbles: that the rhetorical means to deny them are practically unbounded.

The rhetorical slipperiness of fundamental price is exacerbated by the ambiguity of another definitional “bubble term,” rationality, which is central to explanations that describe bubbles as emotion-driven episodes standing counter to the presumably rational activity of normal markets. Yale economist Robert Shiller’s *Irrational Exuberance*, which takes its title from the notorious 1996 Alan Greenspan speech that raised questions about the behavior of dot-com investors and sent global markets into a nosedive, is

perhaps the most well-known of these models. “Irrational exuberance” likens bubbles to outbreaks:

[A] speculative bubble [is] a situation in which news of price increases spurs investor enthusiasm, which spreads by psychological contagion from person to person, in the process amplifying stories that might justify the price increase and bringing in a larger and larger class of investors, who, despite doubts about the real value of an investment, are drawn to it partly through envy of others’ successes and partly through a gambler’s excitement. (2)

Thus it is when asset prices are driven not by “rational” economic considerations but by emotional or psychological energy that bubbles form. Other popular explanations rely similarly on failures of rationality: in his book *Bubbleology: The New Science of Stock Market Winners and Losers*, Kevin Hassett defines a bubble as “a period when the price of an asset (stocks, real estate, tulips, etc.) suddenly soars for irrational reasons and then collapses.” Like Schiller’s definition, Hassett’s elevates the definitional relevance of rationality and, because he also describes perception of bubbles as products of political affiliation, suggests the ease with which rationality is constructed along ideological lines. The rhetorical problems of rationality clearly are not limited to the way they trouble institutional economic theory and its reliance on rational choice: they also include its extreme vulnerability to politicization.

In the years before the crisis, “bubble-skeptic economists” frequently entangled fundamentals and rationality to redouble the dismissal of risk in the housing market. In a 2005 *Capitalism Magazine* article, American Enterprise Institute fellow James Glassman cites Hassett’s definition to argue that not all price increases are irrational: “Prices often rise for good reason. For example, the price of a share of eBay rose from \$8 in 2001 to \$32 in 2003. A bubble? Not at all. The increased value was rooted in fundamentals.” The

housing-affordability index justifies the rationality of the housing market with recourse to median family income: “Even in places where prices are soaring, worries of a bubble could be overblown because higher prices appear grounded in good old fundamentals” (Glassman). Journalist and political economist Jude Wanniski similarly cites increasing income to support his “conviction that the boom in the U.S. housing market is entirely rational.” Real estate professors Chris Mayer and Todd Sinai offer another ratio, cost-to-own versus cost-to-rent, to justify housing price increases: “In none of the hottest housing markets did the ratio of the cost of owning to rent in 2004 exceed the average over the sample period in their own market by more than 13%.” Although they admit that they “don’t know what ratio of owning to renting costs, or owning costs to income, would precipitate declines in house prices,” they conclude by noting “little evidence that house prices are being bid up based on unreasonable expectations of future price growth” (Mayer and Sinai). As we see in just these few examples, as a rhetorical *topos* the appeal to strong fundamentals authorizes the pursuit of real estate as imminently rational, even amidst a context of higher and higher prices.

The “rationale of rationality” is bolstered, as these examples hint, with a range of metrics that quantify the absence of risk and present stability and security as incontrovertible future outcomes. McCloskey notes that much economic conversation is characterized by a realist style that includes the persuasive deployment of statistics—what she calls a “rhetoric of quantification” (*The Rhetoric* 141). While she limits the relevance of that rhetoric to degree and definition—“Quantification raises in a usefully clear form the question of how large is large; but quantification without a rhetoric of scholarly conversation does not answer it” (*The Rhetoric* 150)—Aune points out the

darker implications to a realist style that, in professing an unobscured and “anti-rhetorical” worldview, is deeply disingenuous about its own persuasive nature, serving to undermine deliberative discourse by placing self-interest as the central human motivation and locating agreement on individual taste or efficiency as *the* common grounds for communication (41). Some bubble-deniers indeed rely heavily on quantification and a realist style to conclusively “disprove” danger, particularly in arguments geared toward academic audiences. In one 2004 article, for example, New York Fed economists Jonathan McCarthy and Richard W. Peach employ an objective, scientific tone in their analysis of national trends. Responding to the “many analysts” who foresee danger in the housing markets (a footnote lists only Dean Baker), they break measurements of national home price down into median price of existing homes sold, median price of new homes sold, repeat sales price index, and constant-quality new home price index, and showing that those which purport to indicate a bubble fail to account for the presence of low interest rates (1). Using mathematical modeling, they dispassionately treat the “econometric evidence” to argue that, while there is some volatility at regional levels, there is no cause for concern at the national level: “The combination of the strong economic growth of the 1990s and the declines in interest rates is more than sufficient to explain the rise of home prices since the mid-1990s” (McCarthy and Peach¹⁰). As with the scientized style that Aune, drawing from Hariman’s *Political Style*, labels “the default rhetoric for the defenders of the free market,” econometric evidence operates rhetorically to dismiss concerns, to relieve audiences of need or motivation to worry about the future of the market (Aune 40).

However, most comments I examine are geared toward a broader audience, and I find that more common than a realist style is a less anti-rhetorical style, one which pairs the strategic deployment of quantitative arguments with rhetorical self-awareness and performativity. The discourse of bubble-denial is particularly illustrative, I argue, as to how “workaday political rhetoric” makes use of belittling to censure those who overstep the bounds of “economic correctness” (Aune 4). Thus, here rhetorical effectiveness is defined less by “the rhetoric of not having a rhetoric” than by a highly rhetorical style that frequently features creative and metaphorical name-calling as a means of adding force to risk dismissal (McCloskey 98).

The most dominant element of this censure is name-calling. Those who hail a housing market downturn are variously labeled “doomsayers” (Wanniski), “Cassandras” (Retsinas), “Chicken Littles” (Mayer and Sinai), “economic pessimists” and “policy wonks” (Reynolds), and “bubbleheads” (Kudlow), among others. In a strategic sense, such name-calling can perhaps be understood as a form of irony, which McCloskey identifies as a master trope of economic conversation. However, Aune offers a more penetrating reading of this trope’s implications, classifying it as a rhetorical resource for free market defense that frequently couples with appeals to perversity. Along with the “futility thesis,” which implies that government intervention on behalf of social change does not work as expected, and the “jeopardy thesis,” which promotes the belief that certain future courses of action will endanger previous accomplishments, the “perversity thesis” is among A.O. Hirschman’s patterns of conservative argument against change: it insists that even well-intentioned intervention will trigger unwanted consequences.

As Aune describes them, arguments from perversity turn on a sustaining set of recurring *topoi*: they define all things as commodities, rely on quasi-statistical argumentation, appeal to irony by impugning social programs, evoke moral indignation, avoid entertaining counterarguments, and leave out empirical investigations. Their function in economic analysis is to boil social complexity down to “the inexorable law of supply and demand, the perfidiousness of government intervention, [and] the glorious and open future promised by the elimination of government intervention,” as well as to further enable the rhetor to wave away the naïve notion that state interference will work for good (Aune 31). Deploying this form of irony imbues the speaker with “worldly wisdom and a sense of humor, two characteristics often lacking in political radicals, who seem to be angry all the time” (Aune 31). At the same time, it invites audiences to be reassured by the market’s rational workings as illuminated by a wise, sympathetic if condescending, and rather amused narrator.

Aune’s rhetoric of economic correctness thus anticipates that the earnest attempts of “bubble-spotters” to warn of the coming crisis would be met with and dismissed through irony. I would insist, though, the tone of this discourse is characterized best not as ironic but as sardonic, suggesting that in times of crisis, the rhetorical defense of free-markets will take shape via an expanding array of stylistic choices. Biting and contemptuous, name-calling serves the epideictic function of censure, disciplining and discrediting those who dare imply that there is trouble in the market or that action should be taken to diffuse it. Often directed toward unnamed collectives—that collective that parrots and propagates flawed and fearful “common knowledge”—name-calling at times also takes shape in *ad hominem* attacks against specific interlocutors. A favorite target is

Paul Krugman, who in 2005 hailed the coming of the end of the bubble with a prediction that its consequences would be widespread rather than simply limited to the “Zoned Zones” of the coasts, which many bubble-deniers had acknowledged as “hot spots” while insisting that any potential downturns would be localized (“That Hissing Sound”). Jude Wanniski, for example, dismisses Krugman’s (“That Hissing Sound”) argument by labeling him “one of the worst prognosticators in the business with a Ph.D. in economics.”

As they operate in the discourse of bubble denial, arguments from perversity begin to suggest that “economic correctness” may be further illuminated by a risk-attentive analysis. Perversity persuades through the implication that even the most well-intentioned interventions in the market will inevitably trigger undesired consequences: “Every move may generate a perverse (but *never* beneficial) countermove—hence, the tendency toward unintended (but always negative) consequences” (Aune 28). From a perspective of risk management, perversity deploys risk to evoke undesirable visions of the future and discourage intervention. Further, deniers of the bubble often imply that risk will be averted by continuing the existing course of action, thus discrediting uncertainty about the course as, in fact, a rhetorical abuse of uncertainty: with the exception of “bubbleheads,” a terms which scoffs at risk by implying sheer idiocy, most insults derive rhetorical power by alluding to the fallacious propagation of fear. Doomsayer, for instance, is defined by the *Farlex Free Dictionary* as “one who predicts calamity at every opportunity,” while the story of Chicken Little iconically conjures hysteria, overreaction, and incorrect interpretation of events. (“Cassandras” is an interesting rhetorical choice: one wonders if Nicholas Retsinas, who invoked the mythical seer to dismiss free-fall

predictors in 2004, remembered that Cassandra was cursed not with inaccuracy in her prophetic power but with an accuracy that no one would believe).

Chaput and others have persuasively argued that discourses of fear illuminate the rhetorical situation of globalization and capitalism and the status quos that they maintain (“Introduction”).⁶ Visible in bubble denial, however, are discourses that set themselves against fear while serving the maintenance of status quos equally well. “Fear-mongering” is at times dismissed as a general propensity of the obsessed business media—“You could go to any story meeting in any press establishment in this country and say that it’s time for a housing-bubble story, and even if the organization did a number on housing last week, it would gladly repeat the hatchet job”—or as a product of more insidious motives (Cramer). Reynolds, responding to economist Steven Roach’s December 2004 suggestion that the housing bubble could have greater consequences than the dot-com bubble, claims that the “economic pessimists” trying to convince us that “terrible things are about to happen” are not merely uniformed, but actively motivated by ill intent: the “scary story” of imminent catastrophe “has proven handy for policy wonks who abuse it to rationalize their agendas, such as lecturing the Fed to keep interest rates too low or lecturing Congress to push tax rates too high” (Reynolds). In dramatizing the threat of fear rhetorics, bubble-dismissers stake communicative space as speakers against common knowledge, presenting “economic truth” against the fallacies of “received wisdom” (Bowyer). These fallacies are not only trite but trendy: Cramer calls predictions of a housing collapse “the ‘chic’ bet on Wall Street,” while Glassman notes that the “blazing-hot topic at suburban cocktail parties this spring is whether there’s a bubble in the residential housing market.”

Thus it in the face of pervasive and foolish misperception that bubble-deniers take up the task of diffusing fear and restoring confidence. Locating themselves in opposition to “fear-mongers,” bubble-skeptics propagate a rhetoric of reassurance that propels itself by diminishing concerns about risk and belittling those who introduce them. Reynolds concludes, for example: “we are asked to worry about something that has never happened for reasons still to be coherently explained. ‘Housing bubble’ worrywarts have long been hopelessly confused. It would have been financially foolhardy to listen to them in 2002. It still is.” By labeling attempts to warn of problems in housing as trendy or malicious, such arguments offer to unite the rational proponents of the market against chic-but-weak attempts to destabilize it through fear. The central rhetorical exigency of bubble skepticism frequently appears to be righteous indignation at the threat of fear to public good, as when Wanniski writes: “I’d put off writing this, but something snapped” amidst the profusion of emerging arguments expressing doubt. Evoking Aune’s assertion that arguments from perversity frequently appeal to moral indignation, comments like Wanniski’s suggest that moral indignation gains as much affective capital by positioning itself against fear as against arguments that undermine rational choice.

In his exploration of arguments from perversity in economic debates about minimum wage, agricultural prices, and labor unions, Aune observes the failure to entertain counterarguments to be among the debates’ recurrent *topoi*. Despite the tendency to deride and dismiss those who cry danger in the housing market, it is untrue that counterarguments are avoided entirely. Rather, the rhetoric of reassurance bolsters itself by introducing or recognizing opposing viewpoints, and then neutralizing them. It is here, I argue, that a risk-attuned approach becomes particularly relevant because it

facilitates the identification of two key rhetorical moves: the acknowledgment of risk in rapidly increasing housing prices, and the mitigation of that risk by other factors or arguments. Even more than risk opposition and dissociation, the two rhetorical strategies I identify in Chapter Two's analysis of presidential homeownership promotion, these two harnessed moves evoke what Corvellec and Boholm call the paradoxical "risk/no risk dualism" of risk management communication. Inspired by Perelman and Chaim's *New Rhetoric*, Corvellec and Boholm show how an Environment Impact Assessment (EIA) on the largest wind farm in Sweden "functions as a rhetorical locus for *both* risk production and risk neutralization" (7). Because the assessment of potential risk is critical to major infrastructure projects, EIAs are generically structured to acknowledge risks, but can then downplay and dismiss them. Similarly, because the exigence of bubble denial is in fact that claim of bubble presence, bubble-denying interlocutors must engage the notion of risk before they can discount it. Here, therefore, the issue is less how economic correctness persuades by ignoring other perspectives than how it persuades by acknowledging and then undermining them.

In what follows, I parse out the strategies of bubble denial in accordance with the risk/no risk dualism. What emerges is an entwined set of logics of no-risk or little-risk; a series of "there is no risk but/because/ unless" arguments that disassemble existing risk constructions and redirect their implications. Certainly the list which follows is not comprehensive of all risk/no risk dualisms strategically deployed in the discourse of bubble denial: nevertheless, however, it nevertheless advances understanding of the rhetorically affective logics that free market defenses deploy to defend themselves from attack, as well as of some of the risk-based rhetorical paradoxes that they depend on.

Risk is Mitigated or Counteracted by the Bigger Picture

Common to the rhetorical appeal to strong fundamentals is the acknowledgment of a risk factor, usually in the recent rapid increase of housing prices, paired with the argument that this factor proves less problematic or not problematic at all in light of other factors not yet properly acknowledged. Characteristic of such arguments is the “aha!” *topos* of unconsidered evidence, the suggestion that the metrics or methods being used by those who spot danger fail to account for something that changes the equation and invalidates risk or renders it insignificant. Low interest rates frequently fill this rhetorical blank: skeptics of the bubble claim that low rates allow buyers to afford “more house” without sufficiently disrupting debt-to-income comparisons. Glassman, for example, cites the argument made by Marc Louargand of Babson Capital that conditions are not a bubble if average debt-to-income ratios remain “reasonable”—and concludes, with a quantitative analysis centered around historically low rates, that they are reasonable indeed. In addition to reinscribing historically high expectations of manageability in mortgage debt—recall arguments from Chapter Two regarding the historically dynamic and highly constructed notion of affordability—this risk/no risk dualism briefly acknowledges that rapid price increases are problematic, but just as quickly subsumes that risk in a wash of positive indicators.

Risk is Mitigated or Counteracted by the Proof of History

A recurrent pattern in the comments I examined was the vision of a problem-free future projected through reference to a problem-free past. Glassman deploys this

argument to diminish the risk of an imminent decline in housing prices: “Since 1950, according to data gathered by Freddie Mac, which provides financing for mortgage lenders, U.S. home prices overall have never declined over the course of any year.” The absolute, “never,” underscores incredulity at the possibility of a decline happening now—though an attentive critic might notice that “never” actually designates a finite half century of data that does not include any period with precisely similar conditions. J.P. Morgan researcher Christopher Flanagan uses a similar appeal rooted in the knowledge of history to dismiss a downturn based on subprime: “based on what we know and see in terms of employment and interest rates, it is extremely difficult to see how five years from now we could be looking back and observing a historical 5-year growth rate of, say, less than 5%. That should be more than adequate to support the continued good credit performance of sub-prime mortgage pools.” In another example, having already denied the presence of risk, Jim Jubak neutralizes the possibility that interest rates could rise by calling up appeals to historical precedent, insisting that history proves that “interest rates usually don't rise when economic growth slows.” Cumulatively, such strategies insist that history offers proof against current problems while denying that other factors make the current situations unique.

Risk is Mitigated by the Nature of the Commodity

Bubble-skeptics dismiss risk by appealing to the special nature of the home, particularly to discredit oft-made comparisons between the housing and dot-com markets. The safety of the housing market, Glassman insists, lies in the features that distinguish it from other types of investment, characteristics “such as sales commissions and transfer

taxes that tend to dampen volatility. Skipping in and out of a house in a day or two isn't particularly feasible, and the vast majority of home buyers, unlike stock buyers, are in for the long haul." Reynolds discredits Roach's "overworked analogy between housing and tech stocks" as patently ridiculous: "After March 2000, the Nasdaq stock index plummeted from about 5,000 to 1,000. Does Mr. Roach mean to imply \$500,000 houses might likewise drop to \$100,000? Not likely." Cramer employs an equally patronizing tone to convey the impossibility of comparing intangible stock market assets to a tangible home: "Your home, alas, is not a dot-com, soon to be deflated and delisted. It's simply the best investment you'll ever make." The unique nature of the house is offered to insist that the housing market is invulnerable to the problems of other, less special commodities: in the words of John McIlwain, "homes aren't like tulip bulbs or tech stocks, and when you fear the market is too high, you can't just sell your home and put the cash under the bed. You have to live somewhere...295 million Americans have to live somewhere." Again, such arguments are reminiscent of Chapter Two's analysis, where I demonstrated how tenaciously the rhetorical affects of the home as security against risk have sustained as viable even in the face of financialization, evolving real estate into the paradoxical promise of profit free from risk.

An argument from Glassman further suggests that any risk in the pursuit of homeownership is mitigated by the ethicality of the motivations behind that pursuit. He suggests that risk is a moot point for those thinking about their home in the right ways. He writes, "the main question about a real estate bubble is, why should you care? If you own a house for the right reason—to live in it—then short-term fluctuations are meaningless." Thus, he classifies the question of risk as relevant only to those who are

counting on the value of their homes to outpace inflation: those who remember that the home is “something better” than an investment have nothing to fear. Uncertainty, Glassman thus suggests, is a domain wholly for speculators—though actually he certainly seems to suggest they have no cause for concern either—and that ethically-motivated homebuyers are immune to “short-term” fluctuations in the market. To classify risk as a problem for speculators is to further emphasize the unique nature of commodity by demarcating the housing market from other sectors, naturalizing desire to stay in one’s home as the only factor relevant to the ability to do so.

Risk is Insignificant for Present Concern

Many of the above risk/no-risk strategies layer the argument that whatever risk exists right now is insignificant for current consideration. In August 2005, Columbia Business School Dean Glenn Hubbard appeared on CBS News’ *Face the Nation*. In his discussion of the state of the housing market, he acknowledged that there was a “great deal of froth” but insisted that while growth might slow, a large-scale downturn was not imminent. Co-presenter Robert Reich, citing the historically low interest rates, agreed that it would not be “a national calamity.” The concept of froth, evoking minor or insignificant bubbles, was also used by Greenspan: “Greenspan has said recently that he sees no national bubble in home prices, but rather ‘froth’ in some local markets” (Henderson). Jubak’s strategy is not to deny that there might be a “day of reckoning someday,” but instead to suggest that “those who are predicting a housing bubble and its bursting may have much longer to wait than they expect right now.” This particular logic, which again is frequently combined with others to layer reassurance against risk, admits

some degree of present or future risk but deprioritizes it—often through a patronizing, “sorry to disappoint” tone—as a matter for current deliberation. Upheld, certainly, is Aune’s assertion that free market defenses function to limit rhetorical possibility: this risk/no risk dualism not only dismisses the possibility of a housing bubble, but forecloses it as a topic of conversation for reasonable people.

Risk is Moderate or Non-Existent Unless Something Changes

What Aune calls the “jeopardy thesis” is the circulation of the belief that a certain course of action, generally pertaining to state intervention in the economy, will jeopardize previous accomplishments. As a risk-based strategy, the jeopardy *topoi* affirms the safety of the current course of action while assigning risk to hypothetical alternate courses. In bubble denial, these arguments discourage both new interventions and action on existing interventions. Jude Wanniski, for example, cites potential Federal Reserve action as a danger: “Of course we should be reaching a new equilibrium in housing prices, but unless Greenspan & Company drive interest rates up in order to induce a housing recession, there really is nothing to worry about.” *NRO* editor Kathryn Jean Lopez deploys a similar argument when she insists that “the so-called housing bubble has yet to pop, and likely won’t as long as home ownership remains a tax-advantaged event.” As a rhetorical strategy, the insistence that “there is no problem if we remain on course” serves to redirect deliberation about risk from the consideration of current evidence to speculating about hypothetical future situations.

The most extreme and circular of the dualistic risk/no risk logics about the hypothetical future appear when arguers direct attention to the risk-posing potential of

future situations—and then deny that they are real risks. This is visible, for example, in Reynolds: “The only half-plausible reason to forecast a big boost in mortgage rates would be the expectation of a large rise in inflation. But inflation would certainly not discourage speculation in housing. Inflation is terrific for tangible assets such as real estate, yet horrible for stocks and bonds.” In other words, the only “half-plausible” reason is not plausible at all. David Harvey has suggested that as a doctrine, neoliberalism is characterized by fundamental internal inconsistencies between theory and practice—tension between neoclassical economics and the doctrine of individual freedom, for instance, or the contradiction between belief in a non-intervening state and the need for a strong juridical system to protect individual property—that manage to coexist paradoxically without torpedoing the worldview (*A Brief History*). In the oratory of Ronald Reagan, who had the “ability of a skilled rhetor to transcend both ideological and material contradictions” (121), Aune find that the rhetoric of economic correctness is characterized by rhetorical inconsistencies and circular logics. Here, similar paradoxes are particularly visible in the dualisms that simultaneously identify and invalidate specific future risks, while also again shifting any deliberation-motivating concern to a hypothetical turn of events.

Risk is Mitigated or Counteracted by the Rhetorical Presence of Risk

A particularly convoluted risk/no-risk logic is visible in Ken Fischer, who dismisses the “bubblish” fear that a global real estate bubble is on the verge of bursting through a practically incoherent argument that “real bubbles are seldom referred to as bubbles in the press until after they've burst, so there's little need to worry now.” The

example of the tech bubble, more frequently disavowed by bubble-skeptic orators, is invoked in support of this questionable logic: “Remember that it wasn't much called a bubble until after it burst” (K. Fischer). An attempt to rephrase Fischer’s argument more coherently might look like this: “There is no risk because bubbles are never identified until it is too late. Therefore if a bubble is being identified now, there is no risk of a bubble.” This bewildering tautology is echoed by others who allege that the presence of fear should negate fear itself: Glassman, for instance, argues that while “signs of speculation are troubling, there is little solid evidence that a real estate bubble is puffing up. One reason for optimism is that so many people are worried. Fear puts a lid on prices.” Jerry Bowyer similarly proclaims, “Now, we don’t claim to know everything about the housing market, but we do know this: If 80 percent of people believe that an asset is grossly overvalued, it’s not. By definition, there’s no way the crowd can believe the crowd is wrong and be right in believing it.” Effectively, this particular risk/no-risk dualism claims that risk is neutralized simply by being named. In reading this as an example of “economic correctness,” we see another possibility for extending Aune’s argument in this discourse: where other arguments serve to limit contestatory deliberative possibility, this strategy takes such contestation as self-actualizing evidence of bubble-denial’s validity.

Cumulatively, these and other strategies of risk dismissal that purport to defend market participants against baseless, insidious fear elevate the relevance of William Pfau’s argument regarding the emotional rhetorical affects of the financial system. In the discourse of bubble denial, the fear that fear will govern is dramatized to authorize governance by fear’s inverse: confidence. Because a market system driven by speculation

perceives its greatest threat to be fear, “[t]he discourse of confidence appears as the balm for an economic system based largely on irrational emotional states” (Pfau 263). In consequence, the responsibility of market defenders to produce and defend that discourse becomes paramount, particularly given the widespread knowledge that expressions of even mild uncertainty from a high-up-enough expert can have immediate material consequences.

The classic example of the danger of doubt, of course, is irrational exuberance. On December 5th, 1996, in an evening speech addressing members of the pro-market American Enterprise Institute, Alan Greenspan asked, “How do we know when irrational exuberance has unduly inflated asset values?” As his remarks were printed in headlines across the globe, indexes internationally plunged immediately into record-breaking losses (M. Kaplan). Much later media and economic discussion of the rhetorical event speculated about Greenspan’s intent and foresight: did Greenspan perceive the impact that his word choice would have? Did he choose his words carelessly or intentionally? A *Chicago Tribune* account of the event, published two days after Greenspan made his comments, articulated the rhetorical problem: for a recognized market expert like Greenspan, the crime of merely thinking about a potential failure of the market is exponentially compounded by the crime of verbalizing that doubt. “As soon as reports of his comments flashed across their screens,” the article noted, “traders seized on the fact that the chairman of the most powerful central bank in the world was wondering aloud about ‘irrational exuberance’ in stock and bond markets” (qtd. in M. Kaplan 477). It is clear that, in the primary example of what Michael Kaplan calls “iconomics,” there is a

highly reflexive relationship between the speech of recognized market experts and the performance of the markets they speak about.

Awareness of the potential for potent material reactions to seemingly inconsequential rhetorical choices means that the same seemingly inconsequential choices, if they admit some degree of uncertainty, are subject to fierce critique. This is visible, for instance, in bubble-skeptic Brian Westbury's 2005 critique of Greenspan's choice of the word "froth" to describe overpricing in housing markets:

In the dictionary, "froth" is described as a mass of bubbles, or foam. It brings to mind a cappuccino, not a realtor's office. Nonetheless, it is obvious what he meant. In some markets, homes are bought and sold before they are even finished. Double-digit annual price increases are common. And in April, both new and existing home sales jumped to all-time record highs, pushing toward the fifth consecutive year of annual records... Nodding their heads with caffeinated vigor, bubble-believers gathered around the espresso machine and said 'I told you so—even Greenspan thinks the trend is unsustainable.' These nattering nabobs expect a housing collapse to take down the U.S. economy.

Westbury's conclusion is that "excessive pessimism is unwarranted: Fears of a housing bubble are overblown"—a conclusion, of course, that is par for the course. What is particularly interesting, however, is the reflexivity that emerges in his critique of Greenspan's rhetorical choice, and the way it makes visible the deeply moral and emotional values attached to the rhetorical code of "speaking confidence" (Westbury).

From a rhetorical theoretical standpoint, the arguments that I have reviewed give further weight to the task of examining how rhetoric functions to censure those who violate "economic correctness" when they admit to uncertainty. Yet the importance of this task is even further underscored, I argue, because censure was by no means limited to the realm of discourse. Certainly economists who attempted to raise attention to the

bubble risked the brush-off, as Robert Shiller indicates in a 2008 *New York Times* op-ed describing his unsuccessful attempts to warn of an impending crisis:

I gave talks in 2005 at both the Office of the Comptroller of the Currency and at the Federal Deposit Insurance Corporation, in which I argued that we were in the middle of a dangerous housing bubble. I urged these mortgage regulators to impose suitability requirements on mortgage lenders, to assure that the loans were appropriate for the people taking them... The reaction to this suggestion was roughly this: yes, some staff members had expressed such concerns, and yes, officials knew about the possibility that there was a bubble, but they weren't taking any of us seriously. ("Challenging")

As Shiller notes, it is a consistent pattern among professional economists to find worry about bubbles to be baseless or exaggerated. He speculatively attributes this to the lack of training in psychology, which limits ability to understand "huge errors in judgment," as well as to fears about professional stature: "We all want to associate ourselves with dignified people and dignified ideas. Speculative bubbles, and those who study them, have been deemed undignified." Like political correctness, then, economic correctness is clearly a matter of professional etiquette ("Challenging").

However, the deeply powerful institutional basis of economic correctness is reflected in the fact that for dissenting economic analysts, fear of dismissal was not only metaphorical but literal. "Deviating too far from consensus," Shiller wrote, "leaves one feeling potentially ostracized from the group, with the risk that one may be terminated" ("Challenging"). Indeed, there are numerous tales in the bubble years of high-profile experts being dismissed or discredited for appearing to sound pro-regulatory in an anti-regulatory climate. A particularly telling experience is that of pro-market economist Raghuram Rajan, who gave a paper at the Jackson Hole Economic Symposium that urged attention to imminent risk in the financial sector. His presentation earned him reprobation

as “an antimarket Luddite” from attendees (Lahart, “Mr. Rajan”): Larry Summers, for instance, stated that he found the “basic, slightly lead-eyed premise of [the] paper to be slightly misguided” and suggested that focus should be on the benefits of free markets, not on their concerns” (Summers). In effect, the fierce censure so characteristic of bubble denial ensured that any expression of uncertainty would be greeted as an ideological matter in the sense that Heilbroner offers ideology: as “utterances in which the speaker deeply believes—statements to which the ‘interests’ themselves repair in search of enlightenment” (102). Thus during the growth of the housing bubble, those who violated the rhetoric of economic correctness could expect at the least to have their allegiances questioned, and at the worst to be fired or discredited.

The Evolution of Risk Logics into “Subprime Panic”

It is impossible to know what would have resulted from more recognition from respected economist of the systemic risk in the U.S. housing market. The editor of *R-WER* suggests that heeding the “Paul Reveres” of the profession would have altered the course of history and prevented the worst of the damage. Bubble analysts Kindleberger and Aliber, on the other hand, state that historically attempts to sound the alarm have mattered little to the ultimate outcome. Either way, by 2007 the slumping of values, the problems of banks, and the rising tide of foreclosures made it less and less possible to deny the bubble—although certainly some continued to try.⁷ According to RealtyTrac’s annual *U.S. Foreclosure Market Report*, U.S. Census Bureau data and public records of foreclosure filings reflected a 75% increase in property foreclosures from 2006 to 2007, with a total of 2,203,295 foreclosure filings for the year on 1,285,873 properties

nationwide—in other words, more than one of every one hundred U.S. households.⁸ These numbers were just the beginning; the 2008 report showed a total of 3,157,806 filings on 2,330,483 properties, an 81% increase from 2007 and an astounding 225% increase from 2006. By 2008, one in every 54 U.S. households was associated with at least one foreclosure filing.

Though a detailed exploration is beyond the bounds of this chapter, preliminary analysis suggests that evolutions in the crisis correspond with matching evolutions in the logics used for rhetorically diminishing it. As the data pointing to a bubble became less and less dubious, the risk associated with a free market worldview focused less on the denial, neutralization, and minimization of risk, instead shifting more to risk containment and control. The initial response of many pro-market economic experts was that the crisis, if it were a crisis at all, would be a well-contained event. In a natural continuation of the admission of some risk in the coastal “Zoned Zones” and other “hot” geographical markets, some economists predicted the problems would be contained within geographical markets like California (Dungey). Even more prominent was the forecast that damage would be held within the boundaries of subprime, a market sector that had previously gained little notice by free-market economists even as a risk worth dismissing, but that had skyrocketed fast into public consciousness—and ignominy—as its contribution to foreclosure numbers became visible. In this evolving set of appeals, the rhetoric of economic correctness again demonstrates its dynamic powers of adaption, with key risk logics shifting to risk containment and control without abandoning the tried-and-true strategies of deriding fear and pushing for confidence.

A 2007 argument from conservative economist Ben Stein illustrates this shift. Stein, like the bubble-deniers before him, positions himself as a defender against the fallacies of common knowledge, taking up the mantle of public defense against misperception: he writes that the “job of an economist, among many other duties, is to put things into perspective.” The problematic “common knowledge” by this time is that the crisis was spreading and that it would ultimately reach epic proportions—or, to put it in Stein’s words, “the usual explanation mainly has to do with some new loss in the subprime mortgage world — the universe of mortgages and mortgage-backed instruments related to buyers with poor credit histories or none at all.” Stein turns once again to a complicated mathematical analysis to argue that there is nothing to fear: only 13% of the mortgage market is subprime; only 14% of that is delinquent, and a mere 5% in foreclosure. With the expectation that at least about half of all losses will be recovered in foreclosure, Stein predicts that losses will equal \$33 billion to \$34 billion. Even if this number doubled to \$67 billion, it would still “by the metrics of a large economy...[be] nothing.” Stein derides fears that the damage will spread as “puzzling” and nonsensical, insisting that “these subprime losses are wildly out of all proportion to the likely damage to the economy from the subprime problems.” Once again, he dramatizes the fear of fear—“recent events are a disturbing commentary on the power of fear”—in an attempt to restore confidence (Stein).

The attempts to “blame subprime” manifest themselves, further, as another form of risk/no-risk logic, specifically one that locates risk in the identity of the individuals who took on subprime loans. *New York Times* columnist and Princeton economics professor Alan S. Blinder points a “finger of blame” at “households who borrowed

recklessly to buy homes, often saddling themselves with mortgages that were all too likely to default. They should have known better.” Blinder insists that subprime borrowers behaved unintelligently and acted without proper decision-making, harboring the misguided belief that the benefits of subprime loans exceeded the risks; they were gullible, and “[g]ullible consumers have been around since Adam consumed that apple.” While Blinder accuses subprime borrowers of acting with stupidity, other oratory insists that they are guilty of acting with intention. George Mason economist Tyler Cowen, for example, coined the term “predatory borrowing” to describe those who intentionally used manipulated or incorrect information to obtain a loan, for example by falsifying income data, misrepresenting job histories, etc. The fact that subprime is highly racialized underscores another relevant aspect of Aune’s rhetoric of economic correctness: the argument that the rhetorical defense of free market is not only inherently antithetical to democratic deliberations but frequently also encodes, as Foucault notes that the biopolitics of neoliberalism will, significant racism.

The allegation that subprime mortgagees are risk-posing, however, is countered by insistence from those attuned to the social justice dimensions of the crisis that they are in fact at-risk. An example of this argument is found in David Zalewski’s article “Should the Oracle have a moral compass?” In it, Zalewski introduces an ethical dimension to the actions taken by the Federal Reserve and its then-Chair Alan Greenspan, arguing that the Fed unethically created the crisis by “knowingly sacrificing the well-being of already-disadvantaged people to combat inflation” (512). In addition to underscoring the presence of a rhetorical crisis within economics that has both moral and epistemological dimensions, this particular set of risk logics return us to the sociological and cultural

critiques of risk that point to its entangled relationship with identity. These highlight the forensic function of risk: as sociologist of risk Mary Douglas suggests, risk possesses the capacity “to hold persons accountable” (Douglas 1). It also, as Lupton argues, serves as a moral rhetorical resource to delimit group identity (“Risk as Moral Danger”). Particularly in light of arguments about risk containment and contagion, what emerges here is the potential for the extension of what Scott labels “the topos of identity-based risk,” a concept that illustrates how the slippage between “at-risk” and “risky” enables the marking of what might be called “risk group” identities and facilitates the positioning of those groups as threats to the general, morally acceptable public (*Risky Rhetoric* 39). What suggests itself, I argue, is a *topos of economic identity-based risk*, which would direct more specific attention to the way risk is bound up with the class-related dividing lines of the financial and economic sectors: for example, those that demarcate and mark the identities of A-paper, Alt-A, A-minus, and subprime home buyers.

Nevertheless, just as “risk denial” was short-lived, so too was “risk-containment.” By the first quarter of 2008, foreclosures were occurring at a rate of 2.8 million annually, or nearly 60% of the existing home sale rate in the same quarter. The mortgage mess soon proved it would not be quarantined by state lines or market sector divisions. In “Containment Spreading Fast in Housing Bust,” for example, James Saft ironically commemorates the end of the rhetorical appeals to containment:

From the beginning, Fed officials and others have preached "containment" on the housing debacle: first that its effects would be confined to subprime borrowers, then to locations, such as California, and finally that the damage would not spread too far within the economy. But like a nightmare version of the movie *Spartacus*, now even the most unlikely borrowers are standing up and telling their lenders: "I am subprime."

The late Doris Dungey, or “Tanta,” who co-wrote for the popular finance and economics blog *Calculated Risk*, used the phrase similarly in a post titled “MMI: I am Subprime, Destroyer of Worlds.” Critiquing the tendency in the press to conflate the plight of wealthy citizens unable to “trade up” for bigger homes with the dire straits of the desperate who must sell to avoid foreclosure, she concludes with this statement: “Someday this war is going to end but until then, we are all subprime now” (Dungey).

Concluding Thoughts

The consequences of approaching this particular conversation as rhetorical, and of parsing out its evolutions as rhetorical trajectories of risk, are fairly straightforward. Debate between economists over the presence of risk in the housing market and its eventual consequences reaffirms what McCloskey has long insisted: that economics, instead of the scientific system it commonly portrays itself as, is better understood as a rhetorical discipline that represents human discourse as, in Wayne Booth’s terms, “the art of probing what men believe they ought to believe” (*The Rhetoric of Fiction*, qtd. in McCloskey 493). Economists, who often fail to acknowledge the persuasive nature of their own discourse, tend to provide a profusion of conflicting explanations for any given event; as McCloskey puts it, “[t]he great social questions are not answered by looking at a diagram on a blackboard, because it is trivially easy to draw a diagram that yields the opposite answer” (493). A rhetorical analysis illuminates the profusion of “blackboard drawings” in this conversation as various attempts at sense-making, at marshaling possibility and rhetorically imposing order onto uncertainty.

The consequences of approaching this conversation as a rhetoric of economic correctness, of course, are much deeper. Aune writes that ultimately readers should not be cowed by scientific arguments for rational choice and against government intervention in the marketplace, the definition of labor as a commodity, and the promise of internet and “frictionless capitalism,” for the costs of a truly unregulated society are too high and too deeply at odds with other important political values. “The triumph of a one-dimensional *Homo economicus*,” he argues, “occurs at the expense of family, work, neighborhood, freedom, and faith—the *topoi* of conservatism at its best” (170). He concludes that the market has overextended its usefulness and has endangered democratic practice, in academics if not in the public. While I do not make such lofty arguments, I do insist that attention to and extension of a rhetoric of economic correctness critically expands understanding of the highly rhetorical but logically flawed ways that market logics insert themselves, exert control, and foreclose rhetorical possibilities for decision-making in contexts of uncertainty. This chapter demonstrates just one of potentially many ways that Aune’s rhetoric of economic correctness can be extended by offering a risk-sensitive approach that underscores how risk construction and risk de-struction serve to produce and reproduce the discourses of confidence that buoy the free market and uphold its claims to benefit. In the next and final chapter, I explore another set of neoliberal risk logics that function rhetorically to validate free markets and that reveal, under analysis, the intense problematics of risk individualization that are embodied in *Homo economicus*. These center around financial literacy.

ENDNOTES FOR CHAPTER FOUR

¹ Taleb's book *Black Swan* argues that while we place substantial faith in the idea that history repeats itself, most important events are rare and unpredictable. Therefore, trying to extract generalizable stories to explain them may be emotionally satisfying but is not useful. The "black swan" metaphor is a reference to 17th century Europe, where all anyone had ever seen were white swans, and thus "all swans are white" had long been used as the standard example of a scientific truth. The chance of seeing a black swan was thus impossible to calculate—until 1697, when the white *Cygnus atratus* was discovered in Australia.

² This comment, made when Obama introduced a team of economic advisers at a February 6, 2009 White House ceremony, was reported in multiple news sources and, despite its clearly ironic tone, earned negative attention.

³ I was aided in my collection of data by several blogs whose writers collected the names and publications of "those who were wrong about the bubble," providing titles and/or links to the places where the comments were made. I am most indebted to the "Economics of Contempt" blog for the list there. Potentially, I could have focused this analysis on the commentary of the Dynamic and Revere Award winners. While I do reference commentary from both Alan Greenspan and Larry Summers, I draw from a broader range of orators, most primarily because the Dynamite Award was intended to identify those directly responsible for "blowing up the economy" rather than those who participated prominently in relevant conversations as the economic situation unfolded.

⁴ On the challenges of determining fundamental value, Stiglitz writes: "The problem of determining the fundamental value of an asset to be held for an extended period of time has three parts: first, the problem of estimating the returns received over time (the rent on the land, the dividends on the stock); second, the problem of estimating the terminal value the asset will have at the end of the period; and third, the problem of deciding upon the discount rates to be used for translating future returns into current values" ("Symposium" 13).

⁵ Baker cites Stevenson and Opiel in referencing Greenspan's testimony ("The Housing Bubble").

⁶ See e.g. Chaput et al.'s collection *Entertaining Fear*.

⁷ Alex Tabarrok, for instance, continued in 2008 to deny the bubble, critiquing the "conventional wisdom" which claimed "that there was a housing bubble which has now popped." Citing the absence of a massive housing price drop, Tabarrok insists that the shifting prices can be understood merely as a shift to a new equilibrium. This shift is still the fault of subprime: "In the shift to the new equilibrium there was some mild overshooting, especially due to the subprime over expansion, but fundamentally there was no housing bubble" (Tabarrok).

⁸ The RealtyTrac Year-End U.S. Foreclosure Market Report provides "the total number of foreclosure filings nationwide and by state, along with the total number of unique addresses entering some stage of foreclosure and percentage of total households entering some stage of foreclosure (foreclosure rate)." Data utilized in this report include the U.S. Census Bureau's estimates of total housing units. Foreclosure filings are from three stages of default: Default, Auction, and Real Estate Owned. Foreclosure filings included in this report comprise default notices, auction sale notices, and bank repossessions.

CHAPTER FIVE
Neoliberalizing Ignorance:
Rhetorical Financial Literacy in the National Pedagogy of Homeownership

“The depth of our financial ignorance is startling.”
 --James Surowiecki, “Greater Fools”

In January 2008 and in response to a deepening financial crisis, President George W. Bush signed an Executive Order creating the President’s Advisory Council on Financial Literacy. Comprised of prominent representatives with backgrounds in financial services and education—it was chaired, for instance, by investing magnate Charles R. Schwab—the Council was charged with conducting research, establishing measures of financial literacy, increasing public and private financial education for youth and adults, and expanding access to financial services (“President Bush Announces”). The Council’s creation is rhetorically meaningful for several reasons. While not the first federal action with regards to financial literacy—the U.S. Treasury established the Office of Financial Education in 2002, for instance, while the 2003 Financial Literacy and Education Improvement Act created a commission devoted to financial education—it reaffirmed the government’s interest in financial literacy and explicitly articulated it as a matter of policy. Further, the creation of the Council underscored an already-ubiquitous attributive statement: that a profound failure of personal financial knowledge on the part of American citizens was *a* central cause if not *the* central cause of the post-2007 financial crisis. It thus emphasized financial education as a central solution: as Schwab wrote in the preface to the Council’s first report, “Particularly in these times of economic uncertainty, improving financial literacy must be a national goal that unites us all” (President’s Advisory Council vii).

To suggest that financial education is a panacea, however, is to sidestep pressing concerns about how financial literacy is defined and measured; how, when, and where new educational efforts are implemented; how they are funded; and how their effectiveness is gauged.¹ While certainly there are many academics advocates of financial literacy, research has raised important questions not only about its efficacy—multiple studies find little difference in the financial decision-making of those who participate in formal training versus those who do not—but its ethicality. Specifically, scholars have begun to note and critique the intensely neoliberal overtones in contemporary financial literacy discussion and advocacy. Law scholar Lauren Willis, for instance, writes that the “single-minded focus on financial education inhibits pursuit of other policy tools for improving the financial welfare of Americans,” including the restriction of problematic products and practices (5). Loyola University professor Joseph Ganem makes a similar case, maintaining that the current call for financial education creates a “false” and “illogical” narrative that blames consumers for the crisis while distracting attention from the burden of responsibility borne by policy-makers (1562). Such allegations suggest that while financial literacy brands itself as bipartisan or even non-political, it lends itself to the service of a neoliberal governmentality through its politicized emphases on rational choice, self-governance, and individual risk management.

In this chapter, this project’s final foray into the risk logics of homeownership, I take up critical questions pertaining to financial literacy, turning from how the discourses surrounding homeownership are rhetorical to how they are rhetorical in specifically pedagogical and literacy-oriented ways. At earlier points throughout this dissertation, I have addressed the layered ways in which the rhetorical constitution of homeownership

and its relationships with risk participate in the creation of a belief system about “safe” consumer practices. In doing so, I have drawn occasionally on Scott’s notion of “national pedagogy,” itself take from the work of Cindy Patton. In this chapter, I develop the risk-related concept of a national pedagogy more fully, bringing it more completely into the sphere of economic practices and combining it with the notion of rhetorical literacy as John Duffy offers it to facilitate an analysis of financial literacy discourses as a politicized product of historical and material contexts. I argue that these concepts are helpful in identifying a diffusely circulating set of educational messages that evolve and persuade in response to the changing needs of the context of capitalism.

While I began this chapter by examining only the financial literacy initiatives formulated as a response to the post-2007 financial crisis, I soon realized that an understanding of financial literacy and its entanglement with the national pedagogy of homeownership must be based in an accounting of broader trajectories. I thus structure this chapter as an argument in several parts. First, I trace the rise of financial literacy through several educational traditions, home economics and economics education, to reveal its entanglement with the rise and promotion of contemporary capitalism. I then briefly return to the presidential and government administrative promotion of homeownership that was the subject of Chapter Two, re-reading this tradition in terms of its rhetorical construction of homeownership, achieved through available debt instruments, as a socially and economically literate practice. In the last section, I argue that the post-2007 financial crisis triggered a sea change in the “national pedagogy” and its constructions of literate practices, shifting from the valorization of homeownership through mortgage market choice to the castigation of homebuyers and poor choice. While

the financial literacy movement has been reinvigorated by the construct of crisis, advocacy takes dangerous and punitive directions where it emphasizes only the augmentation of consumer education, and not the importance of corresponding attention to problems of oversight. I return to the example that began this chapter, the creation of the President's Advisory Council and its first report, to illustrate the ways that rhetorical analysis combined with insights from academic research provides ways to think critically about contemporary financial literacy efforts.

National Pedagogy and Rhetorical Financial Literacy

In *Fatal Advice*, Cindy Patton analyzes the dominant themes about sexual prevention and protection put forth by public service information and news media stories, identifying the rhetorical problematics of what she describes as the “national AIDS pedagogy.” Explicating Patton’s concept of “national pedagogy,” Scott in *Risky Rhetoric* explains that “national” implies not “a centralized state effort but a diffuse yet coherent set of procedures” that at once constitute identities and affix to them normative expectations about performance and duty, thus functioning within what Foucault theorizes as governmentality (92). Scott further illuminates the “national pedagogy” of safe sex, arguing that various promotional and educational messages about HIV project heteronormativity and protect against deviance therefrom, resulting in a pedagogy of disease prevention that emphasizes “ordinary sex with ordinary people.” This consequential message constitutes and circulates a “risky rhetoric about safer sex,” channeling focus from safe sexual practices to an illusory and dangerous faith in safe sexual partners and acts (*Risky* 112).

From a rhetorical analytical standpoint, the concept of national pedagogy usefully brings forward not only the national but the pedagogical aspects of dominant messages about lifestyle choices. In the sense that “pedagogy” implies the correct or appropriate use of correct or appropriate instructional strategies, it directs analytical attention to the power of “educational” or “informational” rhetorics to constitute not only ways of teaching and learning, but ways of knowing and acting. Further, national pedagogy as Scott illuminates it is inherently about the rhetorical construction of risk: certain “acceptable” forms of engagement, undertaken in certain ways, are identified as safe or risk-free, while at the same time risk is assigned to or confined in less desirable or more subversive forms of engagement. These normative, politicized messages about risk are often decontextualized: for instance, Scott asserts the HIV prevention counseling that is characteristic of the national pedagogy of safe sex is often patterned after “the same one-size-fits-all, information-giving formula characteristic” (*Risky Rhetoric* 119). Thus we can understand a national pedagogy as a worldview that through information and instruction assigns generalized, hierarchized logics of risk value to not only what we do, but the ways that we do it.

Though both Scott and Patton focus on rhetorics of sexual practice, I argue that the notion of national pedagogy transfers almost seamlessly to contexts of economic practice. I have emphasized throughout this dissertation that prominent cultural conceptions of homeownership and homeowners are rhetorically constituted with the help of risk logics—many predicated on a speculative faith in enduring economic growth—that less often prompt citizens to recognize and evaluate potential risks than assure them that risks are negligible, non-existent, or readily counteracted. Taking its cue from the

concept of national pedagogy, this chapter gives closer attention to the overtly educational aspects of these logics, looking at the ways that normative, culturally-endorsed practices of homeownership are constituted not only as risk-free but, through their entanglement with financial literacy, as in fact *literate*. My analysis further problematizes the contemporary push for financial education by underscoring the socially constructed aspects of the “illiteracies” it purports to address. As Venezky, Wagner, and Ciliberty write, “Social concepts such as literacy are intricately tied to their labels. Like jelly and sand, they are without intrinsic shape, defined and redefined by the vessels that hold them” (597). Financial literacy becomes visible as rhetorically similar to other literacies, amenable to being shaped and reshaped to serve contextual need.

Certainly discussions of financial literacy, critical or not, are more likely to attend to the complex and multiply constituted meanings of “financial” than the complex and multiply constituted meanings of “literacy.” In fact, in suggesting that financial literacy be approached and analyzed as a literacy, I am aware that I may provoke irritation from literacy scholars who worry that “literacy” is already watered down by the multiple ways it is extended beyond reading and writing to encompass forms of workplace and disciplinary knowledge. In “Unburdening the Understandings of Literacy,” Kjersti Van Slyke-Briggs tartly articulates this concern:

It seems as though by adding the word *literacy* to any topic, this new term suddenly has authority and must be attended to. Each semester, I ask students to write a short article critique about the role of literacy in the public school system. Although I cover specifically what I mean by this, inevitably, at least one student returns to me with articles that evidence the expansion of the term. Topics such as mathematical literacy, scientific literacy and numerous others are common. Less typical, but even more problematic are articles which center on topics such as environmental literacy, ocean literacy, health literacy and even financial literacy. Such overuse of the term erodes its meaning and reduces it to a cliché. How long

will it be before bowling literacy emerges as an important academic topic? Perhaps the physical education instructor, afraid of being left out of the literacy game, will add field hockey literacy to a curriculum outline. (51)

Van Slyke-Briggs cautions that if literacy is conceived of as knowledge of any given field or subject, a fatally over-burdened concept may result. To stand against “loose interpretations,” she argues, is thus to strive to “preserve the term literacy for those elements of our understanding which relate to meaningful forms of communication” (51).

Without doubt, it is worth recognizing the rhetorical exigence that the term literacy—let alone the notion of literacy in crisis, as I later discuss—attaches, seemingly without effort, to a wide range of subjects. However, I dispute the implication in the dismissive “even financial literacy,” which is that financial matters are perhaps least worthy of all subject-specific knowledge systems to be associated with literacy. Quite the contrary, I suggest that it is particularly crucial at this historic juncture to consider the life that financial literacy takes on as a literacy, to approach it with an expectation, informed by literacy studies, that it comprises an internally varied range of capacities to comprehend the symbolic systems of the finance world and engage in the economic behaviors that our culture deems and perceives as literate. To deny the valuable insights of literacy studies to financial literacy is to mark it as non-rhetorical, and thus to allow to stand the significant inequities that underpin equalizing notions of education.

In essence, then, I advocate for approaching financial literacy as a *rhetorical literacy*. Rhetorical literacy has been described in multiple ways, some oriented to the level of local practice: in technical communication, for instance, it is “most often viewed as a multifaceted knowledge that allows writers to conceptualize and shape documents whatever their specific purpose or audience” (Cook 10). However, most salient to this

dissertation is the conception offered by John Duffy, which draws attention to the overarching ways that rhetorics define and shape literacies. Duffy suggests that sociocultural approaches to literacy, which trace back to the 1983 publication of Shirley Brice Heath's *Ways with Words*, "are typically characterized by ethnographic observations of supposedly bounded cultures, by description of the features and patterns of literacy use within the culture, and by attention to the details of daily existence that convey what Heath called 'the current ecology of the community'" (Heath 6, qtd. in Duffy 39). While valuable, these approaches risk being incomplete reflections of how literacy develops because they fail to account for relationships between literacy and rhetoric, defined as "the ways that institutions, groups, or individuals use language and other symbols for the purpose of shaping conceptions of reality" (Duffy 41). Drawing on the Burkean notion that rhetoric does not just persuade but socializes, Duffy's rhetorical conception of literacy is one which "seeks to account for the multiple and conflicting influences of competing states, armies, languages, and economies upon individuals learning to read and write," prompting an approach to literacy as ideological, as a product of discourse, and as an expression of social change (41).

Duffy's rhetorical literacy is helpful to this analysis, I argue, where it prompts the rhetorician to acknowledge and examine the ways that conceptions of financial literacy are shaped and altered by economic, social, and political rhetorical forces. At one level, the analyst is thus oriented to educational resources and practices; as Duffy writes, "all elements of literacy instruction, including the selection of reading materials, the choice of teaching methodologies, the assignment of essay topics, the assignment of essay topics, even the teacher's conception of the learner are ultimately rhetorical and ideological,

ultimately intended to promote a vision of the world and the place of learners within it” (43). Rhetorical literacy also prompts attention to presence and absence, to what gets included in literacy and what gets left out. This approach motivates my analysis in the forthcoming sections of this chapter, where I first contextualize financial literacy in a neoliberal political economy, and then illuminate its dynamic rhetorical roles in the national pedagogy of homeownership.

From Home Economics to *Homo Economicus*: The Rise of Financial Literacy

Fears about financial literacy, which is sometimes collapsed with quantitative literacy or numeracy though it refers specifically to the understanding of financial principles rather than “everyday” math, are not new. Financial literacy has for several decades been the focus of not only federal but private and non-profit initiatives; the Jump\$tart Coalition, for instance, began championing personal financial literacy as early as 1995 (Mandell and Hariharan). Many financial literacy advocacy efforts, Jump\$tart among them, emerged in response to an increasingly complex financial services industry that at once expands consumer choice, increases the risk that choice will be under-informed, and multiplies the potential for the wrong choices to have disastrous consequences.² In 2002, Braunstein and Welch observed that financial literacy had already “gained the attention of a wide range of major banking companies, government agencies, grassroots consumer and community interest groups, and other organizations”—diverse interests united by fear that Americans lack even the basic knowledge needed to successfully navigate a highly diversified financial system (445).

A rhetorical understanding of financial literacy—one which “seeks to account for the multiple and conflicting influences of competing states, armies, languages, and economies” upon the teaching of individuals to be financially literate citizens—is enriched by not only looking at recent arguments, however, but by tracing the development of financial literacy back through longer-standing educational trajectories (Duffy 41). Billiterri notes that financial literacy has early roots in the tradition of home economics, itself traceable to classical traditions: the etymological root of *economy*, in fact, is the Greek *oikos* or household, traditionally the sphere of female authority where the *polis* was the domain of men (Vaines). In the U.S., the economics of household management gained curricular space with the similarly feminized nineteenth century women’s education movement, which pushed for the advancement of formal instruction in domestic or home economy (Billiterri). Home economics progressed further toward disciplinary status with the Morrill Act of 1862, which created space for the education of women in a higher education curriculum that had previously been devoted to men (Stage). By the early 1900s, “domestic science” courses were increasingly offered in post-secondary education and earlier, designed to prepare young women to take on household duties and also enter the workforce with lessons in home furnishing, cleaning, sewing, child rearing, and cooking, as well as matters related to personal and home financial management (Stage).

A subsequent educational tradition, the economics education movement, is even more relevant to a rhetorically-informed understanding that instruction in the literacy of financial management is, like other literacy instruction, “always and in all cases about creating a world-view, a way of understanding reality” (Duffy 55). The economics

education movement arose through the twentieth century, following the urbanization of the economy and the rise of the middle class. Andrew Yarrow traces it to the post-World War II era and the emergence of the U.S. as a key world power, arguing that between the mid-1940s and 1960s, and especially from the 1950s on, American cultural identity was increasingly interpreted through quantified measurements of prosperity like standard of living, and thus economics “increasingly became a principal language and lens through which America understood and defined itself” (397). As the social protections of the New Deal were abandoned in favor of an emphasis on economic advancement and capitalist models of production, the emphasis on economic metrics and principles found expression not only in the domains of politics and economics but also in the classroom, where lessons in economics began to be integrated into social studies, history, and other classes (Yarrow).³

Yarrow writes that the economics education movement was a distinctive feature of social studies instruction through the 1950s and 1960s (400). “Spearheaded by business, but supported by many educators, government leaders, and the economics profession, its rationale was stated in terms of teaching economic ‘literacy’ for more effective citizenship in an economically complex society” (400). To cultivate the desired citizenry, children were increasingly taught about the workings of the U.S. economy, the roles played by its actors, and the greatness of its achievements. Formal instruction in this particular philosophy gained curricular traction particularly in the 1960s, “a time of heady expansion of economic education” (Yarrow 427).⁴ Post-war curricular resources produced a teleology of economic abundance that largely failed to acknowledge inequity, and the ideal of freedom came “less and less [to connote] the Bill of Rights than free

enterprise as the backbone of the American system” (Yarrow 409).⁵ Thus while the ostensible goal of economics education pedagogy was the betterment of individual life, in practice it often amounted to the suasion of youth, and adults as well, to embrace the beauty of capitalism and participate in the production and consumption of goods and services as a means of achieving personal satisfaction and fulfilling cultural ideals.

While economics education remained the focus through the mid-1960s, it was gradually outstripped by emphasis on personal financial literacy, which often encouraged citizens not to avoid debt but to take it on and use it properly (Yarrow). Among the educational resources that sent this message was the National Consumer Finance Association’s 1960 short film *The Wise Use of Money*. The campy production featured stodgy businessman and pedagogue “Mr. Money” using his magical “learning machine” to explain credit— idealistically described as “man’s confidence in man”—to two naïve teenagers, boyish John and vapid Judy.⁶ *The Wise Use* was more recently featured in James Scurlock’s 2006 documentary *Maxed Out*, which examines problems of debt in the U.S. and critiques the cultural production of credit as an ultimate good. By the 1970s, personal finance “increasingly gained the upper hand” and, following the trajectory of steady deregulation in the financial services industry, continued to gain adherents during the 1980s and 1990s (Yarrow 430). With recognition growing of a disparity between what decision-makers knew and what they needed to know, state after state added financial training to curriculum requirements: where in 1982 seven states required an economics course for public high school graduates, by 1987 it was thirteen (Walstad). By 1990, 45% of American high school students were required to participate in financial education to meet graduation requirements (Walstad). While some requirements were

more general, some states mandated the teaching of specific economic philosophies: the Texas State Legislature, for instance, passed a 1988 bill requiring public high schools to add to the Texas Essential Knowledge and Skills (TEKS) K-12 curriculum economic and financial education that emphasized the benefits of the free enterprise system (Avard et al.). By 2007, forty states listed personal finance among their curriculum requirements, although requirements varied substantially in nature (Schlesinger).

In the 1990's, non-profit advocacy efforts began emerging in response to the tension between escalating economic affluence in some sectors of the population and deepening poverty in others. The Jump\$tart Coalition is perhaps the most well-known among them. Describing the Coalition's creation, Mandell and Hariharan write that Jump\$tart's founders initially got together in the mid-1990s to consider the growing income gap: "How could so many people be doing so poorly at a time when the general economy was doing so well?" (21A). Their conclusion was that as innovative financial products proliferated, the burden on citizens to acquire financial sophistication grew correspondingly. Since high school was the place that financial education could most readily be mandated, the Coalition "focused on measuring and improving the financial literacy of high school seniors with the goal of making our young adults financially literate within ten years" (Mandell and Hariharan 21A). Jump\$tart continues to be prominent among the advocacy organizations that work to support and advance research, provide educational resources, and promote the establishment of curricular standards, and its annual surveys—on which high school students frequently average 50-60%—are among the most frequently cited proof of the "startling" and profound "ignorance" of American citizens (Surowiecki).

The same statistics, though, are often alternately read as signs that the efforts in place are not working, feeding the sense that financial literacy is in crisis. In fact, it is impossible to consider financial literacy as a rhetorical literacy, as a product of historical narratives and discourses, without considering its relationship to crisis. The concern for financial literacy which motivated the creation of Jump\$tart has only intensified as advancing technologies facilitate easy spending and globalized markets give rise to new financial realities that challenge and outmode traditional conceptions of debt and credit. Declarations of crisis predate the post-2007 situation, as a 1999 Securities and Exchange Commission report indicates:

America faces a financial literacy crisis. At a time when more Americans than ever before are investing in our securities markets through the purchase and sale of stocks, bonds, and mutual funds, numerous studies show they lack the financial basics. Americans need to learn what questions to ask before investing, how to evaluate financial products and professionals, and how to protect themselves in the marketplace. A well-educated investor provides the best defense—and offense—against securities fraud. (“The Facts on Savings and Investing” 2)

The proclamation of crisis, too, was prevalent throughout the boom years: in 2005, for instance, the National Endowment for Financial Education (NEFE) launched its “Not if We Can Help It” campaign, an “aggressive” response to “the rapidly-growing crisis of financial literacy we face in America” (“NEFE Launches”). Amos Kiewe writes that crisis is a socio-rhetorical construct that serves the specific rhetorical purpose of framing “an issue, an event, or an occurrence as urgent, unusual, and in need of a quick solution for the resumption of normality (80).⁷ While Kiewe’s theory is based on analyses of presidential rhetoric, the “tool” has broader appeal in financial literacy debates, with the declaration of crisis prompting attention to the consumer behavior problem *de jour* and energizing calls to address it through education.⁸

The sense of a perpetual crisis might reasonably raise questions about the financial literacy model's efficacy and potential for success. As rational choice has become the primary model of risk management in the U.S. economy, financial education has come to represent a vehicle for the empowerment of the responsible *homo economicus*, the source of his ability to competently navigate the market's abundant options, protect himself against its pitfalls, and make decisions in his own best interest. As Willis observes, this ideal has strong appeal: it "promises both a free market and increased consumer welfare" and thus "seduces conservatives and liberals alike" (4). However, reading financial literacy as a rhetorical literacy illustrates that it is a product of the evolution and valorization of American capitalism, neither historically nor presently neutral. Duffy writes that acts of reading and writing "are but material expressions of larger rhetorical motives, the symbolic narratives that shape and position human beings" (54). As we begin to see, dynamic trajectories similarly define and determine the cognitive and agentic acts of financial literacy. At the same time, the sense emerges that the ideal of financial literacy seems to be just that, a rhetorical possibility which takes on life through contrast with enduring concerns about illiteracy.

No Product Unturned: Homeownership through Debt as a Literate Practice

Just as financial literacy is rhetorically shaped by its development in the evolution of capitalism, rhetorics of financial literacy and *i*lliteracy become powerful persuasive resources in the promotion of consumer practices. This is particularly visible, I argue, in the case of homeownership. In this dissertation's second chapter, I investigated presidential homeownership promotion from the early twentieth century to the early

twenty-first: here, I return briefly to the same tradition, suggesting that it readily lends itself to be re-read as a trajectory of constructing homeownership as a given for America's financially literate citizenry. From the nationwide "Own Your Own Home" campaigns of the early twentieth century, which drew upon a variety of media, civic, and even religious interventions to endorse and encourage homeownership as the "right" thing to do, federally supported efforts to advance real estate sales have cast themselves less as sales persuasion than "educational" enterprises (Hutchison 190). They have thus presented homeownership as the obvious pursuit not only for good American citizens, but for financially savvy economic actors.

That homeownership was socially and rhetorically constructed as a form of literacy fairly early in the twentieth century is illustrated by the writings of sociologist John Dean, who drew attention in 1945 to a problematic conflation of promotion with education. Dean was a fierce critic of the overwhelming tendency of homeownership discussions to focus on benefits—it was proclaimed to be a good investment, an incentive to save, a means of improving credit status, and a path to freedom from landlords, among other things—complaining, "It is difficult to cite more than half a dozen discussions which point up the shortcomings as well as the benefits of homeownership" (7).⁹ The result, he argued, was an "acute illiteracy" in perceptions of the home purchase decision, in "the whole complex problem of whether a specific family should buy and what is or is not a wise buy" (Dean 6). Complicating this "illiteracy" was the fact that buyers were frequently assured homeownership would teach them what they needed to know: "It is sometimes maintained that the home purchase has an educational value, since one learns about finance, matures in judgment of prices and values, and gains experience from

having new responsibilities to discharge” (17). Beyond the obvious location of such sentiments in the “deterministic tradition” that constructs homeownership as a locus for the production of normative and desirable social values, Dean’s argument suggests that the promotion of homeownership has long involved projecting it as a multiply-constituted form of social and economic literacy (Shlay 513).

As the shape of this literacy changed with the financialization of the home and its economies, I suggest moreover that merely engaging in the *pursuit* of homeownership was progressively insufficient to demonstrate financial capacity; rather, the pursuit needed to be undertaken with recourse to any and all means of acquisition extant, which is to say through mortgage debt instruments that were increasingly available, increasingly innovative, and increasingly disproportionate in size relative to the value of the home. Through the twentieth century, as we have seen, prominent orators such as presidents pushed to liberalize the risk assessment standards of mortgage finance with appeals to expand ownership to underserved populations and root out the discrimination that had long dogged and undermined the ideal.¹⁰ As such appeals successfully wore away at the more stringent criteria of the “plain vanilla” mortgage market, and as securitization gave rise to a dynamic system that diversified, layered, and redistributed risk, I argue that it became more and more incumbent upon a literate citizenry to avail itself of the financial products being created to facilitate its market entrée. Thus while the neoliberalized mortgage market sold itself as the diversification of rational choice, its associated literacies were constructed less often as the financial sophistication to understand and evaluate such choices, and more often the self-motivation to discover and make use of them.

This shift is particularly visible in the decade leading into the post-2007 financial crisis. The homeownership strategy of the Clinton administration did not, as Dean would have wanted it, strive to educate potential buyers about the decisional complexities of homeownership—intensifying complexities that Dean, who wrote during a time of comparatively more traditional mortgage financing, could hardly have foreseen—but instead, in the spirit of the “Own Your Own Home” campaigns, spread “educational” propaganda. Clinton targeted his “grassroots outreach and education campaign” toward those millions of Americans “who haven't considered becoming homeowners because they don't have an adequate comfort level or enough information to act” (“RNAR”).¹¹ He frequently appropriated educational language and contexts: home-buying “seminars” were offered at local schools, for instance, and lending professionals were invited not to sell services but “help” potential buyers “gain an understanding” of the products in the market (“RNAR”). Clinton essentially positioned non-ownership as a failure of information and his own advocacy as rectification of that failure, bemoaning that “fewer than half of all American adults know what they need to know to navigate the real estate market successfully” and urging remediation through pedagogical discourse: “Surely with all the communications technology available today, we can do better than that in America. Every day you counsel, you educate, you elevate the comfort levels of potential homeowners” (“RNAR”).

Clinton’s administration was wildly successful at upping the homeownership rate and reinforcing the oxymoronic sense of real estate as a *no-risk investment*, and also at enmeshing homeownership with literacy. The succeeding Bush administration similarly deployed literacy-related rhetorics, equating market savvy with market entry and

positioning financial education less as a decisional resource than a weapon to arm buyers against transactional dangers—to “protect people from unscrupulous lenders, people who would take advantage of a good-hearted soul who is trying to realize their dream” (“PHCM”). In 2006, in the heart of the housing boom and at the height of deregulation, the administration released its “game plan for improving financial education in America,” the National Strategy for Financial Literacy (1). Prefacing the report is a letter from Secretary of the Treasury John Snow, who begins by praising the Bush administration’s economic leadership and its contribution to a “time of terrific economic growth in America,” where “more Americans every day know the pride of ownership” (1). It goes on to describe ownership, the central precept of Bush’s Ownership Society platform, as a corollary of financial literacy: “With the power of ownership goes the power of financial knowledge; the two are inextricably linked. Americans can only manage their money and other assets if they understand what they own” (U.S. Financial Literacy 1). Describing the facilitation of the home purchase as a primary purpose of financial education, the strategy emphasizes the *kairotic* seizure of “teachable moments,” including mortgage application (U.S. Financial Literacy 6). Throughout, it constructs literacy as the ability and self-motivation to attain ownership by “choosing wisely” in the “robust marketplace for financial services” (U.S. Financial Literacy 3).

The vision of a “robust marketplace,” I argue, implies that there are no bad *products*, merely bad *choices*—and certainly in much promotional discourse, the risk of choosing a home loan unwisely often took a backseat to a far worse risk, which was not to choose homeownership at all. A relevant example, as Willis illustrates, in the case of the Option Adjustable Rate Mortgage (ARM). An extremely innovative product that took

rational choice to new levels, the Option ARM allowed borrowers to choose each month between making fully amortized, interest-only, or negatively-amortized payments. The last option allowed them to forego paying not only principal but a portion of the interest owed, tacking the remainder onto the principal balance of the loan (11).¹² Thus each time a borrower elected the “neg-am” payment, the loan amount grew, setting the stage for payment spikes when the maximum loan size was reached and the loan recast. It also ultimately laid the groundwork for the defaults that by 2005 were occurring amongst Option ARM-holders in staggering numbers (Willis).¹³

While Willis suggests that the Option ARM is “appropriate for the few individuals who use the options to handle highly fluctuating income or expenses but can afford the payments over the long haul,” one could easily argue it is appropriate in no circumstances at all (11). Nevertheless, Comptroller of the Currency John Dugan observed in his 2005 comments to the Consumer Federation of America that Option ARMs were by 2003 being “mass marketed as ‘affordability products’ to borrowers who appear to be counting on the fixed period of exceptionally low minimum payments”—in other words, they were being dangerously marketed outside their niche (Dugan 10, qtd. in Willis 11). Yet despite this concern from a prominent regulator, no federally-produced consumer education material mentioned Option ARMs until October 2006, when the regulatory agencies (including the Comptroller of the Currency) released a brochure entitled “Interest-Only Mortgage Payment and Payment-Option ARMs: Are They for You?” (Willis).¹⁴ Even then, the pamphlet merely outlined basic pros and cons, leaving evaluation to the consumer: “Be sure you understand the loan terms and the risks you face. And be realistic about whether you can handle future payment increases. If you’re

not comfortable with these risks, ask about another loan product” (“Interest-Only” 2).¹⁵ Further, and seemingly in direct disregard of Dugan’s critique, from the opening statement the brochure explicitly identified the Option ARM as an “affordability product” (Dugan 10): “Owning a home is part of the American dream. But high home prices may make the dream seem out of reach. To make monthly mortgage payments more affordable, many lenders offer home loans that allow you to...make only a specified minimum payment that could be less than the monthly interest on the loan” (“Interest-Only” 1).

As I discuss at more length shortly, post-crisis financial literacy discourses have forged intense rhetorical bonds between illiteracy and the “unaffordable loan” decisions of the creative financing years. Yet we must see this association as manifestly fraught if even materials purporting to “neutrally” educate consumers construct high-risk products as a means of surmounting income shortages to access ownership. The implication that mortgage companies created such products to “help” potential homebuyers rather than grow their own profits serves strategically, if subtly, to further disarm consumers. Thus have literacy-entangled arguments placed the expectation upon individual consumers to self-manage in the absence of regulation and oversight. In positioning lack of information as a barrier to real estate acquisition, promotional discourses prior to the bubble fostered the assumption that the financially informed buy homes as matter of course, constructing a literacy built not on capacity to evaluate the best *time* or ensure sufficient *means* to buy, but instead on ability and willingness to make use of available resources.

Through the years of rapid market growth, such discourses impelled potential buyers toward homeownership not only with the rhetorical force of *to dynaton*, the

invocation of the desired possible that infused the projected vision of a nation of prosperous homeowners, but by simultaneously constructing the attendant, alternative risks of enduring nescience and inaction (Poulakos). Chapter Two discussed at length the risk logics of presidential speeches and campaigns that positioned homeownership against state dependency, exclusion from the American Dream, and other outcomes made imminently undesirable by a neoliberal political philosophy. In revisiting these texts, we see homeownership set in similar opposition to both a general financial ineptness and a more specific iteration of illiteracy that, because it pertains to the debt instruments of real estate, we might call “home financial” or “mortgage financial illiteracy.” These trajectories of rhetorical literacy, I argue, coalesce in a “national pedagogy” of homeownership achieved through any available financial means. We can easily imagine how this pedagogy, inextricably tangled with cultural and economic logics of the home, formed a decisional foundation that mediated or nullified the risk of risky choices in an increasingly innovative mortgage financial marketplace.

Mortgage Financial Literacy after the Crisis

The post-2007 crisis imbued allegations of financial literacy in crisis with new rhetorical life, making mortgage financial illiteracy the financial literacy crisis *du jour*. At the same time, as the foreclosure crisis grew, dominant constructions of literacy in homeownership underwent a sea change: less often portrayed as undereducated were those who *failed* to avail themselves of market choices, and more often those who did. A common attributive position is that the crisis could have been averted had borrowers possessed better financial understanding. In a 2008 address at a Jump\$Start Coalition

briefing, for instance, Federal Reserve Chairman Ben Bernanke said, “In light of the problems that have arisen in the subprime mortgage market, we are reminded of how critically important it is for individuals to become financially literate at an early age so that they are better prepared to make decisions and navigate an increasingly complex financial marketplace.” Federal Reserve Board Governor Frederic S. Mishkin similarly stated in 2008, “There can hardly be a better time to make the case for economic and financial literacy than right now...we face a downturn in our housing industry fueled, at least in part, by unwise mortgage borrowing.” Bernanke and Mishkin were not alone in this argument: according to Edward Gramlich, “Virtually every expert says that predatory lending and foreclosure problems would not be nearly as serious if borrowers were more literate financially” (12). What emerges is a shift in the expert rationale of wise choice, a subtle but marked movement of emphasis from choice, linked to promotion of the many options in a robust marketplace, to wise, enabling the retrospective marking of certain choices (though still not the options themselves) as poor.

In its most recent iteration, the rhetorical power of the financial literacy crisis narrative comes not only from new recognition of financial literacy problems, but from rhetorical affects that incite public horror and shame. Willis observes that frequently “language used to talk about educating consumers to be financially literate is replete with morally-charged language of responsibility and blame” (44). Such language often glosses over the deeper mechanisms of credit and debt: the construction of “good credit” as a reward for fiscally and morally responsible character, for instance, elides the fact that good credit is largely a reflection of wealth, typically inherited or accrued as a result of class-based opportunity (Willis 44). Recently, this “morally-charged language” has

become torrid. The author of one 2008 *U.S. News* article, for instance, discusses a Charles Schwab study that found U.S. parents feel more prepared to advise children on sex than investing, writing that this “taboo may explain why Americans are so inept when it comes to making some of the most important decisions of their lives” (Palmer). The writer accentuates the sense of “ineptness” words like “stupidity” and “flunking,” the latter referencing the prevalence among high school seniors of literally failing scores (50-55%) on Jump\$tart surveys (Palmer). In other example, a *Huffington Post* story claims that the problem is further compounded by lack of self-awareness: “Although many [Americans] haven't mastered basic economic concepts, such as inflation, nearly 40 percent gave themselves high scores when asked to rate their own financial literacy” (J. Ross). Americans thus are not only ignorant, but “ignorant of their financial ignorance” (J. Ross).

Thus does financial literacy reflect the power of neoliberal discourses to not only valorize the ideals of the free market and tout the validity of rational choice, but to censure speakers and actors who violate its tenets. The financial version of what has been called the “regulation through education model” serves the punitive functions of governmentality by blaming and shaming financially struggling consumers, and by marking their difficulties as personal rather than systemic failures (Willis 5). This model neatly fits a discursive niche for remonstrance in contemporary neoliberalism: where the profound complexity of contemporary financial markets would diminish the viability of attributing personal financial failures to irresponsibility or ignorance, the “regulation through education” model conveniently reinscribes blame in the individual’s failure to accrue sufficient expertise. “Financial literacy education as a policy tool blames the

consumer for her own plight, but shifts from an indictment of raw moral character traits to the consumer's 'choice' about whether to attend classes and use the information and skills purportedly taught" (Willis 44). The resulting pedagogical worldview is less or not at all intent on considering why the financial industry designed and sold risky products, why the federal government not only failed to regulate but actually endorsed these products, and how the resulting rhetorics informed the decision-making that has since proven so thoroughly disastrous.

As Duffy argues, rhetorics are not fixed: a rhetorical approach to literacy does not only limit human possibility but illuminates new possibilities, new opportunities for counter-reading, resistance, and change. As I have indicated throughout this chapter, federal, private, and non-profit interests have responded individually and in collaborative ways to the post-2007 financial crisis by redoubling their emphasis on financial illiteracy as an escalating problem that threatens American national ideology and demands immediate response. In what follows, I return to the example with which I began this chapter, Bush's Advisory Council. I examine its creation and its first annual report, which comprises a series of recommendations for expanding financial literacy, analyzing how it frames proposed initiatives, what those initiatives entail, and how financial literacy is thus rhetorically constructed, and interweaving ways to read against them.

George W. Bush's sixteen-member President's Advisory Council on Financial Literacy was created in 2008 with an order which established, "for the first time, that it is 'the policy of the federal government to encourage financial literacy among the American people'" (1).¹⁶ Demonstrating the convergence of non-profit, private, and federally-promoted efforts, the prominent members of the Council included Ted Beck, CEO of the

National Endowment for Financial Education (NEFE) from 2005 and chairman of the Jump\$tart board in 2012, and Laura Levine, the Jump\$tart Coalition’s Executive Director. In addition to Chairman Charles Schwab, financial services industry representatives included Don McGrath, Chairman of the major holding company BancWest Corporation, and Vice Admiral Cutler Dawson, President and CEO of the Navy Federal Credit Union. The charge of these “people from the business world, the faith world, the non-profit world” was discovering how to how to “better educate people from all walks of life about matters pertaining to their finances and their future” (“President Bush”).

In announcing the Council’s creation, Bush positioned it essentially as a continuation of his ownership platform, using rhetoric similar to earlier Ownership Society promotion efforts that eschewed any consideration of potential implications of the crisis for ownership:

You know, it's interesting that if we want America to be as hopeful a place as it can be, we want people owning assets. We want people investing. We want people owning homes. But oftentimes, to be able to do so requires literacy when it comes to financial matters. And sometimes people just simply don't know what they're looking at and reading. And it can lead to personal financial crisis, and that personal financial crisis, if accumulated to too many folks, hurts our country. (“President Bush Announces”)

Bush thus constructs the accumulation of personal crises as the source of system failure, rather than system failure as the source of trouble for the individuals within it.

Simultaneously, he establishes that the suitable strategy for risk management is increased efforts to correct cognitive and perceptive failures: “One of the missions is to make sure that when somebody gets a financial instrument they know what they're getting into” (“President Bush Announces”).

After a year of work, the Council issued its “First Annual Report to the President,” recommending a series of initiatives to “help the country achieve the level of financial literacy that is imperative in today’s global economy” (vii). The report echoes and is predicated on the assertion that illiteracy was a central if not the central contributing factor of the crisis. The focus is thus wholly on ways and means for infusing financial education into all levels of education and all aspects of society, with the stark absence of any recommendations for corresponding improvements in oversight: in fact, with the exception of Council Member biographies, the 71-page report mentions “regulation” only once, and “oversight” not at all.¹⁷ Conveying the sense that the crisis was nothing but borrower failure to self-educate and self-regulate, the report emphasizes the *kairotic* nature of the Council’s creation, which “could not have come at a more opportune time,” and its proposed initiatives (1). That the post-2007 crisis kairotically served financial literacy is also emphasized elsewhere: council member and NEFE President Ted Beck, for example, called the crisis “one of the greatest teachable moments that’s ever happened” (“Council Presents”). The construction of financial literacy as an incubating risk condition in need of a crisis to get attention, I argue, is an effort to discourage audiences from considering of what deeper problems the condition is symptomatic.

As I have established in earlier sections of this chapter, a rhetorical analysis of financial literacy and its risk logics situated within a critique of political economy provides a variety of ways to think critically about this report, the way it frames its solutions, and the solutions themselves. The report avoids the harshest of the morally-charged language that pervades in financial literacy, instead adopting a sympathetic,

patronizing tone: “Sadly, far too many Americans do not have the basic financial skills necessary to develop and maintain a budget, to understand credit, to understand investment vehicles, or to take advantage of our banking system” (1). We see enduring traces of literacy as advantage-taking, but in a turn away from the earlier-discussed Bush-era strategies that emphasize education as defense against the vagaries of the market, war metaphors are absent, as is the acknowledgement they imply of a treacherous financial system. Instead, the report uses a neutral, economized language of navigation, management, and balance. Risk logics are more visibly present where the report evokes a dismal economic future as a corollary to inaction: “No longer can we stand by and ignore this problem. The economic future of the United States depends on it” (1). In a deployment of Cox’s “locus of the irreparable,” the rhetorical marking of a decisional course as irreversible, the report marks financial illiteracy as a source of ongoing, irremediable damage in an appeal to authorize swift and authoritative action.

The crisis, with its attendant uncertainty, impels a unifying focus on improving financial literacy, a goal that paints itself absent of political motivation: with a regime change imminent, the Council assures readers that it is “ready to partner with the new Administration in any way it can to further the aims outlined in this report” (vii). Further, in establishing financial illiteracy as a problem that transcends divisions of class and race—it “is not an issue unique to any one population. It affects everyone—men and women, young and old, across all racial and socio-economic lines”—it mobilizes the neoliberal trope of maintaining hierarchies of race and class by discursively erasing them (“First Annual” 1). As Saegert et al. observe in the context of homeownership, “neoliberal ideology disavows the idea of classes and groups as having structured

hierarchical access to privilege, power, and resources,” thus legitimating its claim that all citizens benefit equally from homeownership (301). That argument is replicated for financial literacy in statements like the above, which disregard the intensely class-and-race-based nature of the subprime crisis and the economies of information asymmetry that created it by structuring and restricting access to decisional resources (Wyly et al.). As Stiglitz argues, economic models that assume “perfect, or at least fixed” information themselves produce “a set of informational assumptions which is fundamentally indefensible,” while they imply equitable distribution of information through the vision of robust markets, the results are “far from robust” (“The Contributions” 1470-1).

Animating what Foucault might call the biopolitical life of literacy, its ability to extend economized political power to all aspects of life, the Council proposes extensive expansion of consumer education, laying out a series of fifteen recommendations to target financial literacy at all levels of education as well as in the spheres of work, parenting, childcare, and leisure-time media viewing. The recommendation for K-12 is mandatory instruction, augmented with contests and Honor Roll systems. The report promotes incentivizing financial education at colleges and universities, with a plan of eventually implementing required financial literacy testing as a condition for the receipt of federally funded or guaranteed student loans. It advocates for promoting “the availability of financial education resources for parents, caregivers, and teachers to use with pre-school and early elementary school children,” and for incentivizing employers with tax breaks to provide workplace financial education (3). Other recommendations include the provision of internet-based resources for human resource professionals and employers, the expansion of financial services and depository accounts to “unbanked and

underserved Americans,” and the standardization of “financial literacy” and “financial education” to Council definitions (3). Finally, it recommends the allocation of federal resources to “complement those from the private and non-profit sectors” and fund national tests and incentive challenges and media outreach campaigns (44).

Academic research, which disagrees on the efficacy, practicality, and ethicality of financial education, offers several ways to read against these solutions. An extended review of the literature is beyond the scope of this chapter, but it is worth treating some of the concerns it raises. For instance, while certainly some researchers support the early curricular integration of financial literacy, others are hesitant to add it to the already-overloaded K-12 agenda. Joseph Ganem argues that separating financial literacy from math decontextualizes it from an understanding of what it is supposed to accomplish. In an argument that resembles the defense against grammar instruction in composition, he writes: “Too much of the school curriculum consists of lists of facts to memorize, presented as distinct and separate from each other. There is little integration between all the lists so students often fail to see the relevance of anything that they are required to learn” (1563). Financial literacy skills, he insists, cannot be divorced from the teaching of arithmetic, for rote memorization is likely to have little impact on the real decisions that students will make. Other studies support linking numeracy and consumer choice: in an unpublished study, Gerardi, Goette, and Meier measure financial literacy amongst subprime mortgage borrowers as a function of both numerical ability and economic literacy, finding a “large and statistically significant negative correlation” between numerical ability and mortgage delinquency (4). Cumulatively, this research raises

questions about both the separation of financial literacy from numeracy, and the separation of financial literacy from “real life.”

Further, extensive research suggests that financial literacy education does not work, or does not work as intended. Where the 2008 Council report recommends making financial literacy education a high school requirement, a 2007 research report from the National Council on Economic Education found that forty states by then already had personal finance standards or guidelines at the high school level, with twenty-eight containing mandates (Mandell and Klein 16). However, research registers a significant level of concern at the efficacy of existing efforts. Jump\$start has consistently discovered that high school seniors who take a personal finance or money management course in high school generally score no higher on its large-scale, biennial surveys than those who do not (Mandell, 2009). Similarly, Mandell and Klein study a community and find that, despite “reportedly excellent personal finance course[s]” in the three high schools studied, student participants experienced little long-term change in behavior (21). They conclude, “Until more evidence can be presented to demonstrate that high school courses in personal financial management positively influence subsequent financial behavior, further allocation of scarce educational resources toward mandatory classes of this type should be reconsidered” (23).

Even more concerning than the allegation of ineffectualness is the suggestion that financial education increases confidence without improving actual understanding of financial markets. Cole and Shastry, for example, argue that higher levels of education and cognitive ability result in more participation in financial markets, but little difference in individual savings or loan product decisions. Willis attributes this problem to the fact

that the sheer amount and depth of information that would be needed to give consumers sufficient understandings in today's market is simply impossible to provide, not the least because the financial system and its offerings are constantly changing:

The gulf between the literacy levels of most Americans and that required to assess the plethora of credit, insurance, and investment products sold today—and new products as they are invented tomorrow—cannot realistically be bridged. Educators would need to impart a sophisticated understanding of finance because rules of thumb are not useful for decisions about complex products in a volatile market. (4)

In other words, participation in some consumer education may give decision-makers a false sense of understanding, creating a confidence that actually discourages, not encourages, them from doing good research at the crucial moments of financial decision-making.

Of course, what hides beneath declarations of literacy and illiteracy, effectiveness and ineffectiveness, is the malleable nature of what gets deemed financial literacy's "need to know" information: the standards and tools by which is it measured are often politically and contextually determined. The assertion that existing approaches to financial literacy education are ineffective is made by one 2005 study, wherein researchers administered a survey to all students enrolled in a freshman composition course at Texas A&M University in Texas, where financial education focusing on the free enterprise system and its benefits is required by law in public high schools (Avard et al.). Many in-state students thus had formal education, yet the study found little statistical difference in the survey scores of those who had versus had not taken a high school course (Avard et al.).¹⁸ Overall, the results on the twenty-question survey were abysmal: the high score was 80%, while the average score was only 34.8.

Leaving aside the problems of a secondary education course designed to promote a particular economic worldview, to take a study like this as conclusive proof of college student financial illiteracy requires that the reader accept several key presuppositions: First, that financial literacy was defined congruently between the high school course and the college survey, and second, that this particular study's twenty-question construction of "everyday financial knowledge" is an appropriate basis for determining illiteracy (Avard et al. 321). Where interesting future research might tackle the former premise, a brief examination of the survey questions raises considerable doubts about the latter. One question, for example, informed students that "Home equity loans have two advantages over most consumer loans" and asked them to identify the advantages from four choices: a) lower interest rates and tax deductible, b) quarterly payments and longer terms, c) longer payment terms and monthly payments, and d) don't know, with the desired choice being a). The problems of using a question like this as evidence for an "illiteracy declaration" are almost innumerable, but among them is the fact that home equity interest rates generally follow prime, which fluctuates over time, meaning that a lower-interest home equity line today might have higher interest long term. Further, the problematic role of home equity in "the mortgaging of the American Dream" was identified by scholars even before the crisis, and certainly recognition has only grown since: we should not need a crisis to tell us that the viability of home equity as a form of consumer lending is expressly determined by market cycles (Forrester). Finally, one might reasonably ask how relevant this question can be as a measure of literacy for this audience, given that most college freshman are nowhere near a home-

buying decision and thus that memorizing an already-questionable “fact” about home equity might not serve them not for years, if at all.

In essence, the concept of financial literacy leaves significant rhetorical space for wildly varying claims on what comprises literacy. The Council’s report recommends that all private sector, state and local government, and nonprofit initiatives adopt its definitions: it defines “financial literacy” as “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing” and “financial education” as “the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial wellbeing” (4). We might well wonder what this standardization would accomplish, however, when different “skills and knowledge” are relevant at different times of life, when they change with the economy, and with the economy itself is constantly outmoding old “skills and knowledge” with new advances and innovations.

A further problem of requiring financial literacy education is who bears the cost. The report recommends some extension of federal funding to national testing, national incentives, and media campaigns. It does not, however, recommend funding the required education, suggesting that in an already economically challenging time for education, states and school districts would be charged with creating new curricula without the resources to support it. Some scholars have drawn attention to another problem of funding from the private sector. Jump\$tart, for example, receives sizable donations from parties including American Express, Capital One, HSBC-North America, Wells Fargo

and Visa (Billitteri). In an interview, Jump\$tart's Laura Levine argued that corporate funding does not bias its advocacy, stating that Jump\$tart reviews all educational materials "to make sure the information is correct and relevant, that it adheres to national standards and that it's not marketing material in disguise" (qtd. in Billitteri). Levine defends financial service industry information as "timely" and thus useful in a rapidly changing context, and argues that "the potential for problems arising from corporate influence has decreased in recent years 'because teachers and schools have gotten more sophisticated about where the money flows from'" (qtd. in Billitteri).

Nevertheless, it is difficult not to question this funding arrangement when corporate banks on one hand have a vested interest in promoting their goods and services, and on the other profit so heavily from consumer missteps.¹⁹ Certainly it is worth noting that if corporations do not fund financial education efforts, they may not sustain. Nevertheless, the entanglement of promotion and education is highly problematic. In *The Death of 'Why?'*, Andrea Batista Schlesinger sharply critiques the influence that corporations exert on financial literacy through funding, asking: "What does it say that we have opened up America's public school classrooms for banks to hock their wares—supposedly in the name of our children's advancement? What does it say about us that we are embracing financial literacy in the schools—and what does it say about the members of corporate America that are underwriting it?" (111). In financial literacy testing materials, she finds weighted questions that push a free market agenda. The problem of corporate-funded financial education invokes Aune's argument about the deep-seated institutional basis of economics, where "some economic ideas gain greater visibility because powerful persons and groups pay to make sure they are visible" (16).

Finally, it is worth again considering what the push for financial literacy distracts from—including the fact that many political and corporate orators now calling for improved financial literacy played direct roles in the creation or facilitation of the crisis. Ganem argues that these charge-leaders are creating a “false narrative” about the failure of consumer choice as a “convenient misdirection away from their culpability” (1562). More important than identifying hypocrisy among these experts, however, is the reminder that they *are* experts: those who designed and marketed financial innovations were as knowledgeable as anyone about finance and economics. Even if financial literacy can be considered a question of judgment, if even financial experts misjudged the damaging potential of their own actions, it is hardly likely that consumer education, even had it infused all aspects of academic, workplace, civic, and social life, would have created better judges.

Final Thoughts: Room for Rhetorical Intervention

To consider the rhetorical trajectories of financial literacy through the growth and decline of the housing bubble is to illustrate the capacity of neoliberal discourses to “turn on a dime,” transforming themselves to serve the shifting needs of the market. In Chapter Four, I drew upon and extended Aune’s “rhetoric of economic correctness,” comprised of the rhetorical strategies used by prominent orators to promote the free market, proclaim its triumphs and, I suggested, strip legitimacy from its counter-arguers, in part through the deployment of risk-constructing and risk-nullifying logics. Here again, homeownership literacy illustrates the capacity of this rhetoric to reinvent itself in response to the shifting rhetorical situations of contemporary capitalism, which is defined

by its internal dynamism: as Chaput argues, it “relies on a valuation process that circulates negative energies to keep us within its static modalities as well as positive energies to pull us within its changing modalities. Its discourses, therefore, are part of a paradoxical structure that is attuned to the constantly changing needs of capitalism” (16). The transmutations of literacy illustrate the acute sensitivity of capitalism’s discourses to capitalism’s own changing needs: whereas during the expansion of the housing market, promotion of “robust choice” drew persuasive power from the risk logic of “choice unutilized” and its association with financial illiteracy, afterwards illiteracy withdrew swiftly from *inaction* and merged with *unwise action*—all without disturbing the sovereignty of rational choice.

The shifts in “mortgage loan literacy” also prompt a return to the punitive and identity-marking functions of risk. Anthropologist Mary Douglas argues that an individualist culture discriminates covertly against those deemed dangerous, or *risk-posing*, to society by blaming them for their own mishaps: “the weak are going to carry the blame for what happens to them” (15-16). Also in Chapter Four, I suggested that Scott’s “*topos* of identity-based risk,” which explores the way that the slippage between at-risk and risk-posing is exploited to identify and position certain groups in opposition and threat to the well-being of the general public, invites itself to be rethought in neoliberalism as a “*topos* of economic identity-based risk” (*Risky Rhetoric* 39). The viability of this *topos* is particularly visible in post-crisis news media stories about financial literacy, where those who are financially struggling are rhetorically demarcated by illiteracy, and cataclysmic risks are attributed to the contagion that they embody: the

financial illiteracy epidemic “threatens Americans’ security” (Nicklaus), “threatens the U.S. and Europe” (Levin), and “threatens the globe” (Levin).

Rhetoricians attuned to contemporary discourses of financial literacy will find them fraught to say the least. As educators, we share a fundamental belief in the direct correlation between good education and informed decision making. As citizens, we may feel disturbed by some of the regularly-cited statistics and claims in financial literacy research, which point to the tenuousness of American financial life. We may even suspect that we ourselves would be classified as “financially illiterate” by current measures. As critics, however, we must heed the warning bells we hear at the emotionally-charged accusations of public ignorance, the reliance on a dichotomy of rational experts and irrational consumers, and the politically-influenced constructedness of financial literacy definitions. After all, we are intimately familiar in rhetoric and composition with the construct of the literacy crisis and its implications for practice; in fact, some rhetorical analyses of “traditional” literacy crises resonate deeply with this chapter’s analysis. In 1986, for instance, Robin Varnum characterized the literacy crisis as a “cloud of emotionalism” where pronouncements about the decline of literacy are sweeping, extreme, and frightening (145). “Needlessly provocative” risk rhetorics prevail, with failure to address monstrous problems threatening monumental consequences for the future of education and the nation (Varnum 146). Similarly, John Trimbur’s analysis of literacy crises notes that “the discourse of crisis is always largely strategic” (113). Literacy crises serve to confirm normative meanings, evoke an idyllic but fictive past, and prompt the back-to-basics movements that ultimately evacuate real engagement from composition’s places of teaching and learning imagination (113).²⁰ These arguments

suggest that the rhetorical construct of the literacy crisis may be generalizable across functional and disciplinary literacies, raising further possibilities for ways in which rhetoricians might think about engaging financial literacy.

In mounting the critiques I offer throughout this chapter, I have not intended to diminish the exigency of the current situation, or imply that ethical, well-crafted financial educational initiatives should not be among the means of guarding against future crises. Indeed, I believe that the way forward must include substantial efforts to improve both the quality of consumer information and the equality of access to it. However, I do argue that viable financial literacy efforts cannot and should not locate the whole burden of expertise on the consumer; should not create pedagogies of uncritical consumption built on risky assumptions about “safe” economic products, practices, and commodities; and should not rhetorically position themselves as the singular solution to economic ills at the expense of participating in the critical examination of material and rhetorical responsibility at the level of the system. Financial literacy discourses shape our lives and the lives of our students, inviting us to enter the conversation through teaching, activism, and scholarship: at the same time, they are ripe for further rhetorical analysis and intervention.

ENDNOTES FOR CHAPTER FIVE

¹ The notion of panacea is mentioned in Gross, Ingham, and Matasar's article "Strong Palliative, But Not a Panacea: Results of an Experiment Teaching Students about Financial Literacy," and in Gross's "Financial literacy education: Panacea, palliative or something worse," both 2005.

² In 2003 Congress passed the Financial Literacy and Education Improvement Act, which among other provisions established the Financial Literacy and Education Commission to target the improvement of financial education in America. The Commission's 2006 *Taking Ownership of the Future: The National Strategy for Financial Literacy* offered 26 action items for improving financial education (U.S. Financial Literacy and Education Commission).

³ See Yarrow for a more detailed discussion of scholarly arguments on the "liberal consensus."

⁴ Prior to the early 1960s, courses in "consumer economics" or "consumer education" reached only about two percent of high schools, Walstad writes.

⁵ See Yarrow for a very interesting discussion of how the presentation of the American economy to schoolchildren evolved from pre-war to Post-War eras, with marked changes even occurring between different editions of the same texts.

⁶ This film suggests that differences between financial literacy for men and women are still clear at this point. When Judy asks, "Gee Mr. Money, do girls have to learn all this about credit too?" Mr. Money tells her, "Well Judy, women do most of the shopping when they get married, and very often spend most of the household income." John chimes in, "Well sure. If a guy has to work hard to earn money, well a wife oughtta learn to help get the most out of it."

⁷ In contrast to Farrell and Goodnight, who see "normal discourse" as the norm and crises as unusual, Kiewe argues that crises have become the standard, routinized to overcome the increasing difficulty of the president to act normally in a partisan culture—meaning, for Kiewe, that addressing the practical impacts of crisis discourse are more pressing than the generation of a theoretical framework.

⁸ Dow, for instance, uses the Aristotelian classifications of epideictic and deliberative to analyze crisis in presidential rhetoric, also distinguishing between "crises made" and "crises responded to."

⁹ Dean used "home ownership" rather than the more common "homeownership." I remove the space to maintain consistency.

¹⁰ Gerardi, Shapiro, and Willen argue that dominant theories of the housing crisis can be separated into the creativity of lending products, particularly in the subprime market, and the fall of housing prices. They find *prima facie evidence* for both theories but argue that housing prices are primary: "had prices not fallen, we would simply not have had a major foreclosure crisis, regardless of whether lenders had lowered underwriting standards in 2003 and 2004" (1). Arguably, however, the viability of such products was predicated on a faith in continued expansion in the housing market.

¹¹ For consistency's sake I use the same four-letter abbreviations here as in Chapter Two.

¹² Adam Michaelson's *The Foreclosure of America* describes a July 2004 meeting in "the Vault," an underground bunker at Countrywide Financial headquarters. The topic was the Option ARM, a new loan product. Michaelson describes greeting the presentation with the question: "Are you nuts?" However, Countrywide's decision makers decided it was worth the risk, believing that the housing market would continue to expand and that borrowers would be able to refinance into better options.

¹³ In 2005, a third of U.S. home mortgage originations were option ARMs, and that same year, option ARMs began defaulting at an alarming rate (Harney).

¹⁴ The regulatory agencies who announced the release of the brochure included the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

¹⁵ The brochure claims that "an I-O mortgage payment or a payment-option ARM [might] be right for you" if "you have modest current income but are reasonably certain that your income will go up in the future (for example, if you're finishing your degree or training program)" ("Interest-Only" 7). While further critique of this educational material is outside the scope of this paper, future analysis might focus on the problem of collapsing interest-only with Option ARMs. While both resulted in problems related to the post-2007 mortgage crisis, arguably the Option ARM is a far more risky and complex than the relatively more simple interest-only loan.

¹⁶ As previously discussed, this was not actually the first federal initiative.

¹⁷ The one mention of regulation occurs in the discussion of bank accounts. The Council recommends that all people have access to a bank account; however, it also “recognizes that there are legitimate reasons for financial institutions to refuse an individual a bank account, particularly to protect against fraud, money laundering, identity theft and other criminal behavior. Any regulations should be designed with this important factor in mind” (President’s Advisory Council 31).

¹⁸ In 1988 the Texas State Legislature passes a bill mandating that all public high schools implement the Texas Essential Knowledge and Skills for economics with emphasis on the free enterprise system and its benefits (Avard et al.).

¹⁹ See Scurlock for a more detailed discussion of how the credit industry profits from late fees, interest, and other consumer missteps.

²⁰ Trimbur argues that while instruction goes on, absent is “a sense of authorization: the sense among faculty that legitimates their work and makes it meaningful and the sense among students that what they are learning somehow counts. The forms of teaching and learning remain but they are hollow” (112). In fact, Diana George and Trimbur suggest we can thank the literacy crisis for composition’s daily work, suggesting that the rationale for the composition course has many times rested in “the implied warrant of a generalized literacy crisis” (687).

CONCLUSION

As I wrote this dissertation, I enjoyed thinking of it as something of a rhetorical “whodunit?” with the complicated puzzle of attribution at its heart. The clues with which I began my research derived from a strong sense, then largely unsubstantiated, of rhetorical problematics in the dominant discourses surrounding homeownership. As the post-2007 crisis unfolded, and as I read and listened to news stories and explanations offered by experts, I was especially plagued by the reductive attributive claims that blamed the decision-making of various agents—American homeowners most particularly, but lenders, policy makers, and many other parties as well—without accurate or comprehensive retrospect of the rhetorical influences that informed such decisions. As various orators shook their heads and asked questions that essentially boiled down to, “Why would so many have taken such sizable risks?”, it struck me that I was watching a significant shift, even a reinvention, take place in culturally-held understandings of risk in the housing market, a shift that actively evidenced risk’s socially constructed nature as well as its intense rhetorical force. I thus became convinced that a better understanding of the crisis and its “why’s” could be arrived at through an extended rhetorical analysis, specifically one attentive to risk.

My academic interest in this topic was heightened, of course, by my personal experiences as both a lender and a borrower. During my time in the mortgage lending industry, which coincided with some of the hottest years of the real estate boom, I participated in selling innovative loan products to clients purchasing houses that had risen shockingly in price; yet, I never questioned the tenuousness of the lending and buying

practices I engaged in, failing to notice their rootedness in a fallacious confidence that the market would provide—or, at least that it would provide long enough to turn a profit. In retrospect, and as I hope this dissertation supports, I am convinced that the confidence in the market that was so abundant at the time was rhetorically compounded by confidence in the long-standing cultural ideal of homeownership as an ultimate refuge from risk. I am sympathetic to the persuasiveness of this narrative not the least because I bought into it as fully as did many others: I too bought at the height of the market—in Nevada, which later proved to be one of the most overinflated markets in the country—and I too opted for an innovative, risky loan product, blithely confident that I could sell or refinance several years down the line. On the contrary, during the eighteen months in which I wrote this dissertation, my “teaser” interest rate expired, and so did my family’s ability to continue making payments on a deeply underwater home. I cannot deny that the shame and stress of default, the daily anticipation of a foreclosure noticed affixed to the door, is a deeply personal motivation to search for answers.

Certainly I do not claim to have “solved” the complex mystery of the mortgage crisis, but I do hope that I have provided a compelling case for rhetorical theory and analysis as valuable tools in the investigation. Through the preceding chapters, I have attempted to generate and then apply a rhetorical theoretical approach that is attentive to the rhetorical deployment of risk while also being critically oriented to the power and inequities of a neoliberal political economy. I have taken neoliberalism as a worldview that “financializes everything,” infusing economic logics into all aspects of social life and in the process rhetorically erasing, denying, or oppressing the social realities that stand against the ideals of the self-regulating market and the self-interested economic actor (D.

Harvey, *A Brief History*). I have thus accepted and echoed Foucault's argument that neoliberalism acts as a form of governmentality, a system of social control that exerts force less through direct state intervention than through more circuitous efforts to identify the broader social good with rational action and self-interest. Homeownership offered me an ideal microcosm for exploring how a range of economic discourses, broadly defined, reveal multiple ways in which risk logics serve as rhetorical resources for the sustenance of capitalism in general and neoliberalism in particular. Essentially, I treated rhetorical risk logics, economic discourses, and neoliberal political economy as the three key theoretical elements of the analysis: in each context I examined, I was concerned first with discovering the relationships among these elements, and second with reconstructing a compelling vision of them for my readers.

In choosing contexts for analysis, I was motivated by Abolafia and Kilduff's theorization of the socially constructed bubble and particularly their assertion that attribution is a predictable stage in the lifespan of a bubble, comprised of prolific and contestatory rhetorics of blame that gain influence in the popular narrative based on the power held by the orator, or the power inherent in the worldview he or she espouses. I thus focused on the discourses of economic actors and institutions at what could be considered "sites of attribution" in that they had either previously been identified as agents of the crisis, or offered some explanation of agency themselves. Federal housing policy and presidential promotion, for instance, had already been critiqued by urban scholars and others for contributing to the unstable and inequitable expansion of homeownership that gave rise to the crisis. Mortgage lending industry practices had similarly been identified as problematic, even entirely irresponsible, as had the "bubble

denial” of the economics institution and its prominent experts, many of whom participated in the tenacious public dismissal of risk in housing markets and thus contributed to a rhetoric of confidence that may have disarmed the critical capacities of countless consumers. Financial literacy discourses, finally, themselves serve to assign blame, locating responsibility for the crisis with citizens who failed to properly educate themselves. By reading against or reading more deeply into these existing assignations of blame, my intention was to provide a rhetorically-enriched vision of the crisis and its “why’s.” In extending some existing explanations, and in pushing back against others, I recognize that what I have myself done is produce a new rhetoric of attribution, one that attempts to account for the powerful presence of neoliberalism and the role of its rhetorical affects in the stage-setting for the crisis, particularly those that concentrate around risk.

In attending so closely to risk, I took a cue from the argument of Goodnight and Green, who theorize bubbles as rhetorical movements comprised of mimetic actions and decisions about risk made by economic actors. Thus throughout the project, in some places more explicitly than others, I was particularly observant of the trajectories of risk logics and the rhetorical affects that they relied upon and produced. Bearing out the concern that inaugurated my investigation, I wanted to discern the changes in rhetorical risk constructions—some subtle, some overt—that may have been influential to home-buying decisions, and that are thus relevant to an attempt to understanding them through the lens of rhetorical theory. What my results usefully illuminate, I hope, is that consensus understandings of home-buying and mortgage lending risk have changed drastically and in ways that clearly laid the foundation for disaster, at the same time that

rhetorics passionately validating these changes as legitimate and much-needed have been produced and circulated. One trajectory that I returned to several times throughout the project, for instance, comprised the rhetorical affects that served in material and rhetorical ways to shape the criteria of mortgage lending risk evaluation in the changing image of deregulation, wearing away not only at requirements for income and assets but at equity ratios, which were held long before the commodifying mechanisms of credit scoring and automated underwriting to be the central predictor of default. Such affects were emotionally weighted by the rhetorical appeals to serve the American Dream and expand homeownership to underserved populations—populations that, ironically, were not only most frequently victimized by such lending practices but most devastated by the ensuing crisis. We might see these individuals as triply exploited, in fact, by the financial literacy discourses that blame them for their own plight.

Yet in order to undertake such an analysis, as I argued at the outset, it was important to offer a new theoretical orientation to risk. Existing rhetorical theories about risk usefully foreground its subjective nature, orienting the analysts to risk's capacity to index various rationalities and epistemologies. Some contemporary theories of risk, most notably Ulrich Beck's notion of the risk society, suggest that risk is best understood as a pervasive feature of a post-modern context that, replacing the scientific and probabilistic notions of modernity, proliferates with the advance of technology and permeates cultural psychology in oppressive ways. As I wrote in Chapter One, this and related theories are useful for rhetoricians in that they prompt us to extend our thinking about risk's rhetorical influence outside of the domain of probability, even when it maintains its aura of calculability, thus prompting us to locate the boundary of rhetoric not at the limits of

probable, where Aristotle placed it, but in the realm of persuasive possibility. However, the majority of rhetorical analysis has focused on risk in contexts of physical hazard, not economic risk, and in ways that do not perfectly align with the rhetorical workings of speculative and economic risk. I have thus attempted to offer a broader theoretical grounding for the analysis of risk, one that benefited from John Poulakos' sophistic notion of *to dynaton*, the possible. Looking for the link between risk and possibility enabled me to identify risk logics in the rhetorical projection of consequences, whether subtle and overt. Throughout, I argued for an understanding of the persuasive power of risk that is located in the construction and juxtaposition of desirable and undesirable futures.

Essentially, my conception of risk bore out its value, I believe, by prompting me to think about risk logics and their relationship to confidence as well as fear in a broader range of ways. In Chapter Two's exploration of presidential rhetoric, I connected the expansion of homeownership to the rhetorical deployment of risk logics that separate homeownership from and set it in opposition to risk, constructing homeownership, following the rise of neoliberalism, increasingly as an investment with no associated risk. In Chapter Three, taking up Cyphert's call to explore the "rhetoricity" of enterprise, I examined some of the mortgage lending practices that are materially and rhetorically concerned with the construction of risk, arguing that the broader trajectory of "rhetoricization" made highly relevant not only constructions of risk, but constructions of "good risk." In Chapter Four's analysis of "economic conversations," I extended Aune's "rhetoric of economic correctness" by discerning the risk-based strategies that neoliberalism uses to defend itself against the suggestion of an "irrational market"—

strategies that less frequently involve constructing risk than de-constructing it, minimizing or diffusing it. Finally in Chapter Five, I illustrated how educational discourses significantly altered their messages regarding what makes risk in homeownership, thus providing a way to read against the claims of financial literacy that ignorance was the problem and that financial education, infused into all levels of society, is the answer.

I undertook this study in hopes that it would be meaningful for several fields of study. I have argued for the extension of risk studies beyond technical and environmental hazard to economic practices, places where clearly meaningful discourses about risk circulate. By orienting my analysis to the rhetorical critique of political economy, I have also exhorted that tradition to pay further attention to the relationship between risk and neoliberalism. In the future, I hope that I and other scholars can continue to forge meaningful connections between these two traditions. I also hope to contribute to the larger academic conversation on risk, perhaps drawing attention to the important voice that rhetoric offer to a broader range of risk studies. I also hope that my study will be meaningful also to non-academic audiences, as it gives decision-makers a set of ways to read against dominant discourses and interrogate persuasive trajectories that permeate contexts like homeownership.

A good “whodunit” mystery offers an answer in the final pages of the book, neatly wrapping up the loose ends. However, I prefer to leave the “loose ends” foremost in the reader’s mind. Financial bubbles and crashes reoccur with cyclical frequency in American and global economies, and recovery is part of the cycle. Despite the frequency of declarations that homeownership is in an irremediable crisis that may indeed drive the

United States to return to being a nation of renters, a recent PewResearch Center survey finds that many still believe in homeownership as the safest investment available: as the survey report concludes, “the five-year swoon in home prices has done little to shake the confidence of the American public in the investment value of homeownership” (“Home” 1). Something that emerges in this study, then, is a rhetorical manifestation of the world’s inability or unwillingness to remember. This seems to be due in large part to beliefs about the nature of the commodity in question: in Chapter Four, for instance, we saw economists that denied the possibility of a bubble frequently asserting that the special nature of the home exempted it from risk. The rhetorical affects of that commodity, blended with the rhetorical affects of faith in the market, seem to feed something of a cultural short-term memory: when things are bad, we believe that they are always going to be bad, and when they are great, we are convinced that the good times will last forever.

It is particularly crucial that we pit long-term memory against short-term memory now, I argue, as some of the conditions that gave rise to this most recent crisis appear to be changing. The Obama administration, for instance, has taken a markedly different stance on financial literacy than the Bush administration. In March of 2010, in a proclamation declaring the month of April as National Financial Literacy Month, President Obama argued that the severity of the crisis intensifies the importance of personal financial knowledge, but laid the blame for it dually with irresponsible practices of financial institutions and failures of decision-making: “Large banks speculated recklessly without regard for the consequences, and other firms invented and sold complex financial products to conceal risks and escape scrutiny. At the same time, many Americans took out loans they could not afford or signed contracts without fully

understanding the terms.” His identification of a complex, multi-faceted problem sets the stage for a call for complex, multi-faceted solutions, which comprise education as well as regulation. The latter has included the 2009 Dodd-Frank Wall Street Reform and Consumer Protection Act, which resulted in the strongest consumer financial protections in history and produced significant changes in the financial services industry and financial system as a whole. While a thorough discussion of new legislation is beyond the scope of this chapter, arguably a model endorsing financial education along with regulation is more viable than a model emphasizing one at the expense of the other.¹

The Obama administration has also forged new territory for homeownership. Bucking the decades-long tradition of no-holds-barred presidential homeownership promotion, it has taken the strikingly unorthodox stance that not everyone must own a home, and expressed commitment to reinvigorating public housing as well. A February 2011 report announced a plan that reinvents the government’s relationship to the housing market:

In the past, the government’s financial and tax policies encouraged housing purchases and real estate investment over other sectors of our economy, and ultimately left taxpayers responsible for much of the risk incurred by a poorly supervised housing finance market...Going forward, the government’s primary role should be limited to robust oversight and consumer protection, targeted assistance for low- and moderate-income homeowners and renters, and carefully designed support for market stability and crisis response. (“Reforming 1”)

The plan emphasizes ensuring access to sufficient housing options for those with credit history, financial capacity, and desire for ownership, but also commits to ensuring “a range of affordable options for the 100 million Americans who rent, whether they do so by choice or necessity” (19). Predictably, Obama has been accused of being anti-homeownership in light of this stance, with various media stories and scholars alike

speculating that America could become a nation of renters (see e.g. Schoen). After engaging in this extended exploration of homeownership and its rhetorics, I do not personally imagine that the deep-rooted homeownership ideal—which, despite the extent of the criticism I have offered here, is certainly a good choice for many people, much of the time—will so readily be dislodged. However, I do hope that the Obama administration’s self-critical decision not to mindlessly cheerlead homeownership may indicate the hopeful potential for a more balanced decisional context for homeownership for American citizens in the future.

Nevertheless, I insist that citizens and consumers should not let down their guard. In a recent article entitled “The End of Neoliberalism?”, Joseph Stiglitz observes that neoliberalism has not fared well in recent events. Across the globe, countries that have adopted neoliberal policies have suffered: they have “not only lost the growth sweepstakes; when they did grow, the benefits accrued disproportionately to those at the top” (“The End”). In the U.S., the housing crisis—what Stiglitz notes occurred as a result of “the massive misallocation of resources to housing”—is a case in point, demonstrating that even “model citizens” were made vulnerable to financial troubles by the same neoliberal policies that so strongly marketed themselves as serving the model citizen’s best interest. Though market fundamentalists have attempted to describe the crisis as a failure of the government rather than a failure of the market, recognition cannot help but grow of neoliberalism’s inconsistencies and failed promises. As Stiglitz argues, “Neo-liberal market fundamentalism was always a political doctrine serving certain interests. It was never supported by economic theory. Nor, it should now be clear, is it supported by

historical experience.” He concludes: “Learning this lesson may be the silver lining in the cloud now hanging over the global economy” (“The End”).

If truly neoliberalism has run its course, it is possible that this project and the critique that it offers will have more value as forensic tool than a resource for the consideration of future deliberation. However, I caution against so quickly reaching the conclusion that neoliberalism has run its course. It is hard to imagine the deeply-entrenched logics of neoliberalism so easily losing their grip—nor should we allow ourselves to become complacent, thinking or hoping that they might lose their grip. Neoliberalism, as geographer Simon Springer argues, “may be dead inasmuch as it has run out of politically viable ideas, but its dominance, like that of capitalism, remains frightfully animate” (1025). The crisis cycles of capitalism will undoubtedly be features of the future, and we will need not only alertness but memory to protect ourselves, both as individuals and as citizens of a state, against them. Rhetoric, I suggest, has a central role to play in this preservation of memory, and in the task of informing better future decision-making. Amidst ongoing economic change, rhetorical critique must remain alert, continually cultivating its theoretical capacity to be sensitive to neoliberalism’s dominance and its ability to exert itself in new ways.

ENDNOTES FOR CONCLUSION

¹ While the work of the President's Advisory Council continues under Obama's leadership with some of the same membership, "Financial Literacy" has become "Financial Capacity," perhaps in recognition of literacy's morally murky waters.

SPEECH KEY FOR PRESIDENTIAL SPEECHES

Speeches of Herbert Hoover

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