

**(De)mortgaging lives:  
Financialisation, biopolitics and political subjectivation  
in the Barcelona metropolitan region**

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## List of Acronyms and Key Terms

CGPJ: General Council of the Judiciary (*Consejo General del Poder Judicial*)

EU: European Union

EMF: European Mortgage Federation

FAB: Bank Asset Funds (*Fondo de Activos Bancarios*)

FROB: Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*)

FTA: Asset Securitisation Funds (*Fondo de Titulización de Activos*)

ILP: Popular Legislative Initiative (*Iniciativa Legislativa Popular*)

IMF: International Monetary Fund

INE: National Institute of Statistics (*Instituto Nacional de Estadística*)

LAU: Urban Letting Act (*Ley de Arrendamientos Urbanos*)

MoU: Memorandum of Understanding

PAH: Platform for Mortgage Affected People (*Plataforma de Afectados por la Hipoteca*)

REIT: Real Estate Investment Trust

RMBS: residential mortgage backed security

SAREB: Management Company for Assets Arising from Bank Reorganisation  
(*Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria*)

SOCIMIs: Spanish REIT (*Sociedades Anonimas Cotizadas de Inversión en el Mercado*)

TAIFA: critical economy group based in Barcelona

VPO: State-subsidised housing (*Vivienda de protección oficial*)

*Banco de España*: Bank of Spain

*Barracas*: shacks or shantytowns, widespread across Spanish cities from the 1920s-1970s

*Caixa* (Catalan): colloquial for savings bank (*caixa d'estalvis*)

*Caja* (Spanish): colloquial for savings bank (*caja de ahorros*)

*Dación en pago*: mortgage debt cancellation in exchange for returning the house to the bank

*Ministerio de Fomento*: Ministry of Public Works

Mortgage-affected: people unable to pay their mortgage, either facing or having experienced foreclosure and eviction



## **ABSTRACT**

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This thesis focuses on one instance of housing financialisation, mortgage debt and political subjectivation through considering the mortgaging and demortgaging of life in the Barcelona metropolitan region from 1997 to 2014. My original contributions to knowledge are illustrating how the financialisation of housing equates to the financialisation of life; operationalising a biopolitical reading of mortgaged homeownership and showing how political subjectivation is not an act or event but an accumulation of learned practices 'from below'. A heterodox, Marxist-inspired political economic perspective and ethnographic engagement with (formerly) mortgaged homeowners in the housing rights movement the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan region are used to explore the mortgaging and demortgaging of life. To consider the former, I connect the political economic processes driving the financialisation of housing during Spain's 1997-2007 housing boom to the lived experience of people unable to pay their mortgage, facing foreclosure and eviction, in the Barcelona metropolitan region. In other words, I weave together the macro processes and micro realities underlying the mortgaging of life. To understand the demortgaging of life, I consider the processes of political subjectivation of mortgage-affected people through their collective struggles with the PAH to get their mortgage debt forgiven, to block evictions and to occupy empty bank-owned housing, among others. The thesis sheds light onto how life becomes a key component of (urban) capital accumulation strategies, and thus the development of urban futures, and how financialised and biopolitical technologies of power related to (mortgage) debt can be disrupted.

## **Declaration**

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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**Note on Translations**

All translations from Spanish texts and interviews are by the author, and any errors in translation are solely her responsibility.

## CHAPTER ONE

### Mortgaging and demortgaging life

#### 1.1. Introduction


“Just as wage conflict was the great strife of the industrial era, the struggle over debt is shaping up to be frontline battle of the years to come. Not because wage conflict is over (it never will be) but because debts, for most people, are the wages of the future, to which creditors lay claim far in advance.”  
(Ross, 2015, p. 14)

Being in debt has become a relatively common condition, be it for nation states, cities, households or individuals. For the latter two groups, one of its most pervasive day-to-day forms is mortgage debt, constituting 74% of household debt in the Global North and 43% in the Global South (McKinsey Global Institute, 2015). Residential property and the mortgage debt it entails is the largest asset in most people's lives in the Global North, and one of the largest financial assets in most economies (Schwartz and Seabrooke, 2008). In 2013, outstanding mortgage debt was €7.8 trillion in the US and €6.6 trillion in Europe, with the UK, Germany, France, Netherlands and Spain holding the top European positions (EMF, 2014). Mortgage debt thus plays a vital role in the broader political economic configuration. At the simplest level, it binds people to continuously generate surplus value in order to deposit monthly mortgage payments far into the future.

Debt – mortgage or other – is also a key tool to connect the present to the future, fundamental to ensure the smooth operation of capitalism. As Bifo (2012) notes, debt is a promise; it is future time. Debt is built through, and operates upon, social relations. And debt 'works' because we are deeply socialised to follow the rules, to always repay our debt. An important body of work in recent years has contributed to broadening our understanding of the social and cultural dimensions of debt relations (e.g. Graeber, 2011; Lazzarato, 2012; Palomera, 2014a; 2014b). At the same time, despite poor or stagnating wages, many of us are being consciously or unconsciously instilled with a financial calculus, encouraged to invest as rational economic actors and with the logic that “the future can be made secure by constant improvement of present household finance” (Martin, 2002, p. 2). But how is this process of becoming enrolled in debt lived and experienced by people? And what happens when deep-seated subjectivities and cultural social norms that dictate to always repay our debt crumble down, as people become unable – and unwilling – to act as the 'proper' financial subject?

This thesis considers these questions in relation to housing, during Spain's third and most extensive housing boom from 1997-2007 and the post-2008 crisis period. Drawing upon ethnographic material, the thesis investigates two interrelated processes. First, the aspirations and expectations involved in obtaining and subsequently living with mortgage

debt during an economic upturn and housing boom. Second, the collective urban social struggles to liberate people from the consequences of mortgage debt defaults and to secure housing equality during times of crisis and precarity. In short, the thesis is about mortgaging and demortgaging life. I explore these concepts through both a heterodox, Marxist-inspired political economic perspective and ethnographic engagement with (formerly) mortgaged homeowners in the housing rights movement the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan region.

At the broadest level, through unmasking the mortgaging of life I seek to understand how financial speculation with life itself is both lived and embedded in the dynamics of (urban) capital accumulation, digging deeper into the idea of mortgages as a “secondary form of exploitation” (Harvey, 1982, p. 285). The thesis extends understandings of how this process impacts life, bringing to light other elements of domicile (Porteous and Smith, 2001) or root shock (Fullilove, 2001), concepts that relate to the human consequences of the destruction of the home. And in considering how life can be demortgaged, I aim to better apprehend how collective struggle can rupture the debt-driven homeownership model that dominates in Spain and beyond. The intellectual and political importance of this task is underlined by the role that debt increasingly plays in everyday life, as it becomes increasingly embedded in new capital accumulation strategies from those grounded in expanded reproduction and labour exploitation, to strategies rooted in rent extraction. nce debt relations may well become the socio political battleground of the future, understanding debt dynamics and how they can be disrupted is of critical importance (Ross, 2015).

The idea of (de)mortgaging life that drives the focus of this thesis was inspired by “Mortgaged Lives” (Colau and Alemany, 2012), the title of a book written by two of the PAH’s co-founders. It is also stimulated by the extensive writings and reflections of other PAH activists (e.g. Adell et al., 2013; Colau and Alemany, 2013; Colau, 2013; Jiménez, 2013a; 2013b; Llonch, 2013; Macías, 2013; Sorinas, 2015), as well as my research and engagement in the movement. Through this thesis, I seek to expand both political and theoretical ways of understanding the dynamics of (de)mortgaging within and beyond the Spanish case by approaching it through three lenses: financialisation, biopolitics and political subjectivation. The first lens, financialisation, is used to more deeply understand the role that housing plays in aggregate capitalist dynamics, providing insights into the interplay between the production of the built environment, finance and mortgaged homeownership, towards uncovering how life is subsumed into the circulation of capital. Biopolitics helps consider the role of the population, the state and the market in this process, to think through how mortgages act as regulatory and disciplinary mechanisms to maintain and stabilise the reproduction of the status quo. And finally, political subjectivation is used as a framing device to consider how financialised and biopolitical housing relations can be ruptured, and how political subjects are created through this process.

Before I further elaborate the objectives and specific research questions driving my inquiry, I shall first underline where the research is situated, and why it matters.

## **1.2. 'Securing' a home? Housing under neoliberalism and financialisation**

Housing is a basic need, something that every human being needs to survive and thrive, but it is far more than just shelter and a home. It affects the structure of consumption in general in terms of its potential to stimulate investment and accumulation (Harvey, 1978). Housing also has many qualities that make it an ideal object of speculation. Aside from having use and exchange values similar to other commodities, it can be an investment and an asset for the capitalist that produces it and the homeowner that 'consumes' it (Ivanova, 2011). Particularly in the past decade, the tension between housing as a basic need – whose affordability is fundamental to the reproduction of capitalism and its social relations (Aalbers and Christophers, 2014) – and as an object of speculation has generated a paradox in many parts of the world. Despite the universal need for housing, and countless international declarations and national constitutions proclaiming the right to decent and affordable housing, increasing numbers of people face eviction or housing insecurity, the latter referring to the inability to access affordable or stable housing. This is highlighted by the former UN Special Rapporteur on the right to adequate housing upon her visits in the US, Spain, Mexico and Kazakhstan respectively:

“Millions of indebted or foreclosed homeowners, the 'subprime' victims of a decade-long credit boom; empty neighborhoods, depopulated towns and bankrupted new developments; protesters occupying the streets and public spaces for months; a hunger strike by owners deprived of their promised apartments — scenes from different cities and regions at the end of the first decade of the twenty-first century.” (Rolnik, 2013, p. 1058)

However, just ten years earlier housing “represented one of the most dynamic new frontiers of late neoliberalism during the decades of economic boom” (ibid.). This was certainly the case in Spain. Here, an unprecedented housing boom took place from 1997 to 2007, as over five million units of housing were built while housing prices increased over 200%. The built environment extended far further and deeper than previously thanks to the deregulation of housing, mortgage and land markets, both mediated and compounded by various phases of EU integration. The “urbanisation tsunami” (Fernández Durán, 2006) paved one quarter of Spain’s land area, as the country was the European leader in cement consumption (Naredo et al., 2008). Despite the reality of declining real average wages, financial entities granted over 9.4 million mortgages during the boom as the financial sector, public administration and media actively promoted housing as a safe investment whose value would never decrease. Building on the Franco dictatorship’s drive to create “a nation of homeowners, not proletariats” from the late 1950s onwards, albeit under a different context and using different

strategies, homeownership came to characterise almost 85% of the Spanish population by 2007, one of the highest rates in Europe.

In Spain, as well as a handful of other countries such as the UK, US, Denmark and Norway, real estate lending increased dramatically over the second half of the twentieth century, constituting around two-thirds of all bank lending in 2007 (Jordà et al., 2014). In many of these countries credit was plentiful and interest rates were at historic lows. Securitisation, the “financial instrument of the future” (Kothari, 2006), was an apparently magical tool to fuel mortgage lending and the continued expansion of the built environment, as banks packed mortgage loans and resold them on secondary markets to generate liquidity. Indeed, the Bank of Spain (2007, p. 19) hailed securitisation as “one of the main revitalising elements of international financial markets.” It was also one of the key mechanisms driving the financialisation of housing, whereby the importance of the mortgage finance market came to rival or surpass the actual production of housing itself as fictitious capital increased in its scope and prevalence within the accumulation of capital (Aalbers, 2008; Fine, 2013). Securitisation often went hand in glove with the deregulation of housing finance systems and the restructuring urban housing markets in detriment of social housing and rental protection, actions characteristic of broader processes of neoliberalisation (Brenner and Theodore, 2002; Peck et al., 2009; Schwartz and Seabrooke, 2008; Rolnik, 2013).

“Mortgaged lives” (Colau and Alemany, 2012) were of course essential to increase mortgage lending, indispensable to ensure securitisation’s success. But mortgages were granted extensively under increasingly precarious conditions of life. In the US, Bellamy Foster (2006) highlighted the “growing squeeze” on wage-based incomes, as real wages have been sluggish for decades: the typical household’s real income fell for five years in a row through 2004. A similar story of job precarity manifested in Spain. During the years of the housing boom around 30% of new contracts were for short-term or temporary employment, while average salaries fell by 10% in real terms, as 40% of wage earners barely earned a monthly salary of one thousand euros (López and Rodríguez, 2010). With social housing and rental protection waning, low and medium income people increasingly turned to mortgage debt to meet their housing needs, leading to a form of “privatised Keynesianism” (Crouch, 2009). That is, private (household) debt replaced public demand management in stimulating the economy. Hand in hand with this shift was the pervasive promotion of an entrepreneurial, individualised responsibility to meet housing and other social needs through finance (debt) (Martin, 2002; Lazzarato, 2012). The growing individuation of risk led to people relying on (mortgaged) homeownership “as a substitute for social risk-sharing mechanisms” (Schwartz, 2012, p. 53). A system of debtfare, rather than welfare, has emerged as loans become key to meet social needs (Hardt and Negri, 2012; Soederberg, 2014). Social reproduction has thus started to be increasingly financed through private debt in ways that recreate existing



inequalities, resulting in the intensification of social insecurity (LeBaron and Roberts, 2012; Roberts, 2012).

The US subprime mortgage debacle and ensuing global financial crisis in 2008 materialised this reality for many. Indeed, the crisis made evident the failure of both the state and the market to provide a secure reproduction of our lives (Midnight Notes Collective, 2009). A key element behind both crisis and failure has been extending the subjection of people to the logic of capital from the productive sphere, where the traditional labour-capital relation takes place, to relations of circulation and reproduction (Harvey, 2012; Negri, 2015). The repercussions of this process clearly emerged as crisis hit. For example, with the bust of Spain's real estate boom unemployment skyrocketed to over 26% and housing became a massive point of contention as many became unable to pay their mortgage. Unbeknownst to most households upon signing their loan, Spain's Mortgage Act does not cancel the entire debt of a mortgaged household if the auction price of the home does not cover a household's outstanding mortgage debt and legal costs upon foreclosure and eviction. With plummeting housing prices, hundreds of thousands of people are being left with a debt for life. Nearly 600,000 foreclosures took place across Spain from 2008 to 2014 inclusive, and 378,693 eviction orders have been issued (CGPJ, 2015a; CGPJ, 2015b) – while 3.5 million units of housing lay empty and the financial system has been bailed out with tens of billions of euros of public funds.

This situation has generated a political battle that cuts to the core of the neoliberal and financialised system. In Spain and elsewhere the question boils down to the nature of democracy and social reproduction: on whose terms, for whose benefit and, above all, in what system? These were some of the concerns of the *indignados*, hundreds of thousands of whom occupied plazas in cities throughout Spain on 15 May 2011 to contest the way the Spanish state, arm in arm with the EU, prioritised the rescue of the financial system rather than the people. This heated period of plaza occupations fuelled the growth of local branches of the Platform for Mortgage Affected People (PAH) across Spain, founded in 2009 in Barcelona as a grassroots process to unite and collectively find solutions to homeowners facing foreclosure, eviction and a debt for life.

The political battle is also unfolding at the subjective level, the focus of this thesis, as biopolitical technologies of mortgaged homeownership that regulate and discipline are broken, as people no longer can be – and, then, no longer *want* to be – a financial subject. This is occurring as countless people move through a process of shame, guilt and fear over not being able to pay their mortgage debt, to unite with others in the same situation, denouncing the housing boom as a scam and fighting to liberate themselves and others from their mortgaged lives. Housing, and (urban) life, has thus emerged as a key terrain of struggle.

As housing therefore increasingly became an object of speculation and a strategy of capital to appropriate rent, the paradox between the universal need for housing and increasing housing precarity has deepened. Speculation with housing, and with life, generated a global financial crisis, but the dynamics underlying the crisis have laid bare the true nature of 'securing' a home through market mechanisms: neoliberal and financialised housing models could not only fuel apparently 'stable' routes for capital accumulation but could also completely destabilise millions of lives and the entire global financial system. Better understanding the lived dimension of financialised housing dynamics, as well as movements arising from those directly impacted by these models, can provide clues to theoretically and politically deepen critiques and alternatives to the financialised housing model, towards equal access to housing for all. In an interchange with Hardt and Negri, Harvey (2009, p. 213) states that "critical engagement with how subjects and subjectivities are produced is essential if we are to understand revolutionary possibilities," something for which classical Marxism was not adept enough. It is in this context, and in this spirit, that this thesis situates itself.

### **1.3. Research objectives, questions and original contributions**

Building from a historical geographical, materialist and ethnographic reading, this thesis has two objectives. The first is to draw together the expansive political-economic processes driving the financialisation of housing in Spain and the lived experience of mortgage-affected people in the Barcelona metropolitan region during the 1997-2007 housing boom and its post-2008 bust. Mortgage-affected refers to people unable to pay their mortgage, either facing or having experienced foreclosure and eviction. This objective seeks to theoretically and empirically elucidate how the financialisation of housing is intimately connected to the financialisation of life, and to unpack the ways in which the biopolitics of mortgaged homeownership operates at multiple levels, from broader political economic dimensions to the level of the body. In an attempt to address the tendency to either overlook the everyday or see it as simply determined by the macro-structural transformations of capital (Allon and Redden, 2012; García-Lamarca, 2015; 2016a; 2016b; García-Lamarca and Kaika, 2015; Langley, 2007), the thesis systematically explores the macro processes and micro realities underlying the mortgaging of life, in order to understand better both dimensions and their interconnection.

The second objective of the thesis is to more deeply understand processes that disrupt the financialisation of housing-life and the biopolitics of mortgaged homeownership in the post-2008 crisis period. It seeks to illuminate how processes of political subjectivation of mortgage-affected people develop through collective struggles with the most extensive housing rights platform in Spain, the Platform for Mortgage Affected People (PAH), to get

their mortgage debt forgiven, to block evictions and to occupy empty bank-owned housing, among others. Drawing on a Rancierian framing of rupture, it seeks to unpack how such struggles can disrupt financial or indebted subjectivities, towards emancipating – demortgaging – life.

These objectives drive two main research questions, each with their own sub-questions.

1. How does the financialisation of housing during Spain's 1997-2007 housing boom relate to the lived experience of mortgaged households who currently engage with housing rights platforms in the Barcelona metropolitan region?
  - What were the mechanisms and processes through which households' obtained their mortgage?
  - What were households' relationships with financial entities from signing and defaulting to present?
  - What were the resulting impacts on everyday life and the body?
  
2. How are financial/indebted subjectivities and financialised housing disrupted through housing rights struggles?
  - How is a collective struggle built from individually experienced housing problems?
  - What processes underlie the demortgaging of life?
  - What challenges do these processes face?

In responding to these questions, my thesis makes the following original contributions to knowledge.

First, it deepens understandings around the 'lived' dimension of financialised housing (Palomera, 2014a; 2014b; Halawa, 2015), particularly the role of life and the body that are under researched in the financialisation of housing literature. Here, I build on French and Kneale's (2012) concept of biofinancialisation in the context of housing-life financialisation, towards addressing a gap in the housing financialisation literature. In mobilising, both theoretically and empirically, political economy/post-Keynesian and financialisation of everyday life approaches, I propose that the financialisation of housing is deeply intertwined with, and cannot be considered separately from, the financialisation of life. This occurs as life itself is subsumed into financial rent extraction mechanisms through the circuits of urban capital accumulation. That is, life is not only proletarianised through the capital-labour relation in the sphere of production but also in the mortgage relation in the sphere of circulation, in a relationship akin to rent. Furthermore, empirical evidence suggests that despite race and class differences, all are proletarianised, albeit under and through differential conditions.

Second, towards better understanding the specific dynamics of subjecting life and the body in the context of financialised housing, I conceptualise, develop and operationalise a Foucaultian-inspired biopolitical reading of mortgaged homeownership. Mortgages are proposed as a technology of power to regulate and discipline life, serving to optimise a state of life and (re)production based in economic growth, maintaining the status quo. They furthermore ensure circulation and 'security' despite the contingency of life. Empirically I uncover the processes, strategies and relationships through which mortgages acted as a technology of power in the Barcelona metropolitan region, underlining their impacts on life and the body. This contributes to critically understanding the role mortgages play in securing/ensuring capital accumulation dynamics under neoliberal and financialised housing dynamics (Aalbers, 2009; Baldauf, 2010; Harvey, 1983; López and Rodríguez, 2010; Soederberg, 2015). Not only do mortgages create a population that has to produce in order to meet their debt obligations, but they also operate through a subjective process rooted in the perceived 'security' of the home. Finally, when securitised, mortgages ensure further value (rent) circulation in global financial flows.

Third, contrary to a Rancierian theorisation of political subjectivation that proposes the moment of rupture – the moment of the political – as an act or event, the empirical findings suggest that it is a process, meaning that the political moment occurs in and goes beyond an event/act. Specifically, I propose that it is an accumulation of learned practices 'from below'. Struggles to demortgage life turn the distribution of the sensible and dominant technologies of power on their head and create new ones through collective organising processes and material socio-spatial disruptions to enact equality for those who have no part, turning mortgage-affected people from obedient "society-abiding" subjects – the indebted person (Lazzarato, 2012) – into political subjects (Davidson and Iveson, 2014; Dikeç, 2005). Empirical findings also highlight both the disruptive and propositional nature of political subjectivation, which subjectively, symbolically and materially upsets the financialised mode of urban housing production and proposes new ways of saying, doing, being and inhabiting. This process of political subjectivation, however, is uneven and unstable and faces its own context-specific challenges, with uncertain long-term outcomes.

#### **1.4. Structure of the thesis**

This thesis unfolds in eight chapters. Following this introduction, the subsequent two chapters detail the theoretical and methodological framework respectively. One historical and three empirical chapters follow, closing with a concluding chapter. An overview of each chapter follows.

Chapter Two elaborates the concepts at the core of my research: the financialisation of housing, the secondary circuit of capital accumulation, the financialisation of life,

proletarianisation, biopolitics and political subjectivation. Here, I seek to create a coherent framework for analysis in subsequent empirical chapters. Political and cultural economy readings of financialisation are brought together to think through how subjectivity, life and the body are deeply enmeshed in the financialisation of housing, where the latter embroils both the home and life itself. The biopolitics of mortgaged homeownership is conceptualised as a regulatory and disciplinary technology of power that seeks to optimise a state of life and (re)production based in economic growth – maintaining the status quo – through a combination of political techniques and ‘technologies of the self’ (*homo economicus*). Finally, in looking at demortgaging life, Rancière’s approach to rupture is used as a framing device to explore struggles for mortgage debt liberation. I consider the processes of political subjectivation to emancipate life, focusing on how the distribution of the sensible related to mortgaged homeownership and financial or indebted subjectivities can be disrupted as people presume equality in actions to rupture the inegalitarian realities underlying financialised housing.

Chapter Three details the research philosophy, engaged ethnographic approach and qualitative methods used to unpack my research questions. I justify why the Barcelona metropolitan region was selected as a case study, and how and why the Barcelona and Sabadell local branches of the housing rights movement the Platform for Mortgage Affected People (PAH) were approached as knowledge practitioners and situated sources to better understand processes of financialisation, debt and political subjectivation. The qualitative research methods that were used to collect data are outlined – participant observation, in-depth interviews, document review and a focus group – elaborating why and how they were the best tools to answer my research questions. In this chapter I also consider my positionality and ethics, as well as research challenges and limitations.

Chapter Four provides important historical and political economic background on housing in twentieth century Spain and Catalonia. It outlines the key historical, ideological and material processes around the promotion of homeownership and housing policy during Franco dictatorship (1939-1975), and illustrates how, under democracy, the groundwork was laid for Spain’s 1997-2007 housing boom. The way in which housing became a financial asset in this latter period is elaborated using data from statistics, secondary sources and interviews with bank employees, government technicians/representatives and academics. In this chapter I reveal how the production of housing and homeowners was continuously stimulated through different means but towards the same end: to create and maintain a specific social and economic order based in fostering growth through the production of the built environment and controlling/regulating the population through homeownership. This context provides key material to more deeply understand ‘actually-existing’ processes of financialisation of housing and of life in Spain during the 1997-2007 housing boom and its subsequent bust.

The subsequent three chapters constitute the core empirical analysis of the thesis. Chapter Five illustrates how the mortgaging of life was normalised during the 1997-2007 housing boom at the level of the population, where the increase in household 'wealth' masked a reality of indebtedness and job precarity, highlighting the existence of Spanish subprime mortgages. I approach the lived dimension of these elements by unpacking the specific conditions, mechanisms and relationships through which mortgaged homeownership adjusted the population to economic processes during the housing boom in the Barcelona metropolitan region. Towards understanding the nuances of "the population" I use empirical material to consider the way these dynamics unfolded and were (differentially) experienced through race and class. I uncover the ways in which mortgages acted as a tool to regulate and discipline the population, illustrating that human life and subjectivities were crucial components of the process to financialise housing, suggesting an interconnected process of financialising life. I argue that this occurs through and despite racial and class differences as mortgage holders are proletarianised as their labour and life is packaged into financial products and vehicles of financial speculation through debt repayments.

Chapter Six unpacks both the continuities and consequences of the financialisation of life during Spain's housing bust and the post 2008 crisis. It begins by unravelling the upheavals in and deep-seated restructuring of the Spanish financial system, considering what happens when the ever-increasing flows of fictitious capital underlying a financialised housing system stop flowing. First I look at how this was managed in Spain at the political economic level, and then at the level of households unable to pay their mortgage debt. The latter exposes the intricacies and consequences of *maintaining* mortgaged lives, uncovering mortgaged households' relationships with financial entities as they struggle to pay their mortgage debt amidst extensive unemployment, increasing monthly mortgage payments and plummeting housing prices. The set of regulatory and disciplinary techniques underlying mortgages are reconfigured as financial entities attempt to maintain rent extraction from mortgaged (under-/unemployed) households at any cost, with profound impacts on people's lives and bodies.

Chapter Seven investigates how the status quo that maintained a state of life rooted in the financialisation of housing and of life itself is ruptured when people accept to not do what is "expected" of them, as they stop paying their mortgage, fight for debt forgiveness and undertake actions to enact housing equality. Upon explaining the origin, emergence and demands of the Platform for Mortgage Affected People (PAH) in Barcelona and Sabadell, I unpack the PAH's main activities, specifically weekly collective advising assemblies and regular actions – blocking evictions, occupying/recuperating empty bank-owned buildings to rehouse families with no other housing alternatives and disrupting/occupying banks to demand solutions for mortgage debt forgiveness cases at a standstill – and consider how they can be understood as processes of political subjectivation. I aim to illustrate how

engaging in collective advising assemblies and direct actions to enact equality for those not part of the dominant system are co-constitutive dynamics that turn mortgaged financialised subjects into *political subjects*, a process that has its own challenges and tensions. This occurs through disrupting the regulatory and disciplinary power of mortgages, and fundamentally challenging their underlying dynamics of financial rent appropriation.

The concluding chapter, Chapter Eight, reviews the key theoretical, methodological and empirical findings of the thesis, reflecting on the main insights and what they mean for broader debt-life struggles in Spain and beyond. I will return to consider the contributions the thesis offers. Finally, considering the political and housing situation today in Spain, I will suggest areas for future research.

## CHAPTER TWO

### Theoretical framework: unravelling the (de)mortgaging of life

#### 2.1. Introduction

This chapter weaves together literature on financialisation, biopolitics and political subjectivation to unpack the core concepts that sit at the heart of this thesis – the financialisation of housing and of life, the biopolitics of mortgaged homeownership and processes of political subjectivation – into a framework for empirical analysis. In order to give relevant and politically significant theoretical insights into both the mortgaging and demortgaging of life, the chapter unpacks the relationship within and between two interconnected, contradictory dynamics. On the one hand, in the context of financialised housing, it aspires to connect the broader political economic dimension of housing to the lived experience of mortgaged homeownership by considering what technologies of power that regulate and discipline mortgaged homeowners might mean for subjectivity, life and the body. On the other hand, the chapter seeks to uncover what it means when a population that has been objectivised or proletarianised through the mortgaging of life in the context of financialised housing moves through a process of political subjectivation that disrupts the biopolitics of mortgaged homeownership.

The exploration of the first dynamic brings a biopolitical analysis to the fore. This is done through combining political and cultural economy readings of financialisation to conceptualise how subjectivity, life and the body are deeply enmeshed in the financialisation of housing, where the latter embroils both the home and life itself. It builds from an understanding that capitalism requires “the controlled insertion of bodies into the machinery of production and the adjustment of the phenomena of population to economic processes” (Foucault, 1978, p. 140). Mortgages are conceptualised as a technology of power to regulate and discipline life, thus optimising a state of life and (re)production based in economic growth, in other words a maintenance of the status quo, achieved through a combination of political techniques and ‘technologies of the self’ (*homo economicus*). This process is deepened when the mortgage finance market becomes an investment channel in its own right, increasingly disconnected from housing production (Aalbers, 2008) – in other words, when housing becomes financialised. Lives are thus proletarianised, and bodies subjected, not only through the labour process (expanded reproduction) but also through the circulation of capital in the (mortgage) debt relation.

The other dynamic this chapter seeks to unpack is the demortgaging of life, focusing on what happens when the people, “refusing to be the population, disrupt the system” (Foucault, 2007, p. 66). This is critical because mortgaging life is by no means a closed, simple nor uncontested process; Foucault (1978, p. 143), for example, underlines how life “constantly escapes” techniques that seek to govern and administer it, meaning that biopolitical



processes both encompass and generate struggles to reclaim 'surplus life' (Vatter, 2009). Through a Rancierian framing, it considers the processes of political subjectivation driving life-reclaiming forces (De Angelis, 2007), focusing on how the distribution of the sensible related to mortgaged homeownership and underlying financial or indebted subjectivities can be disrupted as people presume equality in actions to rupture the inegalitarian realities underlying financialised housing. Furthermore, some temporal and organisational questions in Rancière's post-foundational understanding of political subjectivation are laid bare. The exploration of these dynamics builds on the previously developed ideas exposed in looking at the financialisation of housing and life and biopolitics of mortgaged homeownership. All are explored in depth in subsequent empirical chapters.

Foucault noted that theory is like a toolbox, with appropriate instruments to decipher the logic of concrete social relations (Fernández-Savater, 2014b). The theoretical framework advanced here seeks to provide insights into the specific relationship between the financialisation of housing and the way the population is inserted into or moulded in this process, and how political subjects emerge through disrupting this regime of capital accumulation rooted in a finance-urban-population nexus. In the latter, with a view towards pushing beyond demands or claims-making that a social movement perspective can bring, I am particularly interested in understanding how processes of political subjectivation can challenge and even rupture, in a sustained fashion, the dynamics of financialised housing through acts that are not just reactionary but are also propositional. That is, they don't only act to discursively negate and contest existing dynamics but also *materialise* other ways of being, opening up the potential for emancipatory ways of relating and inhabiting.

The chapter is structured in three main sections. Each situates and unpacks the core concepts – financialisation, biopolitics and political subjectivation – and hones in to focus on how they relate to housing and mortgaged homeownership, including the intimate relation to subjectivity, life and/or the body. While each section builds off the previous, the conclusion provides reflections on the whole that are carried forward in subsequent methodological and empirical chapters of the thesis.

## **2.2. Financialisation: housing, mortgage debt, life and the body**

Financialisation is a term that has become increasingly common in the past decade. At the same time, its approaches are heterogeneous, uses multi-fold and precise definition often taken for granted. There are three broadly recognised schools that characterise how the concept has been employed during its relatively short history: regulation theory, critical social accountancy and the financialisation of everyday life (French et al., 2011). The first interprets financialisation as a macroeconomic phenomenon, defined by structural and systemic shifts in capitalism wherein finance-driven regimes of accumulation surpass production-driven

ones (e.g. Arrighi, 1994; Krippner, 2005), with some speaking of financialisation as an epoch in capitalism (see Sawyer, 2013). The critical social accountancy school focuses on financialisation as a new form of financial competition largely from a firm and household perspective (e.g. Froud et al., 2000; Williams, 2000; Hall, 2012). The third school, the financialisation of everyday life, moves from cultural economy approaches to unravel how the financial world becomes embedded in subjectivities and identities, as money and finance increasingly shape people's day-to-day (e.g. Aitken, 2003; 2007; French and Kneale, 2009; Hall, 2011; Martin, 2002; Langley, 2007; Wainwright and Kibler, 2014). Pike and Pollard (2010) also highlight two other approaches: the institutionalist and heterodox economic schools. The former emphasises the extent and nature of the increased power of financial interests and actors within broader institutional contexts that constitute predominantly national "varieties of capitalism" (e.g. Hall and Soskice, 2001) while the latter, connected to regulation theory approaches, is rooted in political economy and post-Keynesian perspectives towards retheorising the role of financialisation in contemporary capitalism (Blackburn, 2008; Bryan et al., 2009; Lapavistas, 2009; 2011; Fine, 2010; 2013).

While by no means neatly defined, significant differences exist between these schools in terms of their theoretical outlook (e.g. structuralist, actor-centred, culturalist, and economicist), empirical objectives and exploratory mechanisms (Engelen, 2008). Furthermore Christophers (2015) underlines that other readings of financialisation have proliferated in the past few years (see Aalbers, 2015; Pike and Pollard, 2010), and cautions the need to recognise various limits of the concept – alongside what, exactly, is the novelty of the neologism – that carefully need to be taken into consideration. Taking this into account, in this thesis I understand the financialisation of housing as the global expansion of speculative real estate investment through financial markets as a means to (temporarily) overcome the fundamental contradiction in the secondary circuit of capital (Aalbers, 2008; Harvey, 1978; Gotham, 2006). In this context, I propose that the financialisation of life is deeply connected to this process, as the fostering of financial subjectivities 'hides' the debt relation, as life and the body are proletarianised through the mortgage relation.

Towards bringing together political economy/post-Keynesian and financialisation of everyday life approaches, the next sections focus on "actually existing" financialisation (Coq-Huelva, 2013) related to housing and homeownership, encompassing mortgage debt, life and the body. The role of life itself and the body are arguably under researched in the financialisation of housing literature and critical to more deeply grasp because housing is fundamental for social reproduction and the social relations of capital, plus "the fact that social exploitation occurs *in and through* housing" (Aalbers and Christophers, 2014, p. 381). The following two sections thus unfold the main understandings of financialisation to be explored in subsequent empirical chapters, while the third section details the connections between them.

### **2.2.1. Financialising housing: from the secondary to the quaternary circuit**

In creating a framework to understand the urban process through accumulation and class struggle, Harvey's (1978; 1985) ground breaking work sought to delineate the process through which capital becomes urbanised. Grounded in Marx's *Capital* and taking inspiration from Lefebvre (2003), Harvey outlined the structure of three 'circuits' of capital that interact with each other within a system of production and realisation of value. The primary circuit, where the production of value and surplus value occurs, consists of the capital, labour power and means of production involved in the production process. This is the sphere of expanded reproduction. The secondary circuit is made up of capital flows into the built environment that support production (e.g. factories, railroads) and enable consumption (e.g. housing, parks). The tertiary circuit comprises investment in science and technology and in social expenditures, towards improving society's productive forces and ensuring social reproduction. Housing plays a particularly important role in the secondary circuit; it "is more than just shelter" (Harvey, 1978, p. 126) as it affects the broader structure of consumption, investment and accumulation.

Harvey highlights how one of the many contradictions of capitalism emerges in the primary circuit as capitalists have a tendency to act in their individual, not class, interest to maximise profit. A surplus of capital and signs of overaccumulation result, expressed by, for example, a glut of commodities or falling rates of profit. This problem can *temporarily* be overcome by 'switching' capital from the primary to secondary (or tertiary) circuit. Financial and state institutions play a key role in channelling capital into the production of the built environment through the control of the money supply alongside a credit system that can create fictitious capital – that is, "a flow of money capital not backed by any commodity transaction" (Harvey 1982, p., 265). Capital can also switch between different *places* within secondary circuit (Aalbers, 2011). While such 'circuits' may sound "uncomfortably structural and abstract", Aalbers and Christophers (2014, p. 379) underline how many housing crises have indeed been caused by overinvestment during housing booms. Indeed, because investments in the built environment are long-term and costly, they tend to occur in cyclical patterns of overaccumulation and underinvestment, and ultimately displace crises rather than solve them. Thus despite efforts to do so, the internal contradictions of capital cannot be overcome through fixing or displacing them in urban space.

Moving from this aggregate perspective, several authors drawing on Harvey's work (e.g. Beauregard, 1994; Haila, 1991; 2015; Soederberg, 2015) focus on the other side of the coin. They posit that the real estate sector has its own 'intrinsic dynamic', with overaccumulation intimately linked to profit-seeking, motivating capital to switch to the built environment. Others, furthermore, problematise and move beyond a focus on circuits to look at how capital switches between *opportunities* in the financial sphere or within the real estate sector itself, highlighting the key role of various agents (Charney, 2001) as well as the state

(Gotham, 2006). Such approaches are indeed useful as urban development is not a neutral or natural development but steered by agents who institutionalise certain developments, regulations and 'rules of thumb' (Aalbers, 2011). While the specialised system connecting agents who produce and maintain the built environment – landowners, developers, financial entities and the state – is driven in part by relations of distribution such as rent, interest and taxes, the dynamics creating such relations often lead to unresolvable tensions over the appropriation of (future) surplus value and result in speculative bubbles (Harvey, 1982). Harvey has thus also recognised that capital switching is not always a function of overaccumulation but has a relative degree of autonomy from the sphere of production and often derives from the needs of productive capitalists (Christophers, 2011).

Important for the work at hand is the role of financial innovations in recent decades, which have greatly facilitated the movement of money capital into the secondary circuit through capital switching and investment. Aalbers (2008) coined the term the quaternary circuit as a heuristic tool to depict this process. The quaternary circuit, embodied by tools like covered bonds, residential mortgage backed securities (RMBS) or real estate investment trusts (REIT) – tools discussed in depth in later chapters – are key in (temporarily) overcoming a fundamental and basic contradiction in the secondary circuit that defines modern capitalist urbanisation and uneven development, as defined by Gotham (2009). He underlines how on the one hand real estate is illiquid, spatially fixed and immobile, relatively durable, costly and defined by local context. On the other hand, capital is abstract, nomadic and placeless – and needs to be in constant motion to create value.

The financialisation of housing can thus be conceived as an attempt to overcome this basic contradiction in the secondary circuit, between spatially fixed real estate and the need for capital to be in movement to create value. The contradiction is addressed through creating new avenues for surplus value and rent appropriation through the quaternary circuit, as, for example, housing loans are converted into financial securities (securitised) and sold on secondary mortgage markets. This leads to the increasing scope and prevalence of fictitious capital in the accumulation of capital (Fine, 2013). Rather than facilitating access to homeownership, the ballooning of the finance market can lead to greater risk and uncertainty for households as financial transactions become more important than the actual granting of mortgages and production of housing itself (Aalbers, 2008). For example, since continued securitisation requires a growing portfolio of underlying assets (see Langley, 2006), research has made clear the connection between the demand for instruments like RMBS – which not only generate liquidity and spread risk for issuers but have the potential to bring in high (and risky) yields for investors – and racist and classist subprime mortgage lending practices in the US (Dymski, 2009; Wyly et al., 2006) in order to expand markets.

In this light, from the inherently speculative nature of mortgages themselves, providing an income stream to financial institutions where land and housing titles are given to 'homeowners' as claims on future labour, the financialisation of housing creates another scale of speculation even further removed from production. It in essence speculates on the bet placed by financial entities granting the mortgage that future value will be realised; in this way "the future is being colonised to escape the constraints of the present" (Lysandrou, 2015, p. 2). It is assumed this will occur through households' future generation of labour power to repay their mortgage debt in full, which can take several decades, a process that builds on an ideology of homeownership (e.g. Ivanova, 2011; Ronald, 2008) and weaves the economic and social reproduction of the workforce ever more deeply into the financial system (Fine, 2010; López and Rodríguez, 2010).

Important in this process is the current and future appropriation of rent, understood here as a part of surplus value surrendered to the owner of land or property such as housing (see Swyngedouw, 2012), under the assumption that the property's price will appreciate in the future. In such an environment, the continued expansion of the secondary circuit becomes deeply enmeshed with the mortgage finance market through the creation of financial products that generate liquidity, with an increasing tendency for housing and land to be viewed as a pure financial asset to be bought and sold (Harvey, 1982); in other words, exchange value increasingly reigns over use value. As seen with US subprime mortgages (e.g. Ashton, 2009; Baldauf, 2010; Sassen, 2009; Langley, 2008a; 2008b) or the final phases of Spain's third housing boom, as explained in Chapter Four, the financialisation of housing can be as or more important than the material production and mortgaging of housing itself. In this sense financialisation can be characterised as the capitalist economy taken to extremes: "it is not a producer or consumer market, but a market designed only to make money" (Aalbers, 2008, p. 150). It thus does not create value but rather acts as a form of (upward) redistribution.

Finally, the financialisation of housing does not 'just' happen, but its scaffolding is laid through legal frameworks around housing, land and mortgage finance (Gotham, 2006; Rolnik, 2013) as outlined in the Spanish and Catalan context in Chapter Four. Financialised housing is directly embedded in relations of distribution and circulation, clearly connected to, but deeply abstracted from, production; at the end of the day, "real value creation, as opposed to fictitious value movements, depends upon the continuity of all flows in relation to actual production" (Harvey, 1982, p. 407). Yet in seeking ever-greater profits, the increasing generation of mortgage backed securities and related instruments for profit-making based in fictitious capital only creates a continuously bigger bubble, far beyond the role of credit as a central nervous system, that can easily spiral out of control. The financialisation of housing thus has a tendency to heighten speculative fever, teetering towards crisis, as it is

increasingly difficult for value to be realised in production. The next section now turns to look at the role of life in this process.

### ***2.2.2. Financialising life: subjectivity, life and the body in financialised housing***

Mortgaged households, and the (double) bet placed on these households' current and future generation of labour power, play a fundamental role in the financialisation of housing. In other words, enrolling an increasing quantity of the population – people, their lives and bodies – into mortgages is a fundamental element to connect a country's political economy of housing into global financial flows, the latter able to significantly further urban capital accumulation processes as it fuels the expansion of the secondary circuit. At the same time, the increasing need for households to directly mediate risk and financial markets in their day-to-day as a form of "privatised Keynesianism" (Crouch, 2009) through, for example, pensions, mortgages and healthcare has resulted in an individualisation of social insecurity (LeBaron and Roberts, 2012). These processes are intimately related to the withdraw of the welfare state, increased social relations of debt and related processes of neoliberalisation. This has also been characterised as a shift from a system of welfare to debtfare, as indebtedness has become key to meet social needs (Hardt and Negri, 2012; Soederberg, 2014). This reality has particular effects on subject formation, everyday life and the body. A deeper conceptualisation of these interrelated elements is the task at hand for this section.

Attempts to understand how subjectivation is intertwined with financialisation has spurred a growing literature that unpacks the emergence of the investor subject (Aitken, 2007; Langley, 2006; 2007; 2008a; Martin, 2002), biofinancial subject (French and Kneale, 2009; 2012) and the financial subject (Allon and Redden, 2012; Kear, 2013). Building from a Foucaultian reading, this work underlines how subjectivities are entangled in broader dynamics of financialisation and neoliberal governmentality increasingly embedded in everyday life. The corollary is that people are becoming intimately enmeshed into a range of financial products to meet their basic needs – such as pensions, healthcare and housing – and to secure their own financial futures, albeit with identities built in incomplete and partial ways. In the context of housing, Langley (2006; 2007) explores everyday financial subjectivities in Anglo-American mortgage finance, moving from Grey's (1997) suburban subjects to unpack the remaking of homeowners from liberal suburban subjects into neoliberal property investors. Investment becomes an important "technology of the self" in neoliberal society as state and private sector commitments wane and future responsibility and risk is increasingly placed on individuals' shoulders; as Lemke (2001) notes, neoliberal rationality seeks to fuse responsible, moral individuality with being a rational economic actor. Mortgaged homeowners increasingly become "leveraged investors...who view residential property as an asset that will grow to realise returns" (Langley, 2007; 2008a; Halawa, 2015). At the same time, other authors have underlined how financial subjectivities are

geographically and socially constituted (French et al, 2011; Hall, 2011), just as some empirical research (Hall, 2015; Pellandini-Simányi et al., 2015) finds that reality is messier than what often end up being oversimplified dichotomies between active and calculative investors or passive savers.

Another critical line of inquiry into financial subjectivity is Lazzarato's (2012) exploration of the indebted man – or the indebted person as will be stated in this thesis – which is seen as fundamental to the functioning of neoliberalism and its social relations. Lazzarato starts from a Nietzschean genealogy of the creditor-debtor relationship and connects to the work of Deleuze, Guattari and Marx to unpack the process through which indebted subjectivity is produced (Charbonneau and Hansen, 2014). Lazzarato argues that the creditor-debtor relationship creates a specific “economy of time and subjectivation” (Lazzarato, 2012, p. 46): control over the future, key for neoliberalism and finance, is exercised by constructing a subject that can promise to honour his/her debt. At the same time, debt appropriates labour time from workers and forestalls non-chronological time, as the “power of debt on subjectivity (guilt and responsibility) allow[s] capitalism to bridge the gap between present and future” (ibid.). As Balibar (2013, n.p. italics in original) puts it, debt “involves a new relationship to *temporality* and the experience of a lifetime, because debts carry *hopes and anxieties* that make risk the *normal* condition of everyday life.” Anxieties are reflected in the extensive quantitative evidence pointing to the causal links between debt and mental health problems (see Davies et al., 2015). Using this lens of debt is both a powerful and nuanced one, as rather than (over) simplifying the motivations for becoming an investor or financial subject it recognises the implications of and subjectivity instilled by debt *relations*. For example, Lazzarato notes that a debtor is “free” but only if his/her way of life is compatible with reimbursement, a technique that conditions individuals to live with debt from an early age. This reality is one of the fundamental regulatory techniques of power of mortgage debt, as will be discussed in section 2.3.

What does the investor or indebted subjectivity mean for the life of mortgaged homeowners in the context of financialised housing? Beyond just working to pay the mortgage, Lapavistas (2009) has argued that as workers become more deeply enmeshed in finance through mortgage and other credit and insurance products, a process of financial expropriation – defined as extracting profits from workers' personal income in the sphere of circulation – is at play. Dos Santos (2009) identifies how financial expropriation has been employed in contemporary banking more broadly, and Dymski (2009) focuses on how securitised mortgage loans, the subprime variety in particular, increased the depth of finance capital's racialised financial expropriation of the working class in the US. Fine (2010) has launched extensive critiques of the concept and its use, proposing that financial expropriation cannot be seen as a systemic and pervasive characteristic of contemporary capitalism, but rather

that the economic and social reproduction of the workforce is being deeply entrenched in the financial system.

Light can be shed on the debate over financial expropriation through Lazzarato's understanding of the credit-debtor relation, where labour and "work on the self" intertwines with the promise of payment and the promise of future value, as he argues that "the debt economy institutes economic and existential precariousness, which is but the new name for the old reality: proletarianisation" (Lazzarato, 2012, p. 93). Building on Foucault's lectures on the Birth of Biopolitics, Lazzarato underlines how German post-Second World War social liberals sought to 'deproletarianise' the population through the welfare state, property-ownership assistance and other tools to ward off danger of the proletariat organising and becoming a meaningful political force (also see Jones, 2011). While in contemporary neoliberalism deproletarianisation remains present discursively through ideas like everyone can be a homeowner or an entrepreneur, the lived reality is wage stagnation or decline for many low to middle income groups coupled with reductions in state spending.

Thus although subjectivities may be shaped to believe in working on the self and individual responsibility for life and welfare, the lived realities of mortgages and other forms of indebtedness speak of increasing precarity and processes of proletarianisation. Rather than understanding the proletariat as a static social class, proletarianisation is understood here as a historically evolving process, moving from primitive accumulation to the factory and beyond. Following Dean (2012, p. 75), it is "the process through which capitalism produces, uses up, and discards the workers it needs," whereby, in relation to housing and life, the fraction of the capitalist class that controls finance capital acts. It is another example of how capitalism not only requires "the controlled insertion of bodies into the machinery of production" but also "the adjustment of the phenomena of population to economic processes" (Foucault, 1978, p. 140). Understanding proletarianisation in this way means that the subjection of human life to capital accumulation occurs not only in production (expanded reproduction), but through mortgage and other debt forms in the sphere of circulation, aligned to a form a rent extraction; hence Harvey's (1982, p. 285) claim that mortgages are a "secondary form of exploitation." This echoes Rossi's (2013) argument that contemporary capitalism has proved itself able to turn human life into a direct source of profit.

Finally, the body is a fundamental, interconnected part of life and subjectivity, and is critical in the production, exchange and circulation of capital (e.g. Harvey, 1982; 1998; see also Haraway, 1995). As Foucault (1991 [1975], p. 26) notes, the body is involved in the political field and is bound up with its economic use: "it is largely as a force of production that the body is invested with relations of power and domination; but, on the other hand, its constitution as labour power is possible only if it is caught up in a system of subjection....the body becomes a useful force only if it is both a productive body and a subjected body." Debt



(mortgage and other) repayment can be conceptualised as another way to subject the body; such repayments constitute a new avenue for accumulation based in a redistribution of rent in the sphere of circulation. Subjection of the body thus happens through the labour process in the sphere of production and through the (mortgage) debt relation in the sphere of circulation. These two are deeply interrelated: the way that mortgage debt subjects the body is entangled with a 'productive' body that appears to result in growing quantities of household 'wealth'. In times of housing booms and bubbles, this wealth is increasingly based on fictitious value that has not been realised materially. At the same time, as long as housing prices increase and economic growth continues – and mortgaged homeowners are able to pay their mortgage – it appears to be a win-win situation. But as history has shown neither will forever be on the up. The impacts on life and the body incurred during a housing bust, in the context of the Barcelona metropolitan region, are uncovered in Chapter Six.

### ***2.2.3. Financialising housing, financialising life: maintaining a state of life***

The theorisations related to financialising housing/life explored in the previous two subsections of this chapter suggest a deep and important relationship. I begin by recapitulating the way the two terms are approached in this thesis. The financialisation of housing is understood as the global expansion of speculative real estate investment through financial markets as a means to (temporarily) overcome the fundamental contradiction in the secondary circuit of capital (Aalbers, 2008; Harvey, 1978; Gotham, 2006), where exchange value almost completely comes to predominate over use value. In relation to housing, the financialisation of life can be conceptualised as the fostering of financial subjectivities whose "entrepreneur of the self" (Foucault, 2008, p. 226) is rooted in indebtedness, with life and the body proletarianised through the mortgage relation. The two fit together hand in glove because attempts to overcome the basic contradiction in the secondary circuit – between spatial fixity and the need for capital to be in motion to revalorise itself – need not just productive labour but also everyday life and the body to be subsumed into the circulation of capital. The process of building a population as investor subjects who have a certain rationale and level of agency (see Allon, 2010) is intertwined with lives and bodies becoming objects in urban capital accumulation and global capital flows.

These dynamics call to light biofinancialisation, a term used by French and Kneale (2009; 2012) to refer to how contemporary processes of financialisation intermesh and intertwine with the politics of life itself (Rose, 2007) and produce distinctive capital/life/subject relations. Lives are proletarianised, and bodies are subjected, not only through the labour process (expanded reproduction) but also through the circulation of capital in the (mortgage) debt relation. Just as "the home itself passes from a receptacle for consumption to a scene for further accumulation" (Bryan et al., 2009, p. 471), human life and the body can be conceived

of as not only receptacles for consumption but also objects in the process of capital accumulation.

Ultimately, financialising housing and financialising life are processes that aim to maintain and expand a specific political economic system and “state of life” (Foucault, 2003, p. 246), where capital accumulation, economic growth and the market prevail as the normalised, permanent state of affairs. Such financialised paths seek to overcome inevitable crises, but ultimately lead to even deeper ones: as fictitious capital spirals out of control in the sphere of exchange its share of surplus value will not be realised in the sphere of production (Harvey, 1982). The way the financialisation of housing and life unfolds in practice is examined in depth in Chapters Five and Six. Digging deeper into this politics of life, and the elements underlying the state of (mortgaged) life to be maintained, is the subject of the next section.

### **2.3. Mortgaging lives: the biopolitics of mortgaged homeownership**

Towards more deeply understanding life and its relation to mortgaged homeownership, I now bring biopolitics as a concept into focus. Biopolitics, as underlined by Foucault (2003, p. 245), deals “with the population as a political problem, as a problem that is at once scientific and political, as a biological problem and as power's problem.” With the notion of the population at its core (see Curtis, 2002), biopolitics signals the entry of elements particular to the life of humans as a species into the order of knowledge and power, into the sphere of political techniques. Biopolitics is furthermore intimately connected with how a state attempts to regulate its people and territories or the “conduct of conduct”, what Foucault dubbed governmentality (Gordon, 1991). These concepts were first explored in a handful of books Foucault wrote in the early-mid 1970s, expanded through a series of lectures in the late 1970s at the *Collège de France* that remained unpublished in French and English until the 2000s.

A handful of scholars have brought the largely unexplored Foucaultian concepts of biopolitics and governmentality to light in the English-speaking world in recent decades (e.g. Burchell et al, 1991; Donzelot and Gordon, 2008), and writings about both have since flourished. The politics of the production and reproduction of human life – related to the creation of surplus value, security and circulation more broadly – have been at the centre of a broad body of innovative scholarship, ranging from influential philosophical interpretations of biopolitics (e.g. Agamben, 1998; Esposito, 2008; Hardt and Negri, 2009), biopolitical readings of medicine and biotechnology (e.g. Cooper, 2008; Rose, 2001; 2007) to the biopolitics of enclosure-commons (Jeffrey et al., 2012) and of labour under finance (Labban, 2014), to name just a few. At the same time, there are multiple readings of the term, some overlapping and some conflicting (see Lemke, 2011), reflecting Foucault's “sketchy suggestions” (Rabinow and Rose, 2006, p. 197) of the concepts that he was never able to

fully develop due to his unexpected death in 1984. The view taken here of Foucault's work strives not to reduce it to a system or set of theses, but as an activity or form of questioning that must be understood in its context (Wallenstein, 2013).

In the sphere of housing, some research has unpacked ideas around biopolitics and governmentality in relation to housing estates (see Hollow, 2010; Oliver-Didier, 2015) or chronic homelessness (Willse, 2010), the former being a topic Foucault himself discussed (see Foucault, 1978; 2003). Building off the previous section of this chapter, and the fact that capitalism requires “the controlled insertion of bodies into the machinery of production and the adjustment of the phenomena of population to economic processes” (Foucault, 1978, p. 140), this section provides a biopolitical reading of mortgaged homeownership, conceptualising mortgages as a technology of power to regulate and discipline life. It proposes that mortgages ultimately optimise a state of life and (re)production based in economic growth through a combination of political techniques and ‘technologies of the self’ (*homo economicus*), a process deepened when housing becomes financialised. This reading, in regards to mortgaged homeownership, elaborates Rossi's (2013, p. 1068) claim that “the biopolitical stage of urban economic development in advanced neoliberal times, therefore, coincides with the subsumption of ‘life itself’...within the circuits of capital accumulation through the mechanisms of financialisation.” The first subsection provides a brief overview of biopolitics as a concept, unpacking Foucault's relational and historical conceptualisation (Lemke, 2011), and the second details the biopolitics of mortgages and mortgaged homeownership.

### **2.3.1. Biopolitics, technologies of power and ‘securing’ life**

For Foucault, biopolitics can only be understood through unpacking the genealogy of historical shifts in Western European society, from the time of the sovereign to the establishment of modern techniques of government in the eighteenth century. He analysed how the exercise of power moved during this period from the ultimate figure of the sovereign ruling over death to power dispersed throughout institutions whose aim is the rational intervention to manage life. In *Discipline and Punish* (1991 [1975]), he details how disciplinary institutions – the school, prison or army – changed from being a way to neutralise the population towards having a positive role, in fortifying, training or improving its output. The disciplinary society, connected to the development of broader economic, legal, political and scientific processes in Western Europe historically, has three broad objectives: to exercise power at the lowest possible economic and political cost; to intensify and extend as far as possible the effects of this social power and finally to connect this growth with the output of systems where it is mobilised, be they educational, military or industrial: “in short, to increase both the docility and the utility of all the elements of the system” (*ibid.*, p. 218). Foucault underlines that the development of disciplinary mechanisms coincided with

demographic increases in the eighteenth century in institutions such as schools, hospitals and armies, plus the rising costs and profitability needs of the capitalist mode of production.

Alongside discipline, Foucault theorises that a new regulatory technology of power – biopolitics – arose at the end of the eighteenth century, dovetailing into it albeit at a different scale. Rather than being individualising and directed at man-as-body, as are disciplinary techniques, biopolitics operates at the level of man-as-species. Biopolitics is a power that is massifying, looking at the whole of the human race, the population, and intervenes at level where general phenomena are determined. Foucault (1978, p. 140) posits that the advent of biopolitics coincided with “the emergence, in the field of political practices and economic observation, of the problems of birthrate, longevity, public health, housing, and migration.” Similarly, he elucidates how the development of the police was intertwined with, and sought to regulate, the existence of urban life and problems of the market, such as exchange value and commodities, in the seventeenth and eighteenth centuries (see Foucault, 2007, lecture 13). Hence the beginning of the age of bio-power – “the set of mechanisms through which the basic biological features of the human species became the object of a political strategy” (Foucault, 2007, p. 16) – was marked by the increase in the quantity and diversity of techniques to accomplish the both “subjugation of bodies and the control of the population” (Foucault, 1978, p. 140). Normalisation plays a key role here, understood as the procedures, processes and techniques that establish behaviours or ways of being that divide the normal from the abnormal, making the “normal” what is deemed acceptable (Foucault, 2007). Normalisation circulates through both regulatory and disciplinary technologies of power.

Circulation is thus central, as biopolitics is ultimately concerned with maintaining, monitoring and regulating a human population’s productive and reproductive flows. Biopolitics is thus a security apparatus that is ultimately contingent because life is not stable but constantly shifting (Dillon, 2007; Dillon and Lobo-Guerrero, 2008; Langley, 2013). As Rose (2001) notes, biopolitics is risk politics. Foucault underlines these points as follows:

“Regulatory mechanisms must be established to establish an equilibrium, maintain an average, establish a sort of homeostasis, and compensate for variations within this general population and its aleatory field. In a word, security mechanisms have to be installed around the random element inherent in a population of living beings so as to optimise a state of life. Like disciplinary mechanisms, these mechanisms are designed to maximise and extract forces, but they work in very different ways” (Foucault, 2003, p. 246).

The notion of security stated here is a concept Foucault elaborates in his lectures on Security, Territory and Population in 1977-1978, where he grapples with the “effective reality” of the apparatus of security; in other words how its elements function in relation to one another (Foucault, 2007, p. 69). While “the law prohibits and discipline prescribes” (ibid.), he notes, security essentially functions by responding to a reality in a way that cancels out, nullifies or limits the reality to which it responds. In other words, security

mechanisms to maintain a state of life or equilibrium based in the *laissez faire* of the market mean that other possible states of life or equilibriums are cancelled or limited. What is to be maintained or balanced in today's day and age, cancelling out other options, is rooted in the truth of the market, economic growth and capitalist social relations; that is, maintaining and extending the status quo.

It becomes clear then that biopolitics has been essential for the development of capitalism. And in recent decades neoliberal government rationality became increasingly concentrated on the free market as the organising and regulating principle of the state – where economics is a “regime of truth” (Langley, 2013, p. 115) – and *homo economicus* as an entrepreneur of him or herself (McNay, 2009). That is, disciplinary technologies from times of the sovereign both shifted towards and overlapped with regulatory interventions by the state and “indirect techniques” to instil the self-regulation of the individual (Lemke, 2001, p. 201). The latter process, unpacked through explorations of the investor or financial subject in section 2.2.2, creates subjects that are “eminently governable” (Foucault, 2008, p. 270), a critical step as the reproductive sphere is increasingly exposed to economic calculus (Cooper, 2008). Thus biopolitical rationality under neoliberalism has expanded the domain of the economic to all spheres of life, with its own particular methods and techniques whereby, for example, social policy is equated to the pursuit of economic growth (see Oksala, 2013).

A critical implication related to following the dictates of the market and the rationale of economic calculus is that it requires accepting the unequal effects it entails (Foucault, 2008, p. 143; also see Lemke, 2001). In regimes of biopower, therefore, “not all life is considered worthy of protection and investment” because both the collective wellbeing and economic viability of a population is privileged above individual lives (Willse, 2010, p. 177). Thus embracing inequality as an operating mechanism means, to a greater or lesser degree, accepting that some life is not worth the cost of its own reproduction. The following section connects these theoretical biopolitical explorations to dynamics related to mortgaged homeownership.

### **2.3.2. Mortgages: disciplinary and regulatory technologies of power to optimise a state of life**

Building from these conceptualisations around biopolitics, in the context of neoliberal governmentality, mortgages can be conceived as a technology of power over life at two levels, both regulatory and disciplinary. On the one hand, mortgages operate as a regulatory mechanism at the level of man-as-species through creating a population of subjects that have to produce in order to meet their mortgage debt obligations. In this regulatory capacity, mortgages enrol the population of mortgage signatories into the financial sector's rent extraction mechanisms, where mortgage payments must be regularly paid during the length of the contract. If these mortgages are securitised, e.g. packaged and sold on secondary

markets, the population becomes subsumed directly into global financial flows. Thus a secondary regulatory dimension takes place. Dillon and Lobo-Guerrero (2008, p. 268) insightfully underline how securitisation “is a classic biopolitical strategy which capitalises ‘life’ by translating contingency into risk and risk into a tradable asset.” Bryan et al. (2009) echo this by stating that the key essence of mortgage securitisation is the process of commodifying risk. In other words, securitisation is a tool that ensures extended processes of capital circulation into global flows thanks to market-based tools while it regulates a shifting population of (securitised) mortgaged homeowners.

On the other hand, mortgages contain a disciplinary mechanism centring on the body and producing individualising effects. A mortgage builds a social relation between creditor and debtor, deepened through processes of subjectivation that – by no means consistently or evenly – produce a subject (un)consciously bound to pay his/her monthly mortgage payment. As Foucault notes (1991, p. 138), “discipline produces subjected and practiced bodies, ‘docile’ bodies. Discipline increases the forces of the body (in economic terms of utility) and diminishes these same forces (in political terms of obedience). In short, it disassociates power from the body.” In other words, paying mortgage debt is a form of discipline, and is, as Lazzarato (2012) observes, a relation of subjection, operating both with a certain relation to the self (internalised) and according to rules, norms and law (externalised). Life itself and the body thus move through, and are moved through by, mortgage debt servicing practices. Furthermore, the possible utility of individuals increases when mortgage loans are securitised, due to an added element of surplus value extraction. That is, individuals not only circulate in the creditor-debtor relationship with the financial entity that provides the mortgage loan, but also through global financial flows as their individual mortgage debt is packaged, secured and sold on secondary markets. Throughout this process, the unquestionable notion that individuals’ must pay their mortgage, as an individual enterprise, “profoundly depoliticises social and political relations by fragmenting collective values of care, duty and obligation, displacing them back on to the managed autonomy of the individual” (McNay, 2009, p. 65). In other words, it reinforces technologies of the self and the figure of *homo economicus*.

A critical element in the biopolitics of mortgaged homeownership is the norm. That is, in order for mortgages to be able to operate as a technology of power, homeownership, as well as mortgage debt, must at a certain level be normalised. The normalisation of homeownership is a process that has occurred across most of the western world in recent decades (see Ronald, 2008; Smith, 2008). Gurney’s (1999) path-breaking work was among the first to unpack the normalisation of homeownership through ethnographic work and a review of key policy documents in Wales in the 1990s, where discourses at both levels equated homeownership to being a better citizen and ultimately as something ‘natural.’ As Gurney (ibid., p. 166) notes, homeownership “is imbued with a disciplinary power which

normalises home owners in the same way that Foucault's inmates, orphans and soldiers are normalised". Such processes and dynamics emerge from specific context-based dynamics; these are explored and unpacked in the Spanish and Catalan context in subsequent empirical chapters of this thesis.

In this light, the regulatory and disciplinary technologies of mortgages, and the norms that circulate through them, operate to ensure the security of "the random element inherent in a population of living beings so as to optimise a state of life" (Foucault, 2003, p. 246). They establish a homeostasis in part through furthering docility and compliance, where mortgage holders' are concerned about meeting monthly mortgage payments as well as at the very least maintaining or even enhancing the value of their home. Mortgages, in this way, help achieve "an overall equilibrium that protects the security of the whole from internal dangers" (ibid.). This security is ensured and/or protected through creating a population that must produce and provide a flow of monthly payments over a given time period, meaning that bodies must be inserted into production in order to generate the value (resulting in surplus value and money payment) to maintain these flows. When mortgage securitisation gains in importance, as housing becomes financialised, granting mortgages becomes more and more about adjusting "the phenomena of population to economic processes" (Foucault, 1978, p. 140). That is, the political economic dynamics underlying securitisation becomes just as important or perhaps even more important than the granting of the mortgage, as discussed in section 2.2.1. Since credit/debt is the promise of payment and a financial asset, share or bond is the promise of future value (Lazzarato, 2012), biopolitical processes secure the realisation of the circulations needed to bridge the gap between present and future.

In the era of the extensive expansion of fictitious capital and financialised housing, an insightful statement made by Foucault focusing on dynamics in the sphere of production can be extended to better understand dynamics occurring in circulation. That is, biopower made possible "the adjustment of the accumulation of men to that of capital" not only through "joining the growth of human groups to the expansion of productive forces and the differential allocation of profit" (Foucault, 1976, p. 141), but also through the expansion of forces of circulation and the differential allocation of rent. Life and the body remain important as a productive force but also become an object in the process of capital circulation, as exposed in section 2.2.2.

Moving forward in understanding exactly how mortgages operate as a technology of power, and related elements like the normalisation of homeownership and debt, requires a deeper contextual analysis of the political (plus economic and social) rationality underlying them in a given time and place (see Lemke, 2001). This is done first through a historical reading of the Spanish and Catalan housing context in the twentieth century in Chapter Four. It is more deeply unpacked by honing into both the political economy of housing and mortgaged

homeowners' lived experience in the Barcelona metropolitan region during the 1997-2007 housing boom in Chapter Five and its post-2008 bust in Chapter Six. Now, recognising "that modern biopolitics generates a new kind of counter-politics" as Gordon (1991, p. 5) put it, an affirmative notion of surplus life (Vatter, 2009), the next section details the third and final part of the theoretical framework. Here, the people "refusing to be the population, disrupt the system" (Foucault, 2007, p. 66); they disrupt the inequality that assumes that some life not worth the cost of its own reproduction.

#### **2.4. Demortgaging lives: rupturing the financial subject through processes of political subjectivation**

Broadly speaking, subjectivation is a term that signifies the process of becoming a subject. As a process, not a state of being, it is ultimately an indeterminate, unanticipated becoming (Tassin, 2012). Foucault's explorations of subjectivation have without a doubt been foundational and influential; in the early 1980s he explained that the goal of his work over the previous twenty years has been to produce a history of the different modes through which "human beings are made subjects" (Foucault, 1982, p. 208). Some authors have pointed out a subtle but important shift in the focus of Foucault's examinations over this period, underlining how through the concept subjectification [*assujettissement*] he investigated "how one is produced as a subject through the exercise of power/knowledge, including the modalities of resistance" (Milchman and Rosenberg, 2007, p. 55). Subjectivation [*subjectivation*], on the other hand, emerged in the early 1980s over Foucault's concerns with ethics and how, through implementing technologies of the self and engaging in care of the self, people can become active moral subjects (Gratton, 2000). In this light, Foucault's understanding of *political* subjectivation – that is, the process of creating political subjects – is deeply connected to ethics and is a process of singularisation, emerging through enunciation or truth-telling (Lazzarato, 2013).

Considering the trajectory of Foucault's work on subjectification/subjectivation, countless theorists have addressed or dialogued with his work both to deepen and extend it (e.g. Gilles Deleuze, Maurizio Lazzarato, Michael Hardt and Antonio Negri) as well as to contest it (e.g. Jacques Rancière, Alain Badiou). One that I will focus more in depth on in this section is the work of Rancière, which is particularly useful as a framing device due to his understanding of rupture. While Rancière's ideas on politics and political subjectivation differ significantly from Foucault's (Lazzarato, 2013; Tassin, 2012), they provide critical insights into other theoretical and empirical processes at the core of this thesis: those that challenge or disrupt financialised housing, the biopolitics of mortgaged homeownership and mortgaged lives. Rancière's reading of political subjectivation is fundamentally about *collective* political actions that rupture the dominant order and thus interrupt processes of (financial) subjectivation, which are key in demortgaging life. The rupture or gap at the base of Rancière's conceptualisation of political subjectivation plays little or no role in other readings



of subjectivation, in particular in Foucault's longstanding and oft-consulted body of work (Chambers, 2013). Different to, for example, Hardt and Negri's (2009) concept of the multitude, political subjectivation is not latent or rooted in the multiplicity of singularity but emerges through action and division. It unfolds as a gap is rendered visible by "the part that are no part" (Rancière, 1999), that is, those not counted in the system, "in the encounter between the police logic and the logic of equality through the constitution of a common space where a wrong can be addressed and equality can be demonstrated" (Dikeç, 2005, p. 179).

Thus for Rancière, political subjectivation is a collective process that at its essence is about enacting equality. This necessarily requires an interruption of the dominant order as this very process brings into existence the people who did not count. For Foucault political subjectivation is a process of singularisation hinging on questions of morality, ethics and truth-telling (Lazarrato, 2013). This section seeks to more deeply uncover the nuances of Rancière's understanding of political subjectivation, as well as the questions that emerge when one considers applying it to practice. The first sub-section digs into its meaning, differentiating biopolitics and the police from politics, and unpacking what happens under processes of political subjectivation. The second sub-section brings the discussion into mortgaged homeownership, thinking through exactly what political subjectivation might mean for the demortgaging of life.

#### **2.4.1. Political subjectivation as a presumption of equality, biopolitics as the police**

Rancière's extensive philosophical and intellectual work, driven by the fundamental ideal of radical equality that inspired post-'68 movements, is built off the premise that all human beings are equal not only in legal and moral terms but also in their discursive and intellectual capacities (Deranty, 2010). His rejection of the hierarchical figure of the learned intellectual, whom the worker "needed" to gain scientific knowledge, emerged when studying with Althusser in the 1960s as well as reading the work of Plato, Marx and Engels; these were among the key experiences that spurred Rancière's writings critiquing Althusser and dominant forms of pedagogy, and also drove his collective and individual historical archival research on "thought from below" in workers' movements at the philosophy department in Vincennes (Davis, 2010; Hallward, 2006). Workers' prose and reflections uncovered in *The Nights of Labour* illustrated how they moved outside of their "place" in the dominant order, "transgressing the barrier that separates those who think from those who work with their hands" (Rancière, 1989, p. 10). Through upsetting boundaries between intellectual and manual labour they show that another order can be enacted; indeed Davis (2010) notes that as a political and aesthetic demonstration questioning the existing division of labour, Rancière's analysis in *The Nights of Labour* provides the genesis for the political concept he later developed termed the "distribution of the sensible." This notion refers to the police

order, to the self-evident system that suggests one does certain things or acts a certain way in given spaces (Rancière, 2001, Thesis 7), a system built upon 'good governance' and expert knowledge and administration (Swyngedouw, 2013; Martin, 2010).

Rancière's distribution of the sensible, or the police order, is an idea at the core of his understanding of political subjectivation and very much parallels Foucault's notion of biopolitics: both assign or regulate certain social positions to ensure their circulation and proper distribution, and operate as an implicit, often invisible, social law (see Davidson and Iveson, 2014). Both are engrained in and seek to maintain a liberal democratic system where political equality is manifested through voting, deliberation and individual liberty despite deep-seated social inequalities, where structural mechanisms keep the poor in "their traditional place" (Hewlett, 2007, p. 97).

At the same time, Rancière and Foucault have very different conceptions of politics (see Rancière, 2000; Ranciere et al., 2000; Tassin, 2012). For example, Rancière sees the partition of the sensible or biopolitics as directly opposed to a truly democratic politics, the latter as disruptive and exceptional, rooted in a presupposition of equality that when enacted sends liberal democracy into disarray (May, 2008; Hewlett, 2007). McNay (2009) perceptively outlines how the core difference between the two is that Foucault reduces the political to the social, while Rancière sees these spheres as irreducible. That is, for Rancière "the social realm (including institutionalised politics) is one of hierarchy and domination, inequality and injustice (*la police*), whereas the political realm (*la politique*) is founded on the radical democratic assumption of universal equality" (ibid., p. 73). In response to critiques from orthodox Marxists, Swyngedouw and Wilson (2014) note that the distinction is not between politics and the economy, but between politics-as-social order, which *includes* political economy, and the political as the ontological void beneath that order.

This division between the police and politics/the political reflects the post-foundational political thought that Rancière works within, alongside others like Chantal Mouffe, Alain Badiou and Ernest Laclau,<sup>1</sup> whereby the grounding or foundation of society is not fixed in place but always contingent (see Marchart, 2007; Žižek, 1999). This means that, for example, while democratic society is founded upon universal values like equality, freedom and justice, these values do not pre-exist but rather have to be constantly verified. Politics, and political subjectivation, thus occurs through enacting equality by disrupting the police order; subjectivation is not defined by a previous identity but through a process of disidentification (Rancière, 1992). Political acts, then, generate a collectively announced "we" through unveiling inegalitarian logics, through a disagreement, a dissensus (Ranciere,

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<sup>1</sup> While Rancière differentiates between the police and politics/the political, these theorists use the term politics to refer to conventional, institutional politics (what Rancière would call the police), while the political refers to the element of conflict and antagonism inherent to society (see Mouffe 2005;

2004) that refutes a situation's given assumptions, its taken for granted hierarchies and relations. They reconfigure the partition of the sensible in the name of equality.

Political subjectivation, as stated by Rancière (1999, p. 35), refers to "the production through a series of actions of a body and capacity for enunciation not previously identifiable within a given field of experience, whose identification is thus part of the reconfiguration of the field of experience." It, in other words, involves emancipatory processes or acts that makes the invisible visible, as the "the part of those who have no-part", people who are outcasts in the status quo, denied an identity in the police order as they are considered less equal than others, disrupt the police order and voice a "wrong" for the sake of equality (Rancière and Panagia, 2000, p. 113; Rancière, 1992). As Rancière (1999, p. 39) writes, "wrong institutes a single universal, a polemical universal, by tying the presentation of equality, as the part of those who have no part, to the conflict between parts of society." Similar to Butler, Badiou and Žižek, equality demands operate as universal demands (Davidson and Iveson, 2014). Furthermore, equality is taken as a presupposition, not an end point. This is, for example, reflected in a slogan that reads "yes, we already can", not one that states "one day we will be able to" (Citton, 2010, p. 32). As May (2010, p. 12) effectively summarises it, political subjectivation means that "through democratic political action a collective subject arises. This collective subject speaks in the name of (or at least from the presupposition of) its equality and in so speaking becomes recognised as a particular collective subject." Politics proper is not a negotiation of interests but is a type of "short circuit" between the universal and the particular, and starts to metaphorically condense "the entire social space" (Žižek, 1999, p. 188, p. 208).

At the same time, Rancière sees political subjectivation as a rare moment of disruption, due to its ontological position that "constantly questions the metaphysical figures of foundation" (Marchart, 2007, p. 2). It occurs through the act or event; when it ends, it becomes the police, meaning that change cannot be continuous or institutionalised because after disruption the police order merely reformulates itself. More broadly, he questions how/if forms of egalitarian counter-society can establish themselves in the heart of an unequal society (Fernández-Savater, 2014a) According to Lazzarato (2013), Rancière is not interested in the ways that political collectives organise themselves. What does this mean for trying to understand a long term, sustained process of political subjectivation? How are we to interpret what happens *in between* moments of disruption? (Hewlett, 2007)

Aside from an a-historical reading of democratic politics (ibid.), Purcell (2014) argues that Rancière's theorising limits us to only see limited disturbances in the established order, abandoning the possibility and even imagination of a revolutionary democracy. This is true; for example Rancière's position is very different from a Gramscian type project that relates politics in and against existing structures to a broad politics that seeks to create new social

arrangements different from those that exist (Kipfer and Hart, 2013). Rancière also differs from Badiou, who proposes a 'forcing': "the power of a political sequence to impose measurable change upon the configuration of a situation" (Hallward, 2006). Žižek maintains that a Rancierian reading rejects any kind of alternative institutional project, as his focus on momentary explosions shrinks from the need to construct a new order (Tassin, 2013). While I agree with these critiques, May (2008) usefully questions Rancière's position that democratic politics cannot be institutionalised. May asserts that dissensus is not just reactive, as it is not only about refusing the police (biopolitical) order:

"the question is not whether we will arrive at an ultimate state without any domination, but whether, among our particular – if often intersecting – struggles, it is conceivable that some will take on a more permanent character and will thus provide positive instances of living in equality, divorced from the dominations that previously characterised them" (May, 2008, p. 177).

Rancière echoes this in an interview, where he notes that the importance of knowing how the conquest of moments of equality in an unequal world articulates with a new equal world (Fernández-Savater, 2014). Thus political subjectivation has a propositional element, not just reactive, albeit with uncertain outcomes. May also underlines that democratic politics requires sharing and trust, also important elements in sustaining any longer-term institutionalised relations. The following sub-section reflects on how these elements unfold in relation to financialised housing-life and the biopolitics of mortgaged homeownership.

#### ***2.4.2. Disrupting a state of life: rupturing the biopolitics of mortgaged homeownership***

To begin with, the process of financialising housing – and its corollary, financialising life – is clearly not a politically neutral process (see Schwartz and Seabrooke, 2008). Transforming housing into a "highly leveraged debt vehicle" parcelled and sold on secondary markets depoliticises the nature of mortgaged backed securities as well as the household indebtedness – that is, the subjects, lives and bodies – they require (Montgomerie and Büdenbender, 2015, p. 389; also see Langley, 2006; 2008a; 2008b). In other words conflating access to housing with indebtedness hides or normalises the broader financial processes that lie underneath. As homeownership, mortgage debt and tools like mortgage backed securities become more and more ubiquitous, they can be understood not only as part and parcel of biopolitical processes but also as elements of the distribution of the sensible. That is, homeownership through mortgage debt becomes implicitly inscribed as a self-evident and normal modality to access housing, supported by legal and regulatory mechanisms, discourses and material reality; it becomes taken for granted and natural (Gurney, 1999), part of the police order. Distribution means both inclusion and exclusion; thus some are deemed appropriate to be included in this regime, while others are not.

What would disrupting this distribution of the sensible related to mortgaged homeownership, encompassing a process of political subjectivation, look like? Shifting the distribution of the sensible involves disrupting established categories and boundaries that dictate what can be done and said in given places, and provides countless possibilities for collective political acts. They could make visible and reject the neoliberal premise that the principle role of the state is only to prevent extreme exclusion in accessing housing, denouncing the taken-for-granted social assumption of inequality at the core of market relations. Public political action could demonstrate that private home space has been ideologically constructed as autonomous and disconnected by visibilising its material and social connections and contesting processes of individualisation and fragmentation that are at the root of what is considered 'home' (Kaika, 2004). Acts could also disrupt the general consensus that mortgages are the best or apparently 'natural' way to access homeownership, rupturing the regulatory and disciplinary nature of mortgages by questioning that mortgage debt must be paid no matter what – or stopping to repay mortgage loans all together. As Christophers (2015) avers, discussing Keynes's writing, resisting financialisation ultimately means "allow[ing] ourselves to be disobedient to the test of an accountant's profit" (Christophers, 2015, p. 193 citing Keynes, 1933, p. 765). It means making visible a naturalised financial, social and economic order by not following the rules or not doing what one is 'supposed to' do.

Whatever they may be, it is critical that acts are carried out by the very people who are being excluded – in the case of mortgaged homeownership the indebted person him or herself – and presuppose equality in enacting housing for all. In the context of South Africa's shantytown movement Abahlali, Selmeczi (2012) details how fundamental to the movement's 'living politics' is the role that speaking about and listening to each others' sufferings plays in a broader process of political subjectivation: through speaking they collectively identify a wrong and mobilise to disrupt the order of urban government that allocates them certain roles and spaces. At the same time, in the very different context of mortgaged homeownership, it is fundamental to ask how, exactly, a process of political subjectivation can mobilise the indebted person. As Balibar (2013, para. 4.3.) notes, collective political resistance faces deep-seated challenges as debt produces "negative individualities, for whom feelings of solidarity and political perspectives, the forging of a common interest, have no immediate bases in professional or cultural experience." This makes the building of solidarity – or as Rancière would say, sharing and trust – very difficult; grasping modes of subjection related to debt is "decisive for understanding which reactions and resistances this social order can produce" (ibid.). A deeper understanding of these dynamics, in their essence contingent, requires honing into a specific case and context, to understand how financial/indebted subjectivities are shaped in specific political economic dynamics around housing, and on the other hand the nature of acts through which political subjectivation takes place. The four empirical chapters in this thesis do both, with Chapter

Seven focusing on emergent processes of political subjectivation through the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan region.

## **2.5. Conclusions**

To unpack the thesis's driving ideas around the mortgaging and demortgaging life, this chapter has explored and positioned itself within different understandings of the financialisation of housing-life, the biopolitics of mortgaged homeownership and processes of political subjectivation that can rupture the previous two. While the production of the built environment has always been connected to the financial sector, housing becomes financialised as the mortgage finance market becomes an investment channel in its own right, in an attempt to (temporarily) overcome the fundamental contradiction in the secondary circuit of capital (Aalbers, 2008; Harvey, 1978; Gotham, 2006). The rise of the mortgage finance market needs lives to mortgage, facilitated by a multi-pronged process that creates distinctive capital/life/subject relations (French and Kneale, 2012). These include fostering financial subjectivities who in reality are indebted and objectifying (proletarianising) life and the body to ensure the circulation of capital. The disciplinary and regulatory techniques of mortgages act to secure these processes and a broader state of life rooted in continuous economic growth. Upsetting this technology of power, or police order, requires disrupting the distribution of the sensible it is ingrained in. The political act(s) that do this entail a process of political subjectivation that occurs through the emergence of a collective political subject – breaking the subjectivity of the indebted person – that unveils inegalitarian logics and enacts equality.

At its core, the framework seeks to tie a macro political economic housing-related analysis to one that also apprehends everyday life, thinking through how mortgaged life is both disciplined and regulated by internal and external forces, as well as how it can emancipate (demortgage) itself. In the context of financialised housing, the framework proposed here seeks to do this in several ways. I highlight three specific ones here, connecting them to the empirical chapters where they will be elaborated.

First, the framework suggests that the mortgaging of life in the context of financialised housing is akin to a process of proletarianisation. The financialisation of housing thus cannot be considered outside or apart from the financialisation of life itself, as when housing is financialised life itself becomes an object for speculation. This reading expands the potential for critical analysis of financialised housing, although it requires a closer look at the lived experience of (mortgaged) households. The historical roots to understand the financialisation of housing in Spain and the Barcelona metropolitan region are detailed in Chapter Four. Chapters Five and Six seek to unpack how the financialisation of life unfolded during the housing boom and bust respectively through looking in detail at the lived experience of

mortgage-affected informants: why they contracted a mortgage, under what terms and conditions, and their interactions with the bank once they stopped paying and the embodied and lived impacts of being a “failed debtor”.

Second, it proposes that mortgaging life ensures a state of life based in the reproduction of the capitalist system within and beyond the traditional capital-labour relation (expanded reproduction) in the sphere of production. This occurs as lives are proletarianised and bodies subjected through mortgage debt in the sphere of circulation, as mortgages regulate and discipline the population. This analysis grounds and extends explorations of financial expropriation (Lapavistas, 2009) and points to new ways of organising or fighting back against the way that “capitalism produces, uses up, and discards” (Dean, 2012, p. 75) the mortgaged homeowners it needs to ensure the expansion of (urban) capital accumulation. The two chapters unpacking the mortgaging of life during the housing boom (Chapter Five) and the way that mortgaged lives were maintained in the post-2008 crisis (Chapter Six) are the key places where the empirical material to explore and substantiate this reading takes place.

Third, the framework intimates that life can in effect be demortgaged through the creation of collective political subjects that act outside the framework of financialised housing and life and the biopolitics of mortgaged homeownership, rupturing both, although the length and duration of a resulting emancipatory configuration is uncertain. This suggests that financial (indebted) subjectivity can be ruptured but underlines that all subjectivities are unstable and in the making, and raises important questions about capacities and processes to sustain political acts. This exploration is the focus of Chapter Seven, where Rancière’s approach to rupture is mobilised as a framing device to explore struggles for mortgage debt liberation. An engaged ethnographic approach is used to understand the housing rights movement the Platform for Mortgage Affected People (PAH) in Barcelona and Sabadell as well as mortgage-affected informants and members engaged in the struggle.

Throughout this chapter, connections have been made to the empirical explorations that will ensue in the four subsequent chapters of this thesis that follow the methodology chapter. Chapter Four sets the historical and contemporary scene to understand housing in Spain and Catalonia during the twentieth century, illustrating how instilling homeownership and the real estate sector as a growth engine has deep roots in the Franco dictatorship and how the regulatory framework for housing to become financialised was laid under democracy. Chapter Five and Six dig deeply into the 1997-2007 housing boom and its bust in the Barcelona metropolitan region, both at the broader political economic level and through lived experience. These chapters get to the heart of the exploration around the biopolitics of mortgaged homeownership and the financialisation of life, looking at the conditions, mechanisms and processes through which these dynamics occurred. Chapter Seven takes

on the details of how processes of political subjectivation to demortgage life have unfolded through the struggles of the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan region. Now, however, the task of the next chapter is to explain the methodology followed and methods used to grasp these theoretical explorations in practice.



## **CHAPTER THREE**

### **Research methodology: unpacking the (de)mortgaging of life in practice**

#### **3.1. Introduction**

This thesis seeks to shed light on the mortgaging and demortgaging of life. Through the former, I seek to better understand how the financialisation of housing-life and the biopolitics of mortgaged homeownership operate. Looking at the demortgaging of life, I examine processes that rupture the financial subject or indebted person, processes of political subjectivation. Defining precisely how I unpack these interrelated dynamics on the ground is the task at hand for this chapter.

The research methodology has three key objectives. First, in terms of mortgaging life, I attempt to grasp the relationships, processes and conditions that unfolded between mortgaged households and financial entities in the context of financialised housing, from the contraction of the mortgage, its regular payment to its non-payment. Second, in terms of demortgaging life, I aspire to comprehend how financial (indebted) subjectivities are ruptured through collective processes and practices, understanding this from and through the voices, actions and experiences of people who are living it. Third, I seek to embed both mortgaging and demortgaging dynamics within their broader political, economic and social context.

Apprehending the lived experience of mortgage-affected people and the broader dynamics in which they are embedded required a specific place, people and a sustained period of time. In this chapter I justify why the Barcelona metropolitan region was selected as a case, as well as how and why the Barcelona and Sabadell local branches of the housing rights movement the Platform for Mortgage Affected People (PAH) were approached as knowledge practitioners and situated sources (Casas-Cortés et al., 2013). Seeing the PAH as a knowledge practitioner refers to its role in generating, modifying and disseminating knowledge; as a situated source, I approached the PAH not as a research object but as a social process that generates its own analysis, concepts, experiences and practices (Casas-Cortés et al., 2008; 2013). My engagement with the PAH over eleven months – and especially with people unable to pay their mortgages, facing foreclosure and eviction – required sensitivity and thought, and, due to my personal politics, contributions within and beyond my research. These elements are discussed in regards to my research philosophy and approach, as well as my positionality and broader ethical issues.

In elaborating these ideas, this chapter makes clear how I sought to operationalise my research questions in the field. Section 3.2 details my research philosophy and approach, as well as key points of my positionality and ethical considerations. Section 3.3 outlines why the Barcelona metropolitan region was selected as a case study and two PAHs as situated

sources within it. Section 3.4 explains the methods used, and section 3.5 the research challenges and limitations. Section 3.6 provides brief concluding thoughts.

### **3.2. Research philosophy and approach**

My research philosophy sits closest to one of critical realism. Developed by Roy Bhaskar in the 1970s, critical realism sees an objective reality, a real material world that exists independently from our knowledge of it, but posits that its material conditions generate different structures and specific social relations and positions. Our knowledge of, or about, reality is not natural or fixed. Above all, it is produced, and subject to challenge (Bhaskar, 2008; Pratt, 1995; Sayer, 1992). Ollman (2003, p. 173) effectively summarises how critical realism navigates between positivism and postmodernism, between science and truth: “the key move that Bhaskar makes is to substitute a study of ontology, or the nature of reality as such, for that of epistemology, or how we learn about reality and what it means to know it.”

In relation to my research this means that while different actors’ actions and understandings are fundamental parts of the social reality I seek to explore, I recognise that they are shaped by the historically and materially specific political, social, economic and cultural structures in which they are embedded. Geographical difference, in this way, “has *constitutive* effects on processes, rules and regulations that are ‘stretched’ over wide spans of space and time” (Castree, 2005, p. 541). This is precisely the logic underlying a historical look at the political economic dynamics around housing in Spain and Catalonia, and behind both theoretically and empirically drawing together macro dynamics and micro lived realities in the Barcelona metropolitan region from the 1997-2007 housing boom to present. Simply put, the macro, more structural factors and micro lived experiences are intimately interrelated, enmeshed in historical processes, and looking at them together brings a sharper understanding of the whole.

In terms of my research approach, I gained a keen appreciation of the roots of ‘research’ as a European imperialist and colonialist project (Tuhiwai Smith, 1999) during fieldwork, a trajectory that goes beyond the colonial context. Research is embedded in unequal power dynamics (Iisahunter et al., 2013; Pain and Francis, 2003; Pulido, 2008). Furthermore, research in the West or Global North has been heavily influenced by positivist epistemology connected to objectifying practices, deterministic thinking and rigid categorisation, conducted from a specific ‘neutral’ and ‘scientific’ – a supposedly objective and unbiased – position. I was aware of both these points before starting my fieldwork, as well as both the postmodern turns in social theory in the 1980s that have disturbed this position (e.g. McDowell, 1992; Pratt, 1995) and the significant amount of (participatory) action or militant research (e.g. Bookchin et al., 2013; Iisahunter et al., 2013; Kemmis and McTaggart, 2005; Malo, 2004) that contests this approach in different ways. Action research is a practice associated with a

social change agenda, where those who are part of the research process benefit in some way from it (Hoggart et al., 2002). From its various strands (see Kemmis and McTaggart, 2005), critical and/or participatory action research strategies are two that attempt to explicitly address the objectifying tendencies of research and the researcher-“researched” power dynamic. My research planning was *informed* by these approaches, at the same time that I recognised their challenges (e.g. Durham Community Research Team, 2011; The Autonomous Geographies Collective, 2010). But for a variety of reasons – not having been previously engaged in the movement, time constraints, to name just two – I felt that a participatory action research approach would not be feasible or realistic. I thus came into the field with broad research questions and a theoretically-shaped perspective, which both evolved significantly through an engaged ethnographic approach (Casas-Cortés et al., 2013; Scheper-Hughes, 1995; Clair, 2012), a type of activist research (Hale, 2006) that is characterised by a researcher’s commitment to contribute to a movement through theory and practice.

This research approach was shaped by the nature of the PAH. Upon attending assemblies and becoming more familiar with the movement, it quickly became clear that the PAH *produces* and diffuses knowledge based on the experience of its members, knowledge that moves against ‘expert’ or ‘established’ knowledge. In other words, they are knowledge practitioners, producing “situated knowledge” (Haraway, 1991). In terms of methodology, this underlines the need for an engaged approach that involves “blurring established social scientific boundaries and promoting a more relational-symmetrical approach” (Casas-Cortés et al., 2008, p. 17). The PAH was thus not perceived as a research object or a case study, but as a social process that generates its own analysis and concepts, as well as practices, unfolding in a specific time, place and context, what Casas-Cortés et al. (2013, p. 215) term “situated sources” of knowledge. This is reflected in the title of my thesis, which is inspired by and builds from the book *Mortgaged Lives* (2012) written by two of the PAH’s founders, Ada Colau (mayor of Barcelona since May 2015) and Adrià Alemany. On top of from knowledge generated in assemblies and gleaned from interviews, I have both learned and built from the base of their and other PAH members’ militant analysis and reflections (e.g. Adell et al., 2013; Colau, 2013; Colau and Alemany, 2013; Jiménez, 2013a; 2013b; Llonch, 2013; Macías, 2013; Sorinas, 2015). These served as building blocks from which I sought to develop broader theoretical and political reflections related to housing debt-life relations, specifically urban capital accumulation, capital circulation, indebted subjectivities and political subjectivation.

Several social interactions during my fieldwork also shaped my research approach. I will highlight three here. The first was upon entering the field, when as I was navigating “entrance” into the PAH. A Catalan academic asked a PAH acquaintance if I could get in contact. The response was affirmative, although “that being said”, remarked the academic,

“he told me they are a little bit annoyed with people who come with the mentality that they are going to study a tribe from the Amazon” (email communication, 8.10.2013). Another was at an assembly in early 2014, when I was greeting a mortgage-affected woman I had come to know well in the previous months. As we were chatting, her distress over a foreign television crew that interviewed her for hours in her home in a collectively occupied PAH building suddenly came pouring out, as they asked her to take them to her former residence from where she was evicted three years ago: “It was really painful and difficult. These are the kind of experiences you just don’t want to relive. Why are there so many researchers here? It seems like we are an endangered species from the Amazon, that we’re going extinct. In any case I am not taking part in any more studies or interviews, I just can’t do it anymore” (field notes, 22.1.2014). Finally, I was in a handful of assemblies where students came to ask for interviews with people facing foreclosure or eviction for an assignment due in a few weeks. On several occasions the moderator or another PAH member would underline that sharing their research was important, and that mortgage-affected people are subjects, not objects.

These “epistemological encounters” (Juris and Khasnabish, 2013) reinforced the need for openness and flexibility in my research, transforming myself and my ideas in the process. They also illustrate the intersubjective and dialogic nature of my research (England, 1994). For example, these experiences, among others, reemphasised the importance of spending an extended amount of time with the PAH, to be sensitive to the reality people are living throughout, to make contributions during my fieldwork – e.g. translation, research, minute-taking, organisational tools and other tasks at hand – and beyond, as well as to share my findings. At the same time I quickly realised that the engaged ethnographic approach I adopted was critical to more deeply understand the lived experience of the mortgaging and especially demortgaging of life in its richness and complexity. Despite its challenges, such an approach is an invaluable way to provide in-depth, qualitative accounts of the processes, meanings and nuances of socio-spatial life (Hall, 2015; Herbert, 2000; Hume and Mulcock, 2004). I also recognised the importance of ‘being around’ the PAH, in assemblies, actions and other activities, in order to build trust and rapport; the logic and reasoning behind this is elaborated in section 3.4. Finally, it became clear to me that sharing what I learned from my research is something I will pursue, providing a one page summary with key political insights and offering a workshop to explain them and to create a space for reflection and exchange. Even if my findings are not “new” to many people in the PAH, the framing, thinking and arguments could provide insights especially for the struggle in the future. In relation to this, I now turn to briefly consider my position in the research process as well as key ethical considerations.

### **3.2.1. Positionality and ethics**

Before entering the field, I was keenly aware of the need for reflexivity on my position, since a researcher's identity, values and beliefs inevitably become part of the equation particularly in ethnographic approaches (Ball, 1990; McDowell, 1992; The Autonomous Geographies Collective, 2010). At its essence, as England (1994, p. 251) puts it, it is important to "locate ourselves in our work and to reflect on how our location influences the questions we ask, how we conduct our research, and how we write our research." Otherwise, assuming an equality of positioning is "a denial of responsibility and critical enquiry" (Haraway, 1991, p. 191).

Throughout the eleven months I was engaged with the PAH as a researcher, I generally felt like a tight-rope walking insider-outsider, a position constituted in "spaces of betweenness" (Katz, 1994, p. 72). Besides the balance between being a student-researcher/activist, among others I also came from a position as a foreigner, Canadian-Spanish, although by appearance not the latter and with an accent difficult to place, and middle income, holding a scholarship more generous than the minimum wage in Spain for those fortunate enough to be employed. While I had both a privileged upbringing and in the past 15 years lived periods where I struggled to make ends meet, I have never been in a situation where I was unable to pay rent or eat three meals a day, unlike many people who come to the PAH. But broadly speaking, I felt welcomed, as are most researchers, and came to feel, and be, a part of it. This by no means erased my internal struggles with my role as a researcher – not wanting to get too involved and 'dominate' processes but also constantly feeling like I could be doing more – and the contribution my research could make to the movement.

Faced with these realities, I walked the tight-rope as conscientiously as I could manage, juggling a balance between gaining insights into my research questions and being another member of the PAH ("*una más de la PAH*"). I strived to move from a place grounded in my own politics of solidarity, mutual aid and respect, a position critical of the relations of exploitation and domination inherent in capitalism and that is ultimately driven by and concerned with critical ways to understand the world towards making it a more emancipatory, egalitarian place. I also did my best to make contributions to the movement during my research, a process that has continued in a specific capacity after finishing my fieldwork. Cloke et al.'s (2000, p. 151) words effectively describe what I attempted to achieve: "if we really seek to avoid research as tourism and colonialism – if we are serious about 'giving something back' – then a more sustained and committed ownership of research as process, practice and product seems to be required."

Outside of the PAH, my position as a (foreign) doctoral student gave me access to other people and places that provided different, and important, perspectives. Interviews with government and banking informants were obtained through colleagues and contacts. At the

private equity real estate investors' conference in Madrid, when necessary I presented myself in a depoliticised fashion, simply as a PhD student studying housing. I was able to interview one person I encountered there after months of follow up. This world was difficult to penetrate, especially as a young woman and an obvious outsider, although made clear a related but new research direction on foreign investors buying up real estate and betting on the rental market.

At an ethical level, being engaged and present with the PAH over an extended period was critical to build trust and relationships with people from whom I later requested interviews. This was particularly important considering the mental and health impacts most people experience when they risk losing, or lose, their home. At the same time, I also did *not* request interviews from several PAH members due to the physical or mental health situation they were traversing: the day-to-day reality of many mortgage-affected people made sensitivity and respect non-negotiable. This is the main reason for the relatively limited number of interviews (21) with mortgage-affected people, which is counterbalanced by extended and engaged participant observation with the PAH that helped situate experiences shared in interviews more broadly. Anonymity and confidentiality was assured for all informants. All names have been changed, aside from a handful of informants who explicitly stated that they wanted their real name to be used.

This section detailed my research philosophy and approach, and highlighted some key dimensions of my positionality and ethical considerations. As Hale (2008, p. 104) asserts, activist research is not only committed to “the principles and practices of people who struggle outside the academic setting” but also the space of critical scholarly production, a process that is not without tensions. To this end, alongside a committed, sensitive and rigorous approach to participant observation, interviews and a focus group with PAH members, I interviewed former and current bankers, government officials and a handful of academics, thoroughly reviewed statistical data, financial reports and media sources, and attended a private equity real estate event to understand the transformations underway in the Spanish housing market during the crisis. Before detailing these methods, the next section explains why a case study strategy was used, justifying the selection of the Barcelona metropolitan region as a case and the PAH as a situated source.

### **3.3. The Barcelona metropolitan region as a case study strategy, the Platform for Mortgage Affected People (PAH) as a situated source**

A case study strategy is a framing that uses and triangulates multiple research methods to gain insights into a few instances of particular phenomena, towards capturing complexity and providing an in-depth account of events, relationships, experiences or processes (Denscombe, 2007; Snow and Trom, 2002). A case study investigates contemporary phenomena within their real-life context, when the boundaries between phenomenon and

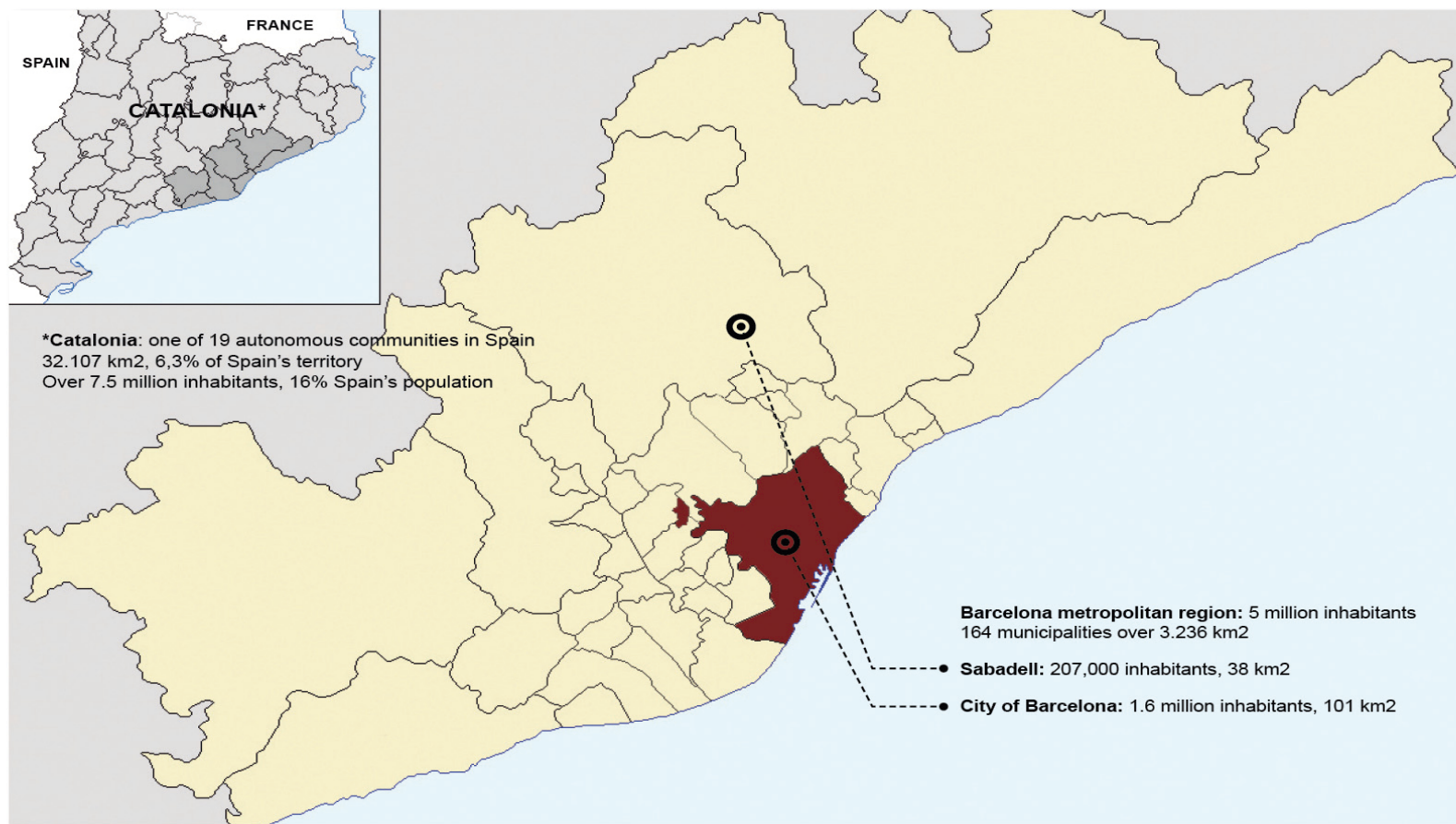
context are not evident, as compared to an experiment, for example, that deliberately divorces phenomenon from their context (Yin, 2003). The phenomena under study can be found in other places, regions or countries and thus are not singular, highlighting how the world is persistently diverse, but that this diversity arises out of multi-scaled relations and not independently (Castree, 2005).

Using a case study strategy enabled me to holistically work embedded in context towards a “thick description” (Geertz, 1973) of various phenomenon I seek to understand and the relations between them. This is particularly important because many of the concepts I am delving into, and the relations between them, are by no means well established or tightly defined. An effective case study requires a clear, rigorous conceptual design with a coherent and consistent set of methods, techniques and procedures for generating, analysing and triangulating research material (e.g. see Flyvbjerg, 2006; Peck, 2003; Verschuren, 2003). My research sought to follow precisely these practices.

Spain, and specifically the Barcelona metropolitan region (Figure 3.1) which contains almost half the population of the autonomous community of Catalonia, has specific characteristics that make it a meaningful case to dig deeply into the dynamics around mortgaging and demortgaging of life. The secondary circuit – the production of the built environment – has historically played an important role in Spain’s development (Coq-Huelva, 2013; Charnock et al., 2014b), at the same time that the 1997-2007 financialised housing boom was the deepest and most extensive in the country’s history. As housing prices more than doubled during the boom, with well over a million mortgages granted each year in peak years, Spain’s securitisation bond issuing market came to occupy third place globally after the US and the UK (Ministerio de Fomento, 2014; INE, 2014; Rodríguez-Castellanos et al., 2013). Within this context, Catalonia is and has historically been one of the wealthiest autonomous communities in Spain, and the Barcelona metropolitan area produces half of the Catalan Gross Domestic Product (GDP) (AMB, 2015). Between 1996 and 2006, the construction sector’s production grew at a rate above Catalonia’s total GDP, reflected in one million of the 6.5 million housing units initiated in Spain during this period located in Catalonia (Carpintero, et al., 2015). Average housing prices in Barcelona in particular were the highest of all cities in Spain from 2005 to 2008 (Colomé et al., 2005; 2006; García Villar and Maria Raya, 2007; Díaz and Maria Raya, 2008); even the price of the lowest tenth percentile of housing during this period surpassed the national average housing price per square metre (ibid.; Ministerio de Fomento, 2014).

The 2008 bust of the housing boom has, furthermore, reverberated deeply across Spain and Catalonia in particular. On top of plummeting housing prices, a crash in construction and skyrocketing unemployment, foreclosures and evictions in Spain – particularly acute in Catalonia – have been among the highest in Europe. According to the General Council

Figure 3.1. Location and characteristics of the Barcelona metropolitan region



Text source: Carpintero et al., 2015; Rubiales Pérez et al., 2012; idescat, 2015 Image source: Plataforma E-ducative Aragonesa



Judicial Power (CGPJ, 2015a; 2015b), 578,546 foreclosures took place across Spain from 2008 to 2014 inclusive, with Andalusia and Catalonia each experiencing 20% of the total. Of the 115,000 foreclosures in Catalonia, just over 60% (70,426) occurred in the province of Barcelona. During the same period 378,693 eviction orders have been issued and 244,267 executed across Spain. Of the latter, at least 14% were in Catalonia (54,520), 87% of these in the province of Barcelona (47,637), figures that in reality are much higher because nine local offices did not report their statistics until the last three quarters of 2013 (see also Cano Fuentes et al. 2013).

Despite a dearth of data that focus solely on the Barcelona metropolitan region, considering its position in the province of Barcelona and the autonomous community of Catalonia the processes and impacts of mortgaging life there have been significant. Yet perhaps *the* key element behind the selection of the case is the fact that the Platform for Mortgage Affected People (PAH) was founded in Barcelona in 2009. Especially since the 15M plaza occupations in 2011, the PAH has grown enormously, with over 220 local branches across Spain as of 2015, 75 of these in Catalonia and over 40 in the Barcelona metropolitan region.

Barcelona and Sabadell were selected as situated sources within the metropolitan region for specific reasons. As the first PAH, the Barcelona local branch was founded in February 2009 by people engaged in a broader housing rights movement named *V de Vivienda* (H for Housing). While the PAH's genealogy is described in detail in Chapter Seven, it is suffice to say here that PAH Barcelona has played and continues to play a strategic role more broadly in Catalonia and across Spain, in particular to drive legal change at the national and regional levels. On the other hand, PAHC Sabadell – where PAHC means the Platform for Mortgage and *Crisis*-affected People – was founded in March 2011 by members of the Sabadell Popular Movement (MPS), an anti-capitalist coordination network with feminist, squatting and Catalan pro-independence collectives who saw that the Barcelona PAH was overwhelmed and organised a first meeting in their city (personal communication, 29.10.2013). Sabadell is one of the two most important medium-sized cities in the Barcelona metropolitan region, a traditionally working class city. In this context, and as the 'C' for Crisis in PAHC reflects, PAHC Sabadell struggles to find solutions for people facing all manner of housing problems – that is, not just mortgages, but also rental evictions, squatting evictions and others – and to normalise squatting (ibid.). It is also one of the most important sites of the PAH's *Obra Social* (building occupation) campaign.

Thus, while both (and all) PAHs work with a similar process and towards the same broad goals, the Barcelona and Sabadell PAHs reflect different strategies within the metropolitan region. This thesis does not *compare* these two sources but rather approaches them as exemplifying different dynamics within the metropolitan region that have emerged due to particular histories, social relations and material realities. The next section turns to focus

squarely on the approach and methods used to unpack the financialisation of housing and life, the biopolitics of mortgaged homeownership and processes of political subjectivation in the case at hand.

### **3.4. Detailing the engaged ethnographic approach and methods**

Within my engaged ethnographic approach, I employed multiple data collection strategies within a qualitative framework, including participant observation, semi-structured interviews and a focus group alongside extensive document analysis. From October 2013 to September 2014, it unfolded in two phases as per the different qualitative research methods employed. The first phase lasted six months from mid October 2013 to end April 2014, and the second phase five months from early May to 30 September 2014. The continuous base throughout both phases was participant observation with PAH Barcelona and PAHC Sabadell, which produced 40 weeks worth of field notes, and document review. In the second phase, forty people were interviewed and one focus group was undertaken. The following subsections detail the approach and rationale behind each method throughout the two time periods and how they served to help answer my research questions. Ultimately, I strove to piece together a form of narrative inquiry to unpack the mortgaging and demortgaging of life in practice, developing descriptions and interpretations of phenomenon from the perspective of different informants (mortgage-affected people, financial sector workers and government officials and technicians), a variety of data sources plus my experience and analysis (Flyvbjerg, 2006).

#### **3.4.1. Participant observation**

Ethnography is generally recognised to rest on participant observation, where the researcher spends considerable time observing and interacting with a social group (Angrosino, 2005). The aim of participant observation is to gain insights into processes and events and to reflect the subtleties, complexity and interconnectedness of the social world it investigates and can help researchers get closer to understanding the ways people interpret and experience the world (Denscombe, 2007; Lees, 2003; Lichterman, 2002). While there is no 'fixed' approach to participant observation, Ely (1991), citing Wolcott (1988), highlights the three participant observer styles: the active participant, the privileged observer and the limited observer. During my research I used a mix of three styles, as explained in the next subsections.

Participating and/or observing with the PAH over eleven months constituted the base of my research at empirical, theoretical and political levels. Empirically and theoretically, it gave me a rich understanding of the processes, practices and material realities behind mortgaging and demortgaging life. In PAH assemblies I heard countless stories related to mortgaged homeownership and struggles for liberation from mortgage debt and/or housing rights more

broadly, and at actions, such as blocking evictions or occupying banks, I better understood how struggles unfold on the ground. In other words, being a participant observer over an extended period of time was fundamental to more deeply grasp the lived experience of the financialisation of housing, as well as processes of (political) subjectivation in different regular and sporadic spaces of action, providing a more profound understanding of how mortgage-affected people speak and explain themselves, their situation and their experience. For example, just seeing the way that some people *physically* change, appearing to grow taller, as they begin struggling with the PAH is quite remarkable, something that can only be experienced through time and regularly being around. Politically, long-term engagement was fundamental in order to make some form of contribution to the PAH. Due to the reality that addressing immediate social needs drives much of the movement's day-to-day – blocking an eviction, pressuring banks to stop foreclosure and so on – it was important to build relationships and better understand what was needed in order to make contributions during my research<sup>2</sup> and beyond. The following three sub-sections characterise the main spaces where I acted as a participant observer and my role in each.

#### *3.4.1.1. PAH assemblies: collective advising and organising*

From mid October 2013 to end September 2014, I attended the PAH's weekly assemblies in Barcelona (Monday and Tuesday evenings) and Sabadell (Wednesday evenings) as frequently as possible, assisting a total of 76. These assemblies are generally both the first and regular points of contact for people in different phases of mortgage foreclosure and eviction (and rental or squatting eviction) to meet, advise each other and organise themselves. The basic details of these assemblies, as well as some others attended, are provided in Table 3.1.

At the first assembly I attended in Barcelona and in Sabadell, I briefly presented myself, following Russell Bernard's (2006, p. 358) advice on the presentation of self when entering the field: "be honest, be brief and be absolutely consistent." I made clear I was there to learn from and with people, that observations and interviews would be anonymous, and that I wanted to make a contribution to the movement. I largely acted as a privileged or limited observer in assemblies. In all assemblies I assisted, I took extensive notes on: the number of

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<sup>2</sup> Main contributions included 1) research (on the bail out and restructuring of Nova Caixa Galicia (NCG) for an action in Barcelona in November 2013; on a GMAC mortgage bought by Banco Pichincha for action at that bank in June 2014); 2) translation from Spanish or Catalan to English (Skype meeting with PAH activist and activists from Netherlands and USA in November 2013; for researcher from Norway at an assembly in April 2014; video subtitles and press release to stop an occupied housing block's eviction in May 2014; for a mortgage-affected woman who did not speak English in September 2014); 3) assembly tasks (meeting minutes at two PAH Barcelona assemblies and three PAHC Sabadell assemblies; updating PAH Barcelona's wall calendar with actions and events at three assemblies; writing down the details of people with a date for the auction of their home or an eviction in July 2014) and 4) organisational tools (created a guide to update case information sheets for PAH Barcelona in February and March 2014; creating an information board for PAH Barcelona in September 2014).

attendees, the make up of assemblies (race and new arrivals), the main points of discussion and debate as related to my research questions, including quotes where possible, in particular regarding people's relationship with banks and government actors, the way collective actions and processes were explained and debated, and so on. I also wrote down my observations on interactions between people, behaviours, emotions and body language, to capture non-verbal dynamics. At the end of each week I wrote up key points, dynamics, insightful quotes and reflections from assemblies in a word document. Oftentimes a discussion in an assembly or an informal conversation would spark secondary research on broader contextual factors – for example, loan refinancing. Through this iterative process every few months I would reflect on and hone my research objectives. Overall, regularly attending assemblies was fundamental to gain a broader understanding of the lived dimension of financialisation of housing and of life, the biopolitics of mortgaged homeownership, as well as processes of political subjectivation.

#### *3.4.1.2. PAH actions: blocking evictions and occupying banks, city halls and real estate fairs*

During my fieldwork I actively participated in actions to block evictions and block or occupy banks. I took part in actions to stop ten evictions: five in Barcelona, four in Sabadell and one in Salt (Gerona). While different legal strategies are used to pre-emptively prevent evictions, when this is not possible a human shield is created in front of the entrance to the property to prevent the eviction from taking place. I also participated in 14 actions to occupy or block banks, including a 17-day BBVA office occupation in Sabadell in March 2014 where I came five times, spending a night in the office. Bank actions serve to pressure the bank for solutions when negotiations for debt forgiveness or social rent are stalled. I also participated in a variety of more infrequent actions; all that I attended during my research are summarised in Table 3.2. Actions to block evictions and occupy banks, as well as Obra Social building occupations, are explained in depth in Chapter Seven.

**Table 3.1 Brief description and characteristics of PAH assemblies attended**

<b>Assembly/ Activity</b>	<b>Attend</b>	<b>Description</b>	<b>Characteristics</b>
PAH Barcelona welcome assembly (Monday)	19	Three phases of mortgage foreclosure are explained and people who can no longer pay their mortgage and are facing foreclosure and/or eviction are collectively advised	Between 80-120 people attended each week, around one quarter being new arrivals. Fifteen mortgage cases advised collectively on average in each assembly. Around half attendees non-Spanish (majority Latin American) and other half Spanish
PAH Barcelona coordination assembly (Tuesday)	27	General organisational, strategy and action issues are discussed and debated	Between 80-120 people. Approximately same half Spanish/non-Spanish make up as on Monday assembly
PAHC Sabadell assembly (Wednesday)	30	Welcome assembly for new arrivals runs in parallel to general assembly, held in two different rooms in the same building. General assembly followed by collective advising for all on mortgage debt forgiveness, squatting, rental or other housing problems	From 20-40 new people each week in the welcome assembly. Between 160-200 in the coordination and subsequent collective advising assembly. On average between 30-40 cases collectively advised, half Spanish and half non-Spanish (a mix of Moroccan, African and Latin American)
PAH Barcelona banking entity assemblies (bi-monthly)	7	Mortgage-affected people from each banking entity meet bimonthly (different days/times per entity) to advise each other and organise themselves	Number of people depends on entity, as many as 80 (Catalunya Caixa (CX)) or 15-20 (Banc Sabadell). Mortgage-affected people and the PAH's bank interlocutors attended. Interlocutors either solidarity activists (not mortgage-affected) or mortgage-affected people from other banking entities
PAHC Sabadell squatting workshop (February 2014)	1	Held monthly since October 2013. Provides procedural, practical and legal information on occupying bank-owned housing	Over 50 people, either squatting and need guidance/advice, or need to squat
Spanish-wide PAH assembly (Barcelona, February 2014)	1	Occurs three or four times per year, rotates location	Over 400 people from 100+ PAHs across Spain. I helped with set up and cooking, had many informal conversations

**Table 3.2. Actions attended during fieldwork**

Ten actions to block evictions
Fourteen actions to occupy or block banks
Three bank accompaniments
Three actions to occupy city hall (Sabadell; Sants (Barcelona); Hospitalet)
Occupying the stand of Spain's bad bank (SAREB) at the Barcelona Meeting Point real estate fair to demand social housing (October 2013)
Catalonia-wide action for the PAH's building occupation campaign (Obra Social) in front of the Catalan government's offices in Barcelona (November 2013)
Selling books and roses for the PAH for the Sant Jordi holiday (April 2014)
Marking empty bank-owned flats in Sabadell (May 2014)

Participating in actions gave me a first-hand sense of the PAH's processes outside assemblies, the dynamics of generating spaces that directly contest the financialisation of housing and life, where the demortgaging of life is actively fought for. Actions also gave me an opportunity to get to know people better and have dozens of informal conversations, as assemblies are more 'structured' spaces where it is difficult to speak with people one-on-one. I always wrote down my reflections, experiences and learning from actions as immediately as possible after the fact, and included these in the end of week summary documents throughout my research.

#### *3.4.1.3. Private Equity Fund Forum on Spanish Real Estate*

In order to better grasp the broader structural dynamics of the Spanish housing market in recent years, since housing prices have bottomed out and begin to slowly climb upwards, I attended the Private Equity Fund Forum on Spanish Real Estate in May 2014 in Madrid. Playing a role as a limited observer, I heard several Spanish government officials speak (largely from the Ministry of Economy and Competitiveness) as well as men from a broad range of financial sector entities (investment banks, private equity firms, management consultants and so forth) talk about investment opportunities in Spain and explain the financial instruments that exist to stimulate it. I took copious notes, had a few informative conversations and was eventually able to interview one real estate servicer I met there. Overall it served as a peephole into another world, useful to better grasp the structural changes in the housing market and both current conditions and debates related to profitable investment strategies for international investors in Spanish real estate.

### **3.4.2. Semi-structured interviews**

Semi-structured interviews sought to uncover the lived experience of mortgaging and demortgaging life in the Barcelona metropolitan region, as well as to understand the Spanish/Catalan housing and financial context more broadly. In total, 38 interviews were gathered with 40 people. Of these, I conducted 32 one-on-one, with mortgage-affected people (18), retired or active bank/financial sector workers (5), former or current government officials/technicians (6) and academics (3). The remaining 6 interviews with 8 people were either carried out with other researchers (3) or were received from other researchers after said interviews were anonymised (3). In terms of the former, as part of a collective research project I was one of three people interviewing three PAHC Sabadell members in an occupied housing block where two of the three PAHC members live (Observatorio Metropolitano de Barcelona, 2014). Two interviews were also carried out in collaboration with another researcher, one with the spokesperson for the Obra Social campaign in Catalonia and another with one of the founders of the PAH and the Obra Social campaign. Finally, members of a squatting research network shared three completely anonymised interviews they conducted with mortgage-affected people from PAH Barcelona, upon receiving consent from their informants.

Semi-structured interviews on average lasted one and a half hours, a handful one hour and some up to 2.5 or three hours. The majority followed an interview guide that elaborated a general script and list of topics, but were flexible and open, allowing interviewees to elaborate certain points of interest (Denscombe, 2007; Russell Bernard, 2006). Interviews were a way to “give voice” to others through research (Cloke et al., 2004, p.151) and more deeply understand specific housing-related processes and relationships.

Towards addressing the theoretical inquiry at the heart of this thesis, the semi-structured interviews conducted focused on different elements depending on the informant. Interviews of mortgage-affected people sought to understand why they bought a home, their experience and relationship with the financial entity from signing the mortgage through to default and eviction, as well as why they joined the PAH, their experience participating in actions, how it has impacted the way they think – in other words, trying to understand in practice the mortgaging and demortgaging life. Upon ‘being around’ for an extended period of time, as explained in section 3.4.1, I established a certain level of rapport with the people I eventually asked for an interview. Being around also enabled me to use quota sampling strategy (Neumann, 2007, pp.142–144), requesting interviews from a reflective cross-section of race, gender, age, class and level of engagement in the PAH, the latter referring to a balance of people who are more or less vocal in assemblies and actions. While a study of this nature and size cannot, nor aims to be, statistically representative, requesting interviews from a range of informants sought to capture the diversity in the PAH. Table 3.3 provides details on

the characteristics of mortgage-affected informants, material drawn upon in significant depth in Chapter Five and Six.

Semi-structured interviews conducted with other informants had different foci. Those with government informants sought a deeper contextualisation of the housing boom and regional (Catalan) government approaches to the rental market and social housing provision. Interviews with retired or current bankers unpack how they experienced the housing boom professionally in terms of granting mortgages and credit to households and the real estate sector, and the demands placed on them from their financial entities; in other words, the general climate of that period of time from the perspective of banks and their workers. Only four were conducted as it was difficult to access these sources; for similar reasons only one interview was obtained with a person in a real estate investment, advising and management company, which sought to give insight into the current boom in the real estate sector attracting foreign investors. Finally, interviews with academics provided specific historical, planning and political economic data and perspectives in Sabadell, Catalonia and Spain respectively. The title and position of financial sector, government and academic informants are listed in Table 3.4.

**Table 3.3. Characteristics of mortgage-affected informants**

21 mortgage-affected informants	
Gender:	12 women, 9 men
Nationality:	11 Spanish, 10 non-Spanish
	Of 10 non-Spanish: Ecuador (5); Morocco (2); Colombia (2); Pakistan (1)
Median age:	40-45 (range from 30-35 to 60-65)
Income (pre-crisis):	17 low-middle income (from €1,400 to €3,000 per month)
	4 upper-middle income (€4,500 to €5,000 per month)
Employment (pre-crisis):	Construction-related industry (6), restaurants (2), supermarket cashier (2), factory worker (2), truck driver (2), elderly caregiver, mechanic, local government worker, security guard, entrepreneur, family run business, business manager



**Table 3.4. Financial sector, government and academic informants**

Financial sector (5)

- Office worker, La Caixa. 20-year career.
- Sub-director, Ibercaja. 34-year career.
- Retired mortgage technician, Santander. Worked at bank for 35 years.
- Retired office director, La Caixa. Worked at bank for 31 years.
- Owner of real estate investment, management and advising company, 10-year career.

Catalan government (6)

- 2 former Secretaries of Housing of Catalonia
- 1 current Secretary of Housing of Catalonia
- 2 workers at the Catalan Housing Agency
- 1 worker at Incasòl

Academics (3)

- 1 historian (Sabadell urban development)
- 1 geographer/planner (former Parliamentarian and government worker)
- 1 economist (housing expert)

**3.4.3. Document review**

Document review provided grounding in the political economic dynamics related to housing and the financial system in Spain more broadly, and wherever possible in Catalonia and the Barcelona metropolitan region. From April 2013 until September 2014, I regularly collected Spanish and international press articles on the financial restructuring of the Spanish banking system and Spain's political-economic situation in general, from sources such as *El País*, *eldiario.es*, *El Mundo*, *El Confidencial*, *La Directa*, the Wall Street Journal and the Financial Times. The Bank of Spain's annual reports from 1998 to 2014 were consulted, as well as many other articles written by Bank of Spain employees on securitisation and the mortgage market. Reports on the Spanish financial system were collected from the European Central Bank, International Monetary Fund (IMF), management consultants like KPMG and PwC and critical grassroots sources like the Barcelona-based TAIFA critical economy seminar or the Platform for the Citizen Audit of Debt (PADC). Some annual reports from selected banks (e.g. La Caixa) were also reviewed. Aside from press and official reports, I gathered a range of official statistics to get a broader sense of the main socio-economic conditions during the housing boom and bust. These included statistics related to employment and mortgage debt (National Institute for Statistics, INE), salaries (Spanish Tax Agency, AEAT), housing prices (Spanish Ministry of Public Works, European Mortgage Federation), mortgage related data more broadly (Spanish Mortgage Association, AHE) and on housing foreclosures and evictions (General Council of Judicial Power, CGPJ).

These were all important sources of information to gain deeper contextual understanding on the Spanish political economic situation, debates and processes underway both in the private sector and at various levels of government in relation to the financial and real estate system during the housing boom and its bust. At the same time, in using statistics, official reports and other secondary sources I was conscientious of their social nature and the broader order within which they are constructed, meaning that they cannot be taken at face value but rather need to be viewed critically (see Cloke et al., 2004). This was done wherever possible by triangulating data between sources.

#### **3.4.4. Focus group**

Although not originally planned as a research method, I helped prepare and facilitate a focus group organised by another researcher with PAH Barcelona in July 2014, upon her request. Nonetheless, several of the conversations and discussions that unfolded in the focus group were insightful for my inquiry, particularly in relation to challenges with processes of political subjectivation. The researcher had previously interviewed the participants one-on-one but wanted to use a focus group to bring them into dialogue to assess their shared understandings and disagreements (Hoggart et al., 2002) around citizenship and participation, and also to collectively debate some broader challenges that had been present in assemblies regarding people's participation in the PAH to generate ideas to address this challenge. We structured the session together, she moderated it and I penned contributions on a flip chart. Six participants were invited but due to personal issues only four could attend. The session lasted 2.5 hours.

My researcher-moderator colleague channelled the discussion in a specific direction (see Denscombe, 2007), through first asking the group, 'what does it mean for us to be a citizen?' and later, 'how has the PAH influenced our concept and experience of being a citizen?' Following this, there was a lively discussion and debate around how to improve participation and the global/collective vision within the PAH. Focus group participants gave a report back to the PAH Barcelona coordination assembly with proposals for tasks to be implemented towards this end.

#### **3.5. Data organisation and analysis**

After the slow and long experience of transcribing a handful of interviews myself during my fieldwork, I contracted someone to transcribe the remaining audio recordings between August and December 2014. During this period I also thoroughly reviewed the 40 weeks of field notes to ensure I had captured the key points in weekly summary word documents. Atlas TI was used to organise and code these field notes, interviews and the focus group.

Descriptive and analytic codes were generated from both the theoretical framework as well as issues emerging from the data at hand in an iterative fashion. Above all, however, coding was solely used to organise and structure the data, which I then grouped and analysed based on the codes assigned without the use of any further Atlas TI tools.

To uncover the patterns emerging from the data collected, I used a combination of narrative and successive approximation analysis (Neumann, 2007). For the former, I thematically analysed the narratives from mortgage-affected informants derived from the concepts driving my research as well as inductively creating conceptual groupings from the data at hand (Reissman, 2003). In other words, themes emerged in an iterative process. I came to the research with certain concepts, related to broader theoretical themes of interest such as the financialisation of housing or political subjectivation, which shaped the questions I asked mortgage-affected informants. On the other hand, as I coded interviews and field notes in Atlas TI similar stories emerged in multiple interviews about a specific experience or topic – for example, the physical and mental health impacts experienced when one stopped paying – which pointed to key themes that I had not considered beforehand but which were important to give greater insights into the theoretical framing of my research. Successive approximation involved an iterative process of moving from the research questions and conceptual framework to probe the data I collected, and vice versa; I thus sought to move “from vague ideas and concrete details in the data toward a comprehensive analysis with generalisations” (Newmann, 2007, p. 337).

I now turn to the final section to highlight some of the main research challenges and limitations.

### **3.6. Research challenges and limitations**

While the engaged ethnographic approach driving my research was certainly the best way to uncover lived experience and the related processes at the core of my research, it was not without its own challenges. These are briefly outlined in this section, connected to the limitations in my research and how I addressed them.

During my research, I struggled with how deeply to engage with the PAH in order to maintain a healthy research-life balance and sustain my involvement. The nature of the movement – people in different phases of foreclosure and eviction proceedings – means that the PAH is an emotionally intense process, which often combines acute distress, rage, a sense of collective power against injustice and exhaustion at multiple levels. Assemblies, actions and activities are constant. While giving insights into different dynamics around (de)mortgaging life in the Barcelona metropolitan region, being with two PAHs also complicated my engagement, as there were often assemblies or actions that overlapped. I originally planned

to engage with the PAH in Terrassa, another city in the Barcelona metropolitan region, but their assemblies overlapped with PAH Barcelona's. After the first few weeks of fieldwork alternating assemblies – one week in Barcelona, one week in Terrassa – I felt like I wasn't truly at either place; I decided to stop going to Terrassa in order to have the energy and time to engage more fully in Barcelona and Sabadell.

I also faced challenges related to research 'saturation' in the PAH in recent years. That is, increasing numbers of students and researchers come to learn with/from/about the PAH, in particular PAH Barcelona but also Sabadell. This has meant that many PAH members have been approached for interviews; some don't mind repeating the experience, while others are reluctant to do so. This challenge combined with the delicate mental and health situation of many mortgage-affected people, and led to 21 interviews being conducted with mortgage-affected people. At the same time, I addressed this challenge through being engaged in the PAH in the long term and building trust and rapport with people, where possible conducting interviews with other researchers and sharing a handful of anonymised interviews (see section 3.4.2), as well as using participant observation as another method to understand lived experience. In being a participant observer, I strove to be conscientious of its objectifying and 'othering' historical roots, following many critical ethnographers in problematising this reality (see especially Scheper-Hughes 1995), and making contributions to the PAH throughout and beyond my research.

The focus and political nature of my research also mean that it was difficult to access people in the financial sector, which is why five interviews were obtained. In this light, interviews largely sought to uncover their experiences of working in banks during the housing boom, and were used to bolster and give deeper insights into financial reports from different national and international entities.

### **3.7. Conclusions**

This chapter justifies the methodological apparatus employed to more deeply understand the mortgaging and demortgaging of life, elaborating how the approach, the case study strategy and the qualitative methods employed were effective ones to answer the research questions at hand. While understanding the broader political economic and financial dynamics in Spain and Catalonia through document review and semi-structured interviews with government and financial sector informants was a relatively straightforward process, apprehending the lived dimension of (de)mortgaging or (de)financialisation was much more complex. This complexity necessitated a deep immersion, an engaged ethnographic approach, whose theoretical, political, ethical and practical dimensions were outlined and justified. Furthermore, it elaborated how the PAH was apprehended not as a research object but as a

situated source of knowledge embedded in the larger case of the Barcelona metropolitan region.

The next chapter now turns to a historical reading of housing in Spain in the twentieth century, to situate the roots of the dynamics that continue to unfold today.

## CHAPTER FOUR

### Homeownership, urban capital accumulation and financialisation: Housing in twentieth century Spain

#### 4.1. Introduction

Housing in Spain has undergone two major transformations in the second half of the twentieth century. The first was from a poor quality, deficient housing stock to the largest quantity of secondary and empty homes in Europe, as the growth in the housing stock almost tripled the increase in population (Murray Mas, 2015). The second transformation was in tenure. Over half the Spanish population were renters in the 1950s – with only 5% in cities like Madrid and Barcelona owning housing – while over 80% of the population were homeowners by the turn of the twenty-first century.

While these significant changes in housing quality and tenure may appear to be simple facts, reflecting development and modernity, or perhaps an illustration of the famed 1960s tourism slogan that “Spain is different”, this chapter tells another story. Through unpacking the political economy of housing from the Franco dictatorship to democratic Spain, I aim to reveal how the production of housing and homeowners was continuously stimulated through different means but towards the same end: to create and maintain a specific social and economic order. This order was based in fostering growth through the secondary circuit of capital (Harvey, 1978; 1985) – the production of the built environment – and regulating the population through homeownership. The former was fundamental for Spain to overcome its economic “backwardness”: economic historians have shown that Spain’s early modern colonialist empire was dependent on external markets for commercial goods and on the profitability of metals and mining in the Americas, a reality detrimental to the development of Spanish industry (see Charnock et al., 2014). In other words, Spanish capitalism has long been peripheral in the European context because its primary circuit (the production of goods and services) has not been competitive; thus “a significant proportion of Spanish capital has traditionally sought a “refuge” in construction and real estate” (Coq-Huelva, 2013, p. 7). Professionalising and making the real estate sector profitable, a growth sector in its own right – related to the development of tourism – was thus an important order to establish.<sup>3</sup> At the same time, creating a nation of homeowners was a key material and discursive strategy of the dictatorship, who faced “a mass of second class Spaniards” living in poor quality conditions as rabble rousing renters after the end of the Spanish civil war in 1939. Homeownership played a key role in adjusting the population to economic processes in Spain (Foucault, 1978) under democracy: as the secondary circuit became more and more

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<sup>3</sup> While outside the scope of this thesis, some excellent, critical analyses of the relationship between tourism and the development of Spain’s secondary circuit include Murray Mas (2014), Observatorio Metropolitano de Madrid (2013) and Charnock et al. (2014).

important for the country's economic growth, the creation of homeowners was a necessary component to ensure its expansion.

This chapter uncovers the deep roots underneath Spain's 1997-2007 "urbanisation tsunami" (Fernández Durán, 2006). It illuminates how a social and economic order was actively constructed through a shifting combination broadly characterised by state intervention (1939-1975) then market mechanisms (1975-onward), the latter reflecting broader shifts towards neoliberalisation across the world. This historical context is critical for a deeper understanding of the way this unfolded through the financialisation of housing and of life in Spain during the boom and its subsequent bust, as detailed in the following two chapters.

The chapter unfolds in three sections. Section 4.2 focuses on the ideological and material processes related to the promotion of homeownership and the secondary circuit of capital under the Franco dictatorship (1939-1975). Section 4.3 illustrates how, in the post-dictatorship period, housing policy, land regulation and mortgage financing legislation laid further groundwork for the 1997-2007 housing boom. Figures 4.1 and 4.2 provide timelines that depict the political changes and housing related policies during these two periods respectively. As this thesis looks in particular at the dynamics of the Barcelona metropolitan region, Barcelona and Catalonia come into and out of focus post-1975, particularly because housing-related competencies (among others) were decentralised to the level of the autonomous community in the transition to democracy. Material is drawn from interviews with six former and current Catalan government informants to give an idea of how changes unfolded here. Finally, section 4.4 explains how housing became financialised in Spain as mortgage financing markets increasingly became investment channels not with the aim of facilitating the material production of housing but to make money in themselves (Aalbers 2008). In the conclusion I draw out the main points from this chapter and theoretical insights into the core concepts of this thesis. The role and treatment of the population during the boom is the focus of Chapter Five, where I show how life itself became mortgaged and financialised.

**Figure 4.1. Timeline of key political events and housing-related policies, 1936-1977**





**Figure 4.2 Timeline of key political events and housing-related policies, 1977-2015**

Key Political Events	Key Housing Policies
	1975
Democratic transition	1976
Adolfo Suárez elected first Spanish President (UCD – centre right), 1977–81	1977 • Ministry of Housing suspended, subsumed under Ministry of Public Works
Spanish Constitution ratified	1978
	1979
Jordi Pujol elected first President of Catalonia (CiU – centre right), 1980–2003	1980
	1981 • Mortgage Market Regulation Act adopted; National Housing Plan 1981-1983 released
Felipe González elected Spanish President (PSOE – socialists), 1982–1996	1982
	1983
	1984 • National Housing Plan 1984–1987 released
	1985 • Boyer Decree adopted; National legislation on savings banks adopted (new governance structure)
Spain joins European Economic Community	1986
	1987
	1988 • Savings banks' territorial barriers completely removed
	1989
	1990
	1991
Maastricht Treaty	1992 • Securitisation Vehicles Act adopted; National Housing Plan 1992-1995 released
	1993
	1994 • Urban Letting Act (LAU) amended
	1995
José María Aznar elected Spanish President (PP – conservatives), 1996–2004	1996
	1997
Spain joins European Monetary Union	1998 • Land Act amended; National Housing Plan 1998-2001 released; Royal Decree 926/1998 to secure assets other than mortgages
Spain adopts Euro	1999
	2000
	2001
	2002 • 2/2002 Land Act (Catalonia) adopted; 44/2002 Act to create Asset Securitisation Funds adopted
Pasqual Margall elected Catalan President (left-wing tripartite coalition), 2003–2006	2003
José Luis Rodríguez Zapatero elected Spanish President (PSOE – socialists), 2004–2011	2004 • Ministry of Housing reinstated
	2005
José Montilla elected Catalan President (left-wing tripartite coalition), 2006–2010	2006
	2007 • Housing Rights Act adopted (Catalonia)
	2008
	2009
Centre right (CiU) majority in Catalan Parliament, Artur Mas president, 2010-2015	2010 • Ministry of Housing suspended, subsumed under Ministry of Public Works
Mariano Rajoy elected Spanish President (PP – conservatives), 2011–2015	2011
	2012
	2013
	2014
	2015

## **4.2. Establishing social and economic order through homeownership under Franco (1939-1975)**

Contrary to the prominent perception that for Spaniards the desire to own a home is “a code written in our DNA that differentiates us from other mortals and determines our behaviour” (Colau and Alemany, 2012, p. 33), homeownership has not always been a desirable nor feasible option in Spain (Naredo, 2004). Buying housing instead became both possible and normalised through a variety of ideological, institutional and legal changes that took place over a period that lasted well over half a century. This section outlines the housing conditions existing previous to and at the start of the Franco dictatorship, upon which the foundation for Spain’s secondary circuit of capital could be established, and how this foundation at the same time moulded the population needed to sustain and expand it through homeownership.

### **4.2.1. Housing shortages, *barracas* and a “mass of second class Spaniards”**

The insufficient quantity and overwhelmingly poor quality of housing in Spain at the turn of the twentieth century was compounded by the destruction unleashed during the Spanish Civil War (1936-1939). Yet even before this time, living conditions for the working class in cities like Barcelona were awful (see Ealham, 2005, p. 5-6, 22-25). Housing construction in general was limited in the 1920s and 1930s due to rent controls and the rising price of construction material in the wake of the First World War (Llordén Miñambres, 2003). Public interventions that attempted to provide affordable housing, such as through the 1911 and 1924 Cheap Housing Acts (*Ley de Casas Baratas*) were deficient and unable to address housing shortages, especially for the working class (Tatjer, 2005). The latter was increasingly composed of people fleeing the countryside in southern Spain to industrialising cities across the north of the country, driven by poverty, the promise of a better life and, after the Civil War, political exile or repression (Díaz Molinaro, 2010).

With extensive subletting and overcrowding of the existing housing stock, many urban migrants had no other option but to build shacks (*barracas*) starting in the 1920s which, despite efforts to suppress and counteract them in cities such as Barcelona (see De Andres Creus, 2011, p. 67-68), continued to expand into the 1970s. In Barcelona these areas included *El Somorrostro* and *El Camp de la Bota* on the beach (Figure 4.3) and the multiple *barracas* of *Montjuïc* or *El Carmel* on the hills (Figure 4.4). Across the city around 6,500 *barracas* existed in 1927, growing to almost 20,000 by the 1960s (MUHBA, 2010). In Sabadell the Saint Olaguer caves, caverns excavated out of a rocky hillside “in the same place that thousands of years before the first settlers of Sabadell lived” (Oliva Vilà, 1995, p. 31), were the only option for many of the tens of thousands immigrants pouring in from Murcia and Andalusia from the mid 1940s onwards to work in the flourishing textile industry. Caves housed up to an estimated 1,500 people in 1952 (see Masjuan, 2010) (Figure 4.5).

Figure 4.3 *Barracas*, El Somorrostro, Barcelona (1960s)



Source: Tot Barcelona (original author not listed)  
[https://totbarcelona.files.wordpress.com/2010/12/img\\_1743.jpg](https://totbarcelona.files.wordpress.com/2010/12/img_1743.jpg)

**Figure 4.4 Barracas on Montjuïc, Barcelona (1960s)**



Source: <http://pbs.twimg.com/media/BiWXfCYCAAEW21L.jpg:large>

**Figure 4.5 Sant Olaguer caves, Sabadell (1950s)**



Source: Photo from the film "Our daily bread" ("*el nostre pa de cada dia*") by Ramon Bardés / AHS, 1950 [http://ca.sabadell.cat/Coves/p/portada\\_cat.asp](http://ca.sabadell.cat/Coves/p/portada_cat.asp)

Thus faced with a serious housing deficit – which according to the dictatorship was generating a “mass of second class Spaniards” (Maestrojuan, 1997, p. 173) and therefore growing social dangers which must be avoided at all costs – improving housing was one of the main objectives of the Franco regime when it came to rule in 1939. Quelling “social unrest” through housing and homeownership was a strategy pursued in other countries as well (see Harvey, 1978, p. 127; Ross, 2015). In the Spanish context, the political economic objective underlying Francoist housing policies was to create “adequate conditions of profitability to open up a new field of capital accumulation, the course of its achievement also fostering the birth of large, professional real estate developers and their corporate configuration” (Llordén Miñambres, 2003, p. 145).<sup>4</sup> At the same time, alongside the dictatorship’s desire to restore social order and definitively eradicate class struggle, communism and the cultural, political and social movements that had threatened bourgeois society (Ysàs, 2003), there were clear Falangist ideals – Falangists being Spanish Fascists who believed in national syndicalism, who were republican and Catholic in their outlook – underlying housing reconstruction. At a meeting with over 200 architects to discuss the reorganisation of national architecture in April 1938, principles that should govern the ideal city were outlined: “...build not isolated worker neighbourhoods, which only brings class differentiation to architecture, constructing buildings that seem to have the purpose of emphasising the difference of the beings residing within with respect to each other. The ideal would be that people of a different social status could live, equally, in different flats in the same house” (López Díaz, 2003, p. 2).

While the Falangist dream of overcoming class struggle through architecture was far from fulfilled, a path was ardently beaten to do so. The National Institute of Housing was established in April 1939 with a legal mandate to coordinate the production of low income housing (*viviendas protegidas*), but despite extensive incentives it did little to stimulate production due to an unprepared public sector and unattractive economic returns for private developers (Belsky and Retsinas, 2004). An extension to this 1939 Act in 1946 stipulated that all businesses with more than 50 workers had to ensure the construction of worker housing – facilitated through tax relief, interest free state loans and forced expropriation of land, among other incentives – but due to the lack of building materials and capital it didn’t reduce the growing housing deficit in industrial cities across Spain (Masjuan, 2015). The 1944 Discounted Housing Act (*viviendas bonificables*), in turn, largely benefited middle and upper income groups who could pay for it; the state provided important benefits to private capital to stimulate investment and developers were able to sell housing “with truly

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<sup>4</sup> The use of political prisoners (defeated Republican fighters) as slave labourers after the Spanish Civil War was fundamental in building the productive capacity of the construction sector, with forced labour regulated and implemented by the dictatorship in public and private sectors for infrastructure development (Mendiola Gonzalo, 2011; Gutiérrez Molina, 2014). Several construction companies established with slave labour today form part of the most powerful groups in Spain (Crawford, 2003); three in particular rank amidst the top ten construction companies globally (Chislett, 2008). Murray Mas (2015, p. 102-109) explains how these companies benefited from Spain’s housing boom, while Garcia Fàbregas (2014) undresses the “lords of the boom” in Catalonia.

scandalous profit margins” (Tamames, 1971, p. 382 cited by Capel, 1975, p. 121). This Act was, however, noteworthy because it introduced housing for sale rather than for rent and also began to professionalise developer-construction activity within a corporate structure (Llordén Miñambres, 2003).<sup>5</sup>

But housing production was slow to take off in the 1940s due to the shortage of building materials, limited capital investment and an unprepared private sector. The first two in particular are unsurprising considering the post Civil War period in Spain and the Second World War ravaging Europe, as well as the dictatorship’s policy of autarky until the early-mid 1950s (López Díaz, 2003). Rent freezes were initiated in the first 1946 Urban Letting Act (*Ley de Arrendamientos Urbanos: LAU*)<sup>6</sup>, renewed in 1955, due to continued housing scarcity as well as for the dictatorship to please a broader social base including shopkeepers, industrialists and renters (Artola Blanco, 2012; Leal, 2005). As the 1944-1954 National Housing Plan produced far less than half of the projected 1.4 million homes (López Díaz, 2003), in cities such as Barcelona the decade following the Civil War “brought hunger, misery and a new explosion, this time more intense, of slum development (*barraquisme*) and other forms of sub-standard housing” for the majority of the population (Oyón and Iglesias, 2010, p. 35). The journalist José Cañas described some of this sub-standard housing in Barcelona’s coastal neighbourhood, the Barceloneta, in 1952 as follows:

“The spectacle before our eyes cannot be described. Families heaped on top of each other, children without the warmth of a home nor education, belongings in piles, stoves and many rags. The rags were not in the sun; rather some serve to separate one house from another. Modesty does not exist. It is a scene of the absolute promiscuity and complete demoralisation of people that no longer have faith in anything and do not believe they will ever have a house of their own.”  
(Venteo, 2012, p. 83,88)

Construction activity in the 1940s and even into the 1950s was thus largely reduced to solvent demand, benefiting the bourgeoisie faithful to the regime (Masjuan, 2010). Thus while the first steps to professionalise the developer-construction sector were secured, housing production was minimal. The poorly housed “mass of second class Spaniards” remained.

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<sup>5</sup> Llordén Miñambres (2003, p. 151) furthermore notes that it was in this period that the developer as a professionalised figure became the social agent that ensures the management of circulating real estate capital in the commodity-housing transformation phase: “previous to the old figure, from now onwards the developer doesn’t invest in buildings to obtain fixed rents but rather produces housing like any other commodity.” They thus play an essential role in acquiring land and constructing buildings, in many cases also carrying out construction and the final sale of housing (*ibid.*).

<sup>6</sup> The LAU is one of the most important legal bodies regulating the rights and duties of renters and landlords. LAUs dictate the duration of rental contracts, the possibility of replacing the contract and the procedures for updating them (Leal 2005).

#### **4.2.2. Building a country of homeowners, “making a spring of homes grow in Spain”**

Efforts were redoubled in the mid to late-1950s to address the continued proliferation of housing problems. In 1954 the Subsidised Housing Act (*Ley de Viviendas de Renta Limitada*) was adopted, with the dictatorship guaranteeing the profitability of private capital invested in the promotion and construction of social housing through tax breaks, land expropriation, subsidised materials and long-term credit (Betrán Abadía, 2002; Cayuela Sánchez, 2010). The Ministry of Housing was created in 1957, with the Falangist José Luis Arrese appointed as its first minister. Arrese perceived the problem of housing as one of public order; to achieve social peace he proposed the ‘destiny’ of the Ministry as “making a spring of homes grow in Spain” (Naredo, 2010). As the historian Maestrojuan (1997, p. 173) maintains, Arrese conceived the task of building the Ministry of Housing as:

“a true mission, inspired by the ideals of the social revolution of the Christian and Falangist type: the family is the first fabric of coexistence that man forms and the principle guarantee of stability; the home, the sublimation of the house, is the only – indispensable – medium through which the family can grow, and, lastly, at a higher level, the homeland (*la patria*) is the home of all Spaniards. Family, Home and Homeland are, consequently, the foundations of the regime and to this its protection and development responds.”

The Ministry thus viewed the problem of housing as one of public order to be resolved, considering that “man, when he has no home, takes control of the street and, impelled by his bad mood, becomes subversive, bitter, violent...” (Arrese quoted by Naredo, 2010, p. 18). Through housing policy subsidised by the state, the Ministry favoured the creation of a mass of homeowners – where subleasing was considered to be something filthy – to guarantee social stability, with urban development geared towards building a hierarchical, traditional and organic society under national coexistence (Maestrojuan, 1997). The deep-seated belief in homeownership driving Arrese’s vision is crystal clear in the famed statement from his first official speech upon taking the reins of the Ministry: “we want a country of homeowners, not proletarians” (*queremos un país de propietarios, no de proletarios*). This was a phrase he repeated upon receiving an award during an official Estate Agents Association event, where he underlined their role in building this homeownership society (ABC, 1959). Colau and Alemany (2012) underline how the dictatorship’s project to create homeownership both avoided possible conflicts between the state and tenants, conflicts that could truly challenge the regime, and acted as a mechanism of social control, converting insubordinate spirits into orderly, moral and disciplined individuals.

It was during Spain’s developmentalism period (*desarrollismo*) in the 1960s that residential construction started to become an economic motor and building a country of homeowners became possible. Indeed, the objective of the 1961-1976 National Housing Plan was “to support housing construction as one of the alternatives for the country’s economic take-off” (Rodríguez Alonso, 2009, p. 135). Mitigating the housing question was also pressing due to

increasing waves of internal migration seeking work in rapidly industrialising areas: in the 1950s 400,000 people moved to Catalonia, half of these settling in Barcelona, while between 1961-1965 there were 800,000 new arrivals, 128,000 of these in Barcelona and over 160,000 in the metropolitan area (Ferrer, 2010). The Social Urgency Plans published in 1957, 1958 and 1959 for Madrid, Barcelona and Vizcaya respectively outlined new terms for private capital to collaborate in solving the housing problem (Betrán Abadía, 2002). The 1959 Stabilisation Plan – the central axis in the shift from the dictatorship's autarkic phase to *desarrollismo* (Fernández Navarrete, 2005) – established the legal bases for external capital to enter Spain (Tascón, 2003). New regulations on foreign investment enabled up to 50% ownership in all Spanish firms, and a decade-long boom took place in Spain's most important growth industries including steel, textiles, shoes and construction, a period when mass tourism attracted vast inflows of external capital (Charnock et al., 2014). Finally, the 1962 Parent Act made key changes to adapt the financial system to new economic growth strategies through an interventionist regulatory framework, ultimately reinforcing the role of savings banks and banks as suppliers of capital (Altuzarra et al., 2014).

Coordinated and regulated through the National Housing Plan, 180 working class housing estates (*polígonos de vivienda*) across 15,000 hectares were financed by the state by 1970, with the number of housing units per estate ranging from under 500 to more than 10,000 units (Capel, 1975). Private initiatives to construct state subsidised housing (*vivienda de protección oficial: VPO*), legislated in 1963 and regulated in 1968, providing subsidies for demand and supply, also grew as the state enabled access to mortgage credit, facilitated legal processes for developers to expropriate land and provided financial help for construction, making working class demand more profitable. Most housing estates, however, were low cost and poor quality, peripherally located and lacking infrastructure, leading some to dub them as vertical *barracas* (De Andres Creus, 2011). Tajer (2005) furthermore notes that VPO in general was unable to provide housing alternatives for the poorest of the working class, who were left in precarious housing until the final decades of the twentieth century. Indeed, the 1961-1976 National Housing Plan produced far more housing than projected – 3.7 million housing units were planned and 4 million were built – but largely at market rates (Rodríguez Alonso, 2009). The proportion of actually built VPO units were 20% below planned levels, with virtually all for purchase, not for rent (*ibid.*). The 1973 petroleum crisis cut this first housing boom short, but the end of the *desarrollismo* period for the first time left a significant quantity of secondary and empty homes (Table 4.1), initiating a dynamic repeated until today (Rodríguez Alonso, 2004).



**Table 4.1. Housing stock in Spain, 1950-2011**

	1950	1960	1970	1980	1991	2001	2011
Total housing stock	6,687,200	7,726,400	10,657,000	14,726,000	17,160,677	20,823,369	25,208,623
Main residence	6,327,800	7,028,700	8,504,300	10,430,900	11,736,400	14,270,656	18,099,406
Second homes	177,900	331,000	795,700	1,899,800	2,923,600	3,323,127	3,681,565
Empty housing	181,500	366,700	1,355,700	2,396,200	2,546,400	3,091,596	3,443,365

Source: Rodríguez Alonso 2004. 2011 data from INE, 2013.

A final piece of the regime's push for homeownership was the 1960 Horizontal Property Act, a critical piece of legislation that enabled the sale of flats within a building. Its prime objective was to encourage large swaths of the population that lived as renters into invest capital by purchasing property (Betrán Abadía, 2002). The various strategies in this *desarrollismo* period thus successfully ignited housing production (Table 4.1) and increased the number of homeowners (Table 4.2), establishing a social and economic order through homeownership that would set the bases for the subsequent decades.

**Table 4.2. Housing tenure in Spain, 1950-2011 (% of households)**

	Homeownership	Rental	Cession of use	Other (social housing)
1950	45.9	-	-	-
1960	51.9	43	-	-
1970	63.4	30.1	4.6	1.9
1981	73.1	20.8	3.1	3
1991	78.3	15.2	4.5	2
2001	80.7	11	6	2
2006	87	10.4	4	1.5
2011	79.9	13.5	5.5	1.5

Source: Rodríguez Alonso, 2004. 2007 data from Palomera, 2014a. 2011 data from INE, 2013.

#### **4.2.3. From shortage to excess: housing under Franco**

This brief historical contextualisation of housing during the Franco dictatorship outlined the principle ideological, institutional and legislative dimensions of Spanish housing policy from 1939 to the late 1970s. While the regime was unable to fully realise its Falangist (national syndicalist) ideal of depoliticising society and life by overcoming class struggle through housing, it was successful on two other fronts. First, it instilled the legal basis and corporate structure to professionalise developer and construction activity, the former key to ensure the management of circulating real estate capital and successfully turn housing into a commodity. This step was critical to later attract private capital and launch residential construction as an economic motor for Spain in the 1960s, establishing its secondary circuit and triggering an unprecedented construction of housing and, for the first time in history, a stock of secondary and empty homes.

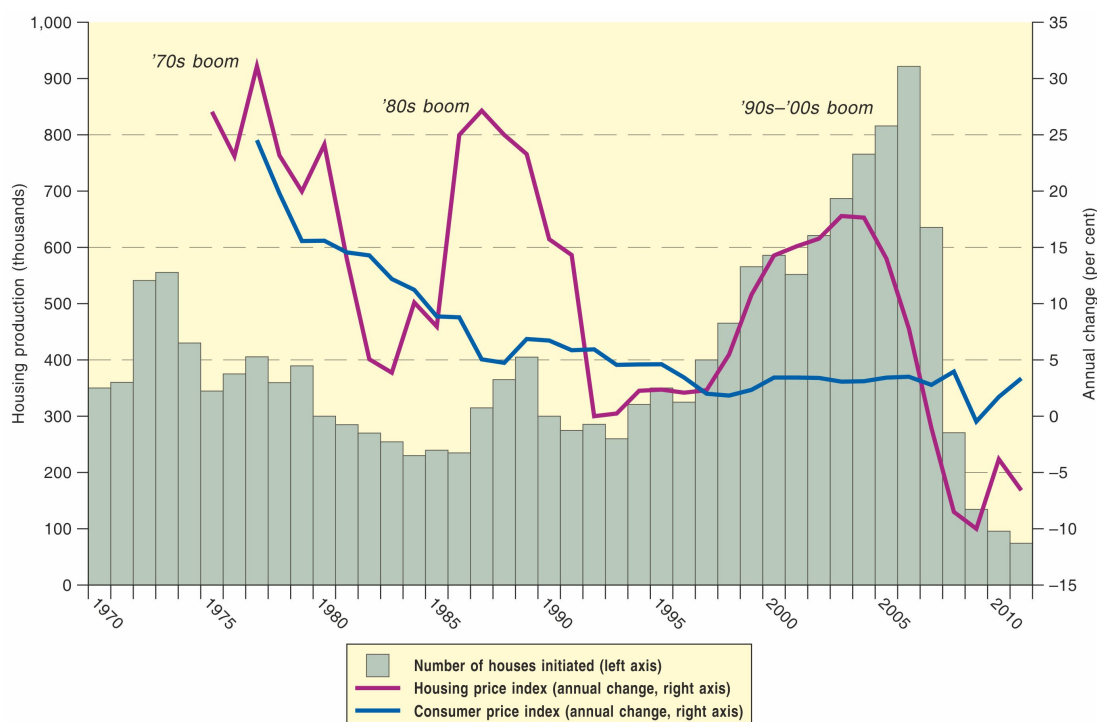
The second success of the dictatorship was to instigate a deep-seated shift from a majority renter to an ever-increasing homeowner society through a variety of mechanisms and discourses to incentivise homeownership among housing producers and consumers. In Catalonia, homeownership doubled in two decades, from 25.7% in 1950 to 53.3% in 1970 (Trilla, 1998 cited in Tatjer, 2008). There was clearly a project of socio-political control behind this action, reminiscent of projects encouraging homeownership in other countries decades later e.g. in the UK under Margaret Thatcher in the 1980s and elsewhere (e.g. Allon and Redden, 2012; Ronald, 2008; Langley, 2008b; Smith, 2008). Homeownership offered a “stable” and “harmonious” form of property for the Franco dictatorship alongside a means to pacify the population, increasing their docility and utility (Foucault, 1991). The Francoist period laid the foundations for radical changes in the practice and perception of the status of homeownership in Spain to such an extent that as Colau and Alemany note (2012, p. 33) by the 1980s the Spanish homeownership “culture” was considered completely natural, “like a lucky genetic code inscribed in our DNA that differentiates us from other mortals and determines our behaviour. Just another expression of the *Spanish way of life*.” Homeownership thus served as a “security mechanism” to control a “random element inherent in a population of living beings so as to optimise a state of life” (Foucault, 2003, p. 246), one that sought to maintain and expand a specific social and economic order grounded in owning homes and producing housing.

Naredo (2010) avers that the advancement of homeownership established in Franco’s housing policy from 1939 to 1975 culminated in the bust of the 1997-2007 housing boom, albeit, as Masjuan (2010) specifies, without the public promotion of affordable rents or “ultra-cheap” property from the paternalist Franco era. It is to the more recent roots of this boom period that the next section now turns, towards understanding how the social and economic order was adapted in the post-dictatorship period.

### 4.3. Third time's a charm: setting the bases for Spain's 1997-2007 financialised housing boom

Policies addressing housing, land and mortgages were the three key axes configuring the real estate market after the end of the Franco dictatorship (López and Rodríguez, 2010). It was at this point that urban planning and housing competencies, among others, were decentralised to autonomous communities and municipalities, and Spain's mortgage and housing structure were established (see Box 4.1). The housing, land and mortgage legislation developed during this period – deeply shaped by European and global dynamics – came together in a particularly important configuration in Spain's 1997-2007 real estate boom, the third and most extensive cycle of its kind (Figure 4.6). Housing prices skyrocketed from €703 per square metre in 1997 to a peak of €2,086 per square metre in 2008 (Puig Gómez, 2011) and the country's total housing stock increased by almost six million units, in its peak year more than the production of Italy, France and Germany combined (López and Rodríguez, 2011). The three sub-sections that follow unravel the housing-land-mortgage nexus from the end of the dictatorship to the start of this boom in Spain and Catalonia specifically. The fourth and final sub-section underlines how these elements – whose key dates and events are highlighted in Figure 4.2 – combined to enable the unprecedented expansion of the secondary circuit and homeownership, laying the bases for Spain's 1997-2007 financialised housing boom.

**Figure 4.6. Housing cycles in Spain, 1950-2011**



Source: Naredo et al., 2008, updated by Naredo in 2013.

#### Box 4.1. Overview of the Spanish and Catalan housing and mortgage system

While some core elements have their roots in the Franco dictatorship, Spain's base housing configuration was laid in the transition to democracy in the 1970s. Government competencies around housing are highly decentralised: while the State retains a number of powers (property rights, eminent domain, land value), its 17 regional governments each hold the powers of land use, urban planning and housing (González Pérez, 2010). The central government is in charge of the general design of housing policy, through the development of Housing Plans and their fiscal control (Pareja Eastaway and San Martin, 1999), although fiscal transfers to regional governments have steadily decreased in quantity since the early 1980s, with some able to make up the shortfall and others not (Trilla, 2014). Housing Plans seek to aid access to housing for low and medium income households through the production of state subsidised housing (*vivienda protegida* or *vivienda de protección oficial* - VPO), virtually all of which is for purchase.

In Catalonia, article 9.9 of the Statute of 1978 determines Catalonia's exclusive competency in "territorial and coastal planning, urbanism and housing," although successive Catalan governments' limited themselves to distribute funds from the central government for Housing Plans and to maintain, repair and when needed substitute the state subsidised housing park inherited from the Francoist period (Fernández, 2004). Upon the transferal of powers to regions in 1985, in Catalonia *Incasòl* and the Department of Architecture and Housing were created to produce and oversee public and officially protected housing, and ADIGSA (now the Catalan Housing Agency) managed the public housing park.

In terms of private, market-based housing production, the predominant model in Spain, the developer (*promotor*) is an essential figure. S/he ensures the management of circulating real estate capital in the commodity-housing transformation phase (Llordén Miñambres, 2003), acquiring land and building buildings, in some cases also carrying out construction and the final sale of buildings. Thus the developer/construction role is often conflated (TAIFA, 2008), and some savings banks worked hand in hand with property developers and commercialised the resulting housing through their own in-house estate agencies. Housing is sold to the consumer by an entity that can combine all or some of the sector's activities, being a developer, constructor, estate agency, bank and/or savings bank (*ibid.*). Mortgage brokers are also present, "at the bottom of the chain", taking a mortgage application to a bank or savings bank to be analysed and approved/rejected by the entity's loan officer in exchange for a commission (García Montalvo, 2014, p.501).

The foundations of Spain's mortgage configuration were laid in the 1946 Mortgage Law, while the Spanish mortgage market was created by Law 2/1981, 25 March, the decade in which mortgages became more easily available. The Spanish legal system consecrates the principle of universal patrimonial responsibility through article 1911 in the Civil Code, which states that "the debtor responds to the fulfilment of obligations with all their goods, present and future" (Ayuso, 2011). In other words, a person cannot declare personal bankruptcy but rather owes the full amount of the mortgage debt contracted with the financial entity, no matter the final sale price of their mortgaged home. This debt can only be inherited if inheritance is accepted. The law stipulates that mortgage loans can be granted for 80% of the total value of the home, with a household having to pay the remaining 20% plus indirect taxes, Stamp Tax, notary and registration fees; as a whole the latter is around 10% of the cost of the property (Martínez Pagés, 2005). Appraisal companies play an important role in the process: if the appraised value of the home is higher, loans can be granted for 80% of the appraised value rather than the listed market price (see section 4.3.3). Contracting home insurance is obligatory when signing a mortgage loan.

State subsidised housing began to be substantively produced in the 1960s, but has never constituted above 2% of Spain's total housing stock. Both private and public developers produce VPO housing, coordinated and incentivised by each regional government according to their Housing Plans and central government budget allocations. The vast majority of VPO is built to buy at around 20% below market prices. To access this housing families must be registered and meet several criteria, such as being in a specific social category, not surpassing a maximum income level or not owning a main residence, among others. Mortgage finance is obtained from private financial institutions although under particular conditions regulated by the regional government, and a family is unable to sell VPO housing for a certain period of time, in order to prevent speculation (van Gent, 2010). The state provides up to 80% of the project financing to developers at very low interest rates. Since market-housing production provide much better returns for developers, they are not very motivated to build VPO (TAIFA, 2008).

Finally, social rental housing makes up a very small proportion of state subsidised housing production. In Catalonia, there are 14,321 units, owned by *Incasòl* and managed by the Catalan Housing Agency. To qualify, a household needs to fulfil a series of requirements, for example an income between €800 and €2,000 per month.

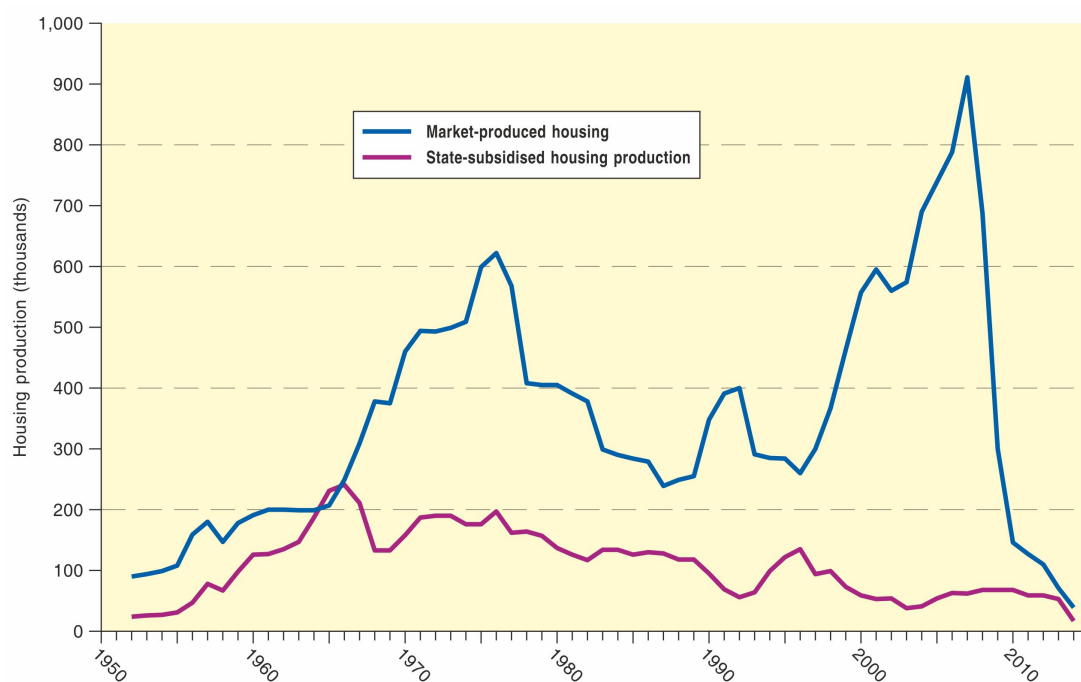
#### ***4.3.1. Housing policy: consolidating market based housing and the hegemony of homeownership***

Culminating the Franco dictatorship's desire to build a nation of homeowners and awake the construction sector as an economic growth motor, the first housing boom peaked in the early 1970s with between 400,000-500,000 housing units constructed per year over several years (Naredo, 2004). This first boom (1969-1974) was spurred by public subsidies attempting to deal with rapid urbanisation, provide state subsidised housing and meet internal demand fuelled by a booming tourist industry (see Charnock et al., 2014); it was during this period that the Spanish economy's competitive advantage in capturing capital flows into the secondary circuit, through its tourism-real estate specialisation, was established (Observatorio Metropolitano de Madrid, 2013). The project to expand homeownership and spur the construction industry continued in the decades that followed the end of the dictatorship in 1975, albeit through a different rationale and institutional framework.

Renting was dealt a double blow as a form of tenancy in Spain in the 1980s, upon emerging from the 1973 OPEC crisis and the transition to democracy. This occurred first through the elimination of rent control and tenant protection clauses in all new rental lease contracts as dictated by the 1985 Boyer Decree, which also outlined a series of economic measures that sought to "stimulate private consumption and investment, encourage employment and propel the construction sector" (Rodríguez Alonso, 2009). Although the 1994 Urban Letting Act (LAU) later tied rent increases to the growth of the consumer price index, similar to laws regulating rent in other European countries, the slowness of legal rulings in cases of unpaid rent discouraged an increase in market rental properties (Leal 2005). At the same time, income taxes strongly encouraged housing purchase, as mortgage principal and interest became tax-deductible. From 1985 to 1989 this included primary and secondary residences, explaining the increase in second home purchases between the 1981 and 1991 census that contributed to Spain's second short but intense housing boom (1985-1992) upon joining the European Economic Community in 1986 and before Barcelona's 1992 Olympics (García Montalvo, 2003). The wealthy benefited most from this tax policy, as the more expensive the home, the larger the mortgage and the bigger the deduction (Cabré and Módenes, 2004). Thus despite the public sector recognising the need to increase the proportion of rental housing, the policies adopted have been inconsistent if not contradictory (García Montalvo, 2008) and have resulted in the socially excluded and lowest income sectors of the population unable to purchase property living in the rental sector (Cabré and Módenes, 2004; Trilla, 2014). The deregulation and liberalisation of the rental market and tax incentives for housing purchase, alongside the increasing price of rental properties, "only served to activate the process to access private property, with the consequence of progressive family indebtedness" (Tajter, 2008, p. 390).

At the same time, the two Housing Plans executed during the 1980s continued to leave out the lowest income segments of the population, with market production far surpassing state subsidised housing production, benefitting middle and upper income groups (Rodríguez Alonso, 2004). A former Catalan secretary of housing explained in an interview how state-subsidised housing (explained in Box 4.1) only functions in times of recession because developers completely swear off building it during housing booms as the benefit margin is “ridiculous” compared to what s/he earns building regular housing (personal communication, 7.5.2014). Indeed this informant and others, alongside numerous authors, underline the anti-cyclical nature of state-subsidised housing production whereby it “has become one more strategic product to maintain the activity of the construction sector during phases of recession” (Sequera, 2010, p. 10 cited in Sequera, 2011). This dynamic is clear in Figure 4.7, which illustrates the production of state subsidised and market housing from 1952 to 2013.

**Figure 4.7. Market and state subsidised housing production in Spain, 1952-2013**



Source: Trilla, 2014, p. 99.

After the 1990s the state largely withdrew its intervention in housing, maintaining a residual and insufficient involvement in the sector (López and Rodríguez, 2010). The two social housing programmes in the 1990s continued to encourage households to buy as a means to access housing by reducing the market price and providing subsidies for low income families, also serving to reactivate the building sector during the 1992-1995 recession (see Pareja Eastaway and San Martin, 1999). During the 1997-2007 housing boom, one government informant noted that housing policy in Catalonia, under the socialist coalition

government, was “modernised” to European levels but the dedicated resources and public spending were absolutely insufficient (personal communication, 13.5.2014). With deep concerns over housing affordability expressed by the Catalan population in 2004-2006 through opinion polls, and efforts to mitigate the increasing unaffordability of housing through various policies, laws and plans (e.g. the 2007 Housing Rights Act), two secretaries of housing in office during this period underlined the difficulties they faced and their ultimately unsuccessful attempts to counteract the status quo rooted in over-indebtedness and over-production (personal communications, 7.5.2014; 14.5.2014). Despite their institutional and political struggles to address this, in the end, as one noted, “we are in a free market, of course. So prices can’t be controlled by decree, that’s the big dilemma” (personal communication, 7.5.2014). The same former secretary of housing noted that from the 1990s onwards those responsible for housing policy could say nothing to the financial sector, as the latter has “total autonomy” and in essence laid the rules of the game (ibid.).

Housing policy and rental legislation thus in essence acted as both a carrot and a stick respectively to encourage people to purchase a home, resulting in mortgaged homeownership becoming the most attractive option for low-income households to access housing after the 1990s (Pareja Eastaway and San Marín Varo, 2002; Palomera, 2014a). Indeed, tax relief for homeowners has “powerfully influenced” both the development of homeownership and the indiscriminate production of housing, reducing taxes for medium and high income households and driving construction activity (Leal 2005, p. 76). This reality has led Hoekstra et al. (2010, p. 129) to conclude that “Spanish policies for the provision of housing – both private market housing and social or subsidised housing – have been shaped more by a desire to stimulate economic activity than by social policy per se,” a sentiment echoed by several informants.<sup>7</sup> Thus housing policies have by and large failed in providing accessible and affordable housing for all, as rental legislation, tax incentives and Housing Plans encouraged homeownership, while state-subsidised housing largely served to sustain the construction sector during times of economic recession. The next section turns to look at the role of land in this process.

#### **4.3.2. Land policy: towards property titles as pure financial assets**

The original 1956 Land Act was the first attempt to regulate the expansion of Spanish cities, classifying land uses and planning processes, but a series of insufficiencies in accompanying legal texts allowed the free play of private agents and enabled land speculation (Capel, 1975). While the Act sought to provide an integrated order to urban

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<sup>7</sup> A Catalan Housing Agency employee affirmed: “housing has been an economic motor. It has been an economic policy, not a social policy” (personal communication, 13.5.2014). A former Catalan Parliamentarian in the Socialist party, currently an academic, stated that “housing policy has failed”, then rectified by saying that it did not succeed as expected (personal communication, 24.4.2014).

growth, the reality of rapid rural to urban migration placed significant pressure on building housing immediately and infrastructure later (Leal, 2005). The 1975 Act maintained the same principles and categories as the original Act, but extended the distribution of benefits obtained from urban development to the public sector and municipalities (Narváez Baena, 2013).

After joining the European Economic Community in 1986, under the Socialist party (PSOE) government new ideas around liberalisation began to penetrate Spain and its urban planning and land use institutions, ideas coinciding with the neoliberal reengineering demanded by the 1992 Maastricht Treaty (López and Rodríguez, 2011; Rullan, 1999). Fierce debates around state intervention by the liberal right and sectors of the left in this period resulted in the adoption of the 1998 Land Act under the Conservative (Popular Party) Aznar government, which, with an overall objective of reducing land prices, sought to increase the supply of land whereby “all land as yet unincorporated into the urban process is considered eligible for development, when no objective reasons for its preservation arises” (Act 6/1998 cited in Roca Cladera and Burns 2000: 548).

The fundamental change in the 1998 Act involved a new model for the classification of land. The concepts of ‘developable’ and ‘non-developable’ land were redefined, where the latter became regulated so that it was no longer defined residually but in a positive way, thus extending the potential of urban development to all land across the country (Puig Gómez, 2011); this led to its popular nickname as the “build anywhere Act”. Private land ownership thus came to the core of the urban development process as the social function of ownership was significantly removed from planning obligations: the profit (rent) that previously went to public bodies for the development of their planning policies was channelled into private hands (Roca Cladera and Burns, 2000). As explained by an informant working at Incasòl, the Catalan agency that regulates public land, the 1998 Act in essence “transformed the business expectations around land in a radical way, as any landowner is potentially a land developer (*urbanizador*)” (personal communication, 14.7.2014). Enormously lucrative possibilities for rent appropriation thus appeared: “the more open the land market is, the more recklessly can surplus money capital build pyramids of debt claims and seek to realise its excessive hopes” (Harvey, 1982, p. 369).

Since the central government defines broad categories such as property rights and land values, and the autonomous communities oversee and implement land use, urban planning and housing policy, the application of the 1998 Act was uneven; that being said, many regional laws changed to reflect it and close to 30% of municipalities across the country revised their master plans accordingly (González Pérez, 2010). Catalonia, for example, adopted the 2/2002 Act in lieu of the 1998 Land Act to control urban planning and regulate housing development by clearly defining land owners’ obligations to cede a proportion of



land for public use, as an academic and former Catalan parliamentarian explained (personal communication, 24.4.2014). But despite this and other attempts from the Catalan leftist coalition government to reduce land speculation, foster the rental market and curb skyrocketing housing prices during the boom, they were unsuccessful. Furthermore, the full cessation of land and urban planning competencies to the jurisdictional level of the autonomous community in the 1998 Land Act coincided with other legislative reforms reducing local government tax intake (Puig Gómez, 2011). A new avenue for local financing was quickly discovered through taxes tied to land and housing, stimulating the approval and execution of aggressive urban plans as well as generating an extensive network of corruption in local governments across the country (Jiménez, 2009; Naredo, 2010). For example, in 2004 alone local land and building tax revenues generated over €9 billion for municipalities across Spain, a figure not including urban development income such as fees for the private use of public land (Pou, 2007). It is estimated that the income related to housing and construction constituted at least 25-35% of municipalities' total revenues (García Montalvo, 2008).

While in theory liberalising the land market would cause the price of land and housing to fall, as the 'invisible hand' of the free market would guarantee its fully rational and efficient use, quite the opposite took place. The price of housing rose exponentially and the profit expectations produced immediate supply effects: the 200,000 housing starts in 1993 rose above 500,000 in 1999, over 600,000 in 2003 up to the record numbers of 729,000 and 863,800 in 2005 and 2006 respectively, where housing production in 2006 in Spain surpassed that of France, Italy and Germany combined (López and Rodríguez, 2011). The changes to the Land Act from 1956 to 1998 thus resulted in its progressive liberalisation, as European level dynamics intermixed with and pressed such changes. Catalonia's attempts to control speculative practices through other legislation was unsuccessful, as broader changes in local government financing made land and building related taxes an attractive and necessary source of income for municipalities across Spain. The 1998 Act and the 2002 Catalan Act, despite the latter's attempts to prevent it, both acted as pieces in a larger web reorganising nested structures to facilitate capital flow into land development, paving the way for land to become a form of fictitious capital – that is, “a flow of money capital not backed by any commodity transaction” (Harvey, 1982, p. 265) – and for property titles to be freely traded as a pure financial asset (ibid.). The way in which ever-increasing levels of both fictitious capital and interest-bearing capital flows were enabled through mortgage financing systems and processes is the final element that will now be explored.

#### ***4.3.3. Deregulating mortgage financing and savings banks***

The first enabler of the explosion in credit during Spain's third housing boom was the liberalisation of housing finance systems during the late 1970s, related to broader financial

system deregulation in response to the country's severe industrial and banking crisis. Up to 1980, channels to finance housing production in Spain were publicly controlled, while mortgages were provided by the public mortgage bank or savings banks (*cajas de ahorro*). Under the simple majority Central Democratic Union (UCD) government, a party headed by ex-Francoist minister Adolfo Suárez, the 1981 Mortgage Market Regulation Act deregulated mortgage financing systems, enabling the entrance of numerous private operators as public financing avenues were eventually privatised, and built a progressively stronger integration of financial and mortgage markets (Alberdi, 1997). The Act increased the proportion of the final house price that could be financed through a loan from 50% to 80% and introduced variable interest rate loans, increasing accessibility for lower income households (Belsky and Retsinas, 2004) as well as their capacity to become more deeply indebted (López and Rodríguez, 2010).

The financial infrastructure to securitise mortgage and other debt – that is, packaging debt into portfolios and selling it on secondary markets to generate more liquidity for financial entities – was first established during this period. The 1981 Act allowed financial entities to issue covered bonds (*cédulas hipotecarias*), a type of “on-balance sheet securitisation” (Anguren Martín et al., 2013) considered to be relatively safe and low-risk because investors have privileged claims if issuers go bankrupt (Avesani et al., 2007). The 1992 Securitisation Vehicles Act created the legal basis for Spanish residential mortgage backed securities (RMBS), an instrument that moves off balance sheet and thus diffuses risk globally (see Nasarre-Aznar, 2002); spreading risk through RBMS was a strategy widely used for subprime loans in the US (e.g. Blackburn, 2008). In the context of the crash of Spain's second property boom, falling housing prices, devaluations of the peseta and signing the Maastricht Treaty, the 1992 Act can be read as seeking to create the institutional conditions to generate a new real estate take-off (López and Rodríguez, 2010; Naredo, 2004). Two more financial innovations followed: the Royal Decree 926/1998 enabled the securitisation of assets other than mortgages and the 44/2002 Act established Asset Securitisation Funds (FTA) (Martín-Oliver and Saurina, 2008). FTAs allowed mortgage loans with more ‘flexible’ (e.g. higher risk) characteristics – such as second mortgages and mortgages whose loan-to-value ratio exceeded 80% – to be securitised (Ezcurra Pérez, 2012). Section 4.4 details how the use of these tools attracted vast amounts of fictitious capital into Spain's mortgage finance market.

The key actors in Spain mobilising credit and securitisation were Spain's 45 savings banks, entities that granted over half of all mortgage credit during the boom. The fact that savings banks were the originators of over 85% of total covered bond securitisations by the end of 2006 exemplifies their importance within the financial system (Fuentes Egusquiza, 2007). Historically connected to charitable institutions, savings banks are legally defined as non-profit oriented private foundations that provide banking services but have a statutory

obligation to dedicate funds to social and charitable works, the latter called *obra social* (see Maixé-Altés, 2010). However “there is nothing non-profit about savings banks” (personal communication, 24.09.2014), as one banker informant underlined; they do not have shareholders nor are they listed on stock markets like banks, but their behaviour and drive for profits in particular during the 1997-2007 housing boom was the same. This was driven in part by national legislation on savings banks adopted in 1985 that integrated depositors, local governments, founders and employees into three governance bodies, but autonomous community legislation on voting rights meant that local and regional governments came to exercise considerable control over how savings banks were run (Illueca et al., 2009). As political forces gained sway, regional and district councils saw that significant rents could be extracted from re-zoning sites for urban development and selling the land to a developer, who would pay for it with a loan from a savings bank run by the same councillors or their friends (López and Rodríguez, 2011). The rampant corruption that emerged (see Cárdenas, 2013) led Naredo (2010, p. 24), among others, to characterise savings banks as “the financial hand of local and regional neo-despotism (*neocaciquismo*)”, used to execute large real estate operations and megaprojects of dubious profitability. Indeed, many savings banks were attracted by the profits experienced by their real estate developer clients and decided to get directly involved in the business (Serra Ramoneda, 2011).

Savings banks originally only operated in their local area, but in the late 1980s they lobbied for branching deregulation to improve their competitiveness (Illueca et al., 2013). Their subsequent territorial expansion occurred in three phases: in 1975 across their province of origin, in 1979 to the autonomous community and in 1988 throughout Spain. This geographical deregulation led to a spectacular growth in offices and personnel, particularly in relation to the eight banks established in Spain, as illustrated in Table 4.3. This expansion demanded that new offices turn profit as quickly as possible, achieved principally by providing loans to developers and mortgages to families (Bernardos Domínguez, 2009). Banks faced a dilemma vis-à-vis savings banks’ aggressive business strategy and decided to change their policy, lowering the requirements for credit provision to developers and families rather than losing market share (ibid.). Furthermore, a study by García Montalvo and Raya Vilchez (2012) uncovered how housing was systematically overvalued by appraisal companies in order to facilitate mortgage lending during the boom: while the average loan granted in relation to appraised value was 82%, the maximum level recommended by the Bank of Spain, the average ratio of loan to market price was close to 110%.<sup>8</sup> The fact that over half of the appraisal companies carrying out appraisals during any given year had banks or savings banks as majority shareholders (García Montalvo, 2014) illustrates how speculation in part unfolded on future rent appropriation and ever-increasing housing prices.

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<sup>8</sup> For example, the market price of a flat was €100,000, but its appraised value sat at €130,000. The bank or savings bank could then grant a €105,000 mortgage loan, which was 105% of the market price of the flat, but only 81% of the appraised value.

In any case, real estate-related lending as a proportion of total bank lending more than quadrupled, from 12% in 1970 to 58% in 2007 (Jordà et al., 2014).

**Table 4.3. Number of offices and staff of Spanish financial entities, 1984-2008**

Year	Savings banks		Banks	
	Offices	Staff	Offices	Staff
1984	10,477	69,438	16,399	164,330
2000	19,297	101,718	16,027	122,374
2008	25,035	134,867	15,612	115,114

Source: Serra Ramoneda, 2011, data from Bank of Spain.

Deregulating the financial system in the early 1980s thus was combined with the territorial deregulation of savings banks and pressures to lend to make expansion profitable. This combined with legislation enabling securitisation, which according to the Bank of Spain was an important tool to finance increased credit lending since “the growth in [bank] deposits [e.g. savings] was insufficient” (Banco de España, 2006, p. 147). These developments were the final pieces of the puzzle to set the bases for Spain’s 1997-2007 financialised housing boom. As with all housing finance systems, this was far from a politically neutral or benign process (Schwartz and Seabrooke, 2008), but was carefully calculated to stimulate both the production and purchase of housing. Its implications are subsequently highlighted.

#### ***4.3.4. Tying together housing, land and mortgage policies: the bases for financialised housing***

This section outlined how housing policy, land legislation and mortgage finance evolved under democracy, from the end of the Franco dictatorship to the start of the 1997-2007 housing boom. It elucidated how the Francoist drive to create a specific economic and social order continued into democracy but through a neoliberal strategy of governing for the market, where the market became “the indispensable regulating function of the economy” (Foucault, 2008, p. 240). For example, economic growth underwrote any ‘social’ goal of housing policy, whereby rental market liberalisation, tax policy encouraging housing purchase and easing access to mortgage finance were used as tools to stimulate homeownership in the 1980s and beyond. The regulatory changes depicted in this section are illustrative of how various housing, land and mortgage finance-related frameworks were carefully crafted to organise a society where market mechanisms can rule, while at the same time the state fomented housing purchase through tax regimes and the (insufficient) production of state-subsidised housing in times of recession to keep the secondary circuit rolling. In any case, this new post-dictatorship configuration was successful in stimulating both the production of housing and homeownership: housing stock increased over seven

million units from 1970 to 1991, with the quantity of secondary houses quadrupling and empty housing almost doubling (Table 4.1). Homeownership increased 15% during the same period in Spain (Table 4.2), while in Catalonia, homeownership rose from 53% in 1970 to 80% in 1991 (Trilla, 1998 cited by Tatjer, 2008).

Of key importance in this post-dictatorship period were the supranational demands on, and opportunities for, Spain within the emergence and consolidation of the European Union. Changes around the housing-land-mortgage triad were deeply related to Spain's integration into the Eurozone, from joining the European Economic Community in 1986, the economic restructuring demands required by the 1992 Maastricht Treaty through to forming part of the European Monetary Union. These processes, alongside the steady deregulation of housing, land and mortgage finance systems in Spain, created the base conditions for an unprecedented influx of fictitious capital into the mortgage financing market, further expanding the secondary circuit. Particularly with the adoption of the 1998 Land Act, land (and housing) came to be viewed as a claim upon future profits from its use or as a claim upon future labour, leading to an increasing tendency for land/housing titles to be treated as a pure financial asset (Harvey, 1982). The next and final section of this chapter briefly outlines how the mechanisms detailed in this section came together to financialise housing and unleash Spain's 1997-2007 housing boom. Its effects on the population are unpacked in Chapter Five.

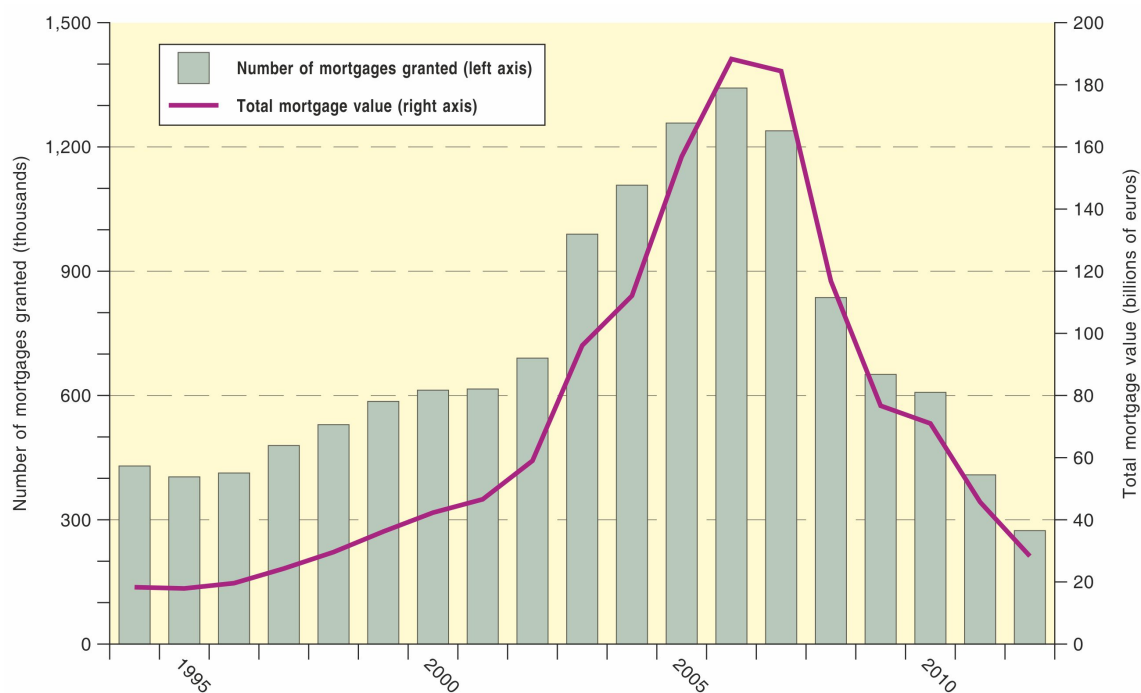
#### **4.4. Unleashing Spain's "urbanisation tsunami": financialised housing in the 1997-2007 boom**

The implementation of the European Monetary Union in 1999 brought interest rates to historic lows in Spain, from 16% in the early 1990s to 3% in 2004 (EMF, 2012). This descent removed the past braking effects of internal financial limits, while the adoption of the euro enabled the Spanish economy to attract capital to finance housing production and purchase. Such factors intertwined to drive Spain's "urbanisation tsunami" (Fernández Durán, 2006): over a decade, one quarter of Spain's land area was built up and the country became the European leader in the consumption of cement (Naredo et al., 2008). In 2006 construction represented 16% of Spain's Gross Domestic Product (GDP), 10% of the gross value added of the economy and 14% of employment (BBVA, 2007). The most populated and economically central regions, such as Catalonia, Madrid and Valencia, as well as Andalusia, is where 60% of housing was constructed at the peak of the boom; one million of the 6.5 million housing units initiated between 1996-2006 were located in Catalonia (Carpintero et al., 2015).

Getting in on the secondary circuit – be it through developing, building, financing or selling housing and its related infrastructure – and increasingly the mortgage finance market, through selling mortgage-related securities on secondary markets, quickly became the most

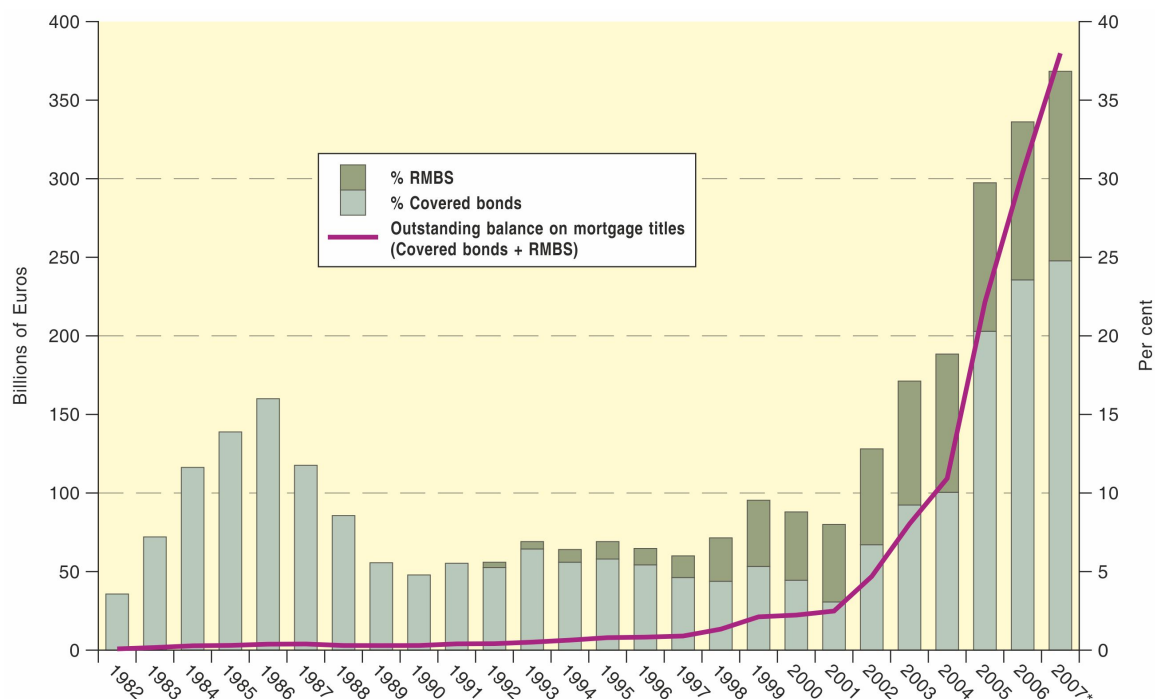
profitable businesses and investment channels in Spain. Total housing-related credit rose tenfold during the boom, from €97 billion in 1994 to one trillion euros by 2007, with well over half for housing purchase or rehabilitation and the remainder for construction and real estate activities (Murray Mas, 2015). As illustrated in Figure 4.8, the number of mortgages issued per year climbed steadily from over 600,000 in the early 2000s to over one million annually between 2003 and 2007, peaking in 2006 when over 1.3 million mortgages were granted (INE, 2014b). During this peak period, 15-20% of mortgages granted in Spain were granted in Catalonia (ibid.). Securitisation played a fundamental role in this expansion, as the development of the mortgage segment in international capital markets in the early 2000s permitted the financial sector to move beyond bank deposits and internal savings (Sánchez Martínez, 2008). Figure 4.9 illustrates the percentage of mortgage credit financed by residential mortgage-backed securities (RMBS) and by covered bonds. As over one third of total Spanish mortgage debt was securitised by 2007 and Spain's securitisation bond issuing market came to occupy third place globally, after the US and the UK (Naredo et al. 2007; Rodríguez-Castellanos et al. 2013).

**Figure 4.8. Number and value of homeownership mortgages granted, 1994-2012**



Source: INE, 2014.

**Figure 4.9. Percentage of mortgage credit financed by RMBS and by covered bonds, 1982-2007**



Source: Sánchez Martínez, 2008.

Capital gushed first into Spanish covered bonds and increasingly into RMBS. Extended mortgage lending was thus enabled as spatial fixity (e.g. a house) was turned into liquidity (e.g. a covered bond or RMBS); financial entities could then use this liquidity to grant more mortgage loans. Fictitious capital escaping the bust of the so-called ‘new economy’ dot.com bubble in 2000 in part fed the dramatic expansion in housing-related loans (Fernández Durán, 2006; Puig Gomez, 2011). German capital also purchased significant quantities of Spanish covered bonds, the latter becoming one of the largest asset classes in the European bond market (Charnock et al., 2014). During the boom, foreign investors purchased around 62% of the securitisation bonds issued (Avesani et al., 2007). By 2008 Spain stood next to the US in receiving the largest net import of capital, most being private foreign investment fuelling the real estate sector (García, 2010).

Aside from creating liquidity to grease the secondary circuit’s further expansion, several analysts note that the increase in issues of RMBS after 2002 was driven by financial entities’ desire to spread their exposure to real estate risk, as by 2007 close to 70% of total bank credit consisted of construction loans and mortgages: Spain ranked first in the world in its overall exposure to real estate risk (Naredo et al., 2007). Upon analysing a complete sample of a securitised Spanish mortgage pool from 1998-2009 and their ex-post poor performance, Ezcurra Pérez (2012) argues that creating RBMS through Asset Securitisation Funds (FTA) permitted Spanish financial entities to grant riskier loans especially in 2006-2007, as FTAs

were guaranteed by lower credit quality loans and ultimately resulted in higher default rates comparable to subprime loans in other countries.<sup>9</sup> Table 4.4 shows the progression of mortgage securities issued from 2004-2008. It is estimated that a total of 38 “subprime” securitisation transactions were carried out in Spain, with a securitised volume reaching €49.9 billion, 21% of the total volume of RMBS issued from 2003-2008 (ibid.). These findings align with Jiménez et al. (2010) who maintain that banks that securitised loans had a much stronger growth in credit lending to new clients from 2004-2007, with new credit granted as riskier and a third more likely to default. Although subprime mortgages do not have a formal legal or financial definition in Spain, such realities have led several economists and activists to speak out against the political and financial orthodoxy and highlight the existence of subprime *a la española*. The specific context and characteristics underlying this Spanish-style subprime are elaborated in Chapter Five.

**Table 4.4. Mortgage securities issued in Spain, billions of euros, 2004-2008**

Type of securitisation vehicle	2004	2005	2006	2007	2008
Bonds (total)	39.2	55.9	67.1	56.1	48
Pooled covered mortgage bonds*	18.7	24.3	23.4	28.9	33.9
Covered mortgage bonds	20.5	31.6	43.7	27.2	14.2
Mortgage securitisations (total)	19.8	34	39.3	55.4	72.4
Mortgage Securitisation Fund (FTH)	6.4	5.9	5.3	3.5	2
Asset Securitisation Fund (FTA)	13.4	28.1	34	51.9	70.4
<b>TOTAL</b>	<b>59</b>	<b>89.9</b>	<b>106.4</b>	<b>111.5</b>	<b>120.4</b>

Source: Ezcurra Pérez, 2012, p. 97 (from AIAF, Banco de España, AHE).

\*Pooled covered bonds (*cédulas hipotecarias multicedentes*) are securitised mortgage loans originated with different entities. The transactions are constituted by various mortgage portfolios originated with a group of savings banks and small credit cooperatives, with the idea being to reach a critical mass and save costs in placing them on the market.

As long as housing prices increased, interest rates were low and housing construction boomed, the housing finance market appeared to be a magical tool to fuel the credit and liquidity needed to sustain the secondary circuit’s expansion as well as, especially towards the end of the boom, to spread banks’ exposure to real estate risk. From the inherently speculative nature of mortgages themselves, as a form of rent to financial institutions where land and housing titles are given to ‘homeowners’ as claims on future labour, the expansion of the quaternary circuit created another scale of speculation even further removed from production. As banks exposure to real estate debt became ever deeper, the realisation of value to meet ballooning quantities of fictitious capital became more and more uncertain.

<sup>9</sup> Ezcurra Pérez (2012) used a database of the securitisation transactions issued in the Spanish market from 1998- 2009, selecting operations that should have been classified as subprime in the Spanish market due their ex-post bad performance; that is, a distinction was made between prime and subprime operations attending to the performance evolution of the underlying portfolio.



#### 4.5. Conclusions

This chapter sought to illustrate how housing has served as a tool to create a specific social and economic order in Spain, both to foster economic growth through the secondary circuit of capital and to encourage homeownership. Here I draw together some of the key findings and the broader theoretical insights they provide.

First, the findings made clear the deep roots of the 1997-2007 housing boom. Homeownership was instilled in and inscribed on the Spanish population under the dictatorship, where a clear pro-owner occupier discourse was backed by legal and material changes facilitating housing purchase over renting. This provided both a “stable” and “harmonious” form of property for the regime and was also a means to pacify the population, increasing their docility and utility (Foucault, 1991). The latter occurred in particular as the population was connected into the incipient growth and development of the secondary circuit of capital at the end of the dictatorship, after significant efforts to professionalise the development of the real estate sector. The aim “to support housing construction as one of the alternatives for the country’s economic take-off” was made explicit in the country’s first National Housing Plan in 1961 (Rodríguez Alonso, 2009, p. 135). Then, from dictatorship to democracy, there was an increasing – although by no means complete – shift towards governance through the market, towards “a state under the supervision of the market rather than a market supervised by the state” (Foucault, 2008, p. 116), a reflection of broader neoliberal shifts across Europe, the UK and the US. Housing policy reinforced homeownership and free market housing production, while the steady deregulation of land and housing finance systems, intertwined in EU dynamics, created the conditions for an unprecedented growth of the secondary circuit.

By producing housing and homeowners through market mechanisms, the result was the establishment of “a sort of homeostasis, not by training individuals, but by achieving an overall equilibrium that protects the security of the whole from internal dangers” (Foucault, 2003, p. 249). In other words, mortgaged homeownership became a key component to ensure homeostasis and continued economic growth through the construction and financial sectors, as the mortgaged population could ensure growth and guarantee the system’s stability. The adjustment of the population to economic processes (Foucault, 1978) was thus deepened beyond, in relation to, the labour-capital relation. The financialisation of housing thus shows itself to be a process where the mortgage finance market comes to be just as or more important than building housing (Aalbers, 2008) and where the economic and social reproduction of the workforce becomes more deeply integrated in the financial system (Fine, 2010; López and Rodríguez, 2010). The mechanisms and processes through which the latter unfolded are explored in detail in Chapter Five.

The chapter also made clear how, from the dictatorship to present, there was a political construction of non-alternatives, or the building of non-choice, to homeownership and economic growth through the secondary circuit, fuelled by an unprecedented influx of fictitious capital. This configuration was by no means accidental but was carefully assembled by the Spanish state. The state deregulated and liberalised land, housing and mortgage finance to facilitate the supposed rule of the market, including, for example, the institutional conditions and legal mechanisms to transform real estate into a liquid financial asset abstracted from local conditions (Gotham, 2006). At the same time, tax relief encouraged housing purchase, the liberalisation of the rental market increased rental prices while decreasing its stability as a tenure option, and state-subsidised housing was under-produced. Through these direct and indirect mechanisms, what emerged was a mixture of no alternative than to continue producing market based housing and extend homeownership. As I will underline in the next chapter, this was articulated as the sensible choice, celebrated as a boon for the economy and a path to make society wealthier. Transforming housing into a “highly leveraged debt vehicle” parcelled and sold on secondary markets thus not only depoliticised the underlying indebtedness of households (Montgomerie and Büdenbender, 2015, p. 389) but was the stable and logical path to access housing under the tenure status of “home owner”.

The figures depicting housing and homeownership growth over five decades in Spain appear to illustrate the success of creating homeostasis and stability through the twinned processes of stimulating the secondary circuit and building a population of owner-occupiers. Yet evidence suggests that towards the end of the boom the mortgage finance market was operating not to facilitate the secondary circuit, but purely to make money (Aalbers, 2008). The emergence of what are dubbed Spanish-style subprime mortgages illustrates this, as they in essence represent lending to households despite uncertain repayment capacities and conditions. While this point will be discussed in greater depth in the next chapter, it is important to highlight here because it illustrates how the population is both a necessary component of, but also a limit to, the financialisation of housing. In other words, they are needed as recipients of mortgage loans, which can then be securitised and sold on secondary markets, but precarious lives and labour that may lead to defaulted loan payments *en masse* can destabilise the system. As Aalbers (*ibid.*, p. 160) notes, “the financialisation of home was never designed to enable homeownership; it was first and foremost designed to fuel the economy” and ultimately increases risk and insecurity for families. While used as a strategy that attempts to overcome crisis and the limits of capital, the financialisation of housing ultimately creates a deeper crisis when the inevitable crisis hits, as will be seen in Chapter Six. But first, the next chapter will zero in on the role of the population in the financialisation of housing during the 1997-2007 housing boom, taking an ethnographic look at how mortgages played a regulatory and disciplinary role in facilitating the secondary circuit and mortgage finance market.

## CHAPTER FIVE

### Mortgaging lives:

### The biopolitics of the housing boom in the Barcelona metropolitan region

#### 5.1. Introduction

Through carefully calculated developments related to housing, land and mortgages throughout twentieth century Spain, the previous chapter showed how the production of homeowners and housing came together under a specific configuration to unleash the country's 1997-2007 financialised housing boom. This was the culmination of a particular social and economic order sought since the dictatorship: to fuel the secondary circuit of capital – that is, the production of the built environment – as a core economic growth machine and to create a nation of homeowners. The current chapter, in turn, digs deeply into the latter, to understand in detail the process of mortgaging lives during Spain's 1997-2007 urbanisation tsunami. "Mortgaged lives" (Colau and Alemany, 2012) were essential to ensure that securitisation successfully became, as the Bank of Spain called it, "one of the main revitalising elements of international financial markets" (Banco de España, 2007, p.19), a reality true not only in Spain but in other countries like the US and UK where mortgage securitisation was extensive. In other words, the political and economic changes that led to the expansion of mortgage credit lending could not have been successful without a parallel biopolitical process that integrated the social and economic reproduction of the workforce into global financial systems (Fine, 2010; Rodríguez and López, 2010).

Upon a brief macro political-economic overview of these dynamics, continuing from Chapter Four, this chapter uses ethnographic research findings to reveal the lived dimension of biopolitical processes underlying mortgaged homeownership. The macro perspective focuses at the level of the population and illustrates how the mortgaging of life was normalised during the 1997-2007 housing boom, where the increase in household 'wealth' masked a reality of indebtedness and job precarity. Connected to this, the conditions underlying Spanish-style subprime mortgages are outlined. I argue that mortgages began to operate as a "secondary form of exploitation" (Harvey, 1982, p. 285) in the sphere of circulation, as they *appeared* to modify the real income of workers through wealth generation but in reality were rooted in deepening debt relations. The lived dimension of these elements is approached by unpacking the specific conditions, mechanisms and relationships through which mortgaged homeownership adjusted the population to economic processes (Foucault, 1978) during the housing boom in the Barcelona metropolitan region. Towards understanding the nuances of "the population" I use ethnographic empirical material to consider the way these dynamics unfolded and were (differentially) experienced through race and class. I uncover the ways in which mortgages acted as a "technology of power over life" (Foucault, 2003, p. 236), a tool to regulate and discipline the population, illustrating that human lives and subjectivities were crucial components of the process to financialise

housing, suggesting an interconnected process of financialising life. I argue that this occurs through and despite racial and class differences as mortgage holders are proletarianised – “produced, used up and discarded” (Dean, 2012, p. 75) – as their labour and life is packaged into financial products and vehicles of financial speculation through debt repayments.

To elucidate these arguments, this chapter is structured as follows. Section 5.2 focuses at the level of the Spanish population to consider the broader political economic housing dynamics detailed in Chapter Four. The following three sections (5.3 to 5.5) build principally from an ethnographic base of 21 detailed semi-structured interviews with mortgage-affected people engaged in the Platform for Mortgage Affected People (PAH) in Barcelona and Sabadell, interviews with financial sector workers and 40 weeks of field notes (see section 3.4 of this thesis for details on each) to unpack the lived dimension of these dynamics. All names have been changed to ensure the anonymity of informants, aside from a handful who explicitly stated that they wanted their real name to be used. Section 5.6 analyses the specific biopolitical dimensions of mortgages that emerged in the previous sections and how they functioned to regulate the population, and identifies exactly how financialised housing-life manifested in the case at hand. The conclusion provides broader theoretical insights into the mortgaging of life – to be continued into Chapter Six.

## **5.2. The biopolitics of Spain’s 1997-2007 housing boom**

Tying an ever-greater portion of the population into mortgaged homeownership was indispensable to continue the expansion of fictitious capital generation and urban capital accumulation in Spain, a situation materialised in part through the granting of almost 9.5 million mortgage loans between 1997-2007. Picking up from the previous chapter, the following sub-sections paint broad brushstrokes to demonstrate, on the one hand, how the mortgaging of life was normalised and encouraged by a large range of actors during the 1997-2007 housing boom, and, on the other hand, the underlying reality of indebtedness, job precarity, stagnating wages and Spanish-style subprime mortgages for a significant proportion of households.

### **5.2.1. *The price of housing never falls, it’s a safe investment: “mortgage yourself!”***

Starting in the late 1990s, the Spanish population heard the same motto repeated by the public administration, estate agents, developers, builders, financial institutions and the mass media, among others: “the price of housing never falls, housing is a safe investment” (Colau and Alemany, 2012; Garcia Montalvo, 2008). Homeownership was also equated with a certain status in society: “every Spaniard who earned a salary, even if it was one thousand euros a month, had to have a privately owned house ‘because if not, you are nobody’” (Córdoba, 2010). Such messaging was reinforced through media representations connecting

the dominance of private property to an almost genetic predisposition of Spanish citizens to own their homes (Palomera, 2014a); indeed this “preference for homeownership over renting in Spaniards’ DNA” (Pellicer, 2015, p. np) apparently still exists today, according to real estate analysts in the Spanish newspaper *El País*. This dehistoricised and manufactured interpretation of the ‘naturalness’ of homeownership is also reflected in statements from the financial sector. For example, a Bank of Spain annual report (2007, p. 49) during the boom asserted that factors favouring real estate expansion in Spain are “amplified in some measure by the marked preference of Spanish families for real estate assets,” while the savings bank La Caixa’s (now CaixaBank) annual report (2006, p.37) declared that “despite the escalating price of housing and rising interest rates, the demand for mortgage credit is being maintained at a high level thanks to demographic factors and factors related to the social environment.” These are but two illustrations of how “preference” or the “social environment” were understood as neutral, objective, pre-existing realities magically engrained in Spaniard’s bodies and fabric of existence.

At the same time, while interest rates were falling and the price of housing was soaring, the message of housing as a safe and sure-fire investment was a winner for millions of people living in the country. Part of this demand was fed by a massive wave of international immigration, the largest in Spain’s history, with the documented foreign population increasing by four million people during the boom, one million of who settled in Catalonia. Immigrants came to Spain largely from the EU (1.5 million), Latin America (1.2 million) – in particular Ecuador (395,808) and Colombia (243,301) – and Africa (841,221), with over three quarters of the latter from Morocco (Murray Mas, 2015). About half of these new Spanish residents filled the growing number of jobs in the construction and service sector, and increasing numbers shifted from renting to homeownership in the face of stable employment, reuniting family members and easy access to credit (Bernardos Dominguez, 2009), factors explored in further detail in section 5.3.

A former Catalan secretary of housing underlined in an interview how during the boom “all the financial system hurled itself on families so that they would ask for [mortgage] credit” (personal communication, 7.5.2014). Financial institutions competed for clients through aggressive marketing campaigns: “the super-credit house, the paid mortgage, the open mortgage. A multitude of products emerged selling happiness, wellbeing and luxury for all” (Ceberio and de Cozar, 2013). Intense competition to capture clients pushed financial entities to advertise and sell mortgages based on distinction, singularity and originality, a significant shift from their previous purely informative focus (Fernández Rincón, 2013). With mortgages offered through the Internet, direct-mail advertising, television ads and even unsolicited emails, everyone could potentially be a homeowner through mortgages that appeared to be tailor-made to fit each social group and social need: “the young mortgage; the easy mortgage; the free mortgage; the open mortgage; the serene mortgage; the global

mortgage; the paid off mortgage; the wild mortgage; the super mortgage; the revolution mortgage” (Colau and Alemany, 2012, p. 66-67). Another former Catalan secretary of housing pointed out how in 2007 advertising from financial entities dedicated expressly to immigrants was prevalent, where the entire façade of the Barcelona cathedral, under rehabilitation at the time, was covered in ads promoting mortgages “with the very best conditions” for immigrants (personal communication 14.05.2014). Figures 5.1-5.3 provide some examples of the mortgage advertisements prevalent in newspapers and other popular media during the boom. The translated text below each figure illustrates how the complexity of mortgages was brushed away, making them appear as simple, straightforward and ordinary products. As found by Martin (2002) in the US and Pellandini et al. (2015) in Hungary, mortgage finance appears to be an easy subject.

Spain’s 45 savings banks tended to be riskier lenders, especially those with close relations to the real estate sector and specialised in housing development. The rapid growth of savings banks’ offices upon their territorial deregulation in 1988, explained in section 4.3.3, required new offices turn profit as quickly as possible, achieved largely through loans to developers and mortgages to families (Bernardos Domínguez, 2009). These expanding savings banks were particularly aggressive lenders, but banks also lowered requirements for credit provision to get in on the game (ibid.). During the peak of the bonanza (2003-2007) many financial entities didn’t require down payments and offered mortgages for 100% of the value of the home, in some cases even 120% of its value through also providing a loan for renovation or needs that families might have. Discussed in depth in section 5.4, this quote from Vicky, a banker at La Caixa, gives insight into the general climate:

“Of course, there was competition, total competition between entities to earn that piece of the pie. Granting a mortgage means a sudden increase not only in the office’s volume but also of its business, because of commission, interest over 30 years plus insurance. With entities, especially small savings banks, it was crazy. In fact, Caixa Girona, bought by La Caixa [in 2010], has extremely high defaults because they gave credit with their eyes closed. All they wanted to do was grow, grow, grow but they did not assess that a person had a very unstable job, or if of two signatories only one worked, with a €300,000 mortgage, if interest rates went up they could no longer pay. Instead, they gave them the mortgage, and even said ‘do you want 10% more for expenses, to furnish the flat?’ Since the price of housing has never fallen in recent years, I suppose they didn’t think too much.”

At the same time, two of the four (ex)bankers interviewed remarked how many (potential) clients expressed a right, even an entitlement, to receive mortgage credit. If said person was not approved for a loan, they would go to another savings bank “who wanted in [on the market] whatever the cost” and their request for a mortgage would be approved (personal communication, 24.07.2014). In the face of benefits generated for multiple actors, Vicky underlined how this attitude of entitlement was promoted by developers, the state and at all levels: “mortgage yourselves!” She underlined how in one transaction estate agents could make up to a 10% commission, the state received 6% VAT (Value-Added Tax, IVA)

alongside a 0,5% Stamp Duty (*Impuesto sobre Actos Jurídicos Documentados*) and financial entities earned a 1% commission. As explained in section 4.3.2, local land and building tax revenues generated billions each year. These rents constituted important incentives to maintain and increase the volume of mortgage and housing sales, also stimulating predatory practices as discussed in section 5.4.2. Thus this specific context of easy access to credit spurred by savings bank expansion and unprecedented liquidity led to more and more households being induced, through advertising and 'expert' guidance, to buy housing, something a broad range of social actors depicted – and continue to depict – as a natural, genetic component of Spaniards and their environment.

### **5.2.2. Debt disguised as wealth: precarity and subprimes a la española**

The housing boom, however, produced a fictitious increase in Spanish households' net wealth. It appeared to grow from 767% of gross disposable household income in 1995 to 1,185% in 2006, with virtually the entire surge corresponding to property wealth (Naredo et al., 2008). Indeed, in 2004 79% of household assets corresponded to real estate (Bover, 2005). But this 'increase' in household 'wealth' in effect corresponded to a real increase in household debt, dependent upon a speculatively driven nominal increase in housing prices. Spanish household debt stood at 84% of annual GDP in December 2009 (García, 2010), up from 32% in 2002 (García Montalvo, 2003). Between 1997-2007 total outstanding mortgage debt in Spain increased over fourfold, from €154.5 billion in 1999 to €674 billion in 2008 (EMF, 2011). Debt contraction was four times higher in 2006 than it was in 1990, with 42% of people over the age of 20 holding debt, well over half of which was mortgage related (Banco de España, 2007). The size and duration of this debt also grew as the price of the average mortgage loan granted tripled, from €47,284 in 1994 to €168,677 in 2007, while the average repayment period increased from 12 years in 1990 to 27 years in 2007 (Murray Mas, 2015). During the boom, 35 or 40 year mortgages were not uncommon, with some Spanish savings bank even offering a 52-year mortgage (Consumer Eroski, 2007).<sup>10</sup> These longer time periods served to stretch a family's debt payment capacity as it simultaneously generated greater interest payments for financial entities and more deeply indebted households (TAIFA, 2008). Also critical to underline is that article 1911 in Spain's Civil Code obliges (mortgage) debtors to pay their debt with all their "past and present goods," resulting in a debt for life.

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<sup>10</sup> The Eroski consumer magazine, part of the Basque Mondragón cooperative group, included a special section on mortgages in 2007, titled "the double face of new mortgages". Here they cited the Caja de Ahorros del Mediterráneo, BKK, Caja Duero and Caja Laboral as some of the savings banks offering 50 year, even 52-year, mortgages. With a €300,000 mortgage, one will pay €178,800 more over 50 years than if paid over 30 years. Note that all of these savings banks no longer exist (see Figure 6.1).

Figure 5.1. BBVA mortgage advertisement

LUNES, 10 ENERO 2005

LA VANGUARDIA 23



**adelante, ahora comprar tu casa es más fácil.**  
Paga hasta un 40% menos de cuota los primeros años.

#### Hipototeca Fácil BBVA.

Comprar una casa es siempre una decisión que supone un esfuerzo importante, especialmente durante los primeros años. En BBVA lo sabemos y por eso te ofrecemos una Hipoteca que se adapta a ti y te permite pagar hasta un 40% menos de cuota, porque durante los 3 primeros años pagas sólo intereses. Además puedes dejar para el final del préstamo

la amortización de hasta el 30% del capital. Todo esto con la posibilidad de proteger tu hipoteca con una amplia gama de seguros. En definitiva, te ayudamos a elegir la cuota que tu quieres pagar para que puedas disfrutar de lo realmente importante, tu casa. Adelante, ven a BBVA y te haremos una propuesta personalizada.

Línea BBVA 902 22 44 66  
[www.bbva.es](http://www.bbva.es)

**BBVA**

Source: La Vanguardia archive, 2005.

(Translation Figure 5.1: "Go ahead, now buying your house is easier. Pay up to 40% less on the your mortgage payments during the first years. The BBVA easy mortgage. Buying a house is always a decision that requires special effort, especially during the first years. At BBVA we know this, which is why we offer a mortgage that adapts to you and allows you to pay up to 40% less on your fees, because during the first 3 years you pay only interest. In addition you can leave the amortisation of up to 30% of the capital until the end of the loan. All this with the possibility to protect your mortgage with a large range of insurance options. In short, we help you choose the fee you want to pay so that you can enjoy what is really important, your house. Come on, visit BBVA and we will make you a personalised offer.")



Figure 5.2. Caja Madrid mortgage advertisement

EL PAÍS, DOMINGO 14 DE DICIEMBRE DE 2003 NEGOCIOS 11



## ¿por qué?

كل ما نفعله في Caja Madrid له سببه. فلن يكون محمد زبوناً لنا منذ أكثر من خمس سنوات فهذا واحد منها مثله. ٣٥.٣٪ من المهاجرين الأجانب هم زبائن

Actualmente hay en Madrid 650.858 residentes extranjeros. El 35.3% es cliente de Caja Madrid.

Caja Madrid وهي المؤسسة التي تملك أكبر عدد من الزبائن المهاجرين الأجانب في إقليمنا. وهذا يبرهن أيضاً على قدرتنا على التأقلم مع التغييرات التي طرأت على مجتمعنا خلال السنوات الأخيرة. ويبرهن أيضاً على سرعة تعرفنا على فرص الأعمال وتقييمها. إن محمداً وعائلته سيكونون جزءاً من المستقبل الاقتصادي لهذا البلد. لذلك فإن

Caja Madrid راهنت عليهم كل الرهان، أما كنت لتفعل ذات الشيء؟.. ولذلك فإن Caja Madrid تقدم لكم خدمات مصرفية خاصة تغطي احتياجاتكم، ومنتجات مصرفية على المدى الطويل تساعدكم على التقدم اقتصادياً. لذلك ندرّب كل يوم عدداً متزايداً من الأشخاص من جنسيات مختلفة لكي يعملوا في وكالاتنا. لقد كنا أول من اعتقد بمحمد، بإنجي، بأمانكاي، بإيرينا، بزنج...



CAJA MADRID

XACOBEO 2004 Galicia

300 años. Y esto es sólo el principio.

Source: El País archive, 2003.

(Rough translation of Figure 5.2: Caja Madrid has the biggest immigrant client base in the country, with about 35.5% of immigrants as our clients. This proves that Caja Madrid can adapt to the changes that the country has faced in recent years. We are fast at realising and assessing job opportunities and that immigrants like Mohammad [man who appears standing in the ad] and his family will be a part of the economic future of the country. That's why Caja Madrid has taken a chance on them and that's why we offer you all the special monetary services that will help you advance economically. That's why we have a training process to hire more people from different nationalities. Caja Madrid was the first to believe in Mohammad, Ingie...etc. Translation by Gida Homam.)

Figure 5.3. Banco Comercio mortgage advertisement

54 LA VANGUARDIA LUNES, 21 JULIO 1997

Lo dicen los que más saben:  
en nuestras hipotecas no hay huesos



**Y ahora con el certificado de calidad AENOR**

En el Banco del Comercio somos especialistas en préstamos hipotecarios. De hecho, fuimos los primeros en quitar el hueso a las hipotecas: con la Hipoteca 100%, que le da hasta el 100% del valor de la vivienda. Pero también nos avalan más de 25.000 hipotecas concedidas en los últimos años. Soluciones innovadoras, flexibles, diseñadas a su medida y con el máximo nivel de calidad. Por eso, la concesión y administración de nuestros préstamos hipotecarios ha obtenido uno de los Certificados de Calidad más rigurosos: el de AENOR (según la norma UNE-EN ISO 9002: 1994). Para que Ud. cuente con las máximas garantías y la seguridad de que en nuestras hipotecas no encontrará ninguna clase de hueso.

**Compruébelo en cualquier oficina del Banco del Comercio**



**BANCO DEL COMERCIO**  
Nos entenderemos

Source: La Vanguardia archive, 1997.

(Translation Figure 5.3: "It is said by those who know the most: our mortgages have no pits. And now AENOR quality certified. At Commerce Bank we are specialists in mortgage loans. In fact, we were the first to take the pits out of mortgages: with the 100% Mortgage, that gives you up to 100% of the housing price. But we are also backed up by over 25,000 mortgages granted in recent years. Innovative solutions, flexible, tailor-made and of maximum quality. For this reason, the concession and administration of our mortgage loans has obtained one of the most rigorous quality certifications: AENOR. So that you can count on the maximum guarantees and security so that in our mortgages you will find no pits. Confirm it in any Commerce Bank. Commerce Bank. We will understand each other.")

The exponential increase in the indebtedness of Spain's population took place at the same time that real average wages, and thus gross disposable household income, decreased, reflecting trends in other countries such as the US (Bellamy-Foster, 2006). From 1995-2005 the purchasing power of the average Spanish salary fell 4% (TAIFA, 2007), one of the impacts of deep-seated labour market restructuring in the 1980s. With an eye to Spain's full ascension to the EU, during this period the socialist government elected in 1982 embarked on a broad industrial reconversion programme to "clean up" unprofitable industrial sectors, resulting in a 35% reduction in industrial sector jobs and the partial or full privatisation of 46 firms (Charnock et al., 2014). Changes in labour laws during this period enabled workforce flexibilisation and gave the go ahead for an increased number of temporary and precarious contracts (TAIFA, 2005). By the mid 1990s, the remnants of the 1970s legacy of Fordism-fuelled labour rights were thus struggling for survival against industrial reconversion and rapid flexibilisation of the labour force (López and Rodríguez, 2010). The construction sector played a key role in the reorientation of Spain's economy and the flexibilisation of its labour force, a process also tied up in liberalisation dynamics demanded by the EU (TAIFA, 2006). Out of 8.1 million new jobs created between 1996-2007, 20% were in the construction sector, while over 50% were low-skilled jobs in the service sector (Romero et al., 2012). During the same period, around 30% of new contracts were for short-term or temporary employment, while average salaries fell by 10% in real terms, as 40% of wage earners barely made a monthly salary of one thousand euros (López and Rodríguez, 2010). This resulted in "the accumulated increase in housing prices being equivalent to seven times the growth in consumer prices and salaries [from 1997-2007]" (Ministry of Housing cited by TAIFA, 2007).

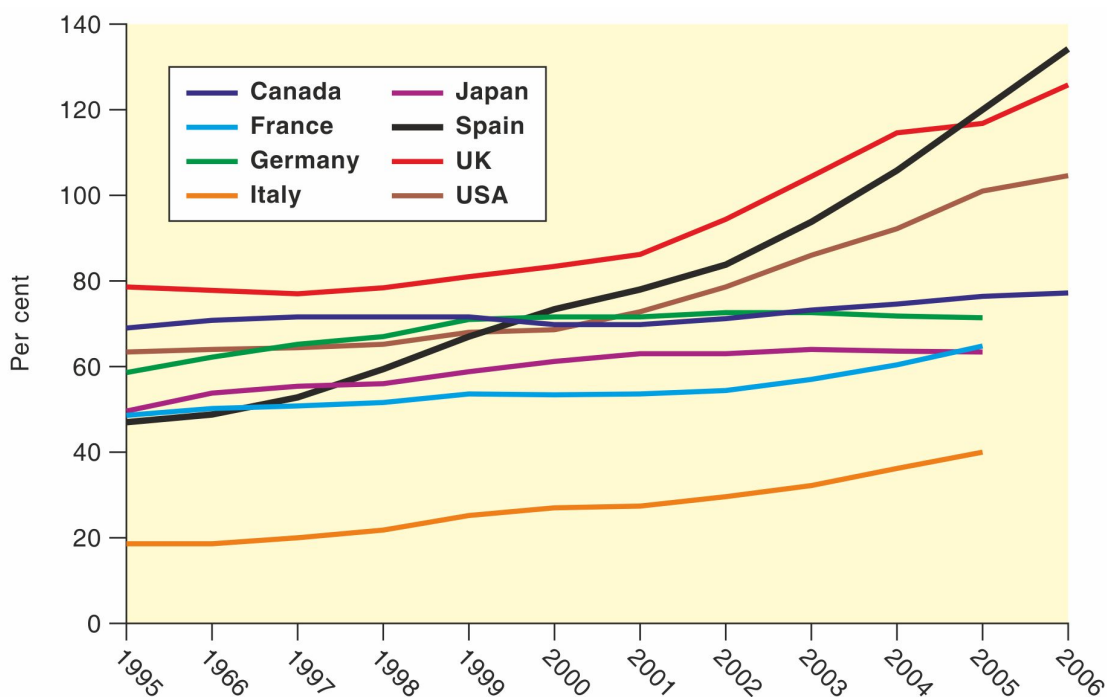
**Table 5.1. Distribution of wage earners by income scale in Spain, 2007**

<b>Salary scale</b>	0 to €15,977	€15,977 to €39,942	€39,942 to €59,913	€59,913 to €79,884	>€79,884
<b>Number of wage earners</b>	10,863,957	7,017,173	958,288	275,817	193,796
<b>---Foreigners (%)</b>	16.7	4.6	1.9	2.4	4.2
<b>---Women (%)</b>	50.4	35.4	28	22	14.2
<b>% of total wage earners</b>	60	35.8	5	1.4	1
<b>% of total salaries</b>	25.2	49.2	13	5.4	7.2
<b>Average annual salary</b>	€10,935	€26,175	€47,599	€68,111	€129,852

Source: Spanish Tax Agency (AEAT), 2007 and López and Rodríguez, 2010, p. 233.

Thus Table 5.1, showing the distribution of wage earners by income scale in Spain in 2007, is telling. Despite the fact that one third of work contracts were temporary and 60% of the workforce was living on an average annual salary of €10,935 per year in 2007, financial institutions were making mortgages available to an ever broader spectrum of the population while housing prices skyrocketed and interest rates were at historic lows. Skyrocketing housing prices amidst stagnant salaries translated to an escalation in household indebtedness from 55% of disposable income in 1997 to 125% in 2006 (Banco de España, 2007), making Spain the country with the highest proportion of long-term household mortgage debt to disposable income in the world (Naredo et al., 2007; 2008) as illustrated in Figure 5.4. Home ownership was thus becoming as precarious as job contracts and salaries.

**Figure 5.4. Long-term household mortgage debt vs. disposable income, 1995-2006**



Source: Naredo et al., 2007.

As the US subprime debacle surfaced, the vast majority of Spanish politicians and bankers endlessly repeated that there were no subprime mortgages in Spain. While conceived of by industry advocates and economists as a “market completion model” in the US (Ashton, 2009), subprimes do not have a formal legal or financial definition in Spain. It is furthermore difficult to disaggregate the Spanish mortgage market due to its opacity: data on the credit quality of borrowers and origination of mortgage loans is protected the European Data Protection Act, unlike the US or English market (Ezcurra Pérez, 2012). However the economist García Montalvo (2007) was among the first voices to boldly state that a family with a decent credit history that asks for a 40-year variable interest rate mortgage for 80-100% the value of the home, paying interest only during the first two years of the contract and where mortgage payments are over 34% of a family’s income, will end up in the subprime market – underlining that these were regular conditions for people asking for a mortgage in the Spanish financial system.

The term “Spanish-style subprime” (*subprime a la española*) began to be employed by some rogue economists and activists to denote high risk mortgages contracted at variable interest rates at a time when the latter were superficially low (Calleja, 2008; Naredo, 2009). Variable interest rates in effect placed part of the risk of global finance onto indebted households, as periods of global financial turbulence are likely to be reflected in an increase in interest rates (López and Rodríguez, 2010). Indeed 84% of mortgages issued during the boom were of variable interest rate, over three quarters of which were indexed to the 12-month Euribor with official rates published monthly by the Bank of Spain (EMF, 2012). Contracted at a

moment when Euribor interest rates were at a historic low, Spain became the European country with the highest percentage of variable interest rate mortgage credit (Naredo et al., 2007). Mortgages issued in foreign currencies, in Yen or Swiss Francs, can also be placed in this high risk category; although not as prevalent as in countries such as Poland (see Halawa, 2015), at least 30,000 were issued in Spain in attempts to take advantage of favourable currency exchange rates, a strategy that has since backfired as signatories' mortgage debt repayments have risen by up to 40% (Quelart, 2013). Finally, Colau and Alemany (2012, p. 67-68) use the term *subprime a la española* to underscore the use of crossed guarantors, where financial entities ensured that mortgage requests would be approved for low or low-middle income households by having friends or acquaintances guaranteeing each others loans. This is explained in depth in section 5.4.2.

López and Rodríguez (2011) estimate that Spanish financial entities granted at least one million mortgages to vulnerable segments of society between 2003 and 2007. This is supported by Ezcurra Pérez's (2012) findings, explained in section 4.4, that mortgage credit growth, particularly at the end of the boom, was driven primarily by issuing Asset Securitisation Funds (FTA) – largely backed by mortgages with high loan to value ratios – instead of more conservative covered bonds, suggesting that end of cycle growth was sustained largely by higher risk mortgage products. He estimates that a total of 38 subprime securitisation transactions were carried out in Spain, with a securitised volume reaching €49.9 billion, 20.7% of the total volume of residential mortgage backed securities (RMBS) issued from 2003-2008 (ibid.).

Thus despite precarious job contracts and a 10% fall in real salaries during the boom, a reality rooted in deeper industrial reconversion and labour flexibilisation in the 1980s, mortgages were dished out to an ever-increasing portion of Spain's population. Although (mortgaged) homeownership was portrayed as leading to greater household wealth, skyrocketing housing prices in reality led to rising household indebtedness that could be deepened in a heartbeat by an increase in interest rates or the end of a precarious job contract. Before looking in detail at the mechanisms and processes through which life became mortgaged, through 21 in-depth interviews with (former) mortgage holders and four bankers, the next section draws from these sources to explore why informants decided to become mortgaged homeowners in the Barcelona metropolitan region. Section 5.6 draws together and analyses the material presented in this section and in what follows.

### **5.3. Becoming a homeowner: “it was hammered into you to buy a flat”**

As seen previously, buying housing appears to be in the Spanish population's DNA according to real estate analysts in the El País newspaper, or part of the social environment as the savings bank La Caixa would say. But what are the nuances and lived realities behind

this experience, beyond the homogeneity of the Spanish population? This section looks at why informants became homeowners, with differences emerging between Spanish and non-Spanish informants, as well as the material conditions they found themselves in, before moving on in the next section to an exploration of the broader mechanisms, processes and relationships behind obtaining a mortgage loan.

Of the ten non-Spanish informants, half discussed buying a home explicitly as a way to save money. This notion of saving through buying was often held in relation to returning to one's home country in the future, an idea often inculcated by estate agents, brokers or bankers. For example Marta, a 45-50 year old supermarket worker from Ecuador, lived in a rented room for five years with her husband and teenage son. With €6,000 in savings, in 2005 they went to an estate agent to rent a flat, who told them:

“The bank is giving 100% financing to be able to buy....Listen, it is better for you to buy than to rent a flat because renting is like throwing money into a broken bag...Apart from saving money, when you leave [return to Ecuador], even though you don't make any money you have it there. When you leave you sell the flat and your money is there, stored. You just have to sell the flat and take your money.”

Saving money aside, four non-Spanish informants expressed other motivations to become a homeowner. Two explicitly stated the desire to provide security for their children, to leave them something in the future. Sara, a 35-40 year old Moroccan restaurant worker, exemplifies this position: “since our roots are outside Spain, at least I'll leave something for my kids, like an inheritance, so they don't have to suffer like when we lived in rented rooms.” Just under half of the non-Spanish informants lived this reality upon arrival in Spain, two of them as single men before bringing their families and the other two as a family unit or extended family living in one room in a shared flat. Several informants explained that this was the main option for undocumented immigrants, often at an excessive cost.<sup>11</sup> Two other informants pointed to family reunification<sup>12</sup> as an important element behind the decision to buy. Julián, a 40-year old former cleaning company worker from Ecuador stated: “I started looking for a flat precisely for family reunification, because it was an essential requirement to be able to bring your children. Many of us indebted ourselves in order to reunite our families, we indebted ourselves with mortgages as an investment.” The other informant whose husband brought her from Colombia through family reunification – Patricia, a 30-35 year old whose husband worked as a truck driver – explained that he searched a long time for a

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<sup>11</sup> Isa lived in a shared room with her husband, who brought her from Ecuador, and two extended family members. They were charged €100 each per bed per month. Several other people lived in the flat, and no one was allowed to receive visitors. She explained that – especially because she was an undocumented immigrant – they were unable to complain or demand anything else.

<sup>12</sup> Family reunification (*reagrupación familiar*) is the right of immigrants to Spain to bring their close family to their place of residence. People who have had a Spanish residence permit for one year and have it for at least one more year can apply. A minimum level of income and adequate living space (verified by social workers) are a few of the application requirements. For further information, see: [http://extranjeros.empleo.gob.es/es/InformacionInteres/FolletosInformativos/archivos/triptico\\_reagrupacion\\_familiar\\_eng.pdf](http://extranjeros.empleo.gob.es/es/InformacionInteres/FolletosInformativos/archivos/triptico_reagrupacion_familiar_eng.pdf)

rental flat but was unable to find one: “in the end he found mortgages, all mortgages, mortgages.”

Four informants, both Spanish (1) and non-Spanish (3), discussed the difficulty in meeting increased rental prices and their inability to make rental deposits as the latter ranged from €3,000–€6,000. This influenced their decision to buy housing. One third of the Spaniards interviewed lived as renters previous to the housing boom, and once in long-term relationships decided to buy. Elena, for example, lived as a renter in Barcelona her whole life, and was paying €320 per month. But in 2004 her 8-year rental contract ended and her monthly rent doubled in the new contract. Unable to pay this amount, she sought to rent a flat together with her partner but down payments were €3,000 and monthly rental fees around €600. Buying a flat made the most sense.

While two informants lived with their parents before purchasing, five others were already homeowners before buying during the housing boom. These informants witnessed the price of their previous home skyrocket and were able to leverage it either by selling it and buying a new home or by obtaining a bridge mortgage to ‘make the leap’ into a larger single-detached dwelling. For example, in 2001 Ángela and her partner contracted a mortgage with a savings bank to purchase their first flat in the centre of Sabadell for €119,000. The bank appraised it in 2007 at €338,000, and then conceded €260,000 towards the purchase of a second home whose total cost was €369,000 (officially appraised at €601,000).<sup>13</sup> The rest of the loan was taken out with another savings bank. Ángela and her partner were in their early 30s and had a combined income of €4,500 per month working in business administration and information technology, and were confident they could pay both mortgages until the first flat was sold for its appraised amount. Another example is Joan, a 55-year old self-employed builder with 30 years’ experience, who sold his two-garage single family home in 2006 for €240,400, over three and a half times its purchase price of €66,111 in 1988.<sup>14</sup> He bought land in the northern outskirts of Barcelona for €138,000 in 2006 and contracted a mortgage for €200,000 to build his 380 square metre home. With a monthly income between €3,500–4,100, and his wife who earned €1,050, paying the mortgage didn’t seem to be a problem.

As informants explained why they purchased housing and their experience finding their home and mortgage, over half highlighted the pressure they faced – as well as how ‘normal’ it was – to become a homeowner. Both a Spanish and non-Spanish informant talked about how “housing prices were increasing every day, every day” in 2003, as almost every time one walked past an estate agent’s office housing prices had gone up. As a former Catalan secretary of housing noted, during the boom the upward speculative spiral in housing prices

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<sup>13</sup> €601,000 was the appraisal given by an official appraiser. The single-family dwelling purchased was 350 square metres, located on an 11,000 metre plot of land in the Barcelona metropolitan region (Vallès Oriental).

<sup>14</sup> The home cost 11 million pesetas in 1988, and was sold for 40 million pesetas in 2006 (quantities given in pesetas in interview).

“generated a feeling of, well, we’re missing the train” (personal communication, 7.5.2014). Some informants felt like they needed to buy now before prices rose even further.

Spanish informants predominantly spoke about being instilled and inculcated to purchase by family, although over half of them spoke of buying as more of a societal norm, expressed by phrases like that the idea of homeownership is “stuck deep inside” (Elena) and that one is taught to “work to have a roof” (Daniel). The following three quotes express these sentiments:

“Here in Spain the problem that we have, that we inherited from our parents and our grandparents and such, is having a house. I have lived it that way. You have to buy a house, I always have heard that housing, you have to buy it. Of course, that’s how it is, you are born that way.” (Pepe, 35 years old)

“Yes, it is really true that it was hammered into you to buy a flat, because you had to buy a flat....and of course, if you paid €700 per month in rent and it cost €800 to buy, well of course, it is clear. The option was to buy, buy, buy.” (Joana, 50-55 years old)

“The idea that has always been held here is that the future for common people was investing in housing. You have your house so that day after tomorrow when you have children or if you are elderly, you have the stability of a home.” (Maria, 40-45 years old)

Non-Spanish informants spoke about being encouraged to buy housing by estate agents, brokers, bankers as well as friends and acquaintances. Informants underlined how estate agents and bankers explained buying as an investment, and all repeatedly expressed renting as “throwing away money” as expressed by Marta earlier. Such statements are reminiscent of Gurney’s (1999) stories in Bristol of homeowners saying “renting is money down the drain” or “renting is dead money.” This was compelling for many immigrants, provoking perceptions that buying “was the opportunity of your life” (Carlos) or like winning the lottery (Julián). At the same time, José, a 40-45 year old Colombian mechanic, noted that “I saw it as something normal, most people were doing the same thing....It was like going to buy bread.” The sole exception from these kind of statements was expressed by Isa, a 30-35 year old supermarket worker from Ecuador, who explained how upon going to La Caixa in 2005:

“an elderly worker there told me, ‘but my dear, you don’t know what you are getting yourself into, you don’t know what a mortgage is. How old are you?’ He asked my age and I told him, ‘but I want to save’. He said, ‘if I were you, the first thing I would do is take a trip around the world. Don’t get yourself into a mortgage.’ We [my husband and I] left feeling so angry, and now I say: why didn’t I listen to him?”

This anecdote discouraging housing purchase was, however, one of the only ones disclosed by informants. When a Spanish informant explained how a friend warned her and others at a social gathering in 2006 to “be careful, don’t go there, this is going to burst,” they all laughed, incredulous. Rather, the vast majority of informants underlined the pressure and ease in



contracting a mortgage to buy housing. Carlos, a 35-40 year old who worked in the offices of an infrastructure company, illustrates this:

“...when I arrived [from Ecuador], it was not necessary for me to go to a bank and say, “hey bank, I want this”. Everything was made easy for me. There were people who came and offered [mortgages] with conditions that you never in your life thought you would be offered.

Q: They came to your house?

A: They came to my house, to my workplace. Representatives, estate agents came because I tell you, this was not just at the level of the banks, here everyone benefited. The estate agent, the bank, the seller, everyone. If you went to an estate agent they would send an agent to your house, he ate you up, he told you many things, he described it in a very lovely, wonderful way, this was your life’s dream, many things. You get excited, and you end up falling in their web.”

This section uncovered why informants became homeowners, and the pressure they faced to buy housing. Many non-Spanish informants in particular expressed how they bought not only to save but to provide security and stability for their families, compared to the precarity of rented rooms or flats, as well as for purposes of family reunification. As Hall (2015) and others have noted, this highlights the messiness and problematic nature of seeing individuals solely as embodiments of financial values, labeled as either an active or passive saver, as entrepreneurial or thrifty (Langley, 2006, 2007, 2008a; Cook et al., 2009). At the same time, informants’ experiences illustrate a broader social process furthered by estate agents, bankers and even family, friends and acquaintances, where mortgaged homeownership was seen as key to security and stability, and an asset that would grow to realise future returns (Langley, 2008a). Alongside this process was the material reality of tenure choices: rents were unstable and increasingly expensive and not one informant mentioned government subsidised housing (VPO) as an option. With mortgages readily available and encouragement at multiple levels, it made the most economic sense to buy. The next section digs further into informants’ experiences obtaining a mortgage, looking in particular at the underlying race and class dynamics.

#### 5.4. Obtaining a mortgage: interrogating the experience through race and class

They work you really hard at a psychological level, they turn your head around. You don't even realise it and you have already signed: this will be for you, this will be for you. Like when you hold a biscuit out for a dog, if you sit I'll give you the biscuit. The biscuit was our keys and the thrill that you will get your flat. The broker has told you all sorts of things and the bank director is giving you hugs and kisses... (José)

The majority of the 21 mortgage-affected informants purchased their home at the height of the boom. The median year of purchase was 2005, with 17 informants buying in 2005 (8), 2006 (5) or 2007 (4), the years in which the most mortgages were granted in Spain (see Figure 4.8).<sup>15</sup> The median mortgage loan reported by informants was €221,500<sup>16</sup> and the median loan length was 30 years, although a handful of informants had 35, 40 and even a 45 year mortgage. All mortgages granted were of variable interest rate. Over two thirds of informants received at least 100% financing, with five receiving mortgage loans for 110-130% the listed market price of the home. Monthly household income ranged from €1,400 to €3,000 per month for low-middle income (17) interviewees and €4,500 to €5,000 for upper-middle income (4) informants; Table 3.3 provides further broad characteristics.

Upon buying a home during the boom, upper-middle income informants moved to single detached houses in affluent suburbs or semi-rural areas, while all low or low-middle income informants, both Spanish and non-Spanish, bought housing (generally flats) in peripheral parts of Barcelona and surrounding areas like Hospitalet or Badalona (Figure 5.5) or Sabadell (Figure 5.6). Housing prices in these areas also increased dramatically, although not as much as in more central parts of each city. As Sara noted, "we decided to leave Barcelona to buy a flat because we couldn't buy in Barcelona. A flat in Barcelona used to be worth over €400,000. The cheapest option was in Badalona or Santa Coloma." These housing prices, "untouchable" according to Sara, were confirmed by Sebas, a 65-year old Catalan entrepreneur: "a flat in Barcelona used to cost €360,000-420,000. If it was a 3-room flat, the price wasn't below €480,000-540,000." Indeed, according to the estate agent Tecnocasa's annual report during the boom, based on 20,000 listed flats for sale, the average price per square metre in the city of Barcelona peaked at €4,487 in the second half of 2006, standing among the highest in Spain (García Villar and Maria Raya, 2007). Even the lowest tenth percentile of housing cost €3,506 per square metre in Barcelona (ibid.), far above Spain's (€2,101) and Catalonia's (€2,457) peak average housing prices per square metre in the first quarters of 2008 (Ministerio de Fomento, 2014).

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<sup>15</sup> The years these 21 informants signed their mortgage loans reflect the findings from a survey of 11,561 mortgage-affected people across Spain from 2009-2013, where over half of respondents contracted mortgages in 2005, 2006 or 2007 (Observatorio DESC and PAH, 2013, p. 101). Similarly, in 2014 the Spanish National Institute for Statistics reported that 52% of foreclosure proceedings in the second semester of 2014 were for mortgages granted between 2005-2007 (INE, 2014).

<sup>16</sup> Based on 17 reported mortgage loan amounts in interviews. Mortgage loans ranged from a minimum of €130,000 (a flat in Reus, Tarragona) to a maximum of €444,000 (a single-family dwelling purchased in Rubí, Vallès Occidental).

**Figure 5.5. Location of housing purchase during the boom by informants, Barcelona and surrounding areas**



**KEY**  
 ● Location of housing

Image source: Shutterstock.

Figure 5.6. Location of housing purchased during the boom by informants, Sabadell

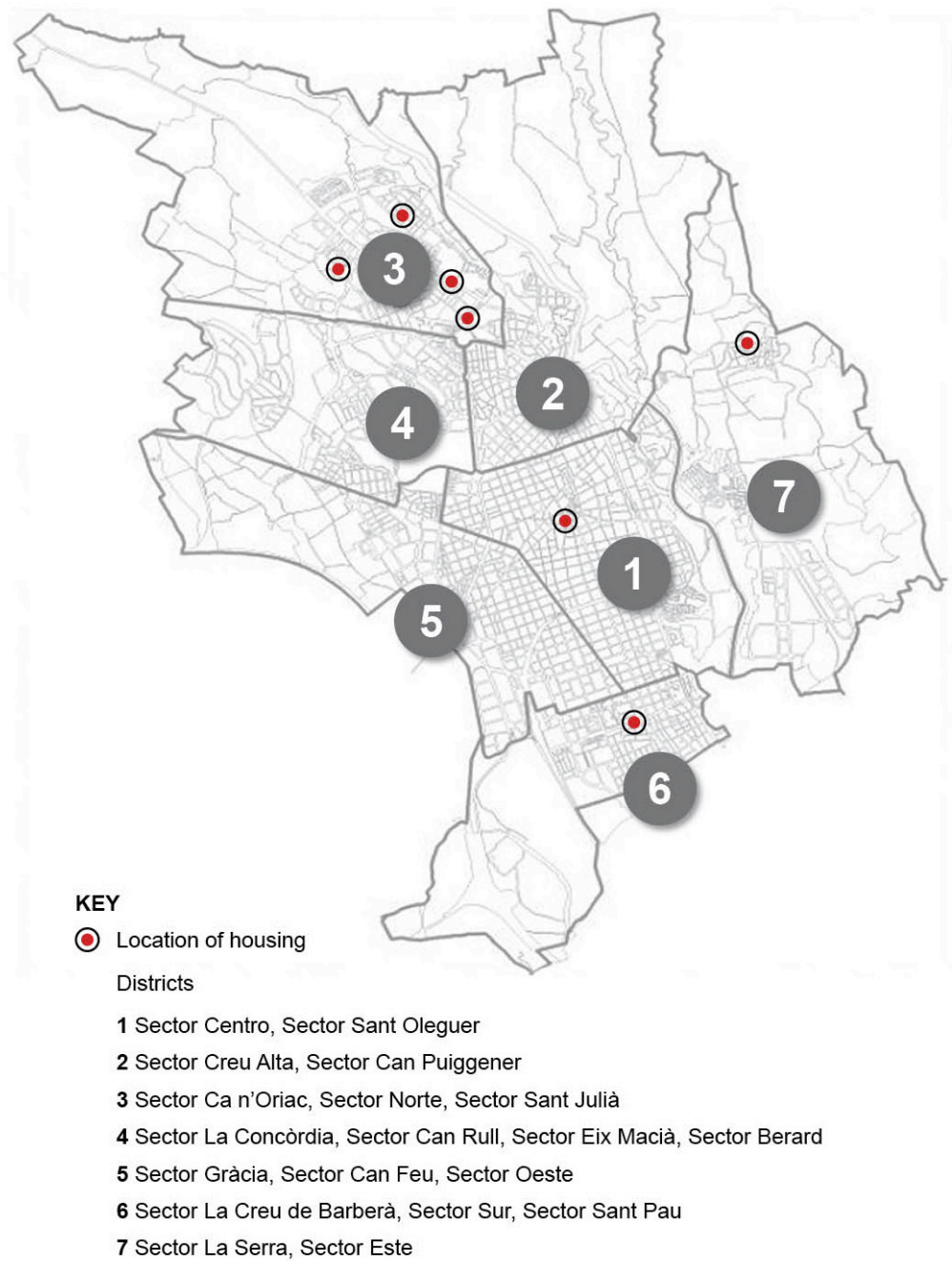


Image source: Wikipedia.

Some similarities emerged across all 21 in-depth interviews in terms of obtaining a mortgage. Over half of all informants expressed trust in 'experts', specifically estate agents, bankers or notaries. These professionals performed a critical role in guiding people in the process of accessing and signing a mortgage loan. This is reflected by Bea, a 35-40 year old caregiver from Ecuador: "when the estate agent told us that he found a great mortgage with great conditions, as if it were for his father, we trusted him." Or Daniel, a 35-40 year old Spanish former painter: "if you are in front of a notary, always trust him, that's what my parents taught me." Two of the bankers interviewed also underlined the importance of people's trust in the advice of savings bank employees in particular, arguably carried over from historical perceptions of these institutions (e.g. Maixé-Altés, 2010). Many mortgage-affected informants also noted that they were not given much detail on the terms and conditions of mortgages and especially what would happen if they were unable to pay.

Yet as informants explained the various facets of the mortgage relationship, beyond the ease in accessing credit it emerged that access to financing – either facilitated by an estate agent, a broker or directly with the bank – and requirements for co-owners and guarantors were markedly different across class and race. Having been homeowners before or at the very start of the boom, the four upper-middle income Spanish informants received mortgage financing from the same bank that granted them their previous mortgage. Furthermore, due to their elevated incomes and previous properties none were required to include guarantors or co-borrowers in their mortgage loan contract. For example Joan said that obtaining mortgage finance during the boom was "child's play. First because I had a business, second because things were going well. Third because banks were looking for people to give mortgages to." In his early 40s, he requested €200,000 to build his house, to be paid back in the next 20 years. The bank's response? "Don't be silly! Make it 30 years.' I said: man, in 30 years I'll be 72....Fine, in the end, it was a 30 year loan." Sebas similarly explained that:

"they made it very easy for me....They would have given me €100,000 more, they would have given me credit to buy a car. They made it so easy for me that despite being 58 years old they gave me a 30 year mortgage, when I think that an 88-year old person is no longer alive....But of course, they knew that I had a paid property and that I could access money, no?"

Experiences of these two elements – accessing mortgage financing and mortgage guarantor requirements – were different across race and class, that is, for non-Spanish informants who were all low-middle income, and low-middle income Spanish informants. The next two sections detail what these differences looked like in practice.

#### **5.4.1. The buccaneer style practices of estate agents in the face of large commissions**

While credit was easy to access for non-Spanish informants, over two thirds obtained their mortgage through an estate agent, never stepping foot in the bank until the day they signed their mortgage.<sup>17</sup> Maria, a 40-45 year old factory employee, was one of three Spaniards who found her flat through an estate agent. She explained that direct transactions between owner and purchaser were common before the housing boom, when a purchaser would subsequently go to the bank to sort out their mortgage. But during the boom “more and more estate agents came onto the scene and almost all flats were sold through estate agents. They resolved everything for you. They even looked for the bank and helped you if you had mortgage problems. Estate agents took care of looking for whatever was needed.”

During the boom, it was common for estate agents to build relationships with banks to obtain mortgages for their clients. As David, a bank office branch director (Ibercaja) who has worked in the sector for 35 years, explained to me during an interview,

“There were all types of estate agents (APIs, *Agentes de la Propiedad Inmobiliaria*), qualified and less qualified ones....I even remember one case where a restaurant chain selling hot dogs was reconverted into an API. The only thing that changed was that there was a toilet on-premise, the owner poured on two litres of *Varón Dandy* [a cheap cologne] every day and put on a tie. That's it, that's all it was. Obviously prices were inflated, but at the time that was not a problem because everything was being financed with commissions of up to 10%, and with truly buccaneer style practices....I remember an API that no longer works in this sector, who told me ‘don't worry, if you can't give it [mortgage financing] to me, I'll go to Caja Laietana or Caixa Catalunya.’<sup>18</sup> They swallow everything.”

One former and one current bank employee interviewed also spoke explicitly of such “buccaneer style practices.” Manel, a retired mortgage technician at Santander's central office in Catalonia from 1992 to 2007, saw estate agents falsifying payslips, and explained attending a notarised mortgage signature where the estate agents “took the money [down payment] and never appeared.” Vicky, an employee of La Caixa, underlined that estate agents could easily make €30,000 in one transaction and that “at that time you saw unbelievable things; well, there were incredible amounts of undeclared money (*dinero negro*) on the part of estate agents.”

Considering that a typical loan at the peak of the housing boom in the Barcelona metropolitan area was close to a quarter of a million euros – €270,623 in the city of Barcelona in the second quarter of 2006 according to Tecnocasa (García Villar and Maria Raya, 2007) – estate agents' abusive and even illegal practices were undoubtedly spurred

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<sup>17</sup> Six of the eight non-Spanish informants that bought through estate agents noted the office disappeared or no longer exists. An interview with a real estate investor confirmed that 82% of estate agents closed office during the crisis (personal communication, 14.9.2014).

<sup>18</sup> These entities no longer exist. On the brink of bankruptcy, they were rescued by the state (nationalised) (see Chapter Six).

by the sizeable money to be made through a mortgage transaction. During my research I heard several stories both in interviews and in PAH collective advising assemblies of outright scams. For example, Maria was scammed by an estate agent who charged her €6,000 for an insurance to cover her monthly mortgage payments in case she could not pay. When this moment came, she read her mortgage deed in detail and realised “nonsense, there was no insurance to be found.” Brokers were another figure mentioned by a handful of informants. A broker swindled José upon arranging his mortgage with the savings bank Bancaja (now Bankia). Upon supposedly merging José’s small debts in other financial entities with the mortgage loan, the broker instead took out a €3,000 loan made in Jose’s name. José said “it ends up they were colluding, I understood later. Brokers, estate agents, they were colluding with financial entities: ‘bring me someone and I’ll give you your commission.’”

Four non-Spanish informants spoke of abusive or illegal practices by estate agents or savings banks upon signing their mortgage loan. For example, when Marta and her husband plus their two guarantors were at the notary, the estate agent told her: “you won’t speak, we will. Everything has been discussed with the savings bank...Don’t say anything, otherwise they won’t give you the loan to buy the flat.” The notary arrived in a rush and quickly read the contract. All signed as required. Three months later Marta received the mortgage deed stating all four as co-borrowers: Marta, her husband, their nephew and Marta’s friend. “When we went to the estate agent to complain they said ‘the you two, you weren’t enough. Besides your husband doesn’t even have a work permit.’” Furthermore, the €6,000 deposit they gave to the estate agent at the beginning of the process disappeared; that is, Marta never received a receipt, nor was it discounted from the price of the flat. Ahmed, similar to Marta, only found out upon signing his mortgage that his guarantor would be a co-borrower. “But don’t worry”, he was told, “if you can’t pay one year from now, the bank will keep the flat, no problem.” Such anecdotes are regularly echoed especially by immigrants but also low-middle income Spaniards who attend the PAH’s collective advising sessions.

Estate agents were not the only ones acting as buccaneers. Savings banks built longer chains of rent appropriation through the extensive use of mortgage guarantors and co-borrowers, a practice that enabled the approval of mortgage loans for non-Spanish and Spanish low-middle income informants. While other strategies they used to appropriate rent are explored in section 5.5, the next subsection looks at how and why (crossed) guarantors and co-borrowers were used.

#### 5.4.2. Building longer chains of rent appropriation through (crossed) guarantors and co-borrowers

Mandatory mortgage loan guarantors and in some cases co-borrowers were conditions that emerged from interviews as a marked difference not only along class lines, as commented previously, but also between Spanish and non-Spanish informants. Spanish mortgage law stipulates that banks can only provide 80% of mortgage financing, with a down payment or the incomes and/or properties of mortgage loan co-owners and/or guarantors accounting for the remaining 20%. Inflating appraisal values was one strategy used to reduce this 20%, although as explained earlier loans for 110-120% the value of the home were commonplace. Fernando, a retired bank office director at La Caixa with 27 years' experience, explained that co-owners and guarantors became regular practices to make it look like the numbers were tallied properly:

“The deed and purchase-sale price of a home was €100,000 while the mortgage granted was €130,000, and the Bank of Spain didn't meddle. How was this done? Making it look like there were four guarantors....It looked as if they bought the flat with a friend, but they had no relationship or anything. Just to balance the numbers. That one earned €800, his/her friend €1,000, so that makes €1,800. The problem is that they believe you because you're buying.”

Three low-middle income Spanish informants explicitly sought mortgage terms and conditions that did not require guarantors, which they successfully negotiated with estate agents or bank, while the other two had guarantors. One of these two is exemplary of many young or middle-aged Spaniards who come to the PAH to fight for debt forgiveness, having enrolled their parents' sole residence to cover the 20% guarantee. Fran worked as a security guard during his early to mid-30s and was the only earner in his household, making €2,200 a month. His parents' home, purchased 57 years ago and paid off a decade or two later, served as the guarantee to obtain 100% financing for his €328,000 mortgage. In the case of mortgage default and foreclosure, since the auction price is far below the former price of the home and the quantity of the loan, the bank can seize two homes to cover the outstanding value of one mortgage loan.

In contrast to the experience of working class Spaniards, the bank required all but one non-Spanish informant to include guarantors or co-borrowers.<sup>19</sup> José was told that if his 18-year old daughter did not sign as a guarantor, their €245,000 loan (130% the appraised cost of the flat) was off: “we said: well, no problem, because since they told us that we can sell the flat in a few years, we will recover our debt, we'll remove our daughter [from the loan] and that's it, it will just be me and my wife. We'll buy a smaller flat, the kings of the castle (*los reyes del mambo*).” Isa's sister-in-law and her husband were guarantors for her €198,000

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<sup>19</sup> The one non-Spanish informant (Sara) who did not have guarantors came to Spain as a child with her parents 25 years ago from Morocco. Sara and her husband purchased a flat in Badalona directly from the owner, with a €12,000 down payment, and obtained the mortgage with Nova Caixa Galicia through a contact.



mortgage loan (108% the appraised flat's cost) via power of attorney; they were not physically present to sign the loan or its refinancing a few years later. The loan Bea received for €210,000 (95% the appraised cost of the flat) was approved by the bank based on a €3,000 down payment and her and her partner's permanent contracts and salaries, the latter being €720 and €900 per month respectively. But after further credit checks, the bank found that Bea's partner was a guarantor for two families' mortgages, upon which they asserted, "the two families should reciprocate by guaranteeing your mortgage, for your security, in case they don't pay and so they don't do anything to the flat." Thus they ended up with four guarantors for their loan.

This latter practice, known as crossed guarantors (*avales cruzados*), was usually carefully calculated by banks in order to ensure that "high-risk" borrowers generated an acceptable operation, as explained by Fernando in the quote at the start of this sub-section. It is one element that some have cited as characteristic of Spanish subprime mortgages (Colau and Alemany, 2012, p. 67-8). Crossed guarantors became widespread during the boom particularly for immigrants (see Del Barrio, 2009), as exemplified by Carlos. Despite having a permanent employment contract and earning over €2,000 per month working in the offices of an infrastructure company, he was required by the bank to have two guarantors and another co-borrower to purchase his flat in Bon Pastor in 2000 with a 100% loan, amounting to €136,500. The guarantors were friends and the co-borrower was an acquaintance, all from Ecuador, and Carlos underlined that "all of us entered into similar games because, I tell you, at the time we were in the same situation, my case is not the only one."

"...In this day and age, so many cases arrive each day at the PAH, cases that are difficult to solve because they are crossed mortgages. They told me, to sell me the mortgage, well you were a guarantee for me so I'll act as yours, or they put you as co-borrowers, so it was a web.

Q: You've guaranteed another person's mortgage loan?

A: Exactly. I am the guarantor of the person that is the co-borrower in my mortgage. Yes, she is in the same situation I am, we are all in the same situation....They told me that I had to be her guarantor but we signed in different entities. I signed in Caja Madrid and she has a loan from Catalunya Caixa. It's like a chain. All banks did the same thing, they all operated in the same way. They accepted that you were someone's guarantor, and that this person could also be your guarantee."

This section makes clear that among the 21 mortgage-affected informants, specific differences existed around accessing mortgage finance and the conditions of mortgage loans, where upper-middle income Spanish informants were in a relatively better position in relation to both non-Spanish and Spanish low-middle income informants. In accessing financing through estate agents, immigrant informants in particular were more prone to a variety of scams, at the same time that the requirement for co-borrowers and/or guarantors enrolled not only the lives and bodies of mortgage signatories but also those of family, friends or acquaintances into mortgage loans. The next section turns to look in greater depth at the role that the financial sector played in this process.

### 5.5. “Feast today, famine tomorrow”: financial entities’ drive to appropriate rents

As savings banks were undergoing an unprecedented expansion across Spain, the sizeable immediate and long-term rents to be appropriated through mortgages made them an attractive option to facilitate the growth and profitability of new offices. This section seeks to better understand the logic and pressures behind this reality and explains the tools used, drawing from the perspective of the four (ex)bankers interviewed and the experience of mortgaged informants.

Despite being in entities that they characterised as relatively prudent and conservative lenders, the four (ex)bankers interviewed all stated that they received immense pressure to sell mortgages during the boom. For example, Manel, who oversaw over 8,000 notarised mortgage loan signatures during his 35-year career at Santander, stated that especially from 2005 to 2007 it was the “total and absolute priority to sell mortgages.” Office directors received calls “on a daily basis to see what you sold, what you invested, what you achieved.” During this period, every day the central office received – “well we *had* to receive, because if we didn’t we had to report it” – 100-120 mortgage loan petitions to study from Santander branches across Catalonia. If they weren’t approved upon review by the risk department they went through a second process “where someone ended up authorising them, surely some were denied but...there was an attempt for all mortgages to go ahead, with personal guarantees, real guarantees. Directors received a lot of pressure to sell that product.”

David, the Ibercaja office director, characterised the housing boom as follows:

“The comparison I make is to one of drunkenness. Entities got drunk, and I say this because, damn, that little savings bank over there, smaller than me, is granting mortgages non-stop. The bank area manager even said to me at one point: ‘how many mortgages are you short on? You’re not meeting objectives...’ I told him, ‘well, I have these dossiers from this estate agent and that estate agent, but they really don’t...’ The response from the area manager: ‘take them. If they default you won’t be asked about it...’. That is, a strict policy of feast today, famine tomorrow (*pan para hoy, hambre para mañana*). Achieve the objectives today, any which way, thinking that the tome [mortgage foreclosure documents] won’t reach you, that this will always be on the up.”

Both Fernando and Vicky, former and current employees at La Caixa, spoke of an office in their zone in the Barcelona metropolitan area – Hospitalet and Badalona respectively – that was touted as an example to follow during the boom. Fernando explained how the office of the year in Hospitalet “was the one that granted the most mortgages, all with IRPH<sup>20</sup> +0,5% and insurance not worth the paper it was written on, all the immigrants went there. How did

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<sup>20</sup> IRPH stands for the Mortgage Loan Reference Index (*Índice de Referencia de Préstamos Hipotecarios*). This index was used by several Spanish savings banks instead of the Euribor. As of November 2013 IRPH no longer exists legally; indeed a court in Spain’s Basque region ruled it as illegal in November 2014 although the Basque bank Kutxabank is an entity that continues to use it (see Blázquez, 2014).

that office turn out? Well from 2008 until 2014 it was being cleaned up, commissions to estate agents have emerged and everything you can imagine.” Vicky noted that the director of Badalona’s top ranked office was the king of the castle. He collaborated with two estate agents and saw his business volume increase dramatically. He was also Badalona’s area risk manager, meaning that he had a greater capacity to grant higher-risk mortgages. Vicky stated that his office “grew enormously, enormously and it was always given as an example: look at that office, look at that director.” Upon the boom’s bust, the director was demoted to an insignificant position, due to La Caixa’s policy of not firing its employees, and the once praised office now has a default index far above the average of all 40 offices in Badalona.

In 2002, the Bank of Spain emphasised the attraction of the mortgage market for financial entities, noting that “in the past two years it has been the traditional business in Spain” allowing entities “to partially compensate for the poor results obtained in other spheres” (Banco de España, 2002, p. 129). Indeed, several bankers detailed the importance of the nature of mortgages as a product. Vicky explained that a mortgage is “a powerful product to make an office grow” because upon selling one, a bank’s assets increase by hundreds of thousands of euros<sup>21</sup> in just a day, on top of a 1-1.5% arrangement fee:

“of course 1% of €300,000 is €3,000. Having a €3,000 commission breeze in on one day, to make €3,000 now or before without granting a mortgage, how many credit cards do you need to sell in a year, you know? Besides, you bind a customer forever. In principle, they marry you.”

Manel and Fernando stated that mortgages were a flagship product (*producto estrella*). Manel went further to say that this was the case because they enabled cross-selling (*la venta cruzada*):

“Cross-selling means that you asked for the salaries of mortgage holders to be directly deposited at the bank, that bills are direct debited, that they contract home insurance, which is obligatory [by law], but you tried to add fire insurance too, and credit cards. This was cross-selling. So as you did the numbers you conditioned the granting of a mortgage by a series of requirements, and the person who intended to buy a flat said: what difference does it make to have a credit card in one place or the other. Cross-selling allowed you to sell products, and that was a good way to foster customer loyalty and to bind (*vincular*) the customer.”

Securitisation – packaging and selling mortgage loans on secondary markets – was another important tool to appropriate rent and to extend lending. Manel underlined how his remit was to approve and securitise as many mortgage applications as possible at Santander, focusing on primary home mortgages that had not been refinanced. Especially in 2006 and 2007, he noted that all mortgages were required to have insurance from AIG, a company that

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<sup>21</sup> Upon using €300,000 as an example in several cases, at one point in the interview Vicky stated: “I use €300,000 as an example because a time came when housing prices were all €300,000 and up.”

provided non-payment coverage in favour of the bank.<sup>22</sup> All (ex)bankers interviewed stated that securitisation was managed through each financial entity's central office, and the minimum requirements for any given mortgage to be securitised at their entities included up-to-date home insurance, regular paid monthly mortgage instalments and complete economic documentation that was properly notarised.<sup>23</sup> Ibercaja was described as being very scrupulous in terms of oversight and control of this process (David), and La Caixa prioritised securitisation of locales, industrial warehouses and medical centres, with housing being last on the list (Fernando). At the same time, secondary literature points to the important role that savings banks played in securitisation during the boom, issuing 85% of covered bonds and holding over half the live balance of all securitised bonds in the Spanish market, the remainder (40%) largely held by banks (Catarineu and Pérez, 2008; Fuentes Egusquiza, 2007).

Mortgaged informants experienced these relations of rent appropriation in different ways. First, informants were unaware if/when their mortgage was securitised, a situation that was not directly problematic for them until they were unable to pay, as discussed in Chapter Six. Second, almost half the informants – all of whom were non-Spanish and were granted mortgages by savings banks through estate agents – explicitly expressed how they were obliged to accept a series of products and financial relations to obtain their mortgage. That is, cross-selling conditioned their mortgage loan. For example, Sara was required to sign life insurance and job insurance upon contracting her mortgage, the latter in case her husband lost his job. Yet when this happened he was not covered, and despite arguments to get the €5,000 back the savings bank refused. When Patricia and her husband started to have trouble paying their mortgage, they tried to cancel the life insurance they had contracted. Caixa Cataluyña told them if they did, their monthly mortgage instalment would increase. Upon looking at her mortgage deed, signed by her husband while she was in Colombia before the family reunification process, she explained that

“all of it was in the mortgage deed, we couldn't say no, because the deed stated that you were obliged to pay life insurance, if not the mortgage instalment increased 0.5%, to pay house insurance otherwise the instalment increased, to use credit cards....When I read the deed, I said, my goodness, what have you signed? It was all there, now there was no escape.”

Isa and Marta, two Ecuadorian friends interviewed together, took out mortgage loans in two different savings banks through two different estate agents. They acknowledged that they did not fully understand upon signing their mortgages what they were getting into:

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<sup>22</sup> AIG was bailed out by the US government in 2008 with a total of \$182 billion USD because it insured many subprime loans (Massad, 2012).

<sup>23</sup> Mortgages were carefully reviewed before selecting those to be included for sale as subordinated debt on secondary markets, as the Bank of Spain asked for selective samples (David). If the irregularities in the batches of mortgages sent surpassed a certain percentage they could not be securitised (Manel).

Isa: You do not realise that you are getting a mortgage for all your life.  
Marta: House and life insurance.  
Isa: And the obligation to contract insurance with the same bank.  
Marta: And the debit cards.  
Isa: The debit cards, one for each. You had to have all of your expenses set up as direct debits.  
Marta: Your salary and bills.  
Isa: I mean, those were the requirements.

A final form of rent appropriation was pointed out by seven informants who spoke of abusive clauses (*cláusulas abusivas*) in their mortgages, be they “floor clauses” (*cláusulas suelo*)<sup>24</sup> that prevented monthly mortgage instalments from dropping below a stipulated minimum interest rate, or excessive default rate fees. In more than one PAH collective advising assembly, the prevalence of abusive clauses was underlined (e.g. field notes, 25.10.2013). Similarly, the Bank of Spain administered a survey in 2009 to 49 credit entities whose aggregate portfolio is representative of the sector, finding that 30% of mortgages granted up to 2004 had floor clauses, while 42% did in 2008, with the average minimum rate (or “floor”) set at 3,12% (Banco de España, 2010). In a critique of this report ADICAE (2010), the Association of Bank, Savings Bank, Financial Product and Insurance Consumers and Users (*Asociación de Consumidores y Usuarios de Bancos, Cajas, Productos Financieros y de Seguros*), estimated that banks and savings banks granted close to two million mortgages with floor clauses between 2005 and 2008, earning between €3.3-€6.7 billion in 2009 as the Euribor dropped below 1%.

This section illustrated the race both between financial entities, as well as offices within the same financial entity, to sell as many mortgages as possible during the housing boom. Selling mortgages was also often interconnected with selling a variety of other financial products; cross-selling thus connected households more deeply into processes of rent appropriation, as did abusive clauses in mortgage contracts that ensured minimum payments no matter how low interest rates fell. Furthermore, securitisation plugged (unbeknownst) families into international financial flows. The next, penultimate, section analyses these and other biopolitical dimensions of mortgaged homeownership, followed by concluding thoughts and broader theoretical reflections.

## **5.6. Maintaining homeostasis: regulating and disciplining the population through mortgage loans**

The experiences of mortgaging life explored in the previous sections, considered at the level of the population and largely through the experience of a cross-spectrum of 21 mortgage-affected people during the housing boom as well as a handful of bankers, uncover several

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<sup>24</sup> In 2010 there was a first court ruling in Spain declaring floor clauses null and void due to their abusive nature, and in February 2013 the EU Court of Justice ruled that lawsuits can be filed to contest abusive mortgage clauses. But according to the PAH, many judges do not know how to rule when faced with these cases (field notes, 7.4.2014).

fundamental biopolitical dimensions of mortgages and how they functioned to regulate and discipline the population.

While Chapter Four illustrated how homeownership was normalised historically – where normalisation is understood as the procedures, processes and techniques that establish behaviours or ways of being dividing the normal from the abnormal, making the “normal” acceptable (Foucault, 2007) – this chapter showed how *mortgaged* homeownership was normalised. Homeownership through mortgage debt came to be implicitly inscribed as a self-evident and normal way to access housing, backed by the legal and regulatory mechanisms and the material reality of non-choice, as seen in Chapter Four, as well as in discourses and options informants faced when accessing housing. Media, government and financial sector narratives pointed to owning a home as a natural preference, a component of Spaniard’s DNA. Buying a home was expressed by most Spanish informants as being instilled in them through deep-seated familial and societal norms – “I always have heard that housing, you have to buy it” stated Pepe – and by non-Spanish informants as conveyed by estate agents, bankers, friends and even acquaintances. Critically, this occurred alongside unprecedented easy access to credit, with financial entities’ aggressive advertising making mortgages appear simple, easy and, above all, normal. José expressed this when he said that everyone was getting a mortgage, that “it was like going to buy bread,” as did Joan who noted that “banks were looking for people to give mortgages to.” This normalisation was deepened by a trust in the advice and guidance of ‘experts’ in savings banks, real estate and government who encouraged mortgaged homeownership, advancing the dominant belief that housing prices would never fall, renting was throwing money away and homeownership increased wealth and security. Seeing such dynamics as ‘normal’ means that mortgaged homeownership becomes the logical choice, as the reality of indebtedness amidst falling real salaries and job precarity for the many becomes obscured. Normalisation was thus fundamental to create a situation wherein despite one third of work contracts being temporary and 60% of the workforce living on an average annual salary of €10,935 per year in 2007, households sought mortgages and financial entities granted them extensively.

Several findings in this chapter point to the regulatory and disciplinary power of mortgages that served to maintain and expand homeostasis, a specific political economic system and “state of life” (Foucault, 2003, p. 246), as they acted to bolster capital accumulation, economic growth and the market mechanisms. Perhaps the most obvious is the immediate and long-term rents appropriated through extensive taxes for the state at multiple levels and very generous commissions for brokers, estate agents and financial entities. The latter in particular benefitted further, or rather insured their benefit through time. They did this by securing mortgage loan repayment in principle through (crossed) guarantors and co-borrowers, as including either or both of the latter in mortgage loans acted as security mechanisms to ensure payment if the principle mortgage holder was unable to do so. Thus

not only, as Vicky stated, did “you bind a customer forever. In principle, they marry you”, a financial entity bound family, friends and acquaintances into this process. Further rent appropriation occurred through cross-selling, abusive clauses and securitisation. Cross-selling a variety of insurance products and requiring direct deposits and debts of salaries and bills respectively in many cases conditioned informants’ access to their mortgage loan, and also provided further income streams for financial entities. Floor clauses, used extensively, meant that when interest rates dropped below a given percentage monthly mortgage payment fees did not; it thus ensured financial entities would receive a minimum payment each month no matter what. And finally, securitisation commodified risk as life was capitalised through “translating contingency into risk and risk into a tradable asset” (Dillon and Lobo-Guerrero, 2008, p. 268). That is, securitisation ensured extended processes of capital circulation into global flows, betting on the future value generation of mortgaged homeowners over the coming decades, while it regulated a shifting population of (securitised) mortgaged homeowners. All these techniques sought to ensure the present and future rent stream from the mortgage borrowers, and if necessary guarantors. They created added levels of security for financial entities vis-à-vis future profits and growth.

These elements were all fundamental ways to maintain, monitor and regulate a human population’s – mortgaged homeowners’ – productive and reproductive flows. In other words, they acted as a security apparatus to cover the contingencies of changes in life, and most importantly the ability to pay one’s mortgage debt. At the same time, these biopolitical processes, where the population itself became a tool to further rent appropriation and capital accumulation, took place in a differential fashion across race and class, where both working class Spanish and non-Spanish informants obtained different conditions and relationships from upper-middle income Spanish informants. Non-Spanish informants almost always found their flats through estate agents or brokers, and were thus subject to their relatively frequent predatory practices. Financial entities used guarantors, and crossed mortgages in particular with immigrants, as mechanisms to enrol family, friends and even acquaintances into potential future debt collection, to secure the collection of future rents. Similarly many working class Spaniards enrolled their parents and in many cases their parent’s only home that was paid off decades ago as a mortgage guarantee; if unable to pay, as housing prices have plummeted both homes are auctioned off, in most cases kept by the bank, to cover one mortgage. These practices served both to reduce and spread financial entities’ risk, with a deeper biopolitical function of creating a longer chain of rent appropriation if the primary mortgage loan holder is unable to pay; indeed, it extends article 1911 in Spain’s Civil Code to go beyond the main borrower to include “past and present goods” of guarantors.

However, despite and through these different race and class dynamics, all mortgage informants were proletarianised. That is, while financial subjects were fostered through encouragement at multiple levels to see housing as an investment that could never fail since

housing prices would never fall, the indebted person (Lazzarato, 2012) was the reality that emerged, as life unwittingly became dependent on the performance of global financial markets, the rise and fall of interest rates and the continuation of precarious job contracts. While labour exploitation continued to occur through the primary circuit in processes of expanded reproduction, largely through low-paying and temporary jobs, life itself became assimilated into the financialisation of housing and the expansion of secondary circuit through capital circulation, with the promise of this life's (or co-borrower's or guarantor's) future value creation over the coming 30, 40 or even 50 year-duration of a mortgage loan. Financialised housing meant that informants – and their co-borrowers and/or guarantors – were objectified to ensure the circulation of capital, in essence financialising life itself. As long as people could pay their mortgage and housing prices were buoyant this was not necessarily a problem so to speak; but the realities of financialised housing-life became evident when the speculative cycle came to a halt, as detailed in Chapter Six. But first, the next and final section draws out the broader theoretical points and reflections emerging in this chapter.

## **5.7. Conclusions**

This chapter looked at how life was mortgaged in the context of financialised housing in Spain's 1997-2007 housing boom, uncovering some of the mechanisms, processes and relations characterising mortgaged homeownership in the Barcelona metropolitan area. Continuing from historical dynamics explained in Chapter Four, the first section looked at how mortgaged homeownership was normalised at multiple levels during the boom, despite falling real wages and precarious job contracts for the majority, and highlighted the main characteristics of Spanish-style subprime mortgages. The second section, largely through the experience of 21 mortgage-affected informants and four bankers, ascertained why people became homeowners, the pressure they faced to purchase housing, and how informants' relationships unfolded with estate agents, brokers and the bank, differentiated through class and race.

Section 5.6 analysed several regulatory and disciplinary dimensions of mortgages and how they helped create homeostasis – “an overall equilibrium that protects the security of the whole from internal dangers” (Foucault, 2003, p. 249) – to maintain a system grounded in ever-expanding urban capital accumulation during Spain's housing boom. They did this by stimulating the construction sector and fueling real estate speculation and capital expansion after a period of significant economic restructuring that resulted in more precarious, contract-based employment. Under these conditions, mortgage holders had to produce in order to meet their mortgage debt obligations. Some of the regulatory and disciplinary mechanisms explored include the use of mortgage (crossed) guarantors and/or co-borrowers, cross-selling, floor clauses, securitisation; among others, these enrolled the population of



mortgage signatories into the financial sector's rent extraction mechanisms. The role of mortgaged homeownership as a norm and the trust in 'experts' such as bankers and estate agents were other intertwined technologies, alongside the legal frameworks explored in Chapter Four, which enabled mortgages to maintain the financialised housing-life system.

A few important theoretical points and reflections emerged from the analysis in section 5.6. First, the role of security is a key one. Here I refer to security in terms of maintaining the system and status quo, but also the security and stability of families in terms of being able to ensure their own reproduction. Many informants became mortgaged homeowners to provide stability and security for children or for themselves in old age, or for family reunification, the latter aligned with a stable residence. While on the one hand this shows that reality is 'messier' than what are often oversimplified dichotomies between active and calculative investors or passive savers (e.g. Hall, 2015; Pellandini et al., 2015), on the other hand it brings to light a perverse reality: the principle option for stability and security was mortgaged homeownership. In other words, informants' experiences suggest that if one wanted a stable and long-term housing solution, since rental prices were increasingly precarious and expensive and little to no social housing existed, the most logical, common sense option was to buy. This reinforces a conclusion in Chapter Four suggesting there was a political construction of non-alternatives, or the building of non-choice, to homeownership and economic growth in the evolution of housing in Spain in the twentieth century, from the historical and ideological pressures during Francoism through to legislative changes encouraging homeownership under democracy. Furthermore, Foucault (2007, p. 69) notes that while "the law prohibits and discipline prescribes" security essentially functions by responding to a reality in a way that cancels out, nullifies or limits the reality to which it responds. This suggests that the drive to instil the secondary circuit and create a nation of homeowners became operational not only in terms of material options but also at the subjective level, as expressed by informants. Applying Ross's (2015, p. 12) analysis to mortgage debt, it becomes clear that "indebtedness becomes the precondition not just for material improvements in the quality of life, but for the basic requirements of life."

Second, the findings suggest that class and race matter in terms of accessing finance and the obligation to include (crossed) guarantors or co-borrowers in mortgage loans. While in the end all informants were proletarianised – that is, objectified through being inserted into the circulation of capital to maintain and expand urban capital accumulation – it is clear that in terms of maintaining the security of the system some were deemed to have more 'value' than others. Upper middle income Spanish informants were not required to have guarantors, since their incomes and properties were judged as sufficient in case they were unable to pay. Low-middle income non-Spanish and Spanish informants, however, had to provide an extra level of security – family, friends or even acquaintances – that were guarantors or in many cases unknowingly signed on as co-borrowers. Thus not only informants but also their

co-borrowers and/or guarantors became objects in a larger process of rent appropriation, as their current and future labour has become in effect packaged into financial products and vehicles of financial speculation in the form of debt repayments. This process, in the broader Spanish historical context, can be conceptualised as a shift from the dictatorship's drive to create a country of homeowners not of proletariats – paraphrased from the first Minister of Housing José Luis Arrese in Chapter Four (*un país de propietarios, no de proletariados*) – to the (unwitting?) creation of a nation of proletarianised homeowners under “democracy”.

Finally, the chapter laid bare the financial or investor subject (Langley, 2006) and the indebted person (Lazzarato, 2012) as two sides of the same coin. Among meeting needs for security and stability, mortgaged homeownership was supposed to be a way for informants to secure their own (financial) future. In other words, investment operated as a “technology of the self”, where being a responsible and moral individual meant being a rational economic actor (Lemke, 2001). Buying housing was widely seen, by many informants as well as a broad range of actors, as an investment that would grow to realise returns (Langley, 2007), rooted in the widespread belief that the price of housing would never fall. But the reality underlying mortgaged homeownership was deepening indebtedness amidst precarious employment. As long as this employment and sufficient salary to pay monthly mortgage instalments continued, and interest rates did not rise, this was not necessarily a directly experienced problem. Yet when crisis hits, the reality of being an indebted person became crystal clear to informants, as will be uncovered in Chapter Six.

In closing, as the financialisation of housing seeks to (temporarily) overcome the fundamental contradiction in the secondary circuit of capital – between spatial fixity and financial liquidity – this chapter showed how the financialisation of life was a fundamental part of this process. This contemporary process of biofinancialisation (French and Kneale, 2009; 2012) becomes clear; that is, the way in which contemporary processes of financialisation intermesh and intertwine with the politics of life itself (Rose, 2007) and produce distinctive capital/life/subject relations. Lives are proletarianised, and bodies are subjected, not only through the labour process (expanded reproduction) but also through the circulation of capital in the (mortgage) debt relation. “Mortgaged lives” (Colau and Alemany, 2012) are lives whose production and reproduction are heavily dependent on the ability to fulfill obligations for mortgage repayments under increasingly volatile conditions. It depicts a situation where speculation with life itself lies at the heart of economic and political strategies and decision-making (Rose, 2007), with further disciplinary mechanisms that also operate at the level of the body that fully rears their head once people are unable to pay their mortgage. The next chapter turns to investigate the way in which this unfolded.

## CHAPTER SIX

### Maintaining mortgaged lives: the biopolitics of the boom's bust in the Barcelona metropolitan region

#### 6.1. Introduction

“Buying a house to live in is causing me endless anguish, something I never would have imagined. Without a house and repossessed for life. WITHOUT A FUTURE.” (Maria, text she wrote to describe her case, 20.3.2013. Capital letters in original. Personal communication, 8.9.2014)

Approaching mortgages as a “technology of power over life” (Foucault, 2003, p. 236), a tool to regulate and discipline the population, Chapter 5 exposed the process of mortgaging life at the peak of the housing boom. The current chapter turns to unpack both the continuities and consequences of the financialisation of life during Spain’s housing bust and the post-2008 crisis. I unravel the upheavals in and deep-seated restructuring of the Spanish financial system and document the experiences of households unable to pay their mortgage debt, illustrating how – and with what consequences – mortgaged lives became even more deeply enmeshed in a financial maelstrom once the conditions facilitating the “virtuous circle” of ever rising housing prices and fictitious capital creation stop.

This chapter focuses on what happens when the ever increasing flows of fictitious capital and debt payment underlying a financialised housing system stop flowing, digging into how this was managed in Spain at the political economic level and at the level of households unable to pay their mortgage debt. In terms of the latter, an ethnographic reading continues with the 21 informants in Chapter 5 to expose the intricacies of *maintaining* mortgaged lives, uncovering mortgaged households’ relationships with financial entities as they struggle to pay their mortgage debt amidst extensive unemployment, increasing monthly mortgage payments and plummeting housing prices. It underlines the lived experience of the treatment of life, and the body, as an accumulation strategy (Harvey, 1998), or, better said, a strategy for rent extraction. Life, livelihoods and the body are thus deeply subjected to debt servicing practices, a practice in part made possible by the pervasive subjectivity of the indebted person (Lazzarato, 2012).

The chapter is structured as follows. Section 6.2 details the bust of Spain’s 1997-2007 housing boom, depicting how the government scrambled to rescue the financial system, socialising tens of billions of euros of private (financial sector) debt and, in the process, creating new avenues for real estate speculation. Drawing on 21 in-depth interviews with mortgage-affected people and 40 weeks of field notes, the next three sections (6.3-6.5) focus on the lived experience of the bust, specifically why mortgage-affected informants stopped paying and how financial entities and investment funds sought to maintain mortgaged lives and financial rent extraction, uncovering the impacts on life and the body.

Section 6.6 analyses how the biopolitical dimensions of mortgages shifted in this post-2008 crisis, with new strategies to regulate and discipline the population, and identifies how financialised housing-life manifested in this period. The conclusion draws the chapter together and offers broader theoretical insights and reflections.

## **6.2. The bust of Spain's 1997-2007 housing boom: socialising the losses, privatising the gains**

During the 1997-2007 housing boom, Spanish politicians, bankers and professionals continuously denied the existence of a housing bubble, a term that became taboo (Colau and Alemany, 2012; García Montalvo, 2008). The two Spanish Ministers of Housing serving between 2004-2008, both from the Socialist party, underlined how voicing the word "bubble" was an "irresponsibility", or stated that Spain had "the best real estate sector in the world" (García Montalvo, 2010). Indeed a former Catalan secretary of housing explained in an interview that when his superior, a minister in the Catalan Parliament, spoke of a housing bubble in public, he received a call from an executive in a powerful real estate association to say "please, do not use that word because it is considered to be a jinx, it's being, as Krugman says, a spoilsport" (personal communication, 14.05.2014). Spain's sustained economic growth, standing at levels not seen since the early 1970s, was instead widely seen as evidence that the country had made it into the "Champions League of the world's economies" as Socialist President Zapatero stated in September 2007 (EIMundo.es, 2007). In any case, the government and financial sector were confident that housing prices would stabilise and that the real estate sector, upon a "smooth deceleration" due to the "maturity" of the cycle (Banco de España, 2007), would make a "soft landing" (e.g. BBVA, 2007).

But in 2008 the so-called Spanish miracle began to crumble: inflation and interest rates crept up, unemployment started to rise and as liquidity dried up fewer mortgages and building loans were granted. The number of new housing starts plunged from over 850,000 in 2006 to 111,140 in 2009 while real housing prices decreased 18% cumulatively from 2008 to 2010 (EMF, 2011). While Zapatero's reigning Socialist party first denied the crisis while making multiple billion euro Keynesian-style bets to counteract the economy's demise (see Salmon, 2010), once the start of an economic recession was publicly recognised at the end of 2008 it was clear that more severe medicine was needed. The following sub-sections detail the maneuverings of the Spanish state and the EU to rescue and reform the system, and the use of organisational and financial instruments in attempts to instigate new avenues for rent appropriation from the built environment.

### **6.2.1. Rescuing the Spanish financial system**

At the onset of the international financial crisis, Spain's financial system was apparently unscathed. During a visit to New York in early autumn 2008 Zapatero declared that Spain

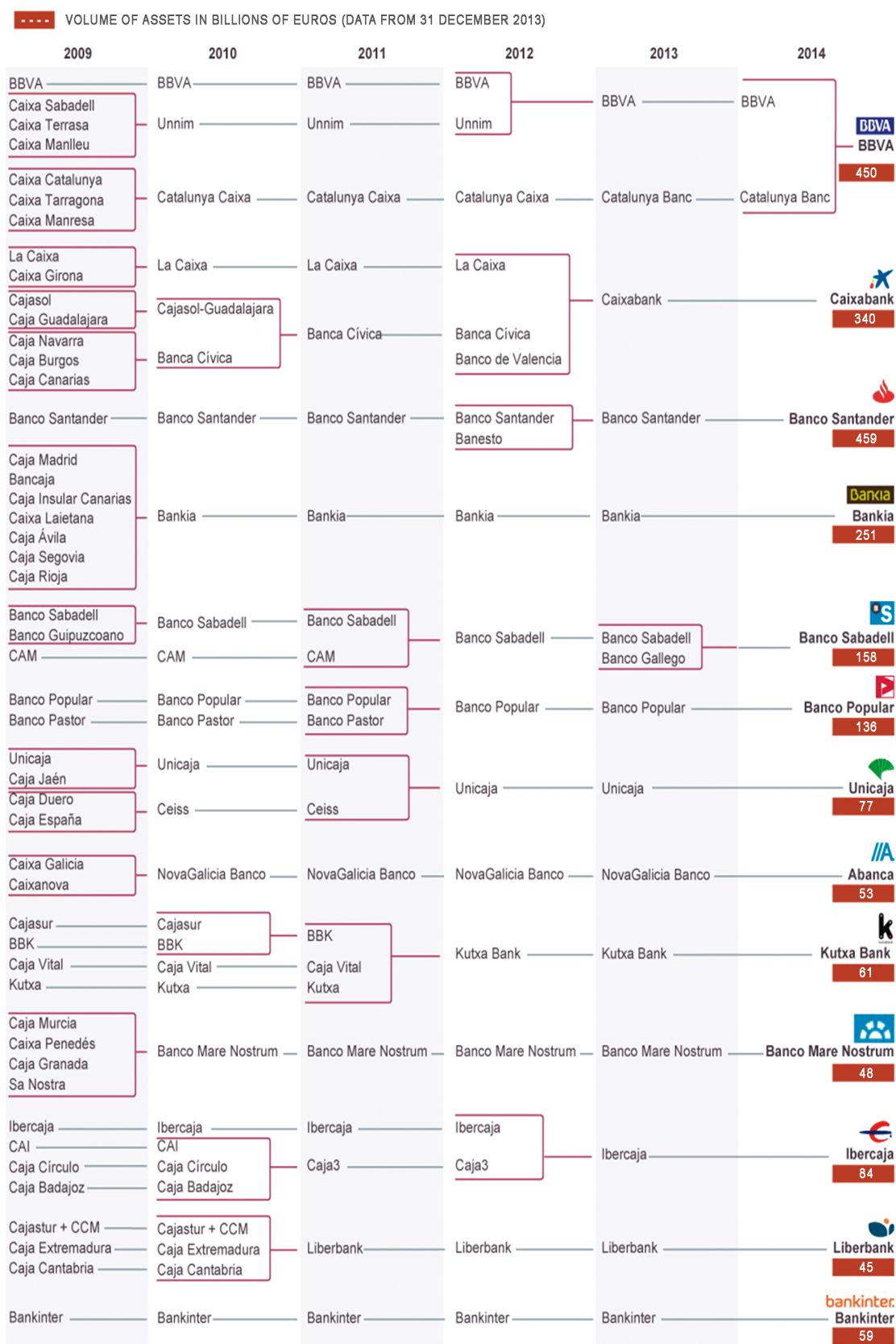
“perhaps has the most solid financial system in the international community” (El Confidencial, 2008). But this façade dissolved as it came to light that over half the country’s 45 savings banks were reeling under the weight of billions of euros of non-performing real estate loans granted to developers and households during the boom. In December 2011 over half of the entire loan portfolio of domestic credit assets was real estate related, 16% for developers and 42% retail mortgages (Oliver Wyman, 2012). While the extent of non-performing loans in this portfolio would not become clear for several years, increasing numbers of households and what became dubbed “zombie developers” (Bloomberg, 2013b) were unable to meet their debt repayment obligations. Spain’s delayed reaction to this reality began by launching into “an absurd orgy of financial entity fusions with the supposed objective that public resources wouldn’t be spent and the counterfactual assumption that the crisis would soon be over” (García Montalvo, 2014, p. 527).

In what resulted to be a profound financial restructuring process over several years, Spain went from having 45 savings banks and eight banks in 2008 to two savings banks and fifteen banks in 2015 (Figure 6.1).<sup>25</sup> One of several key instruments to carry out this process was the Spanish Fund for Orderly Bank Restructuring (FROB), established by the Zapatero government in June 2009. The FROB, governed by representatives from the Bank of Spain and economic branches of the central government, led a three-phased restructuring and recapitalisation of the banking system. FROB 1 included extensive fusions and liquidity injections (€9.7 billion) into various entities in 2010, while FROB 2 sought to improve solvency (€5.7 billion) and nationalise various institutions during 2011. In this second phase, savings banks unable to meet certain levels of solvency were turned into banks as per the 2/2011 Royal Decree Act in order to create a shareholder structure and capture external capital investment, with the idea that public capital investment would be substituted by private investment after five years (Peñas Moyano, 2011). FROB 3, implemented by the newly appointed Popular Party (Conservative) majority government under President Rajoy, plugged up holes in entities’ balance sheets detected by an independent stress test in June 2012 with €38.8 billion in European Stability Mechanism funds (Oliver Wyman, 2012). As one of several conditions in Spain’s Memorandum of Understanding (MoU) with the European Commission, the FROB 3 bailout demanded the creation of an asset management company, also known as a “bad bank”, an instrument pioneered during the US Savings and Loan crisis in the 1980s and since used in countries across the world to revive crisis-ridden real estate markets (Byrne, 2015). Spain’s bad bank was named the Management Company for Assets Arising from Bank Reorganisation (SAREB), and became a key instrument in the

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<sup>25</sup> The restructuring process untapped several significant corruption scandals within many savings banks, particularly regarding excessive salaries and multi-million pensions disbursed to many high level savings bank executives before nationalisation. Such practices were among many uncovered through a Catalan Parliamentary commission that investigated the management of nationalised Catalan savings banks in 2013-2014 (see Pellicer, 2014).

**Figure 6.1. Spanish financial system restructuring, 2009-2014**



SOURCE: EL PAÍS 2014

restructuring of the financial system. The next sub-section turns to consider the SAREB and related tools to stimulate real estate investment in more detail.

### **6.2.2. Profiting from socialised assets: Spain's bad bank and new investment vehicles**

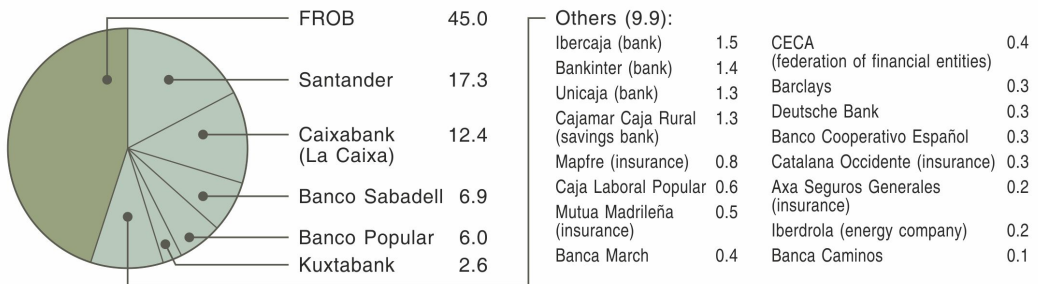
The SAREB, founded in November 2012 and 45% owned by the state through the FROB, overnight became Spain's largest estate agent, holding €51 billion worth of real estate assets (Figure 6.2). It is where the "toxic assets" – direct assets valued above €100,000 and development loans above €250,000 – of the nine nationalised and semi-nationalised banks were transferred at 47% of their original price in exchange for Spanish government guaranteed bonds and European rescue funds to help rebuild the money capital of semi-nationalised and nationalised banks (Eurostate, 2014; IMF, 2014). The SAREB's objective is to obtain at least 15% profit through the sale of these assets over its 15 year lifespan (2012-2027). Transferred assets, including 90,765 loans and 107,446 properties, became the property of the SAREB but were originally managed, administered and commercialised by the nationalised/semi-nationalised banks that ceded them in 2012.

The SAREB's analysts have, however, scrambled to understand the details of the properties they suddenly had in their hands (FT.com, 2013). This was confirmed by the Catalan secretary of housing, who underlined that the extensive fusion and restructuring of savings banks has left "significant disorder" in many nationalised entities who don't know if their properties are habitable, already rented or currently being squatted (personal communication, 12.12.2014). "The problem with the SAREB", a real estate broker told me, "is that it is impossible to know [what's in] a €43 billion asset portfolio." For this reason, he continued, the SAREB decided to auction its asset management to large venture capital funds "that are used to managing them because they have done it in all crises, in all countries." These funds "then transfer part of the management to smaller companies like mine....We are an expert in the markets we operate in, and we transfer all this knowledge and know-how to the SAREB and its management companies" (personal communication, 14.9.2014). Three of the four winners on the bid to manage and sell the SAREB's assets, are servicing companies owned by US venture capital funds, also dubbed as vulture funds: Apollo, TPG and Cerebus. The first two, furthermore, maintain minority shareholder connections with Spanish banks, Santander and CaixaBank respectively, that are the principle private shareholders, and also advisors, in the SAREB (Martínez, 2014). As the servicers commercialise and sell €41 billion worth of property assets, "the job will give the three US firms commissions and insight into Spain's recovering real-estate market" (Neumann, 2014).

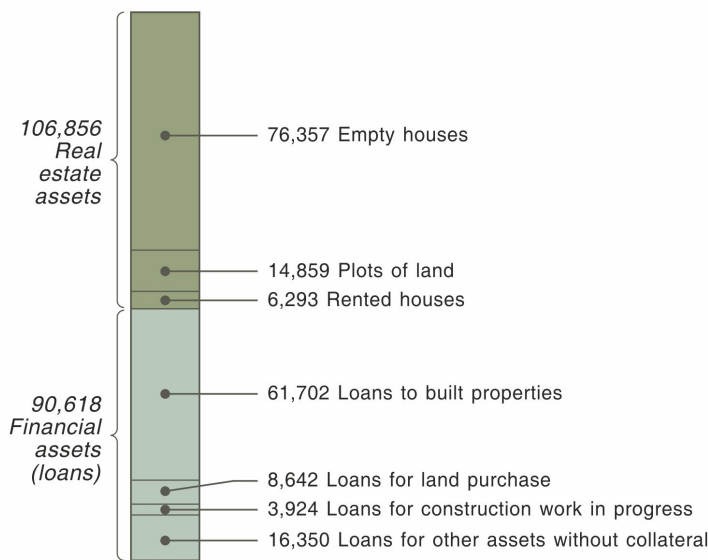
**Figure 6.2. Characteristics of Spain's bad bank, the SAREB**

**(a) Who forms part of the SAREB?**

Shareholders (by percentage)

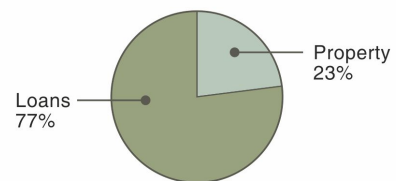
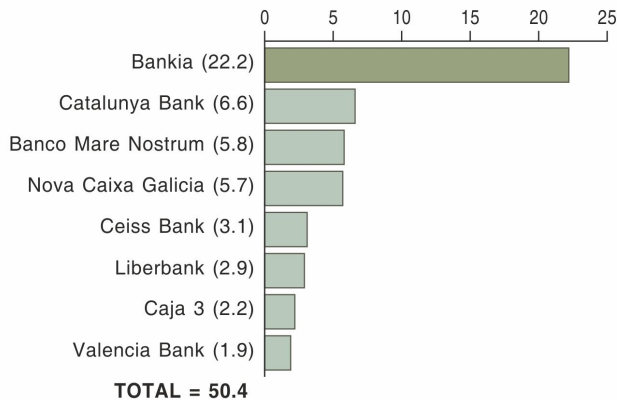


**(b) What the SAREB has bought**



**(c) Financial entities purchased and the cost of each**

Billions of Euros



Source: Méndez, 2013 (El País).

The SAREB touts a discourse of transparency, and the real estate broker I interviewed insisted that its operation is “completely transparent” (personal communication, 14.9.2014).



Many, however, have highlighted the opacity of its manoeuvres (e.g. Mier, 2015; Salvador, 2013; Segovia, 2014). A former Catalan secretary of housing told me that “we don’t know what price they paid for the flats they have, or at what price they’ll be sold” (personal communication, 7.5.2014). Furthermore, a non-profit housing foundation the former secretary is now part of considered purchasing a building with 20-30 flats from the SAREB to dedicate to social housing, but upon ringing were told: “Sorry, only large investors can call us. We only deal with large investors here” (ibid.). In 2014 the SAREB obtained approval from its Board of Directors to transfer 2,000 housing units to autonomous communities – less than 2% of the housing stock in their possession – to provide housing under affordable leases, stating that this social housing commitment “represent[s] repaying society for the financial assistance received” (SAREB, 2014a, p.65). As they joined the UN Global Compact in September 2013, corporate social responsibility and good governance is appearing in their annual reports, a complete turn around from their position just one year earlier. In October 2013, in response to the Platform for Mortgage Affected People’s (PAH) demands to convert the SAREB’s housing into a public park of social housing, the SAREB declared: “we don’t have a social policy, that is what the public administration has” (field notes, 24.10.2013).

The SAREB defined its core strategy in 2014 as being an asset manager, with divestment as their priority and focus placed “on creating value added, so that the return from the transaction increases on the date of sale” (SAREB, 2014b). Various financial mechanisms are being employed to attract investors to their asset portfolios, such as the Bank Asset Fund (FAB), a low tax, flexible vehicle that operates as a joint venture between the buyer and the SAREB, in essence a hybrid between securitisation funds and collective investment vehicles (Casarrubios and Ferre, 2013). Furthermore, the majority Conservative government liberalised the legislation related to Spain’s version of a Real Estate Investment Trust (REIT) called SOCIMI, a company that owns or finances income-producing real estate. SOCIMIs are now taxed at zero per cent, and promises of future liquidity once they go public on the Spanish stock market is stimulating increasing amounts of investment in the rental sector (e.g. Europa Press, 2015). A representative from the SAREB at a private equity fund forum on Spanish real estate in May 2014 underlined that “we are open to all suggestions from investors, such as portfolio construction or objectives” (field notes, 28.05.2014). As Spain’s Sub-secretary of Economic Affairs and Competitiveness made clear at the same event, the SAREB aims to “make the Spanish real estate sector an attractive place for investors” (ibid.). The next sub-section details the nature of the financial sector’s ‘public’ salvation, while the following looks at who is reaping the benefits.

### **6.2.3. Socialising private (financial sector) losses, socialising guilt**

Public assistance has been the lifeblood to ensure the continued operation of the Spanish financial system. Total public funds spent in its restructuring stand at €61.5 billion according to the Bank of Spain, with €41.3 billion of this total coming from the European Stability Mechanism's funds as agreed in the MoU. Including *committed* funds, Spain's Court of Auditors estimates that assigned public funds sit closer to €108 billion, a figure in line with estimates from Brussels (Segovia, 2013). If other indirect or hidden public spending not included in official statistics is considered, such as asset protection schemes and guaranteed state-backed debt issued for the SAREB and FROB, the Citizen Debt Audit Platform calculates the amount to be closer to €1.3 trillion (PACD, 2013). While the final cost to the public will only be clear once all the nationalised entities, and the SAREB's assets, are sold, so far €36 billion is unrecoverable, most of which – critically – has gone to benefit and strengthen existing banks (de Barrón, 2014). This is a similar figure to public cuts to healthcare and education spending (de Barrón and Jiménez, 2013). As of May 2015, the state has only recovered 4.3% of the money poured into the financial sector, €2.6 billion out of €61.5 billion (El País, 2015). The final loss will be far beyond the promises of politicians – from both the Socialist Zapatero and Conservative Rajoy governments – that taxpayers won't pay a cent (de Barrón, 2014). Needless to say, an express reform of article 135 of the Spanish Constitution in 2011 means that repayment of the interest and capital of public debt will always be included in the state budget and “its payment will take absolute priority” (El País, 2011).

Thus the financial system's losses have been socialised, with at least €61 billion injected into over 25 savings banks, these merged and reconfigured into banks or existing banks, with Spain's bad bank tasked to achieve a 15% profit from the system's toxic assets over the coming twelve years. This socialisation of private sector losses has meant an astronomical rise in public debt – the ratio of public debt to GDP nearly tripled from 36% in 2007 to 98% in 2014 – whose payment is now constitutionally mandated and prioritised above and beyond education, health and other social spending. The statement oft-repeated by prominent politicians and economists that “we have lived beyond our means, now it's time to tighten our belts” has operated as a socialisation of guilt, a political strategy to connect debt and cuts in social spending and to shift the weight of the debt onto collective conscience (Tranche, 2013). While the crisis and resulting austerity is hitting hard – unemployment peaking at 27% in 2012, increasing poverty and job precarity – it, of course, has not been a crisis for everyone. The following sub-section looks at how various financial sector actors have elbowed their way in to profit from devalued real estate.

#### **6.2.4. Privatising the gains from publicly rescued, devalorised real estate**

In the midst of Spain's financial sector restructuring, Donald Trump declared that "Spain is an amazing place, it's a great country and it's got a fever, and this is the time to take advantage of it" (Cox, 2012). The massive devalorisation of capital and assets has enticed increasing numbers of private equity and institutional investors, who are snatching up the assets being disposed of by the SAREB and other banks at hugely discounted prices and with significant fiscal incentives. Tools such as SOCIMIs and the SAREB's FAB facilitate the latter. For example the joint venture and regulatory structure of the FAB, a type of tax incentivised securitisation fund that remunerates investors according to the income obtained by the rental and sale of the real estate, means that the SAREB maintains a proportion of the property, and risk, of asset portfolios and will reap its benefits – or losses – when the portfolio is sold in the future (Segovia, 2013). This model is clearly based on an assumption that housing prices will increase and that assets will be sold for a price greater than their purchase value. Furthermore the FAB responds to the SAREB's obligation to begin selling assets now to reduce its debt and comply with its business plan, where over the four-year life of the FAB the SAREB seeks to obtain 15-20% profits from such operations (ibid.). SOCIMIs, on the other hand, are unique in that they have absolutely no tax burden. It is one of the most attractive REIT schemes globally, structured in a way to purely and simply attract foreign direct investment (field notes, 28.5.2014).

Beyond the speculative opportunities created by the SAREB and SOCIMIs, most Spanish banks have been selling increasing quantities of real estate-related debt and assets. This was driven by two connected developments. The first was the need for banks "to restructure their capital basis and improve their solvency ratio" (González-Morejón, 2012, p. 1) due to their significant exposure to the real estate sector. In other words, an excessive proportion of most banks' money capital was knotted up in real estate related debt, and the uncertainty around its repayment put into question their soundness if the system took another beating. Stress tests conducted in June 2012 underlined a €52-€62 billion capital shortfall in an adverse scenario, a figure below market expectations (Fontevicchia, 2012). The second driver was stricter requirements for banks to account for restructured and refinanced debt (Banco de España, 2013), compelled by the MoU signed by Spanish and European authorities in July 2012 to improve information about these loans and the European Commission's worries over "hidden defaults" in March 2013 (Banco de España, 2014; El Confidencial, 2013). As reported in the Wall Street Journal, extensive refinancing of mortgage loans made banks' loan books look "healthier" than they really were, helping banks "bury a growing risk in their credit portfolios and avoid recognising losses on debts they are unlikely to recover" (Brat and Bjork, 2013, p. np). In other words, they were "hiding reality" as Manel explained in an interview (personal communication, 21.07.2014). In April 2013, the Bank of Spain stipulated that to classify credit as being of "normal risk", banks needed "objective and verifiable evidence making highly probable the recovery of the total

outstanding amount due”; otherwise entities must reclassify debt as substandard or doubtful<sup>26</sup> as per the true repayment capacity of loan holders (Banco de España, 2013a: p. np).

So, while the creation of the SAREB flushed many troubled assets off the balance sheets of semi-nationalised and nationalised banks and injected European capital in, other banks were pressed to reclassify loans and to divest non-core assets and non-performing loans, most of the latter being defaulted real estate loans. Shortly after the official communication from the Bank of Spain (2013a), refinanced real estate loans classified as doubtful or substandard increased from €119 billion in 2012 to €148 billion in 2013, out of a total of €208 billion in refinanced loans, 27% of which were developer and 27% household mortgage loans (Banco de España, 2013b; Banco de España, 2014).<sup>27</sup> While mortgage loan default rates, peaking at 6.3% in the first quarter of 2014, are proportionately much lower than developer-related defaults (reaching 34% in the fourth quarter of 2013), total defaulted mortgage credit increased from €24 billion in the fourth quarter of 2012 to its peak of €36.2 billion in the first quarter of 2014 (Banco de España, 2014). Similarly, sales of credit portfolios and real estate assets have picked up in particular since November 2013, with the nominal value sold from November 2013 to mid 2015 sitting at €28 billion (García Montalvo, 2015).

A final strategy to reduce banks’ exposure to real estate risk has been the complete or partial sale of their real estate platforms. All banks, minus BBVA (Anida) and Banc Sabadell (Solvia), have sold their platforms, largely to foreign investment funds (see Table 6.1). Three of these funds – Apollo, TPG and Cerebus – became the servicers of the SAREB’s asset portfolios in December 2014, as explained in section 6.2.2. While funds now manage asset sales, in most cases the real estate and credit assets remain on the balance sheets of the originating banks. The latter have raked in at least €2 billion from sale of the management of these platforms (Ollero, 2013). The next and final sub-section summarises who is benefiting from this process and the current outlook for Spain’s real estate sector. Brief conclusions are drawn before shifting to consider how mortgage-affected people lived mortgage default and were caught up in this new wave of financial speculation.

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<sup>26</sup> A doubtful loan is classified as one that has fallen into non-payment for at least 90 days and has a high probability of not being returned, while a substandard loan does not face non-payment but probably will in the future.

<sup>27</sup> It is important to note that these figures *exclude* the €55 billion in non-performing loans transferred to the SAREB in December 2012, largely consisting of construction and real estate development credit (Banco de España, 2013).

**Table 6.1. The sale of Spanish banks' real estate platforms to foreign investment funds**

Real estate platform	Sold by	Sold to	Sale price (€)	Value of assets managed (€)	Sale date
Aktua	Banesto	Centerbridge	100 million		November 2012
Servihabitat	CaixaBanc (La Caixa)	TPG Texas Pacific Group (51%)	185 million	> 22 billion	September 2013
BankiaHabitat	Bankia	Haya Real Estate (Cerebus)	40-90 million	> 12.2 billion	September 2013
Aliseda	Banco Popular	Kennedy Wilson and Värde Partners	815 million	9.3 billion in mortgage backed credit and 6.5 billion in adjudicated assets	December 2013
Altamira	Santander	Apollo (85%)	664 million	11.4 billion	January 2014
CX Inmobiliaria	Catalunya Caixa (CX)	Magic Real Estate and Blackstone	40 million	7.8 billion	April 2014
Inmare	Banco Mare Nostrum (BMN)	Centerbridge	50 million	7 billion	April 2014
Cimenta2	Cajamar	Haya Real Estate (Cerebus)	225 million + 20	7.3 billion	June 2014
Grupo Neinor	Kutxabank	Lone Star	930 million		May 2015
Inmobiliaria Portugal – RECBUS	Banco Popular	Quarteira (Carval)	72 million		June 2015

Sources: García Montalvo, 2015 and media sources.

### **6.2.5. A(nother) tsunami of capital washing over Spain?**

A variety of financial sector actors are benefiting from the public rescue and restructuring of the Spanish financial system. A handful of banks have been able to reinforce and solidify their position in the domestic market as they bought up nationalised entities, including a portion of their rescued assets, at purely symbolic and/or massively discounted prices. For example, BBVA and La Caixa both bought nationalised entities (Unnim and Banco de Valencia respectively) for the token price of €1, whereas BBVA bought the offices of

Catalunya Caixa for €1.1 billion three years after it had been rescued by the state for €12 billion.<sup>28</sup>

Furthermore, the increasing number of devalued real estate debt and assets have emerged as an attractive market for a variety of investment firms, signposted by articles in September 2013 with titles like “Who’s buying Spain?” (Méndez and Pellicer, 2013) or “How vulture funds feed off Spanish banks’ rubbish credits” (Blázquez, 2013). While still far from its peak in 2005, foreign investment in housing alone has doubled since its minimum in 2009 (€4.7 billion) to sit at €8.6 billion in 2014, up 26% from the previous year (Ministerio de Fomento, 2014a; see Mount, 2015). This has mobilised a whole network of Spanish intermediaries, of all shapes and forms, who are scrambling to get in on the action, to advise and/or manage the assets purchased by foreign funds (field notes, 28.5.2014). The real estate broker I interviewed who advises investment funds characterised the current situation as follows: “We are living a sweet moment because the SAREB was created, because SOCIMIs emerged when they had to, but above all because the market has been correcting itself” (personal communication, 14.9.2014).

The interest in Spain is well summarised by one of PwC’s 500 real estate industry expert respondents in their Emerging Trends in Real Estate report for 2015: “Spain was a no-go area but now it is a let’s-all-go area” (PwC and Urban Land Institute, 2015, p.21). As the report continues:

“A tsunami of capital has washed over Spain, much of it global. US opportunity and hedge funds, global investment banks, European fund managers, Chinese real estate magnates, and even Warren Buffett, the sage of Omaha, have all piled in. So whether Spain is still good business is hotly debated among opportunistic investors. Views range from “The train has already left the station” to “Spain is still very much an opportunistic play. There is very little core activity because debt is quite difficult and the domestic banks are still not lending.” (ibid., p. 21).

This section made clear how Spain’s financial system was rescued and restructured with tens of billions of euros, with the losses socialised onto the public’s shoulders and the gains privatised to benefit a reduced elite of Spanish banks and a range of investment funds and their intermediaries. The political strategy to socialise debt parallels the biopolitical strategy used in Greece, as detailed by Douzinas (2013), which mobilises fear (of no longer being in the EU), supposedly scientific truth (the need for austerity) and cultivates guilt. This process unfolded alongside the creation or reconfiguration of tools – like the SAREB, FAB and SOCIMIs – and actions – the sale of mortgage debt – to (re)initiate speculative investment in the built environment. Critical to underline here is that Spanish household mortgage debt in particular can be of interest to investors because once the loan is non-performing and the

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<sup>28</sup> Aside from losing €12 billion in the auction of Catalunya Banc, the state lost €5.5 billion with Banco de Valencia, €245 million with Banco Gallego and €8.3 million for NCG Bank (now Abanca) (de Barrón, 2014). It remains to be seen how much will be lost with the sale of Bankia, an entity bailed out with €22 billion.

debtor is foreclosed and evicted, the investor keeps the asset (the home) but the debtor still owes any outstanding debt.<sup>29</sup> Thus the purchaser of household mortgage debt not only keeps the asset, but also the legal right to continue claiming debt payments from the former mortgaged homeowner, plus any fees incurred through legal proceedings. There are therefore multiple avenues, and strategies, for rent extraction for investors from devalourised Spanish real estate.

This section also illustrated the importance of unpacking “a crisis of what and *for whom*” (Christophers, 2014, p.6). As with any crisis, some are clearly benefitting from the fall-out, rescue and restructuring of the Spanish financial system. On the one hand, there is a concentration of the Spanish banking sector as several entities have consolidated their market position through acquiring (semi-)nationalised entities at nominal or hugely discounted prices. On the other hand, the international funds buying up properties or servicing the SAREB’s real estate assets and debt have gained a valuable position in the Spanish market, with a network of Spanish intermediaries guiding them and vying for a piece of the pie. The way that mortgaged households experienced the post-2008 crisis in the Barcelona metropolitan region is explored in the next three sections, picking up the threads of the mortgaging of life in Chapter Five. Section 6.6 then draws together and analyses the macro political economic dimensions presented in this section, and the regulatory and disciplinary elements of mortgages as lived by mortgage-affected informants and PAH members.

### **6.3. Choosing between the mortgage or life: refinancing and facing the inability to pay**

“Before, people died of hunger before they stopped paying their housing (mortgage). It’s been that way. Until now it has been like that. Why is this no longer the case? Well, because both members of the family have lost their jobs, it’s impossible to pay. That is new.” (former Catalan secretary of housing, personal communication, 7.05.2014)

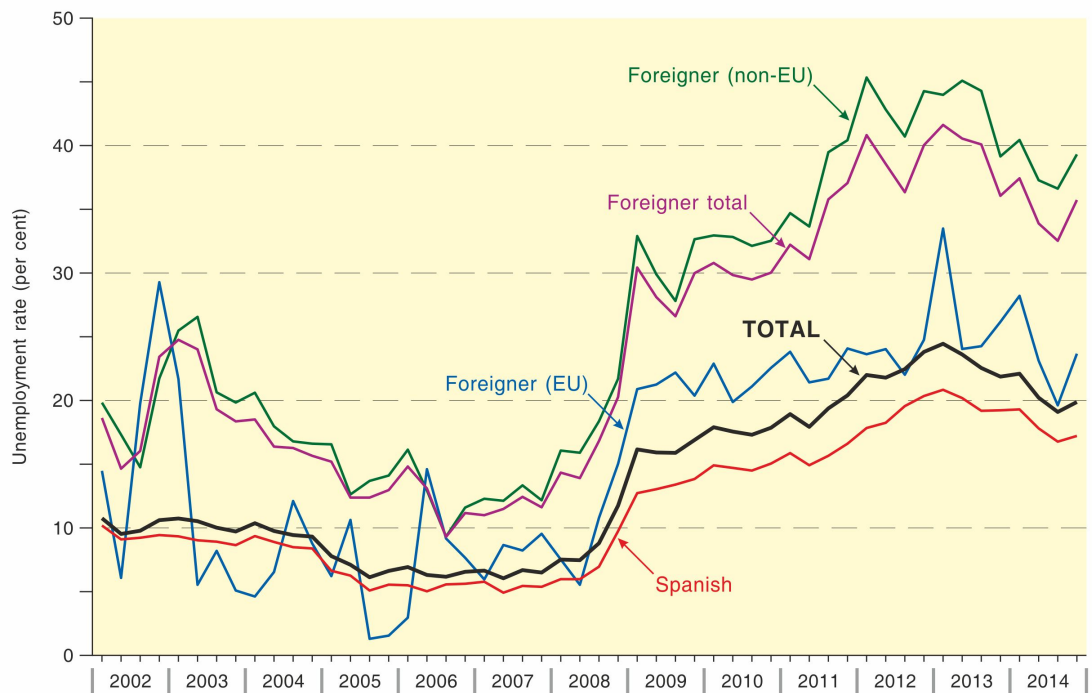
The difficulties for over two-thirds of the 21 mortgage-affected informants to pay their mortgage their monthly mortgage instalments began with the bust of the housing boom and subsequent onset of the economic crisis. Sixteen of the 21 became unemployed, as in their household either the sole income earner (6), one of two income earners (7) or both income earners (3) lost their job. Those who worked in the construction sector (4), or closely related sectors such as infrastructure development (1), electrical system instalment (1) or painters (2), were among the first to be sacked in 2009 or 2010. But others working in restaurants, truck transport, factories or as a mechanic also were also laid off soon after, alongside the upper-middle income informants including an entrepreneur, information technology worker and business manager. During this time, total unemployment steadily climbed from its

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<sup>29</sup> For further details on the Spanish and Catalan mortgage and housing configuration, see Box 4.1 in Chapter 4.

minimum of just over 8% in 2006-2007 to more than 26% in 2013 nationally, and 6-7% to 23% in Catalonia during the same period (INE, 2014a). These differences were even more severe for non-Europeans residing in Spain: as illustrated in Figure 6.3, statistics available from Catalonia for this group illustrate that unemployment hit a low of 9.3% in the third trimester of 2006 then climbed steadily to its peak of 45.3% in 2012 (ibid.).

**Figure 6.3. Unemployment statistics for Catalonia, by immigration status**



Source: INE, 2014.

The remaining informants stopped paying upon splitting up with a partner (2), illness (2) – a child born with a disease requiring constant care, a long-term colon disorder flaring up and demanding months in hospital – or a significant reduction in salary (1). After separating from her husband, Joana, a 55-60 year old Spanish office worker, went to La Caixa to negotiate a €600 monthly instalment, an amount she could comfortably pay with her own salary. “Don’t worry, don’t worry,” she was told. “You know what we can do? We need a guarantor. It could be your son.” At the first meeting they said a guarantor was needed for €40,000, but on the following day it was €50,000 and La Caixa finally rang her again to say they needed a guarantor for life. “For €50,000 my son said yes, but a guarantor for life, I’m the one who said no, I’m not mortgaging my son.” Unable to find another solution, she stopped paying. Yet the reasons to stop paying a mortgage were in most cases multi-relational, moving between strict categorisation; for example there several cases where job loss and an inability to pay mortgage instalments was exacerbated by breaking up with a partner whose salary was critical to make monthly payments.



Informants spoke of the increasing cost of monthly mortgage instalments as another factor affecting their ability to pay. The EURIBOR rose steadily from the end of 2005 (2.1%) to the end of 2008 (4.85%), but then even when it later fell below 1% in 2009 and then in 2011 many mortgage ‘floor’ clauses meant that monthly instalments did not. For five informants there was a significant jump in monthly instalments when the grace period (*carencia*) – that is, a reduced monthly mortgage payment for anywhere between one to five years upon signing a mortgage loan – expired. Such grace periods were commonplace during the boom among all savings banks and banks (personal communication, 25.6.2014). Most informants who had a grace period didn’t worry at the time, as they were reassured that instalments would not significantly increase when it ended. But when it did, these five informants saw their monthly instalments increase by €300-€410.

Thus as these factors – job loss, health problems, splitting up with a partner, salary reduction and/or increased monthly instalments – came together, all informants found themselves unable to pay their mortgage, the situation of virtually everyone who comes to the Platform for Mortgage Affected People (PAH).<sup>30</sup> “No one stops paying all of the sudden,” Maria, a Spanish factory worker informant underlined. “Everyone will explain to you that they’ve done the same as me, first letting up the instalment, trying again, asking for money, giving it...” Part of this process for all informants involved seeking a solution from the bank, where over three quarters were offered mortgage refinancing or a grace period, an offer I also heard discussed in over 15 collective advising assemblies during the eleven months I spent with the PAH.<sup>31</sup> “We’re going to help you,” Marta was told by Caixa Catalunya, “until your husband finds work, we’re going to help you to pay, you won’t be paying the €1,250 monthly instalment.” Over three quarters of the informants made these offers accepted, but two who signed a refinancing agreement or grace period were unable to get to the end before they stopped paying:

“I did not want to stop paying, it’s difficult for you to accept what is happening....I said to my husband: look, you are going to find work, I am going to keep going with the €800 I earn. We had to pay €600 per month after refinancing, which is why my husband said: but its €600, we’re left with €200...Then comes a moment when my husband says: I don’t know, I can no longer support you on this because we don’t even have enough to eat. Either the mortgage, or we live.” (Isa)

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<sup>30</sup> For example, during collective advising at a PAHC Sabadell assembly, a person was explaining their case and seeking advice on how to respond to the bank, who was insisting they must pay. A woman sitting to my left leaned towards me and said, “how do they expect us to pay if we don’t have work? I paid until I could, liquidating €10,000 of my savings.” The woman on my right, hearing the other’s comment, whispered to the two of us “I have work, but earning €1000 a month with three kids, I just can’t make ends meet.” (field notes, 2.7.2014)

<sup>31</sup> Two others wanted grace periods but the bank would not grant them. Bea was told that she would not be able to pay; furthermore her ex-husband and their guarantors would not sign. Ángela made seven proposals to the bank before she stopped paying: “I’ve requested a moratorium, I’ve requested a grace period, I asked for the two month grace period that I am eligible for in my mortgage. I sought an exchange, where the bank takes my house and gives me another that they have on their website, that is worth less, so they lower my monthly instalments. On their website they make you proposals like: buy this flat, it will only cost so much because we have advantageous conditions.” None of Ángela’s proposals were accepted.

When Isa, an Ecuadorian supermarket worker now in her early 30s, returned to the bank to explain that she was unable to pay, they said “look, I can’t offer you further help, the only thing I can do is give you a grace period for two years. You won’t pay anything and then when your husband finds work you start paying the mortgage again. We’ll make the mortgage 20 years longer [from a 30-year mortgage], you are young, you can extend it 10 or 20 more years.” She signed again, and paid until it became impossible to do so.

At the end of the refinancing agreement or grace period, informants found that not only had their situation not improved but also that their monthly instalment increased significantly, up to €1,350, €1,400 or in one case €1,643. The latter was Julian’s case. As the only household income earner who brought his family from Ecuador under family reunification, here he explains what happened after losing his job at a cleaning company that shut down in 2009, where he was earning up to €3,000 a month as a temporary worker:

“I restructured my mortgage and signed a refinancing agreement, thinking that the crisis would last two or three years. So there I was, playing with the bank. But I never imagined that the bank was going to play with me, right? I thought, well, at least this way I stay calm, I keep paying, I am earning a bit from little jobs, I have my unemployment payment, I’m keeping my chin up (*voy tirando palante*). And a time arrives where you go work in another restaurant, then another, for six months, part-time. Then I’m sacked, once again I return to work as a waiter in another restaurant. Six months later that restaurant fires me and after that, I was left...with nothing. Just collecting €253 per month in government assistance.” (Julián)

Upon returning to Catalunya Caixa, the office director offered Julián another proposal: to pay €190 per month over 5 years, while the debt he owed – now at €300,000, from a €280,000 mortgage loan paid during 5-6 years – would be frozen. “And after those 5 years?” he inquired. “Well look, Julián, you might win the lottery, maybe policies will change, it could be that the savings bank soon decides to gift you the house...’ And so on and so forth. So I said, no.” When he later began to insist on receiving *dación en pago* (mortgage debt forgiveness in exchange for giving the home back to the bank), the bank told him that too much money was at play, and that they would not lose that money.

Four informants who signed refinancing or grace periods explicitly underlined that they were not fully informed about the implications of these agreements. This was the case for Sara, who signed a grace period for two years with Nova Caixa Galicia in 2008, paying €700 a month, and had no idea this involved a change in her contract: “they also didn’t tell me that if you owed €228,000, you will pay over two years then owe €242,000. They didn’t explain to me that when you pay less, it’s like you are accumulating debt.” Patricia’s mortgage contract stipulated their eligibility for up to five grace periods, since they had always paid their insurance and monthly instalments on time. Before signing she insistently enquired about what would happen to their overall debt, and Caixa Catalunya told them that “nothing will

increase, not even one euro, you'll pay less for one year and by then for sure you'll find work. Keep paying." At that point they owed €223,000 of their original €250,000 mortgage loan, after having paid close to €100,000 in mortgage instalments over six years, excluding insurance products. Patricia was working the morning that her husband and brother-in-law went to sign the new contract, and when she read the contract later that day it stated their new balance in 2013, when they would start paying the full instalment again, as €234,200 – increasing their overall debt by €11,200.

Such increasing indebtedness upon signing refinancing agreements or grace periods occurred in the context of plummeting housing prices. From their peak in 2008 to trough in 2014, average housing prices across Spain fell 30-45%, a range that varies according to different housing price indexes (García Montalvo, 2015). Decreases were even more pronounced for many informants who lived in the periphery of or just outside Barcelona and Sabadell. For example, Patricia's flat in Cornellà, ten kilometres from Barcelona, was worth €250,000 in 2006 and €90,000 in 2013, a 65% decrease. In the most extreme case of all informants, Maria's flat in Sabadell's Torre-romeu neighbourhood was appraised at €275,000 in 2007 and €60,000 in 2014: a 78% fall. The drop in housing prices was closer to the reported averages by García Montalvo (ibid.) for those who contracted a mortgage closer to the start of the housing boom, such as Ahmed whose flat in Badalona cost €108,000 in 2003 and was appraised at €71,000 in 2014, or Carlos whose flat in Bon Pastor was €136,500 in 2000 and is €90,000 in 2014. But Patricia and Maria's situation is not uncommon among those who signed from 2005 to 2007, when housing prices peaked. The overall debt load in these cases is even starker, in particular for people who were granted a loan for more than 100% the appraised price of their home. For example, while Julián's debt increased to €300,000, from a flat in Hospitalet priced at €240,000 in 2005 and financed with a 116% loan (totalling €280,000), the same property was appraised at €90,000 in 2013. As Fran, who continuously signed grace periods over 8-9 years, asserted, "in theory refinancing helped me, but the best thing [the bank] could have done was to said no, and five years ago I probably would have stopped paying. Either I wouldn't have this debt [€328,000] or I would have negotiated *dación en pago*." Fran said the Santander bank director "seemed like a father: don't worry, I'll help you with this, the other, pay me that," but he now realises that this was "because the director also knew he had gotten himself in a jam for having given me more than my possibilities."

Four informants offered refinancing or a grace period were aware of what signing entailed, and declined. Bankia offered Carlos a refinancing agreement and a grace period, but he saw them as "solutions at their convenience." Bankia proposed that he pay €350 per month over three years, after which he would pay €1,200 per month, double his original mortgage instalment. And while he had 17 or 18 years left of his 30-year mortgage, the new mortgage he'd have to sign would be for 40 years: "imagine the swindle, how terrible that could be.

Unbelievable.” Similarly, Amira knew her overall debt would increase with a grace period, seeing it as a vicious circle, and insisted on coming to an agreement to lower the monthly instalment. Nova Caixa Galicia said that a grace period was the option: “no, no, such is life. If not, here’s what we can do: we’ll give you a €10,000 loan and with that money you can pay your monthly instalments and repay the loan.” Ángela was also offered a €12,000 loan with 12% interest rates upon her third month of non-payment, so that she would not enter in default and could come up to speed on her debts, and was told that she needed to sign it immediately: “they play with being in a hurry, they play with your fear, that you don’t know what to do, and that you don’t have time to consult anyone.” Loans are an attractive option for financial entities because aside from avoiding default, if one is unable to meet loan repayments the minimum income repossession rate is €645. This compares to the €967 rate for mortgage loans: if one earns below this amount the bank is legally unable to seize your salary, although I heard a handful of cases in the PAH were despite earning below this amount the bank automatically withdrew the money from a person’s account.<sup>32</sup>

This section illustrated why informants became unable to pay their mortgage loans, explained by a constellation of factors including health problems, splitting up with a partner, salary reduction and/or increased monthly mortgage instalments, all undergirded by extensive unemployment. This echoes other researchers’ findings that people’s problems paying their mortgage are “multiple and compounding” (Nettleton and Burrows, 1998, p.735). Mortgage refinancing agreements, grace periods or loans were the solutions that financial entities offered to informants, an experience common to many others in the PAH. However, this section showed how informants who accepted these agreements became even more heavily indebted as housing prices plummeted; furthermore, all found themselves unable to pay the significantly higher monthly mortgage instalment when agreements ended, largely due to continued unemployment. The next section turns to focus on informants’ experiences with their bank when they stop paying and default on their mortgage loan.

#### **6.4. Pay, or be a debtor for life: responses from financial entities when people stop paying**

Mortgage-affected people, as explained in detail by informants and as I heard in countless assemblies, received a range of responses from their financial entity when they stopped paying their mortgage. Two were the most common: being told to pay what one can, or receiving pressure and sometimes threats – in person at the bank, via telephone and via post – that sought to instil guilt and/or fear to spur people into payment. Being told to pay

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<sup>32</sup> If a person defaults on their mortgage loan, the bank cannot seize any percentage of your salary if he/she earns below €967, an amount that is 1.5 times less than the minimum inter-professional salary. This base level increases if one has children. If the person earns €967-€1,935, 30% of her/his income can be seized. However, if someone defaults on a personal loan the bank to seize 30% of their income if he/she earns between €645 and €1,290. If he/she earns €1,290-€1,935, 50% can be seized (field notes, 18.9.2014). Furthermore, if the owner of the personal loan is Ecuadorian, unlike mortgage loans the debt can be reclaimed if the debtor returns to Ecuador (field notes, 25.5.2014).

what you can was oft-repeated in collective advising at the PAH, a situation three informants experienced. All only later found out, through the PAH, that a person automatically enters into default if the *full* monthly instalment is not paid. Regarding the second response, half of mortgage-affected informants, both Spanish and non-Spanish and low-middle and upper-middle income, as well as people in dozens of PAH assemblies, spoke of being pressured and/or threatened by the bank when they stopped paying. Ahmed explained how when he went to his bank, the office director always yelled at him “you better pay!’ She told me ridiculous things not in the law or in books. They were 120% racist.” When Sara stopped paying, Nova Caixa Galicia told her:

“We are going to take away your kids, they are going to inherit the debt. We’re going to kick you out of the country. Why did you buy the flat if you can’t face the debt? This is not a game’...He said everything, everything, everything. That we are Moors [*moros* – a derogatory term for Moroccans], everything, everything.”

Pepe, a Spanish 30-35 year old former electrical worker, explained the bank’s reactions as follows:

“When I stopped paying, I went to inform the bank, uff. ‘No, what you have to do is pay, you have to pay because it is your right. You shouldn’t have gotten yourself into this. We’re going to take away your flat *and* you’ll have to pay more, and...’ Hey, no, I’ve come to look for solutions, I already have problems, I want solutions. ‘Well now you need pay, pay and pay.’ I already saw that I couldn’t pay the full instalment [€1,200], the next month I sacrificed myself, and the next month, getting by, getting by....”

Pepe stopped paying, and his flat was foreclosed and auctioned; he left before the eviction. When he went to speak with the bank, they told him there was no way he would get the flat back and that he owed €100,000. In order to pay this he was offered a personal credit, “but with guarantors, guarantors with salaries and with paid properties, because we’re not going to let you get out of this. It would be a loan with 11% interest, that could be 12%...” Bankia told him he had 12 years to pay the €100,000 loan. Pepe exclaimed that it was “€1,400 per month, when I stopped paying the flat for €1,200 per month.” When he firmly refused, the bank told him he could either pay, or that his salary and goods would be seized for life.

Five informants spoke of being hounded by the bank or by debt collectors to pay, via both telephone and post. Isa and Marta explained how they were overwhelmed with phone calls and letters, at the receiving end of a relentless pursuit to recuperate the outstanding debt. Daniel, a Spanish 35-40 year old former painter, noted that it is common to receive calls “where they tell you, pay, you must pay, you must pay. They ring your father, they ring your mother. They ring everyone, that’s what they do. The majority of banks do it, because it is really the majority of them that do telephone harassment.”

Of all informants, Bea was the sole person whose bank director advised her to stop paying, because her ex-partner refused to pay his half and she was unable to pay the full instalment from her unemployment benefits. A few months later she received the foreclosure documents, and the bank director said they would look at her situation to see what solution was possible. The bank proposed that she and her ex-partner sign a notarised certificate enabling the bank to sell the flat – for which she paid €215,000 in 2005 – at whatever price they can, and that Bea and her ex would be indebted with the difference: “I told them that this can’t be, I can’t give them authorisation to sell my flat without knowing its price....I asked that they take the flat and leave me free, that they give me the possibility to rent if they could, if not then just taking the flat and leaving me without debt would be fine. He said no, that this was the only option.” Shortly after, Bea’s flat was auctioned off and she fought for four years – one alone and three with the PAH – to get her debt forgiven. She underlined that: “I have always asked the bank to forgive my debt. They have told me that they won’t do it because even if I were insolvent and have nothing, the debt was for a lifetime. They have six people they can charge, because there were four guarantors and two owners.”

Entering into mortgage default when a mortgage loan was from a savings bank now in the midst of bail outs and restructuring left several informants in the dark in terms of exactly how much debt they owe and to whom, with contradictory information received depending on who they speak with. Isa, who contracted her mortgage from Caixa Penedès in 2005, refinanced it in 2009 and stopped paying in 2010, exemplifies this. The year she stopped paying was the year that Caixa Penedès was absorbed into a nationalised bank, Banco Mare Nostrum. In March 2012 Isa received an eviction order, and her court appointed lawyer told her there was nothing to be done and advised her to abandon the flat. Shortly after, her mortgage guarantors started to receive letters claiming Isa’s debt, which spurred Isa to go to the PAH. Meanwhile, in 2013, Banc Sabadell bought Caixa Penedès. Banc Sabadell insisted that she owes €13,500, but when she went to the Bank of Spain to confirm her debt, they said she owes €10,000. But then, Banco Mare Nostrum said she also owes them €25,000. If this tale seems dizzying, confusing and contradictory, this is an apt characterisation of Isa and other informants’ experience of being caught up in some of the more complex banking sector restructuring, adding another level of uncertainty to the foreclosure and eviction process.

Finally, as informants struggled with the bank to find a way out of their situation, both before and with the PAH, several were told that nothing could be done because their debt was either securitised or sold. Four informants found themselves in one of these two situations, and I came to know of at least a dozen other cases through assemblies and conversations with people struggling for debt forgiveness. For example, Carlos and six others in PAH Barcelona with mortgages from Bankia were told that their debt had been securitised, and that while *dación en pago* may be possible, obtaining a social rent in the same flat was not (field notes, 2.6.2014). Similarly, a man came to an assembly to ask what he should do

because his bank, Catalunya Caixa, had told him “don’t come talk to me because your mortgage has been securitised” (field notes, 24.2.2014). Furthermore, three informants were told by their bank that their debt had been sold, an experience I heard mentioned and discussed by mortgage-affected people in eight different assemblies. For example, Ibercaja sold Bea’s debt to Global Finance, which was a key factor dragging out the length of her struggle for debt forgiveness over four years. As a banker explained to me in an interview, a mortgage is often sold in its entirety when the originating bank sees that the attempt to recover the debt will cost more than what the debtor owes. “Clearly, that’s not profitable.” So they sell the debt to funds or investors who buy it for 20% its original cost: “the assets we had accounted for as failed and irrecoverable now give 20%” (personal communication, 24.9.2014).

Indeed, while this reflects the rationale behind banks deleveraging “non-performing” real estate related debt discussed in section 6.2, it had the effect of turning mortgage-affected people into financial pawns. The experience of a Honduran family I met at the PAH exemplifies this experience. The family purchased their flat in September 2007 with a €266,000 mortgage from GMAC, the financial arm of General Motors, which began operating in Spain in 2005. After GMAC was bailed out by the US government with over €12.6 billion, as it was one of the largest subprime housing lenders (Davidoff, 2012), GMAC closed their administrative centres in Spain in 2009. Their mortgage credits were thereupon sold to the American financial company Fortress Investment Group<sup>33</sup> (Hernanz, 2009), and in November 2011 Fortress sold them to Banco Pichincha (KPMG, 2013, p.39). Pichincha is an Ecuadorian entity, operating in Spain since 2010 and purchasing portfolios of mortgage debt from other entities. Despite the family having paid almost €70,000 of their loan – which considering the fall in housing prices is likely not far off its current price – Pichincha flatly denies to negotiate any solution and is proceeding with foreclosure. The entity has not adopted the Good Practices Royal Decree 6/12 nor the 14 May 1/13 Law;<sup>34</sup> albeit voluntary, with criteria that are too strict and overall insufficient for the scale of Spain’s mortgage problem, these have been broadly adopted by Spanish banks, meaning that at least petitions for *dación en pago* have begun to be regularly examined. Pichincha will not budge.

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<sup>33</sup> Fortress Group specialises in “investing in distressed debt and beaten-down loans that no one else wants or that are being dumped by sellers under financial duress” (Rose-Smith, 2011). In an interview with three high level executives in the Institutional Investor magazine, the journalist notes that “even though Fortress’s prognosis for the housing market in countries like Spain is not good, Briger [co-CIO] and his team are confident that they can make money given what they paid for the businesses and their experience at servicing similar loans” (ibid.).

<sup>34</sup> The Good Practices Royal Decree 6/12 stipulates “urgent measures to mortgage debtors without resources” who fulfil a series of requirements: the first and only home purchased costs less than €200,000; all family members are unemployed and have no patrimony with which they can pay off the debt; and mortgage instalments exceed 60% of their income (Gobierno de España, 2012). The 14 May 1/13 Law to reinforce the protection of mortgage debtors suspends eviction for two years in cases where families are deemed vulnerable: a family income of less than €19,000, at least one minor (under 3 years old), and other conditions (Gobierno de España, 2013).

This experience is echoed, but on a mass scale, in July 2014, when the SAREB sold 112,000 predominantly secured residential mortgages from the nationalised CatalunyaBanc (formerly Catalunya Caixa) worth €6.4 billion to the American multinational investment and advisory firm Blackstone for €3.6 billion (Wallace, 2014; Munoz, 2014). The sale took many months to finalise, due to the complexity of the purchase; meanwhile CatalunyaBanc began offering a “waiting agreement” to mortgaged households who were fighting for *dación en pago* with the PAH. If they signed the waiting agreement, families would be allowed to stay in their home a few months if they paid €300-€400 per month – on the condition that they commit to “not initiate directly nor indirectly any type of action against the bank” (Rusiñol, 2015a).

This section illustrated banks’ main reactions when mortgaged-affected informants and PAH members stopped paying and entered into default, ranging from being told to pay what one can to pressure and harassment in-person, by telephone and by post. Several were left with uncertainty about how much debt they owe and to whom upon the extensive bail out and restructuring of the financial system, and many were told nothing could be done to solve their case because their debt was either securitised or had been sold. The next section turns to focus on the impact such experiences provoke on life and the body.

## **6.5. Failing to be a rent appropriation strategy: impacts on life and the body**

Virtually all informants suffered emotionally, physically and mentally from being exhorted to pay, as they struggled to make mortgage payments, many not knowing what to do and feeling impotent. Constant engagement over eleven months with the PAH and the in-depth interviews with 21 mortgage-affected people illustrated very clearly how this process eats into people’s mind and flesh. The vast majority of informants – without being asked – divulged how when they stopped paying, facing foreclosure and in some cases being evicted, they were riddled with deep-seated feelings of guilt, fear and shame. Living this reality either provoked or deepened a range of family and health problems and led many to depression, suicidal thoughts and even suicide attempts, similar to stories told by PAH members in a report on the right to health and children’s rights (Observatorio DESC and PAH, 2015). This section shares people’s stories related to each of these in turn.

### **6.5.1. Guilt, shame and fear**

They make us feel guilty about everything, when the truth is that they are the guilty ones. We lose what we have, our flesh that we worked (*de la carne a trabajar*), since it is all for them. They take all our lives....We haven’t committed any crime, why do they make us feel guilty? (Rickay)



Six informants spoke of feeling guilty when they stopped paying their mortgage and were unable to find a solution to their situation, before arriving at the PAH. Lawyers or bankers often spurred these feelings, the bank often insinuating that they hadn't tried hard enough or threatening to seize their mortgage guarantor's assets. Feelings of guilt appeared to be most powerful the earlier in time informants stopped paying, as in 2009 and 2010 mortgage problems were just beginning to emerge and there was little to no awareness at a societal level. Bea, who stopped paying in 2010, explains as follows:

"At the beginning when I consulted several lawyers, they all told me that it is my fault, that since I signed the bank was in the right....I went around asking different lawyers how I could solve my problem and they all said, 'Look, you can't do anything, you should have read what you signed. It is your fault for having signed without reading.'...In the courthouse they also told me the bank was right: 'I know that it's rotten luck, but it is what you signed, it is fair. We can't do anything, you are guilty for having signed.'" In other words, everyone sunk you psychologically, telling you that you are guilty, you signed, you didn't read, always, everyone. I had gone everywhere, I went to a lawyer that I paid who told me he would charge me €3,000 just to come and talk with the bank to see if an agreement can be reached....So I went about feeling guilty, and I couldn't even sleep anymore [chokes up]. I had no hope of solving my case." (Bea)

Other informants explained feeling like they had failed, that they had not tried hard enough, "feeling like a big mess when I have been a man that never threw away money." Sebas, formerly an entrepreneur, contrasted his past and present, having been born in a shack in the shantytowns covering Barcelona's Montjuïc mountain and decades later buying a home in a middle class suburb north of Barcelona, giving his children a university education and cars: "I arrived [at the PAH] broken, with a feeling of guilt I thought would never leave."

Six informants talked about feeling ashamed for not having been able to pay. For example, Maria explained how "you see yourself alone, you know nothing of other people, you think that you have failed, you are even ashamed. How are you going to tell people: I don't pay my mortgage....Look at this one, it's because she doesn't want to pay. And you're going to tell people your problems?" This shame was also felt in relation to family members, for not having been able to 'succeed'. Others underlined Maria's sense of being alone, feeling shameful, and crying "for the shame I had inside. It's not exactly shame, it is for one's self, you cry, you cry....But yes I felt ashamed." (Joana)

Finally, half of informants spoke of being afraid: fear of what would happen once one stopped paying, fear of one's home being repossessed, fear of what will happen to one's guarantors, and, in general, a broader fear largely driven by not knowing what to do. For example, Daniel noted that the situation "drove me to the depths of despair because there are things you don't know....And it's due to a lack of information. Because you stop paying and the bank won't take your kids or your house, it's not legal. But what happens is that we are deeply scared (*tenemos el miedo en el cuerpo*)."

Six informants voiced their fear of being evicted, one noting that “I was always afraid that one day I would come home and be outside, on the street.” Many people are so struck by fear of a possible future eviction, in particular once their flat is auctioned, that when the latter occurs they leave on their own free will. This was the case with three informants, who, before coming to the PAH, left their flat just after they were auctioned of by the bank. As Sara said, “I didn’t want to be evicted, not with minors in my home. I was afraid that my children would be taken away; now that you don’t have a house, they’ll take them away, they don’t think twice.” Isa was similarly afraid to go to social services because they would take her children away if they knew she was facing eviction or later squatting. Informants later found out upon joining the PAH, as is explained in assemblies, that your children can’t be taken away, and that staying in your home is your best weapon. “If I would have known what I know now,” Sandra told me, “I would not have left my flat.” The next sub-section highlights tensions that facing foreclosure and/or eviction brought to informants relations with their family and friends.

#### **6.5.2. “You’ve screwed up my life”: problems with partners or family members**

Half of the interviewees expressed how as they stopped paying their mortgage and were struggling with the bank for a solution, serious tensions emerged with their partners and/or their families. In terms of the former, one informant noted that “the married couples in the PAH are almost all or broken, or on the point of breaking” (Sebas). In sharing their experience, four interviewees explained that they have split up with their partners or are about to do so due to their problems with the mortgage. Another said that if they would not have had children she would have separated from her husband this year, “for sure, absolutely sure” – he is ready to bow down and accept any offer the bank gives them and she insists they must keep fighting, a situation that creates significant tension between them. Similarly, Julián noted that his family “was disintegrating due to this situation. My wife and I had never argued, ever, and we argued over the mortgage. That was when the alarm bells went off in my family and we said, ‘damn, what is happening?’”

Tensions within families also tend to emerge when parents, siblings or other family members are mortgage guarantors or co-owners. Patricia explained how her husband suffered enormously due to problems with his brother, who signed on as the mortgage co-owner: “he went with his brother to the bank and in front of the banker they would start arguing, ‘it’s your fault because of this, because of that’. It was always like that.” She noted that her brother-in-law was enraged, because he had work but was never meant to pay his brother’s mortgage, which is what the bank insisted that he did; they were constantly arguing. Isa’s sister and brother-in-law guaranteed her mortgage, and when she was foreclosed and the flat was

auctioned off she went with her husband and their small child to their home with their heads bowed, asking for help:

“...You have two people behind you that are paying your flat. They are family but you don’t have the same relationship, when you used to go to their place you said hello, gave them kisses and hugs. Now it is more indifferent, it’s not the same because they think that it is your fault, that you don’t want to solve the situation. In my case, it is my brother-in-law: ‘look, you’ve screwed up my life. I have my mortgage, my job’...” (Isa)

Sometimes these conflicts between family members become very visible when people come to the PAH for collective advising, where, for example, I have seen the palpable frustration between Spanish middle-aged mortgage holders and their now elderly parents who guaranteed their mortgages with their home paid decades ago. Other siblings who have found themselves unemployed compound the situation, as several are forced to return to their parents’ home and live off their parents’ pension. The pain and anxiety experienced in the face of their parents’ losing their home, and the anger and blame some parents feel towards their children, can be incredibly intense. The next and final sub-section turns to the physical and mental health problems spurred by the situation informants find themselves in.

### **6.5.3. Health impacts: nervousness, insomnia, stress, depression, suicide attempts**

Over half of all informants spoke of the health problems they experienced, often overlapping, including pain and depression (7), stress (6), insomnia (3), constantly being nervous and on edge (7), one suffering a nervous breakdown, and suicidal thoughts or suicide attempts (4). Maria explains what it felt like when she kept trying to find a way to pay her mortgage but couldn’t: “it’s like getting on a conveyor belt. You’re running, you run, you run and you don’t stop. You’re exhausted and you get nowhere. I was spent, physically and psychologically, worn out and terrible. I was going for everyone’s throats, I felt awful.”

After refinancing twice and trying almost half a dozen times to obtain *dación en pago*, which Cataluyna Caixa always rejected, Julián’s monthly instalment was €1,643: “We said this is unviable and unpayable....We cried that day because it hurt us to have practically lost our flat, the hope we bought it with, the dreams we had made, we had imagined ourselves growing old there. That causes you immense pain, it’s agony to see yourself so impotent, to see that there is no solution.” Similarly, upon hearing the options Bankia offered him – a personal loan or being a debtor for life – Pepe said he felt impotent because he didn’t know how to respond:

“Well, what can I do? I’ll hold out and endure. I went to a court-appointed lawyer to inform myself, and upon looking at the documents he said they are going to screw me to the limit. That if I had a property, a car, something in my name they could take....oh, I completely freaked out. I lived depressed, depressed. What have I gotten myself into?”

Cobralia, a debt collection company that was hounding Bea, made her incredibly nervous, as one worker would ring to make her an offer one day, then another day would say that it was impossible: “they made me crazy, making it seem like I’m a liar.” She said she was a bundle of nerves, and would sometimes cry on the way to her part-time job in a seniors’ residence. Struggling for four years to get her debt forgiven, upon countless accompaniments and actions at the bank, Bea shared more than once in an assembly that she was sick from nerves (*estoy enferma de los nervios*). In one of these collective advising assemblies I sat next to a middle aged Spanish woman with curly brown hair who at one point, as we both were looking down, held out her hands covered with delicate, irritated skin. She explained to me that this psoriasis was related to stress, and that the doctor told her there was nothing she could do as it was psychosomatic (field notes, 3.7.2014).

Sara underlined how her mortgage brought her trauma and poor health, as “before I didn’t have any problems, I didn’t owe anyone, I didn’t owe anything”:

“When someone [at the bank] tells you that they will take away your children, that your children will inherit the debt and they begin to foam at the mouth, looking like a dog with rabies, how do you react at that moment? That’s what they want, to provoke you, so something happens. Well, due to that, I had a nervous breakdown and was hospitalised ten days. Since then I’ve been to many different neurologists because I can’t see out of my left eye and they don’t really know....They know it is my nerves but....the mortgage has turned my health into a knot, I don’t know when but it is exploding bit by bit. Right now my feet are numb, my hands too. It is a sense of distress you can’t imagine.”

Especially for people already with health problems, the stress, strain and pressure faced when they are struggling to find a solution with their mortgage exacerbates the situation. Daniel had a colon disorder that subsided for close to a decade, but as his mortgage difficulties brought him significant stress he had a relapse:

“I was hospitalised and needed an operation....Well, it all happened due to this, I couldn’t pay and my nerves were on edge, every day I had to go this way and that way. My wife also got depressed, she had bulimia, and then when my second daughter was born, I don’t know if it was my wife’s nerves or what happened, but she was born and nine months later got child epilepsy. Then things really got complicated, very very complicated. And people hounding you, because there were continuous telephone calls: you have to pay.” (Daniel)

This exchange that occurred in an interview with Marta and Isa illustrates how nerves, stress, insomnia, guilt, fear and impotence come together:

“Marta: Above all, they [the bank, debt collectors] destroy you morally and physically because you become terrible, nervous...For example, I didn’t know what to do, I walked dim-witted down the street, not knowing what to do, because receiving phone calls, being told you have to pay, you can’t sleep.  
Isa: You can’t answer the phone.

Marta: You become afraid of everything. With my friend [mortgage co-signatory], we were classmates in school and we have become enemies, we no longer have a good relationship because she says: get me out of this, get me out of this....Psychologically they [the bank, debt collectors] make you bitter because now I am nervous, sick from stress, my stomach, everything. Always distressed, you can't sleep, you walk down the street badly, absent-mindedly...Besides having finished my life here, leaving all our work, all the money that we have earned stays there.

Isa: The lost years.

Marta: And it is a favour, we still have to show gratitude to the bank. When they forgive your debt in exchange for your flat: thank you. Thanks for what, if you have made my life bitter?"

Four other informants spoke of their personal struggle with either suicidal thoughts (2) or even suicide attempts (2).<sup>35</sup> Sara told me that she goes to the psychiatrist because she has tried to commit suicide three times. Upon receiving her foreclosure documents, Marta went to the court but her request for a court-appointed lawyer was denied and she was told nothing could be done. Feeling terrible, alone, on her way home she was on the verge of throwing herself in front of an oncoming train:

"It ends here. What did I come for, to spend all my money? My work has been wasted. What was all my sacrifice for? Working day and night to pay, because my husband didn't have a work permit so he couldn't contribute. I had to work all day, on the weekends until 2 in the morning to cover that money, on Saturday working extra hours wherever to be able to pay, and sometimes even then we didn't make it."

Finally, three informants spoke about how some people arrive at the PAH on the verge of suicide, "on the edge of the abyss, with no desire or will to live. They think their life has finished, that they have failed, why did this have to happen to them." (Carlos) Or because they are unable to escape, as elaborated by Julián: "the people who are not fighters, well look at how it finishes, they end up committing suicide, it finishes below the train tracks. They have nothing left, because no, there is no other alternative according to them. Because this is something that makes you feel impotent, it is something that marks you for life. If you don't solve it, it will be there." When suicides do happen they tend to be recognised with a moment of silence in PAH assemblies, noting that the person did not lose their life but that it was taken or stolen from them by the bank.

This section narrated some of the serious emotional, physical and mental realities of informants and other mortgage-affected people when they stop paying their mortgage, face foreclosure and eviction. To a remarkable extent they echo the narratives of foreclosed households in England in the late 1990s (Nettleton and Burrows 2000), pointing to the

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<sup>35</sup> A report (2013) conducted by the Observatori DESC in collaboration with the PAH notes that it is difficult to calculate with certainty the number of people who have taken their lives due to their inability to pay their mortgage. To show the magnitude of the problem they cite the following cases: "José Miguel Domingo, 54 years old, from Granada, who hung himself on 25 October a few hours before being evicted. Manuel G. B., 53 years old, who threw himself off his balcony in Valencia after a member of the judicial commission arrived to evict him. Amaia Egaña, 53 years old, in the Basque Country, who on 9 November threw herself out of the window of her home on the fourth floor, when the officers of the court arrived to evict her" (Observatorio DESC and PAH, 2013, p. 79).

individualised and individualising experience of living foreclosure and eviction. The following, penultimate, section provides an analysis of these and other biopolitical dimensions of *maintaining* mortgaged homeownership and financialised life as it begins to 'fail', in the face of a crisis. Concluding thoughts and broader theoretical reflections follow.

#### **6.6. Maintaining mortgaged lives: “the bank is a moneymaking machine. We are numbers.”**

This chapter uncovered how mortgaged lives were maintained during the post-2008 crisis, both at the macro political economic level in relation to the restructuring of the Spanish financial system, and through the lived experience of 21 mortgage-affected informants and PAH members. Here I consider how the findings illustrated several fundamental shifts in the biopolitical dimensions of mortgages and how they functioned to regulate and discipline the population, more deeply entrenching financialised housing-life relations.

When unable to pay their mortgage, the experiences of mortgage-affected informants suggest that the options offered by the bank – to refinance a mortgage loan, pay what you can or contract another loan to pay back one's mortgage – were the main attempts to regulate the homeostasis mortgages had provided. That is, to maintain the current political economic system and “state of life” (Foucault, 2003, p. 246) based in financial speculation with indebtedness and financialised housing-life. This appeared to be particularly true at the start of the crisis when, on the one hand, the crisis was broadly depicted as something temporary, while on the other hand banks “hid reality”, as the retired banker Manel explained, to make their balance sheets brighter. Critical in sustaining this dynamic was the deep-seated role of debt and (mortgaged) homeownership on subjectivity, expressed by Isa when she stated “I did not want to stop paying, it's difficult for you to accept what is happening.” The majority of informants accepted refinancing agreements despite extensive unemployment, increasing precarity and plummeting housing prices. The latter not only manifested in the fact that the debt owed was often much greater than the current value of their home, but also through an important spatial dimension: the fall in housing prices in the peripheries of Barcelona and Sabadell, where most low-middle income non-Spanish and Spanish mortgage-affected people purchased during the peak of the housing boom, was even more pronounced than average housing price decreases in Spain. The deeply instilled nature of this indebted subjectivity underlines the critical role it plays in enabling capitalism to bridge the past and present with the future (Lazzarato, 2012), to ensure the stability and continuity of capital circulation.

At the same, it became clear that real estate related debt and risk, part the latter having been commodified through securitisation (Lobo-Guerrero, 2008; Bryan et al., 2009), became too risky, penetrating the entire Spanish financial system. The public rescue and restructuring of the Spanish financial system, conditioned by European obligations, led to the

development of several interlinking factors: siphoning off 'toxic' debt and assets from semi and fully nationalised financial entities into the SAREB, conducting stress tests as demanded by the EU and the Bank of Spain articulating recommendations to all Spanish banks to reclassify non-performing debt. Losses were socialised and gains privatised, as systemic losses, and systemic risk, were severed in an attempt to establish a new homeostasis in the context of mass devalorisation. International capital was attracted to the devalued toxic debt and assets and non-performing loans appearing on the market; this and financial tools to maximise investor returns have tentatively appeared to kick-start economic growth.

In considering the conditions and realities behind these housing-related 'toxic' debts and 'non-performing' loans, they can be conceptualised from their flip side: 'toxic' or 'non-performing' people. In other words, a defaulted mortgage loan is held by a defaulted person, who is broadly seen as someone who has failed to "tighten their belt" sufficiently to pay their loan. Pressure and threats from the bank in person, by phone and post – or from debt collectors if their mortgage has been sold – on mortgage defaulters to pay their instalments are actions to stake creditors' claims on the current and future labour enshrined in mortgage loan contracts. The perception or feeling of being a defaulted person manifested in the guilt, fear, shame, serious mental and health impacts, family problems and suicidal thoughts or attempts provoked in informants by being a debtor, reflecting the "copious quantitative evidence" of the causal links between debt and mental health (see Davies et al., 2015). I propose that these are the lived, bodily experiences of people who have been objectified or proletarianised by the financial system but fail as avenues for financial rent extraction. In other words, they are the impacts on the body when life fails to be an accumulation strategy (Harvey, 1998).

But in the case at hand, as the process of proletarianisation advanced – as mortgage holders were "used up" (Dean, 2012) as financial objects of speculation – they were not necessarily 'discarded' because they owe the debt for life. In other words, rather than forgiving or writing off the debt as unrecoverable, either the bank that originated the mortgage loan or the financial entity that bought it maintained a hold on the mortgage holder and guarantors, despite widespread unemployment and inability to pay, since the mortgage relation gives them a claim on a portion of any future value produced. The findings in this chapter suggest, furthermore, that not all life was proletarianised equally. The mortgage guarantors and/or co-owners of low-income non-Spaniards and Spaniards – friends, family members or acquaintances – were also objects to be proletarianised if the main mortgage signatory was "non-performing". This was clearly expressed by Bea: "I have always asked the bank to forgive my debt. They have told me that they won't do it because even if I were insolvent and have nothing, the debt was for a lifetime. They have six people they can charge, because there were four guarantors and two owners." So while it is true that despite and through informants' different race and class dynamics all were proletarianised, as found

in Chapter Five, the findings here point to the fact that the lives of most low-medium income signatories alone was not enough. These signatories needed to add other lives on top of their own – the present and future goods of guarantors or co-borrowers – to guarantee the security of the system. This finding reinforces the notion that “not all life is considered worthy of protection and investment” (Willse, 2010, p. 177) in regimes of biopower.

The process of proletarianisation that unfolds as banks or investment funds attempt to recover “non-performing” rent extraction avenues – be it through refinancing mortgage loans or selling mortgage debt – underline an experience enunciated by over half of informants and in countless assemblies: how the bank treats people like they are numbers. Narratives of foreclosed households in the US and England also employ this same language (Fields et al., 2010, p.663; Nettleton and Burrows, 2000, p.471). The following statements exemplify being proletarianised by mortgage debt, being reduced to a number in the system to advance financial speculation: “the bank is a moneymaking machine,” said Nuria in a collective advising assembly, “we are numbers” (field notes, 29.11.2013). Or as a young Spanish couple who have defaulted on their loan and whose parents’ guaranteed their refinanced €220,000 mortgage loan stated in an assembly: “you are a number, a product, they really couldn’t care less” (field notes, 27.8.2014). Julián articulated in an interview, “they [the bank] have no consideration for society, they’re after what they’re after: money, money. The banker doesn’t talk to you about anything else but numbers. That is, seeing how they can...benefit. How they can get a slice for the bank.” Finally, Joan underlined how when people’s mortgages were securitised their lives were essentially turned into numbers, sold to financial entities to speculate with. Once a family is unable to pay, the entity in effect “manages the portfolio classified as ‘junk’. So what are we? Rubbish. Scum” (Joan). In other words, life is devalued to the status of junk bonds.

This chapter made clear how instruments like the SAREB, as well as the FAB and SOCIMIs, that have emerged through financial sector restructuring are examples of tools the state creates to enable new markets and counteract the illiquidity of real estate assets (Byrne, 2015). The legislative and policy changes accompanying these instruments, as Gotham (2006, p. 268) explains, “create new political and economic conditions that allow powerful class segments to tap into new sources of capital available for market transformation and market building.” These tools echo financial innovations in securitisation – particularly residential mortgage backed securities – developed by the US’s bad bank called the Resolution Trust Corporation (RTC), created after the US Savings and Loan crisis in the late 1980s. It was from this context that securitisation emerged and shaped a multi-billion market to maximise the disposal of non-performing loans by integrating them into larger capital markets (Ashton, 2009; 2011). As tools like the FAB and SOCIMIs act to deeply intertwine local real estate with global flows of capital, in attempts to overcome crisis, they may lead to another – albeit different – financialised housing-life cycle an ultimately another crisis as



excessive quantities of fictitious capital are attracted to secondary markets and spark another speculative bubble.

## **6.7. Conclusions**

This chapter considered the continuities, changing strategies and consequences of maintaining mortgaged lives during the post-2008 crisis in the Barcelona metropolitan region. From the celebratory declarations about the success of the Spanish economic model and its financial system in 2007 and 2008, Socialist and subsequent Conservative governments tinkered with financial sector restructuring, and accepted EU conditions to bail out the system. The first part of the chapter detailed this process, uncovering how losses were socialised and gains were privatised, and who benefited from these actions. The second half drew from the experiences of 21 mortgage-affected informants and PAH members in collective advising assemblies to consider why people stopped paying their mortgage loans, the responses from financial entities when people stop paying and the impacts they experience in their lives and bodies.

Section 6.6 analysed how the set of regulatory and disciplinary techniques underlying mortgages, as outlined in Chapter Five, were reconfigured in this post-2008 crisis period, as financial entities – and subsequently other actors – attempt to maintain rent extraction from mortgaged (under-/unemployed) households and probed the profound impacts on people's lives and bodies. A few key points emerged from this analysis that provide important broader theoretical reflections.

First, maintaining or disposing of mortgaged lives equates to, above all, maintaining the circulation of capital and/or the security of the system. The findings in this chapter illustrate how the actors changed – from largely 45 savings banks and eight banks during the boom to fifteen banks and a myriad of international investment funds during the crisis – but the goal to appropriate as much rent as possible from mortgaged households, as well as devalourised assets, remained the same. The nature of mortgages as a technology of power shifted in this period to ensure the circulation of capital, as the disciplinary mechanisms became more pronounced through pressuring and/or threatening mortgaged households to pay their debt. "Circulation" as Dillon and Lobo (2008, p. 268) remark, "is concerned with flows, but flows have to be monitored and regulated." When it became clear that mortgaged families had defaulted, that loans were non-performing – that people, and their guarantors, were non-performing and that the costs to the bank for going after debt outweighed the benefits – the debt was sold for a fraction of its value to its highest bidder, be it a debt collection firm or international investment funds. The lives of the indebted person (Lazzarato, 2012) thus became further entrenched in the operation of complex financial markets and transactions. The extensive reclassification of debt that in part is driving this process can be seen as a

sacrifice of certain lives – with a differential class-based valuation of life as pointed out in section 6.6 – to ensure the security of the collective whole, to ensure that the system continues to exist for the “correct” or “performing” type of circulatory capital flows.

Second, the deeply entangled nature of mortgages’ regulatory and disciplinary mechanisms became clear when looking at the impacts of not paying one’s mortgage on life and the body. Foucault (1991, p. 26) states that “a body becomes a useful force only if it is both a productive body and a subjected body.” Facing widespread unemployment, in many cases a body is no longer productive but remains subjected, enforced particularly at the *subjective* level, reflected in people feeling guilty and ashamed for not being able to pay, facing significant family problems and a range of health impacts. These are individualising feelings, both inculcated and self-imposed, as one has failed in the eyes of society, a failure to be an entrepreneur of the self. Thus the overt disciplining techniques of the bank or investment funds – pressure and/or threats to pay – combine with a deeply ingrained self-discipline. Critically, the bank or whoever the debt collector may be uses this to their advantage, as was pointed out by Ángela: “they play with being in a hurry, they play with your fear, that you don’t know what to do, and that you don’t have time to consult anyone.” This points to the powerful nature of debt relations in terms of the almost universally instilled morality it draws upon.

Finally, in this context, the role of mortgages as a “secondary form of exploitation” (Harvey, 1982, p. 285) becomes starkly visible, as housing prices have fallen and unemployment has hovered at around a quarter of the population. Furthermore, the system continues thanks to the socialisation of losses and the privatisation of profits as seen through the rescue and reconfiguration of the Spanish financial system. The debt economy thus certainly appears to be a new historical wave of proletarianisation (Balibar, 2013). The outcome is that former mortgage holders are becoming a homeless proletariat, evicted yet still indebted for life to their creditors due to Spain’s Mortgage Law that claims their current and future goods, or an indebted proletariat who is nevertheless “in material and housing-class terms, barely distinguishable from renters...simply paying rent to the new landlord” (Wyly et al., 2009, p. 338). Along these lines, a more provocative statement comes from one of the co-founders and the former spokesperson of the Platform for Mortgage Affected People (PAH), Ada Colau, who characterised being a mortgage debtor as “the perfect form of extortion and slavery” (Muriel, 2012, p.np).

However – fortunately – this system is not so clear cut, and is being pressured and disrupted. The next and final empirical chapter turns to look at how these dynamics are ruptured through the narratives of informants and their actions and experiences with the broader movement, the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan region.

## **CHAPTER SEVEN**

### **Enacting equality: Processes of political subjectivation in struggles to demortgage life**

#### **7.1. Introduction**

“We’re fighting to take a chain off ourselves, a debt that doesn’t belong to us. It’s a burden, a backpack that you don’t have to be carrying because you got it through a scam, trickery.” (Carlos)

This chapter shifts its focus from the mortgaging of life explored in the past three chapters – its historical political economic underpinnings in twentieth century Spain (Chapter Four), dynamics during the 1997-2007 housing boom (Chapter Five) and processes to maintain mortgaged lives in the post-2008 crisis (Chapter Six) – to concentrate on the emergence of the political subject through processes of political subjectivation. Specifically, I seek to unpack how the status quo that maintained a state of life rooted in the financialisation of housing and of life itself is ruptured when people refuse to do what is “expected” of them, as they stop paying their mortgage, fight for debt forgiveness and undertake actions to enact housing equality.

When people *stop* paying their mortgage, they are seen as defaulters and ‘bad’ debtors; as proposed in Chapter Six, their non-performing loan equates them to being non-performing people. Mortgage defaulters are an “outcast” in the eyes of the dominant system, “denied an identity in a given order of policy” (Rancière, 1992, p. 61). In the present chapter I explore how “outcasts” both reclaim and reconstitute their position through engaging in housing rights struggles in the Barcelona metropolitan region. Through looking at members and dynamics of Spain’s renowned and most extensive housing rights platform, the Platform for Mortgage-Affected People (PAH), the lens of political subjectivation is employed to understand how mortgage-affected peoples’ positions and identities are reconstituted through assemblies and actions. Political subjectivation is explored here as “the enactment of equality – or the handling of a wrong – by people who are together to the extent that they are between” (ibid.). By “between” Rancière refers to being between names statuses and identities, between humanity and inhumanity. As mortgage defaulters and debtors, PAH members begin challenging their proletarianisation by finance capital through engaging in collective struggles for their and others’ liberation from mortgage debt and for housing equality. The processes they engage in reconfigure the field of experience (Rancière, 1999, p. 40) and disrupt the system that tells one to do certain things and act a certain way in given spaces, the “partition of the sensible” (e.g. Rancière, 2001, Thesis 7), that is built upon ‘good governance’ and expert knowledge and administration (Swyngedouw, 2013; Martin, 2010).

To develop these arguments and analysis, this chapter unpacks the PAH’s main activities, specifically weekly collective advising assemblies and three of the most regular actions:

blocking evictions, occupying/recuperating empty bank-owned buildings to rehouse families with no other housing alternatives and disrupting/occupying banks to demand solutions for mortgage debt forgiveness cases at a standstill. These co-constitutive activities turn mortgaged financialised subjects – the indebted person (Lazzarato, 2012) – into *political subjects* as the regulatory and disciplinary power of mortgages is disrupted, and fundamentally challenging their underlying dynamics of financial rent appropriation. In other words, people “refuse to be the population” (Foucault, 2007, p. 66) that was to be regulated and disciplined by the relations and norms underlying their mortgage, and enact housing equality themselves. This process, however, is non-uniform, and has its own challenges and tensions. A non-linear sequence of demortgaging life emerges in this chapter, whose dimensions include shedding fear, shame and guilt for being a debtor; no longer being alone as people see their individual problem as a collective one; gaining information on how to respond to the banker and how to find a solution to one’s case and taking action to materialise changes. Thus political subjectivation is not seen as just an event or act of disruption, as proposed by political theorists like Rancière and Badiou, but is the accumulation of learned practices.

This chapter is structured in eight sections and builds off participant observations penned during 40 weeks of fieldwork, in-depth interviews with 21 mortgage-affected informants and two PAH solidarity activists, a collective interview with several inhabitants of one of the PAH’s occupied housing blocks and a focus group. Section 7.2 outlines the PAH’s origins, emergence and demands, and section 7.3 details PAH Barcelona and Sabadell’s weekly collective advising assemblies. Section 7.4 analyses dynamics in assemblies and looks in particular at the process of disidentification that begins to be unlocked in these spaces. Section 7.5 then focuses on three of the PAH’s most common and continuous collective actions – blocking evictions, occupying empty bank owned housing and bank actions – in three subsections respectively. Section 7.6 analyses actions as processes of political subjectivation, unravelling how actions make visible a wrong, and are moments of dissensus that enact equality by unmasking inegalitarian logics, illustrating the inability of ‘good governance’ and expert knowledge and administration – the police, as Rancière would call them – to enact equality. The challenges behind and tensions underlying the PAH’s processes are outlined in section 7.7, followed by concluding thoughts and broader theoretical reflections in section 7.8.

## **7.2. Origins, emergence and demands of the Platform for Mortgage-Affected People (PAH)**

The PAH is a free, horizontal and non-party affiliated movement. It both denounces the state of affairs that has made hundreds of thousands of families unable to pay their mortgage, facing foreclosure and eviction, and seeks to make housing fair and affordable for all. The PAH was founded in Barcelona in 2009 by anti-globalisation activists, where several

members participated in a group named *Miles de Viviendas* (Thousands of Houses) that sought to popularise squatting around 2003, albeit unsuccessfully and amidst differences and conflicts within the squatting movement (Mir Garcia et al., 2013). The PAH's direct precursor, *V de Vivienda* (H for Housing), grew out of *Miles de Viviendas* as a militant sector of the Spanish-wide Platform for Dignified Housing, demanding the fulfilment of Article 47 of the constitutional right to housing. It was able to mobilise thousands of people in Barcelona and Madrid in a 2006 protest under the emblematic slogan "you'll never own a house in your whole fucking life" (Prieto Serrano, 2014). Yet despite sit ins, protests and parodies over the next few years, Aguilar Fernández and Fernández Gibaja (2010) underline how *V de Vivienda*'s communication, framing and tactics largely mobilised youth and students, not reaching immigrants and others with difficulties accessing housing during the boom. It was furthermore, as two of the PAH's co-founders note, a minority movement pushing against a largely homeownership based society that during the boom saw its "patrimony" (housing) steadily increase in value (Colau and Alemany, 2012, p. 89).

But the burst of the real estate bubble changed these conditions as unemployment began to skyrocket, housing prices plummeted and many families began to face increases in monthly mortgage instalments. As Colau and Alemany (ibid.) note, the bust of the boom also obliged *V de Vivienda* to reinvent itself, on the one hand to respond to the wave of mortgage evictions and on the other hand to verify the failure of the model that created it. They worked with a handful of others to organise the first PAH assembly in Barcelona in February 2009, attracting forty people facing mortgage foreclosure, largely immigrants, via posters plastered in telephone boxes and government social service centres (Blanchar, 2014). Yet the PAH's founders noted that it was hard going for the first while as in workshops or sessions led by lawyers, people were almost elbowing each other to be able to talk about their own problem; what finally worked was "collective and open assemblies to generate a space of confidence, where people lose their fear, empower themselves and verify that alone they can't but together they can" (Domingo as quoted in Blanchar, 2014, p. np). Rather than providing 'expert' advice, the PAH was thus built off the principle of uniting activists and those unable to pay their mortgage as equals. This is illustrated in a phrase from the basic guide to the PAH: "we are all affected by mortgages: the housing policies of the real estate boom, the mortgage scam and bad banking praxis are at the origin of the crisis that today condemns millions of people to unemployment and precariousness" (PAH, 2014, p.6).

Collective advising assemblies soon started to take place weekly, alongside a coordination assembly and activities such as mutual aid (*ayuda mutua*) meetings, to discuss feelings of fear and shame in a more intimate setting. Actions in the street also began in the face of a lack of response from the government or banks, to secure and/or enact mortgage-affected people's immediate material housing needs. Meanwhile the PAH articulated its three non-negotiable demands: first, a retroactive change of Spain's Mortgage Law so that during

foreclosure proceedings the bank cancels all outstanding mortgage debt in exchange for the house (*dación en pago*); second, halting all evictions of principle and sole family homes; and third, transforming empty houses held by financial institutions into social housing.

The PAH's local assembly based model born in Barcelona spread, as increasing numbers of families faced foreclosure, eviction and a debt for life: sinking housing prices meant that once the bank auctioned off their home they owed a significant outstanding debt, including interest and legal costs. There were a smattering of PAHs in the Barcelona metropolitan region until 2011 but they mushroomed across Spain after the 15M *indignado* plaza occupations in May 2011 (Antentas, 2013). Coordination among PAHs occurs through monthly assemblies of the 75 PAHs in Catalonia and a quarterly meeting of the 220 PAHs across Spain, with email lists and other online tools used by those on Catalan and Spanish PAH coordination commissions to communicate and organise in between assemblies.

Each PAH grows out of a specific context and dynamic. The conditions, experience and capacity in each place, alongside the specific needs that emerge within each PAH, affect its way of organising and its greater or lesser focus on certain campaigns and actions. In some places mortgage-affected people themselves establish their local PAH, while others grow out of already existing movements. For example, the PAHC in Sabadell – where the 'C' in PAHC stands for Crisis – was born in March 2011 out of an anti-capitalist network that brings together feminist, squatter and socialist pro-Catalan independence collectives in the city. They saw powerful political possibilities in the PAH's process of organising for legislative reforms, specifically how conditions could be generated in the future, if institutional reforms are not made, to exert the use value of housing over its exchange value through disobedience, generating a squatting movement of a new order (personal communication, 29.10.2013). Similarly, PAHC Sabadell's organising structure was consciously integrated into a unitary assembly – with movement coordination and collective advising on the same afternoon rather than on two different days as for example occurs in Barcelona – to ensure mortgage-affected people engage in a broader politicising process (field notes, 5.03.2014).

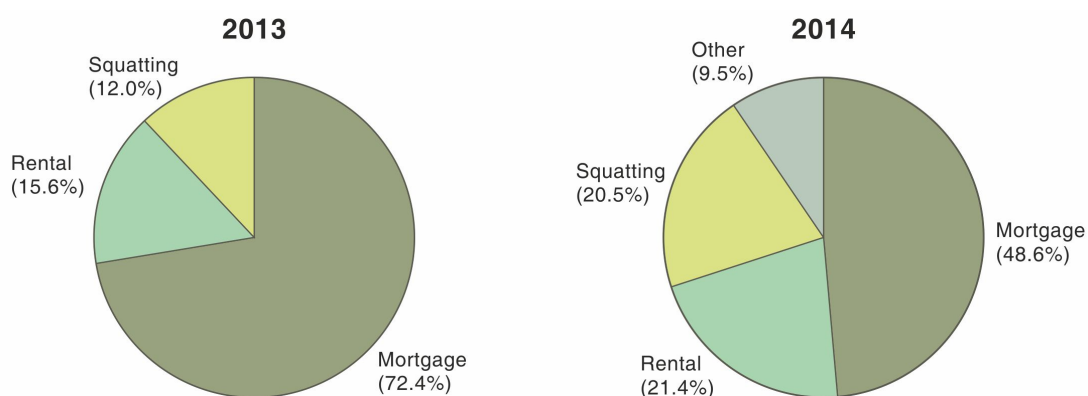
While they are among two of the strongest PAHs in Catalonia and Spain, Sabadell and Barcelona illustrate the heterogeneity of the movement that arise from specific material conditions and organising strategies. For example, during most of my research PAH Barcelona only advised mortgage-related cases, while in Sabadell just over half of the cases were mortgage related, the remainder being rental, squatting or other housing-related problems. Indeed, in 2014 PAHC Sabadell shifted from collectively advising largely mortgage-related cases to mostly rental or squatting-related cases (Figure 7.1).<sup>36</sup> PAHC

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<sup>36</sup> Collective advising for squatting in PAH Barcelona occurred through the bi-weekly Obra Social commission from early 2013 to April 2014, but the commission stopped operating from April-October 2014. As of October 2014 the commission has resumed its bi-weekly meetings to advise people who have exhausted all housing possibilities after a past or future mortgage, rental or squatting eviction,

Sabadell is also more racially diverse, with proportionally more Moroccan and other African mortgage and housing affected members than Barcelona, whose non-Spanish members are largely Latin American. These two differences – around the type of housing problems addressed and racial diversity – in part reflect the material metropolitan dynamics in which these two PAHs are situated and in part reflect their organising strategies. Finally, these two platforms have political positions that are often in tension: Sabadell is openly anti-capitalist, with a clear working class discourse, while Barcelona does not explicitly position itself on these issues. This reflects the long-standing relationships of several founders of both platforms, who have interacted – and sometimes collided ideologically – in broader squatting and anti-globalisation activism in the 1990s (personal communication, 29.10.2013).

**Figure 7.1. Change in PAHC Sabadell housing cases, 2013-2014**



Source: PAHC Sabadell, 2014.

Local specificities and broader tensions aside, all PAHs are united in their struggle for the *universal* right to dignified and affordable housing for all, not conditioned on extreme indebtedness, the precariousness of rental markets or the extreme difficulty in accessing social housing. Their overarching strategy is to pressure the administration to implement the PAH's three demands, and in the face of insufficient structural and practical responses at all levels, to collectively enact them through various actions. The most emblematic campaign to pressure the administration at the national level involved collecting 1.6 million signatures in support of a Popular Legislative Initiative presented to the Spanish Congress in April 2013 to embed the three demands in Spain's legal framework; albeit unsuccessful, this process was repeated in early 2015 with the Catalan government, also including measures to address energy poverty, unanimously approved in July 2015. At the local government level, the PAH has presented motions to fine banks with empty housing, a motion that was adopted by over 80 city halls across Catalonia. Similarly, periodic actions like street mobilisations, denouncing politicians at public acts or in front of their homes (*escraches*),

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and as of March 2015 has been integrated into the Monday welcome assemblies. Since autumn 2014, the latter also advises rental evictions.

real estate fair occupations or city hall occupations take place, alongside more regular actions. The latter, unpacked in section 7.5, include blocking evictions, occupying empty bank owned buildings for families with no other housing alternative and disrupting/occupying banks to demand solutions for mortgage debt forgiveness cases at a standstill, the first two encapsulated in the Stop Desahucios (stop evictions) and Obra Social (social work) campaigns.

Despite widespread popular support, the PAH has been demonised in particular by the Conservative *Partido Popular* (PP), a party that has held a majority national government from 2011 to 2015. Accusing the PAH's former spokesperson of supporting pro-Basque terrorist groups (ETA) and of taking a "radical political strategy" (ABC.es, 2013), the President of the PP in Madrid denounced people who participate in *escraches* as "imitators of the thuggery of ETA followers in the Basque country", as "violent stalkers" who used "the tactics of the worst totalitarianisms of the past century" (Aguirre, 2013). This was echoed among others by the PP's Secretary General, calling *escraches* "pure Nazism" (Manetto, 2013). Such statements illustrate how, in the PP's eyes and discourse, the PAH does not "belong to the demos; they are the Rancièrian "part of no-part"" (Swyngedouw, 2014, p.127).

This brief contextualisation of the PAH clarifies how it emerged in Barcelona, its diversity across place plus its demands and strategy to achieve them through both institutional channels and direct action. This section illustrates how the collective advising assembly format developed out of trial and error, and actions unfolded in response to basic needs; its dynamics are not something that arise spontaneously, but rather are facilitated by certain organisational forms and contexts. Furthermore, the differences and tensions between PAHs are highlighted, while at the same time their united front in terms of demands and strategies is underlined. These relational histories and presents are important foundations from which processes of political subjectivation emerge and develop. The next section turns to look at the foundation of the PAH's activities: the collective advising assembly.

### **7.3. Collective advising assemblies: setting the stage for the political act**

People unable to pay their mortgage, facing foreclosure and/or eviction, usually first come into contact with the PAH through a weekly collective advising assembly. In these spaces the three phases of foreclosure are explained alongside the steps to take in each phase (Box 7.1), followed by a process of collective advising where people expound their situation and receive support and guidance from the assembly. In most cases over three quarters of people attending assemblies, out of a total of anywhere from 80 to 160 people each week, find themselves in one of the three phases of foreclosure: unable to pay their mortgage, awaiting their flat to be auctioned off or with an immanent eviction. As explained in the previous section, increasing numbers of people are coming to the PAH facing rental or



squatting evictions, the latter largely being those left with no other option but to squat after rental or mortgage evictions. The remaining attendees, less than a quarter of total, are activists (e.g. not mortgage-affected) and mortgage-affected people who have solved their case and continue helping others in the PAH.

### **Box 7.1. The PAH's indications for action during three phases of the mortgage foreclosure process**

#### **Phase 1: Problems begin and you can't pay your mortgage**

When to stop paying your mortgage? You decide. It is not possible to negotiate with the bank before that moment; they will not negotiate until you stop paying. Paying only a part of the monthly instalment is like throwing money in the bin. Most important is to buy food and cover your family's basic needs.

Before starting to negotiate with the bank, the PAH can advise you but you need to decide what you want: *dación en pago*, partial debt removal (*quita*), social rent.

Check to see if you meet the government's Good Practices Code requirements, although a very small proportion of people fulfil the criteria.

From the PAH's "useful tools" web page, download and adapt the PAH's form requesting *dación en pago* (and social rent if desired). Print two copies and hand one in at your bank, both should be signed and stamped. Keep one copy for yourself.

- Insist, insist, and insist. Many times the bank will not accept the form. If they refuse to sign it, ask for the *Generalitat's* (Catalan government) complaint form. If they don't give you the form, call the police. It is your right to be given the form.

- If problems continue, ask for an accompaniment at the PAH.

- Once the form is accepted, be patient. The bank can take weeks or months to respond. Go to the bank weekly and ask how your case is progressing.

Open a bank account in a new entity and pay your bills and costs from there: although they are not allowed to do so the bank sometimes automatically withdraws whatever you have in your account to pay your mortgage instalment.

It is important to go to exhaust all paths and "to show public authorities the scale of the problem":

- Go to Social Services; ask for a socio-economic report that verifies your situation (income)

- Go to *Ofideute* (*Generalitat's* office that mediates between mortgage-affected people and banks)

If you stop paying your mortgage, try to keep paying residents' association fee and water and electricity bills – if you can't pay, offer to clean the stairs in the building. It helps make the case for your *dación en pago*, but also to keep good relations with the neighbours, as you want them to support you if you face eviction.

#### **Phase 2: Receive foreclosure documents**

Before foreclosure begins, you will receive an official fax stating the total quantity of debt you owe and a time period for its payment. When you do not pay, the foreclosure order is sent.

Upon receiving the foreclosure order, you have 10 days to request a court-appointed lawyer. This is important as it delays the procedure; you can also claim abusive clauses and other tools to draw out the process.

The court sets an auction date for the flat, giving the mortgage owners a minimum 20-day notice.

When it is auctioned, the bank keeps the flat for 70% of its appraised auction value (a price set in the mortgage contract).

Keep negotiating and pressuring the bank for *dación en pago*. "The flat is your best weapon, stay there."

If you have not already gone, go to Social Services and *Ofideute*.

### Phase 3: Receive eviction order

Once auctioned, the flat is the bank's property and they can claim the remaining debt: the difference between the bid price at the auction and the total debt, plus default interest fees and judicial costs. The auction does not mean an immediate eviction or repossession; both are notified in advance.

Once you receive an eviction order:

- Request a court-appointed lawyer
- Present an appeal using article 704 from the Civil Indictment Law, which can delay the eviction a month or more, depending on the ruling of the judge
- Demand debt forgiveness from the bank (insist!)

Social services can help get a temporary suspension of the eviction  
Go to the Housing Office to apply for a social emergency flat

If we can't stop the eviction we can participate in the Obra Social campaign, recuperating bank-owned housing for people who have exhausted all housing possibilities. No one in the PAH ends up on the street.

Source: Field notes, PAH, 2014

In welcome assemblies the PAH is briefly introduced and its collective process, where people advise and help each other, is underlined and enacted. The purposeful spatial arrangement of assemblies in Barcelona and Sabadell emphasise this, where the circular or oval shape of the seating with an empty centre reinforces the notion of an interchange among equals (Figure 7.2). Individual advising, it is often explained, is not conducted because the PAH is not assistentialist nor based in a hand-out mentality (*no es asistencialista*); in other words people are not seen as clients or objects but as active agents who can solve their own situation, through struggle that is supported and strengthened by the collective. This is reflected in common phrases such as “the only way to win is to fight” and “you have to insist, insist, be a pest [to the bank]” (field notes, 28.04.2014), and it is constantly reinforced in assemblies that there is no one in the PAH who has fought and not achieved what they sought. People who share what the PAH terms ‘little big victories’ each week – having obtained mortgage debt forgiveness and/or a social rent contract<sup>37</sup> with the bank – emphasise how they constantly pressured the bank for months, sometimes years, on end, through individual weekly visits, accompaniments with other PAH members and collective actions when necessary. For example, a person who had fought for one and a half years for debt forgiveness and social rent in the same flat in an assembly explained: “you have to come each day, to be in the struggle, that’s how you can do it” (field notes, 4.11.2013). When people who have solved their case thank the PAH, others are quick to jump in and say “thanks to the PAH is thanks to them too,” directly connecting those struggling into a collectivity. In other words the PAH is not other; it is us/we.

<sup>37</sup> Many families seeking *dación en pago* (where during foreclosure proceedings the bank cancels all outstanding mortgage debt in exchange for the house) are also struggling for a social rental contract from the bank, as they are unable to pay market rental rates due to unemployment, not being able to pay a rental deposit and/or very low salaries. Social rent is a flat owned by the bank rented for 30% of a person's income. Contracts range from two to five years in length, depending on the financial entity. The bank can grant social rent in the person's flat, or in another one of the same bank's vacant flats.

Figure 7.2. Spatial arrangement of PAH Barcelona and PAHC Sabadell assemblies

Barcelona



Sabadell

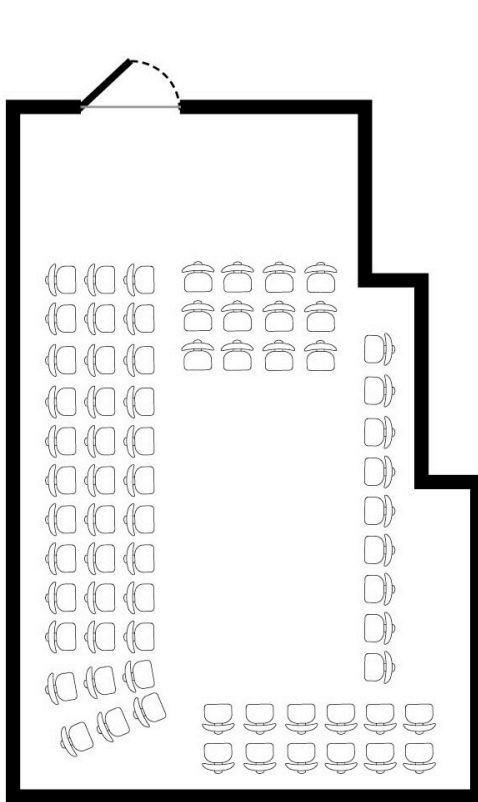


Photo source: PAH Barcelona

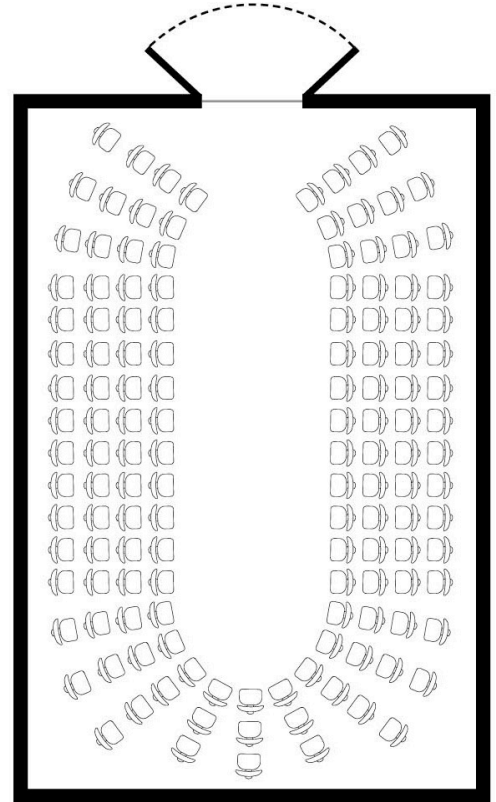


Photo source: Emma Giné

Two thirds of mortgage-affected informants came to the PAH just after they were unable to pay their monthly mortgage instalments. Of the remaining six informants, three sought or found out about the PAH once their foreclosure documents arrived and another three after foreclosure, when the bank auctioned their flat. Many informants, and other PAH members in assemblies, explained their interactions with the government or privately contracted lawyers in an attempt to solve their mortgage debt problems. Both informants and PAH members overwhelmingly expressed that the Catalan government's mortgage debt mediation service (*Ofideute*) or housing service (*Habitatge*) do not solve anything. Nonetheless, the PAH encourages people to register themselves with these services to show public authorities the scale of the problem. Furthermore, six informants contracted legal aid before arriving at the PAH, all unsuccessfully. Echoing stories told by informants, in at least eight assemblies I heard accounts from mortgage-affected people paying up to €3,000 in the belief that a lawyer could solve their situation, a reality that never materialised. Legal battles are virtually impossible to win because the Spanish legal system consecrates the principle of universal patrimonial responsibility through article 1911 in the Civil Code, which states that "the debtor responds to the fulfilment of obligations with all their goods, present and future" (Ayuso, 2011). In practice, this means that, as was explained in one assembly, not even the best law firms can secure mortgage debt forgiveness or stop evictions (field notes, 25.11.2013). Or as stated bluntly in another, "a lawyer will not be able to do anything for you. The law is made for your current and future goods to be appropriated. That's how it is" (field notes, 28.4.2014).

Time and again, the experience shared by PAH members illustrates that the government or lawyers cannot solve anything, but that solutions arise through struggle. The next three sub-sections underline the key interconnected dynamics that unfold in collective assemblies: realising that one is not alone; shedding fear, shame and guilt; and gaining information.

### **7.3.1. No longer being alone**

Upon coming to the PAH, many informants spoke about feeling relief and hope, and over half spoke specifically of how they no longer felt alone once they began struggling to solve their case with the PAH. These informants expressed how they became re-energised and injected with hope. Such experiences are exemplified by Amira, who noted how "before coming to the PAH I thought my world had fallen apart, that I was the only one who has this problem. However, no, when I went there [to an assembly], well millions of us are affected and we are in the same boat, fighting for the same things, because there is strength in numbers."

Similarly, around half of informants described their experience in the PAH as a process of re-belonging. This occurred for example through being able to relate with other people, or

developing compassion for and solidarity with others that they encountered in the same or an even worse situation.

“My house was supposed to be auctioned on 22 October [2013], I’m going to fight. But how can I fight, if I barely knew what was going on? I came to the welcome assembly and it was like a collision. I arrive and see something I will remember my entire life, a widower who said “we used to earn €4,500 per month in my house,” and I said, “me too!” She became a widower and here she is today. €4,500! And here I thought that, sure, there were many South Americans, not that I came dressed up, but I was expecting to find very humble and modest people. And someone says they earned €4,500.” (Joan)

“I saw many cases, many people really in need, but there were so many people that were truly worse off than me. I thought my situation was a world of its own, then I realised that it was but not so much in comparison to other people. Yes, they [the bank] had committed atrocities with me, but with others they committed atrocities and then some.” (Pepe)

Sebas noted that the great success of the welcome assembly is “calming people, giving them a bit of affection, making them see that they are not alone – since the law doesn’t defend them, the police don’t protect them. All this has made a false family, but ultimately a family. That helps a lot.” Indeed people are often told that “you are no longer alone” in assemblies, and I witnessed remarkable gestures of generosity and solidarity on countless occasions.

### **7.3.2. Losing fear, shame and guilt**

Emphasis is placed in assemblies on shedding one’s fear, shame and guilt, through commonly heard phrases like “they should be the ones who are ashamed” (field notes, 21.10.2013), “there is no reason to feel ignorant, we’ve been scammed” (field notes, 28.10.2013). Also often underlined is the need to turn one’s relationship with the bank on its head, where instead of feeling tormented by the bank one needs to become the bank’s worst nightmare. Lies that mortgage-affected people are told by the bank are dispelled in assemblies: for example, children *won’t* be taken away if one stops paying and the government *will* renew tax identification numbers (for immigrants) even if one doesn’t pay their mortgage. It is not uncommon for new arrivals at the PAH to be terribly upset, even having trouble expounding their situation when it is their turn. When this occurs, calls like “chin up!” and “you are no longer alone!” ring out in the assembly, and in solidarity others briefly share and socialise their personal experience. This was exemplified in one situation where different people noted, “I couldn’t sleep, I couldn’t eat, we’ve all been down that path” or “I haven’t paid in one year and I am as happy as ever!” (field notes, 15.3.2014). I heard relative newcomers to the PAH explain how they experience “fear and desperation when you don’t come to the PAH, but that coming to listen and talk changes it” (field notes, 23.7.2014). Carlos, an Ecuadorian informant, underlined this:

“I’ve seen people arrive [at assemblies] on the edge of the precipice, with no will to live. They think their life is over, that they have failed, why have they had to go through this. You feel for them, it really moves you, you go and tell the person: “don’t worry, hey listen you are not alone, this is how it works. Calm down, we’re going to help you with this.” That person’s attitude, well they realise that they aren’t alone, that there are people who value them and that they don’t have to feel guilty....You do it for the future, for the collective. It’s worth it.”

Indeed this process of losing one’s fear, shame and guilt through engaging in assemblies was very clear in the narratives of virtually all informants. Several informants underlined how in a very short period of time people who had arrived at the PAH in a delicate state gain an amazing strength and become rejuvenated, even appearing to grow taller. I saw this transformation take place many times during my fieldwork. As Raquel, a Spanish 45-50 year old woman exclaimed, “if you would have told me a year and a half ago that I would be talking, letting loose and making a fuss in front of 200 people, I would’ve said, you, you’re being mental! I had never been in an assembly, I had never belonged to any collective....You grow, the word that we have on our lips: empowerment of people, the way you see them grow day by day.” Similar to Raquel, all but one informant had never been involved in any type of social or political movement before joining the PAH, although two mentioned being involved in their workplace union and another two volunteer work. The one informant who had been involved in a movement in the past took part in the 15M plaza occupations.

### ***7.3.3. The importance of information: “the more knowledge you have, the less you fear”***

Close to half of informants explicitly underlined the importance of the information imparted in collective advising assemblies, as most felt completely uninformed and uncertain on what to do upon arrival. As one informant noted, information gives you “more grounds to argue....I didn’t have information about the foreclosure process, I had no idea what it was about. The PAH gives you the weapons and you try to use them” (Patricia). Understanding that constant struggle is needed was also remarked upon by many informants, with some talking about the PAH as a school. For example, Isa noted that “people cheer you up, you see how they talk, what the banker will tell you, what he will say and how you need to respond, and that you need to keep insistently fighting every week, every week.” Julián remarked that the PAH “has been a school for me, where I have gone to be nourished, to take my benefit. What has been my benefit? Achieving my objective. What has been my objective? Giving the bank the flat I bought, since they won’t take it. Now I understand that if you struggle, you achieve it. If you don’t struggle, you don’t obtain it.” Others underlined that the bank was able to make them weak because they lacked information. Daniel underlined how “information is power, if you don’t have information they can finish you off, you are sunk.” As was stated in one assembly, “the more knowledge you have, the less you fear” (field notes, 1.10.2013).

Mortgage refinancing is an example a prominent question that emerges in the PAH's welcome assemblies. As seen in Chapter Six, three quarters of informants were offered refinancing agreements from their bank upon being unable to pay their mortgage; three quarters of those offered signed them. I heard cases in at least 15 different assemblies of people who had received a mortgage refinancing offer and came to the PAH for advice on what to do. Refinancing is often framed by the PAH as "feast today, famine tomorrow" (*pan para hoy, hambre para mañana*), underlining that "everything the bank offers you is to benefit them today, tomorrow and in the long term" (field notes, 7.04.2014). When newcomers ask about refinancing, people who refinanced in the past share their experiences of becoming even more indebted with no hope of repayment, expressed through phrases like: "I didn't want to stop paying, I refinanced and spent all my savings, now I have nothing" (field notes, 27.11.2013); "signing a refinancing (agreement) is like putting a smaller noose around your neck. Refinancing is a mistake" (field notes, 23.06.2014); or "signing only extends the agony. You won't take your flat to heaven" (field notes, 16.12.2013). In collective advising sessions people are always encouraged to listen carefully to others' questions and the responses given, as most of the information and advice is of use for all.

Such collectivised information giving and sharing usually goes against 'expert' knowledge, both in its content (what to do and what not to do) and delivery (collective and assembly-based). While the PAH's accumulated knowledge points to individual empowerment and collective struggle as the most effective way to solve housing problems, it sharply contrasts with the mind-set and approach of some who seek advice at the PAH. For example I attended an assembly where Antonio, a 50 year-old Spaniard, stood up and explained that he had been unable to pay his mortgage for the past two months after a six month spell of being unemployed. The bank told him he had signed the mortgage contract – "such is life" they said – and Antonio expressed his frustration that the bank is not helping him. Upon receiving advice from half a dozen PAH members on how he can proceed – for example, knowing what he wants or how the situation changes with collective struggle – Antonio declared: "I've always paid what I owe" (field notes, 6.11.2013). His response was met with a collective groan from the assembly. While not frequent, the situation is important in pointing to the uneven nature of and challenges behind shedding indebted subjectivities. In other words, people move through different processes in accepting, reclaiming and revindicating their inability to pay their mortgage, while some never do so. The PAH works to normalise not paying one's mortgage debt due to the material reality people are living and the unequal and unjust situation that has created this reality – just as it works to normalise squatting empty bank-owned flats for people with no housing option – but taking on, identifying and living these ideas are by no means a smooth, easy or even process.

This section illustrates how collective advising assemblies constitute a critical space to subjectively rupture what appeared to be the sole options of paying one's mortgage or being a debtor for life, through learning what steps to take, beginning to confront and overcome feelings of fear, guilt and shame, and no longer being alone. This is fundamental because people can be paralysed by the belief that there is no alternative to these options; this was acutely expressed by Maria, who noted: "I know many people, even those who have had their house taken away a long time ago, who haven't done anything because of fear and shame." Furthermore, those mortgage-affected people who do arrive at the PAH often come in a delicate state; as Mir García et al. (2013, p. 57) note, "this is not the profile of a political subject ready to face a judicial committee and the police to block an eviction." As spaces of solidarity and non-commodified relations, contrasting sharply with experiences at the bank, lawyer or estate agents, and as a place of equals, assemblies are places where not being able to pay one's mortgage or squatting after eviction is accepted, supported and normalised rather than faced with contempt and punishment. At the same time, some people who come to the PAH resist the suggestion of *accepting* that they cannot pay; they may do so, or they may not return again to the PAH. This points to the uneven and challenging nature of this process, a point returned to in detail in section 7.7. The following section turns to a deeper analysis of collective advising.

#### **7.4. Analysing assemblies: initiating processes of disidentification with the existing order**

Collective advising assemblies set the stage for political acts on the streets, where people unable to pay their mortgage begin to disidentify with their position in the dominant configuration. Their position upon arriving at the PAH is one of a 'failed' mortgaged homeowner, a non-performing person, an indebted person that must pay one's mortgage at all costs and feel guilty and ashamed of being a defaulter and debtor. Existing as a widespread social norm, it is bolstered by their experiences negotiating with the bank where people are in essence told to pay or be a debtor for life (see Chapter Six, section 6.4) as well as by lawyers and government services telling them nothing can be done. The position is also reinforced by statements such as the one uttered by the conservative Popular Party's (PP) Secretary General: "voters for the PP adjust their belts but they pay their mortgage" (Del Riego and Izquierdo, 2013), and more subtly through assertions like that from the President of the Spanish Banking Association (AEB), stating that evictions are a consequence of the economic crisis, "not Spain's credit model or mortgage law which seek to give mortgages so that the population can buy housing" (Europa Press, 2012). The logic behind these two statements is that 'good people' pay their mortgage no matter what, and that the current problem is conjectural, not systemic, reflecting the invisible disciplinary power of the police order, of the status quo. In other words, these statements suggest that once the crisis is over and things return to 'normal' everyone will be fine, with mortgaged homeownership reigning as the appropriate mode of housing provision.



Assemblies begin a process of disidentification with this logic which, at least in the case of over three quarters of all informants interviewed, started upon their arrival at the PAH. Disidentification is by no means a smooth, even or easy process, illustrated by the emotional, health and family problems experienced by informants and many PAH members, as detailed in Chapter Six. But when a person finally *accepts* their inability to pay their mortgage and begins their struggle with the PAH, a process of subjectivation is initiated. Refusing to be the population (Foucault, 2007, p. 66), mortgage-affected people start to question their position as the indebted person and the credit-debtor relationship it is embedded in, that is, “the specific relations of power that entail specific forms of production and control of subjectivity – a particular form of *homo economicus*” (Lazzarato, 2013, p. 30). They also start to question other dominant societal and governmental housing-related relations. These relations are embedded in the struggle over the *universal* right to dignified and affordable housing for all, not contingent on extreme indebtedness, the precariousness of rental markets or the extreme difficulty in accessing social housing.

Rather than seeing their situation as an individual, solitary problem and a personal failure steeped in guilt and shame, encapsulated in the financial subject or the indebted person, through assemblies mortgage-affected people begin to see the housing boom and bust as a collective scam and to see how they were an object in this process, a number in the system. That is, how they were proletarianised (Dean, 2012, p. 75), as explored in Chapters Five and Six. Indeed, virtually all informants expressed this concept in different ways. The most common remarks, heard from over half of informants, signalled that there are people who are responsible for the current state of affairs, who actively created it. Most mark a division between an ‘us’ and a ‘them’, creating a situation where ‘we’ suffer and ‘they’ benefit. This is exemplified through the following three quotes:

“The bank gave you the credit, considering that the bank keeps your flat why do you have to pay more when they have been the ones speculating? They were the real speculators. Why? Because the guy sold you the flat probably for €60,000, then two months later €90,000, then a few months after that €100,000, €150,000. And you said, what a boom! And wow, this works. Things are going well in Spain, people are working, people are earning money, going on holiday, buying cars. But then you realised, oh, this speculation I think the banks did it.... They are the ones running the country.... And all this made me think that yes there are rich people, and when the rich people saw that the poor workers starting to lift up their head, wanting to get ahead, they were the ones who said no. No way. Rich people and poor people. No people in the middle or anything.” (Pepe)

“We are distressed while people are going to the Bahamas or to countries where they’ve taken money, leaving people in poverty.... Who increased [housing prices]? It was the politicians, not us. The price of flats went up as if one was going to eat a grain of caviar, the best in the world. What us poor people ask for is a house, we are not asking for anything, just a dignified house where we can keep living, working. We keep being your slaves but at least don’t take away our housing, let us breath a bit. We are their slaves and we are waiting for them to toss us something. Like a

dog, when you bring it food it gets happy. When you have work you are happy because you can pay, you can live, but if you have a debt and you are a defaulter, you can't even buy a second hand washing machine." (Sara)

"I saw life like any other Spaniard. You have to pay the bank, that's how I saw it... But when you have a serious problem like this you really understand what is behind it. That is, all the people who don't care: they just want your money, you don't matter. If you live in the gutter it makes no difference to them. I knew about being materialistic but it has made me see that it is much worse and that most people have their eyes closed. A lot of people undervalue us, or they say, darn the PAH, out of shame or whatever, they walk by and look at you but say, 'don't look at me.' Join us. You are the same but you really don't know it." (Daniel)

Furthermore, three of the four formerly upper-middle income informants talked about what can be interpreted as a process of declass-ing and/or recognising one's (perceived) former class position. This is illustrated by Sebas who explained, "I consider myself from a class that no longer exists, that has been wiped off the map. Middle. Now it is no longer middle, now we are nothing," as well as through the following quote:

"My father-in-law once said to me: 'what a shame that you have to find yourselves in this situation.' I said, what a shame, no. Thanks to seeing myself in this situation I'm seeing reality for what it is, because otherwise I lived my life earning a good salary and in circumstances where you probably didn't realise that people are having a really tough time. You know what I mean? So it's not that it makes me happy, but it has opened my eyes a bit." (Ángela)

Many mortgage-affected people thus begin to see themselves as outcasts in the existing order that was made for winners and losers, the rich and the poor. They thus start to recognise their position as "the part of those who have no part" (Rancière, 1999, p. 11) or as Dean (2012, p. 70) says "the people as the rest of us": those who are not considered to be part of the existing order. Yet as they start struggling to enact equality they adopt a new name, mortgage-affected (*afectado/a por la hipoteca*); this name does not pre-exist political action but emerges through it (May, 2008). In other words, it is a misnomer, a name that "inadequately refers to the anonymous multitude that has no title in the police order" (Rancière, 2004, p. 92). Through action, "they constitute an order with another conception of the whole" (Dikeç, 2005, p. 178): the *universal* right to dignified and affordable housing for all. Here the political moment unfolds "in the encounter between the police logic and the logic of equality through the constitution of a common space where a wrong can be addressed and equality can be demonstrated" (ibid., p. 179). This encounter occurs in collective assemblies as well as a variety of spaces generated by the PAH, in actions that not only subjectively but also symbolically and materially disrupt biopolitical technologies of mortgage power.

Thus the process of disidentification initiated in assemblies is indispensable to set the stage to act in spaces of *political* subjectivation, moments where a wrong is visibilised and equality is enacted. These spaces are discussed in the subsequent section of this chapter.

## 7.5. Taking action, making visible claims of equality and solidarity

“So we started protesting. We were few, 15 or 20 people at first. I personally was a bit ashamed to yell at the bank, holding signs, because there were so many people and we were so few. And of course I remember when others set the example, yelling with no sense of shame. Bit by bit I lost my shame and I also was one of the first people there yelling and demonstrating. We protested everywhere: at the court house because they denied court-appointed lawyers, at estate agents who were selling flats from people who had been evicted. We went to estate agents, to the court, to banks, to city hall, we protested everywhere we were able to.” (Bea)

With regular, weekly support from the assembly as a base, mortgage-affected people engage in collective actions and begin their struggle for debt forgiveness, in some cases including social rent. In the early days of the PAH, in particular in Sabadell in early 2011 as illustrated in the opening quote of this section, protests held in various urban spaces were key to visibilise mortgage problems, to continue to lose fear, shame and guilt and to build collective struggle. Then, as the PAH faced insufficient responses from all levels of government to their three main demands – retroactive *dación en pago*, a stop to all evictions and social housing – they began to address urgent material needs through actions to enact solutions themselves. Making visible a wrong, they are actions where “the natural order of domination is interrupted by the institution of a part of those who have no part” (Rancière, 1999, p. 11), sites where two different worlds meet and make visible “the struggle between the rich and the poor” that “is the *actual* institution of politics itself” (*ibid.*, emphasis added). The following subsections look at three of the PAH’s most prominent actions in turn – blocking evictions, occupying bank-owned housing with and for people with no housing alternative and bank actions – while section 7.6 analyses them in detail.

### 7.5.1. “We will not let anyone pass”: stopping evictions

Amidst chants like “today it’s him, tomorrow it’s you!” and “don’t watch us, join us!”, actions to physically block evictions through creating a human shield in front of the street entrance to the flat of a family facing eviction are the PAH’s most emblematic form of mobilisation. The way in which this action emerged is illustrated in the following quote one of the PAH’s founders: “the stop evictions [campaign] was very well thought through, but also happened when the same mortgage-affected person said he was the one who wanted to take that step. We could not nor did we want to do anything in the name of the mortgage-affected” (Colau as cited by Macías 2013, p. 126). The first eviction blocked by the PAH was in Bisbal de Penedès in 2010, when said mortgage-affected person learned that upon receiving his eviction order he would not only be left living in the street with a €100,000 mortgage debt but also ran the risk of losing custody of his 9 year old son; he was prepared to fight back (Colau and Alemany, 2012, p. 126). Dozens of PAH activists travelled to physically block the entrance to the property. The judicial retinue (*comitiva judicial*) was unable to deliver the

eviction order, and the PAH successfully turned them and their police escort away.<sup>38</sup> As this provides only temporary respite from eviction the PAH then negotiates a social rent with the bank, no more than 30% of the family's income, in the meantime often pressing local government and its agencies – specifically social services and the housing office – to provide a solution. By doing so they make visible the need for, yet in the vast majority of cases the inability of, the government to take action. The PAH continues to mobilise its members to block the delivery of any subsequent eviction order until a more permanent solution is established, which might be participating in the Obra Social campaign (see section 7.5.2.). As of March 2015, 1,663 evictions have been stopped across Spain by Stop Desahucios (stop evictions) actions.

In recent years the frequency and nature of blocking evictions has changed in the Barcelona metropolitan region. The PAH initiated collective negotiations with banks at the end of 2012 by establishing contacts higher up in several banks' administrative hierarchies – specifically in debt recuperation offices – to enable the negotiation of multiple cases, at the same time that the affected person fights their own case. Collective negotiation agreements have been signed with many banks, enabling the PAH to stop evictions, and flats being auctioned off, at the root (field notes, 25.02.2014); thus no one who is engaged with the PAH gets evicted. Second, in Sabadell the PAH's court commission is in contact with the city's public servants that deliver citations and notices at the Official Notice Service (SAC), located in the Sabadell courthouse. For the vast majority of people with eviction orders that arrive at the PAH, if the bank does not respond a member of the PAH's court commission rings the SAC and is able to stop the eviction.<sup>39</sup> These two factors mean that calls to physically block mortgage evictions are less frequent than in the past because through collective negotiations or the court many evictions are stopped before actions are needed. Finally, increasing numbers of people facing rental and squatting evictions are arriving at the PAH, as are those holding defaulted mortgages sold to financial companies who then execute the eviction. Rental evictions from banks or large-scale property owners are physically blocked by the PAH, as are evictions of people squatting bank owned flats who have exhausted all housing

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<sup>38</sup> Evictions in Catalonia are almost always stopped without overt (violent) confrontation with the police; this was the case for the ten evictions I participated in blocking in Barcelona and Sabadell and all but a handful of the dozens up dozens of others that I heard about during my year of fieldwork. In Madrid, however, evictions can be – and often are – very violent affairs, with the police beating and dragging people out from in front of the building, the stairway and inside the flat to enact the eviction. There is no hard and fast answer on why the difference is so significant between the two places, although many I have spoken with in the PAH posit that it has to do with Madrid having had a conservative (PP) government since democracy, tied to implementing the law at all costs, while Catalonia and Barcelona in particular have a history of socialist governments. People also hypothesised that the CiU (centre-right) party pro-independence government that has ruled in Catalonia since 2010 does not want to tarnish Catalonia's image by enforcing violent evictions in the face of future referendums on independence.

<sup>39</sup> In one Stop Desahucios action I attended, a member of the PAH's court commission spoke to someone from the SAC on her mobile as we were assembled in front of the entrance to the flat, and as they heard us chanting through the phone the SAC did not bother sending the judicial retinue (field notes, 23.09.2014).

alternatives. These are the types of evictions that more and more frequently characterise Stop Desahucios actions.

When discussing actions to stop evictions in interviews, over half of informants explained that these actions are important because evictions are deeply unjust, often discussed with outrage and frustration. Several note that politicians should be the ones stopping evictions. Another underlined how he understood actions to block evictions “beyond the PAH’s objective, which is to change the system that has us all in the situation we find ourselves in. The idea or way that I’ve seen it is that we have been in a protest, that is what it is about” (Carlos). The two following quotes illustrate this feeling of injustice:

“It’s a very deep feeling, it touches you profoundly...when you see impotent people, people who have fought for their house and in the end they [the bank] evicts them just like that: I keep your money, everything you have paid, I keep your house and evict you. The bank sees the person as if they were money, they don’t see humanity, only the economic side. Once they suck you dry they are no longer interested nor do they care to think about your intentions or how you suffer, even if you have kids, or not, it’s the same. It’s enraging and makes you feel impotent. Thanks to the PAH, there have been many actions, every time we are there we have always been able to stop the eviction.” (Amira)

“How can we systematise evictions? On Monday at 9am a judicial retinue in a taxi convenes the police, all paid with our taxes, to evict someone?...Evictions have to be the first things that are non-negotiable. There is nothing to negotiate. They should be stopped, by law! In 15 days they [the government] adopted a law where the country’s deficit is prioritised above all other things. They do it in a hurry, running during the summer, boom, the constitution was changed! By law, evictions are over. “Oh no, it’s that the bank....” The bank?! “The bank has the legitimacy to...” No, no, no, the bank does not have any legitimacy to evict people from their homes. Look at what I do with your paper: I wipe my ass with it. We have to wipe our ass with all the mortgages and judicial proceedings. I’m not Marxist, Leninist, Communist nor separatist nor pro-independence. That is, I’m interested. This. I’m interested in this.” (Joan)

While one informant noted that she was afraid of police violence and, with two small children, the consequences of getting hurt or being reported when participating in blocking an eviction, half of informants underlined blocking evictions as critical illustrations of mutual aid and the fact that the family facing eviction is not alone, demonstrating unity and solidarity. For example Pepe noted: “there is unity, there is a lot of unity...I think it’s important, because it has been shown that one person alone can’t do anything, alone no.” Elena underlined how blocking evictions “demonstrates solidarity despite being in such an individualised and grim system.” This story from Isa about going to block an eviction demonstrates both this question of solidarity and not being alone, and the anger at the underlying injustice – a wrong – expressed by most informants and people in the PAH in general:

“We were supposed to meet at 9am, I arrived at 8.30....I went upstairs and the woman was there, smoking a cigarette, her eyes swollen and filled with tears. I said to her “excuse me, you are the woman facing eviction?” “Yes child, but no one is going to come, I’m desperate. I sent my kids to school.” And you go there and sit with her, you cry with her and say my god, no one wants to be in her skin....But then one person arrives, another, we’re three. I put on my [PAH] t-shirt and the woman says, “no one is going to come.” No, no, you call someone, send messages, and call people because she is desperate. The police arrive, it’s our first time and I’m alone. But here either they’ll have to hit us or whatever, but we will not let anyone pass. I lived that one very intensely because I felt alone, alone with her and seeing her so sad, so sad, because she was trembling....She had already handed her flat in [to the bank], her mother’s flat was paid off and they [the bank] also took it. You see how they keep the woman’s working years, she was already older and should be at peace...We stopped the eviction, she was happy but at the same time said: but they’ve taken everything away from me. You are joyful but you also feel confident and want to go hit them [the bank], to tell them, but this woman has worked so many years and you’re taking away all her life....”

The next subsection turns to look at the PAH’s building occupation campaign, the Obra Social.

### **7.5.2. “Take and do instead of ask and wait!” Occupying empty bank-owned housing**

The PAH’s Obra Social campaign originated in the autumn of 2011 where, as one of its founders explained, “it was born in the street in a very intuitive way,” responding to “the pressure of the judicial machinery” that began to issue open eviction dates as the PAH blocked increasing numbers of evictions in the streets (personal communication, 5.11.2013). Thus the “natural reaction of the PAH was, well, we can’t stop the eviction, so we will rehouse” the family (ibid.). The first occupation took place in September 2011 when the PAH was unable to stop the third eviction of a family with an open eviction order in Montcada i Reixac, a city in the Barcelona metropolitan area, and the city council provided no alternative, so the family occupied their former flat that was now owned by the bank (ibid.; Mir García et al., 2013). Collective occupations of empty bank-owned housing blocks to rehouse multiple families started in Terrassa, a city in the Barcelona metropolitan region, at the end of 2011, where the Obra Social campaign was officially launched. Aside from meeting an immediate housing need, the campaign aims to recover the social function of housing by ensuring that families engaged with the PAH who are facing eviction and have exhausted all housing options – meaning that they can’t afford to pay rent and have received no solution from government agencies such as social services and the housing department – are not left living in the street, pressuring the public administration to adopt the necessary measures to guarantee the universal right to housing. In both collective and individual occupations, the PAH seeks to regularise a family’s situation by negotiating a social rent with the bank in the same flat/building or another. As of June 2015, close to 40 buildings<sup>40</sup> have been collectively recuperated across Spain and in total over 2,500 people rehoused.

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<sup>40</sup> Over 20 of the close to 40 buildings collectively recuperated by the PAH are in Catalonia, three quarters of these located in the Barcelona metropolitan region. The remaining buildings are largely in

Empty bank-owned flats or housing blocks, in particular from Spain's bad bank (the SAREB) and other banks, are the exclusive targets of occupations. Occupying vacant housing from these sources asserts the use value of housing over the exchange value and profit-driven focus of these entities, disrupting the core dynamics of urban capital accumulation and financialised housing relations that they hope to (re)instigate. By 'recuperating' or 'liberating' housing, as it is framed by some in the PAH, the PAH attempts "to give it [squatting] a language, new in the sense that we don't focus on the house but rather put what has happened at the centre: they have robbed rights and housing from us, so we recover them; they've evicted us so we rehouse" (personal communication, 5.11.2013). Others in the PAH use the term 'squatting', as a way to reclaim and reposition the term in the current economic and social configuration, and to normalise and positivise it as a socially legitimate practice (personal communication, 29.10.2013). Whatever language may be used, the campaign faces challenges in terms of other groups not affiliated with the PAH who squat private or publicly owned buildings, with neighbours who then denounce the PAH as responsible, as well as with mafias who squat flats and rent them to unbeknownst – desperate – families (ibid.).

The process of liberating housing signals wrongs and makes visible several realities. First, recuperated buildings serve as "icons of the paradox of the current system" (Sandiumenge, 2013): that is, that only 2% of Spain's housing stock is social housing and there are millions of empty flats across the country as people are being evicted and have no housing alternative. The campaign thus, as its spokesperson remarked in an interview, "lets us illustrate the contradictions of systemic accumulation and domination more than other campaigns" (personal communication, 29.10.2013). As expressed on PAHC Sabadell's Twitter feed, it is an act of "recuperating dead capital, remaking connections of social solidarity, without fear" (tweet PAHC Sabadell, 9 September 2014). Second, liberating housing shows how despite the PAH's efforts to pressure local, regional and national governments through campaigns and meetings, government action at all levels has been limited and insufficient. As the campaign's spokesperson framed it, "it's like the end point of a process to accumulate legitimacies grounded in objective conditions" (personal communication, 29.10.2013). Upon pressing the government and receiving no response, the PAH takes matters into their own hands to enact the universal right to housing, illustrated well by the slogan of one Obra Social in Madrid: "take and do instead of ask and wait!"

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Madrid, but there are other sprinkled around: Valencia, Zaragoza, Navarra, Castilla-La Mancha and Toledo. The PAH has successfully negotiated social rent for the inhabitants of three occupied buildings in Catalonia (Terrassa, Manresa and Barcelona), and one is being transferred from the SAREB to the Generalitat to be managed as social housing, while one has been evicted (Salt) and two have disconnected from their local PAHs. Collective building occupations are also happening in Andalucía, southern Spain, through Corralas; these have contact with the PAH but are not explicitly constituted within the Platform. There are also a plethora of individual flat occupations by supported by the PAH; the Obra Social commissions of all the PAHs in Catalonia are trying to quantify how many to illustrate the scale of the phenomenon and also to denounce organised gangs that open flats and charge families an entrance fee.

(Asamblea de Vivienda Centro, 2014). Finally, in the words of another activist, it also illustrates the absolute contradiction between the PAH's collective solidarity based practices and the values of the capitalist liberal democratic system grounded in individualism, competition and personal benefit (Jiménez, 2013a). This statement is reflected in Dean's (2014, p. 270) remark that "occupation is a divisive tactic that expresses the fundamental division on which capitalism depends."

When asked about the Obra Social campaign, virtually all informants saw it as important and necessary, and as a logical action. This was expressed by Sebas, who noted that he "sort of tolerated" squatting before but now sees it as clear as day: "a father, with children, on the street, without housing? It makes one million times more sense to squat." Many, furthermore, highlight it as an action responding to an urgent need. For example Ángela noted that now she and her husband can afford to feed their two children but rhetorically asked they will do when her husband stops receiving his unemployment payment and how they will make ends meet living off a €420 monthly government subsidy with two young children. Amira stated that the Obra Social "has to be that way," in the sense that for many people there is no other option, but she felt it is important that everyone living in collective occupations "truly is in a precarious situation."

One informant who currently lives in a collectively recuperated housing block successfully fought long and hard for his *dación en pago*. José was put on a waiting list for social housing, and various estate agents kept rejecting his rental flat applications because him, his wife and daughter, who had all been the main mortgage holders, were still officially registered as defaulters, with €245,000 in outstanding debt. When he explained his situation in an assembly people suggested he live in the PAH's housing block until his situation improves:

"What happened with this flat? I had to stay due to the situation I'm in. I've never wanted to be given anything nor to keep anything that is not mine, but the situation has forced me do so, that they say to me: oh, you're the squatter that lives there. You can say whatever you want, but my family has a roof over their heads, a roof supported by the PAH. I'm José from the PAH and we'll get this flat, another that we have and all that are needed but no one will go without housing in this city, and if that's the case, in this entire country.....Through the Obra Social we are showing everyone that there is a housing problem in Spain, that here there was a mortgage bubble, that here they really robbed and evicted everyone. By reclaiming housing, occupying housing blocks, we are telling the world: they built this and left it empty, they filled their pockets. Look at the people on the street. Why do we have people living on the street? The PAH is not going to leave anyone on the street. We squat and in we go, to provide a housing solution. It has been one of the biggest weapons to show the whole world what is really happening here."

Similar to José, half of mortgage-affected informants framed the Obra Social as an action signalling a wrong and enacting equality, one that makes evident a nonsensical situation. During a group interview of two residents and a PAH solidarity activist in an occupied



housing block in Sabadell, it was underlined that the Obra Social is about “recovering a space for social use”, in this case a building that had been finished and closed for four years, and “dignified housing for all families, regardless of their social position or race.” Fran discussed both Stop Desahucios and the Obra Social as “the weapons that citizens have,” and sees them “as the only way, the correct way to reclaim and make ourselves be noticed, that we exist, that there are very large collectives that exist and defend the rest of the people (*defienden al resto de personas*).” Finally, several other informants expressed that squatting is the only way to make the government do something, that rather than asking the PAH is enacting. This is illustrated in the following quote from Carlos:

“If the political authorities think they are in their right and we elect them to represent us, and they don't represent us, they don't do what they need to do, well then we have to do it! You know, make ourselves heard. I think it [Obra Social] is good, because if they evict you from your house, you are a person, you have not committed any crime, you have not hurt anyone, you do not have to live a situation that's not yours. And there are people responsible for this situation, they are the responsible ones, so they need to pay for this, because they auction off your house and who takes it? The bank, public entities. You have a family, you are a human being, you have a right. The constitution says that everyone has a right to housing, to a dignified salary, and they have to apply it. But they don't, they do things for themselves. I would go to all the places that need to be occupied, because there is no right to what they do.”

The next and final subsection unpacks actions to occupy or block banks.

### **7.5.3. Confronting the bank: from individual action to massive bank blockings and occupations**

Aside from other actions, mortgage-affected people engage in their individual, albeit collectively supported, struggle with the bank as they go to their bank branch and insist that the PAH's *dación en pago* or debt forgiveness<sup>41</sup> papers are accepted. In the PAH's early years most banks refused to process this paperwork, as doing so commits them – even if quite loosely – to study the request and provide a response. If the documents are accepted, something that has become easier over the years due to the PAH's collective pressure, the bank's answer often recurs to the government's Code of Good Practices.<sup>42</sup> When reviewed

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<sup>41</sup> A person requests *dación en pago* if they still own the home, asking the bank to cancel their remaining mortgage debt upon handing over the property to the bank. Debt forgiveness (*condonación de la deuda*) is solicited in the cases where the person's flat has been auctioned off and they are no longer the owner, but still owe the remaining debt.

<sup>42</sup> The Code of Good Practices is a Royal Decree-Law adopted in March 2012 (6/2012), reformed in May 2013 (1/2013), stipulates the conditions under which “extraordinarily vulnerable families” can request mortgage refinancing, debt removal and *dación en pago* with social rent for two years. Adopting the Code is voluntary for financial institutions, although by 2014 most follow it. To be eligible a family must fulfil all of the following criteria: the mortgage is on one's sole and habitual home which cost less than €200,000 in a city whose population is over one million people (for example Barcelona) or less than €180,000 in a city integrated into a metropolitan area (for example Sabadell); total family income is less than €19,000 net yearly; in the previous four years there was an important change in the family's economic circumstances that have placed them in a more vulnerable situation OR be a numerous family, single parent with two children, with a disabled family member or a minor under 3

through these criteria most requests are rejected as few people meet the requirements (field notes, 11.11.2013; 24.02.2014; personal communication, 7.05.2014); the main barrier is that the price of one's home can not have exceeded €200,000 in cities with a population of over one million, or €180,000 in cities integrated into metropolitan areas, which immediately eliminates most families in Barcelona and Sabadell as housing prices were far above these limits at the peak of the boom.

With weekly support and encouragement from the assembly, most mortgage-affected people continuously visit their bank branch, handing in their petition multiple times and insisting that it be studied until the bank eventually makes an offer. This process can last months or, depending on the complexity of the case even years, although this has changed due to the PAH's collective negotiations with banks solving some cases within months of a person's arrival at the PAH, the implications of which are discussed further in section 7.7. If the person encounters problems – for example, the bank rejects their documents, does not respond to their petition or, once an offer is made, refuses to make a better one – they can ask for an accompaniment in assemblies, where one or two more experienced members of the PAH go to the bank with the person in question to speak, firmly and clearly, with the director. Accompaniments are also used once the bank has studied a petition and made an offer, as one usually has to negotiate significantly to come anywhere close to a solution.

All informants either received accompaniments or accompanied others during some of their visits to the bank. Half explicitly underlined how when they went with the PAH, or accompanied others, the attitude of bank directors changed. Sara for example noted that the way the bank treated her was “very different. They are very polite, not rude, not wolves. They are like rabbits trying to eat a carrot. When I went alone they told me atrocities: your children will be taken away, they'll inherit the debt, all kinds of things.” Three informants explained how going to the office with several companions from the PAH made the banker shake: Isa described how “when I go alone or with my husband, I'm the one who shakes, but I notice that when I am accompanied he [the banker] starts shaking and becomes alright: why don't you go there, why don't you try this. But when I am alone, no, he insistently pressures you, makes you nervous, lowers your morale. You leave worse than when you came in.” Ángela also elucidated how as she and her companions firmly inquired about her case during an accompaniment “the banker shook, his hands were like this [shows hands trembling]. Then you really see the strength and the impact of the PAH.”

Several informants explained how it was important to help others as you were helped, because they will have the same sensation that you did: “releasing the biggest bonds of your life, taking off your chains. Starting to walk, knowing where you are putting your feet –

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years old; and dedicate more than 40-50% of income to mortgage instalments. Furthermore, mortgage co-owners and guarantors must also fulfil all the previous criteria.

moreover, now with wisdom and intelligence” (José). Over half a dozen informants underlined how accompaniments can change the way the bank acts hugely, as expressed by Carlos: “often the bank has been deplorable, very stressful. In many cases I have seen, when we have gone in and put on our t-shirts, with the PAH logo, their attitude changed. It changed 100%. You can tell that the PAH exists and it is something that terrifies them [the bank], they fear it.” Without the information, collective support and pressure provided by the PAH, over a third of informants strongly emphasised how it would have been impossible to get any results from the bank.

Yet when the bank refuses to budge on its offer, as often occurs, accompaniments are not enough. Five informants had to resort one or more bank actions to wring out a better solution for their case. Depending on the objectives of the action – which are previously discussed and agreed upon in an assembly<sup>43</sup> – and the (un)willingness of the bank to respond, three types can be organised. The most common during my fieldwork, of which I participated in thirteen, involve daytime bank branch occupations, where anywhere from 30 to 100 or more people from the PAH storm into a bank branch and raise a ruckus, paralysing its activities until the director or a senior banker will meet with the affected person and other PAH members to negotiate a solution. Such actions involve chants, noisemakers, drumming on rubbish bins, dancing, plastering PAH stickers on the bank’s windows, walls and cash machines, and ripping up and tossing the bank’s advertising brochures around the office. The second type of action is a bank block, aiming to make it impossible for the bank to operate by using all its services – in person questions, phone calls, emails and cash machines – as dozens of PAH members queue up outside of one or multiple bank branches, posing as ‘regular’ clients, and asking workers banal questions regarding opening bank accounts, taking out a credit card, traveling overseas and so on.

Finally, bank actions can also be, or turn into, multi-day occupations. PAHC Sabadell pioneered these actions in early 2013, staying day and night in a bank branch over four days until Ahmed’s *dación en pago* and social rent was approved. During my fieldwork such occupations became more common, with PAH Osona setting a record of over 80 days camped out in front of the bank to obtain *dación en pago* for a family. Multi-day bank occupation actions sometimes also group together multiple cases in the same entity, such as when PAHC Sabadell organised a joint action at a BBVA branch for ten cases that had similar characteristics and were stuck in negotiations with no solution in sight in March 2014. Refusing to leave the office until all cases were solved, the occupation lasted 19 days, with solidarity actions against BBVA organised during this period by over 30 PAHs in other cities

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<sup>43</sup> The PAH has an internal protocol for bank actions that elaborates the required roles – people to speak with the police, to meet with the press, to negotiate with the bank and to ensure the dynamism of the action – as well as general considerations in terms of the visibility of the action and how to treat employees, clients and the office space (for example, computers and workers’ documents in their workspaces are off limits). Based on my experience and observations, these were very well organised in Sabadell and more haphazardly put together in Barcelona.

and extensive support from local collectives and unions in Sabadell. Still requiring constant pressure and insistence after the occupation ended, over the following many months all ten cases obtained the solutions they sought.

Five informants resorted to daytime bank occupation actions as the bank refused to budge on its offer. For example, José organised several daytime occupation actions with the PAH, finally obtaining his *dación en pago* with zero debt. He remarked that “showing them that we are united, and that there is strength in numbers” the office director “was terrified when we went to the office, he was scared shitless when the PAH used to come in.” Two of the five had more complex cases, as their mortgage loan was either with a foreign bank or had been sold to a financial entity. In the latter case, Ibercaja sold Bea’s debt to Global Finance, an entity with no offices in Spain. Despite over a dozen accompaniments and several actions at Ibercaja, they kept repeating that “we can no longer do anything” – although after four years of struggle with the bank she finally had her remaining debt forgiven and obtained social rent. In the other case, Maria’s mortgage was from a French bank, whose sole office in Barcelona is staffed only by salespeople who grant loans. After several daytime actions occupying the Barcelona office she was finally able to meet with the director and sign an agreement whereby €50,000 of her mortgage debt was forgiven and she would pay a €150 monthly instalment over four years. Maria said:

“...The fact that I had to barge in there, stage what I had to stage to speak with him when he should have been the first to say, “hey, look, you are a client, we’re going to sit down and negotiate...” The bank really doesn’t give a damn about us, you see it most when you go to do these things [bank actions], they treat you terribly. That is, when you go to sign your mortgage, “oh please sit down Mrs. so-and-so, sit here.” But just don’t come with a problem.”

Blocking evictions, occupying empty bank owned housing and bank actions: the actions detailed in this section show how the PAH enacts equality itself, and how members themselves reflect on and interpret these actions. Their narratives illustrate how actions are ways to combat injustice, often responding to an urgent need, and are a demonstration of solidarity, unity and mutual aid. They also further the dispelling of fear, not being alone and in most cases actions do what the government won’t do. The subsequent section provides an analysis of what the material presented here means for processes of political subjectivation.

## 7.6. “We defend the rights that aren’t there for us”: actions as political subjectivation

“The PAH is the movement that has gone to knock on the door of the top ten representatives of power, which is the bank. It really has gone there. And it breaks the tool they use against us, which is fear. The PAH helps break this fear. That’s why the PAH is so attacked by those in power. The only stone on our path is our own fear.” (focus group, 24.07.2014)

The three actions discussed in section 7.5 can be interpreted as processes of political subjectivation as they make visible a wrong, where “wrong institutes a singular universal, a polemical universal, by tying the presentation of equality, as the part of those who have no part, to the conflict between parts of society” (Rancière, 1999, p. 39). At the very base of the wrong is the deeply inegalitarian process and relations of (financial) rent appropriation underlying housing provision and circulation, as seen in the previous three chapters. It is made visible as mortgage-affected people, “the part of those who have no part,” interrupt the police order (*ibid.*) – the established order, or the status quo – towards instituting the universal right to dignified and affordable housing for all. Such an act is a “polemical universal” in that the right to housing should not be conditioned on extreme indebtedness, the precariousness of rental markets or the extreme difficulty in accessing social housing.

The process of subjectivation, or disidentification, of the part of those who have no part that is initiated in collective assemblies, analysed in section 7.4, continues as mortgage-affected people engage in actions. This was illustrated through many of informants’ narratives: for example as one who spoke about actions to block evictions noted that “the bank sees the person as if they were money, they don’t see humanity, only the economic side” or another who, when discussing the Obra Social, stated that when those responsible (the political authorities) are not doing what needs to be done, “then we have to do it.” It was also exemplified in Maria’s reflection on bank actions, where she remarked that “the bank really doesn’t give a damn about us”: they are very polite and cordial when one signs a mortgage but this changes once one is unable, and refuses, to pay. These three examples, alongside the others detailed in this chapter, reflect an awareness of a conflict and a division, an ‘us’ and a ‘them’. Through actions, equality is enacted by the subjects of equality themselves; this was expressed by Fran who noted that through actions the PAH “defend[s] the rest of the people” or as another informant explained, “we defend the rights that aren’t there for us.” These statements are echoed by Lefebvre’s (1968, p.179) reflection on the twofold aspect of rights: “they give a legal form to inequality, and reflect the pressure of the ruling interests to turn it to their advantage. The concept of rights is thus clarified by the concept of a society that transcends them, and at the same time it throws light on the society ruled by them.”

Political subjectivation can thus be seen as a fluid, on-going and co-constitutive process that is initiated in collective advising assemblies, circulating throughout spaces where actions unfold and back again. This is illustrated, for example, through blocking evictions, where the

disidentification with the established order instigated in assemblies is reinforced by not feeling alone and experiencing solidarity and strength in numbers. Actions are spaces for the *enactment* of one's disidentification with the existing order – as Isa noted “here either they'll have to hit us or whatever, but we will not let anyone pass” – towards a material ‘righting’ of the wrong. This connects to May's (2008, p. 116) discussion of how “the creation of a collective subject through political action is the creation of internal connections” where sharing, trust and solidarity are “markers of a set of connections that arise through the political process of subjectification. They indicate a willingness to expose oneself to those alongside whom struggle takes place.”

Actions are moments of dissensus, the construction of a paradoxical world with the presence of two worlds in one (Rancière, 2001, Thesis 8). In other words, the PAH does the opposite of what the police order states *should be* done – paying one's mortgage – and then enacts what the police order says ‘should not’ be done in specific spaces. Make an inquiry and withdraw your money at the bank but don't dare challenge the bank director or let alone occupy or block the bank, despite facing indebtedness for life upon losing your flat and the fact that public (your) funds were used to for a multi-billion euro banking system bail out. Visit a flat for rent or purchase from a nationalised bank but heaven forbid occupying it despite having little or no income and no home, after being evicted or having no other housing option, while millions of flats lay empty across the country. Actions thus do what is not ‘supposed’ to be done in certain spaces in the name of equality, creating a scene where people and objects are made visible (Rancière and Panagia, 2000). This echoes Rancière's discussion on rights, where through staging scenes of dissensus political subjects “confront the inscriptions of rights to situations of denial; they put together the world where those rights are valid and the world where they are not” (Rancière, 2004, p.304).

Through making visible a wrong, enacting equality and creating dissensus, the PAH's actions both unveil inegalitarian logics and highlight systemic contradictions. In the case of stopping evictions, that people unable to pay their mortgage or rent, or squatting because they have no other option, are being evicted after the financial system has been rescued with tens of billions of public funds. For the Obra Social, that millions of flats lay empty awaiting a new wave of profit-making and speculation for the political and economic elite as hundreds of thousands of families are evicted with no other housing option, many indebted for life to repay their mortgage. Bank actions make visible that banks have been bailed out with billions of euros while a now unemployed and ‘insolvent’ mortgage holder must repay their debt no matter what. In this way actions instigate a repoliticisation of the economy by directly contesting the “common acceptance of Capital and market mechanisms as neutral tools/procedures to be exploited” (Žižek, 1999, p. 353).

Actions thus disrupt the distribution of the sensible (e.g. Rancière 2001, Thesis 7) built upon 'good governance' and expert knowledge and administration (Swyngedouw, 2013). They clearly illustrate the inability of 'good governance' and expert knowledge and administration – the police, as Rancière would call it – to enact equality. This is done at a practical day-to-day level as limits of lawyers, government services, banks and other actors that maintain and perpetuate the established order are laid bare and made evident; the PAH itself then initiates an "egalitarian disruption" and institutes politics by opening up "spaces for the verification and enactment of equality" (Dikeç, 2012, p.674) through actions. It is also done at the level of policy as the PAH uses 'good governance' tools itself, striving to change the law through Popular Legislative Initiatives and promoting local government legislation such as motions to fine banks with empty flats, as explained in section 7.2, albeit without success. In the words of one activist, this process has "served to accumulate legitimacy, to see until what point politicians in general are inoperative and short-sighted, which we knew already" (personal communication, 29.10.2013). Making visible this inoperativity – showing how politicians and the police order more broadly continue of practices and policies that *wrong* equality (Rancière, 1992, p. 59) – then lays the ground for the PAH's attempts to demonstrate equality via rupture-based actions such as Stop Desahucios, Obra Social, bank actions and others. These actions furthermore have a high level of popular social legitimacy across Spain because the PAH has pressed actors supposedly behind implementing 'good governance' and attempted to use the tools themselves for housing equality; as these are insufficient they are then enacted by the PAH.

At the same time, as with any social process the actions and activities of the PAH have their own challenges. The next section turns to focus on these.

### **7.7. Challenges to processes of political subjectivation in the PAH**

"The essence of creating ourselves as fighters was lost. I learned to be on the street with the PAH. I am not 'using' the work of people here [in the PAH], others do. We need to involve new arrivals, so they take to the streets to fight for our own lives, which are being taken away from us. People come after 2-3 months only because the PAH bank interlocutor says s/he has news about their case. We must return to struggling on the street (*la lucha callejera*). That is life [applause from assembly]." (field notes, 30.07.2014)

The dynamics unfolding through the PAH's processes of political subjectivation are by no means problem free; as with any process, tensions and contradictions exist. The main challenges I both observed and heard from PAH members were with assistencialism (*asistencialismo*) and (non)engagement, two interconnected processes. Assistencialism is a term used in the 1970s by Paulo Freire (2005a [1970]; 2005b [1974]) in Brazil's colonial context to depict treating a person as an object, not a subject, debasing popular participation in a historical process: "assistencialism offers no responsibility, no opportunity to make decisions, only gestures and attitudes which encourage passivity" (Freire, 2005b, p. 12-13).

When used by the PAH, it portrays how social service providers regard people as clients or consumers, focusing on the symptoms of problems rather than their root causes. The term is also used by the PAH to say what the PAH is *not*, because assistentialist practices are the antithesis of political subject formation and transformative change, as they ultimately maintain the status quo. Assistentialism can thus be conceived as Rancière's police and as another tentacle of biopolitics: a way to regulate and control the population to maintain a state of life, as a way to keep people docile, pliant and obedient. The fact that assistentialism is at times inadvertently reproduced by the PAH in specific contexts illustrates its deeply pervasive and ingrained position in everyday social relations.

Thus despite awareness and efforts to counteract it, assistentialism in the PAH intermittently emerged in particular through the collective negotiations initiated with banks at the end of 2012 across Catalonia, briefly described in section 7.5.1. Previous to collective negotiations, PAH members fought for the resolution of their own case (*dación en pago*, social rent, etc.) by constantly pressing the bank for a solution individually, while participating in assemblies and actions, requesting accompaniments or bank actions as necessary. In essence, it was about social and political struggle, where each affected person escalated pressure on the bank and acted as their own negotiator with the bank (field notes, 30.07.2014). While in theory this remained the same with the creation of collective negotiations – and while collective negotiations have had the benefit of enabling the PAH to pre-emptively stop evictions and flats from being auctioned, as well as obtain proportionately more *dación en pago* and social rent agreements – in practice assistentialist practices arose from the role of the PAH's bank interlocutors and new organisational structures in some PAHs.

The first occurred as the PAH's bank interlocutors, usually one or two people per financial entity per local PAH, began to be viewed by some PAH members as 'the person' who can obtain their *dación en pago*, social rent and/or debt forgiveness due to their regular and direct contact with higher ups (debt recuperators) at the given bank's central offices. In some cases this was reinforced by certain interlocutors 'taking charge' of mortgage-affected people's cases, amidst disgruntlement from others, enacting the very assistentialist tendencies that the PAH is against; I witnessed this play out with individuals both in Barcelona and Sabadell. This occurred despite having an internal collective negotiations protocol precisely to avoid the development of assistentialist relations, for example rotating the interlocutor position every 6-8 months, insisting that the mortgage-affected person is the one who should lead the solution for their case while the interlocutor's role is to accompany and share information between the local PAH and the bank, and so on.

In terms of new organisational structures, some PAHs (e.g. Barcelona) created separate bi-monthly assemblies for mortgage-affected people from specific banks, while others (Sabadell) did not because several members foresaw potential future fragmentation and



demobilisation if various assemblies were held on different days (field notes, 4.03.2014). While banks groups facilitate the coordination of growing numbers of cases per financial entity – numbering in the hundreds in some banks – this also enabled some people to ‘bypass’ the broader PAH process, despite constant reminders of the need for everyone to participate in collective advising, coordination assemblies and actions. In other words, some mortgage-affected people felt that through collective negotiations their PAH interlocutor was ‘handling’, and would therefore solve, their case. Some PAH Barcelona members felt that bank groups had diluted the collectivity and reduced belonging and group consciousness, where many newcomers instead see the PAH as an administrative agency (*gestoría*) (focus group, 24.07.2014). In PAH Barcelona coordination assemblies there was extensive discussion about dismantling bank groups (field notes, 22.04.2014; 13.05.2014), but it was actively contested by many mortgage-affected people who wanted to keep them. Based on my observation this led to deeper tensions between some mortgage-affected people and certain PAH Barcelona members, with the former beginning to refer to the latter, behind their backs, as “the leaders” (*la cúpula*). While it was complex and messy, like most conflicts, I read this tension ultimately as having to do with who had control – or was perceived to have had control – over organisation, information and decision-making in what was in theory a horizontal platform, as well as a dose of uncertainty about what would happen to PAH Barcelona as several core members were stepping back in their roles as they joined a new municipal political platform, one which ultimately won the elections in May 2015.

Several PAH bank interlocutors were overwhelmed by their role, and some actively addressed and fought against assistentialism. When assistentialist attitudes from mortgage-affected people (e.g. the PAH should solve my case) arose in assemblies, many others were quick to remind everyone that they must struggle for their own case; I did however see more of this behaviour in eight PAH Barcelona bank group assemblies I attended. Furthermore it was clearly spelled out in an interview with one Pakistani male mortgage-affected informant. When I asked him if the PAH has changed him or his way of seeing the world, he responded: “if they [the PAH] don’t solve my problem, if they don’t control the bank director, presenting papers, how can it change me?” The fact that this person was engaged more broadly in the PAH, attending actions to block evictions and occupy banks, illustrates the complexity and unevenness of processes of political subjectivation.

Debates around collective negotiations were brought to a Catalan-level PAH assembly in September 2014, where it was decided to dismantle the interlocutor figure and bank group assemblies in all PAHs; now the model has returned to individual struggles supported by the collective, although still has its tensions. The experience is valuable to illustrate how processes like collective negotiations are a double-edged sword, achieving proportionally more ‘victories’ (*dación en pago*, debt forgiveness and social rents) at the expense of disengaging some people in the struggle, as illustrated in the opening quote of this section.

Processes like collective negotiations furthermore show the challenges that collective, horizontal processes that seek equality through rupture, in terms of both material and discursive practices, but at the same time that negotiate with the police order, constantly face.

Engagement, closely related to assistencialism, is another challenge to processes of political subjectivation in the PAH. While this occurs with different levels of engagement in the PAH, instilling and especially maintaining engagement has been a test with the Obra Social's collectively recuperated housing blocks. Some people come to the PAH expecting to be given a house, especially in Sabadell where individual and collective occupations are extensive and openly encouraged; the Obra Social commission has to constantly undertake pedagogy. As one commission member explained to me, "re-education is fundamental. We need to re-educate people to understand that it's not about asking for a flat and asking for someone to connect (*pinchar*) your electricity, but providing everyone who needs it the skills to do it themselves. It is continuous work" (field notes, 24.9.2014). For this reason PAHC Sabadell has developed squatting workshops, offered monthly since early 2013, and workshops on obtaining electricity and water supplies, also monthly since early 2014.

An interview conducted with several people living in one of the PAH's occupied housing blocks showed how the day to day realities of 24 families living together in the same building have its own problems: some residents don't engage in the PAH's commissions, nor even actions and activities, and oftentimes language and cultural differences – the building was described as a tower of babel by one of its residents – make deeper engagement difficult. Residents emphasised the need for "pedagogy and re-education, because many people don't know what collective struggle is, they have never moved outside their own settings" (personal communication, 15.12.2013). The challenges with and tensions in collective occupations is also illustrated by the fact that several Obra Social buildings are steeped with problems around living together (field notes, 21.01.2014), which I witnessed first hand in several coordination assemblies with PAH Barcelona's imPAHrables building (field notes, 12.11.2013; 19.11.2013). In this building, severe conflicts between residents led to the community space being closed to avoid contact and conflict at one point, where "the people perceive living together in the building as hell" (field notes, 12.11.2013). A handful of Obra Social buildings, furthermore, have disconnected from their local PAH (personal communication, 5.11.2014). These points highlight, for example, that while the Obra Social is a powerful *political* act – although by no means continuous or stable, as sooner or later all buildings face legal battles and eviction threats, and negotiations with local and regional governments – there is constant day-to-day work, and tension, behind maintaining such practices.

This section highlighted how the interconnected dynamics of assistentialism and (non)engagement are challenge the PAH's processes of political subjectivation, in particular through the PAH's collective negotiations with banks, its organisational structures, through those seeking to squat as well as the day-to-day realities of people living in collectively occupied housing blocks. They illustrate the pervasive and powerful reproductive capacities of biopolitical technologies of power and the police order, despite awareness and efforts to create collective processes to counteract them. Rather than spurring a rupture and reconstitution of the subjectivity of mortgage-affected people, (unintentionally) assistencialist practices and non-engagement run a serious risk of placation. The heterogeneity of the social and organisational configurations within the PAH, illustrated within the same metropolitan region by Barcelona and Sabadell, creates an added layer of difficulty in terms of a smooth reading of the disruption of financial subjectivities. Each context is different and the dynamics are varied; recognising and unpacking these nuances in a larger shared process is key in understanding the broader politics of demortgaging life.

## 7.8. Conclusions

From the experiences and knowledge within the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan region, this chapter explored the processes of, and challenges to, political subjectivation arising from regular collective advising assemblies and three common actions. The contextualisation of the PAH made clear how its roots grew in the historical geographical context of Spain's housing boom and emerged during its bust, with specific forms resulting in Barcelona and Sabadell that reflect the political and social relations therein, illustrating two interconnected but differentiated metropolitan dynamics. Collective advising assemblies, whose format was developed through trial-and-error, are fundamental spaces encouraging people to lose their fear, shame and guilt, to learn and feel that one is not alone, and gain important information on how to face the bank. These spaces are critical as a passage to act, instigating a process of disidentification with the existing order that classifies people in a certain way and deems 'proper' certain actions and behaviours; e.g. a mortgaged homeowner must pay or a debtor for life. Actions, emerging progressively as a response to urgent needs and in the face of insufficient or no solution from the bank or the government, enact this disidentification towards 'righting' the wrong and materialising housing equality. These processes together thus not only subjectively but also symbolically and, importantly, *materially* disrupt mortgaged biopolitical technologies of power that seek to regulate and discipline the population. As political acts, they break the 'rules' of where some people should appear and act and others not, and repoliticise the economy by demonstrating that capital and the state are by no means neutral but rather act to further their own interests, often over those of the people. This conclusion reflects more deeply on what these practices mean for understanding the PAH through a Rancierian framework of politics/the political, and vice-versa.

First, the findings and analysis in this chapter pointed to the fact that collective advising assembly processes and actions to enact equality for those not part of the dominant system are clearly *co-constitutive* dynamics that turn mortgaged financial subjects – the indebted person – into political subjects. That is, without the subjective transformations facilitated in collective assemblies most mortgage-affected people would likely be unable to act, and without actions assemblies would probably not transcend a discursive process of disidentification. This has implications for the temporal dimension of political subjectivation: while politics and staging equality are rare and intermittent moments according to Rancière, the case of the PAH highlights that such moments of disruption can be sustained in some fashion through collective advising assemblies, as solidarity and equality based practices where mutual aid and pedagogy occurs on a continuous, regular basis. This marks the first challenge to a Rancière's interpretation of the event/act as *the* political moment. At the same time, the challenges of certain social and structural dynamics also influences this temporal dimension: in seeking to solve more cases, collective negotiations 'sped up' solutions for some but also ran the risk of assistentialism, which perhaps counteracted the rupture of mortgaged subjectivities. Any process of subjectivation is furthermore uneven and complex because identity is built in incomplete and partial ways, so disidentification can never be total, as no one is 'immune' to what they were able to disidentify with; in other words identity is not static but always in the making. The long term duration and/or ripple effects of the creation of political subjects throughout, and beyond, mortgage-affected people's engagement with the PAH is an uncertain process that continues to unfold.

Second, the chapter made clear that that demortgaging life is not an act or event per se, but occurs through what I characterise as an accumulation of learned practices. That is, no single political act can be identified as *the* moment that creates a rupture, as suggested by Rancière, but rather this occurs through time and through processes that unfold in assemblies, actions and other activities. These learned practices move directly against the dominant individualised and individualising logic of the investor subject of indebted person, which as seen in Chapter Five and Six are critical elements of biopolitical technologies of mortgaged homeownership, as well as the distribution of the sensible. Learned practices uncovered in this chapter include not trusting the "solutions" or advice of 'experts' (lawyers and banks) regarding one's mortgage problems; not being ashamed, afraid, guilty nor feeling alone for not paying one's mortgage; learning how to, and being supported in, "standing up" to the bank to fight for debt forgiveness or social rent; piling in front of a door to stop an eviction; occupying bank owned housing when all housing options have been exhausted; or occupying a bank to demand one's mortgage debt forgiveness. Critically, these learned practices are an illustration of how the PAH is a social process that generates its own analysis, concepts, experiences and practices; they are a situated source of knowledge (Casas-Cortés et al., 2008; 2013). Thus the knowledge generated collectively by the PAH –

against or counterposing 'official' or 'expert' knowledge – is an important component that spurs processes of political subjectivation.

Third, these learned practices rupture the central mechanisms of the biopolitics of mortgages and the distribution of the sensible. As Davidson and Iveson (2014) note, the distribution of the sensible and biopolitics both assign or regulate certain social positions to ensure their circulation and proper distribution, and operate as implicit, often invisible, social laws. Learned practices rupture circulation and distribution at multiple levels. They rupture indebted subjectivities; they disrupt behaviours and 'proper' ways of saying, doing and being in certain spaces and they interrupt the flows that sustain the financialised housing-life model. Regarding the latter, learned practices generated by the PAH upset the political-as-social order, that is, the broader, normalised political economy of finance-based housing speculation. Through visibilising and enacting the political – illustrating the “radical democratic assumption of universal equality” (McNay, 2009, p. 73) – such practices repoliticise the economy (Žižek, 1999). This is absolutely fundamental considering the socialisation of tens of billions of euros of financial sector losses and the subsequent privatisation of the gains at the expense of the working and middle classes, but also the fundamental role of the secondary circuit of capital in Spain's economic growth model. These processes can be seen as “outside of our hands” but in this context such learned political practices can be interpreted as important tools in urban politics: they are ways of knowing and actions “from below” to disrupt the Spanish growth model and EU imposed/adopted austerity measures, struggles both *for* and *against* the public (Hardt and Negri 2012, p. 70).

Finally, on top of their disruptive nature, the PAH's learned political practices are also propositional, seeking housing equality through social rent and other calls upon the government for legal and institutional change; this also goes beyond a Rancierian reading that focuses on rupture as the basis of politics, and constitutes another challenge to limiting the understanding of the political to an event/act. The PAH's proposals push the boundaries of Spain's current political economic housing context by challenging the roots of the financialised housing dynamic that the banks and government seek to re-instigate. In other words, turning close to a million empty bank owned flats across the country into social housing could disrupt the larger model based in financialised circuits of housing speculation. Where the government does not act, the PAH enacts. However, the resulting configuration remains to be seen.

## **CHAPTER EIGHT**

### **Conclusion:**

### **Past, present and future housing debt-life struggles in Spain and beyond**

#### **8.1. Introduction**

This thesis considered the mortgaging and demortgaging of life during Spain's recent housing boom-bust in the Barcelona metropolitan area. The mortgaging of life was investigated through looking at obtaining and living with mortgage debt in times of precarity during a housing boom-bust. Demortgaging life was considered through examining engagement in collective urban struggles to liberate oneself, and others, from mortgage debt and to ensure housing equality for all. To do this, I connected a heterodox, Marxist-inspired macro political economic reading of Spain's 1997-2007 housing boom and post-2008 crisis with an ethnographic examination of the lived experience of people who contracted their mortgage during the peak of the housing boom and were unable to pay in the bust, now fighting for debt forgiveness and housing equality with the Platform for Mortgage Affected People (PAH) in Barcelona and Sabadell. This reading was contextualised by a historical geographical look at the evolution of housing in twentieth century Spain, to more deeply understand the dynamics related to homeownership and the production of the built environment from the Franco dictatorship (1939-1975) to post-dictatorship Spain that underpin the country's most recent housing boom-bust.

This conclusion revisits the key arguments of the previous chapters, providing empirically substantiated theoretical insights related to the three core frameworks drawn together in this thesis: the financialisation of housing-life, biopolitics and political subjectivation. Here, I address and respond to the research questions driving this thesis. First, how does the financialisation of housing during Spain's 1997-2007 housing boom relate to the lived experience of mortgaged households now engaged with housing rights platforms in the Barcelona metropolitan area? And second, how are financial/indebted subjectivities and financialised housing disrupted through housing rights struggles? I also reflect on what the findings contribute to theory, in terms of what insights and limitations they give to both living with and collectively liberating oneself and others from mortgage debt. Finally, the chapter also points to critical new avenues for research in the current and emerging political environment charged with potentiality.

## **8.2. Summary of main arguments, key contributions and theoretical implications**

### ***8.2.1. Financialising housing, financialising life***

The thesis uncovered the deep roots of Spain's 1997-2007 financialised housing model (Chapter Four) and showed how this model necessarily embraced the financialisation of life itself (Chapters Five and Six). The historical perspective illustrated how the production of the built environment was directly shaped and stimulated by the dictatorship (1939-1975) to be an axis of the Spanish growth model, with homeownership as the ideal tenure option. In the post-dictatorship period, the state largely shifted to market-based strategies to fuel the secondary circuit of capital's growth: housing policy focused on counter-cyclical market stimulation while rental, land, savings banks and mortgage financing frameworks were steadily deregulated and/or liberalised, influenced by and responding to larger EU dynamics. In the late 1990s, the removal of the past braking effects of internal financial limits upon adopting the euro, historically low interest rates and fictitious capital fleeing the bust of the dot.com boom were some of the factors that unleashed a flood of capital into Spain's real estate sector. Securitisation played a fundamental role: 36% of Spanish mortgage debt was packaged and sold on secondary markets by 2007, with Spain's securitisation bond issuing market occupying third place globally.

At the same time, despite increasingly precarious and temporary employment – one third of work contracts were temporary and 60% of the workforce was living on an average annual salary of €10,935 per year in 2007 – mortgage loans were granted left right and centre. The size and duration of mortgages tripled and doubled respectively during the boom as housing prices increased over 200%. Housing thus became financialised in Spain not only as the mortgage finance market became just as or more important than housing production (Aalbers, 2008), as financial liquidity overcame the limits of spatial fixity in an apparent solution to this contradiction in the secondary circuit of capital (Gotham, 2009), but as life became an object in this process. Securitisation in particular commodified risk (Bryan et al., 2009) and also commodified life.

The empirical material uncovered how deeply enmeshing the population's social and economic reproduction into the financial system (Fine, 2010; López and Rodríguez, 2010) was at the centre of financialising life, a dynamic I propose as akin to proletarianisation, whereby life and the body were objects to ensure and further the circulation of capital and the continuation of urban growth. The empirical research revealed two key elements in this process. First, the stories and experiences of mortgage-affected informants in Chapter Five exposed the race and class-based differences in accessing and obtaining a mortgage loan. All were proletarianised, but the terms and conditions highlighted that some lives were 'valued' more than others; specifically, more than one life was needed to 'back up' those of most low-middle income Spanish and non-Spanish informants. This illustrates the inequality

inherent in the housing and mortgage financing system, reflected in a differential 'valuing' of life and resulting in impacts that spread beyond the principle mortgage holder, drawing friends, family or acquaintances who acted as guarantors into debt and rent appropriation relations. Second, while investor/financial subjects were fostered at multiple levels by promoting housing as a safe investment since housing prices supposedly would never fall, the indebted person was the reality that emerged. This occurred as life and the ability to pay became embroiled not only in the continuation of precarious job contracts but also in the end of grace periods granted upon signing mortgage loans, the rise and fall of interest rates and the performance of global financial markets.

The deeply ingrained nature of financial subjectivity, as well as the broader creditor-debtor relation and its form of proletarianisation, started to become visible in the post-2008 context in Chapter Six as most informants refinanced their mortgage or signed grace periods despite increasing unemployment and plummeting housing prices. But it was when people were unable to pay their mortgage that the reality of being an indebted person hit, with serious mental, emotional and physical health impacts experienced upon being a 'failed' mortgaged homeowner. Holding a 'non-performing' loan equated to being a non-performing person. Life and the body are thus not only used up in a process of proletarianisation in both production and circulation, but also suffer upon failing to be a rent appropriation strategy. This is furthered externally – being told by bankers or lawyers that you shouldn't have signed if you can't pay, or hearing statements from ruling politicians that 'good people' pay their mortgages – and internally, a type of self-punishment for not performing as one 'should'.

These are some of the core elements that illustrate the deeply symbiotic connection between the financialisation of housing and the financialisation of life. The financialisation of home, "first and foremost designed to fuel the economy" (Aalbers, 2008, p. 160), is intertwined with instilling investor/financial subjectivities but results in indebted people who are objects ensuring capital circulation. As long as the economy 'works' and people can pay their mortgage, this does not appear to be a problem. But as crisis strikes, as seen in the configuration that unfolded in Spain and the Barcelona metropolitan region in particular, this proletarianisation became visible and was deeply felt. Despite informants' different race and class positions, all – plus guarantors – were proletarianised. Informants aptly articulated this objectification when they spoke of being numbers in the eyes of the bank or the financial system. Findings in Chapter Six illustrated how many mortgage-affected informants' lives became entangled in the reclassification and deleveraging of mortgage-related debt once they were considered as "non-performing", despite the multi-billion bail out of the Spanish financial system with public funds.

Meanwhile, since 2013 in particular, non-performing devalued debt and real estate assets have attracted a range of international investment (vulture) funds, also encouraged by new



investment vehicles created by the Spanish state to reap even greater benefits. Through the process of proletarianisation people were only 'discarded' at a very final phase, when it was clear that there was little to no possibility to extract further rent; not only is mortgage debt in Spain a debt for life, where the original value of the loan surpasses the current price of the home, but the extensive use of co-borrowers or guarantors drew these other lives into debt collection practices. In an historical perspective, it appears that the drive to create "a country of homeowners not of proletariats" during the dictatorship was replaced by the creation of hundreds of thousands of proletarianised homeowners under democracy.

### **8.2.2. *The biopolitics of mortgaged homeownership***

Empirical findings in Chapters Five and Six pointed to the regulatory role of mortgages as fundamental to ensure capital circulation at multiple levels. Chapter Five revealed how mortgages not only regulate a population so they have to produce now and in the future in order to pay their mortgage, but also uncovered the deeper operations of regulatory mechanisms, ensuring other levels of immediate and long term rent appropriation to maintain the homeostasis or equilibrium of the broader capitalist political economic system. These included billions of euros in taxes for the state at multiple levels, hefty commissions for mortgage brokers and estate agents and benefits especially for financial entities. The latter ensured rent appropriation and extended capital circulation through the use of guarantors and/or co-borrowers, cross-selling, abusive mortgage clauses and securitisation. During the post-2008 crisis, Chapter Six showed how regulatory mechanisms were stretched thin as informants became unable to pay, although financial entities attempted to maintain circulation and homeostasis through refinancing mortgages, offering grace periods or personal loans. These strategies served to 'clean up' a bank's books by continuing – or at least appearing to continue – the circulation of capital and thus the semblance of a 'good' economy.

The intertwined nature of disciplinary and regulatory mechanisms became visible through the pressure and/or threats informants received to pay their mortgage, banks selling non-performing mortgage debt and the emotional, mental and physical health problems experienced by most mortgaged homeowners when they stopped paying. Disciplinary mechanisms were both imposed and self-imposed, illustrating the individualised and individualising nature of the mortgage debt relation and the subjective power of debt. Such regulatory and disciplinary mechanisms were unfurled through shifting strategies to ensure the circulation of capital from housing boom to bust, reflecting shifts in the mortgaged population's productive and reproductive flows.

The empirical findings also point to how circulation was ensured not only thanks to the normalisation of (mortgaged) homeownership but also to the political economic construction

of non-choice other than that of mortgaged homeownership, in terms of a – the only – tenure status that could provide stability and security. Chapter Four laid bare how, contrary to the predominant perception of homeownership as part of the Spanish DNA, in 1950 half the Spanish population lived as renters. Homeownership, instead, became both possible and normalised through a variety of ideological, institutional and legal changes from the 1950s onwards. Building a “nation of homeowners, not proletariats” moved hand in glove with the promotion of the growth of the secondary circuit of capital. From the legal and regulatory changes unfurled under democracy – the underproduction of social housing, the liberalisation of the rental sector in the 1980s and tax breaks encouraging housing purchase – Chapter Five exposed how mortgages became a self-evident and normal way to access housing during the boom, encouraged by ‘experts’ like the government, the media and banks. Despite deep concerns over housing affordability expressed by the population during the boom, two Catalan secretaries of housing in office during this period noted that their attempts to counteract the status quo rooted in over-indebtedness and over-production were ultimately unsuccessful.

At the same time, between the precarity and increasing cost of the rental market, the virtual non-existence of social housing and easy access to mortgage credit, many informants explained their decision to become mortgaged homeowners as a way to provide stability and security for themselves and their family. Thus the stability and security of the broader economic system – based in the growth of the secondary circuit of capital and the mortgage financing market – intersected with the stability and security of families at a subjective and material level. Security functions under biopolitics, according to Foucault (2007, p. 69), by responding to a reality in a way that cancels out, nullifies or limits the reality to which it responds. The findings suggest that not only was mortgaged homeownership encouraged, but that options different to mortgaged homeownership were nullified through the political economic construction of non-choice.

Finally, the post-2008 crisis period made evident some deeper shifts in the players and strategies driving the biopolitics of mortgaged homeownership. Actors shifted from the boom to crisis, from largely 45 savings banks and eight banks during boom to 12 concentrated and consolidated banks and, since 2013, a multiplicity of international investment (vulture) funds. While during the boom financial entities, alongside an extended paraphernalia of other actors (estate agents, brokers and so forth), sought to benefit from enrolling lives in mortgages, during the bust the strategy changed. First, loans were refinanced and banks attempted to maintain rent appropriation through pressure and threats to obtain payment, to ensure maximum debt recovery. Then, upon demands from the EU and the Bank of Spain to reclassify debt and reduce exposure to the real estate sector, banks deemed certain debt as non-performing, to be sold or deleveraged at a significantly devalued price. Losses were cut – which can be equated to disposing of some lives to ensure the security of the system – in

an attempt to create a new homeostasis and begin a new economic cycle. Following the economic calculus of the market means accepting that not all life is worthy of protection. The population is, again, adjusted to economic processes. Meanwhile, the bad bank and a range of tools to encourage speculative investment have been promoted to make Spanish real estate attractive again.

### ***8.2.3. Rupturing the financial/investor subject: processes of political subjectivation***

Chapter Seven considered how financialised housing-life relations and the biopolitics of mortgaged homeownership were ruptured through engagement with the Platform for Mortgage Affected People (PAH) in the Barcelona metropolitan area. Beyond an event or an act, as a Rancierian reading suggests, empirical material pointed to processes of political subjectivation as what I term an accumulation of learned practices ‘from below’, generated through the collective knowledge and experience of PAH members, against or counterposing ‘official’ or ‘expert’ knowledge and ways of understanding the world. These included not trusting the ‘solutions’ provided by ‘experts’ (lawyers and banks) regarding one’s mortgage problems; not being ashamed, afraid, guilty nor feeling alone in not being able to pay one’s mortgage; learning how to, and being supported in, confronting the bank to fight for debt forgiveness or social rent; piling in front of a door to stop an eviction; occupying bank owned housing when all housing options have been exhausted; or occupying a bank to demand mortgage debt forgiveness. Such learned political practices contest and disrupt the inegalitarian relations of (financial) rent appropriation that drive the dominant model of housing provision, at the core of Spain’s political economic configuration. Critically, practices subjectively, symbolically and materially disrupt the distribution of the sensible established by the biopolitics of mortgaged homeownership, and propose another way of organising housing-life relations where housing is not a commodity but rather serves to meet social needs.

Findings pointed to collective advising assemblies and actions to enact equality – blocking evictions, occupying empty bank-owned housing or occupying banks to demand debt forgiveness – as co-constitutive spaces where processes of political subjectivation were generated. The iron-fisted grip of debt on subjectivity, part of the profoundly ingrained financial/investor subject, the entrepreneur of the self, was reflected in how most mortgage-affected people arrive at the PAH filled with guilt, shame and/or fear, the indebted or ‘non-performing’ person who often feels like they have failed because they are no longer able to pay their mortgage. Collective advising assemblies provide a space and a process where mortgage-affected people can begin to disidentify with the deeply entrenched idea that one must pay no matter what the cost, although this is by no means a smooth or easy process. In other words, assemblies, and subsequently actions, begin to break the individual and individualising nature of the mortgage debt relation in a non-linear and uneven fashion. A

perception of division – an ‘us’ and a ‘them’ – was found to emerge for many, where the inability to pay one’s mortgage starts to be seen as a collective rather than an individual problem. People become aware of their proletarianisation, seeing how they were objects or numbers whose principle role was to advance economic growth during the housing boom. The ‘official’ paths to find solutions are exhausted, usually with no resolution, further making visible the unequal and illegitimate nature of the system. Then, disidentification with the existing order is enacted through actions, manifesting systemic contradictions and incurring material disruption. These interconnected processes have proven to be an effective and highly successful practice of urban politics, reflected in over 1,600 evictions being stopped as of March 2015 and over 2,500 people rehoused in around 40 recuperated bank-owned buildings as of June 2015.

The findings showed how organised processes of political subjectivation also, of course, face challenges. The organisational structures created for collective negotiations with banks to channel the solution of multiple cases inadvertently spawned assistentialist practices; rather than mortgage-affected people being their own negotiator, the role of bank interlocutor was delegated to a PAH member. Despite awareness of the risks this could generate and attempts to address them, it began to create ‘clientelist’ relationships between bank interlocutors and mortgage-affected people and increased passivity among some mortgage-affected people. Such challenges point to problems collective practices can easily face. At a deeper level, it highlights tensions around ‘just’ solving one’s mortgage problem and returning to ‘life as normal’ or generating a broader transformative process where the people themselves are the subjects in creating more egalitarian housing relations. In other words, it is a tension between operating within – or (inadvertently) reproducing – the distribution of the sensible or police order and creating new ways of doing, being and acting through rupturing the old ones. This is by no means so simple or clear-cut, but raises important realities to be considered when thinking about the challenges in processes of political subjectivation.

### **8.3. Contribution to theory**

The empirical findings uncovered through this research provide many valuable theoretical insights. First, they help understand to exactly *how* the subjection of people to the logic of capital has been extended from the sphere of production (the labour-capital relation) to relations of circulation and reproduction (Harvey, 2012; Negri, 2015) through mortgage debt, and how this is lived and experienced in everyday life. In particular, they show the fundamental role of (financial and/or indebted) subjectivities in this process. Rather than financial expropriation (Lapavistas, 2009), where profits are extracted from workers’ personal income in the sphere of circulation, findings point to Fine’s (2013) reading of a deeper entrenchment of the economic and social reproduction of the labour force. This not only occurs through capital ‘acting on’ and ‘using up’ people but through the same people’s

subjective embrace of technologies of the self and the entrepreneurial spirit, *homo economicus* (Aitken, 2007; Langley, 2006; 2007; 2008a; 2008b; Martin, 2002; Kear, 2013), a subjectivity that 'hides', or fetishises, the reality of indebtedness (Denning, 2011). Upon non-payment, the subjectivity of the indebted person (Lazzarato, 2012) emerges, radiating guilt, fear and shame. Both financial and indebted subjectivities *self-inculcate* subjection to (mortgage) debt relations. These insights underscore the need for further theoretical and empirical inquiries that critically assess subjectivities, life and the body in political economic and Marxist approaches to housing financialisation.

The empirics also illustrate how the biopolitics of mortgage debt serves as a security apparatus to discipline and regulate the contingency of life, to maintain economic and social reproductive flows (Dillon, 2007; Dillon and Lobo-Guerrero, 2008; Langley, 2013). The case illustrated how a homeostasis or 'state of life' can be (and is) built through creation of non-choice, nullifying or cancelling out other options at a systemic level (Foucault, 2007). Ensuring the continuation of (urban) capital accumulation and the growth of market relations – the security of system – intersected with the self-regulation of the individual (Lemke, 2001) fostered through financial and investor subjectivities discussed in the previous paragraph. These subjects are ideal, "eminently governable" (Foucault, 2008, p. 270). Thus the security of the individual is inculcated to meet the need to sustain and extend the security of the broader system.

The research also gives deeper insights into biofinancialisation (French and Kneale, 2009; 2012): the way in which contemporary processes of financialisation intermesh and intertwine with the politics of life itself and produce distinctive capital/life/subject relations. Following the dictates of the market and the rationale of economic calculus requires accepting the unequal effects it entails (Foucault, 2008, p. 143; also see Lemke, 2001): not all life is equal. In other words, embracing inequality as an operating mechanism means, to a greater or lesser degree, accepting that some life is not worth the cost of its own reproduction. The findings also point to the complexity of these capital/life/subject relations. In Spain, the fact that mortgage debt is for life and many people have guarantors means that creditors attempt to squeeze out mortgage payments even after foreclosure and eviction, as there is always the promise of being able to collect payments in the future. Finally, the historical materialist approach taken in this thesis shows the importance of contextualising and historicising these capital/life/subject relations in order to provide a rich and nuanced understanding of intertwined structural and lived dynamics.

The empirics explored in Chapter Seven illustrated, on the one hand, how a Rancierian reading of rupture and politics is useful to theorise how relations of rent that operate in the circulation of capital, in part fuelling the production of the built environment, can be disrupted as a political act. In this way, they help take a critical look at how the urban process under

capitalism (Harvey, 1978) is a political process (Schwartz and Seabrooke, 2008) that can be challenged and subverted. The findings also assist in understanding how creditor-debtor relations of subjection and self-subjection (Lazzarato, 2012) can be broken through collective practices, albeit in a non-linear fashion. On the other hand, the empirics make absolutely clear that Rancière's focus on the event is not enough to understand a deeper and non-linear process of political subjectivation as it occurs in a living, breathing and dynamic movement like the PAH, because a Rancierian reading ultimately points towards limited and momentary disturbances in the established order (Purcell, 2014; Tassin, 2013). In this light, the empirics give insight into what happens *in between* moments of disruption (Hewlett, 2007), pointing to an accumulation of learned practices generated by the PAH that are both disruptive and propositional. In many ways this is a highly effective interruption in urban politics, as it not only disrupts the current order but also enacts an alternative to speculative production of the built environment and financialised housing-life relations.

Finally, as tools largely of struggle that enact equality for short to medium time frames, the way that the PAH's actions impact deeper structural and long term housing dynamics – in terms of creating more egalitarian social relations beyond disrupting the circulation of capital into the production, exchange and consumption of the built environment – is unclear. How can a broader housing politics based in equality be ensured over the long term, how (can?) it be institutionalised? Here it becomes clear that other theoretical tools are needed; the sole guidance to move forward from a Rancierian framing is knowing how the conquest of moments of equality in an unequal world articulates with a new equal world – and attempting to follow them through.

#### **8.4. Limitations and future avenues for research**

The wealth of data and information I gathered over the eleven months of my empirical research, and the political developments in the year since, point to various avenues related to housing and its life-debt struggles that require further investigation. These constitute important intellectual explorations in themselves, but also can inform emerging, critical political struggles that are becoming clearer in 2016 in the Barcelona metropolitan area, in Catalonia, in the Spanish state and beyond. On the one hand, this has to do with the rental market and squatting becoming the core battlefield for access to decent housing, due to various legislative developments, material realities and speculative investment strategies. On the other hand, new political platforms uniting activists and intellectuals that have come to rule in cities across Spain in May 2015 – including Barcelona, where Ada Colau, one of the co-founders of the PAH, is now mayor – have opened new spaces for action and change, which have their own challenges. I will briefly touch on both.

First, the practices and processes of political subjectivation the PAH has generated for mortgage struggles are not necessarily as effective – and perhaps not even at all the same – for renters and squatters. This is a pending point that requires deeper consideration, particularly since as of 2015 rental and squatting evictions now constitute the majority of urgent housing problems faced by the PAH. Despite the Conservative Rajoy majority government's claims in 2015 that the crisis is coming to an end and growth is returning, the dip in unemployment rates to around 20% has been driven by even more precarious, poorly paid work. For example, one quarter of job contracts signed in 2015 were for seven days or less (Gómez, 2015a). Indeed, throughout 2015 it was not uncommon to see news headlines stating "I have had 130 work contracts in two years" (Verdú, 2015) or even "Offers of work in exchange for food and a room increase, but with no salary" (Ricou, 2015). The Catholic charity *Cáritas* pointed to the emergence of a new class of working poor, as they reported that 42% of the almost 2.2 million people they served in 2014 were not poor in statistical terms but were in precarious or socially vulnerable situations (Rius, 2015). This stands starkly alongside the fact that all the members of over 1.7 million households across Spain are unemployed, while 2.5 million of the long-term unemployed receive no government support (EuropaPress, 2015b; Gómez, 2015b). The precarity of this social reality, and what it means for universal access to decent housing, has been deepened by changes to Spain's rental law in 2012. The rental market has been completely deregulated, with shorter contracts, a removal of controls on rent increases and the ability to initiate eviction proceedings after one month of non-payment by tenants. Cases of the "multiply evicted" (*pluridesahuciados*) are also starting to emerge, where people who have been evicted from their mortgaged home then suffer rental evictions (Azumendi, 2015). Rental evictions have thus only continued to increase, which in turn is leading to thousands of families squatting in the face of no other housing alternative – be it on their own, scammed by organised gangs (Betim, 2014; Kassam, 2014), with the guidance of the PAH or through other collectives. In terms of squatting, the General Council of the Judiciary initiated 19,336 judicial proceedings regarding the "seizure" of flats (*diligencias por usurpación*) in 2014, an increase of 189% since 2010 and a figure likely underreported (PAH, 2015). In Catalonia it is estimated that ten flats are squatted per day (Garcia, 2015). The key point here is that organising to 'disrupt' this increasing housing precarity faces its own challenges, as rental and squatting evictions have very short turn around times.

Second, there is urgency for further research in terms of other processes of housing dispossession and resistance against it, as the rental market, as well as squatting, looks to be an emerging battleground not only in Spain but also elsewhere. Among different investment strategies, many of the foreign investment (vulture) funds buying up devalued Spanish real estate debt and assets described in Chapter Six are fixing their gaze on the rental sector as an "emerging asset class" and future avenue for rent appropriation. This has been spurred by at least three interconnected factors: Spain's relatively 'underdeveloped'

rental market, the previously described changes to the 2012 rental law and reduced access to, and ability to access, mortgage loans (field notes, 25.5.2014). Some of these investors (e.g. Blackstone) appear to be developing a multi-pronged, multi-country strategy, buying up foreclosed housing for a pittance not only in Spain but also in the US (Right to the City Alliance, 2014) and Greece, among other countries, spurring international mobilisations for housing rights (Rusiñol, 2015b).<sup>44</sup> Critical to untangle here is the evolution and operativity of investment tools like SOCIMIs and the SAREB's FAB, as well as the rental securitisation vehicle launched by Blackstone in late 2013 in the US (Bloomberg, 2013a), to assess their role in creating a new speculative real estate cycle. As Harvey (1982, p. 286) asserts, there is "abundant evidence that each successive crisis of capitalism has pushed the credit system into new configurations in the course of its resolution." This was illustrated by the emergence of securitisation in the early 1990s, developed by US's bad bank (RTC) invented to generate liquidity after the US Savings and Loan crisis in the late 1980s. The confluence of these factors highlight the importance and urgency for further research in terms of other processes of housing dispossession and resistance against it, as the rental market, as well as squatting, looks to be an emerging battleground not only in Spain but also elsewhere.

At the same time, new – albeit baited – hope is emerging regarding the role of municipal institutions in battles for universal access to decent housing and guaranteeing social rights. Ada Colau expressed this spirit during her first week as mayor of Barcelona, as she stated: "we will disobey unjust laws." During the short nine months of the new municipal government, local institutional mechanisms are being enforced or better funded – e.g. increased aid for rental payments, increased funding to build social housing and fining banks with empty housing – and new ones have been created, such as a special unit against residential exclusion. The city is directly negotiating with Spain's bad bank, the SAREB, to obtain more social housing. The PAH, of course, must continue to press for and enact solutions for urgent needs, as evictions have not stopped taking place. New opportunities are also emerging in terms of, for example, support for cooperative housing models, which could be a sphere the PAH moves towards in the future.

Furthermore, jurisdictional tensions amidst newly formed governments are rife. A Popular Legislative Initiative in Catalonia, driven by the PAH and the Alliance Against Energy Poverty (APE), was unanimously approved by the Catalan Parliament in July 2015, and became law (*Llei 24/2015*). This new law provides a range of measures to address mortgage indebtedness, stop evictions and guarantee social rent to families facing mortgage or rental eviction and also has tools to stop investment funds from purchasing defaulted mortgage portfolios (e.g. Blackstone's purchase of Catalunya Caixa's mortgage portfolio) as families are given the option of buying the housing for the same discount (Macías, 2015). At the

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<sup>44</sup> The scale of inequality this is generating is reflected in the fact that the estimated annual salary of the founder and CEO of Blackstone was greater than the Spanish state's budget for housing subsidies in 2014 (Rusiñol, 2015c).



moment, however, this law is being challenged through the Constitutional Court. Furthermore, the rigidity and unwillingness of ruling parties to change national legal frameworks (particularly the Spanish mortgage law) also prevents any serious structural change at the regional and municipal level. Finally, and critically, tensions between the snail's pace of institutional change and non-implementation of the *Llei 24/2015* in Catalonia – plus the risk of 'depending' on the institutional and legal apparatus in light of the structural realities of capital – and the urgent needs that movements like the PAH confront in their day to day are rising. The way these institutional-movement relations evolve can provide important learning for the PAH and for the way in which emancipatory struggles in other places can effectively or ineffectively interact with (progressive) institutional structures.

In closing, while the coming battles around housing are likely to be related to renting and squatting in Spain and elsewhere, this thesis provides critical theoretical and political insights related to mortgage debt and its disruption. This is of significant importance because, as explained in the opening of this thesis, mortgage debt remains extensive in much of the Global North and is growing in reach across the Global South. This thesis offers a critical reading of what furthering financialised housing cycles and mortgage debt can mean for everyday life in a housing boom and crisis. Despite the particularities of the recent Spanish housing boom-bust cycle, many of the broader processes explored here are inherent in the relation between the production of the built environment and the dynamics of finance capital, pointing to the intimate connections between the reproduction of life, the reproduction of capital and the production of urban futures. The struggles for mortgage debt liberation in Spain exemplify critical emancipatory processes that have the potential to rupture capital driven dynamics and the urban forms and relations it creates. Either way, they undoubtedly provide inspiration for housing and other related struggles everywhere.

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