The emergence of the global debt society

Governmentality and profit extraction through fabricated abundance and imposed scarcity in Peru and Spain

Ismael Vaccaro, Eric Hirsch, and Irene Sabaté

Abstract: As a result of the financialization of household and national economies, indebtedness has become a system of domination shaping the making of contemporary subjects. This sort of governmentality through debt is a multifaceted phenomenon affecting people's economic and political behavior in both the North and the South. Disguised and legitimized by the moral obligation to repay debts, and by promises of upward social mobility (for the working classes in the North) and of development (for the population of the Global South), indebtedness disciplines households and neutralizes political agency under finance capitalism, as our ethnographic examples on the mortgage crisis in Spain and on microfinance in Peru reveal.

Keywords: debt, financialization, governmentality, microfinance, mortgages, Peru, Spain

This article is about debt and its effects on the indebted people and communities that are subject to it. The unprecedented global growth of the second half of the twentieth and early twenty-first centuries was sustained, at a national but also a household level, by the slow but steadily increasing dependence on credit, or fictitious money. This continuous growth came always punctuated by occasional sporadic and localized debt crises in some part of the global economic system. These crises were often attributed to local inefficiencies (corrupt local elites, deficient infrastructures, inadequate connection to regional and global markets) always found in underdeveloped countries—nothing that a good structural adjustment plan, the market, or political pressure could not fix (Benería 1989). It was not until the year 2008 that an evident global debt crisis also ravaged most developed countries, calling into question both development narratives and the reliance on debt for economic growth.

At this point, the local manifestations of the impact of indebtedness on different communities and social groups across the globe became apparent. These impacts range from massive suicide waves of indebted Indian farmers (Guerin 2014) to the impossibility for US students overburdened by debt to choose their own jobs and be financially self-sufficient (Ross 2014); from

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the reemergence of multigenerational households in Spain as a result of massive home evictions by mortgage default (Sabaté 2016) to precariousness taking over the environment and the life of the inhabitants of entire regions such as the Bay of Bengal (Bear 2015); from the dismantlement of Egyptian traditional and resilient economic networks to replace them by unreliable microcredit that results in sudden dispossession (Elyachar 2005) to the demographic desertification of parts of the rural United States due to farm confiscations (Dudley 2000).

This article explores the consequences of the spread of new forms of indebtedness brought about by the emergence of financial capitalism during the past 40 years. During this period, massive financialization processes (understood as the infusion of financial logics, financial instruments, and the temporalities of capital accumulation into mechanisms of exchange and value creation) have taken place (Aalbers 2008; Gagó 2015). This process, in which indebtedness plays a central role, has radically changed how subjects perceive themselves and relate to each other, to the market, and to the state (Lazzarato 2013, 2014; Marazzi 2011). The literature and the current ethnography suggest the "debt society" as the new form that "neoliberal society" is taking in the early twenty-first century. In other words, there are, of course, many types of debt, and there have been many types of debt across history. In turn, neoliberalism has taken many different forms since its intellectual inception in the 1940s and its political implementation in the 1980s. But, nowadays, there is a particular form of indebted society that is the result of specific assemblages of policies, values, and habits and is becoming the new format of the "neoliberal society."

With debt being a governing tool, the institutions—states, corporations, financial institutions, NGOs—that have jurisdiction over this debt have the power to reshape individuals' identities, and their civil and political status. This reshaping of contemporary subjects, however, does not occur in a homogeneous manner: it is rather a highly stratified, path-dependent process. Thus, for example, in contrast to Maurizio Lazzarato's account, we highlight the previous and longer experience of structural adjustment policies in the Global South, resulting in a chronified situation of fabricated scarcity. A chronic state of indebtedness is arguably not a historical novelty, particularly for those who have traditionally been forced to resort to credit to satisfy their most basic needs. What, then, is distinctive about contemporary debt? In contemporary debtor-creditor relations, the asymmetry between the two actors is reinforced by the fact that the risk assumed by creditors is minimal. Also, in the era of financialization, indebtedness involves actors and institutions at very different scales, from the local to the global: while debtors continue to be rooted in their local realities and engaged in their struggle to have their material needs satisfied, creditors are well connected to global markets with many options to diversify or minimize risk. This extension and diversification of scales makes debtor-creditor relations increasingly illegible for indebted subjects who lack technical knowledge, and to whom access is denied to crucial information about the very nature of their debt and the interests involved in it.

Thus, we suggest debt in the era of financialization is something new, strange, and distinct. The contemporary debt paradigm has generated its own form of subjectivation and identity construction, a governmentality of sorts, in the Foucauldian sense (García Lamarca and Kaika 2016; Langley 2009). Such debt is, from an economic perspective, a form of profit extraction, of financial expropriation (Lapavitsas 2009). It is entangled with particular assumptions about economic and ecological abundance, where debt and credit are depicted as relentlessly expanding the space for commercial operations to play out, generating new sites for market exchange and resource consumption. From a political perspective, debt is a technology of power: it consists of a particular form of governmentality, aiming at the disciplining of subjects through indebtedness and through the promise of credit, profit, abundance—and, in the event of insolvency, the persistent threat of punishment. The moral obligation to repay debts is thus reinforced by additional means (bureaucratic, legal, financial) that increase the pressure on debtors.

Through the analysis of ethnographic accounts from Spain and Peru, we argue that the global debt society, made of indebted citizens who are increasingly subject to the dynamics of finance, is an emergent reality (Soederberg 2014). We suggest today's debt works as a global tool of governance with fundamental consequences for how national governments, local authorities, private businesses and other governing entities, families, and individuals behave from an economic perspective, craft their economic lives, understand their social positions, and construct their own identities. The "indebted man" (Lazzarato 2012), thus, is a category of human being who perceives itself at a fault, permanently trying to repay what in many cases cannot be repaid, inherently guilty as they are in default. Consequently, the social and political rights gained throughout the twentieth century are now made conditional to their ability to repay debts.

Theorizing debt by historicizing financial crisis

Forty years ago, capitalism started to slowly move away from a welfare state based on the Fordist pact into an era of hypermobile capital in which productive relocation/offshoring, coupled with an increasingly deregulated financial sector, planted the seeds for a new paradigm: global financial capitalism. This neoliberal global financial capitalism was supposed to sustain indefinite global growth through generalized consumerism (Baudrillard 1981; Lipovetsky 2006). Generalized consumerism, in one form or another, becomes the unavoidable backbone of daily life. However, as salaries have not increased at the same speed as needs and wants, hyperconsumerism cannot be sustained without massive personal and collective indebtedness (Ross 2014).

Since 2008, attempts to conceptualize debt and its consequences have settled squarely in the mainstream spotlight, calling for and receiving abundant attention from society at large, policy makers, and researchers alike. Critical scholars have focused on understanding the impact that massive financialization has had on our societies and social relationships, a process that manifests itself, among other symptoms, in the translation of debts into exchangeable financial instruments (Gregory 2012; Weiss 2014). The goal of this literature is to understand how a society changes when most of its members are in some kind of debt. How is this process framed in the history of capitalism? How, in an extremely financialized society, is profit made? How do politicians deal with the ubiquity of debt? How are these mechanisms changing the nature of the relationships among individuals, and between individuals and the state? How is the creation of citizens and subjects altered by the financialization of social life?

To answer these questions, it is important to highlight that the 2008 "crisis" and its aftermath was no historical anomaly. The ubiquity of debt and social exclusion did not start then. On the contrary, since the 1980s, many had been issuing early warnings about what was about to strike the, until then, seemingly well-protected economies of the global core. Social scientists, here and there, had already been examining economic lives in places that had been swept by previous, smaller-scale crises brought about by financialization. The pervasive and periodic economic crises that have popped up across the world in the past 30 years were not isolated incidents that should be exclusively blamed on context dependent inefficiencies. Instead, these crises reflected structural rearrangements of a global economic system within which the extraction of profit is based on debt and debt management, on the hypermobility and overuse of fictitious capital. Debt has become a governance as much as a profiteering tool. National debt, for instance, translates on deficit-zero goals, reshaping of pension benefits, or tax increases. After all, there is a characteristic genealogy that unequivocally connects the many African socio-economic collapses that followed the imposition of Bretton Woods–type structural adjustment programs (Nigeria, Madagascar, Tanzania, Ivory Coast, and many others), the Mexican devaluations of 1982 and 1994, the Argentinian *corralitos* of 1989 and 2001, Peru in its hyper-inflated 1980s and its 1990s neoliberal "shock" therapy, Venezuela of 1994, the Dominican Republic of 2003–2004, the Japanese paralysis of the 1990s, the Asian stock market crash of 1997, the Russian financial crisis of 1998, the dot-com crash of 1999–2003, the stock market downturn of 2002, the Chinese bubble of 2007, and the insurance and real estate crises that, starting in 2008, changed the Western world and are still consuming the public and private resources of Greek, Portuguese, Spanish, US, and German citizens and states.

This is just a selection of the dozens of national crises that have reshaped states' policies and people's lives across the world in the past 30 years. Despite the impressive variety of debt forms they include, they do share some fundamental commonalities: (1) they are the result of the implementation of the neoliberal deregulating economic recipe that endorsed and facilitated debt creation and circulation, a scheme devised by the Chicago School in the 1950s that started to be implemented in the real world by the Thatcher government in Great Britain (1979–1990) and the Reagan administration in the United States (1981–1989); (2) they stem from failed predictions of and clear deceptions about present and future wealth (what we call "fabricated abundance") that translated on the inability to repay the debt generated by these profit expectations; and (3) the recipe to solve each of these economically devastating events, this sudden scarcity, as fictitious as the previous abundance, was the implementation of neoliberal austerity programs. According to this recipe, the crisis, the sudden scarcity, must be addressed by imposing public austerity where state-provided welfare had existed before. We talk about fictitious scarcity because even though it is used to justify draconian cuts on social programs and benefits, there seems to be no problem to find money to pay military expenditures, politicians' salaries, or to bail out banks in trouble siphoning tax money to shareholders. Austerity programs tend to entail the scaling down of the welfare state through the reduction of public social services, privatization of state resources, redesign of labor regulations resulting in structural unemployment that allows a drastic reduction of wages, and tax increases on wages while tax cuts are implemented on large fortunes.

All types of debt, ultimately, result in a singular consequence, the emergence of "the indebted man" (Lazzarato 2012): a citizen that, via their own debts, via the taxes implemented on him/her to deal with the state's commitments with international public institutions or private firms, and via having to pay for services previously covered by the welfare state, is defined by the single truth that his/her current and future labor will be mostly devoted to pay for money he or she never saw. Therefore, all these forms of debt collection—direct or indirect (through taxes)—converge and extract the diminishing wages and savings of workers. Ordinary citizens are governed on behalf of the overwhelming weight carried by the idea of debt, attached to negative moral implications.

We are witnessing the emergence of an allegedly nonideological governance based on debt repayment obligations. The conservative and social-democratic parties that have alternatively ruled the majority of Europe during the past 50 years offer the same solution to the contemporary crisis: employment deregulation, lower wages, and public services cuts. This recipe for austerity (as a response to alleged financial scarcity) achieved the status of unquestionable dogma during the first five years of the current crisis. In Europe, any country questioning that dogma was threatened with the arrival of the Brussels men in black. Ironically, European countries are receiving from the troika the same kind of discipline many countries from the Global South received from the Bretton Woods institutional complex some decades before.

The atmosphere of euphoria experienced during economic booms inadvertently contributes to set the basis for the pressures toward indebtedness on the microscale of households and individuals. For wide strata of the working and middle classes, applying for credit is a logical, naturalized entailment of their commitment to advancement, progress, and upward social mobility. Consumption through credit is seen as a way to overcome a previous situation of exclusion and to engage with emulation practices, as has been the case for black middle classes in post-apartheid South Africa (James 2014), for population sectors who have been traditionally barred from home ownership in the United States (Reid 2010), and for migrants who arrived in Spain during the recent building boom (Suárez 2014). As the hope for increased material well-being is entangled with social identities and forms of belonging, intergenerational legacies, and reciprocity, indebtedness is also a means to forge and cement obligations that strengthen social bonds, such as the ones at play when parents support children in accessing homeownership, as has been a widespread practice in Spain. Because no gift comes without strings attached, any debt is in itself a social relation that comes with a more or less stringent reciprocity clause (a moral obligation), and it reshapes the identities of both the giver and the recipient, who then remain attached to each other (Mauss 1990).

Moreover, individual incentives for consumer debt can also be identified in particular behaviors that, in some sense, entail spending beyond one's means, relying on future income. This can be noted in the quest for psychological well-being through compulsive consumption, a behavior that is often rationalized as self-compensation for efforts and exploitation endured in the arena of production. Credit-borrowing practices are also key to addressing everyday economies in settings and social sectors where scarcity is experienced on a daily basis by most of the population. That is the case, for instance, in the Mexican rural economies described by Magdalena Villarreal (2008), where locals are forced to buy on credit the most basic goods while expecting to obtain their income at the end of the week, or in Matthew Desmond's (2016) account of poverty and precariousness in US cities, where the products of "fringe finance" (Ross 2014) or the "poverty industry" (Soederberg 2014), such as payday loans, are among the few resources available for the poor to make ends meet.

The emerging global debt society, as an outcome of this debt regime, depends on manufacturing ephemeral abundance during economic booms. The availability of credit is then constructed as a seemingly permanent abundance and a source of personal empowerment that fosters progress and endless growth, and indebtedness is promoted by means of aggressive lending practices and specific financial products targeting different categories of customers. During such phases, the debt economy/society is also the result of the failed consolidation of the Fordist promise, supposedly consisting of redistribution and the access to a culture of consumption that cannot be sustained by the actual wages paid to workers. The crisis brought about the imposition of austerity, legitimized by blame and uncertainty. The structural violence exerted by debt on people and their livelihoods is unveiled at that point through expropriation and foreclosures (Jefferson 2013; Martin and Niedt 2015).

A comprehensive account of the economic, political, and social dimensions of debt shows how the accumulation of financial capital keeps reproducing itself and its indebted subjects, in situations of both prosperity and crisis (Piketty 2014). This negates the common-sense assumption that it is during prosperity when capitalism seems to work, and then overaccumulation crises prove its failure. In moments of profound economic upheaval like that of 2008, the workings of capital accumulation are not reconsidered but consolidated.

Ethnographies of indebtedness

Debt and credit relations, as well as the implications of indebtedness for the distribution of resources and for the reshaping of social structure and power relations at several scales, including the household, the firm, and the state, have not only been the object of theoretical reflection. Several ethnographers have also recently identified indebtedness as a key means of understanding people's living conditions, concerns, and struggles under contemporary capitalism: among those are Daniel Knight's (2015) account of the Greek experience of the current economic crisis, and Clara Han's (2012) description of moral and economic debts in a poor neighborhood of post-Pinochet Chile.

Beyond the objective features of debt and credit relations, ethnography allows us to address their ambiguity as they shape the lived experience of debtors, especially with respect to moral valuation. On the one hand, as long as it remains a source of abundant capital, assets, and other forms of access to circuits of commerce at multiple scales, credit may be experienced as a promise of independence and improvement for indebted subjects, an empowerment tool: the "American dream." According to this so-called dream, individuals are constituted as self-regulating and self-sufficient entrepreneurs or investors who are seen to become empowered by boldly assuming risks in their economic decisions and who thus reject dependency on state subsidies or on humanitarian aid. That is the case for mortgage borrowers in Western countries who base their decision to purchase a home as a way to accumulate assets for the future in the context of the rollback of public welfare (Maurer 1999). It is also the case for microfinance clients in the Global South, for whom microcredit is presented as an opportunity for entrepreneurial empowerment, as an all-purpose economic and ethical silver bullet that fights poverty and underdevelopment's vices and evils, such as those stereotypically seen to inhere in abusive husbands, broken families, and disempowered political constituents (Elyachar 2002).

On the other hand, especially during economic crisis where fabricated abundance is replaced by fabricated scarcity, debt can also be experienced as a factor of dependence, powerlessness, and subordination. As debtors are confronted with the threat of default as a result of overindebtedness and financial distress, the role of debts as generators of exclusion and inequality is unveiled. Debt is also a powerful incentive to motivate people to work for less, to effectively deregulate the labor market.

In both kinds of scenarios, debt crises are followed by an intensification of discourses emphasizing the moral and legal obligation to repay (Graeber 2011), which paves the way for the legitimation of neoliberal political measures such as structural adjustment and austerity. Also at the level of individuals and households, pressure is exerted so that debtors prioritize their financial commitments over other pressing needs and continue to observe the rigid stipulation of debt repayments despite the changing contexts brought about by unemployment, illness, and other adverse circumstances. This strong-arm imposition of neoliberal policies results in the transgression of moral economy principles that used to govern debt and credit relations as they were practiced in noncapitalist or pre-neoliberal contexts (Guyer 2012) and whose fragility was not perceived so blatantly in past, more prosperous years.

Frontier subjects: Microfinance at Peru's "last corners"

The 20 villages of Peru's Caylloma Province occupy a zone of sharp peaks, craggy slopes, and winding unpaved mountain roads in the Southern Andes. This geography was once a forbidding frontier, even with Arequipa, Peru's sprawling second city, only about 150 kilometers away. Starting in 1985, a national nongovernmental organization called DESCO (Center for Studies and Promotion of Development) saw these rural highland communities as an impoverished frontier space into which national markets had yet to penetrate. They sought to integrate these rural highland communities into the broader national economy. DESCO, and a growing group of organizations that arrived in its wake, found the most feasible way to do this was by creating a credit economy and, with it, a new class of indebted subjects.

The NGO would connect Caylloma to the rest of Peru through debt. DESCO brought microfinance to the region an essential aspect of its conquest of geography. It laid the groundwork for what has become, today, a thriving credit/debt economy. In 1994, DESCO helped establish the Colca Valley's first and still most prominent microcredit institution, the NGO Fondesurco (Southern Regional Fund). Since then, a flurry of other microfinance NGOs and credit cooperatives have entered the bustling streets and alleyways of Chivay, Caylloma's provincial capital, animating the busy market town with a new flock of knowledge workers, financial entrepreneurs, and employment opportunities.

Fondesurco's mission statement suggests an effort to extend the financial frontier: according to the 2014 version of its website, it seeks to "achieve social inclusion, for which [the organization] prioritizes access to credit for people excluded from the financial system, for people that live in conditions of poverty" (see Fondesurco 2019). One 2014 promotional post on its website titled "Fonddesurco: First in Financial Inclusion" indicated that the NGO prides itself in "taking microcredit to those areas where before, nobody would dare go," repeatedly referring to Peru's "most obscure places." The staff interviewed at Fondesurco would use similar phrases evocative of the frontier discourse that accompanies the expanding credit/debt economy, referring to their ability to access the últimas *esquinas*, or "last corners," of Peru, with the Spanish word *última*, like the English "last," evoking distance in both space and time. This creates a certain category of moral subject in the Colca Valley: residents of that "most obscure place" are framed as not only unbanked but also ungoverned, morally incomplete, not self-realized as inherently entrepreneurial, and lacking the economic knowledge to render themselves truly independent (Elyachar 2002; Roy 2010).

Today, taking out a small credit, and going into what institutions see as manageable amounts of debt, is widely presented as economic common sense, a default move for anyone interested in advancing their economic situation anywhere in the world. In Peru's Andes, credit is frequently posed as a strategy that stands in contradiction to seeking handouts from the government in a way that legitimates the state's thin presence as a support for local safety nets. Colca's municipal budgets are otherwise extremely stressed; mayors are engaged in a constant effort to secure competitive government agency and foundation funding for local projects. Given the palpable absence of the state in Colca's villages, DESCO staff would make their rounds through village meetings and civil society events, arguing that all people should be taking out credit as a rule. Thus, just as the institutional and conceptual infrastructures of neoliberal credit/debt was a means of taming a rugged geography, and of pulling Peru's residents into national circuits of commerce and asset exchange, indebtedness also became a form of governance, a means of disciplining these ideal subjects of development.

This neoliberalizing frontier ideology engaged NGOs like DESCO to justify the state's relative absence by framing all Cayllominos as potential entrepreneurs who did not need government support to become economic agents. The key problem of development was not framed as poverty due to broader histories of uneven development and expropriation. Rather, from credit-supplying and credit-promoting NGOs, development's principal challenge was one of untapped potential: some villagers, according to this framework, did not realize their entrepreneurial spirit was locked within themselves. With a small amount of financial help, they could tap into that potential for cultivating their own human capital, creating additional jobs, and contributing to the rural economy.

The frontier discourse of microfinance, and the financialized (read: indebted) entrepreneurial subjects it creates, is rooted in an institutionally supported desire to render indebtedness a total social fact, promoting and expanding it to the point of becoming ubiquitous in daily social life. As debt becomes a total social fact through the abundance of credit, independent and indebted entrepreneurs serve both to justify the state's absence and to create profit and legitimation for the region's burgeoning rural microfinance institutions.

Do these institutions simply seek to exploit and deprive rural people? Microfinance certainly consolidates the fundamental structures of a market-driven economy in which neoliberal states like Peru exchange what were once their welfare obligations for a form of subject-making in which they instead can only be expected to provide the basic, bare-bones conditions for people in need to rescue *themselves* through the magic of entrepreneurship. However, we must also see microfinance as many Colcans do: it is an ambiguous, and not entirely sinister, process. The intentions behind microfinance were not only to spread capitalism in a place where the state was absent but also to democratize capitalism's emancipatory potentials, as made famously clear by Muhammad Yunus and his Grameen Bank, the inventors of microfinance (Roy 2010).

On the ground in Caylloma, if DESCO branded the credit economy as a relatively simple means of achieving economic integration, then credit and debt were also explicitly framed as a response to the specter of the government handout and the stereotypically dependent Andean villager. The 1990s government's largesse at community and individual levels (from building schools to distributing bags of rice), according to the story many staff members of DESCO, Fondesurco, and other microfinance projects would tell, resulted in the creation of a mass of dependent subjects who temporarily lost the ability to take care of themselves. This phenomenon is pejoratively labeled *asistencialismo* in Peru, which suggests a crippling impulse to sell out one's vote, one's independence, or one's agency to the organization or political party that offers the most in the way of easy gifts. Today, to call someone *asistencialista* is an insult by NGO workers referring to an allegedly chronic dependence on handouts. This syndrome of dependence or assistance addiction is posited as the polar opposite of virtuous individualized and independent entrepreneurship.

Asistencialismo tells us something about the central place of the indebted subject in neoliberal development today. These projects replace individual and household dependence on the *state* with a dependence on *debt* and a condition of indebtedness. Credit's ability to discipline daily life at a capillary level is exemplified by Rogelio Taco, a participant in one of DESCO's youth entrepreneurship initiatives. A program success story that spoke positively of the intervention, Rogelio's description of the NGO's regular surprise audit visits to the site of his guinea pig breeding enterprise displayed credit's ability to remake ordinary subjectivity through discipline:

> Honestly, [the surprise visits] are good. One doesn't know when they will arrive, and they find you, and it teaches you that you constantly have to be there with the project, and constantly with your business; it's not that you can hide. Because if [the NGO] says, we're going to visit all your sites at this particular time, then you make it pretty for the one day and that's it.

The promise of potential profit, and thus the potential ability to repay a debt, ideally rises to a continuous obsession that dominates the behavior of participants in DESCO's project. In other words, indebtedness is not only an economic condition but also an everyday sensibility.

A briefer negative comment captures a distinct dimension of the role of indebtedness in Colca's daily routines. Gerardo Huaracha, an elderly entrepreneur and occasionally indebted client of Caylloma's microcredit agencies who has lived in his Colca community for most of his long life, once tersely described a village landscape increasingly dominated by cement block homes instead of the more historic adobe: "Look at this place. All loans." There, he remarks on a speculative landscape of cookie-cutter homes funded by proliferating debt, placing it in his moral judgment as both aesthetically foreign and as symbols of a precariously fabricated abundance. Colca's new cement block homes show a remarkable resemblance to the structures at the center of Spain's mortgage crisis. Credit and debt are more than a way to become economically "empowered," according to their booster NGOs and banks. They are the only option. In this way, microfinance is revealing of deep structures of indebtedness that connect the supposedly "empowered" subjects that are Caylloma Province's aspiring entrepreneurs to Spain's mortgaged subjects.

Mortgaged subjects in Spain

The self-identification of middle- and working-class people as debtors—some of them facing considerable hardship—has gained an unprecedented saliency over the last years of economic crisis in Spain. This has happened after a period of apparent prosperity, shaped by the housing and credit bubble that started in the 1980s and abruptly ended in 2007 (López and Rodríguez 2010). During that period, indebtedness—due to mortgage loans, credit cards, or other financial products—was rarely seen as a burden or as a threat for domestic economies. Rather, there was considerable trust across social strata that prosperity would never be endangered. Possible sources of uncertainty were neglected: interest rates were expected not to increase, real estate prices were supposed to grow indefinitely, the possibility to work overtime was thought to be always available, and temporary jobs—millions of them depending on the building sector—were erroneously perceived as stable. These expectations, combined with the generalized belief that home ownership was the most advantageous form of housing tenancy (Allen et al. 2004)—a preference that, far from being the consequence of a Hispanic "culture of home ownership," had been promoted by financial institutions and real estate agents, as well as by fiscal policies, since the Francoist period (Naredo and Montiel 2011; Palomera 2014)—resulted in a situation in which being indebted was a self-evident condition, and, as such, it did not have much weight for the configuration of subjectivities and social identities. Under those circumstances, sacrifices made to repay mortgages—usually over 30- or 40-year periods—were perceived as acceptable by people who aspired to all the perceived advantages of owner-occupation: home building, spatial attachment, a source of material well-being, a guarantee for the future, and a gift for the next generation.

The accessibility of mortgage loans, the building boom, and the intensification of fiscal incentives had been reinforcing the tendency. Creditors aggressively offered loans in different market niches, targeting even the most vulnerable sectors of society (Suárez 2014)—including several millions of migrants who were arriving at the country at the time, and for which the purchase of a home entailed a promise of social integration, despite the strong discrimination they had to cope with in the real estate market (Martínez Veiga 1999). Even in situations where the high probability of insolvency was not so difficult to forecast, loans were not denied. High-risk lending, often including predatory practices (Nasarre 2011), gave way to the emergence of a subprime market, where loans were offered—at a high interest—despite the low chances of having them repaid. However, the economic breakdown experienced in the country since the advent of the crisis, with its dramatic impact on wide layers of the population, has unveiled a major social, economic, and political problem: generalized overindebtedness in a context of pervasive unemployment. The unsustainable burden of mortgage repayments has led to unprecedented rates of default and to a dramatic spate of home repossessions, affecting almost 740,000 properties from 2007 to the second trimester of 2017 (CGPJ 2017).

During the fieldwork we conducted in the metropolitan area of Barcelona between 2012 and 2015, where the testimonies of a variety of actors involved in mortgage indebtedness were collected, the prospect of being forced to stop repaying a mortgage emerged as a milestone in debtors' narratives. The moral strength of the obligation to repay debts and the suspicion that surrounds default accounts for the fear and shame entailed by such decisions. For many mortgagors, stating their will to quit repayments in front of a bank clerk entails an explicit renunciation of their former life project, which up to then had been turning around the access to home ownership. That was, for example, Nelson's case: in his words, he felt "as if I were a youngster again," as, 15 years after his arrival in Barcelona, and despite all his efforts working as a bricklayer, he lost his flat and was forced back to the tenant condition. In fact, debt refusal remains unthinkable for a period long after financial distress has appeared. It is during that period when workers make enormous efforts to keep their employment and any other sources of income, and to cut any other expenses—even the most basic ones—to be able to keep up with mortgage repayments. In so doing, they are exposed to increased exploitation and uncertainty.

Once the loss of the property is assumed, priorities are reorganized and attention is focused on survival and on the attainment of decent living standards. A new struggle begins to get rid of the debt—as the Spanish mortgage law does not cancel it after the dwelling has been lost—and to access an alternative shelter. This struggle is then highlighted in people's discourses, once owner-occupation has been discarded as an affordable possibility. Thus, mortgage overindebtedness—sometimes leading to default—not only endangers livelihoods in a material sense, regarding the access to housing and the satisfaction of other needs. It also constrains people's life projects and their chances for social inclusion, by subjecting them to the specific form of "government on life" imposed by perpetual, sometimes unsustainable indebtedness. Indeed, mortgagors often report their inability to plan or to decide on their lives even in the shortest term, as they are subject to the creditor's will. As Esmeralda put it:

> You give up planning your life. Thinking about tomorrow. Not even about next month. You cannot think; if you think about tomorrow, you go crazy. There was a time when it seemed that a family had some scope for action: I do this or I do that; then, depending on how things evolved, we went on making decisions . . . It was reversible. But now there is no choice any more. Properties are so devalued that you have no choice. Because, if I knew my problem would be solved if I sold the flat, I would rent another one elsewhere and that's it. Or I would move in with my parents-in-law. But the problem is that half the debt would still remain. I would find myself with no properties, paying a rent and repaying the mortgage loan.

The bank's actions depend on financial factors, completely out of debtors' control and often understanding, such as the management of bank mergers and takeovers; changes in legislation; policy variations among different geographical areas; the disposition, availability, and workloads of public defenders; judges' sentences setting court precedent; the dynamics of local real estate markets, etcetera.

As the Spanish experience shows, financial distress due to overindebtedness, irrespective of whether mortgagors eventually manage to avoid default, plays a crucial role in shaping people's subjectivities as debtors and, therefore, as subjects that are being forced to subordinate their chances of social reproduction to the workings of finance. The mortgage crisis in Spain has unveiled in a particularly salient manner the "rule of debt" that financialization and the generalization of credit borrowing to access basic resources has imposed on households under finance capitalism. Households find themselves under the disciplining forces that not only have the power to influence and put pressure on their precarious domestic economies but also are capable of shaping social and cultural processes leading to the emergence of indebted subjects (Langley 2009).

During the early years of the crisis, the feelings of shame and guilt attached to mortgage default contributed to the invisibility of defaulting debtors. However, as time went by and the crisis became chronic, the spate of repossessions was increasingly visible, and a variety of reactions among the affected population and among society at large were provoked. People's indignation in the face of the transgression of moral economy principles (Sabaté 2016) gave way to attempts at collective organization among mortgage defaulters. The anti-repossession movement Plataforma de Afectados por la Hipoteca (Coalition of People Affected by Mortgages—PAH), created in 2009 in Barcelona, is the most conspicuous example of such reactions. As one of its main goals, it has promoted an alternative narrative of the crisis (Colau and Alemany 2012) that questions the legitimacy of home repossessions, basing their critique on the irresponsibility—and even the illegality—of predatory lending practices, and on the disastrous social consequences entailed by the loss of the home and by lifelong indebtedness. The movement has succeeded in mobilizing and empowering a great variety of affected mortgagors and others who sympathize with them (Mir et al. 2013). Through different actions of civil disobedience and protests against financial institutions, it has gained broad support in civil society. The movement's ability to mobilize otherwise excluded groups around a common identity of victims of fraud, counteracting prior blaming processes and deconstructing their self-identification as defaulting subjects, is especially salient. The PAH has greatly succeeded in turning many of its members into empowered social actors who are struggling to overcome its previous stigma and invisibility (García Lamarca 2017; Suárez 2017). It remains to be seen whether it will have enough traction to "de-mortgage lives" (García Lamarca and Kaika 2016) by neutralizing the "rule of debt" on indebted subjects.

Conclusion

In the past 40 years, debt, in the framework of the massive financialization of the world economy and of the household economies that compose it, has become an unavoidable factor of economic and political behavior and of the making of contemporary subjects. Debt is indeed a "total social fact." Like Mauss's gift, debt touches nearly every social institution—from reorganizing kinship structures to retooling forms of ritual to altering the way people understand their life projects to changing the way subjects imagine a polity.

Debt, however, is also much more. Its generalization as a framework of modern economic life has contributed to its transformation into a system of political domination that constrains citizens' behavior, as the vast majority of them are also debtors: governmentality through debt.

The ubiquity of debt and its de facto transformation into a governance tool is a multifaceted phenomenon. Collective indebtedness is achieved in many different ways. Households go into indebtedness when, perceiving a period of apparent stability and growth, they take on debts to obtain desirable goods and services that lie beyond the reach of their wages. Families also go into indebtedness when the revenues generated by wages or investments (like the ones conducted in a phase of apparent abundance) decline or stop altogether, or when public fiscal pressure increases. In periods of economic contraction, both types of debt result in different levels of state sanctioned violence over indebted households.

The tight regulation of contemporary debt and credit relations has subordinated debt interactions to a technocratic jurisdiction that obscures the depth of its social and personal reach. As a result, the experience of the debtor is materially shaped by processes taking place at a very abstract level—that of global financial markets—that are beyond not only the debtor's control but also their perception and understanding. In this sense, the illegibility of debt and credit relations in the era of financialization aggravates the powerlessness of debtors and serves as a legitimation for the creditor's claim on all of the debtors' resources, including not only what they actually have left but also what they can manage to mobilize through their social networks—on the basis of moral obligation, as well as their potential future income—relying on their ability to sell their labor power.

Our examination of two distinct ethnographic settings provided in this article allows us to identify common trends across the North-South divide. In both cases, debt spreads as a tool to materialize hope of a better future (homes in Spain, small-scale development in Peru). This tool, however, depends on the vagaries of international and regional markets without concerns for the local realities of its debtors. The result is a devastating level of unredeemable indebtedness that pushes households to situations of even higher dependence or marginalization than the pre-debt situation. This vulnerability makes political and economic subjects extremely malleable, willing to work for less and with little or no political agency. The structural violence exerted on debtors is not always visible. It is only unveiled during crisis periods. But, at that time, it tends to be depicted as an inevitable anomaly, a catastrophe due to exceptional circumstances, rather than a systemic feature of financial capitalism.

The ascendance of debt is achieved through highly effective discursive mechanisms. First, debt emerges as a seeming good because it is a means to "democratize" capitalism by materializing the promise of independence and improvement to all (through entrepreneurialism and consumption). It articulates the expectation of inclusion and upward mobility (for the poor in the North) or "development" through credit (for Southern countries). In this iteration, credit embodies the powerful trope of modernization and progress. And second, the credit-debt pair is established as a sacred relationship that embodies the viability of society (and households) itself. If a country, or a household, has good credit, they will remain part of society. Otherwise, the inability to return a credit questions that society's entire moral schema. Debt, thus, is a fundamental obligation that generates dependence and guilt, even as its boosters suggest that credit—debt's friendlier face—is the only form of true independence in a market economy. Debtors (particularly defaulters, or those at risk of entering default) are blamed for their irresponsibility in borrowing too much and for their inability to meet their financial commitments.

Debt's complete life cycle cannot be understood without the succession of periods of fictitious abundance followed by periods of equally fabricated scarcity. Fictitious abundance expresses itself as booms on profit expectations, as it happens in urban real estate markets, where people are made to believe their ever-growing equity potential will indefinitely cover what at the beginning is considered ephemeral debts. Fabricated scarcity emerges, for instance, when Spanish citizens are forced to pay their taxes to cover the losses three banks incurred as a result of their aggressive, high-risk lending practices. This sudden scarcity legitimizes the imposition of austerity measures and the disciplining not only of defaulters but also of the citizenry at large.

Nevertheless, this should not lead us to assert a supposed homogeneity of all debt and all debtors. In both examples, inequalities and power relations intrinsic to capitalism are reinforced—and, to some extent, reshaped—by the violence exerted on subjects through debt. Subjects in different positions within the structure of capital step into indebtedness—and therefore acquire their subjectivity as debtors—in distinct conditions that, in turn, strongly shape their chances to be able to repay, to keep debt at a sustainable level, or, if a less tenable fate is in order, to obtain debt relief or to secure their livelihood once they are in default. This is how, we contend, debt and credit relations contribute to the reproduction of financial capitalism on a global scale. All in all, debt is a globalization driver and indebted subjects are its fodder.

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Ismael Vaccaro is Associate Professor of Anthropology and Environmental Studies at McGill University. His research focuses on the political ecology of landscape and conservation, property theory, and the political economy of post-industrial regimes.
Email: ismael.vaccaro@mcgill.ca

Eric Hirsch is Assistant Professor of Environmental Studies at Franklin & Marshall College. His research examines the relationship between extractive and sustainable development.
Email: eric.hirsch@fandm.edu

Irene Sabaté is Lecturer at the University of Barcelona. Her research interests include the political economy of cities and housing; work, provisioning, and social reproduction; debt and credit relations; and financialization.
Email: sabate.irene@gmail.com

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