

Debt as a Primeval Weapon of Dispossession

# Breaking the Vicious Cycle of Illegitimate Private Debt

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## Introduction

Throughout human history, private debt has been used by the dominant classes to subjugate, despoil, expropriate, and dispossess the toiling classes (among whom women have always been the hardest-hit victims): small farmers, artisans, fishers, and on up to the salaried workers of today and the members of their households (students, who go into debt to pursue their education) [1]. The process is simple: the lender requires that borrowers pledge their possessions as collateral. This can be, for example, the land held and cultivated by the farmer, or in the case of an artisan, the tools of his or her trade. Repayment of the loan must be made in cash or in kind. Since the interest rates are high, to repay the loan the borrower must transfer a large share of the fruits of his or her labour to the lender, and so becomes impoverished. If the borrower defaults on repayment, the borrower is dispossessed of the pledged collateral. In some societies, that can mean a loss of freedom for the debtor and/or the members of his or her family. This is called debt slavery. Under the laws of the United States and certain European countries, failure to repay a debt was punishable by physical mutilation until the early 19<sup>th</sup> century. And still today, in Europe and elsewhere, non-repayment of debts may be punishable by imprisonment.

## Part 1: Private debt through the ages

Since time immemorial, private debt has played a central role in social relations. The struggle between rich and poor, between exploiter and exploited, has very often taken the form of a conflict between creditors and debtors. With remarkable regularity, popular insurrections have begun in the same way: with the ritual destruction of documents concerning debt (tablets, papyrus, parchments, account books, tax registers, etc.).

The new international crisis that began in 2007 has exposed the fraudulent behaviour of banks. Following the massive number of evictions of people from their homes in the USA, in Spain and elsewhere, more and more, debts are being called into question in countries where the obligation to

repay a debt has been hitherto unchallenged. Since 2012, Ada Colau, who was elected Mayor of Barcelona in 2015, has organized widespread popular support by participating actively in the Mortgage Victims Platform against banks who evict families unable to continue repaying. Only a few years ago, it would have been unimaginable for anybody having organized illegal occupations of banks to be elected to high office. All over the world, social movements are challenging the repayment of illegitimate private debts, whether mortgage or student debts and whether owed to big private banks or to micro-credit agencies.

What follows is the broad outlines of a few historic stages in the “private debt system” in the Near East, in Europe and in parts of the world conquered by the European powers. What has happened in Asia, Africa, and the pre-colonial Americas will need to be added later; but the picture we paint here is already a very eloquent one.

### **General debt cancellations took place periodically over a thousand years in Mesopotamia**

When harvests were poor, peasants unable to repay debts they had contracted with the State (unpaid in-kind taxes or tributes) or with highly-placed civil servants and dignitaries of the regime were regularly dispossessed of their lands and forced to become indentured. Their family members were also reduced to slavery.

To suppress discontent, the power in place periodically cancelled private debts [2] and restored peasants’ rights. The cancellations were the occasion for festivities during which the clay tablets on which the debts were inscribed were destroyed.

There were some thirty general cancellations of private debt in Mesopotamia between 2400 and 1400 BCE. [3] One of these cancellation decrees provided that official creditors and tax collectors who had evicted peasants must compensate them. If a creditor had taken possession of property by coercion, he had to return it and/or totally reimburse it, failing which he was put to death.

After 1400 BCE, no further debt cancellations are known of in Mesopotamia. Inequalities strengthened and increased greatly. Land was confiscated by large private landholders, and debt slavery was institutionalized. However, we have proof that during the following centuries there were violent social struggles between creditors and debtors.

In Egypt from the 8<sup>th</sup> century BCE, there were proclamations cancelling debt and liberating those in debt slavery. The Pharaoh’s fundamental motivations were the need for a peasantry capable of producing enough food and available as soldiers for the military campaigns. For those two reasons, creditors could not be allowed to evict peasants from their land.

In another part of the region, Assyrian emperors of the first millennium BCE adopted the tradition of debt cancellation. The same was true in Jerusalem in the 5<sup>th</sup> century BCE. As proof, in 432 BCE, Nehemiah, certainly influenced by the old Mesopotamian tradition, proclaimed the cancellation of debts contracted by Jews from their rich compatriots. It was at that time that the Torah [4] was completed. The tradition of generalized debt cancellations is part of the Jewish religion and of the first texts of Christianity: Deuteronomy proclaims the obligation to cancel debts every seven years, and Leviticus requires the same at each jubilee, or every 50 years. [5]

For centuries, many commentators on the ancient texts, beginning with the religious authorities, who defend the interests of the ruling classes have affirmed that these provisions had only a moral value, or were simply idealism. **Yet historical research over the past two centuries demonstrates that these provisions corresponded to actual practice.** [6]

Once the privileged classes had succeeded in imposing their interests, the cancellations no longer took place, but the tradition of debt cancellation remained in the founding texts of Judaism and Christianity. Struggles for cancellation of private debt reappeared regularly throughout the history of the Near East and the Mediterranean up until the middle of the first millennium CE.

In the "Our Father," the best-known prayer of Jesus, instead of the current translation "Forgive us our trespasses as we forgive those who trespass against us," the original Greek text in the Gospel of Matthew (Ch. 6, verse 12) reads: "Forgive us our debts as we forgive our debtors." As a matter of fact, in German and Dutch, the word *Schuld* means both "sin" and "debt." *Alleluia*, an expression of joy used in the Jewish and Christian religions, comes from the language spoken in Babylon during the second millennium BCE and referred to the liberation of debt slaves. [7]

**Greece.** In Greece, beginning in the 6<sup>th</sup> century BCE, there were major struggles against debt slavery and for cancellation of private debt. Aristotle writes in the *Athenian Constitution*: "...the poorer classes, men, women, and children, were the serfs of the rich." Social and political struggles developed and led to legal measures - Solon's reforms in Athens, for example - prohibiting debt slavery. At Megara, a city near Athens, a radical faction came to power. Lending for interest was prohibited, and the measure was made retroactive; creditors were forced to reimburse interest that had already been paid. [8]

At the same time, the Greek city-states launched a policy of expansion, founding colonies from Crimea to Marseille, at times using the children of the indebted poor. Slavery developed strongly and in a more brutal and oppressive form than previously known in the societies of the Fertile Crescent.

**Rome.** Many violent political and social struggles were caused by private-debt crises. Under primitive Roman law, a creditor could execute insolvent debtors. The late 4<sup>th</sup> century BCE was marked by a strong social reaction against indebtedness. Whereas slavery for debts was abolished for Roman citizens, the prohibition of usury was not applied for long. Major crises of private indebtedness occurred in the following centuries, both on the Italian peninsula and in the rest of the Roman Empire. The historian Tacitus wrote concerning a crisis of indebtedness that broke out in 33 CE, under the rule of Tiberius: "The curse of usury, it must be owned, is inveterate in Rome, a constant source of sedition and discord; and attempts were accordingly made to repress it even in an older and less corrupt society." [9]

**Feudalism.** At the start of the feudal era, many free producers were subjugated, since peasants were unable to repay their debts. That was the case during the reign of Charlemagne in the late 8<sup>th</sup> and early 9<sup>th</sup> century. [10]

### **The Jewish, Muslim, and Christian religions and usury**

From its origin, the Muslim religion prohibited loans with interest. Judaism prohibited it within the Jewish community, but under pressure from the wealthy amended that position during the first century CE and authorized loans with interest. [11] The Christian religion followed suit in the 15<sup>th</sup> century, and the Protestant and Catholic authorities even ended up promoting loans with interest.

### **In Europe, the problem of private debt was exacerbated in the late Middle Ages**

Because of the monetisation of relations that began in the 13<sup>th</sup> to 14<sup>th</sup> centuries the problems of private debt were exacerbated. This meant that forced labour and taxes that had been paid in kind were gradually demanded in sums of money. Consequently, peasants, artisans, etc. were forced to go into debt to pay the taxes. More and more peasants, artisans and labourers, unable to repay their debts, had their property seized, were dispossessed and/or imprisoned, and many were mutilated. [12]

In 1339, at Siena (Italy), indebtedness reached such a point that the municipal government announced to the council that imprisonment for debt had to be abolished, failing which nearly all the citizens would have to be put in prison. Sixteen years later, in 1355, the people of Siena revolted, setting fire to the records room in the municipal palace that housed the account books. They wanted to erase all traces of the debts whose repayment was demanded of them and which they considered odious. [13]

Another sign of the importance of the rejection of exploitation through debt: at the end of the 14<sup>th</sup> century, when the labouring classes momentarily took power in Florence, led by the *Ciampi* – day-labourers in the textile industry –, their demands included eliminating the amputation of a hand as punishment for non-payment of debts and a moratorium on unpaid debts. [14] They also demanded representation in the government and higher taxes on the wealthy. Similar events took place during the same period in Flanders, Wallonia, France, England, and elsewhere.

### **Rejection of debt was at the heart of the massive peasant insurrections in the Germanic world in the 15<sup>th</sup> and 16<sup>th</sup> centuries**

Between 1470 and 1525, a multitude of peasant uprisings, from Alsace to Austria and including the majority of the regions of Germany, Bohemia, Slovenia, Hungary and Croatia, were prompted in large measure by the indebtedness of peasants and city dwellers of the dominated classes. Hundreds of thousands of peasants took up weapons, destroying hundreds of mansions and dozens of monasteries and convents. The repression left over 100,000 peasants dead. [15] During one of the rebellions, in 1493, one of the peasants' demands was a jubilee year during which all debts would be abolished. [16] Thomas Münzer, one of the leaders of the peasant uprisings, beheaded in 1525 at the age of 28, called for full application of the Gospels, and in particular the exhortation to forgive debts. In this he was in opposition to Martin Luther, who at first – in 1519-1520 – denounced usury and the sale of indulgences by the Catholic church but by 1524 was defending lending for interest and demanding that peasants and all indebted persons repay their debts. In opposition to the peasant uprisings, Luther called for “a strict, hard temporal government that will compel and constrain the wicked (...) to return what they borrow...”. [17] “Let no one think that the world can be ruled without blood; the sword of the ruler must be red and bloody; for the world will and must be evil, and the sword is God’s rod and vengeance upon it.” [18] In the conflict between peasants and other components of the popular classes (in particular the untitled town dwellers and the most destitute strata – vagabonds, beggars, etc.) on one side and the local ruling classes on the other, Luther had chosen his camp, proclaiming that the laws of the Old Testament, including the jubilee year, were no longer applicable. According to Luther, the Gospel simply describes ideal behaviour. In real life, he maintained, debts must always be repaid.

An anonymous text that circulated in Germany beginning in 1521 included the following dialogue between a peasant and a wealthy burgher which well describes how indebtedness is used to dispossess toilers of their tools or land:

Peasant: *What brings me to you? Why, I would like to see how you spend your time.*

Burgher: *How should I spend my time? I sit here counting my money, can't you see?*

Peasant: *Tell me, burgher, who gave you so much money that you spend all your time counting it?*  
Burgher: *You want to know who gave me my money? I shall tell you. A peasant comes knocking at my door and asks me to lend him ten or twenty gulden. I inquire of him whether he owns a plot of good pasture land or a nice field for plowing. He says: 'Yes, burgher, I have a good meadow and a fine field, worth a hundred gulden the two of them.' I reply: 'Excellent! Pledge your meadow and your field as collateral, and if you will undertake to pay one gulden a year as interest, you can have your loan of twenty gulden.' Happy to hear the good news, the peasant replies: 'I gladly give you my pledge.' 'But I must tell you,' I rejoin, 'that if ever you fail to pay your interest on time, I will take possession of your land and make it my property.' And this does not worry the peasant; he proceeds to assign his pasture and field to me as his pledge. I lend him the money and he pays interest punctually for one year or two; then comes a bad harvest and soon he is behind in his payment. I confiscate his land, evict him, and meadow and field are mine. And I do this not only with peasants but with artisans as well.* [19]

What we have here, summed up in very simple words, is the process of dispossession peasants and artisans in Germany and elsewhere tried to oppose.

### **The conquest of the Americas and the imposition of debt peonage**

At the time of the conquest of the Americas, the imposition of European domination went hand in hand with subjugation of the native people through debt. [20] The form used: peonage. The *Oxford English Dictionary* defines "peonage" as follows: "In Mexico, the condition of a peon serf, servitude for debt [...] a debtor held in servitude by his creditor till his debts are worked off." Peonage is the system under which peons are bound to servitude on the land by various means, including hereditary debt. Peonage was not abolished in Mexico until the first decade of the 20<sup>th</sup> century, during the revolution.

### **Part 2: Private debt during the capitalist era**

In Europe, in the 17<sup>th</sup> and 18<sup>th</sup> centuries, private indebtedness among the working classes and the repression of non-payment of debts contributed to creating a proletarian mass: imprisonment, mutilation, and the creation of penal colonies contributed to forcing impoverished citizens to accept work in factories. This is one of the sources of the primitive accumulation that enabled capitalism to impose itself as the dominant mode of production, first in Europe and then in the rest of the world. [21] A large part of the proletarian mass who moved to the cities where factories were beginning to develop was made up of heavily indebted people from the countryside who had been dispossessed of their land.

Non-payment of debts was violently repressed through the middle of the 19<sup>th</sup> century in the countries at the centre of the burgeoning industrial capitalist system: Western Europe and North America.

Poor people who were guilty of not being able to repay loans were punished with harsh prison sentences. Capital punishment was frequently applied in England until the 18<sup>th</sup> century. In the United States, in the State of Pennsylvania, at the end of the 18<sup>th</sup> century, those unable to repay loans could be sentenced to be flogged and put in the pillory with their ear nailed to it. The ear was then cut off. Debtors were also subject to being branded. In France, prison sentences were systematically handed out. In addition, of course, offenders were evicted from their homes and all their possessions were seized.

In the United States, shortly after independence, protest movements were organised by farmers

whose land and goods had been confiscated for non-payment of taxes. The payment was required in cash, whereas many farmers had little or none, since they lived essentially through bartering and in-kind payment. Many of these farmers had served in the revolutionary armies but had never received all their pay. In Massachusetts, in 1782 at Groton and again in 1783 at Uxbridge, citizens organized and attacked the local authorities, demanding the return of confiscated property. At the start of Shays's Rebellion, in 1786, mobs prevented the courts from sitting at Northampton and Worcester after Governor Bowdoin increased civil actions to collect tax debts and the legislature imposed an additional property tax to finance payment of Massachusetts's share of the United States' foreign debt. Daniel Shays, after whom the movement is named, was himself an unpaid veteran. He had been taken to court for non-payment of taxes.

Beginning in 1798, debtors organized a self-protection movement and demanded the adoption of legislation protecting them against the whims of creditors and the courts. A federal law was adopted in 1800, but the protection it afforded was limited to bankers and merchants in default of payment. And in any case, the different States continued to apply their own laws, which most often favoured creditors.

Scott Standage [22] cites an 1828 book, *The Patriot; or, People's Companion* which argued for the abolition of debtors' prisons on the grounds that debt was a form of "civil slavery" comparable to the slavery of the Blacks, neither debtors nor slaves having any protection under the Constitution.

The hope of escape from creditors was one of the causes of the migratory flow from the Eastern United States to the Far West.

The majority of Europeans who took part in the colonization of the New World in the 17<sup>th</sup> and 18<sup>th</sup> centuries had gone into debt to pay for their voyage, and consequently found themselves in a state of servitude to their creditors. Over many long years, they were forced to repay the initial debt and were threatened with prison or mutilation should they fail to pay. It is estimated that between half and two thirds of the Europeans who settled in the thirteen British colonies in North America between 1630 and 1776 came under indentured servitude. [23] This type of debt servitude was not abolished in the United States until 1917.

The same type of debt contract was applied throughout the British empire to finance colonisation. Millions of poor people left India to settle in the British Caribbean, Mauritius, South Africa, and other parts of the empire as indentured servants. In Mauritius alone, between 1834 and 1917, nearly a million and a half Indians settled after being forced by poverty to accept debt servitude contracts. [24]

In 1875, in India, in the vast region called the Deccan, uprisings broke out during which indebted peasants set out to systematically destroy moneylenders' account books and in effect repudiate their debts. [25] The revolt lasted two months and involved some thirty villages covering 6,500 sq. km. A parliamentary investigatory commission was put in place in London and in 1879 the Dekkhan Agriculturists' Relief Act [26] was adopted, providing a certain degree of protection for indebted peasants.

In 1880, a debt crisis affected small and medium farmers in the United States. It happened again on a massive scale in the 1930s, as chronicled by author John Steinbeck in his famous novel *The Grapes of Wrath*, published in 1939. These successive crises resulted in the dispossession of millions of indebted farmers in the United States for the benefit of major private agribusiness corporations.

In the 19<sup>th</sup> century, when the Industrial Revolution and the expansion of capitalism became generalized, owners implemented the "truck system," which enabled them to keep employees



permanently in debt. Workers, in lieu of payment of wages in standard currency, were given a substitute currency or scrip which they could spend only in the company store [27] to buy all the basic goods they needed to live – food, fuel for heating and lighting, clothing, and so on – at exorbitant prices, with the purchases deducted from their pay. Very often they were forced to recognize a debt since their expenditures exceeded the amount of their wage. Workers were forced to struggle hard against this system. It was one reason why workers organized cooperatives (bakeries, etc.) to produce food or sell basic necessities at affordable prices. The truck system was eventually prohibited.

The decades after the Second World War are characterized, in the most industrialized countries (and also in several countries of the global South, such as Argentina), by a period of strong economic growth during which workers, through organized struggle, were able to achieve major social advances such as significant increases in purchasing power, consolidation of social-security systems, and improvements in public services, in particular education and health care. States also nationalized a number of industries, which strengthened their power to intervene economically. The populations benefited more from the wealth that was created, and the share of wages in the GDPs increased.

As a result of the neoliberal offensive begun in Chile in 1973 with the dictator Pinochet, then in Argentina in 1976 under the Videla dictatorship (both dictatorships having enjoyed active support from Washington) and later consolidated by Thatcher and Reagan during the 1980s, real wages shrank. In the industrialized countries, mass consumption continued to progress at the cost of greater and greater indebtedness of the population. [28] Government leaders, banks and major industrial and commercial corporations encouraged households to go into ever increasing debt.

### **Imprisonment for debts relating to unpaid fines has not fully disappeared**

Astonishing as it may seem, non-payment of private debt, and more precisely private debt or fines owed to the State, is still subject to imprisonment in several European countries, despite its being prohibited by several international conventions. [29] In France, imprisonment for debt was abolished twice for brief periods, in 1793 and in 1848. It was eliminated permanently in civil and commercial law by legislation dated 22 July 1867. French criminal procedure eliminated imprisonment for debt concerning damages granted to civil plaintiffs in criminal cases in 1958. Today, imprisonment for debt exists only for court-ordered fines, court costs and payments to the Treasury, and only if the offence comes under common law and is not punishable by life imprisonment. In France what is known as “judicial constraint” consists in incarcerating or keeping incarcerated a solvent individual for failure to pay certain fines he or she has been ordered to pay by the public treasury or the customs administration. [30]

In Belgium, imprisonment (called subsidiary imprisonment) for non-payment of fines levied by the State is still possible, even though successive Justice Ministers over the past twenty years or so have recommended that it not be applied. In a response to a parliamentary question from an extreme Right (Vlaams Belang) MP at a time when that party was getting 20% of the vote, the Belgian Justice Minister stated: “Article 40 provides that ‘Failing payment within two months of the date of the ruling or sentence, if after trial, or of notification in case of default of appearance, the fine may be replaced by imprisonment for a duration fixed in the ruling or sentence and not to exceed six months for persons found guilty of a crime, three months in case of misdemeanour, and three days in case of simple infraction’. ‘If the sentence is limited to a fine, the imprisonment for failure of payment is treated as correctional or as lenient imprisonment depending on the nature of the conviction.’ Article 41 provides: ‘In all cases, the convicted individual can avoid said imprisonment by paying the

fine; he or she may not evade action taken against his or her possessions by offering to undergo imprisonment.” [31] In practice, a judge in Belgium can issue a sentence calling for subsidiary imprisonment (only in the context of a criminal proceeding). In such a case, the judge calls for a fine and instructs that if the individual prefers, or lacks the resources, he or she may, or must, serve a prison term. Obviously, a wealthy person will choose to pay the fine, whereas someone with very low income and little or no possessions will not be in a position to choose. Here is an example of the class nature of the justice system.

The Minister added: “In 2000, for ordinary offences, out of 22,632 sentences to fines, the prosecutors opened 3,745 cases concerning execution of sentences to subsidiary imprisonment. In 2001, of 21,375 sentences to fines, only 1,745 cases of execution of sentences to subsidiary imprisonment were opened by the prosecutors.”

Even if, in practice, prison sentences are no longer or very rarely applied, the fact that certain countries have kept the possibility open is troubling. Should a party of the extreme Right accede to government and permanently reinforce repressive measures, it is possible that prison sentences for debt will be handed down to working-class scapegoats. There is no lack of reactionary judges within the justice system who could take initiatives that would reinforce the class nature of the application of the law. |

### **Illegitimate mortgage debt and eviction**

When the real-estate bubble burst in Japan (1990s), in the USA (2006-2007), in Ireland and Iceland (2008), and in Spain (2009), tens of millions of working-class households were forced into debt default and were victims of massively organized evictions. [32] On top of shrinking real wages, high levels of unemployment and abusive loan conditions, the effects of these debts are catastrophic for a growing number of working people. In the USA, since 2006, banks have dispossessed fourteen million families of their homes. [33] Although the justice system has recorded no fewer than 500,000 cases of abusive and fraudulent real-estate contracts the actual figure is much higher. In Spain it has happened to more than 300,000 families. The legislation being used by the bankers to evict families from their homes dates from the era of the Franco dictatorship. In Greece, under the third Memorandum of Understanding agreed to by the Tsipras government in 2015, banks are being given a free hand to evict families unable to repay their mortgage debts. [34] Once again in the history of the countries of the North we are witnessing a phenomenon of mass dispossession. In the USA, Spain, Ireland, Iceland, Greece, and elsewhere, a new type of movement and new mobilizations have come into being in resistance to these policies of eviction and dispossession.

### **Illegitimate student debt**

In the most industrialized English-speaking countries and in Japan, the neoliberal policies applied in the education system have dramatically increased the cost of university studies and greatly restricted access to scholarships. The same phenomenon can be seen worldwide.

Tens of millions of young people from the working classes are forced into debt of dramatic proportions in order to pursue university studies. In the USA, student debt is in excess of one trillion dollars (that is more than double the total external debt – private and public – of sub-Saharan Africa in 2015) [35] – a symbolic threshold that underlines the seriousness of the situation. Two out of three students are in debt for an average of \$27,000. In 2008, 80% of students completing a Master’s degree in Law had accumulated a debt of \$77,000 if they had studied at a private



university, and \$50,000 if they attended a public university. The average indebtedness of students who have completed one year of a specialization in Medicine was \$140,000. A student who had successfully completed her Master's in Law told an Italian daily: "I don't think I'll ever be able to repay the debts I contracted to pay for my studies. Some days I feel that when I die, I will still be paying monthly instalments on my university debt. Currently I have a repayment plan spread out over 27 and a half years, but it's too ambitious because the rate is variable and I can hardly keep up with it (...). What worries me most is that I'm unable to save any money, and my debt is always there to haunt me." [36]

Half of Japan's students are indebted. Average student indebtedness is the equivalent of \$30,000. In Canada, the tendency is the same. [37] Attending university costs more and more, whereas with the labour market saturated and ailing, jobs with a decent salary are more and more difficult to find. After their studies, young people in debt and their families are having greater and greater difficulty repaying the debts. Many are forced to accept jobs with little or no employment security and degrading working conditions. Meanwhile banks make fat profits from student debt. As in the case of illegitimate mortgage debt, new forms of struggle and new movements are coming into being to combat illegitimate student debt. One example is the Strike Debt! movement in the USA. We are seeing attempts to federate the different debt resistance movements - student debt, mortgage debt, consumer debt, debt related to taxes, and of course public debt. [38]

Over-indebtedness is deteriorating the living conditions of a larger and larger section of the working classes in all the industrialized countries. In Belgium, for example, the number of persons in collective debt settlement more than doubled between 2007 and 2017.

Women heads of single-parent families everywhere are particularly affected by over-indebtedness. In addition to physical deprivation, over-indebted persons are subject to increasing suffering due to the humiliations associated with debt. Intrusions into the private lives and the homes of over-indebted persons by the authorities are becoming more frequent and more violent. With the precarity of the workforce and the payment of sub-standard wages for part-time jobs and even for full-time jobs, more and more wage earners are becoming victims of the debt system.

## **The making of the Indebted Man**

Over the recent decades, the policies employed by governments and the capitalist class to roll back social progress have made stable, collectively bargained labour contracts a priority target. Workers' and beneficiaries' fundamental rights are presented as privileges and as obstacles to competitiveness and flexibility. A systematic campaign in favour of self-employment dangles the attraction of a certain illusion of personal freedom before the eyes of the hopeful. More and more people are forced to go into debt to become self-employed, to create a "micro-company" - in other words, to corporatize themselves, to exploit their own "human capital." As Maurizio Lazzarato says in his book *The Making of the Indebted Man*, "In the debt economy, to become human capital or an entrepreneur of the self means assuming the costs as well as the risks of a flexible and financialized economy, costs and risks which are not only - far from it - those of innovation, but also and especially those of precariousness, poverty, unemployment, a failing health system, housing shortages, etcetera." [39] A growing number of people who have tried their hand at self-employment fail, slide into over-indebtedness and lose what little they had. Lazzarato describes how the strategy of the neoliberal program views the Welfare State: social rights are gradually turned into "social debts," which neoliberal policies in turn transform into private debt; in parallel, beneficiaries become "debtors" to unemployment insurance funds and to the State. [40] As the policies conducted by neoliberal governments lead to the impoverishment of wage earners (freezing or reduction of

wages, increased precarity, etc.) and beneficiaries of other social rights (freezing or reduction of pensions, reduction or elimination of social assistance and unemployment benefits, deterioration or disappearance of certain public services, reduction or elimination of scholarships, etc.), he explains, finance makes promises of enrichment through access to credit and shareholding. Increases in wages and pensions are replaced by consumer credit and the promise of dividends (from pension funds or insurance); the right to decent housing is replaced by mortgage credit and the right to education by student loans; mutualized insurance against risks such as unemployment and illness is replaced by individual insurance. [41]

Many of the refugees who reach Europe after overcoming almost unimaginable obstacles have gone into debt in order to undertake the voyage to the country of refuge. There they are forced to accept extremely harsh working conditions in order to repay their debts since they know that the members of their family who have stayed behind are under pressure from their creditors. Many female immigrants are forced into prostitution in order to repay an illegitimate debt.

Since the crisis that broke out in the industrialised countries in 2007, the private-debt part of the “debt system” has become harsher – abusive mortgage debts, illegitimate student debt, and consumer debt leading to alienation and impoverishment. This goes hand in hand with the action of governments who use the increase in the public debt they themselves have encouraged to intensify the offensive against the social progress made during the 20<sup>th</sup> century.

### **Supporting initiatives that further the struggle against illegitimate private debt**

How can we expect people who due to over-indebtedness have been humiliated and abused by banks, evicted from their homes, and who in spite of all that are still liable for a still unresolved portion of that debt to come together and mobilize against repayment of public debt accumulated by the State or take part in collective actions in favour of workers’ rights? Having been defeated in their personal struggles because resistance movements strong enough to prevent evictions or escape from other forms of over-indebtedness don’t exist, how can they find the strength to continue struggling? They are unlikely to feel that the issue of illegitimate public debt or collective struggles for social rights concern them. Therefore it is necessary to give full support to initiatives that further the struggle against illegitimate private debt.

**Eric Toussaint**

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The author is solely and entirely responsible for any errors or omissions contained therein.

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**P.S.**

\* <http://www.cadtm.org/Breaking-the-Vicious-Cycle-of,14751>

\* Translated by Snake Arbusto and Mike Krolikowski.

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### **Footnotes**

[1] The author wishes to make it clear that he is not denouncing private debt in all circumstances.

The present article concentrates on private debt used as means of expropriation and dispossession.

[2] During that period, the State itself did not borrow. That was also true in ancient Egypt and Greece. Rome borrowed only in very exceptional cases. In Europe, States did not begin borrowing systematically until the 13<sup>th</sup> and 14<sup>th</sup> centuries. They have not stopped since.

[3] Michael Hudson, *The Lost Tradition of Biblical Debt Cancellations*, 1993, 87 pages; "The Archaeology of Money", 2004. See also: David Graeber, *Debt: The First 5,000 Years*, Melville House, New York, 2011, 542 p.; available at [https://libcom.org/files/\\_Debt\\_The\\_First\\_5\\_000\\_Years.pdf](https://libcom.org/files/_Debt_The_First_5_000_Years.pdf). See by Éric Toussaint: "The Long Tradition of Debt Cancellation in Mesopotamia and Egypt from 3000 to 1000 BC", <http://www.cadtm.org/The-Long-Tradition-of-Debt>

[4] The Torah (Jewish religious law) is the compilation of the texts that make up the first five books of the Bible: Genesis, Exodus, Leviticus, Numbers and Deuteronomy.

[5] See Isabelle Ponet, "Debt cancellation in the land of Canaan in the first millennium BC", <http://www.cadtm.org/Debt-cancellation-in-the-land-of>. In Leviticus, we find not only the requirement of debt forgiveness, but also of freeing debt slaves and their entire families and returning their fields and house. But that applied only to the community of Israel and not to other peoples.

[6] Michael Hudson, *The Lost Tradition of Biblical Debt Cancellations*, 1993, 87 pages; "The Archaeology of Money", 2004.

[7] Michael Hudson, *The Lost Tradition of Biblical Debt Cancellations*, p. 27.

[8] See David Graeber, *op. cit.*

[9] Tacitus, *Annals*, 6.16.1, cited by Andreau, "Personal indebtedness and debt forgiveness in the Roman empire," <http://www.cadtm.org/Personal-endebtment-and-debt>

[10] See Karl Marx, *Capital*, Book 3, Chapter 19, Remarks on pre-capitalist usury. See also Ernest Mandel, *Marxist Economic Theory*, vol. 1, Chapter 4, the passage entitled "Usury capital."

[11] Rabbi Hillel had decreed that Jews must add a clause to contracts they entered into renouncing application of Torah and Talmud, which provide for periodic cancellation of debts. The Jewish religion also permitted loans for interest if made to non-Jews.

[12] Silvia Federici, in her book *Caliban and the Witch*, shows how this movement affected proletarian women even more seriously. See Silvia Federici, *Caliban and the Witch: Women, the Body and Primitive Accumulation*, Autonomedia, Brooklyn, NY, 2004, 288 p.

[13] Patrick Boucheron, *Conjurer la peur*, Seuil, Paris, 2013, pp. 213-215 (in French).

[14] See Silvia Federici, *op. cit.*, p. 45. See also Patrick Boucheron, p. 189.

[15] See Friedrich Engels (1850), *The Peasant War in Germany*, <https://www.marxists.org/archive/marx/works/1850/peasant-war-germany/>. See also David Graeber, *op. cit.*, pp. 390-395.

[16] Friedrich Engels (1850), *The Peasant War in Germany*, Chapter 3

[17] Martin Luther (1524) "On Trading and Usury",  
<http://www.lutherdansk.dk/Martin%20Luther%20-%20On%20trading%20and%20usury%201524/ON%20TRADING%20AND%20USURY%20-%20backup%20020306.htm>

[18] Martin Luther (1524), *op. cit.*

[19] Cited by Silvia Federici, *Caliban and the Witch*, p. 125, after G. Strauss (ed.), *Manifestations of Discontent on the Eve of the Reformation*, Bloomington, Indiana University Press, 1971, pp. 110-111)

[20] Pope Nicholas V, in January 1455, had authorized the perpetual subjugation of populations considered "enemies of Christ." Among other things, that enabled the enslavement of Africans during that period (in particular on the plantations created by the Portuguese in Madeira), and subsequently authorized the European conquistadors to do likewise in the New World. Here is an excerpt from the bull *Romanus Pontifex*: "We [therefore] weighing all and singular the premises with due meditation, and noting that since we had formerly by other letters of ours granted among other things free and ample faculty to the aforesaid King Alfonso - to invade, search out, capture, vanquish, and subdue all Saracens and pagans whatsoever, and other enemies of Christ wheresoever placed, and the kingdoms, dukedoms, principalities, dominions, possessions, and all movable and immovable goods whatsoever held and possessed by them and to reduce their persons to perpetual slavery, and to apply and appropriate to himself and his successors the kingdoms, dukedoms, counties, principalities, dominions, possessions, and goods, and to convert them to his and their use and profit..." (emphasis added by the author)

Also, as David Graeber describes, the conquistadors, including Hernán Cortés, had gone deeply into debt to finance their operations. As a result they exploited and despoiled the conquered populations all the more brutally in order to repay their own debts. See David Graeber, *op. cit.*, p. 315 and following.

[21] Marx cites as the sources - often violent - of primitive accumulation: complete separation of the producer from the means of production, the usurpation of communal property, the enclosure of commons in the countryside, dispossession of artisans of the tools of their craft, bloody repression of dispossessed persons (who had lost everything due to debts they were unable to repay), the colonial conquest and the commandeering and exploitation of the continents taken over by the European powers, the slave trade, and the public-debt system (see Book 1 of *Capital*: Part 8: "Primitive Accumulation."

<https://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-I.pdf>, pp. 507-527.

Silvia Federici adds to these sources the witch hunts, that vast and bloody movement of repression against women from the late 15<sup>th</sup> to the mid-17<sup>th</sup> centuries. In a study called "Accumulation primitive et industrialisation du tiers-monde" (Primitive accumulation and the industrialization of the Third World), in Victor Fay (ed.) *En partant du Capital*, Paris: Anthropos, 1968, pp. 143-168, sums up Marx's position and underlines the fact that "We might even state that Marx underestimated the importance of the despoliation of the Third World in the accumulation of industrial capital in Western Europe." (p. 149). In 1913 Rosa Luxemburg, in *The Accumulation of Capital* (London, Routledge Classics, 2003) also reviews the process of primitive accumulation and its extension into the imperialist era of the late 19<sup>th</sup> century.

<https://www.marxists.org/archive/luxemburg/1913/accumulation-capital/index.htm> See also

Harvey, David (2010). *The New Imperialism*, Oxford University Press, 2005 and Jean Batou, "Accumulation par dépossession et luttes anticapitalistes : une perspective historique longue" - *CONTRETEMPS*,

<https://www.contretemps.eu/accumulation-par-depossession-et-luttes-anticapitalistes-une-perspective-historique-longue/> (in French)

[22] Standage,  
<https://www.cambridge.org/core/journals/journal-of-economic-history/article/div-classtitlethe-rise-and-fall-of-indentured-servitude-in-the-americas-an-economic-analysisdiv/E485D8B3180DB46FE48D52EF46A869B6> Scott, *Born Losers: A History of Failure in America*, Harvard University Press, 2005

[23] Galenson, David (March 1984). "The Rise and Fall of Indentured Servitude in the Americas: An Economic Analysis." *The Journal of Economic History*, 44 (1): 1-26.

[24] <https://www.sscnet.ucla.edu/southasia/Diaspora/freed.html> "Over the period 1834, when the first batch of indentured Indians arrived in Mauritius, to 1917, when the indentured system was brought to a halt, nearly 1.5 million Indians had sold themselves into debt-bondage."

[25] See David Graeber, op. cit., p. 257. See "Peasant movements and tribal uprisings in the 18<sup>th</sup> and 19<sup>th</sup> centuries: Deccan Uprising (1875)" - *History And General Studies*,  
<https://selfstudyhistory.com/2015/10/14/peasant-movements-and-tribal-uprisings-in-the-18th-and-19th-centuries-deccan-uprising-1875/>

[26] See the text of the Dekkhan Agriculturists' Relief Act of 1879 at  
<https://indiankanoon.org/doc/1545750/>

[27] More often called 'tommy shops' in Britain, where the system has also been abolished.

[28] See Éric Toussaint, "In the South as well as the North: from the Great Transformation in the 1980s to the current crisis", published 1 October 2009,  
<http://www.cadtm.org/In-the-South-as-well-as-the-North>

[29] Imprisonment for debt is in fact prohibited by Article 1 of Protocol No. 4 to the Convention for the Protection of Human Rights and Fundamental Freedoms, securing certain rights and freedoms other than those already included in the Convention and in the first Protocol thereto. See: <https://www.coe.int/en/web/conventions/full-list/-/conventions/rms/090000168006b65c>

[30] See [https://fr.wikipedia.org/wiki/Contrainte\\_judiciaire](https://fr.wikipedia.org/wiki/Contrainte_judiciaire) (in French)  
<http://www.farapej.fr/Documents/Fiches/04.pdf> (in French)

[31] [Belgian Parliamentary] Bulletin n° : B123 - Question et réponse écrite n° : 0599 - Législature : 50, 04/06/2002.  
<https://www.lachambre.be/kvvcr/showpage.cfm?section=qrva&language=fr&cfm=qrvaXml.cfm?legislat=50&dossierID=50-b160-17-0599-2001200201008.xml> (in French or Flemish)

[32] Éric Toussaint, "2007-2017: Causes of a Ten-Year Financial Crisis,"  
<http://www.cadtm.org/2007-2017-Causes-of-a-Ten-Year>

[33] Éric Toussaint, "Bank abuses in the real estate sector and illegal foreclosures in the United States", published 28 May 2014, <http://www.cadtm.org/Bank-abuses-in-the-real-estate> See also Éric Toussaint, "Banks and the New 'Too Big to Jail' Doctrine", published 13 March 2014,  
<http://www.cadtm.org/Banks-and-the-New-Too-Big-to-Jail>

[34] See “The Greek government and banks try to take away our homes every Wednesday at civil tribunals” <http://www.cadtm.org/The-Greek-government-and-banks-try>

[35] See, on the World Bank site: <http://datatopics.worldbank.org/debt/ids/region/SSA>

[36] *La Repubblica*, 4 August 2008, cited by Maurizio Lazzarato, *The Making of the Indebted Man: An Essay on the Neoliberal Condition*, Semiotext(e), reprint edition (Aug. 31 2012). Translation CADTM

[37] “Luttes & dettes étudiantes au Québec : « Tant qu’on n’aura pas renversé le capitalisme, on ne pourra pas sauver l’éducation »” (“Struggle and student debt in Quebec: Until we overthrow capitalism, we’ll never save education”) (Interview with Éric Martin by Maud Bailly)

<http://www.cadtm.org/Luttes-dettes-etudiantes-au-Quebec> (in French)

See also Isabelle Ducas “L’endettement étudiant, un lourd fardeau” (“The Heavy Burden of Student Debt”)

<http://affaires.lapresse.ca/finances-personnelles/train-de-vie/201312/10/01-4719551-lendettement-etudiant-un-lourd-fardeau.php> (in French)

See the official Canadian government site: “Student loans and debts”,

<http://www.statcan.gc.ca/pub/81-595-m/2014101/section04-eng.htm>

[38] See *Strike Debt! The Debt Resisters’ Operations Manual* <http://strikedebt.org/drom/> and in particular regarding student debt <http://strikedebt.org/drom/chapter-four/>

[39] Maurizio Lazzarato, *The Making of the Indebted Man: An Essay on the Neoliberal Condition*, Joshua David Jordan (translator), Semiotext(e), reprint edition (Aug. 31 2012), p. 51

[40] Maurizio Lazzarato, *op. cit.*

[41] Maurizio Lazzarato, *op. cit.*