Usury country: Welcome to the birthplace of payday lending

*By* [*Daniel Brook*](http://harpers.org/subjects/DanielBrook)

*Harper's Magazine*, April 2009. http://harpers.org/archive/2009/04/0082451

Daniel Brook is the author of *The Trap: Selling Out to Stay Afloat in Winner-Take-All America*. His last article for *Harper’s Magazine*, “Mall of America,” appeared in the July 2007 issue.

On a whitewashed church pew in Johnson City, I sat alone as James Eaton stood over me delivering a sermon. It was a Monday, and this was Eaton’s office. One of the inventors of payday lending—the business of making small, short-term loans from retail locations at steep rates—Eaton operates out of a converted service station, with a tarp sign in red and white: here’s where it all started. east tennes see’s first, oldest & finest. He had suggested we conduct our interview in his reception area, on the pew he brought up years ago from his wife’s childhood church in Alabama. I balanced my coffee cup perilously on the green-felt pew pad as I listened to him enumerate his own good works—his donations to a Bible college, his support for a rural congregation of evangelical Harley-Davidson enthusiasts. Eaton’s homily was heartfelt, if meandering and peppered with such biblical malapropisms as Jesus having “healed those leopards.” As he preached, customers kept trudging in past us to the counter, where they wrote postdated bad checks and walked away with twenties at several hundred percent interest, all transacted above a vast American flag dangling from the countertop.

“Good to see y’all!” Eaton greeted each customer, his chirpy voice cracking with enthusiasm. “Good to see you too,” generally came the more muted reply.

In his sermon, Eaton recounted a real-life *Christmas Carol.*“We opened up just before Christmas,” he said. “A grandmother brought a little girl in here, holding her hand. And I cashed her a hundred-dollar check, and I looked down at the little girl. I said, ‘Now what’s Santa Claus going to bring you for Christmas? What’s he going to put under your tree?’ And the grandmother looked at me and said, ‘Mr. Eaton, we had to decide whether we would put up a tree this year or the little girl would get a present.’ And I said, ‘I understand, I grew up that way.’ But I felt sorry. I took money out of my pocket and I said, ‘Go get that little girl a Christmas tree. Every little girl deserves a Christmas tree.’ They go off. The very next day here’s the woman pulling up with a Christmas tree sticking out of the back end of her car. The funniest thing, she comes in here, ‘Mr. Eaton, I don’t have anything to decorate the Christmas tree.’ So back in my pocket, handed her some more money, she goes on her way. That little granddaughter is cashing checks with me today.”

“She manages one of your stores?” I asked.

“She comes in and cashes checks,” he clarified.

It was to be a two-hour oration. As I sat on the pew, sipping my coffee and taking notes halfheartedly, my eyes wandered from the American flag behind Eaton to the poster over his left shoulder: Martin Luther King, preaching to the masses at the March on Washington. The best-known trope of King’s address that day was, of course, his famous “dream.” But King began his speech with a very different metaphor. “In a sense,” he said,

we’ve come to our nation’s capital to cash a check. . . . A bad check, a check which has come back marked “insufficient funds.” But we refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation. And so we’ve come to cash this check, a check that will give us upon demand the riches of freedom and the security of justice.

In King’s broader vision, the creditors were not simply the descendants of slaves but all Americans living in poverty, whose nation had made them promises long past due. Months before his death in 1968, King began planning a second march on Washington that would serve as culmination of a Poor People’s Campaign, an inter racial movement of blacks, Latinos, and Native Americans, as well as Appalachian whites. “When we come to Washington in this campaign,” King declared, “we are coming to get our check.” Rallying striking sanitation workers in Memphis just a few days before his assassination, King declared that “it is criminal to have people working on a full-time basis and a full-time job getting part-time income.” But in the decades since King’s speech, working full time for a part-time income has become the fate of greater and greater numbers of Americans. In fact, the U.S. minimum wage, adjusted for inflation, has never regained its 1968 value. The average income of a full-time worker at Walmart, today the nation’s largest private employer, is only slightly more than $17,000 a year. Fully 47 percent of Americans now report living paycheck to paycheck.

During the Gilded Age of the late nineteenth century, the race-based legal oppression of slavery was replaced with the economic bondage of sharecropping—a race-neutral system that ensnared blacks and whites alike. In his short lifetime, King helped lay waste to more legal barriers, those of racial segregation, but in the past twenty years a new, race-neutral form of economic exploitation has arisen in their place. This twenty-first-century sharecropping is called payday lending; and each indentureship under it begins, fittingly enough, with a bad check.

Like many payday-lending pioneers, Eaton came out of the credit-bureau business, back when credit bureaus would keep tabs with the local department store on who had fallen behind on bills. When that industry was consolidated nationally, Eaton began looking for another line of work. He settled on short-term loans—cash today to tide a worker over until payday, offered at triple-digit annual interest rates. Eaton took out a second mortgage on his house and opened up Check Cashing, Inc. on December 2, 1991.

“I ran a little bitty ad in the paper in the personals section,” he told me. *“We will hold your check till payday.”*

A few weeks later, the son of an old colleague from the credit-bureau business flew into town to offer him a job. “He flew up here on that little private plane right then to try and hire me,” Eaton explained. Between customers he chatted with the well-heeled visitor, but Eaton, with his promising new business venture, wasn’t looking for work.

“Three or four weeks later he called. ‘James, I want to come up there and find out what you were doing again. I have been thinking about that and I’m interested in it.’ I said, ‘Allan, you come on up.’ So he flew back in. And we was opening up our office in Kingsport. He spent the day with us up there.”

W. Allan Jones, the jet-setting visitor, went on to found Check Into Cash, the first of the national payday-lending chains. With a knack for marketing, Jones rechristened the transaction Eaton called “check cashing” as “the payday advance.” It was Jones who saw the potential to expand someone else’s business concept into a coast-to-coast empire. Jones saw how payday lending could be to finance what McDonald’s is to food.

In the early 1990s, there were fewer than 200 payday lending stores in America; today, there are over 22,000, serving 10 million households each year—a $40 billion industry with more U.S. locations, in fact, than McDonald’s. Today, Jones’s company, based in his hometown of Cleveland, Tennessee, is the second or third largest of its kind. With 1,200 stores in thirty-two states, it is roughly equal in size to Virginia-based Check ’n Go but smaller than South Carolina’s Advance America, founded by the director of scheduling and advance in the Clinton Administration, William Webster.

Getting a payday loan is, in Check Into Cash’s trademarked phrase, “Quick, Easy, and Confidential.” The only paperwork required is a two-sided form with blanks soliciting contact information about the customer, her spouse, her landlord or mortgage holder, and three acquaintances in the area. An applicant need only fill out the sheet, show proof of employment and a bank account, and then write a bad check, dated her next payday, for the loan amount plus the fee. (In Tennessee, typical advances range from $50 in cash for a $58.82 check, to $200 for a $230 check.) On that next payday, the customer cashes her paycheck and buys back the check in cash for its face value.

Such is the process in principle, but seldom does it work out that way. When the next payday arrives, most borrowers can’t afford to repay, so they extend the loan until the following payday by paying another finance charge. (In Tennessee and many other states, a borrower technically cannot “extend” the transaction, but lenders make it a trivial process to pay back the loan and immediately take out a new one, adding another finance charge on top.) Like a sharecropping contract, a payday loan essentially becomes a lien against your life, entitling the creditor to a share of your future earnings indefinitely. Even the industry- sponsored research cited on the Check Into Cash website shows that only 25.1 percent of customers use their loans as intended, paying each one off at the end of their next pay period for an entire year. Government studies show even lower rates of customer payoff. North Carolina regulators found that 87 percent of borrowers roll over their loans; Indiana found that approximately 77 percent of its payday loans were rollovers. This is hardly surprising, of course: if your finances are so busted that a doctor visit or car repair puts you in the red, chances are slim that you’ll be able to pay back an entire loan plus interest a few days after taking it out. “On average,” Jeremy Tobacman, a Wharton professor who studies the industry, drily put it, “payday borrowers seem to be over-optimistic about the future.”

Once caught in the cycle, the borrower faces a choice each payday—pay Check Into Cash $30 or pay Check Into Cash $230. Unlike conventional loans, in which the creditor issues the debtor a lump sum to be repaid with interest in installments over time, the largest single transfer in a payday loan goes from debtor to creditor. With payday lending, the “debt trap” is not a figure of speech: the loan is actually structured as a trap.

In 1997, Tennessee became the nineteenth state in the union to explicitly legalize payday lending, which before then had operated in a legal gray area. Allan Jones and his family donated more than $29,000 to state legislators during the run-up to the vote. As in other states, the industry used a clever rhetorical strategy to cast interest-rate caps, or usury laws, as a form of government paternalism. Legislators, they argued, should grant their constituents the autonomy to make their own financial decisions. The idea that certain constituents needed their representatives to take care of them for their own good so clearly echoed themes from the state’s past that no one had to explicitly connect the dots. Industry representatives highlighted the race-neutrality of payday lending to corral votes. “They hired a Noah’s Ark of lobbyists,” Steve Cohen, a state senator, memorably remarked to the Associated Press. “They hired a black lobbyist to get black votes. If we’d have had a transsexual, they would have hired a transsexual lobbyist.” By creating the appearance of a multiracial coalition against government overreach, they presented the deregulation of usury as a latter-day civil rights issue.

In the peroration of the “I Have a Dream” speech, King lists a series of improbable places where freedom one day will ring, among them “the Lookout Mountain of Tennessee.” Today, under Chattanooga’s Lookout Mountain sits a strip mall whose tenants include a Check Into Cash. On Friday, October 31, 2008—the ultimate payday, the end of both a week and a month—I loitered in the parking lot and watched customers file in on their lunch hours to extend their loans. Since payments are due on the customer’s actual payday, and branches are rarely open before 9:00 a.m. or after 6:00 p.m., there is inevitably a crush at lunchtime. A mix of black and white, young and old, the customers drove everything from a dented sedan with a Chattanooga Housing Authority parking permit to a spotless Nissan SUV. When I asked the African-American woman in the SUV about her loan, she politely brushed me off: “I don’t want to talk about that. It’s personal.” Jack Atkins, a pockmarked white man driving a minivan, told me he’d been a customer for about a month. “It’s been working out for me,” he said.

Susan Jolliff was on her lunch break from her $8.96-an-hour job in quality control at Intersign, which manufactures vinyl signs for motel-room doors. As she left Check Into Cash, she stuffed a stack of twenties into her wallet, rattled off her phone number to me, and rushed into the supermarket. We spoke the following week. Jolliff had taken out her $175 loan three months earlier, after her wallet was stolen with the remainder of her stimulus-package tax-rebate cash in it. The company by now had more than recouped its principal in finance fees, but still she was unable to pay it off. “I figured it would take maybe a month,” she said. “Maybe rewrite it once and then pay it back. But no. We get a bonus at work every month, and the last couple of months it’s been kind of low, but hopefully next month . . .”

But she harbored no malice toward Check Into Cash’s employees. “As far as the people who work in there, they’re nice as can be,” she said. So nice, in fact, that a few weeks ago when an employee accidentally re-loaned Jolliff the full $205 instead of the $175 principal, Jolliff courteously corrected her. “‘Oh no, I’m supposed to get one seventy-five and you’re supposed to get thirty,’ I said. ‘You better watch that or you’re going to be in trouble.’”

Steven Winslow, who worked for a year as a store manager for Check ’n Go after dropping out of a clinical-psychology graduate program, explained that these chummy customer relationships are carefully cultivated by the payday-lending chains. We met at a Check Into Cash store near the Knoxville private school where he teaches, appropriately, drama and personal finance. At store-manager training, he told me, the mantra was “Your repeat customer is your lifeblood.” Managers were encouraged to be on a first-name basis with their customers, to ask after their families.

The first few times a customer came in, Winslow said, he’d make small talk about their kids. Soon they wouldn’t even look him in the eye. “It’s a person in desperation crossing their fingers that they can pretend this will work,” Winslow said. And when it invariably doesn’t, the borrower feels tremendous shame and guilt. But the store manager feels anger, too. “It was *my* money. You take it personally in that you’re responsible for taking this company’s money and giving it to somebody, [and then] your job is on the line on the basis of Joe Blow’s pay history—their habits, their character, their integrity, their decision, their choice, their difficulty, their crisis, their tragedy.”

What Winslow described was lives disintegrating in time-lapse, with a new shot snapped every two weeks. Maybe the customer started bringing in a family member or a friend, who would spot the cash to pay the loan and then get it back after the re-loan transaction. If a customer fell behind on payments, Winslow’s staff would start making up to twenty collection calls a day to the debtor’s home and workplace, as well as to her friends, landlord, boss—anyone who got listed on that first innocuous form. Other customers, to save face, would take out a loan from another payday lender to pay the first. “Once you’re borrowing from Check Into Cash to pay Advance America to pay Check ’n Go, it’s just a matter of time,” he said. “You go to the second lender, it’s game over. It’s game over.”

Like just about everything in Cleveland, Tennessee—a city of 40,000 that is either in the middle of nowhere or, as the locals say, “halfway to everywhere”—the Bald Headed Bistro is owned by Allan Jones. And as with his other holdings, the Bistro is not an anonymous line on some enormous balance sheet but aspires to be a projection of the man’s very essence. Its decor purports to channel the rustic ambience of Jones’s ranch in Jackson Hole, Wyoming, and its name pays homage to Jones’s hairless pate. The men’s room walls are decorated with framed photos of the regulation-sized football field he built in his back yard. I climbed atop an itchy cowhide barstool and asked the bartender, a student at a local evangelical college, if this was the nicest place in town. By far, he told me. “The next closest place is Outback.” The restaurant is so nice, in fact, that members of the Cleveland City Council come over for dinner each Monday after their weekly session. The restaurant, he said, caters to “people of that area.”

The local gentry did, in fact, seem well represented at the tables, but there were also patrons who looked far less affluent, perhaps out celebrating special occasions. The weathered gentleman in one couple, who looked to be out for a night away from the kids, sported a giant USMC forearm tattoo. At another table, an older woman was dressed for dinner in an orange University of Tennessee T-shirt.

Whether or not they are Check  Into Cash employees—or customers—everyone in Cleveland, Tennessee, is indebted to Jones. Anyone who patronizes the library, which resides in a converted Victorian that Jones donated to the city, has him to thank. Jones paid to renovate the bandstand on the courthouse square, and he also owns and maintains Cleveland’s most historic building, Craigmiles Hall, a Gilded Age opera house where, Clevelanders will proudly tell you, John Philip Sousa played once. Even Ron Haynes—a local legal-aid lawyer who refuses to eat at the Bistro and swears he would sue Jones, if Jones hadn’t gotten Tennessee’s legislature to write the payday-lending law in such a way that made it impossible to do so—cuts him a check at the end of each month; like the rest of downtown, his legal-aid office is a Jones-owned property.

Jones himself resides on a 400-acre horse farm on Anatole Lane, out at the northern edge of town. For decades Cleveland’s elite lived on Centenary Avenue, a block of stately homes quite close to downtown, but after Jones began building his estate in 1993, Cleveland’s entire executive class relocated to Anatole, ideally situated between the airstrip for private planes and the Cleveland Country Club. I drove up to Anatole hoping to get a glimpse of the Jones mansion and football field, but little of the compound was visible from the road. The entrance to Jones’s property is monitored by a gatehouse whose pointed metal dome suggests a king’s palace in the Brothers Grimm. Many surrounding homes are built in a style one might call Plantation Revival—columned white monstrosities like something out of *Gone With The Wind.*

Such Deep South style is almost as ahistorical as the Mitteleuropean guard tower: on the eve of the Civil War, Bradley County, of which Cleveland is the county seat, was 90 percent white (as it remains today). Tennessee’s plantations and slaves were largely elsewhere, spread out in the flat, cotton-producing region near Memphis. When secession came, Bradley County voted to remain in the Union, and it was dragged out only by the western, slave-holding part of the state. Cleveland had very little to do with the old inequality; Allan Jones has ensured that it will have everything to do with the new inequality.

The Check Into Cash headquarters are near downtown, in a former shopping mall that Jones bought out of bankruptcy in 1998. When I walked into the corporate reception area, the first thing I saw was a photo montage, shaped like a United States map, from which Allan Jones’s face stares out amid piles of cash. From there I was taken in to meet the company’s president, Steve Scoggins. A compact man in a brown sweater-vest, Scoggins gave me a tour of the vast cubicle farm as he laid out the demographic logic of the company’s store siting. The marketing company Nielsen Claritas breaks down American consumers into dozens of niche markets, he said, and Check Into Cash’s targets are in demographic #44: “Homespun Families,” which forms a subset of the larger “Mass Middle Class” category. Forty-fours have a median household income of $40,351; they eat at Shoney’s, enjoy NASCAR, and watch *The 700 Club.* “Financially, they’re a strong credit market,” a Claritas poster in the offices declared. Alongside this poster hung two maps of metropolitan Phoenix, coded to show where high concentrations of 44s live. “We locate almost exclusively in retail strip centers,” Scoggins explained. It’s just a matter of identifying the 44s, finding their local strip mall, and setting up shop.

I tried to push Scoggins to discuss the distressing predicament in which his customers invariably end up. His own industry research, I pointed out, showed that only one-quarter of  payday-lending customers are consistently able to pay off their loans when they come due. Why, I asked, do customers think they can pay back the loan when the vast majority of the time they can’t?

“I don’t know,” Scoggins said. “I don’t try to pretend to understand how our customers think.”

As the Community Financial Services Association, the payday-lending industry’s trade and lobbying group in Washington, puts it, “payday advance customers represent the heart of America’s middle class”—a terrifyingly accurate statement that testifies to the financial instability of all but the most affluent Americans. Unlike with check cashing, the market for payday loans isn’t the underclass. The 28 million Americans who have no bank account (a number that includes 20 percent of African Americans and Latinos) don’t have the checkbook with which to write the necessary bad check. Millions more are ineligible for payday loans because they’re unemployed or are paid off the books.

Most of the 10 million households with payday loans are young families headed by adults who graduated from high school but not college; one of the few surveys of payday-lending customers showed that roughly two-thirds of them are under forty-five, and a similar proportion have children living at home. In the Cleveland headquarters, Lynn DeVault, who sits on Check  Into Cash’s board of directors, gave me an admirably clear-eyed assessment of the typical borrower. “The customer is early thirties,” she said. “They make thirty thousand, thirty-two thousand dollars of income—and they have no savings. And they’re at a very critical point in their life: they may have just bought a house or maybe they just have their first child entering school [and they] really need money for things like a band instrument.” It’s an enormous market, as Judy Powers, another executive, told me: “Nationwide the savings rate now is like zero percent. And it’s because expenses have just gone up and up and up, wages have not kept pace, and people don’t have anything extra to put away.”

A disproportionate number of Claritas’s 44s work in manufacturing, construction, or transportation—jobs like factory worker, auto mechanic, and truck driver—and are concentrated in the Deep South, across the Midwest heartland, and along the Appalachian spine. The traditional American dream of family and of home ownership surely has great resonance. These are many of the same people who, despite flat or flagging incomes, kept buying bigger houses through the infamous “liar loans.” The payday loan, too, is a liar loan of sorts, though the relevant lie is told not to the banker or mortgage broker but to yourself: that you’re still making it, you’ve hit a brief rough patch, everything will work itself out soon. You end up at the payday-lending office only if you have caught at least a glimpse of prosperity, and are desperately trying to keep this mirage in view.

From customers in such straits, Allan Jones has amassed a fortune, which in 2005 was valued at half a billion dollars. The profit margins are similar to those in conventional banking, but as with fast food, payday lending derives those profits from innumerable small-value transactions taking place at thousands of outlets. The business works according to the classic logic of deregulation. Profits on loans of a few hundred dollars can be significant  only in a regulatory environment in which anything goes. If customers weren’t trapped—if they really paid off their $20 or $30 finance fees at the end of one pay period—payday lending wouldn’t be profitable at all.

When I finally had the opportunity to sit down with Allan Jones in his office, he immediately sized me up. “Did you wrestle?” he asked. I did not, as it happens, despite my low center of gravity—my height and weight are (I would later learn) almost precisely those of Jones himself during his high school glory days on the mat. Today, he is rotund and neckless, like a snowman. His office resembles somewhat the dark and sumptuous lair of a railroad baron circa 1889, channeling that bygone era when every square inch of a proper room needed urgently to be adorned with something, anything. A palm-in-chinoiserie urn stood along one wall; in a corner sat a coffee table with a photograph of Jones and President George W. Bush. Behind Jones’s desk sat a scale model of one of his jets, a Cessna Citation II, alongside two faux Frederick Remington equestrian statuettes and an oil painting of a fox hunt. Magnetic in his television ads, Jones was fidgety and disheveled in person. His open-collar white shirt with monogrammed waj cuffs was splashed with a reddish-brown stain somewhere along the coffee-to-barbecue-sauce spectrum. The downturn in the economy was weighing on him. “I’ve laid off my horse trainer,” he said. “I’ve really had to cut back.”

Jones needed to swap his son’s Audi for his own Ford F-150 pickup truck, and he offered to bring me along. As we drove through Cleveland, Jones mumbled a stream-of-consciousness narration—rattling off his acts of munificence as if they spoke for themselves. Jones knew I wrote frequently about architecture, so he was particularly keen to show off his works of historic preservation. The bandstand on the courthouse square, he told me, was renovated from the original blueprints at a cost of $75,000. He bragged, of Craigmiles Hall, “I own one of the most photographed buildings in Tennessee.” A self-described “Cleveland State dropout,” Jones didn’t consider himself anything so lofty as an architect; but Jones as architect—as the hidden hand that designs the spaces in which people live—was everywhere evident on Cleveland’s streets. Jones pointed out all the trees he’d donated, often just a few years beyond spindly saplings, which lined many of the roads. “I donated all these trees. I hope they remember me when I’m gone,” he said.

The intended highlight of my tour, I soon discovered, was to be the Jones Wrestling Center at Cleveland High School. Inside this vast hangar of a building, two dozen boys sparred on mats, learning to master a new takedown. “Move your leg like a windshield wiper,” their coach instructed. Jones gave me a brief tour, beginning at the Wall of Fame, where his own exploits—1972, second in state in the 155-pound weight class—were immortalized along those of others, including his son. We continued on as he showed off the other choice features of the million-dollar facility: in the visitors’ locker room, for instance, a flat-screen TV broadcasts a live feed of the Cleveland team warming up. “We’re gonna make you watch us warm up,” Jones said. “We’re gonna intimidate the hell out of them.”

For someone who lives in a gated 400-acre compound, Jones remains extremely accessible to the people of Cleveland. He attends all the wrestling tournaments, the Friday night football games, and the annual Halloween block party. Never, he says, has an irate customer confronted him—not once. He called information in front of me, on speaker phone, to demonstrate that his home number was listed. Jones and his family are so unaccustomed to criticism that when the Ohio state legislature recently cracked down on payday lending, delivering sharply worded speeches against the industry, his eldest son, age twenty, was deeply shaken. “It’s still affecting him,” Jones said. Being the son of Cleveland’s richest citizen and leading philanthropist—the kid with the regulation-sized football field in his back yard—he had never seen anyone come out swinging at his father. “He grew up here in the epicenter of it, and everybody is fine with it,” Jones assured me.

Up in Ohio, Jones said, industry critics tarred him as a predatory lender who targets minorities, as if this were some kind of civil rights issue. But Jones knows better. “Black or white is immaterial. Credit is green. Capital is green.”

During my afternoon with Allan Jones, one of the only times he betrayed any emotion was when he asked if I knew about Tall Betsy, the Halloween character he invented. He began to recite a poem:

Your bones, she’ll throw in that ole well

at Arnold School, and no one will tell

your parents. They’ll worry and fret.

They’ll search all over for you, I’ll bet.

So go home early on Halloween night

and November 1st, you’ll be all right.

“Who wrote that?” I asked when he was finished.

“I did,” he said, and then clarified: “I made it up. I just had somebody put it to a rhyme.” Jones said his mother had told him about Tall Betsy when he was a child to teach him about the importance of punctuality, but he had embellished the tale. He created a Betsy costume and wore it at his daughter’s birthday party in first grade, and it was such a hit he began to dress up—in drag, on stilts—each Halloween in front of his Centenary Avenue home. One year, a local news reporter asked him the story of Tall Betsy. “I was a young guy, a single dad,” he told me, “and this girl was good-looking, so I started trying to keep her there, and I started making this shit up as I went.”

Jones recently decided he’s too old to dress up, so at dusk on October 31 each year, his Tall Betsy getup is displayed in the foyer of Cleveland’s history museum, in front of the conference room he endowed. I joined the townspeople’s pilgrimage to view the relic. A grandmotherly, red-headed docent told the tale of Tall Betsy at fifteen-minute intervals—first to a fidgety first-grader in a Hawaiian shirt and then to two angelic blonde sisters whose bearded father sported a camouflage hat. Between shifts, I asked the docent the origins of the tale. Betsy was a real woman, she insisted. She only mentioned Jones as “the man who brought back Tall Betsy,” as if he were reviving a town tradition, not making one up out of whole cloth.

From the history museum, I paraded with the crowds to Cleveland’s downtown for the annual block party, another creation of Jones’s. With thousands of children mobbing Centenary Avenue each Halloween to see him in character, Jones, like the sorcerer’s apprentice, saw no choice but to create a second town tradition as a distraction from the first. “This thing got so big that all my neighbors got mad,” Jones told me. “So I created the block party . . . to try to get them the hell off my street.”

Downtown, I found the streets packed with trick-or-treaters and their parents walking down “Treat Street” to gorge at the M&M Snackfoods tent. Independent vendors along the periphery hawked two- dollar barbecue sandwiches and deep-fried Oreos. A country act and a classic-rock cover band performed on the live-music stage set up in front of the courthouse, whose roof was patrolled by armed police. Jones had told me to look for him downtown—“I’ll walk around in a Tall Betsy sweatshirt, just kind of blend with the crowd”—but he must have blended in well, because I never saw him.

It was a poor people’s march of sorts, though not of the sort that Martin Luther King envisioned. Most locals were grateful that their economy is as bountiful as it is—Cleveland has two Walmarts, after all, in a rural South full of one-Walmart towns. Unlike in the rest of America, brutal inequality has been a permanent feature of the local landscape. On the eve of the Civil War, the North was three times wealthier than the South and yet the South had two-thirds of the nation’s richest men. In a 1929 edition of the daily *Cleveland Banner*, there ran a full-page ad that could almost be republished today: to “Northern and Eastern manufacturers contemplating locating in the South” the city promised a ten-year tax exemption and the “best of labor conditions.”

Each year, the rest of the country looks a little more like Cleveland. In 1949, Tennessee’s poverty rate was twice that of California. Today, they are equal. During the civil rights era, when middle-class Californians from Berkeley came to the South for sit-ins and voter-registration drives, they were shocked—and rightly so—by the poverty they saw. But today Berkeley, a capital of our laissez-faire tech and finance economy, was as of the most recent census the second most unequal city in America, right below Atlanta. The South, with its “right-to-work” laws and consequently meager rates of unionization, is no longer a region apart; once an aberration, its low-regulation, high-inequality economy has become a model for the nation.

One can laugh at Allan Jones’s petty acts of charity—the $75,000 bandstand, the saplings by the interstate entrance ramp, the high-tech wrestling gym—but as a nation we have come to rely on private acts of generosity to meet our basic needs. Rather than tax Bill Gates enough to stock our school libraries, we tax him at a lower rate than his secretary and hope he finds it in his heart to donate some books. Increasingly, the schools in our wealthier districts set up “local educational foundations,” funded by parents and local businesses, so that when a student in the district takes up the tuba, the instrument is purchased by the fund; whereas for a student in a poor district to do the same, her parent has to buy it—perhaps by taking out a payday loan. During one of his fits of hometown boosting (“Cleveland’s a great little town!”), Jones even suggested that I move there myself. Only later did I realize that, in a sense, I already had.