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A CHALLENGE TO NORMATIVITY AND ECONOMIC THEORY, THE CASE OF DEBTORS MOVEMENTS

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A challenge to normativity and economic theory, the case of debtors movements.

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Abstract

Due to contemporary economic situation, with systemic financial and real economy crisis, many studies started to investigate the nature of debt. Not that the subject (and its controversy) was ignored before, but one of the major limit of current theory is the uniformity of treatment and analysis as if there were no fundamental difference in the variety of debt, bankruptcy and possible bailout with no relevant distinctions in terms of causes, categories of agents involved and respective relationships, normative framework and uses of the loan money. Economic theory defines debt as a relationship between someone with surplus of money and somebody in “need”, with a temporal partition between one exchange and the other. Distinct models for different loan types are necessary, in particular when related to norms and social concept of justice, such as the issues raised by debt revolts, debt imprisonments and debt slavery.

Debtors’ movements appeared in different situation, but generally have in common the type of debtors involved: household or small family-level businessmen that experience great pressure related to collaterals nature. Insolvency highly influences welfare, both in terms of reputation in their social network, and in terms of material life. This characteristic reveals itself to be crucial in the study, both for the birth and rise of movements, and for the comprehension of the moral and power mechanisms that withstand this kind debt, and should give economic theory a starting point to develop new types of models on debts.

Keywords: debt, debtors' movements, debt refusal, norms, insolvency.

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*“If you owe the bank a hundred thousand dollars,
the bank owns you.
If you owe the bank a hundred million dollars,
you own the bank.”*
—American Proverb

1 Introduction

For historical reasons, debt is the new trend in social science discussions. Due to contemporary economic situation, with systemic financial and real economy crisis, many studies started to investigate the nature of debt. Not that the subject (and its controversy) was ignored before, but a deeper understanding of some emergent structure related to lending, its related mechanisms and consequences, is more than ever compelling.

One of the major limit of current theory is the uniformity of treatment and analysis, as if debt were a unique phenomenon, as if there were no fundamental difference in the variety of debt, bankruptcy and possible bailout, as if debt has no relevant distinctions in terms of causes, categories of agents involved and respective relationships, normative framework and uses of the loan money.²

The paper rests on the hypothesis that distinct models for different loan types are necessary, in particular, there exist some gaps of understanding in economic terms of some elements related to debt, among which there are norms and social concept of fairness and justice, such as the issues raised by debt revolts, debt imprisonments and debt slavery. In addition, economic theory should be more concerned with the reasons why people resort to debt - for example contemporary student debt bubble and medical debt problem in US - but also with the particular forms of debt contract conditions, such as micro-credit and its social consequences. Unexplored questions also remain on macro-dynamics, national sovereignty and international politics, such as “developing” countries debt crisis in the '80/'90s and today western countries public debt policies (EU cases) and their relation to international institutions such as FMI and World Bank. The paper concentrates on how norms and institutions affects credit markets in household debts, how they change and why this is relevant for economic theory.

In order to contribute to a deeper understanding of debt phenomena, this paper takes, as specific subject of analysis, the historical recurring episodes of movements of debtors: people that refused to accept debt obligations they are supposed to fulfill. In particular, the cases refer to movements that claim normative reforms in the field of so-called household debts, or family debt, both in the form of consumption debt and real estate mortgages, but that also involve small business debts and micro loans, since in reality there are blurred lines and high similarities between this kinds, in terms of involved subjects and emergent dynamics. This movements emerge together with economic changes that highly affects payback conditions and consequences, or when one part of the contract (the lender) clearly gains advantage from informational asymmetry and favorable normative structure, affecting the fairness of contractual freedom.

Debt resistance movements represent an important piece of the puzzle about debt because they challenge the concept of normativity and fairness around the subject, along with the connections between morality establishment and power. Since this kind of episodes are not sporadic in economic history, economic literature should to explore the mechanism that leads to the formation of this kind of movement, their rise, spread and sometimes success in changing payback conditions.³

²Some references to this can be found in “traditional” economic theory such the ones that deal with equilibrium conditions for a rational consumer's lifetime consumption-saving pattern; another example is Stiglitz and Weiss and De Meza and Webb, where agents heterogeneity depends just on investments risk and payback possibility, and where asymmetric information is defined in the prospective of lenders on risk distribution over borrowers. (Stiglitz and Weiss, 1981; De Meza and Webb, 1987)

Nontraditional economists have address the issue. For example, Bardhan, Bowles and Gintis and Bowles investigate loans from the point of view of distribution, inter-generational transmission of economic possibilities and wealth/power relationship. A new piece enters the analysis framework, yet individual and social causes of entering the loan market, relevant norms and laws, collaterals and loan-end use do not constitute a relevant distinctive features for models, and debt is still treated as if it constitutes a unique economic type (Bardhan, Bowles et al., 2000; Bowles, 2004).

³ Since the subject analysis involves the study of norms and their dynamics in the economic field, it is important to

Debtors' movements appeared in recent years in Mexico, with the "El Barzón" after the economic crisis of the 90s, in Bolivia against microcredit institutions in the early 2000s, it is growing in USA, with "StrikeDebt", an offshoot of Occupy movements, and in Spain, with the housing rights movement of PAH (Plataforma de Afectados por la Hipoteca). These four cases have in common the type of debtors involved: household or small family-level businessmen that experience great pressure related to collateral nature, when failure in paying back loans rates occur, their living standards are not only limited, but drastically impacted, they are excluded from the possibility of living a decent life. The possibility of insolvency highly influences agents' welfare, both in terms of reputation in their social network, and in terms of material life (expropriation, etc...).

These severe consequences are present for cases of house mortgages and basic consumption credit, for small-business investments (like a truck for a peasant) and for "social relationships" collateral, as in microcredit. This characteristic reveals itself to be crucial in the study, both for the birth and rise of movements, and for the comprehension of the moral and power mechanisms that withstand this kind debt.

The paper continues as follows: the next section is dedicated to a survey of economic literature on the subject of debt, both traditional and non-traditional, the third concentrates on other social sciences perspective on debt refusing movements and explanations to the phenomena; next four contemporary cases of debtors' movements are presented, analyzed and compared. Conclusions follow in the last section.

2 Economic Theory and Debt

In the current economic framework, debt is defined as a relationship between someone with surplus of money and somebody in "need", with a temporal partition between one exchange and the other. Using some examples, chronologically presented, of how economic literature dealt with debt modeling this section highlights the lacunae in it.

Some kind of debt that exists in modern economies are better defined as rent seeking lending, or proper "economic investments", which occur between two agents, one who has money to lend and someone who can make more money from that by productively investing it (and thus, can pay back more -interest including- after some time). Other kinds, but not exactly distinct in the relevant theory, are consuming credit and real estate credit, where traditional economics see a case of income distribution through lifetime and agent's time preferences at work. For instance, one of the possible example of confusion, both normative and theoretical, between features of debt that cannot be treated in the same way, is student debt, this is considered a form of personal investment in human capital by many traditional scholars; but here some institutional questions may emerge: why, for instance, student loans are not covered by the possibility of personal bankruptcy in US law, if it is a form of "productive investment"?

Some exemplifying, traditional economic treatise on the subject are Samuelson (1958), under the perspective of equilibrium seeking in the credit market driven by time preferences of economic agents, and Stiglitz and Weiss (1981) *versus* De Meza and Webb (1987), under the perspective of lack of information on investment projects (or loans) risk level for the bank/lender, that leads to sub-optimal level of debt, according to first paper, or leads to over-lending, according to the second one.⁴

Samuelson presents a model of inter temporal preferences of agents in a labor market with retirement, in a stationary population (or, alternatively, one growing in some prescribed way), and computes what will be the inter-temporal interest rate that will clear an ideally competitive market. remind the existence of the stream of economic literature called Institutional Economics, that begun with the work of Walton H. Hamilton (1919), and the important perspective of New Institutional Economics, based on R. Coase (1937, 1960), followed by the work of North, Ostrom and Williamson. Other insights on the subject come from the Austrian school and Hayek's work.

⁴On this, see also Stiglitz (1970, 1972); Freimer and Gordon (1965); Jaffee (1971); Stigler (1967) and Jaffee and Russell (1976).³

The results, in the stationary population case, is a negative market interest rate, rather than the zero interest rate corresponding to the social optimum. The peculiarity of this result is justified with the extreme unrealism of the model itself. Facing this model, in fact, Samuelson states “ (...) *in order to define an equilibrium path of interest in a perfect capital market endowed with perfect certainty, you have to determine all interest rates between now and the end of time; every finite time period points beyond itself!*” (1958, p. 467).

Stiglitz and Weiss, on the other hand, start their model with the assumption (or supposition) that credit is rationed (at sub-optimal level) and the model aims to understand why market is not in equilibrium (or, why supply does not equal demand and prices do not drive this balance). The authors' conclusion is that equilibrium in loan market and credit rationing can coexist. Interest rate, in fact, spurs towards borrower in adverse selection and perverse incentives; this is due to imperfect information about investments risk (probability of repaying the loan). “*When the price (interest rate) affects the nature of the transaction, it may not also clear the market. (...) among observationally identical borrowers some receive loans and others do not.*” (1981, pp. 393-408)

De Meza and Webb (1987) use the same “environment”, with similar initial hypothesis, as Stiglitz and Weiss, ending with opposite results. Using a simple competitive model, under certain assumptions about the distribution of project returns, the inability of banks to discover the characteristics of projects (lack of information) leads to more investment than what is socially efficient. Again, imperfect information is defined in relation to the risk, in the bank's perspective, of the future money flow in terms of payback.

Dealing with another stream of literature, that can be defined as non-traditional, some other examples can be used. In Bardhan, Bowles and Gintis (2000) the discussion is dedicated to the lack of perfect contracts, stating that, in the case of incomplete or unenforceable contracts, the distribution of wealth matters for allocative efficiency and incentives distribution. Where actions such as risk taking (in case of investment and loan contracts) are not subject to perfect contracts, the distribution of property rights will affect the outcome. Contractual incompleteness arises from asymmetric information concerning risk-taking behavior, and unenforceability arises from limited liability restrictions.

Bardhan et al. start from the premise that less or non-wealthy agents are disadvantaged in gaining access to credit, their projects may go unfunded even when less socially productive projects of wealthy producers are funded. Following Loury (1981), various papers have analyzed the credit limitations faced by the less wealthy and their efficiency effects.⁵ These models show that, when it is impossible to write complete contracts, borrowers commit to a project using his/her own assets, reducing adverse selection and moral hazard problems by signaling the project's quality and increasing incentive to work hard and take the appropriate level of risk. However, if there is a wealth constraint that limits agents, they may not be able to signal appropriate information.

In Bowles, (2004), the presence of credit rationing and low-wealth agents constrains is approached firstly with empirical evidences, than using a model on incentives in presence of incomplete contracts. In particular, an inter temporal model is presented, where the so-called principal-agent problems are mitigated when the creditor offers a contingent renewal of the loan contract subject to previous loans repayment, in infinite time horizon.

Consequences of the model developed involve intergenerational wealth and opportunities transmission, different efficiency levels associated with different wealth distributions (as opposite to Coase's Theorem, questioning the presence of a trade-off between efficiency and equity). Some considerations are dedicated to the possible presence of a difference in terms of risk aversion correlated to wealth (there are evidences that less wealth people are more risk averse) and its implications in the credit market efficiency as presented.⁶

Even with different perspectives and aims, the presented literature exhibit some common attitude in

⁵ See Stiglitz (1974), Gintis (1989), Stiglitz (1989), Banerjee and Newman (1993), Galor and Zeira (1993), Bowles and Gintis (1994).

⁶ Bardhan, Bowles et al. (2000).

respect to debt analysis. Some social, economic or institutional elements are treated as irrelevant in models' developed, and in particular:

1. Causes that lead agents (both people, families and firms) into a debt situation are not treated, and in particular, there is no mention of what possible needs are addressed when using loans, and if it is the case of having a loan as unique solution for some basic need to be met. Different situations may emerge when loans occur in case of productive investment, as opposed to loans used to meet essential needs (such as health care, housing), or social need (such as education): needs that cannot be met using other resources, possibly because of the lack of a minimum welfare state.

2. Collateral possession and agents wealth are included in the models as related to credit access (projects selection) and contract conditions (interest rates)⁷; these two features are linked to productive efficiency.⁸

In this sense, no attention is dedicated to these features as related to insolvency (or project failure, in case of productive investments); future implications and consequences of inability to pay are included in Bowles just in the case of conditional renewal of loan contracts. Looking at this perspective, risk and payback ability gain complete new meaning in the debtor's point of view. In particular, risk of insolvency is not only related to the "project level of risk" per se, but also deals with possible exogenous changes in the overall economic conditions that affect payback conditions (interest rates fluctuations) and possibilities (economic crisis and profitability of projects, employment status)

3. Marginal attention is dedicated to contractual and institutional conditions under which the loan takes place; how is enforceability of the contract and payback regulated? Is there an external presence (such as state, judicial apparatus...) that operates enforcement actions or are the parts of the contract allowed to operate for the compliance of every clause in the contract? How far can enforcement go, how violence can be involved in this? Answering this question involves both the formal normative level and informal norm enforcement, the reputational involvement in the process and the social consequences of insolvency.

One possible way to approach to this gap is to look at household debt crisis cases, and the debtors' movements that happen in conjunction with them, to study the emergent struggles and the social outcome; next section is dedicated to this.

3 What "Bottom-up" Debt-refusing Movements can teach to Economic theory

So called debt resistance movements represent an important piece of the puzzle about debt because they challenge the concept of normativity and fairness around this subject, along with the connections between morality establishment and power. These events also provide interesting case studies because there is no model in economic literature that can explain them. Although in economic literature there are some studies on insolvency regulation, bankruptcy and debt cancellation, the address is either on legislation and efficiency in the micro level⁹, or on sovereign debt and government international insolvency¹⁰.

In this sense, the rise and development of debtors' movements do not have full explanation in terms of economic literature, so further steps in this inquiry require some review of literature from different fields. Graeber ¹¹ traces the history of debt from ancient civilizations to modern-days.

⁷ Both of these are related to the second stream of literature presented

⁸ The concept is somehow linked to Pareto-efficiency, in Barhadan, Bowles et Gintis, part of the paper is dedicated to the discussion on the appropriate definition of efficiency and productivity

⁹ On this, see: Alexopoulos and Domowitz, (1998); Djankov et al. (2006); García-Posada (2012); Heaton (2000); Neto (2005); Longhofer (2004); Micklitz (2012); Waller (2001) and Zaborowski (1999).

¹⁰ On this issue see, among others: Donnelly (2007); Berensmann and Herzberg (2009); Herman (2003); Manasse and Roubini (2009); Schabert (2011)

¹¹ David Rolfe Graeber is an American anthropologist, currently Professor of Anthropology at the London School of Economics. His 2011 book "*Debt, the first 5000 years*" is one of the major contribution to the study of debt crisis in

Using an extensive analysis of debt, money and economic well-being with a link to morality and ethics on the subjects that each culture and civilization analyzed developed.

“If one looks at the history of debt, then, what one discovers first of all is profound moral confusion. Its most obvious manifestation is that most everywhere, one finds that the majority of human beings hold simultaneously that (1) paying back money one has borrowed is a simple matter of morality, and (2) anyone in the habit of lending money is evil.” (Graeber, 2011, p.15)

In Graeber's analysis if, from a moral perspective, both side of the debt relation are guilty (and all the chore is surrounded by shame and violence). Than a power relationship emerges, as the creditor can depict debtor as he is in the “worst position”, unable to deal with his /her own need and abilities, unable to make the “rational expectations” computation; on the other side, creditor represent himself as more and more “rational”, transforming his own nature in “financial institutions”, objectified and with the highest rational level achievable in the mathematical way.

According to Graeber, the difference between a common obligation and a debtor one is that debt, unlike other forms of social obligation, can be precisely quantified. This allows debts to become simple, transferable, and therefore impersonal. Lenders, in theory, do not need to calculate the human side-effects of a contract, if borrowers end up having to abandon their home and wander in other provinces, if their daughter ends up in a mining camp working as a prostitute, there is no need for that to be taken into account after the contract is signed. It all depends on the collateral and the contractual conditions.

In this sense, Graeber dedicates lot of space to the inquiry about the connection between slavery, debt and money in human history, marking the differences with other types of slavery. This leads him to formulate the hypothesis that what makes debt different is that it is premised on an assumption of equality. Two individuals begin as equal parties to a contract, so “debt” can be defined as a relationship between two agents in “potentially equal” status, with temporary inequality. It requires a relationship between people who do not consider each other fundamentally different, but the temporal shift between the two compliances creates unbalance, since there is no ongoing responsibilities on the part of the creditor.

“Politically, it is never a particularly good idea to first tell people they are your equals, and then humiliate and degrade them. This is presumably why peasant insurrections, from Chiapas to Japan, have so regularly aimed to wipe out debts, rather than focus on more structural issues like caste systems, or even slavery. (...) Debt peonage, it would appear, is far more likely to inspire outrage and collective action than is a system premised on pure inequality.” (Graeber, 2011, p. 323)

In any case, during the time in which debt remains unpaid, the logic of hierarchy takes hold. There is no reciprocity. This is what makes situations of unpayable debt so difficult and so painful, since creditor and debtor are ultimately equals, if the debtor cannot do what it takes to restore herself to equality, there is obviously something wrong with her; it must be her fault.

Although interesting, this hypothesis can be criticized from at least one angle: contract freedom and legal equality between parts is a relatively “young” concept, rose with capitalism and nation state of the 17th century; the real problem with debt slavery, for example in ancient Greece, is that the people that are enslaving the debtors are not foreigner, as happened in war-slavery, but they are people from the same city, same neighborhood, same social relations. The shame of being a slave (and one's family too) is amplified by the presence of the same people the debtor was used to live as a free citizen. The same paradigm can be seen in the Jewish law, which denies the possibility to lend to other Jewish.

Another point in Graeber's explanation on debt revolts and their success (or the relative abundance of debt cancellation and Jubilees in human history) is that the situation of moral and economic inequality between citizens lead societies to disruption and fragility, and so social systems worked in a way that tend to self-preservation. This is just one side of the story: when dealing with normative disputes that have economic foundations, material conditions of the agents involved is the basic drive of any rebellion, revolt or movement of any sort, a reason to act much more ancient societies.

compelling in terms of agents' personal involvement that social stability and state unity. Although Graeber's treatise mainly refers to the study of ancient cases of personal debt crisis, there is an attempt to extend its conclusion to more recent cases, which is in some ways problematic, due to social, cultural and economic differences. Contemporary cases of debt refusal are presented and discussed in the next session, with a brief introduction on historical cases of household debt crisis.

Before doing that, anyway, the discussion needs some definition of the terms that will be used in the analysis. In order to accomplish the task there is no presumption of being exhaustive on the literature and discussion regarding each term used, but it is just instrumental to the continuation of the treatment.

In any society and market, behavior is determined by formal rules (hereafter, institutions), that are decided in a structured level of legal production, and informal rules (hereafter, norms) that have a disperse feature; institutions have an established decisional process, and a structured and more or less well defined system of punishment and fines if violated (judicial system); on the other hand, norms are based on social belief about the proper "good" behavior of an individual, and their enforcement is regulated at a level of mutual control between agents and reputational rewards/punishments. The two levels of regulation are obviously interrelated, with ways of influencing one another that depend on the overall system that controls the meta-rules, and the boundaries between the two are not absolute, especially in common law systems.¹² Given that the concept of institutions proves to be "fluid" and not respected (especially by the creditor, as presented below), the system of debt and repayment is based substantially on informal rules and social control. Social control operates through "morality of debt" and shame to which insolvent agents are exposed, and it is functional for the creditor in order to continue to over-indebted borrowers and assure to herself a bigger repayment rate in any situation. If the direction of social control is reversed, organizations of borrowers can make the dignity the crucial point of morality, more important than the shame of insolvency.

Which of the two conditions occur, depends on the ability of debtors coordination and on the power to control the "social values" held by creditors. The shift occurs, in the cases investigated, when there are some agents, within debtors, that begins to propose a new system of values based on the "decent standard of living" and not on "paid off my debts at any cost." These agents, that "put a spark to the flame", can be imitated by their social network, depending on their ability to convince, on how many of these agents are in the system, how much time and energy spend to convince other debtors, their reputation within the society as "citizens" and the level of social cohesion of the system (empathy, solidarity, closeness); on the other side is crucial how much energy the creditor spends to silence their voices.

Next section explores a selection of cases of such type of movements, dedicating more attention to four of them, more contemporary, ordered in chronological order, from Mexico to Bolivia, Spain and US.

4 Cases

Mesopotamia, home of the world's first states, is probably where the practice of loaning money at interest was first invented. Probably, Temple administrators invented the idea as a way of financing the caravan trade, than principle quickly spread, also consumer loans: it appears to have been common practice to advance loans to peasants who were in financial trouble on collateral and begin to appropriate their possessions if they were unable to pay. It usually started with goods, and then moved on to fields and houses, or, ultimately, family members, even the borrower himself, who were reduced to debt-peons: not quite slaves, but very close to it. The effects were such that they often threatened to rip society apart. Lands lay abandoned as indebted farmers joined semi-nomadic bands to escape insolvency consequences. It was less a politics of rebellion than a politics of exodus, of melting away with one's flocks and families. Facing this, kings periodically announced general debt amnesties, called "declarations of freedom". Over the next several thousand years, this

¹²See note 3.

same list—canceling the debts, destroying the records, reallocating the land—was to become the standard list of demands of peasant revolutionaries everywhere.

Jewish kingdoms, by the time of the prophets, were developing debt crises similar to the Mesopotamian ones: especially in years of bad harvests, the poor became indebted, they would begin to lose title to their fields and to become tenants, and their sons and daughters would be sent as servants in their creditors' households, or even sold as slaves. As first response, Nehemiah, reformer and political man of the fifth century B.C., issued a Babylonian-style "clean slate" edict: all non-commercial debts were to be forgiven, maximum interest rates were set. The most famous of these is the Law of Jubilee: a law that stipulated that all debts would be automatically canceled "in the Sabbath year" (that is, after seven years had passed), and that all who languished in bondage due to such debts would be released.

Also in ancient Greek society, a similar mechanism led to unrest and agitation, and to demands for clean slates, for the freeing of those held in bondage, and for the redistribution of agricultural land. In a few cases it led to outright revolution; factions of debtors emerged, demanding amnesties, and most Greek cities were at least for a while taken over by populist strongmen swept into power partly by the demand for radical debt relief. At the end, the solution most cities found was quite different from the previous, they tended to adopt legislation limiting or abolishing debt peonage altogether, and then, to forestall future crises, they would turn to a policy of expansion, shipping off the children of the poor to found military colonies overseas.

Following the western civilizations history, the early Roman state suffered of continual political struggle between creditors and debtors, until the Roman elite too figured out that social compromise in this subject constituted the most successful principle in the Mediterranean sea: a free peasantry, not menaced by debt slavery, meant a more effective army, and conquering armies could provide war captives who can do anything debt bondsmen used to do, and therefore, the compromise was actually in their interest.

Middle Eastern more recent history is characterized by the paradigmatic element of the Islamic prohibitions against usury. Profits were still possible because Islamic jurists were careful to allow service fees and other considerations that ensured that bankers and traders still had an incentive to provide credit services; still, these incentives were never enough to allow banking to become a full-time occupation: instead, almost any merchant operating on a sufficiently large scale could combine banking to their prior activity. When it came to finance, instead of interest-bearing investments, the preferred approach was partnerships: instead of fixed return, the investor would receive a share of the profits. In all such matters, reputation was crucial, and in Islamic early commercial law reputation could itself be considered a form of capital.

One of the first recorded debtors' movement in Western countries is Catilina rebellion, that took place in a period of great political instability in Rome (the slave rebellion led by Spartacus and civil war), with consequent dispossession and indebtedness of the landholding peasantry. Another source of indebtedness was the increasing competition from Sicily and North Africa for wheat production. Many wealthy found themselves overcome with unpayable debts. Catilina's politics advocated debt cancellation and other radical land redistribution measures. The actual debtors' armed rebellion (the "Catilina's Conspiracy") took place in the fall of 63 and it ended in January 62 with the defeat of the debtors' army and the death of Catilina. Debt was no easy matter in Rome: literally, the debtor's body represented the collateral, so much so that Roman creditors had the right to "cut shares" from their debtors' bodies.

Later in time, Martin Luther's doctrine on debt and money is a quite interesting development. Luther began his career as a reformer in 1520 with fiery campaigns against usury; in fact, one of his objections to the sale of Church indulgences was that it was itself a form of spiritual usury. These positions won him enormous popular support. However, he soon realized the radicalism of the whole consequences of this idea: outright revolutionary preachers who began once again questioning the very legitimacy of aristocratic privilege and private property followed it. In 1525, there was a massive uprising of peasants, miners, and poor townsfolk across Germany, leading to

over a hundred thousand slaughters. Matters were spilling out of control and he would have to choose sides; he did so by claiming that humans are sinful creatures, so law is necessary; while usury is a sin, a four to five-percent rate of interest is currently legal under certain circumstances; and while collecting that interest is sinful, under no circumstances is it legitimate to argue that for that reason, borrowers have the right to break the law.

The massive criminalization of debt can be firstly found in the Victorian Age in England, when the economic system was changing, pushing also legal and social institutions with itself. In a small community based society, everyone normally was both lender and borrower of her neighborhood; if the legal system make it possible to prosecute anyone in the social community for being in debt with somebody else, then the criminalization of debt was the criminalization of the very basis of social relationships, in some sense, and the effects on communal solidarity should have been devastating. It is not surprising then, that by the eighteenth century, the very notion of personal credit had acquired a bad name, with both lenders and borrowers considered equally suspect.

In more recent times, organized movements of debtors rose in different places, but with similar circumstances and some important parallelism. Small farmers or businesspersons who had some kind of collateral (usually land) and were producing for self consumption or selling in the market in order to earn their livelihoods led many debt resistance movements, others were driven by middle-class mortgage crisis, or by self-employed working poor. The next section is dedicated to the analysis of four major recent cases and a parallelism between them, leading to the conclusion on how norms and institution over the subject are far than marginal in the analysis of debt operation.

1 Mexico

“Debo, no niego; pago, lo justo”¹³

In 1994 the Mexican peso dramatically lost value compared to the dollar, steep inflation increased the interest on variable-rate loans as well as made loans that were denominated in US dollars often ten times larger. This brought nearly 30% of the Mexican people that were indebted to banks into default. A harsh depression-level economic crisis followed throughout 1995. This caused a decrease of circulating currency and an increase of interest rates.

El Barzón movement began its ideological campaign by claiming that the loan repayment conditions after the collapse of the peso were not the fault of the debtors, but of the government and the banks and that it would be unfair to hold the debtors liability.

General economic and social situation

Mexico in the mid '90s was living a moment of political and economic crisis. In the same period, the Zapatistas movement begin. In general, there was a high level of violence, struggle and repression. In the same years, the Nafta trade agreement with Canada and USA came into force, with serious consequences on national economy. Such elements can rough out a social environment favorable to social movement and a tendency of change in norms. Moreover, Mexican society and movements have always been characterized by a strong feeling of national belonging and popular community connection.

Public debt was at its peak, mainly with foreigners investors; in order to preserve national image, the government choose to pay foreigner debtors first. Because of this, fiscal pressure was at its highest level. In the same time, public services and welfare system collapsed, with increasing access costs and decreasing quality level and a sequence of privatization of public natural resources, like gas and oil, occurred, mainly sold to foreign companies. “Help programs” from US government, IMF and WB where arranged, under the condition of the “usual” austerity policy program, in order to re-establish macroeconomic indicators and reassure Mexican public debt investors. Those policies included: added value tax increase from 7.5% to 15%, doubling of transport costs, cut to

¹³ Eng. “ I owe, I don't deny; I pay, what is fair”

public subsidies.

In the previous years, policy makers programmed helps and subsidies to oil industry and manufacturing, leaving agriculture aside. This lack of public programs made loans for seeds expensive; it slowed down the modernization process and made the national food production so scarce that food import was needed. In addition, a huge amount of public debt with foreign investors incurred in order to save banks from incumbent bankruptcy

In 1995, the level of the economic crisis was so strong that was even threatening the possibility, for some part of the population, to have food access: in 12 months the GDP suffered a decrease of 7%, the purchasing power lowered of 40/50%, with 2 million of new unemployed, 20 thousand business in bankruptcy. From December 1994 interests rates for consumers loans tripled, starting from the already high level of 25-30%.¹⁴

In the previous year, however, farmers and families had borrowed beyond their means and now they could not pay up; this operations were encouraged by the banks, who saw a prospect of economic growth and profit expansion after NAFTA agreements. The banks foreclosed on family farms, ranches, machinery, and herds of livestock. Urban borrowers, squeezed by the soaring rates, lost taxis and taco stands, furniture and apartments. The banks hired armed, off-duty cops who broke down the doors of the debtors, terrorizing their families. Over a thousand citizens were unlawfully jailed and charged with theft.

Composition, claims and goals, other

Born in 1993, El Barzón started from 20 peasants in Zacatecas state that wanted to struggle against extra-judicial practices of collecting debt used by banks against them. After the worsening of the crisis, the movement gained almost 2 million of subscribers among different categories, in all Mexican states, all having in common the debt issue. The starting point was in the poorest sector of the population, the peasants. Many of the participants had already lost the possibility of working in their fields because dispossessed by the banks, or were about to be dispossessed.

The social composition of the movement was varied in terms class, age and conditions, but the leading figure was represented by impoverished middle-class. One can say that the only thing in common was the possibility of bankruptcy and the consequent anger. If one want to look at the self-representation of the movement and of its counterpart, the picture represents on one side the true economic value producers, both rural and urban, and on the other side speculators and usurers, that gain profits managing others' business; these were bankers, landlords, but also officials and politicians.

The political propositions were both populist and pragmatic, the counterpart was identified as neoliberal and technocratic; also the legal system was under attack, a system that appeared clearly corrupted. One of the first target was consumers' debt: the goal was to change the idea that the problem was caused by reckless decisions, and to refuse the shame of insolvency. The finger was pointed to political responsibilities on devaluation and on the choices made on "who save first". One of the most powerful contributions of the Barzón is its struggle to extend the notion of human rights the right to productive homestead, particularly important in the Mexican contest, whereas in common knowledge, human rights are mainly referred to health, education and basic survival issues. "People have to protect their rights," said Tacuba, one of the motorists in the movement. "And that includes the right to make a living."¹⁵

Some of the requests of the movement included: four-year suspensions of loans payment, judicial break in eviction procedures, re-negotiation of expired loans at banks' market interest rates (which were incongruous from lending conditions), government program for helping agricultural sector, incentives to manufacturing and a trade sector in the form of interest rate control and popular participation on import policy making.

¹⁴ Williams (1996).

¹⁵ De Palma (1995).

In general, a lot of attention was given to the actual ability of paying, that is how much can the debtor can pay, instead of returning the working tools¹⁶. Other goals include social justice and big economical change, but overall, el Barzón declare itself a movement of payers, claiming for fair payment conditions.

Movement's practices and counterpart responses

The movement used the law as a tool of aggression. Lawyers attached to the movement filled hundreds of thousands of briefs and were able to hinder seriously the process of dispossession by banks

The movement was able to create and carry on a remarkable demonstration culture. They raised hell when houses and cars of members were foreclosed on and repossessed. They had an intense round of marches, road blockades, popular denunciations, invasions of local officials' offices, and even "popular liberation" of goods. El Barzón members often staged demonstrations in front of banks entirely naked, or after sewing their eyes shut, or spraying slogans on bank walls with syringes filled with what looked like their own blood, or more simply, stopping the daily functioning of bank services. Some actions were highly symbolic, such as dumping fruits and vegetables in front of the national bankers' Association in Mexico City as a form of interests payment: the protests had always been non-violent but really aggressive. Struggle practices included occupation of streets and main squares with trucks and cars; the free distribution manuals of resistance and legal practice handbooks. Crucial support came from the National Lawyers Association, that offered free legal aid to people threatened of eviction. It also started a series of legal actions against illegitimate interest level. Legal actions also proceeded against human rights violation such as menaces, public offend, and suicide induction.

One of the leaders said: "*What is really subversive about Barzón is its absolute devotion to constitution*" (Williams, 1996, p. 45); this underlines the importance of the opposition to the illegitimate practice and the illegal level of banks practices. The movement constructed for itself a solid image of pluralism and *transparencia* (honesty, accountability). Aggregation of new members was highly related to el Barzón public image, which requested continuous contacts with local media. Reputation of the organization and its members was crucial, but also the ideals and the long-term goals counted for the members. Reputation also involves new members' trust on the movement protection.

After the first actions, bankers tried to stop the movement with an increase of judicial actions on debtors. In addition, in the first moment, the movement was almost ignored by institutions, then a series of media disrepute campaign begun, in order to depict the Barzonistas as "*Groups of people that does not want to pay back their debts*" and "*the culture of not-paying*", (Williams, 1996, p.21) using TV and newspaper for misinformation. One government agency, mainly financed by FMI¹⁷, tried to convince public opinion that the reason why this debt crisis occurred was a "lack of communication between debtors and banks", to say, a problem of financial ignorance of debtors. Many episodes record effort to criminalize, divide, menace and detain activists. The impression is that, eventually, the government had to give the movement attention, for no other reason than the threat of not paying, that was a serious danger for the banks in that time, since they already have declared 160 billion of pesos of in-recoverable debt. According to Williams, 1996 the government could not risk harder protests, and a lot of the protesters were qualified workers and business men, the electoral base of the government itself, the same ones that had benefit from the expansion of consumer credit during late '80s and early '90s. Another element was the variegated composition of the movement: the government could not solve the problem by using narrow, selective relief programs.

Successes

¹⁶ Williams (1996).

¹⁷ Samperio (1996).

A judicial break was obtained in mid-1995 until mid-1996, after which banks seemed more inclined to bargaining and dialog with the movement. This success derived also from a lot of the legal action undertaken by el Barzón against banks were judged successfully, and also because the economic crisis was getting worse, leaving less hope on debtors' ability to pay back: "*Banks understood that, at this time (...) is better to earn a little than lose a lot.*" (Samperio, 1996, p. 126)

Even if the movement did not succeed in changing the dominant neoliberal policy, it could stop the eviction of members' goods and, along with other debtors' organizations, was able to achieve eight public programs of re-negotiation of expired debts publicly financed between 1994 and 1997, and obliged private banks to bargain with them, reaching important local goals.

"(...) el Barzón successfully forced banks and the government to negotiate directly with debtors and offer discounts and more favorable terms of repayment. Overall, more than five million Mexican households were able to renegotiate debts and thousands of properties were saved from foreclosure." (Senzek, 1997)

Another achievement was the ability to attract the support of urban sectors and civil society actors and the political class. It can be said that, when basic needs are threatened by banks evictions (using the word "basic" in an extensive, social, sense), solidarity can arise, and this is a strong evidence of something important laying in the way norms are perceived and applied. After peaking in 1996, participation in the movement has waned in recent years. In many ways, el Barzón was a victim of its own success as members left the movement after successfully restructuring their debts.

The next case exhibit major peculiarities from the other presented; a particular form of credit -micro-credit- and the composition of the movement itself -poor, self-employed urban inhabitant- requires more detailed explanations. The next section describes how micro-credit works, specially in the first country of application, Bangladesh, and then looks at how Bolivia in the early 2000's responded to the introduction of this financial instrument.

2 Bolivia and Microcredit

<< (...) Microfinance is fundamentally a relationship of inequality.>>¹⁸

Bolivian economic situation

In the early 2000s Bolivia was one of the poorer country in the world, and still it had one of the biggest microeconomic sector. Bolivian society suffered economic and social consequences of structural adjustments for decades, oriented towards privatization of natural resources and export increase. Two financial crises occurred in 1986/87 and in 1994/95, both ended with banks bailout. These public money was given to banks without transparency on its destination; moreover, banks that have been "saved" where in trouble with few, big creditors (808 clients).¹⁹

Due to the subsequent economic crisis, unemployed grew; this lead to the growth of the informal sector. The government look at this phenomenon with favor because it was solving a social problem without its intervention. In the same time, poverty level was stable (it means that this wasn't a real "entrepreneurial" phenomenon) and the general economy was in stagnation. Population dynamic was characterized by a strong internal migration phenomenon, from countryside towards cities. Despite of the controversy of on the normative changes that followed the debt revolt, this case is interesting also because of its peculiarities in respect to the other three cases here presented. A closer look to the micro-credit functioning is now necessary, in order to understand the effects of its introduction in the Bolivian system.

The controversy of Microcredit: a story of power and violence

The origins of micro-credit can be found in Bangladesh, and Grameen Bank is generally considered the first modern microcredit institution. It was founded in 1983 by the Nobel laureate Muhammad

¹⁸ Karim (2011), p. XXII.

¹⁹ Toro (2010).

Yunus. Contrasting consideration and controversy surround this particular form of financial market, especially given its target (the poorest) and some of the proclaiming goals (fighting extreme poverty). The microcredit discourse can be said to go as follows: there is a part of the population that has no access to financial services; there is a causality link between credit and profit-generation; this link also exists in the informal sector, so it is important the development of a mature microfinance sector to increase poor' income.

Useful consideration on the mechanism that allows microfinance not only to function, but to be a profitable industry can be found in Karim's field study (2011), that describes rural Bangladesh and microcredit some years after the introduction of this new financial services type.

Bangladesh was and still is one of the most economically depressed country in the world, and yet the Grameen Bank and the three other principal NGOs boasted a 98% rate of loan recover. Although this rate doesn't make any distinction between loans that are willingly repaid and the coercively recovered ones, it also doesn't give insights of the recovery techniques used to achieve it. Moreover, many NGOs choose to lend exclusively or mainly to women because they are found more reliable than men, but the reason why this is so are far than economical.

At the beginning, women were seen as potential entrepreneurs. Grameen Bank supported group formation, mandated group responsibility for individual payments and enforced strict fiscal control and peer pressure for loan recovery. Since working men were unable to attend weekly meetings, and it was difficult to make them pay on time, so women are used as a facade. Given the lack of collaterals, communities were transformed into fiscal enforcer: groups loosed access to loans if one fails. In other words, this was an instrumentalization of shame as loan-recovery technology. Moreover, this mechanism can be defined as social disciplinary technology: participants are encouraged to notify bank officers other members' behavior, evicting poorer member from the group because of fear of their default.

Inevitability of money lending

According to the studies on Bangladesh case, rural people are the first ones to acknowledge that they submit to the will of NGOs because they are poor and powerless: in a world of limited choices for rural borrowers, NGOs provide services that the poor desperately need. Muhammad (2007) found that only 5% of women could use loan money productively and profitably, which means that loans are devoted to daily expenses and surviving consume.

Moreover, on the goal of reducing poverty, micro-credit is not a uncontroversial success. Many borrowers have different loans with several NGOs, making the total individual amount huge. Often one loan is used to repay the previous one, so subjects found themselves highly indebted.

The Economy of Shame: how collateral really works.

The whole system is based on the existence of personal, social and family relationships that can be used by lenders, rarely pleasantly; many debtors describe the relation with NGOs using the terms as "pressure", "mental stress" and "helpless". Rahman (1999) found that women become the primary target of the micro-credit program because of their positional vulnerability: when they are ashamed by NGOs officers, not only they are made outsiders by their families' men for dishonoring the family, but also police intervention in default cases is so shaming that women themselves ask their husband to leave them because they are dishonored women. 75% of women borrowers experienced physical and verbal abuses by other members, NGOs officers, husbands: they basically are under crossfire.

"The "inability to pay" took several levels of significance. First, women borrowers understood this "break" in payment as a breach against the group and their individual interest. If we replace the notion of the group the idea of a community, we can trace the extent to which a single default becomes entangled in a network that can eventually become explosive. Second, because this women are related as kin members, failure to pay was seen as a breach against the family and the kin group. In this breakdowns, a defaulting woman was individuated as "culprit" and separated from the group (be it the

family or borrowers) for bringing shame and dishonor on her husband, family and community of borrowers” (Karim, 2011, p. 130)

In rural Bangladesh, honor and shame are central: in a face-to-face society, they are present in everyday life, linked to the concept of faith, and it is gender- and social level-specific. Grameen Bank proclaims and encourage neoliberal values in a rural society, with the myth of individualism and self-entrepreneurship. When it claims that “Poor women are bankable” it implies that: 1. poor women had need for loans and 2. poor women can be trustable to pay back There is a fundamental contradiction between the neoliberal vision of women as free entrepreneurs in an autonomous decision position and the reality of socio-cultural context that embed women, but this also constitutes the basis of the microfinance “trust” system. Woman as the loan-taking subject is now accountable to two forms of authority, her husband/family and the NGO/group of borrowers^{20,21}

Micro debtors in Bolivia: composition and social characteristics.

“From unemployed woman to debtor woman, from debtor woman to insolvent woman.”²²

Microfinance diffusion lead to the construction of the poor as consumers, through collaborations with multinational corporations and using loans as tool: the same NGOs transformed themselves from no-profit organizations to institutions more and more similar to traditional financial institutions, also in their legal form and denomination. More importance was given to profitability and the normative level increased.

At the very beginning of the microcredit adventure in Bolivia, clients were 78% women, between 30 and 50 years old, the majority with secondary school level. Then the target changed towards a higher presence of men, more educated people and more urban-born (not migrant), basically shifting towards the urban, educated, middle-class: moderately richer clients assure regular payments, with fever risk, so they became the new targets. These change begun because over-indebted clients reveal themselves to be a huge problem, and also because small loans management was too costly.

Before this shift, a process similar to Bangladesh experience occurred: women became a mean to capital for rural men, because their “positional vulnerability” was used by NGOs and lenders; group responsibility for individual payments created antagonism and strife within communities; honor and shame, the true collaterals, were used as disciplinary technology. Microfinance resulted in new states of domination against poor women, new forms of subordination and oppression in households and communities. As in Bangladesh, real user remains the man, while women are the ones contractually obligated for payments. On the other hand, neoliberal ideology emerged among women who developed successfully, including principles of competition, profit, entrepreneurship and rationality: concepts somehow alien to rural Bolivian communities. The introduction of microfinance in private life fast led to the loss of social solidarity, by the dissolution of private/public distinction and the rupture of the notion of family and community, causing the loss of social identity.

After some years, Bolivian microcredit sector was considered “mature” and “successful”, but these considerations came just from its sustainability and profitability, not from its impact on poverty.

The microcredit typical loan had the following features:

- Interest rates charged were around 3-4% monthly, that is 36-48% annual.
- Forced saving were established (around 10-12% of the loan).
- Loans were made mainly to groups (friends, neighbors , kins...), and the same is use in order to control repayments.

²⁰ In Bangladesh there was, at the beginning of the microcredit adventure, a strong opposition to it coming from the Muslim clergy, and one of the problem was that the NGOs policies put hands on the most intimate aspect of rural life, women conduct. The attitude than changed, due to a strong effort to silence them from NGOs.

²¹ Despite of all this violence and hardness of lending conditions, no debtors movement rose in Bangladesh.

²² Toro (2010), p. 24.

- The majority of the clients, at the beginning, were peddler or informal street retailer. Loans are not used to finance profitable (new) activities, but to survive in some low-level retail business. This is one of the reasons why microcredit did not solve the poverty problem.

- Repayments are arranged weekly, fortnightly or monthly.²³

As for Bangladesh, real insolvency rates were higher than claimed, because of the aggressive methods used to convince late payers to pay. Among other examples, their houses were sometime painted and signed to expose them to public judgment; they received menaces of eviction of working tools, sometimes followed by actions. In reality many borrowers claimed that they couldn't pay debt rates with the forced savings they made; around 12-13% of the clients couldn't pay in the first place, and 12-13% get in trouble with microfinance institutions because they were guarantor of somebody else.²⁴ When they tried to roll over the payment, it was refused (even in case of illness, death of the original debtor or such). The result was that many had 3 or 4 loans in the same time, one used to pay the previous, each time bigger.

In the Bolivian case, information asymmetries and lack of transparency in the contract constituted a real issue. For example, sometime borrowers were not able to read the contract or it was not explained to them. Some of them did not know the contractual conditions. There have been cases of people who did not receive receipts for their payments.

Given this picture, the very word “empowerment”, used by NGOs when they describe entrepreneur women, takes a dangerous and terrible meaning; it becomes the relationships that gives more power to some women (the “virtuous” ones) above the others (the “problematic” ones). Moreover, Bolivian poor women experienced continuous cycles of debt and un-paid debt. Suicide cases for bankruptcy occurred, and also migrations.

Mujeres Creando and other organization: claims and goals, practices

Mujeres Creando (En: Woman Creating) is a Bolivian anarchic-feminist collective that participates in a range of anti-poverty work, including propaganda, street theater and direct action. The group was founded in 1992. *Mujeres Creando* gained international attention due to their involvement in the 2001 occupation of the Bolivian Banking Supervisory Agency on behalf of *Deudora*, an organization of those indebted with microcredit institutions on the 2nd of July in the capital, La Paz. There the attachers held hostage 94 functionaries in order to draw attention on their ongoing protests against the unjust and inhumane treatment they were receiving from banks. For over 90 days prior to the occupation, over 12,000 of small debtors had been coming to La Paz to join the protest of workers, farmers and unemployed who had borrowed small sums of money from private banks, and were now suffering from the banks extortionate practices. The amounts borrowed ranged from 100 to 5,000 dollars each.²⁵

Different events concurred to make impossible for people to meet their obligations -droughts, the worsening economic crisis, and extremely hard conditions imposed by banks. In many cases banks filed suits against the debtors and evicted their meager belongings. Many of the debtors were forced to live on the street. For some of them, misery and desperation was too much to endure, and since the protests began at least six suicide cases occurred.

During the bank occupation, several debtors proceeded to the balconies of the 5th floor of the building and gave speeches explaining their protest. They demanded a total cancellation of their debt and an end to the banks' actions against them. At this point negotiations began between

²³ Microfinance institutions also provided regular individual loans with “classic” collaterals. In between the two forms, there is “communal banking”: 19-200 people constitute an association, both joint responsibility and forced savings (20%) are used as collateral, it also expected accounting control from the bank. Is the association itself that borrows to its members, at highest interest rates.

²⁴ Toro (2010).

²⁵ After the first group of activists entered the bank, others followed carrying sticks of dynamite, molotovs and gasoline. From the top floor of the building dynamite was thrown into the front square, preventing police from entering; also, the top-level bank officials were tied up and attached to bundles of dynamite.

government officials, top banking authorities, leading church figures, representatives of human rights groups and members of the anarchist-feminist organization, *Mujeres Creando*, who were representing small debtors. *Mujeres Creando* helped to organize small debtors and was active during the 90 days of protest.²⁶ Negotiations led to the release of the hostages and the activists left the bank building. The agreements reached included reconciliation of accounts with debts of less than 5,000 dollars, investigations on cases of usury, government payments to the banks to incentive suspension of legal proceedings against the debtors, and the recognition of *Mujeres Creando* as facilitators in the negotiations.

Debtors forced banks and government to listen to their demands and won important concessions. However many people fear that banks would renege on their promises once the pressure was eased. Despite assurances from the government that once the occupation ended activists would not face government repression, at least 70 activists were arrested soon after they left the bank building. Other small debtors, fearful of government repression, took refuge in the University of La Paz and refused to leave.

Julieta Ojeda, a member of *Mujeres Creando*, explains that "in reality the financial institutions were committing usury and extortion, cheating people and exploiting their ignorance, making them sign contracts that they didn't understand."²⁷ *Deudora* organization and *Mujeres Creando* claimed also for systemic reform, that included: asymmetric information, aggressiveness and transparency issue; means tests and project accountability before giving the loan, to ensure repayment ability, and give complementary services to businesses; contractual uniformity and reduction interest rates by reduction of microfinance institutions' profits. Long-term requests addressed development politics and against structural adjustments.

People in the movement consider as a success the demonstration that microcredit debt is not a personal problem, but a social and collective one, with collective solutions needed. This is a success because it suggests to ponder the unconditional favor that microfinance has encountered so far international organizations and medias. The core problem against which they claimed to fight is the neoliberal doctrine, and international cooperation programs that influenced public expenditure decisions, even at the continent level (South America); in this sense, microfinance is seen as an expansion of the international financial sector.

3 Spain

Although the vast majority of people who signed a mortgage during the '80s housing bubble ignored it, in the Spanish legal framework, it is not enough to give up the ownership of a house to pay off mortgage debt. Since the current crisis began, more than 350,000 foreclosures left hundreds of thousands of families on the street and with a debt for life. A large part of this people, far from resigning to the consequences of a mortgage legislation that sentences them to economic death, decided to fight for survival, but also to maintain their dignity. The transformation of a personal issue in a collective struggle and organization process to earn housing rights are the experience of the *Plataforma de Afectado por la Hipoteca* (in Eng. Platform of People Affected by the Mortgage, PAH). Although the struggle is still ongoing, Spain constitutes one of the most successful examples of debtors movements in terms of the ability to change norms and force public opinion in its favor.

General economic situation and legal peculiarity of the Spanish case

Starting with the origins of the movement and the housing crisis in Spain, the story begins in the late 1980's, when in a bit too easy, rapid and short-term perspective, Spain transformed real estate growth in a financial party, building more property than in Germany, Italy and France together; but this overproduction never led to greater accessibility; on the contrary, prices continued to increase. Among others, there are two key elements that explain this paradox: on the one hand, low interest rates and credit liberalization allowed banks to borrow money for increasingly longer periods; and

²⁶ Initial police reports claimed that members of *Mujeres Creando* were involved in the occupation. *Mujeres Creando*, however, have denied any participation in the occupation itself, insisting that they are a strictly peaceful organization.

²⁷ Toro (2010).

secondly, the possibility, for banks, to keep millions of empty homes without any kind of penalty. Moreover, State policy was ambiguous, confusing between housing right and access to credit: this prompted private property beyond the reasonable limits of indebtedness. Access to cheap credit was accompanied by a regulatory and legislative framework that rewarded ownership and penalized rental.²⁸

In a country where the main household spending is housing and mortgages, when income falls, the first expenditure that can not be faced is the mortgage. Spain faces now a rate of unemployment over 22%, and more than 1.4 million households with all members unemployed. Between 2007 and the third quarter of 2011 349,438 foreclosures were initiated in Spain. According to 2011 data, every day 212 processes are initiated.²⁹

According to Spanish law, giving up the posses of the house to the bank is not sufficient to extinguish the mortgage, in the event of default, because the loan is “on the person” and not “on the mortgaged property”, which is only a collateral. When default occurs, the house goes to auction, if the auction is unsuccessful (that happens 90% of the cases in the current crisis) financial institutions may allocate the house at the 60% of appraised value (until recently, it was 50%). The difference that is not covered by this sale, remain as a debt to the former owner person, plus default interest and court costs of the process.

Moreover, financial sentence becomes also a sentence to social exclusion: payroll, bank accounts, inheritances are under siege and also, to appear in the list of defaulters can become an impediment to find work, rent a house, hire a phone line or even receive public aid.

Composition, claims and goals

In February 2009 the PAH was born in Barcelona. The first valuable contribution of this platform was to make visible the number of executions taking place, and to put on the agenda Spanish legal anomaly that had no comparison in other western country legislations. Groups of people driving longer struggle for housing rights already existed, in particular *V de Vivienda* (Eng. V for Housing), a social movement born in May 2006. *V de Vivienda* became the thorn in the side of an administration that, with the growing public pressure, was forced to give an answer. The reaction, although, was late and totally inadequate. Even so, the package of measures had a demobilizing effect and somehow disabled the movement.³⁰

The economic situation is sometimes critical, therefore, the priority is the immediate survival. The composition of the movement has been changing over time. When the crisis hit and the real estate business collapsed, immigrants working in the construction sector were the first to lose their jobs. As the crisis progressed, foreclosures did not discriminate on origin, gender or age. PAH was born with three main objectives: to get deed in lieu of foreclosure, to paralyze evictions and to convert evicted mortgaged property in public rents. As for the next case analyzed, the Spanish movement is particularly recent, and so the description will proceed with sections dedicated to each campaign that the movement is implementing.

*The battle for deed in lieu of foreclosure*³¹

²⁸ On May 11th, 2012, when rental demand beginning to revitalize for the first time in years, a law modification definitely unseat the rent as an option to access stable housing, by equipping the landowners of unsellable homes with greater assurance. Furthermore, in September 2011 the government passed a law that streamlines evictions for non-payment of rents. According to PAH calculations, with 100,000 million endowment of public money that had been given as bank's bailout since 2007, the State could have acquired nearly a million homes at the price at which banks are being awarded in the foreclosure process.

²⁹ Data from *Consejo General del Poder Judicial (CGPJ)*, cited in PAH (2013), Manual Obra Social on line.

³⁰ Between V de Vivienda and PAH there were important differences: V was a movement composed mainly of youth with precarious jobs and wages that were organized in order to overcome the difficulties of emancipation from parents, while the social base of PAH was mainly composed of families affected by foreclosure processes. In the case of V de Vivienda, the transformation of these young into social activists was an almost automatic transition. But the challenge came with the second composition, when they had to go beyond their own case and get involved in the political process as activists.

³¹ Deed in lieu of foreclosure is defined as the legal possibility of being freed from debt obligations after giving up the

The legal reform proposed would include the delivery of home ownership as sufficient to pay the mortgage debt in cases of habitual residence and whenever debtors are unable to assume mortgage payments through no fault of their own will. PAH claims this regulation change to be retroactive, so that the deed in lieu of foreclosure also benefits all victims of the current crisis. Indeed, deed in lieu of foreclosure already exists in the current mortgage regulation, but just as an option for financial institutions, that did only applied it unless suited or forced by lobbying, as driven by PAH.

Fighting evictions

Stopping eviction defying a court order is an act of civil disobedience, where people actively disobey laws considered unjust. PAH just gets involved in cases related to the habitual and unique house, and when the cause of insolvency is supervening and involuntary. In the presence of as many people as possible, the eviction order is blocked by preventing the clerk and the attorney of the bank to physically enforce it. Before and after this day, PAH tries to negotiate with the lender and exhaust the administrative and judicial alternative to achieve a more stable solution.

Reconversion of insolvent mortgage houses into public rental portfolio

This proposal could be conveyed in different ways:

1. Subordinate public aid to banks under the policy, implemented by banks, of renting homes in foreclosure to the former owner family, whit rent that do not exceed 30% of the earnings of the family itself.
2. Expropriate foreclosed houses for a minimum period of five years and rent them to families displaced, again with a rent that does not exceed 30% of income.
3. Expropriate foreclosed homes held by banks for the same price at which they are allocating them at auctions.

Movement's practices and counterpart responses

Along with the other practices presented above, PAH is organized with several campaigns.

1. Obra Social

The campaign seeks public re-appropriation of empty homes property of financial institutions. In cases where citizens concentrations fail to halt evictions, PAH supports families in the occupation of this houses. The purpose is threefold: first, to retrieve the social function of an empty property to ensure that the family does not become homeless; second, to exacerbate pressure on financial institutions to accept deed in lieu of foreclosure; third, to force government to adopt the necessary measures to guarantee housing rights measures.

2. Escrache

In February 2013, PAH challenged all parliamentary parties to support its proposed measures. PAH started a campaign by appealing to their moral and ethical values. In this campaign, called *escraches*³² is carried out in the place where the public person, politician or journalist, resides or works. It is peaceful but powerful campaign, where the person is publicly and loudly addressed to answer people's requests.

3. Motions to Councils and local actions

One of the things that surprised the drivers of PAH was discovering the profound ignorance that the Administration had about the housing problem. Not only they had not informed or warned people of the risks of over-borrow, but themselves were unaware of the extent of household debt and had no plans at all after the bubble burst. The neighborhood movement became one of the strategic alliances and one of the conduits of expansion of the movement. Along with other social organizations, trade unions and neighborhood movement, PAH introduced in 2011 a Popular

possess of the collateral good, in the case, the real estate.

³² *Escrache* alludes to the practice held in Argentina, to signal the torturers of the dictatorship.

Legislative Initiative (ILP) to regulate deed in lieu of foreclosure, apply a moratorium on evictions for economic reasons and convert for social rent empty housings.³³

4. *International media attention and solidarity*

With the growth of the movement, new challenges came. The power of fighting evictions, demonstrating the practical usefulness of collective action and generalizes the practice of civil disobedience undoubtedly causes the counterparts to seek ways to disable it. For example, some judges are setting hidden dates for evictions, preventing the possibility of convening concentrations to stop on a specific day and time, making a move that many considered illegal, since the person is denied the right to know what day will be evicted. Another example is where judges order the disproportionate use of police force to enforce evictions and attempted to disable solidarity.

Successes

One successes of the movement, from the strategic point of view, is its ability to reproduce itself. Since its creation, more than sixty local platforms were born, producing a steady trickle of news so that mortgage problems become subject of permanent relevance and kept it in the political and social agenda. The constant presence of PAH in the media maintains communicative tension. Today, the balance in the media battleground is positive and hopeful: PAH managed to report a problem that affects a large part of the population;. awareness and complaint is not limited only to Spain: international media, such as The New York Times, The Guardian, the BBC and Al Jazeera, were able to learn and report the dramatic consequences Spanish mortgage legislation. PAH pointed out the structural causes of the mortgage crisis and has developed feasible, possible and necessary proposals at all levels (local, regional and state), with unquestioned social support. In this sense, one of the outstanding achievements has been that a totally unknown technical term as deed in lieu of foreclosure has been popularized.

Financial institutions are now more receptive and willing to negotiate. The public complaint and the actions of PAH have uncovered abuse, irresponsibility and the modus operandi of banks, which than forced financial institutions to take care of a very poor public image. Social pressure has also impelled administrations to act: first, they increased the minimum amount protected by confiscation. Now banks can allocate houses at auction for 60%, not 50% of the appraised value; although it represent a totally inadequate change, it has great symbolic significance. At the national level, in March 2009, a move that was designed to respond to the unemployed people who could not afford to pay the mortgage payments was approved.³⁴ In March 2012, the Popular Party government approved a bill that included a "code of practice" for financial institutions in order to "minimize" the impact of foreclosures and evictions and, in certain cases, open space to accord.³⁵

There has been hundreds of deed in lieu of foreclosure and some debt cancellations after about 250 halted evictions. Also, it has been possible for some families to stay home for lease. Given the social sensitivity about the problem, various national and various provincial courts have found the legal loophole to interpret the law according to the context of current crisis and approve judgments

³³ An ILP is a mechanism that allows citizens to bring a legislative proposal to the Congress of Deputies for discussion, at least 500,000 signatures are needed within a maximum period of nine months. Finally, the result is not binding, Congress is only required to discuss the proposal. The negative response caused great indignation, and the media frenzy that was generated was remarkable. Finally in September 2011, shortly before the general election of November, the ILP has been accepted, but not make it on time to collect signatures during the election campaign, which was one of the goals of the organizers in order to elevate the public pressure on the campaign.

³⁴ The ICO moratorium was limited to encourage postponement of part of the payments only in those mortgages that did not exceed 170,000 Euro (leaving out the majority of mortgages in big cities) and with unemployed borrower that had not stopped pay a single fee. In these limited cases, the ICO operated as collateral for the maximum period of two years, in which he/she may defer payment of 50% of contributions, up to a maximum of 500 Euro per month. A measure that was designed to assure financial entities more that help vulnerable people. The ICO was a failure: of the 6,000 million reserved, just 1.2% was mobilized in about 15,000 operations, compared to 200,000 foreclosures started during the same period.

³⁵ The details of the measure caused great disappointment among the movement. First, because the code of practice is voluntary for institutions and therefore generate possible discrimination. Second, because the criteria are too restrictive, excluding more than 90% of the people affected. And third, because it was not retroactive.

applying de facto deed in lieu of foreclosure, accusing banks of unjust enrichment.

4 USA

“You are not a loan”

Another contemporary example, and possibly one of the most complex for extension, type of credit form involved and stratification of the debt problem, US movements against debt economy take several forms and target various form of credit. USA has an important history of debt rebellions. The first major rebellion in U.S. history after independence, Shay's Rebellion in 1786, was against foreclosures and debt imprisonment. The great post-Civil War struggles against foreclosures of small farmers in the Midwest and South were moments of insurrection against the rule of the creditors' logic. During the Great Depression, urban workers and rural farmers banded together to block evictions from home and foreclosures of farms. These workers' insurrections forced the federal government into passing "personal bankruptcy" laws that would limit consequences of default.

General Economic situation: debt society

Nowadays, consumer debt is highly pervasive in each aspect of life in US, both for cultural reason and for the lack of a welfare state in some important sectors, such as health care. The statistics on average consumer debt show how debt increased greatly between 2002-2008. However, during last crisis, banks cut back on consumer lending, or better, they worsen lending conditions. Given the relevance of US in the international scene, much more data regarding economical situation of US families, their level and type of debt, are available.

There exist two main types of consumer debt: revolving debt, like credit cards, and non-revolving debt, like auto loans and mortgages. Credit card debt reached a peak of \$1.028 billion in July 2008³⁶.

The recession curtailed credit card debt. It fell more than 10% in each of the first three months of 2009. Loans, such as auto loans, mortgages, or school loans, are usually held for the life of the underlying asset. For a car, it's three to five years, and a home mortgage is usually 15-30 years. If the borrower fails to make payments, the bank will usually reclaim the underlying asset. Since the bank can't claim any asset on school loans, most school loans are guaranteed by the Federal government. As it is common knowledge, the touch paper of 2007 crisis was the great number of insolvency in the subprime mortgage market and related assets failure.

About 80% of low-and moderate-income homeowners spent more than half of their income on housing in 2001. Credit card debt for middle-income families is soaring — up 75% to \$5,031 between 1989 and 2001. Since before the crisis, middle-class families were using credit cards to fill in a gap between their income and costs. Incomes in real dollars has stagnated since the 1970s³⁷, but debt has marched sharply upward. In 2007, about 15% of families spend more than 40% of their after-tax income on debt payments.³⁸

Given this situation, in the last decade more than one million consumer bankruptcy cases were filed annually,³⁹ and these are only a small subset of those struggling with debts. In 2006, one in seven families was contacted by a debt collector.⁴⁰ The foreclosure crisis and the recession have only expanded these numbers.⁴¹ In 2010, more than one in eight Americans was behind in their mortgage payments or in foreclosure.⁴²

³⁶ Source: Federal Reserve, Revisions to Non revolving Consumer Credit.

³⁷ Leicht K.T. and Fitzgerald S.T., (2006) p. 48 and 59.

³⁸ Bucks B. K. et al., (2009)

³⁹ Source: Administrative Office of the U.S. Courts, Bankruptcy Statistics.

⁴⁰ Mann and Porter (2010).

⁴¹ Warren (2007).

⁴² Source: CBS NEWS (Oct. 25, 2010).

Many empirical works identified job problems, medical problems, and family break up as the principal causes of bankruptcy. These researches noted that bankrupt people experience self-loathing and humiliation in recognition of what their spending habits have brought them to.⁴³ Although, in the last few decades, there have been virtually no empirical studies of the consequences of excessive debt, but the harms of debt may reverberate from the indebted individual to that person's family, workplace, and larger community.⁴⁴

Also, overindebtedness harm has some profound differences from poverty itself, while many people accumulate debts after an income or job loss, the experience of debt carries with it a set of experiences that are distinct from the financial distress of poverty. For example, debt collectors and garnishment are uniquely a function of debt. Borrowing, even for necessary consumption like food, has a voluntary aspect to it; this may result in different stigmatization or internalized blame of debt-induced financial distress.

The problem of excessive debt is not that it reduces wealth per se but that it harms people's capacity for well-being. Studies on US debtors outline that debt can cause people to diminish their wealth, either voluntarily, by selling assets to pay debts, or involuntarily, when creditors resort to coercive processes for debt collection. Other important endowments that may be altered as a result of over-indebtedness are education, job training, and health. There are evidences of the association between unmanageable debt and health harms, and excessive debt may be associated with underutilization of medical treatment.⁴⁵ It is plausible to assume that a large part of this findings over US citizens also apply to other countries. Unmanageable debt may also worsen health by creating or aggravating mental or physical conditions. This relationship may reflect ways in which debt limits leisure activities and participation in social life, as well as constrains the purchase of healthy food.

But the story do not end with bankruptcy relief: the stress and emotional harms of struggling with debt, for example, may be replaced after bankruptcy by shame and guilt at having sought bankruptcy relief. The development of credit scores has dramatically lowered the cost of decisions about imposing conditions.⁴⁶ A wide range of jobs requires applicants to pass a credit check. The use of credit scores for employment and rental housing may lead to lasting labor market and educational constraints (via public school access tied to housing) from excessive debt.⁴⁷ Conditions on future borrowing are also an important concern. Another important market that is conditioned on debt is the housing market, both for homeownership (perhaps better examined under credit access) and for rental housing. Social exclusion may also be a consequence of over-indebtedness. Debt burdens may inhibit social participation by lowering one's self-esteem or may inhibit the consumption that is often a required component of taking part in everyday social activities.⁴⁸

Along with the previous described types of consumer debt, one of the greatest issues in US economical agenda is students loan bubble. This kind of debt has to be treated separately, since federal legislation exclude it from bankruptcy files. Student debt has quadrupled from 2003 to 2013 going from \$240 billion to more than a trillion⁴⁹. Up from 41% in 1989, 66% of all students now have an average debt of \$27,000. The rise in average student debt can be traced to a sharp decline in

⁴³ Sullivan, Warren and Westbrook (2000), Himmelstein et al (2005), Himmelstein et al. (2009).

⁴⁴ Excessive debt may create complex and enduring harms that do not abate in direct proportion to a reduction in debt. The rational actor is also a person with a psyche and a social actor. Focusing on the amount of an individual's debt seems to have reinforced an atomistic view that identifies a single person—the borrower—as the locus of harm. For a preliminary discussion on this, see: Porter (2012), that explore ways of measuring consequences of debt, overindebtedness and bankruptcy in contemporary US. The multidimensional approach is proposed as a better solution than dollar-based indexes, as similar to poverty and wealth measures.

⁴⁵ Jacoby (2002).

⁴⁶ There exists also a great lack of transparency on how credit score private agencies work and use private informations.

⁴⁷ In 2004, about 43% of U.S. employers checked the credit reports of job applicants; that number has trended sharply upward in the last decade. Frank (2009); also Porter (2006) and Thorne (2007).

⁴⁸ One of the most enduring findings of these researches is that bankrupt households have multiple indices of middle-class status, excepting income. Families have very low incomes when they file for bankruptcy. This disparity between income and other class indexes suggests that bankrupt households have experienced substantial income loss in the period preceding their bankruptcy.

⁴⁹ Source: Data Center on student Aids.

state funding of public colleges since 2000 and a stagnation/decline of household income over a similar time span. Since it cannot be included in bankruptcy files, college students are defaulting at the highest rate in nearly two decades. One in 10 recent borrowers defaulted on their student loans within the first two years according to annual figures made public by the Department of Education. Recent data from the Federal Reserve Bank of New York suggest the number of delinquent borrowers is increasing.

StrikeDebt: history, composition and goals

StrikeDebt is an offspring of the Occupy Wall Street movement, born in 2011 from the campaign Occupy Student Debt. Although the starting focus was student loans, and the composition was mainly of young people, the initial analysis on debt problem in USA led the activists to the idea that the whole US society was affected by debt problem, so the possible solution should be in the sense of a unification of struggles. StrikeDebt believes that most individual debt is illegitimate and unjust, coming from the increasing hardship in acquiring the basic necessities of life: education, health care, and housing. Strike Debt holds that all US population is debtor, whether or not they have personal loan agreements, through the manipulation of sovereign and municipal debt. Moreover, though different kinds of debt can affect the same household, they are all interconnected, and so all household debtors have a common interest in resisting.

The most active group is in New York, followed by the Bay Area (California), than Chicago, Detroit, Philadelphia and North Carolina. New groups are forming also in Texas and other states. In the perspective of the struggle, locality is important to allow face-to-face meetings and to overcome isolation. A parallel organization, that deals with mortgages evictions and housing rights, is Occupy Our Homes, active with many chapters in dozens of towns across US.

StrikeDebt advocates for a free, universal health-care system, as well as a free and independent access to education, guaranteed till university level, and reform of mortgage regulation; since 42% of credit card debt is used for responding basic needs expenditure, the ultimate goal is a situation where this is no longer needed. Occupy Our Homes is a movement that believes everyone has a right to decent, affordable housing, claiming that house is a human right.

Practices and tactics

StrikeDebt engages in public education about the debt-system to counteract the self-serving myth that finance is too complicated for laypersons to understand. Media activism and artist involvement are a constant presence in the movement's tactics.

The two major projects are the "*Debt Resisters Operating Manual*" and the *Rolling Jubilee*. There is also the project of Debtor's Union, possible mutual aids for medical care and health services for workers, and also to operate possible solutions for the financial services over Cheques Cashing.⁵⁰

1. *Debt Resisters' Operation Manual*

This operations manual aims to provide specific tactics for understanding and fighting against the debt system; it contains practical information, resources and insider tips for individuals dealing with the dilemma of indebtedness in the United States and also introduces ideas for those who have made the decision to take collective action.

Laws surrounding debt lending, collection and buying are notably complex, designed to keep debtors confused and afraid. This manual is not designed to provide legal counsel; it is a political act of mutual aid.

Because there is so much shame, frustration and fear surrounding our debt, an initial step in building a debt resistance movement involves sharing the myriad ways debt affects people, both directly and indirectly. The Manual presents a sequence of punctual strategies to understand and

⁵⁰ Cheques cashing is a necessary service for worker without bank account that are paid in cheques; the conversion into cash is highly expensive.

fight back credit card debt, medical debt, student loans, housing mortgages and municipal debt, but also resources to deal with personal bankruptcy and to defend oneself from aggressive credit collectors and predatory lenders.

2. *Rolling Jubilee*

This project consist in crowd-source money to buy consumer debt for "pennies on the dollar" on the secondary market, and then cancel it. The plan was called "Rolling Jubilee," because the hope was that the liberated debtors would then donate to the fund, "rolling" the jubilee forward as an avalanche.

Starting with a "telethon" in New York on November 2012, StrikeDebt was able to buy and forgive \$14.7 million of debt over four separate purchases, for over 3,000 people. These debts ranged from \$50 to over \$200,000, including several accounts over \$100K. According to the Guardian, the group has raised around \$620,000 until the end of 2013. Even if Rolling Jubilee has been a success, \$15 million is a tiny fraction of the secondary debt market, and so far the plan has been limited to medical debt — while the group would like to target student debt, it is difficult as much of that debt is held by the government and not listed on secondary markets.

3. *Occupy Our Homes*

This organization is spread and disperse over US territory, so it has different tactics depending on the local chapter. Some of this practices include: legal support and physical fighting against evictions, municipal based actions for public housing solutions and media activism.

Successes

Along with many evictions avoided by Occupy Our Homes organization, StrikeDebt managed to keep debt violence on the media light for a long time.

With the Rolling Jubilee campaign, StrikeDebt intended to do some material good by actually abolishing peoples debt, but another major motivation was to highlight the existence of this secondary debt market, and the fact that the original lenders are actually selling the debt for a very small amount of money. The Rolling Jubilee has widely publicized the predatory workings of the debt-buying marketplace. Knowledge like this provides moral ammunition for confronting debt collectors and standing up to lenders. The Rolling Jubilee is just one tactic, not the solution, its impact has been to expand the boundaries of what is considered politically possible.

All these actions, notwithstanding their importance, are just a marginal attach to the awe-inspiring magnitude of credit sector and its predatory attitude in US economy.

5 ***Similarities and differences***

The presented cases show similarities and differences, this section is dedicated to the presentation of these parallelisms.⁵¹ The topic is divided into six sections: context; type of loan and subjects involved; current norms and institutions; goals that moved the activists in changing debt norms; practices and tactics used ; successes obtained, both instrumental and long term ones.

Social and Economic context

All this examples present, in the immediate years before the rise/spread of debtors' movement, some form of economical and institutional crisis, often related to the collusion between bank and politics, and consequent failure of trust from the people in respect to representative institutions.

Presence of Crisis	YES Monetary shock with unpredictable interest rates increase.	YES Unstable economic and institutional situation; Increasing debt ratio.	YES Previous housing and mortgages speculation;	YES Subprime mortgages crisis; General financial
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⁵¹ Charts are organized in column in the following order: Mexico, Bolivia, Spain and USA cases.

			Job market crisis	speculation and predatory practices. Job market crisis
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This elements underline the social propensity to a change in norms and institutions and an unfavourable attitude toward banks and current loan rules. As underlined in Mexican case, they constitute a fertile ground for the rise of movements, in particular as challenging the existent norms regarding debt, also in terms of the evaluation of who was profiting for the existing ones. Along with the general crisis, all the countries' governments carried out private banks bailout using public money, which made public opinion even more hostile toward financial institutions (e.g. US motto “Too big to fail” can be extended to the other cases).

Agents and Social Network Characteristics

All the presented movements involve medium/small debtors, closely related to family units and their sustenance. This feature affects both the reasons of entrance in the credit market and the contractual conditions, but also the nature of the consequence of insolvency, in particular when related to collateral and other assets expropriation.

A part from Bolivian case, the others movements presented are highly characterized by the presence of impoverished middle-class, in particular Mexico and Spain. This element is a strength for movements on the media level (“presentability”) and for the access to resources and knowledge.

Loan type	Small firms, agricultural investments.	Microloans for subsistence, self-employment activities.	Family mortgages.	Consumers and survival household debts (students, mortgages, medical, ...).
Debtors' type (composition)	Peasants (low-middle class).	Poorest.	Middle and low-middle class.	Any level (99%).

Norms and Institutions on Insolvency and Debt Collection

In this subject, heterogeneity of the cases emerges the most, although at glance it emerges the violent nature of recollection practices, often crossing boundaries of legality (and constitutionality, when talking about great principles of individual capability and freedom). Even when illegal actions are not undertaken, the most arduous conditions are applied. For instance, one Barzonista referred of rising interest rates without notification or consultation applied by banks in Mexico during the crisis as “fiscal terrorism” (De Palma, 1995).

Bank recollection practices	- Evictions; - Intimidations; - Use of public force; - Stalking.	- Social “eviction”; - Public shaming and blaming.	- Evictions; - Spanish mortgage law singularity: after eviction, still in debt.	- Evictions; - Intimidations; - Use of public force; - Debt collection Agencies (particularly violent).
Insolvency	- Eviction from the	- Loss of social	- House foreclosure	- Different,

immediate and long term consequences	means of production, loss of income source; - Public shame.	relationships, income source and daily goods; - Violence from neighbourhood; - No more loans.	and still in debt; - Social exclusion.	depending on the debt kind (eviction, salary repossession, foreclosure); - Possibility of bankruptcy (2 kinds); - Credit score affects rental, employment and school.
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In the collection practices, all the social network of the person is implicated. Debt collectors in US often phone call or even stalk relatives (especially parents) of the borrower. In Spain, for example, in addition to the particular law over mortgages and house sells, each foreclosure process affects the entire family unit, and a single foreclosure process usually involves more than one dwelling: financial institutions (aware of the risks assumed in subprime mortgages) demanded guarantees at the time of mortgage signature, often these guarantees was a close relatives real estate property, and guarantors must respond in solidarity with all its present and future. Therefore, a single foreclosure process may involve two or even three families, making mortgage crisis in Spain a problem that concerns two million people, direct and indirect.

Goals and Claims

In all the cases, short term goals aim to prevent economic and social exclusion of the insolvent individual, avoiding evictions and foreclosures, changing the (informal) norm system; often a temporary solution is indicated in a general moratorium, underlining the exceptional nature of the situation. In the long term, a change in the institutions and laws regarding debt is demanded, along with more systemic claims over the condition of forced entering in the credit market. Great attention is dedicated to media representation of debt, debtors and insolvency, as a way to spread the fight and change public opinion over the subject.

To be noticed is that “paying back” is not under question per se, but the issue regards conditions, contractual freedom and economic juncture.

Immediate Demands	- Evictions limits; - Debt repayments moratorium.	- Public control over lending and microfinance institutions.	- Legal change on mortgages; - Evictions moratorium.	- Generalized Jubilee and moratorium; - Legal control over financial institutions (collection agencies and credit-score agencies in the first place); -Eviction moratorium.
Long Term goals	- Public protection of entrepreneurs	- Public investments	- Public housing investments	- Student debt reform (include in

	from market fluctuations; - Public help to peasants and funding.	program (including basic welfare state);	(welfare state).	bankruptcy); - Extensive access to bankruptcy; - Welfare state introduction.
Media goals	- Changing public opinion, activists number growth and external support and solidarity (reputation) - Political pressure			

Talking particularly about media practices, the three (potentially) successful movements (Mexico, Spain and StrikeDebt for US) adopted different targets for their campaigns. While the Barzonistas concentrated themselves on local newspapers and televisions, with street demonstrations and blocks,⁵² PAH activists sought for international media attention and solidarity, along with local attention, also because they also operated on the international level of human right justice and European Union pressure over Spanish legislators. On the other side, StrikeDebt constitutes a particular case because of the presence of many artists and media activists in it, due to the legacy of Occupy Wall Street movement, using art, urban installations and an extensive use of social media, StrikeDebt managed to keep debt violence on the media light for a long time.

Practices and Tactics

Particular tactics depend on the debt type and the legal framework of the nation, but in all the cases the boundaries of legality are crossed in the name of the difference between legal and just. Media practices also differ substantially in terms of effectiveness, give the ability and resources the movement can access to.

Some attention must be dedicated to the internal functioning of these movement, how personal good protection and selective incentives for participation are interrelated. The two cases that developed a sort of self-reproduction of the movement and protection from free-riding of the participants are Mexico and Spain.

In El Barzón, short-term incentives for participating in the movement where established, like concrete actions to protect goods under eviction. This led to the fact that the biggest participation occurred when the movement's requests where ignored, mainly because the participation to el Barzón was the only way for many people to defend their goods from eviction. As a further incentive to stay in the movement, private goods and tools claimed by banks that had been defended by el Barzón, were than claimed to be property of the movement itself, not of the singular activist. Members were asked to contribute to the movement sustenance with their goods (maybe productive goods, office resources, space and offices, knowledge, transport...); some of the leaders were wealthy people, sometimes they used their own pocket to cover some costs. Along with the creation of selective incentive for participation, these practices helped to solve the cost of the reproduction of the movement itself, using some kind of “externalization” of costs.

In Spain, people who come for the first time to the PAH are more than upset, morally dejected and resigned, at least initially. Disoriented, neglected by the government, threatened by banking entities and depressed, they felt guilty about the situation they were facing and attribute it to a personal failure. To construct a safe space and share personal experiences is vital, in order to realize the collective dimension of the problem and the fact that there structural elements influenced their decisions. The process of freeing from blame is a necessary step. Turnover of people at meetings is very high, and the level of dedication is irregular and depends on what each ones' responsibilities allows. All these elements indicated a high dedication from the strongest activists towards inclusion

⁵² In early 1995, at constitutive assembly, leaders stated: “[We want] *a new economic policy that defends republic and its institutions from destruction*” (Williams, 1996, p.16), to defend national production and Mexican families. This was the media representation that the movement sought.

and the construction of the feeling of belonging to the movements.

Motto	“Debo, no niego. Pago, lo justo”		“Si, se puede”	“You are not a loan”
Practical/Oppositional Movement's Practices	<ul style="list-style-type: none"> - Evictions stop; - Legal support and appeals (even when ineffective): banks legal “submersion”. 	<ul style="list-style-type: none"> - Legal support and information; - International sues. 	<ul style="list-style-type: none"> - Evictions stop; - Popular initiative law; - Housing occupation with self-established rent; - EU and UN sues; - Legal support. 	<ul style="list-style-type: none"> - Evictions stop; - Legal support and information; - People bailout;
Manual?	Practice sharing in the country		YES	YES
Media Practices and contents	<ul style="list-style-type: none"> - Protest and other visibility actions; - Respectability representation of members; - Justice vs. legality; - Bank public shaming; - Unity and solidarity vs. loneliness and isolation. 	<ul style="list-style-type: none"> - Protest and other visibility actions; - Justice vs. legality. 	<ul style="list-style-type: none"> - Protest and other visibility actions; - Justice vs. legality; - Bank public shaming and bankers' “<i>escraches</i>”; - Unity and solidarity vs. loneliness and isolation. 	<ul style="list-style-type: none"> - Protest and other visibility actions; - Justice vs. legality; - Art and publications; - Metropolitan-related practices; - Unity and solidarity vs. loneliness and isolation.
Reward/Punishment mechanism inside the movement	Eviction protection is dependent on participation.		Eviction protection is dependent on participation.	

Successes: Change in Norms and Institutions

Partial and temporary success are reached in some cases, normative framework is forced to adapt through forced actions (ex: eviction stopped by physical presence of supportive people) and media visibility practices. For US and Spanish case, long term goals are still to be reached, given that these are still ongoing struggles, although Spain “temporary” successes are far than marginal: there has been hundreds of deed in lieu of foreclosure and some debt cancellations after about 250 halted evictions. Also, it has been possible for some families to stay home for lease. Given the social sensitivity about the problem, various national and various provincial courts have found the legal loophole to interpret the law according to the context of current crisis and approve judgments applying de facto deed in lieu of foreclosure, accusing banks of unjust enrichment. A normative

change seems to be the ongoing process, possibly leading to a change in mortgage institution.

In US, even if the implosion of the so-called “*Creditocracy*” (Ross, 2004) seems unavoidable for the resiliency of society, the process leading to it remains largely obscure. At the beginning of 2014 the Federal Reserve confirmed that decline in US household debt from sky-high 2008 levels has halted, and the figures are on the rise again – up by \$241bn (or 2.1%) in the fourth quarter of 2013.⁵³ Unlike auto loans, mortgages, and credit card balances, student debt never fell at all. Confronted with these exorbitant numbers, it is possible to assume that debts of such magnitude will never be paid off completely. But in a Creditocracy debts are not supposed to be paid down entirely, for the same reason that credit card issuers don’t want costumers to clear out their credit card balance every month. Those who diligently pay up are called “deadbeats”. The preferred customers are “revolvers,” who can’t quite make ends meet but who pay the monthly minimum along with penalties or late fees, ensuring a steady flow of revenue to banks. (Ross, 2014)

Bolivian case is maybe the most controversial in terms of goals achieved. Government and institutions were different from the other cases in terms of high unpredictability and corruption. For example, in the case of the bank authority occupation, despite assurances from the government that once the occupation ended activists would not face government repression, at least 70 activists were arrested soon after they left the bank building. The general social instability of the country makes hard to distinguish the consequences of the mobilization of micro-debtors in the medium-long term.

Other social categories' support	Lawyer national association.		Craftsmen union refuses to change doors' lockers (Barcelona).	Media attention reached and inter-sector solidarity in progress.
Success in achieving goals (or partial)	- Evictions avoided; - Moratorium obtained; - Reputation goal.	(Too complex political crisis)	- Evictions avoided; - Housing solutions for families; - Reputation goal and international attention.	- Evictions avoided; - Rolling Jubilee.

6 Conclusions

Debt refusing movement challenge the view over debt causes, dynamics and rules. As many social movements, they unveil power that lies in norms and laws, and challenge the existing legal system and concepts of moral, right, just and legal.

Using a survey of economic literature, this paper points out how current economic knowledge fail in explaining some of the events related and emergent from debt, such as debtors movements, mainly because it approaches debt as a unique phenomenon, not discerning between causes, normative framework and certain types of power that determines loans contractual conditions and insolvency consequences. Although in economic literature there are some studies on insolvency regulation, bankruptcy and debt cancellation, the accent is either on legislation and efficiency in the micro level or on sovereign debt and government international insolvency.

One possible explanation of this lack of understanding of the emergent dynamics in debt is, from the point of view of the economic literature, a too narrow definition of what is “economic”, that excludes the normative, cultural and social part of the phenomenon under study. In the particular case of household debt, the “leftovers” are far than marginal in the framework.

⁵³ Source: “New York Fed Report Shows Households Adding Debt”, Feb 18, 2014

Distinct models for different loan types seems to be necessary, dealing with one type of event in particular each time. In addition, economic theory should be more concerned with the reasons why people resort to debt, but also with the particular forms of debt contract conditions.

The matter analyzed points towards a change in the methodology used to study household debt, its conditions, dynamics and possible efficiency. Starting from case studies, as the four ones presented in this paper, there derives some conclusions on the kind of model that can be used to describe debtors movements emergence and development.

The elements appearing on the side of the agents' behavior and decision-making process suggest that perfect rationality and rational expectations models are unsuitable for the case, as demonstrated by the presence of collective illegal actions of protest. The preference goes for some kind of bounded rationality on the side of the comprehension of the contract, with possible model extension to asymmetric information on future interest rates in favor for banks. Preferences and bargaining conditions are also influenced by socio-economic context, with some situation of need in which the absence of welfare state convert free pledge of a loan contract into an obligation, for survival or for the maintenance of a certain living standard.

On the side of norms, which acquires a major importance in this new modeling of household debts, models on peer-to-peer norm enforcement and agents interacting in a social network seems to fit the best, in stead of an ideal isolated agent making decision by herself, either in a "neoclassical" type of model that seeks individual maximization with constrains, either in a context of optimization in respect to the others choices, such as game-theoretical models.

All this elements seems to point towards the direction of a multidimensional modeling of norms and meta-norms, of preferences/choices manipulation and construction, a model where agents decision making is grounded in a social network context with bounded rationality and partial information asymmetry.

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