

# Reciprocity and Solidarity in the Face of the Spanish Home Repossessions Crisis

IRENE SABATÉ

## INDEBTEDNESS AND HOME REPOSSESSIONS

During the recent housing bubble in Spain, there was considerable social consensus on the advantages of home ownership compared to other forms of tenancy. Hegemonic discourses as well as most of the involved social actors assumed that purchasing a property was the strategy that best fit the needs and aspirations of households, regarding the attainment of adequate housing conditions and the obtention of a heritage that could then be transmitted to future generations. Besides, the accessibility of mortgage loans and fiscal incentives reinforced the tendency towards over-indebtedness (Defensor del Pueblo 2012), representing it as an acceptable and necessary sacrifice, especially when households are created. During the current economic crisis all these circumstances have brought about a major

social, economic and political problem: an unprecedented spate of home repossessions.<sup>1</sup>

Drawing on the classical concern for the relationship between givers and receivers, and for the cultural meanings and moral values attributed to their respective social positions (Mauss 1979), a renewed interest for debt and credit relations in contemporary economies has emerged in the last years (Peebles 2010), in line with discussions around the financial crisis and with the conflicts experienced by households, enterprises and States who are incapable of repaying their debts. Indebtedness, it is stated, has become the primordial condition of economic actors -citizens, companies, States- under contemporary capitalism (Lazzarato 2011). Graeber's volume on the anthropology of debt (2011) has contributed to illuminate the moral foundations of the obligations to repay money debts; it has unveiled as well the naturalisation of debtors' responsibilities in capitalist contexts. As the author shows in his historical examination of credit relations the risk for certain debts not to be repaid has traditionally been assumed by social systems. In contrast to this, in the capitalist framework, the pace and conditions of repayment are strictly quantified (Guyer 2012), and the possibility of default seems to be absent from social representations, or, whenever it is represented, it is intimately linked to stigma and social exclusion. As a result of this situation, violence on debtors is legitimised (Graeber 2011), and the State's withdrawal from welfare provision is justified (Lazzarato 2011).

In this article, of mortgage default is analysed as a transgression – a massive and forced one – of the obligation to repay that is implicit in debt and credit relations, and that constitutes a key factor for the disciplinisation and hierarchisation of society. Indeed, mortgage debtors are transgressing the legal and moral obligation to repay their loans after the end of the housing bubble in 2007 (Naredo y Montiel 2011). Up to that moment, many loans had been granted despite the applicant's high risk of insolvency. Gregory's observation (2012) on sub-prime mortgages applies here: as those mortgages were granted, the usual course of action was subverted: it was not borrowers, but creditors, who initiated the process by aggressively offering credit. The complex workings of financial derivatives, through which debts are turned into objects of investment (Moulier-Boutang 2012) in the framework of a particularly invasive process of financiarization (Marazzi 2009),

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**1** According to the Spanish General Judiciary (*Consejo General del Poder Judicial*), between 2007 and the second trimester of 2015, 642.104 repossessions were initiated in Spain.

fostered in turn by the deregulation of mortgage markets (Nasarre 2011) and for certain pro-cycle policies such as the provision of subsidies to developers and building companies (López and Rodríguez 2010), explains to a great extent the eagerness on the part of credit institutions and mortgage brokers to sell financial products irrespective of the chances of them being repaid.

What are, then, the strategies available for defaulting mortgagors, or those at risk of going into arrears, in order to cope with their situation? To what extent does the practice of reciprocity and solidarity by debtors entail a questioning of the obligation to repay debts? Answers to these questions will be sought on the basis of ethnographic data collected among debtors vulnerable to repossessions in the Barcelona area.

## IN THE FACE OF INDEBTEDNESS

Mortgage indebtedness puts considerable pressures on domestic economies; in addition it threatens or strongly constrains the life projects of those involved. The impact of this phenomenon includes the material aspects directly related to livelihoods, as well as other social and political processes related to the generation of inequalities, exclusion or subordination. The indebted people, as a result, are forced to adopt various strategies in order to secure survival and domestic reproduction. Sometimes also their behaviour is oriented towards the achievement of broader improvements for their situation.

In this section, the domestic strategies and forms of collective action put in place in the face of indebtedness are considered.

## DOMESTIC STRATEGIES

On the domestic scale, the strategies adopted by debtors include, on the one hand, practices based on reciprocity and mutual aid among people tied by moral obligations. Through these links, monetary and non-monetary resources circulate, for example the provision of temporary or permanent accommodation. That happened, for example, as C. and his family had to leave their home after obtaining the assignment in payment. Three members of the household (the parents and the youngest child) were accommodated for free in another defaulting debtors' home they had met during the previous months. Another

typical case is that of Y., who moved into her parents' home with her two daughters as she lost her own flat.

The stress on reciprocity, however, should not lead us to ignore the weight of the market circulation of resources, be it formal or informal. Thus, for example, R. and A., a couple composed of a white-collar and a blue-collar worker who had simultaneously obtained two mortgage loans for their first and second residences, managed to overcome their difficult situation after both became unemployed as they found a buyer for their holiday home. In turn, since his firm went bankrupt, F., a small entrepreneur, found some relief by selling his car and other valuable objects. In a similar sense, V., a female security ward, decided to rent out her home<sup>2</sup> and to move to her parents' with her two children. Of course, resourcing to informal work, for example as domestic workers or by trying to obtain some income from former hobbies is another possibility for unemployed debtors. That was R.'s case, who, after losing her job in the realm of companies' public relations, tried with little success to employ herself as an artisan, while she kept looking for a formal job in her profession.

Through these market strategies, mortgagors under financial distress obtain supplementary incomes in order to cope at least with their immediate mortgage repayments, while they expect to get employment as a more stable solution.

Besides the seek for resources through different means, mortgage debtors, from the moment they start to have difficulties in meeting repayments, adopt austerity in their domestic economies, for example by renouncing certain forms of consumption or by replacing some products and services for less expensive ones. R. and A., for example, considered the possibility of de-registering their youngest son from the nursery school he was attending, as they found they were both unemployed and therefore could do without that service. They decided to take care of him for the whole day until, in some months, he reached the age when he could attend public pre-school for free.

However, it is worth keeping in mind that domestic strategies aiming to access material resources are important not only during economic hardship. Far from that, with some adaptations, they are also practiced in times of prosperity. For example, many mortgagors report that already when they contracted their loans, they counted on renting out some rooms in order to lighten the burden of monthly repayments, a strategy that, in some cases, allowed them to purchase bigger

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**2** In fact, renting the mortgaged property can serve as a source of income or even, under certain circumstances, as a legal tactic to delay eviction.

and more expensive housing units. Thus, already from the beginning, they sought to increase the household's income by taking part in the subletting market.

We also find some telling examples in the sphere of reciprocity. As a relative or a friend accepted to act as a guarantor in a mortgage contract, or even as a co-owner in order to enhance the actual purchaser's solvency, this process entailed the formalisation or reciprocal bonds of obligation that pre-existed the contractual relationship.<sup>3</sup> The result, as it would later become clear, was the conversion of social relations themselves into assets for financial deprecation by the creditor, as happens when mortgage default occurs and the bank demands the debt to both owners and guarantors. Mortgage loan contracts can be interpreted, therefore, as the crystallization of otherwise more informal social relations that have the potential to channel resources from debtors and their social networks toward the credit institution. In case of conflict among the involved actors, the effectiveness of social relations as a vehicle for economic circulation can be undermined. That is what happened, for example, when M.'s partner left home and travelled back to Ecuador, thus avoiding his financial commitments as a co-owner of their flat. For as long as she could and with great effort, M. kept on repaying the loan, until the situation became unsustainable and she got into arrears. At least for now, the bank cannot claim the debt to the mortgagor who is abroad, in the same way that M. had not been able to force him to contribute to repayments or to look for an alternative solution.

## THE EMERGENCE OF COLLECTIVE ACTION

Parallel to the deployment of these practices by households and their social networks, the social unrest provoked by the spate of home repossessions has given way to the emergence of a social movement that has turned mortgagors into a new political subject. We are referring to the *Plataforma de Afectados por la Hipoteca* (PAH),<sup>4</sup> that, since its foundation in Barcelona in 2009, has spread all over the country with more than 160 local assemblies.

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3 With an exception: sometimes, strangers or almost strangers introduced by mortgage brokers themselves acted as guarantors. Sometimes, two strangers acted as guarantees in each other's mortgage contract, as so-called "crossed guarantees" (*avales cruzados*).

4 It could be translated as the 'Coalition of People Affected by Mortgages'.

Perhaps the most famous face of the PAH is its 'stop evictions' civil disobedience campaign, that consists on preventing court officers and police from physically accessing homes under an eviction notice. However, the PAH's activities are far more diversified (Mir et al 2013, Colau and Alemany 2012). First, regular meetings of local assemblies provide an arena for mutual support, where debtors can express their concerns and overcome their previous isolation, while they become conscious of the collective dimension of their problem and, in many cases, self-blaming processes are subverted and replaced by the responsabilisation of other, more powerful actors, such as banks or public authorities. Thus, by attending assemblies, members feel empowered and de-stigmatised, and their material and psychological needs are made public.

Second, the PAH channels a flow of collective counselling, as a rule provided by the most experienced members and, in some cases, by lawyers working on a volunteer basis. In this way, members are given access to pertinent expert knowledge in order to face each particular situation, depending on whether debtors are already in arrears, have received the eviction order, or, after the eviction has been carried out, they are enduring the burden of the debt while looking for alternative accommodation. The goal of collective counselling is, in all, to promote the agency of debtors and to provide them with crucial tools to overcome their powerlessness in front of other actors – such as bank clerks or civil servants – who monopolise expert knowledge on law, finance and the bureaucratic mechanisms of social assistance. In addition, experienced members within each assembly stand by other debtors during their negotiations with banks and other involved institutions.

Third, the PAH promotes political engagement by organising collective struggles on different scales. Fostering political and legislative changes by influencing public opinion and claiming for the intervention of legislators, judges and other public authorities stands among their goals. Thus, for example, in 2013, the Spanish Parliament processed a Popular Legislative Initiative (*Iniciativa Legislativa Popular*, ILP) that intended to regulate assignment in payment, debt cancellation for already evicted families, and the provision of social rents (Colau and Alemany 2012). Meanwhile, during the parliamentary process, a controversial campaign tried to persuade particular members of Parliament to vote for the proposal. In so-called *escraches*, politicians were intercepted in public spaces where they carried out their everyday, private activities. Finally, the ILP, which had gathered the support of over 500,000 citizens, was not passed, but it succeeded in making

visible the huge social support for the measures it contained.<sup>5</sup> Also in the legislative arena, the PAH is promoting municipal initiatives to penalise credit institutions for accumulating vacant housing. Besides, mobilisations are being called for against banks with the higher rates of repossessions. This pressure has had some effects: a few credit institutions have agreed to negotiate with the PAH collective solutions for all their customers, although such negotiations have rarely been fruitful. Additionally, a less visible outcome of the PAH's pressure has been the establishment by banks of specific protocols to react in front of customers who state their PAH membership. Some concessions have been made to them, such as offering a so-called 'partial' assignment in payment, consisting in an almost full cancellation of the debt in exchange for the property, with a much smaller amount of outstanding debt in the form of a conventional loan with no collateral. These kinds of concessions, as some bank manager conceded, have been made due to the banks' concerns for their bad public image that the PAH is succeeding in attaching to them.

Beyond the repayment of mortgages, the PAH also claims for solutions regarding other difficulties met by debtors, such as their inability to pay energy bills or taxes on properties, as well as to afford other basic necessities, such as food or school supplies for their children. Even if this is not their main role, such demands often emerge and are sometimes addressed in local assemblies, either by means of the circulation of resources among members, by asking local communities for support, or by contacting social services and charities.

Finally, the PAH has also devised a mechanism allowing the direct provision of housing for already evicted households with no alternative accommodation. In this aim, they are squatting vacant buildings that belong to banks. Similar strategies are also being used individually by evicted households, who often re-enter their former homes after verifying that they will remain vacant long after eviction. However, in the case of collective squatting actions promoted by the PAH,<sup>6</sup> the practice acquires a protest character, seeking to claim for policies that reinforce and prioritise the social function of ownership and the effective recognition of the constitutional right to decent housing. The most famous of these squatting actions, for example the one that took

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5 Such a victory was attained in Catalunya, where, in July 2015, a law proposed by the PAH among other organisations was passed.

6 This campaign is labeled *Obra Social de la PAH*, a name that ironically alludes to the social programs (*obra social*) that banks, and especially savings banks, have held as a token of their charitable activities.

place in 2013 in Salt (Girona), have been successful in the latter sense: in making visible the problem and claiming for a political response. They even obtained support from the Court at Strasbourg. However, most families accommodated in this way, far from having achieved a permanent remedy for their homelessness, are still at risk of eviction.

#### TOWARDS A TRANSFORMATION OF FINANCE CAPITALISM?

We have just classified in two categories the strategies and reactions of mortgage debtors in the face of the risks and consequences of home repossessions.

The anthropological literature (Lomnitz 1974, Stack 1975) has already shown that what we have been calling 'domestic strategies' based either on reciprocity or on formal or informal market circulation, are not specific to times of hardship. Rather, they constitute everyday economic practices in any phase of macroeconomic cycles, although they need to be adapted to each particular moment: while sometimes resources need to be mobilised, there are other circumstances under which what is needed is just the preservation of potential channels for material circulation. Providing accommodation for a relative who has suffered an eviction would be an example for the former, while agreeing to act as a guarantor in a mortgage contract would fit the latter situation. Anyway, the transformative potential of such practices is very limited, as the resources mobilised are used to keep up with repayments or, when debtors are already in arrears, to mitigate the negative impacts of default on domestic survival and reproduction. The obligation to repay debts (Graeber 2011) is not challenged either way, and neither the role of credit institutions nor the negative moral judgment on defaulting debtors (Gregory 2012) is questioned. As a result, domestic strategies in the face of (over)indebtedness constitute and adapt to the changing conditions of market economy, and by no means aspire to structural transformations.

But in this article we have also described collective action promoted by a social movement like the PAH. Such action entails a refusal of market logic, or a claim for its regulation by the State, as well as a stress on solidarity among mortgage debtors. In this case, an explicit aspiration to transform the political, economic and juridical system can be identified. Since its foundation, the PAH has alternated several failures and achievements that account for the potentialities and limitations of collective action in the face of very strong and asymmetric

power relations. Mid-term, mid-scale strategies have revealed themselves as effective weapons, as the very actors targeted by these actions – bank managers, judges, civil servants at town halls – concede. Such strategies have managed, for example, to damage the public image of specific banks, to disseminate judges' sentences that may set court precedent benefiting debtors, or to implement specific policies on a municipal scale. However, broader and deeper transformations, such as legislative changes on a national scale, are still to be attained. Up to now, legal regulations introduced by the Spanish government, allegedly in order to address the spate of repossessions, have been very timid,<sup>7</sup> evincing little disposition of the authorities to effectively regulate the impact of macroeconomic cycles on citizens' livelihoods.

But still, to a great extent as a result of the PAH's actions, those 'affected by mortgages' have become a social and political actor that has overcome their previous invisibility and stigma. Their distinct public presence, both on the streets and in the media, has empowered them in negotiations. And this can be explained because they do not limit themselves to mitigate the consequences of over-indebtedness and evictions for specific households. Reciprocity and solidarity relations that emerge in their assemblies spread to the collective field of political struggle, as they envision a structural transformation regarding both the legal framework and the social meanings and values attached to indebtedness. Thus, through the denunciation of the structural and symbolic violence exerted on mortgage defaulters, the obligation to repay debts when these are socially considered as illegitimate is challenged (Graeber 2011). In this way, the positive valuation of credit and creditors, as well as the negative connotations of debt and debtors (Gregory 2012) are counteracted on the basis of justice and legitimacy notions, and through the denunciation of abuse, lack of information and transparency, as well as of the shortcomings of the regulation of financial and mortgage markets. Even within a capitalist context, where the possibility of default has been systematically invisibilized (Graeber 2011), and where the pace and quantification of repayment are strictly established and sanctioned according to contract clauses and interest rates (Guyer 2012), the possibility of default and even of the cancellation of debts become socially thinkable.

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7 Perhaps the most notorious case is so-called De Guindos Decree (after the minister of economy), that was presented as a regulation of assignment in payment, but that merely entailed a non-binding recommendation, a “good practice” code for banking institutions. It has been criticised for contributing to legitimise the denial of assignment of payment to a majority of debtors who do not meet its narrow requirements.

Nevertheless, beyond these achievements in the arena of discourses and social representations, an effective transformation of finance capitalism that guarantees livelihoods and social reproduction in decent conditions, and that does so even in times of economic crisis, is still to be conquered.

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