

**PIOTR KOWZAN:
THE PEDAGOGY OF DEBT: FROM MIGRATION TO INSTITUTIONAL CHANGE
DEBT AND EMANCIPATION**

The three most common reasons for indebtedness quoted among respondents in Iceland were payments for, respectively, a mortgage, a car loan or a business start-up loan (secured with a mortgage). Education can also lead to indebtedness because of student loans. Although repayment of student loans was not considered a significant burden in their monthly household spending, none of the respondents could imagine when they would be able to pay them off. From this perspective, debt can be likened to a shadow haunting all of those dynamic people as they choose a place to live (a house/flat), become mobile (a car), educate themselves (a degree) and run a business. Their debt is the long-term consequence of their aspirational choices.

Loan repayments and debt can lead to a lack of resources, making it harder to keep up with one's peer group, both before taking a loan on and when the time comes to pay it off. Peer groups are groups to which we aspire and compare ourselves to. If members of our peer group, for example, drive their own cars, we also want to have a car, even though the purchase of a car is a luxury to many. As a result, people incur debts in order to achieve what their peer group has. If they aspire to more than merely escaping poverty, they tend to be blamed for their own predicament.

Debt can also arise independently from loans, for example through fines, non-payment of rent, obligatory refurbishment costs, guaranteeing someone else's debt, healthcare costs or inherited financial liabilities.

Debt and Gender

One of the six reasons for getting into debt is the traditional division of social roles in the family, which still exists today. It presupposes that the man is the breadwinner, while the woman decides how to prioritize the household's needs. In analysing people's debt stories, it transpires that even in Iceland, it is mostly men who contact financial institutions and subsequently decide which issues merit discussion with the rest of the family. In spite of the fact that traditional gender roles have generally been abandoned, often the old rules still apply within couples of mixed nationality where the woman is an immigrant. As a result, there are cases where women marry a man for his apparent status (e.g. a house, car, holidays abroad, luxury goods), but later discover that all of those status symbols were purchased "on credit". Women's insufficient knowledge of ownership rules in contemporary capitalist societies leads them unknowingly into debt, which they only discover when it comes to divorce. The liabilities resulting from such 'traps' are referred to as sexually-transmitted debts (STDs).

More complex cases of STDs come into being when migrants create "migrant networks" (Faist, 2000), supporting those who have newly arrived in the country, whether close or distant relatives. Sometimes, a family who has lived in Iceland for a long time (and owns a house there) has to guarantee a car loan for a new immigrant. Without such collateral, a person with "no history" has very little chance of purchasing expensive, albeit common goods. Unfortunately, the financial crisis in Iceland has rapidly weakened these support networks. The level of debt incurred by car loans (often taken in foreign currencies) increased rapidly, causing newly-arrived immigrants to give up and leave the island while their debts accumulated, burdening the guarantors and threatening the financial security of the most socially-integrated immigrant families.

Debt and Subjectivity

It is difficult for those in debt to say "enough is enough" and follow the "hippie" call to abandon the "rat race". They will not stop working, even if they have already accumulated all the material goods they need, since they have to sustain relationships that provide them with a stable income in order to pay their next loan repayment instalment. That is why debt is an important disciplinary mechanism in affluent societies.

It is important to distinguish personal debts from debts to financial institutions. Debts between people suggest deeper social relations between the debtor and the creditor, while

relations between people and legal entities are only based on law. These debts are measurable and can be collected through any means acceptable in a given society.

The financial crisis in Iceland brought financial hardship to many. The scale of the problem was unprecedented. There are heavily indebted people in every capitalist country, but their problems are usually considered to be an individual, rather than a social problem. This is attributable to many reasons, for example, the growing isolation of those in debt. The process can be referred to as the loss of self-identity or alienation. Financial distress can turn even the most sociable individuals into apathetic ones, who isolate themselves from the world. Consequently, the family disintegrates and indifference to employment kicks in if the salary is not sufficient to keep the debt at bay. Social workers in Iceland told me that their main challenge was to persuade those in debt to be more active, as the majority had become apathetic. Sometimes, those social workers were forced to order their charges to take a few basic steps, using the best knowledge available to them, to reduce their debt. Unfortunately, an order is often the only effective way of restoring the debtor's hopes of escaping debt.

Not all indebted people turn to social assistance institutions for help. Some, driven by the urge to repay their debt, would take "heroic" actions, breaching social norms in the process. This makes it even more difficult to see indebtedness as an individual, rather than a social problem. People in debt can often break basic social rules, by destroying property or robbing a bank (as one Polish priest did; Kaçki, 2010) in order to manage their repayments.

Debt and Education

Graduating from university increasingly results in debt. In the global context, the purpose of the state subsidising student loans was to offset the consequences of the introduction of fees at universities around the world. Only few countries, such as Denmark, provide students with real scholarships sufficient for subsistence. Fees at universities differ from country to country, and once introduced, they tend to only go up (Handley, 2010; Shepherd, 2010). One of the effects of state subsidies is the impossibility of distinguishing loans from scholarships. Eventually, even those raised to be cautious when borrowing money, decide to live with long-term financial obligations. The "profitability" of student loans seems to be the function of the prevailing capitalist order and its related mindset. Subsidised credit allows the financial system to "tame" young people and simultaneously erodes their cautiousness towards "living on credit". Student loans are often perceived as an additional source of income and some student organisations protest when the loan is too meagre for subsistence. When students in Iceland realised that there were too few summer jobs for them due to increased unemployment, their organisations started lobbying for the abolishment of the summer break so that they could continue to receive their student loans.

The awareness of long-term financial obligations affects students' behaviour – and a decision to take up postgraduate studies is often the result of a cold calculation. Previous research shows that debt prevents people from further studies in the USA, particularly with respect to female students (Davies & Lea, 1995; Fox, 1992). When people calculate how much education they can afford, debt acts as a mechanism regulating the number of students.

Debt has become a key condition of education and not merely its side-effect. Jeffrey Williams (2009) claims that debt needs to be understood as the central experience for students and he lists six lessons comprising "the pedagogy of debt". Firstly, debt teaches that education is only a consumer commodity. Secondly, it teaches the importance of choosing a career path that will allow the debt to be paid back. Thanks to relatively low interest rates and long repayment periods (compared to consumer credits), graduates can afford not to worry about starting their career "in the red", although the necessity of paying regular instalments hinders their search for alternative or less commercial career paths. Thirdly, debt creates a world-view according to which everything can be exchanged on the market. Fourthly, it changes the notion of the citizen by redefining the social contract into an obligation towards financial institutions, which in return enables the indebted citizen to subscribe to public services. Fifthly, debt teaches only one value – that people are measured by their credit-worthiness, namely how much debt they can incur. Sixthly, debt creates a very specific type of sensitivity based on the fear of losing one's job or health (Ehrenreich, 1989), which could quickly lead to insolvency and subsequently to the financial ruin and social degradation of the entire family. It is too early to say how effective this pedagogy is, but it is important to observe these lessons.

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