

You are Not a Loan: A Debtors Movement

By Andrew Ross

Abstract

Written from the participant perspective of the author, the article documents the debt resistance movement that is one of the enduring offshoots of Occupy Wall Street. Addressing the household debt crisis in the wake of the financial crash, it focuses in particular on student debt, approaching an aggregate 1.2 trillion in the U.S., with defaulters numbering in the tens of millions. The emergence of The Occupy Student Debt Campaign is analyzed, along with the initiatives of its successor, Strike Debt, including the Rolling Jubilee and the Debt Resisters Operations Manual. The article concludes by arguing that debt will be the frontline of anticapitalist struggles in the 21st century, just as the struggle over wages dominated the twentieth century.

Keywords: Populism, Occupy Wall Street, financial crisis, movement activism, student debt, financialization.

Introduction

Debt activism has been one of the most striking manifestations of anti-capitalist sentiment in the years since the 2008 financial crash. Because the crushing levels of household and public debt affect all but the wealthiest slice of society, anti-debt organizing has assumed a populist tone all across the industrialized world. In this essay, I will analyze some of these populist tendencies, drawing on my own experience in the debtors' movement that sprang up along with Occupy Wall Street (OWS) in the fall of 2011.

The prairie-fire momentum of OWS in its heyday was an open invitation to commentators looking to proclaim another people's awakening in the vein of the U.S. populist movement of the late nineteenth century.¹ In the wake of the 2008 crash, popular protest fomented elsewhere – in the Arab Spring and the anti-precarity agitation all across Europe – but the American populace appeared to be in a deep slumber, as if a spell had been cast by the necromantic bankers who had seized control over Washington policymakers. Occupy's exuberant outbreak, taking its cue from the "Wisconsin uprising" in the spring of 2011, and the Spanish summer of the *indignados*, was the long-awaited response to the financial crash three years earlier. Its leading slogan – "We Are the 99%" – was a direct expression of populist sentiment, summoning up the broadest of coalitions in its assault against the centers of financial power.

Indeed, the first time I heard the chant of "We Are the 99%," I had a flashback to a story I had heard about William Jennings Bryan, the god of midwestern populism. Bryan, going into the hard-fought presidential election of 1895 with a full head of steam, was invited to talk to students at Yale. His audience was hostile, and at one point, he scornfully declared that "ninety-nine out of every hundred" of them were "children of the idle rich." At which point, the crowd started chanting "Ninety-nine! Ninety-nine! Ninety-nine!" and he was forced to leave the stage. Bryan was surely wrong to describe their parents as the "idle rich." Many of them had been energetically engaged in class warfare of their own for some time. Much of their wealth flowed from active manipulation of the credit extended to the debt-burdened farmers on whose behalf Bryan inveighed so vociferously against the gold standard he proclaimed was about to "crucify mankind on a cross of gold." Family farmers in their frontier sodhouses, tenant sharecroppers in the South, and artisans looking to reclaim their self-mastery were all drowning in the sea of debt created by the citadels of finance in the East.

Bryan lost the election, but the populist upheaval he led was clearly defined by the spirit of debt resistance. The Gilded Age saw levels of income inequality unparalleled until the last decade or so. Is it any surprise, then, that Occupy, and its Strike Debt offshoot in particular, was propelled, once again, by the great injustice of populations delivered into servitude by the lords of credit? Will the renewed

attention to the burden of indebtedness blossom into a coalition of class fractions, with anything like the wide appeal that nineteenth century Populism generated?

The Progressive movement, which coopted the energy of the Populists, was borne along by elites, like Theodore Roosevelt, who saw that reforms were needed if the power of financial capitalism was to survive intact. As Don Fabrizio, the Sicilian aristocrat in Lampedusa's *The Leopard*, laconically put it: "If we want things to stay as they are, things will have to change." Today's counterpart is the celebrity investor, Warren Buffett, who openly acknowledges that the 1% has been successfully waging class warfare for some time, and that plutocrats like him should be paying more of their share of wealth in taxes. Indeed, Buffet, in his 2004 annual report to Berkshire Hathway's shareholders, warned that the U.S. was becoming more of a "sharecropper society" than an "ownership society" (Noon 2005). Buffet's position, which could be described as "speaking truth from power," is a familiar structural response to economic populism, and his proposed solution – tax increases for the super-rich – takes the form of a minimal concession: *We will pay more taxes but only as long as you don't tamper with the system by which we lay our hands on the wealth in the first place.*

Few economists would dispute Buffet's admission that this system of wealth accumulation had served his class very handily. Analysts who have investigated Occupy's claims about the 1% have concluded that, of all the factors responsible for the upward redistribution of wealth, financial manipulation of debt ranks very high (Saez 2012). But the imposition of debt is not just a mode of wealth accumulation, it is also a form of discipline and social control, with acute political consequences. This was most notable in the case of the IMF "debt trap" visited upon so many postcolonial countries as part of Cold War client diplomacy. In the global North, debt has been institutionalized for so long as a "good" consumer asset that we forget how homeownership was promoted as an explicitly anti-socialist policy in the U.S. in the 1920s. Subsequently, the long-term mortgage loan became the basis of anti-communist citizenship; William Levitt, the master merchant builder, pronounced that "no man can be a homeowner and a Communist." In the postwar decades, a first class citizen was someone who had entered into a long-term relationship of debt with a bank (a circumscribed ethnic population, given that most people of color were denied access to mortgage loans). Over time, the threat of a ruined credit score effectively limited the political agility of our "nation of homeowners."

Each slump in the housing market serves up a dose of discipline to the little people who believe they can successfully break into the speculation game so long monopolized by financial elites. But the most recent crash in 2008 revealed a much deeper crisis of household debt – a calamitous nexus of interconnected liabilities, stemming from the inability to make payments on several fronts, from healthcare bills, student loans, and consumer credit. 76% of American households are now in serious debt, and one in seven are being pursued by debt collectors.

Nor are those without personal loan agreements off the hook. Municipal debt has been structured in such a way that its costs are now routinely passed on to the most vulnerable populations in form of public employee wage cuts, slashed services, and regressive taxation (Larson 2012). In towns across the country, predatory Wall Street lending practices are producing, albeit on a small scale, the kind of austerity policies visited on electorates in Southern Europe, and global South populations before them under the regime of “structural adjustment.”

Because of its possessive reliance on the almighty dollar, American government debt bears little resemblance to the sovereign debts of the Eurozone countries that are being held in the grip of austerity. Nor does household debt bear any resemblance to public debt. Nonetheless, the claim that ordinary people have somehow been living beyond their means has been cynically marshaled in the imbroglia over raising the “debt ceiling” on Capitol Hill in order to introduce deficit-reduction measures that pass on the mounting costs of wars, regressive tax cuts, corporate welfare, bank bailouts, and ill-guided monetary speculation.

In the years since the financial crash, the disparity between the generosity shown to Wall Street (more than three trillion dollars of public money spent already, with an additional \$12.2 trillion committed by the U.S. government) and the conspicuous lack of relief for household debtors has made it quite clear whose debts are expected to be honored and whose are not. Occupy’s debt resistance activists were able to draw on a profoundly felt sense of injustice when we began our work in the fall of 2011. In the absence of any relief, we judged that the conditions would likely ripen for a full-blown debtors movement.

Debt-Financed Education

If such a movement emerges in the years to come, the student debt crisis and the activist response to it will prove to have been a key trigger. Even in the immediate pre-recessionary years, when debt was still considered a worthy asset and employment a plausible prospect, it was easy to see that the mounting student debt burden was a formidable obstacle to any smooth passage for students into the upper strata of middle-class economic life. When the aggregate burden surpassed consumer debt in 2011, and then reached the 1 trillion dollar threshold a year later, alarmist talk about the student debt bubble became a regular feature in the business media.

From the outset, Occupy locations around the country filled with harrowing public testimony about the agonies and tribulations of student debtors. Many found solace in pungent slogans like “Banks Got Bailed Out, We Got Sold Out!” Tumblr and other websites swelled with the stories of others who felt too constrained by guilt to stand up in the face-to-face agora of Occupy. This public ritual was a way of exorcizing the shame that privately afflicts debtors, and defaulters especially. The act of casting aside the shame and humiliation that accompanies

indebtedness (especially acute for borrowers aspiring to enter the middle class) was an important kind of “coming out” for debtors, and it has been a powerful affective component of the political moment. The alternative--suffering the consequences of debt and default in private--is a thinly documented trail of tears, leading to depression, divorce, and suicide for ever increasing numbers. By 2012, the average student debt was more than \$27k, having doubled since 2007. Defaults had also doubled in that same period of time. Of those who graduated in 2005, 41% are either delinquent or in default.

As a college professor, I had known for several years that my paycheck depends on my students going deeply into debt, often for decades to come. But like my colleagues, I chose not to dwell on it, a decision that seemed justifiable given that faculty salaries have been stagnant as a whole for some time now. We are hardly to blame for skyrocketing college costs. Yet, knowing that my students were trading a large chunk of their future wages for the right to walk into my classroom, did I have additional moral duties toward my students? Did I share any of the responsibility, or blame, for their decision to pile on loan after loan? Was I obliged to speak out against the profiteers who were plying them with high-interest credit?

Despite my own ambivalence – faculty have little to do with the fiscal affairs of their institutions – I felt compelled to respond. In November 2011, I helped to launch the Occupy Student Debt Campaign (OSDC), which invited debtors to pledge to refuse payments after one million others had signed up. Millions were already defaulting in private, and so our pledge offered a more self-empowering way of taking action and focusing public attention on the issue. Attracting pledgers was not easy – the morality of paying back debts still runs very deep in our society. Ironically, one million debtors did default, privately and not collectively, over the course of the year. While our pledge was premature, I learned a lot about the psychology of debtors in the course of our campaign.

On one of my campus visits, a student told me how her father had been laid off, and the family had fallen behind in its mortgage payments. A co-signer of her loans, for which the family home was collateral, her father had also been using home equity loans to pay some of her college bills. That source of credit was now closed off, and the family’s balance sheets were deep in negative territory. At the same time, her parents were landed with some of her grandmother’s hospital bills. To bring relief to a household that had been hit by what she called “a perfect storm of debt,” she had considered dropping out. Instead, she had turned to her two credit cards as an alternate source for funding her degree, opening up yet another door for creditors to come knocking. Fading fast were the college dreams of her younger sister. Newly graduated from high school, she was about to join her mother on payroll at their local Wal Mart supercenter to help tide over the family.

This student’s predicament was a lesson to me in the interdependency of debts, especially those related to the cost of maintaining basic social needs – in housing,

health, and education. Foreclosing the future of young people is a callous act, and a self-destructive path for any society. But allowing Wall Street financiers to feed off their predicament is beyond any moral compass

In contrast to reform initiatives calling for loan forgiveness (the guilt-laden term suggest the debtor has done something wrong), our OSDC campaign favored a write-off of current student debt, in the jubilee tradition, whereby elites periodically forgive unsustainable debt burdens. But this single corrective act by itself won't alter the formula for the debt-financing of education. So the campaign adopted some principles aimed at reestablishing an affordable education system. On our rough estimate, it would only take \$70 billion of the federal budget to cover the tuition costs at every two- and four-year public college. This happens to be the sum which the Pentagon wastes annually in "unaccountable spending," according to a recent audit. That comparison alone shows just how skewed our national priorities have become since the era of the GI bill, when the doors of higher learning were opened to working class families. If the U.S. is to have any kind of durable middle class in the 21st century, then it will have to join the long list of countries – including China, Mexico, Brazil, France, Argentina, Germany – that manage to provide free public education at the tertiary level.

In addition, OSDC argued that education loans should be interest-free—no one should profit from them. So, too, all universities including private ones, which benefit from public largesse in all sorts of ways but not least through the federal loan program, should adopt full fiscal transparency. Students and their families surely have a right to know how college administrators spend and allocate their tuition checks.

U.S. campus activism against tuition hikes and indebtedness was sporadic but insistent in the year following the debut of OWS. The most high-profile actions in North America occurred in Quebec, where the student movement won widespread public support in their ultimate victorious campaign to combat tuition increases. The Quebecois symbol – a red square – and the accompanying slogan, *carrement dans le rouge* (squarely in the red), were quickly adopted by education debt resisters in the U.S. The Occupy group All in The Red, staged several (casseroles) marches and actions in New York City in solidarity with their counterparts in Montreal. In Mexico, the *Yo Soy 123* student movement mounted a powerful public protest against political corruption in the period before and after the general election, while Chilean students successfully sustained several months of strikes in opposition to top-down efforts to privatize higher education.

Striking Debt

In June 2012, several Occupy groups (OCSD, Occupy Theory, and Occupy University) sympathetic to the student resisters, formed a new Strike Debt initiative (www.strikedebt.org), aimed at building a debt resistance and liberation move-

ment. The Quebecois red square was reinterpreted to signify the four corners of debt – education, healthcare, housing, and credit card – and a new slogan was rolled out: “You Are Not A Loan.” We held a series of “debtors’ assemblies” every Sunday in New York City parks. Largely unstructured, these were open invitations to speak out. The crowds were small enough for public intimacy, and the atmosphere, while informal, was electrifying. It was heart-rending to hear speakers bear witness about how debt had blocked their aspirations and forced them into decisions they regretted. Many spoke of depression, some of divorce, while others described the kind of future – owning a home, having children – they believed was now hopelessly unattainable. Parents stood up to agonize about their responsibility, as co-signers, for the loans of their now unemployed offspring. A fellow activist reminded us of an even more harrowing predicament: she had contracted a life-threatening ailment, and the bitter prospect of dying young was sharpened by the knowledge that her low-income parents would inherit her debts. Another expressed shame of another kind: to discharge his debts quickly, he had taken a job in the finance industry, but was sickened by the predatory nature of the loan-making he was asked to work on.

Strike Debt quickly amassed a nucleus of committed activists, some of them from the drastically reduced OWS core. By September 17th (S17), Occupy’s anniversary, the weekly Strike Debt assembly had emerged as one of the strongest OWS tendencies, with aspirations and a sense of momentum that did not rest on, or simply look back to, the achievements of the Zuccotti Park phase. On S17, we launched our first public service project, the *Debt Resistance Operations Manual (DROM)*, based on collectively research conducted in the course of the summer. Written in plain English, it offers practical advice to debtors of all kinds about how to escape from beneath their debt burdens and evict the power of creditors from their lives. While it condones individual action, the *DROM* also encourages collective acts of debt resistance as the only way of rectifying the inequalities generated by the debt economy.

Conceived as an act of mutual aid, the *DROM* has circulated far and wide. A second, expanded edition was produced, and it is being translated into other languages, and customized, in other countries, for economic landscapes that differ from that of the U.S. (*Debt Resistance Operations Manual* 2013). Making available this kind of advice is part of our commitment to public education about how the debt system functions. Wall Street’s self-serving response to criticism is that the finance business is just too complicated for lay people to understand. Every public revelation about how the system is rigged helps to erode the powerful ideology that loans always have to be repaid. This belief – that loan repayment is a highly moral test of personal responsibility – is the glue that holds the financialized economy together.

Our second project, the Rolling Jubilee, offered a more innovative kind of public education. This campaign raised money to buy distressed debt for pennies on

the dollar. Instead of collecting on the debt, as the collection agencies do, we abolished it, relieving debtors of all obligations. The Rolling Jubilee proved a phenomenal success, raising \$500,000 in a matter of weeks. Given how cheaply debt is sold on the secondary market, that sum will allow us to eliminate up to ten million dollars of debt. Debtors would be surprised, but elated, we hoped, when the letters from Strike Debt begin to arrive, informing them they no longer have to worry about medical bills they have been unable to pay. More generally, this “people’s bailout” helped to expose the predatory nature of this murky marketplace. How many borrowers, hounded by collection agencies, knew how cheaply their harassers had bought out their loans? How many knew that original lenders get to “charge off” their defaulted accounts and take a tax break – another kind of bailout – before bundling them into portfolios for sale on this shadowy, secondary market?

More profoundly, our Rolling Jubilee team received tens of thousands of messages from people whose spirits were raised by this example of mutual aid in action. Their heartfelt messages reminded us that political change rests on emotional stirring among ordinary people, just as much as it is driven by debates among full-time progressives. The Rolling Jubilee was not designed as a feasible, long-term solution to the debt crisis in and of itself. Instead, it was a “bailout by the people, for the people,” a chance to offer others support and solidarity where the government has failed them. Debt relief, by any means necessary, is a lifeline to desperately overburdened people.

Just before the launch of the Rolling Jubilee, other Occupy remnants sprang into gear to bring relief to the communities hardest hit by Hurricane Sandy. The spontaneous self-organization of Occupy Sandy proved to be more rapid, flexible, and effective than anything provided by government agencies. Not a few concluded that local, community-minded initiatives of this sort were the best expression of the Occupy ethos of mutual aid, and proof that the Zuccotti Park prototype could be spun out into a resilient outreach program, far beyond the traditional OWS constituency. Strike Debt organizers played a leading role in setting up and running field operations, and our research report revealed how other sources of relief in the form of loans, offered through FEMA or from private banks, would drive the victims further into debt – a classic case of disaster capitalism in action. Models for debt-free reconstruction were floated at community meetings.

Both the Rolling Jubilee and Occupy Sandy generated immense goodwill, and their example sparked new ideas and action plans. Relationships were established with European anti-debt groups (Citizen Debt Audit Platform in Spain, and *Democratie Réelle Maintenant* in Paris) committed to fighting austerity policies or to conducting citizen audits of sovereign debt. Faith communities, in particular, responded with enthusiasm to the Rolling Jubilee, sensing an opportunity to revive the biblical tradition among their own congregants. Strike Debt chapters began to spring up in other cities (and in the U.K), and the New York organizers set

forth a long-term goal of building a “debtors union” with national, and even international scope.

Reclaiming the Future We Need

There are many ways to “strike debt”: demanding all kinds of people’s bailouts; collectively refusing to pay illegitimate loans; targeting and shutting down collections agencies or for-profit colleges; regulating loan speculators out of business; reinstating limits on usurious interest rates (which were struck down in the late 1970s); fighting for free education and healthcare; defending foreclosed homes, and more. But these “strikes” need to be accompanied by constructive alternatives. The result of debt cancellation, even on a mass scale, will be negligible unless it was coupled with a far deeper restructuring of our economic system around socially productive credit. That is the prize our eyes are on – an alternative economy, run for mutual benefit and not for profit.

Progressives don’t always see why organizing around debt should be a priority. After all, it is the Right that traditionally harps on debt, and is currently using deficit reduction as an excuse to push through cuts to public goods provisions it has labeled as “entitlements.” Yet, to paraphrase Marx, people do not get to choose the conditions under which they make history. Most of us are in hock because life-sustaining necessities are increasingly debt-financed. Nor is debt resistance disconnected from more staple progressive concerns like campaigning for higher wages. There has always been a tight relationship between wages and debt—from the debt peons and debt slaves of antiquity to today’s transnational migrants, toiling to work off their transit and recruitment fees. For most people today, debts are the wages of the future, and can even be seen as a form of wage theft. Moreover, given that predatory lending of all sorts – from subprime mortgages to payday loans – disproportionately affects low income and people of color communities, debt resistance naturally dovetails with broader struggles for racial equality and economic justice.

Strike Debt and our allies believe that the struggle over debt is one of the front-line conflicts of our times, and that the new version of the American Dream will be to live free of debt. Initiatives like the Rolling Jubilee are a glimpse into that future, and are showing us – once again – that the first task of any political movement is to meet and touch people where they are. Through our work, we have learned that the popular appetite for debt refusal exists, no less than the desire for an alternative economy. Indeed, debt refusal may be the only way of salvaging popular democracy. The historical record shows that oligarchies have developed out of democracies when the creditor class is allowed to dictate policy, creating the conditions for debt peonage and slavery (Hudson 2011).

“Odious debt” is the legal term applied in the case of authoritarian rulers borrowing without citizen consent and for their personal benefit. But the scope of

odious debt should surely be extended to individuals and households targeted by predatory lenders in unjust ways. In addition, when populations are compelled to privately debt-finance the provision of basic social goods, we might consider these to be “anti-social debts,” what the Chinese call the “three mountains” of education, housing, and healthcare, all weighing heavily on the shoulders of the people. Their explosive growth is more and more perceived in Beijing as a threat to that country’s stability. In the U.S., our inability to meet these costs has been turned into a source of lavish profit for the finance industry. Any representative government that permits banks to impose these harms on an unprotected populace has all but forfeited its democratic legitimacy.

When capitalism has exhausted its capacity for profit-taking in the present, it circulates ever more paper claims on the future (Dienst 2009). Financialization is a way of appropriating our future time and labor far in advance of how and where we choose to conduct our lives. If we are to have the future we need then we will first have to reclaim the future from the creditors.

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Notes

- ¹ Todd Gitlin (2013) was only the most prominent of those who placed Occupy within the lineage of US Great Awakenings.

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