Review

Keeanga-Yamattha Taylor. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. Chapel Hill: University of North Carolina Press, 2019. 368 pp. ISBN 978-1-4696-5366-2, $30.00 (cloth).

The expansion of the US housing market following World War II largely benefited white Americans. Whereas rates of homeownership among whites rose from 45 percent to 65 percent between 1940 and 1960, rates of nonfarm homeownership among African Americans rose from much lower heights and at a much slower clip.[1] Despite the increase in the number of African American suburbanites throughout the 1960s and 1970s, by 1990 black homeownership was largely concentrated in older, racially segregated suburbs with poor services and low rates of property appreciation.[2]

The late twentieth century, then, appeared to offer a story of equal opportunity. As minority homeownership increased by 30 percent between 1988 and 1998, racial liberals cast the uptick as the fruit of civil rights reform. Mortgage bankers added that such opportunities were the inevitable result of deregulation. We now know about the terms of inclusion. As sociologist Sarah Quinn has recently summarized, black and Latino families with strong credit were "three times more likely to be given a subprime loan than white counterparts, even controlling for income." Mortgage lenders lured borrowers through "low teaser rates that converted into volatile adjustable-rate mortgages." If the postwar American city was made blighted by federal subsidies and the profitability of neglect, post-2008 urban and suburban landscapes were partially blighted through subprime loans to "communities of color."[3]

As Keeanga-Yamattha Taylor reveals in her widely anticipated book, this is only the most recent chapter in a longer history of what she calls "predatory inclusion" (5). *Race for Profit* moves quickly from a postwar moment of extreme urban inequality to the urban riots of the 1960s. The riots, Taylor maintains, "finally forced the federal government to

1. David M. P. Freund, *Colored Property: State Policy and White Racial Politics in Suburban America* (Chicago: University of Chicago Press, 2007).
2. Andrew Wiese, *Places of Their Own: African American Suburbanization in the Twentieth Century* (Chicago: University of Chicago Press, 2004).
3. Sarah L. Quinn, *American Bonds: How Credit Markets Shaped a Nation* (Princeton, NJ: Princeton University Press, 2019), 209.

relent" (3) in its practices of redlining. Yet, if public policy brought redlining to an end, its afterlife could not so easily be exorcized. Through the Fair Housing Act of 1968 and the Section 235 mortgage, many low-income African Americans became homeowners, often in previously redlined urban neighborhoods. Predation occurred through the somewhat counterintuitive calculus of real estate agents and mortgage bankers. Working in partnership with the federal government, they "valued" low-income black women not despite their poverty but "because of the *likelihood* they would fail to keep up their home payments and slip into foreclosure" (5). Real estate agents and mortgage bankers would just as quickly place foreclosed homes on the market for the next low-income buyer. But there was no "rinse" in the rinse-and-repeat cycle. The house remained uninhabitable. As Taylor shows, this cycle of predation was predicated on the business model of mortgage banking—a model reliant on "maintenance fees and volume sales to make their profit" (18).

Race for Profit ends with a discussion of the 1973 moratorium on the major federal interventions that remade urban and suburban space. For Taylor, the suspension of low-income housing construction and end to urban renewal signaled a "return to redlining practices," a "retreat from most of the civil rights commitments," and a "movement away from" a tepid commitment to providing a decent home to all Americans (213–214). Along the way, Taylor raises a few provocative questions: How does that which is compelled by working-class Americans (decent housing) become a form of social control (58)? Just what kind of market is this where the past weighs so heavily on the present? Why is the "cumulative effect" of "marked Black neighborhoods" so enduring that they are made "distinguishable and vulnerable to new forms of financial manipulation" (18)?

The book is brimming with many insights, but Taylor's main argument is against racial liberalism. The outsized power of mortgage bankers and real estate agents, the recourse to public-private partnerships, and the weight of the past meant that no single law could undo racial inequities baked into the US real estate market. She insists that the *formal end* to discriminatory housing policies was not equivalent to *dismantling* the racist logics and lending practices that structured that market (7–8, 130). This is a bold interpretation. Perhaps more important than asking if Taylor is right is an interrogation of the methodological assumptions on which the claim rests. "A horror story of racial capitalism" is how legal scholar and activist Michelle Alexander described *Race for Profit* in a front-cover endorsement. If that is so, what, for Taylor, is the *racial* in racial capitalism, and just how did race become constitutive of the US housing market?

Taylor approaches the matter through the concept of "racial knowledge" (9). If property is a social relation, and if property values are shaped by economic, social, and cultural phenomena, then common understandings about racial desirability are bundled with assessments of the asset itself. Thus, Taylor's task is to historicize the emergence and accepted knowledge among real estate agents, bankers, and their political allies. In an arresting passage, Taylor declares that from the early twentieth century onward, "perceptions of insurmountable difference steeped in the permanence of blood, race, and culture constituted the underwriting criteria that determined who was to be excluded and who was to be included" (11). Taylor is not alone in emphasizing the centrality of racial knowledge to the construction of markets. As historian Peter James Hudson notes in his study of Haiti during the early twentieth century, "economic questions were embedded in cultural discourses while matters of capital were articulated through ideas of race," and the people who competed for government deposits and brokered loans in the Caribbean were often the same people with ideas about the racial aptitude of those to whom they extended funds.[4] Allan E. S. Lumba has underscored the mutually constitutive attempts to stabilize a new currency and racial hierarchy in the Philippines just after the Philippine-American War. Lumba shows that it was not just American or European bankers who trafficked in racial knowledge. Criollo bankers expressed doubt about "the native's racial capacity to comprehend modern value." The chief architects of monetary policy moved seamlessly between discussing the relative worth of gold and the "race-based cognitive disability" of native Filipinos.[5] Ideas about the incapacities of racialized subjects could be held by black and white, American, European, and Criollo's alike, though the ability to act on, and profit from, racial knowledge was by no means open to all.

As a pursuit, the race for profit during the 1960s and 1970s was structured by federal guarantees, fees, and volume sales, on the one hand, and the calcification of racial knowledge, on the other hand. Readers may wish for greater reflection on how racial knowledge changed over time. How did racial knowledge change between the early twentieth century—when the "alchemy of race, place, and the perceptions of the buying public" morphed into a "pseudoscience of real estate appraisal," as Taylor explains—and mid-century in the face of urban uprisings and civil rights revolution (9)? And although

4. Peter James Hudson, "The National City Bank of New York and Haiti, 1909–1922," *Radical Historical Review*, 2013 no. 115 (Winter 2013), 94, 102–103.

5. Allan E. S. Lumba, "Imperial Standards: Colonial Currencies, Racial Capacities, and Economic Knowledge during the Philippine-American War," *Diplomatic History*, 39 no. 4 (September 2015), 619.

presented as a national story with comparative examples drawn mostly from Chicago and Philadelphia, readers might rightly wonder if there are regional differences in the ways in which "racial discrimination continued to add value to racially exclusive suburbs" (7). Again, if "value" in the housing market is a social construct, are there regional differences in the "normative instincts of an industry concerned primarily with creating, legitimizing, and preserving market value through the rigorous defense of residential segregation" (149)? But these are minor quibbles. Ultimately, *Race for Profit* makes a significant contribution to the bourgeoning history of race and capitalism and, as such, offers novel approaches that should prove useful to business historians interested in real estate, banking, and the political economy of markets.

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