The Debtors’ Quagmire

It is well known that Americans are racking up debt. This has left widening swaths of the population at risk of personal financial collapse and downward mobility. Indeed, personal bankruptcy filing increased from 288,000 per year to 1.5 million per year between 1980 and 2004, and decreased thereafter only when bankruptcy reform made the law less debtor-friendly.

Bankruptcy law reform reduced the number of bankruptcies, but did it also work to reduce the amount of debt? In a recent article, Michelle J. White argues that reform made lending less risky for creditors, since they knew that borrowers were less likely to declare bankruptcy and avoid repayment. As a result, incentives to offer more and higher levels of credit to families increased, and credit card debt spiked higher in 2006 than in any year before the reform.

It follows that lenders have been a main beneficiary of bankruptcy reform. While reform may have made borrowers less likely to declare bankruptcy, it’s done little to stem the underlying forces driving massive debt accumulation in the first place.


Moving on Up

Segregation is entrenched. And segregation matters. These are the two truths around which our understanding of racial inequality has long been built: We know that residential racial segregation is woven deeply into the fabric of American life, and we know that such segregation is an important source of racial inequality.

But now there are signs that persistent segregation may be breaking down. Using newly marshaled long-term data, Jeffrey M. Timberlake and John Iceland find that America’s major racial and ethnic groups are increasingly living together in the same residential neighborhoods. Although black Americans continue to be the most racially segregated group, the declines in segregation have also been most rapid for this group. Additionally, when members of racial and ethnic minority groups secure more income, they are increasingly able to use these gains to move into higher status neighborhoods.

Obviously, racial residential segregation remains extreme, so extreme that Douglas Massey once referred to it as a system of “American apartheid.” But there are now at least some signs that this system may be weakening.