

# Born in Flames: Arson, Racial Capitalism, and the Reinsuring of the Bronx in the Late Twentieth Century

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During the 1970s, a wave of landlord arson coursed through cities across the United States, destroying large portions of neighborhoods home to poor communities of color. Despite its massive toll—hundreds of thousands of housing units were lost in these years—historians have neglected the burning of the nation’s cities, and popular memory has confused the 1970s arson wave with the less destructive urban uprisings of the 1960s. How was it possible that urban areas across the United States, all within the same years, experienced such unprecedented levels of arson? The answer hinges not on insurrection but rather indemnification, and at the center of this project is the untold history of the racially stratified property insurance market, a key force in the making of U.S. urban inequality. *Born in Flames: Arson, Racial Capitalism, and the Reinsuring of the Bronx in the Late Twentieth Century* positions the 1970s arson wave as a singular window into late twentieth century transformations in racial capitalism, or the entanglement between racial hierarchy and the imperatives of capitalist accumulation. The project is propelled by three questions that I ask in sequence: Why did cities go up in flames in these years? How were their fires extinguished? And what arose in their ashes? Together, these seemingly simple lines of inquiry cast new light on the restructuring of the built environment, the business environment, and American capitalism over the past five decades.

This project is grounded in a study of the Bronx, New York, which became known as the “arson capital of the world” after losing 20 percent of its total housing during the 1970s.<sup>1</sup> Extensive archival research and oral histories conducted in the Bronx have shown that the hand that torched cities in the 1970s was guided by the market and firmly attached to the arm of the state. Although physical science would have it that fire requires only oxygen, heat, and fuel to ignite, the crucial ingredient during the 1970s was state-sponsored fire insurance. The most destructive arsons in these years were performed for profit, which flowed into the bank accounts of absentee landlords in the form of insurance payouts. The availability of fire insurance merits some explanation. A generation of historians and social scientists has

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1. Arthur Unger, “‘Fire Next Door’: Bill Moyers in Smoldering South Bronx,” *Christian Science Monitor*, March 21, 1977, 22.

scrutinized the practice of redlining, or the state-sanctioned denial of credit and services to poor and working-class communities of color by insurance companies, banks, and other financial institutions since the 1930s.<sup>2</sup> That landlords were able to procure insurance coverage in the 1970s would seem to cut against this received wisdom. Put another way, the availability of insurance contradicts what we thought we knew about the where and when of redlining.

*Born in Flames* solves this historical puzzle by tracing the evolution of the property insurance market since the 1960s. Insurance access only began to permeate poor neighborhoods of color following the uprisings by urban Black communities in the 1960s. Although the uprising-related damages to property were relatively modest, insurance companies were resistant to cover losses on the few policies that remained in the affected neighborhoods. Facing the possibility of total insurance withdrawal from its cities, the federal government established a program to bail out the industry, but did so in the vernacular of the civil rights movement. In return for federal “riot reinsurance,” insurers agreed to cease redlining after 1968 by offering a new line of property insurance.<sup>3</sup> Yet despite its branding as a racial justice measure, this new insurance program was exorbitantly priced and only affordable to those with easy access to capital—mostly absentee landlords. Instead of redistributing access to insurance in ways meaningful for the residents of redlined neighborhoods, the program set the stage for further ruin.

These new federally backed insurance plans injected insurance capital into poor neighborhoods of color, but this occurred against the backdrop of social service cutbacks, fiscal crises at all levels of government, and continued redlining by mortgage lenders.<sup>4</sup> Landlords consequently turned to arson not necessarily out of malice but pecuniary prudence. With the rise of the financial industries and the concomitant shifts to the nature of housing and work in U.S. cities, these buildings had become most valuable to their owners after they had gone up in flames. In a decade that saw the U.S. swear off state-sponsored urban renewal, the arson wave was, in a sense, a free-market slum clearance program. Like the better-remembered urban renewal programs of the 1950s and 1960s, this one would also precipitate massive displacement, community rupture, and precarity. Yet in the Bronx, it provoked little official outcry until the end of the 1970s. The absence of government intervention sparked a groundswell of interracial community organizing throughout the borough. These anti-arson organizations’ experiments in urban homesteading, community development, and computerized early warning systems ultimately stemmed the tide of the fires.

A central concern of *Born in Flames* is how racial ideologies permeated the practices of the ironically named FIRE (finance, insurance, and real estate) industries, which eclipsed

2. On mortgage redlining, see Jackson, *Crabgrass Frontier*; Hirsch, *Making the Second Ghetto*; Sugrue, *Origins of the Urban Crisis*; Glotzer, *How the Suburbs Were Segregated*; Winling and Michney, “The Roots of Redlining.” For a more recent study that brings forward the periodization of redlining, see Marchiel, *After Redlining*.

3. Reinsurance is a financial technology that enables an insurance company to offload some of its financial liability to another insurer or institution.

4. On the urban crisis and real estate, see Sugrue, *Origins of the Urban Crisis*; Self, *American Babylon*; Thompson, *Whose Detroit?*; Satter, *Family Properties*; Kurashige, *Shifting Grounds of Race*; Simon, *Boardwalk of Dreams*; Freund, *Colored Property*; Taylor, *Race for Profit*; Phillips-Fein, *Fear City*; Holtzman, *Long Crisis*; Rabig, *The Fixers*; Cohen, *Saving America’s Cities*; Highsmith, *Demolition Means Progress*.

manufacturing as the engine of urban economies in the 1970s and '80s. This is a history of financialization from the ground up, with race at its center. The condition of possibility for the arson wave was the dynamic interplay between two far-reaching transformations, which historians have almost always framed as discrete and unrelated: the meteoric rise of the FIRE industries and the nation's changing racial politics in the wake of the civil rights movement. Building on Keeanga-Yamahtta Taylor's work on "predatory inclusion," this project shifts from her focus on homeownership to the rental real estate market and the racialized vicissitudes in insurability.<sup>5</sup> I chronicle the process by which neighborhoods of color, long written-off as uninsurable risks, came to be underwritten by subprime, state-sponsored property insurance in the years following 1968. Insurers absorbed the resulting losses by diffusing liability across transnational financial circuits spanning from the Bronx to Britain to Brazil—a triangular trade in risk.

In charting the interplay between the rise of finance and the nation's shifting racial politics, the project offers a little-known prehistory to the subprime mortgage crisis. Among the most pressing questions confronting scholars in the wake of the Great Recession has been how finance overtook manufacturing as the driver of the U.S. economy since the 1970s. Although this question has spawned excellent studies in business and economic history, historians would be hard-pressed to find terms like "race" "racism" or "redlining" in the index of almost any of them.<sup>6</sup> By studying the rise of the FIRE industries from the perspective of poor Black and Brown communities, *Born in Flames* grounds these transformations in the lives of those who felt the deepest shockwaves of financialization. Social scientists do not typically associate financialization with a place like the Bronx; instead, it is the domain of landscapes like Wall Street or the City of London. But the *where* of financialization was not just lower Manhattan; it was also Morrisania in the Bronx, and more to the point, it was in the flows between the two. Tracking those flows reveals that, in a real sense, the urban order we inhabit was born in flames.

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5. Taylor, *Race for Profit*.

6. On financialization, see Krippner, *Capitalizing on Crisis*; Martin, *Financialization of Daily Life*; Harvey, *Brief History of Neoliberalism*; Davis, *Managed by the Market*. Exceptions to this tendency include Jenkins, *Bonds of Inequality*; Phillips-Fein, *Fear City*; Taylor, *Race for Profit*; Gottlieb, "Hoboken Is Burning."

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