# CAN'T ~~PAY~~ WON'T ~~PAY~~

THE CASE FOR ECONOMIC DISOBEDIENCE AND DEBT ABOLITION

DEBT COLLECTIVE

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## INTRODUCTION

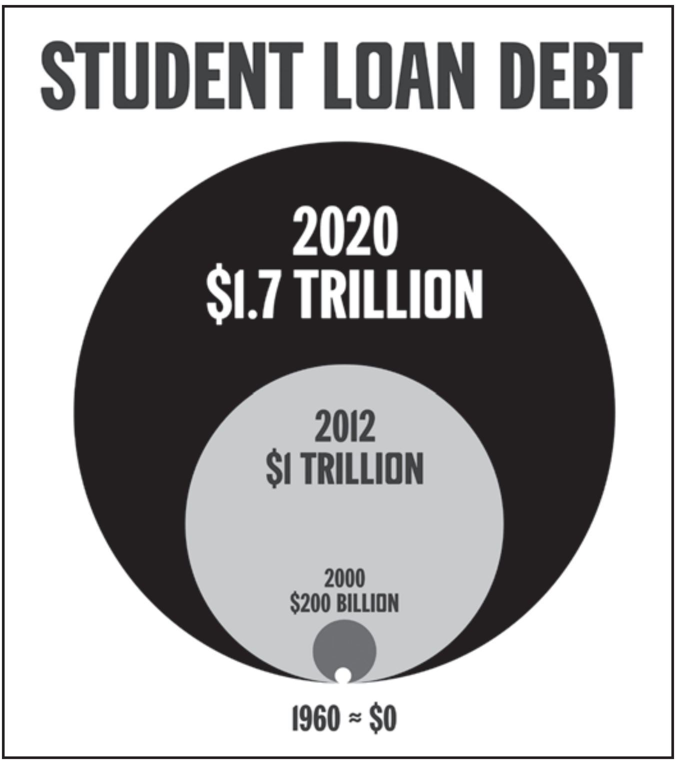
# WE OWN THE BANK

In early 2020 Pam Hunt got an email letting her know that the approximately $40,000 in student loans she incurred for attending a for-profit college would be erased by the US Department of Education. The Trump administration did not make the decision to cancel Pam's debt as an act of kindness—far from it. Officials were forced to act because debtors had been engaged in a years-long campaign of economic disobedience. Trump's billionaire secretary of education, Betsy DeVos, only issued discharges with what she described as "extreme displeasure."

In 2015, in partnership with the Debt Collective, fifteen former students of a predatory, for-profit college chain called Corinthian launched the first student debt strike in history. Hundreds and then thousands joined the movement. Strikers were young, old, Black, white, gay, straight; they lived in urban centers and rural communities. What they had in common was debt. Everyone had attended a criminal, for-profit college that had systematically defrauded its students, burying them in unpayable loans while funneling money to shareholders. The Corinthian strikers argued that their debts were illegitimate and should be canceled. For-profit colleges, they insisted, should be shut down and public education made free for all.

If you are reading this, there's a chance you can relate to the student debt strikers, even if you didn't attend a for-profit college. Maybe you also borrowed money to attend school or have other bills you struggle to pay. You can probably imagine the feeling of relief that would come if your debts were abolished. Most of us have debt of some kind, whether it's student loans, housing debt, credit card debt, medical debt, utility bills, court fines and fees, or payday loans. As was the case for Pam—a single mother and cancer survivor whose student debt load made it difficult for her to find secure housing—debt compounds our other problems. The weight of our debt pulls us all down, though the chains of compound interest tug more heavily on some than others. A 2016 study found that Black graduates have about $7,400 more in student debt than their white counterparts upon graduation; four years after leaving college, that gap has increased to $25,000. A combination of predatory interest rates and discriminatory low wages (earning less makes it harder to pay back a loan) ensure that Black women like Pam suffer the most. Black women have the highest student debt burdens, which means they end up paying more for the same educational experience as their often wealthier white counterparts.

All told, more than one million student debtors default every year. But what if, instead of drowning alone, people engaged in collective refusal? That's what happened during the debt strike. People who didn't know each other banded together and realized that their debts don't have to be a shameful burden—they can become a form of leverage. The fact that Pam—along with tens of thousands of other people—got her student loans canceled proves as much.



To conduct the kind of mass politics that can succeed at scale, debtors need an institutional base. We need debtors' unions: associations of indebted people and their allies, who are willing to engage in campaigns of economic disobedience and threaten collective nonpayment. Debtors' unions can harness the power of debt and wield it strategically. Individually, our debts overwhelm us. But together they make us powerful. Creditors are already organized—that's why they got bailed out in 2008 and 2020 and have more influence over our lives than ever before. The time has come for debtors to get organized, too.

## IN THE RED

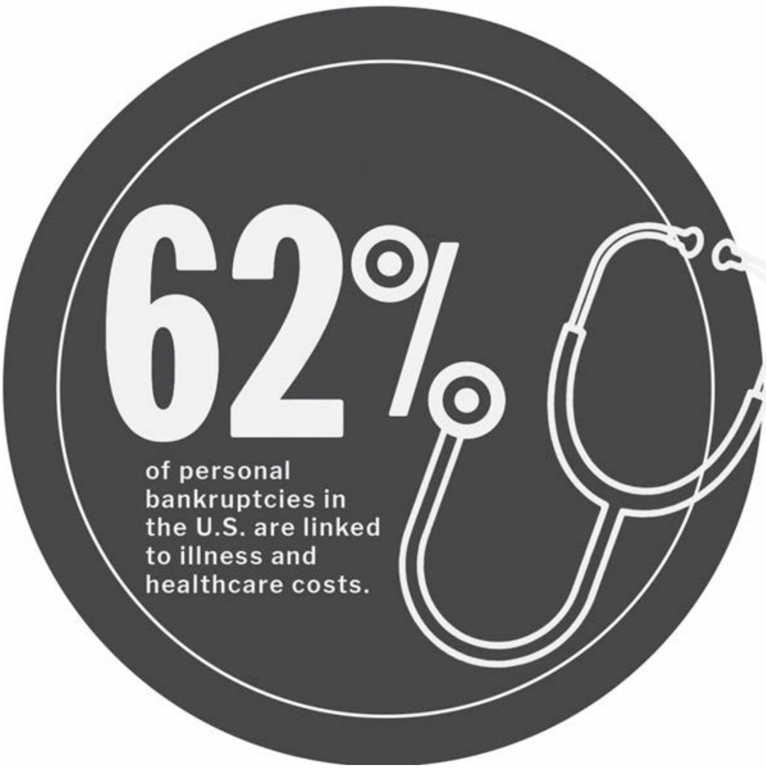
In early 2020, when the COVID-19 pandemic first began to destabilize the global economy, eighty-seven million US residents lacked adequate healthcare coverage and 40 percent could not afford an unexpected four-hundred-dollar expense.

The pandemic created a crisis; it also revealed one. In the richest country in the history of the world, forty million people were poor (including more than 40 percent of all children), half of all workers lived paycheck to paycheck, and 12 percent of the population had experienced food insecurity at some point during the preceding year. Nearly one in five renters could not pay their rent for part of 2017. When the Coronavirus hit, things went from bad to worse. People who were already struggling suddenly had no way to make ends meet. The virus was a double threat, something that could be a death sentence or lead to financial ruin. With no savings to fall back on, people were driven deeper into debt and default.

The danger posed wasn't equally distributed. The disease affected communities according to predictable lines of class, race, and ability. In places like Detroit, Milwaukee, New Orleans, and Chicago, as well as in the Bronx and Queens, Black people were hit particularly hard by the virus. More likely to be employed in "essential" industries, many lacked the privilege to work from home, which increased their risk of exposure. To make matters worse, poor people suffer disproportionately from conditions such as heart disease and diabetes, underlying illnesses that increase the risk of dying from the virus.

Just as the virus ravages those with underlying conditions, this book aims to provide an analysis of economic conditions that made millions of people so financially vulnerable when the outbreak happened. We live in a world where a handful of billionaires (soon to be trillionaires) control more wealth than half of humanity. Their fortunes grow at our expense, the lucky few raking in unearned income and dividends while the majority of people can barely stay afloat. The ruling class's relentless attacks on organized labor and refusal to pay taxes meant there was no safety net to catch regular people when the economy collapsed.

For decades, taking on debt has been the only solution to the impossible bind of low wages and a lack of social services. As inequality has skyrocketed and as public budgets have been slashed, millions of people have been forced to fill the gap by borrowing. Over the years our society has moved from a welfare state to "debtfare" state, with what should be publicly financed goods (universal healthcare, higher education) treated as individual debt obligations. We have to borrow for basic necessities including housing, transportation, schooling, and medical treatment. Even incarceration has become a form of financial extraction, as time in jail and prison now means escalating fines and fees for everything from court appearances and probation costs to "room and board."



As a result, more than three quarters of Americans are now in hock. Between 1980 and 2007, household debt doubled as a percentage of GDP, with most of the growth in residential mortgages, although auto, credit card, student loan, medical, and criminal legal debt also grew precipitously. In the first months of 2020, as the pandemic took hold, household debt rose to $14.3 trillion, $1.6 trillion higher than the record set in the middle of the financial crisis. Today, more than 40 percent of indebted households use credit cards to cover basic living costs, including rent, food, and utilities. Some 62 percent of personal bankruptcies in the US are linked to illness and health care costs.

In 2019, US students graduated from college with an average of $32,000 in debt. Those without access to a bank account are harshly penalized. Ten percent of families spend money on alternative financial services such as check cashers (outlets that cash checks, for a fee) and payday lenders (lenders whose high interest loans trap desperate borrowers in endless cycles of debt). You might think that schoolchildren would escape the horror of debt, but you would be wrong. A 2019 report showed that the median amount of debt incurred by children whose families cannot afford their school lunches has increased 70 percent in the last few years.

## DEBTORS' REVOLTS

In the coming pages we will go behind the numbers to dig into the economic system that has produced debt for the majority and unimaginable riches for a tiny few. But this book isn’t just about the problem of debt. It is also about how to fight back.

Mass indebtedness presents an opening for a new form of resistance to capitalist exploitation. To put it in words often attributed to J. Paul Getty: “If you owe the bank $100,000, the bank owns you. If you owe the bank $100 million, you own the bank.” If you add up all of our debt, we own the bank.

Throughout history indebtedness has been a catalyst for rebellion. Debt and debtors’ revolts have a long history that predates capitalism. In ancient Greece, during the sixth century BCE, an uprising of the poor compelled the famed aristocrat Solon to end debt slavery in order to avert a social crisis. A century later, in Rome, a surge of indebtedness helped spur the Secession of the Plebs, the mass strikes by commoners that led to the creation of *tribuni plebis,* or tribunes of the people.

In a later age, various American colonies were a magnet for the insolvent. Shays’ Rebellion and other debtor revolts struck fear into the hearts of many of the American founding fathers, inspiring James Madison to rail against the “wicked project” of debt abolition in the *Federalist Papers* and leading some scholars to refer to the US Constitution as a “creditors’ constitution.” The founding fathers knew quite a bit about the power of credit and debt, which they wielded as a weapon to dispossess indigenous people and as a means to profit further from slavery. The question has always been who would get to wield debt as a form of power—the wealthy or the working class?

Occupy Wall Street continued this long-standing pattern. In 2012, soon after the Occupy Student Debt Campaign held a protest marking "1T Day," the day when student loan debt hit the $1 trillion mark, New York City activists took inspiration from a student strike in Québec and organized the first local debtors' assembly. There was a palpable spark as people testified for more than two hours, many noting that they had never before spoken publicly about their financial burden. They recounted ambulance bills that sunk their finances, job losses that caused them to depend on credit, and loans taken out to help loved ones. A deeply personal issue was being politicized before everyone's eyes. The epiphany that suddenly connects an individual experience to a collective condition speaks to one of the Debt Collective's slogans: "You are not a loan."

Similar assemblies held across the country laid the groundwork for the Debt Collective. One of the goals of those assemblies was to transform the dominant understanding of indebtedness in America. This was no easy task. Before the Occupy movement arrived on the scene, debt was a topic more often taken up by the political right, who used the national debt as an excuse to cut social services, even as they increased the deficit through massive tax cuts and bloated military budgets.

Ten years later, the evidence is in: when debtors organize together, we can win, and those achievements can set the stage for even bigger victories. As a consequence of the Corinthian debt strike as well as a complementary legal campaign focused on a little known right called defense to repayment, Debt Collective members have won more than one billion dollars in student loan cancellation for tens of thousands of people. They have also forced some Democrats to embrace student debt cancellation and free public college. When presidential hopeful Elizabeth Warren released a proposal to cancel a portion of federal student loans in 2019, one of her former policy advisors credited the Debt Collective. In her words, our organizing had demonstrated that "sometimes debt just has to be wiped away."

A few months later presidential candidate Bernie Sanders, along with congresswomen Pramila Jayapal, Ilhan Omar, and Alexandria Ocasio-Cortez, invited Debt Collective strikers to speak at an event in Washington, DC, to announce their College for All Act. The bill proposed to cancel all student debt and make public higher education free. On June 24, 2019, it was none other than Pam Hunt who stood at a lectern steps away from the United States Capitol Building, speaking forcefully into the microphone: "I stand before you as a person who pursued a higher degree and was made worse off because of it," she said. "I am not asking for forgiveness, I am demanding justice." Six months later Pam's for-profit college loans were finally abolished. Freed from this obligation, she said she felt that she had gotten her future back.

In addition to wiping out unjust loans, the Debt Collective's student debt strike helped change federal regulations, making it possible, for the first time, for defrauded student borrowers to get their debt discharged. That victory is particularly significant because student loans are the only kind of debt that individuals cannot discharge in bankruptcy, thanks to reforms passed in 1998 and 2005 at the behest of lenders and their lobbyists. None other than Joe Biden led the charge for the 2005 change—not surprising for a former senator from Delaware, the credit card capital of the country.

In the wake of the Coronavirus outbreak, organized campaigns by groups of debtors are more necessary than ever before. At the time of this writing, a version of a mass debt strike is already underway. Millions of individuals and households have stopped paying their debts because they can no longer afford to do so. For the most part, though, this mass nonpayment event was not coordinated and people were isolated from others in their situation. The challenge is turning scattered, spontaneous strikes and uprisings into a coherent, collective, strategic force so debtors can, at long last, assert their will.

We need a politicized bloc of debtors that can go beyond discrete actions and build enduring, collective power. Debtors unions can and should make a range of immediate demands: from caps on interest rates to write-downs or full cancellation of all manner of debts, including credit cards, student loans, and mortgages; from eliminating racist lending practices to a ban on money bail and extractive criminal punishment fees. Mass debt cancellation—what has long been called a "jubilee"—would be a significant victory, but only if coupled with a deep, durable shift in the distribution of political and economic power. If debtors are strategic enough, we can help rewrite the social contract so it centers what we call “reparative public goods”—public goods that ensure our collective well-being by centering the repair and redress of intergenerational theft of land and livelihood from Native, Black, and brown communities. By prioritizing redress and repair, we can win free and universal education, housing, and healthcare. No one should have to go into debt to meet their basic needs.

There has never been a better time for people who hold debt of all kinds to come together, refuse to pay, and demand an economy that works for the vast majority instead of the few. Transforming our world’s economic system is a big ambition, but that’s what we need to do, for one another and for our planet. As things stand, a few make enormous fortunes from exploitation while our government enables debt vultures to profit from our pain. (In the case of student debt and criminal punishment system debt, the government is itself the debt vulture.) Under today’s conditions, declining to pay back debts is a defensible act of civil disobedience. We call it economic disobedience. For those aiming to make a more just society, cultivating such acts of collective refusal may amount to a moral responsibility and a strategic imperative.

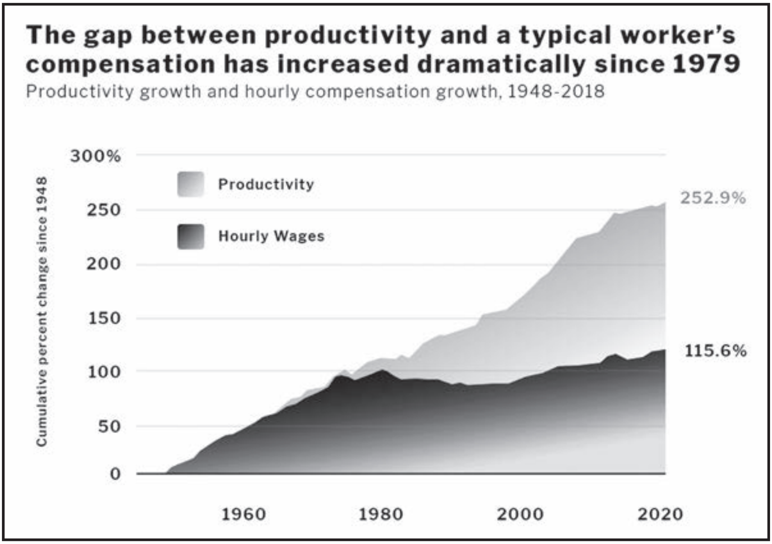
CHAPTER ONE

# YOU ARE NOT A LOAN: RECOGNIZING OUR POWER IN THE AGE OF DEBT

Most people are not in debt because they live beyond their means; they are in debt because they have been denied the means to live.

The fact that employers refuse to provide living wages enables creditors to loan more money, with interest, to desperate workers. In this sense, our bosses and lenders collude to rob us twice: first, by underpaying us, and then by charging us interest to borrow the money we need to make ends meet.

Look at this graph illustrating the relationship between productivity and wages.




Since World War II the wealth we produce has been going up and up and up, but our wages have remained stagnant since the mid-1970s. Although we are working longer hours, a growing number of us are forced to cobble together multiple jobs and side hustles. While our work is producing more wealth than ever before, that wealth is being captured by the 1 percent. The pie has been getting bigger, but our slice has stayed the same or shrunk. A full eight out of every ten dollars we produce goes into the pockets of the richest 1 percent.

The Coronavirus pandemic revealed just how out of touch elites are when it comes to most people's household budgets. In the spring of 2020, after millions had lost their jobs and food banks were feeding record numbers of people, Speaker of the

House Nancy Pelosi appeared on a late night comedy show to joke about how much gourmet ice cream she had stored in one of her two freezers. That same week, treasury secretary Steven Mnuchin appeared on cable news to tout the Trump administration's "stimulus" package, consisting largely of one-time $1,200 payments to individuals. In a "let them eat cake" moment for the ages, Mnuchin said he believed the package would "provide economic relief for about ten weeks." He failed to mention that the US Treasury made it legal for banks to seize those meager checks for outstanding debts.

**Sample Monthly Budget**

| | |
|---|---|
| **Monthly Net Income** | |
| Income (1st job) | $ 1,105 |
| Income (2nd job) | $ 955 |
| Other Income | $ 0 |
| **Monthly Net Income Total** | $ 2,060 |
| **Monthly Expenses** | |
| Savings | $ 100 |
| Mortgage/Rent | $ 600 |
| Car Payment | $ 150 |
| Car/Home Insurance | $ 100 |
| Health Insurance | $ 20 |
| Heating | $ 0 |
| Cable/Phone | $ 100 |
| Electric | $ 90 |
| Other | $ 100 |
| **Monthly Expenses Total** | $ 1,260 |
| **Monthly Spending Money** (*Monthly Net Income Total* minus *Monthly Expenses Total*) | $ 800 |
| **Daily Spending Money Goal** (*Monthly Spending Money* divided by 30)* | $ 27 |

**the average of 30 days in a month is used to simplify your budget*

SAMPLE

English | 4

Our lives cannot be improved by following the glib prescriptions that have long come from on high. Consider the sample budget created by financial advisors at the Visa credit card company for McDonald's employees, which claimed to show how it was possible to live on a fast-food worker's income.

The first thing to notice is that they immediately concede that living on a McDonald's salary can't be done. The budget requires a second job that pays almost as much as the primary one. *No worries,* they seem to be saying, *you'll sleep when you're dead!* Some of the budget lines are impossible flights of fancy, like monthly rent of $600 a month, something less likely in many major cities than finding a unicorn. Even more absurd, the budget allows $0 for heat and it doesn't mention food. It seems being responsible means freezing and not eating.

Visa's guidelines demonstrate why the advice of experts who preach financial "literacy" and "responsibility" is so insidious. To personal finance gurus, whose existence is dependent on *not* criticizing the rules of the game, being a good person means working multiple jobs, taking on debt to fill the gaps, and never questioning the arrangement. They want you to work and to be as obedient and profitable to bosses and creditors as possible.

## THE MYTH OF THE "GOOD" DEBTOR

Our economy is built on lies. We are told that debt offers an opportunity to get ahead when, in reality, most people spend their entire lives stuck on the debt treadmill. *Take out student loans to go to college so you can graduate and get a good job; borrow money so you can build your credit score and buy more stuff; take out a mortgage so you can become a homeowner; become an entrepreneur with a small business loan.* Debt is presented as a crucial rung on the ladder to a better life, a stepping stone to the American dream. If we can't dig our way out of these "good" debts, we are to blame. But the fact is that most people can't dig themselves out—three-quarters of people take their debts to the grave. On average, Americans die holding $62,000 of debt.

The capitalist fable of upward mobility has always been an illusion. While leveraging debt has lifted some out of poverty (access to credit was a cornerstone of policies that helped create the white middle class), the majority has been left behind or pushed into predatory contracts they can never escape. Debt, however, is more than a trap. It's a form of social control. To give just one example, in 2019 the US Army actually admitted that they exceed their recruiting goals by targeting students in debt. As army recruiting Command Major General Frank Muth put it, "One of the national crises right now is student loans, so $31,000 is [about] the average. [. . .] You can get out [of the Army] after four years, 100 percent paid for state college anywhere in the United States." To be indebted makes us vulnerable to predators of all kinds, including predatory lenders, predatory debt collectors, and predatory military recruiters.

In myriad ways, debt erodes our freedom and forces unbearable choices on us: should I pay my mortgage or pay for my chemotherapy? Should I take out loans to pay for college or enlist in the army to get financial aid? Should I put the groceries on a credit card or be late with rent? Should I go to a payday lender or sleep in my car? We internalize the narrative that we have taken on debt freely and the burden is ours alone to bear when nothing could be further from the truth.

To be indebted is typically a shameful experience. We are hounded by collectors via telephone and mail, our credit scores plummet, and, along with them, our chances for housing, loans, and even employment. Our self-esteem, self-worth, and physical and mental health take a dive too. Being indebted weighs on the body and the mind, stressing us out and making us ill. That's not an accident.

A loan is a weapon for making us feel powerless. Mortgages are a good example. In 1914 Ford Motor Company embarked on a new experiment that gave it nearly dictatorial power over its workers. Henry Ford created his own secret police force and gave it the Orwellian name "Ford Sociological Department." The job of this department was to spy intrusively on factory workers and their families to make sure they were sufficiently conforming to Ford's ideas about the American way of life. This meant an emphasis on thrift and upright moral living (no gambling and certainly no political agitating). Among other things, they wanted to know how much money each worker had saved, in which banks, how much debt they owed, and to whom.

The investigators especially discouraged renting out rooms, even to recent immigrants who were also working at Ford, and pressured employees to buy their own homes and helped them find a mortgage. Why would they care about this? What difference did it matter to management if their employees rented or owned a home? First, they discouraged taking on boarders because, despite the gospel of thrift, they didn't want the workers to have additional sources of revenue. They wanted workers to be completely dependent on the income from their factory job. They also discouraged workers' wives from working for money, both to serve the ideal of a lone male breadwinner and to make the entire household dependent on a single factory income. Second, forcing people into mortgages made them docile workers, unlikely to join a labor strike or cause trouble because doing so might jeopardize their ability to pay their mortgage. Anyone who didn't conform to the Ford Sociological Department's strict standards could have their pay docked and be placed on probation until they "turned their lives around," or they could be fired outright if they resisted this control over their daily lives. Mortgage debt meant that Ford could take away more than just workers' jobs—he could threaten their shelter, too.

Today our privatized healthcare system serves a similar function, even if it is less explicit. Linking medical coverage to employment keeps workers docile and forces unions to spend more of their resources fighting for adequate and affordable health care instead of higher pay, shorter shifts, and real worker ownership of businesses. Many people are tethered to jobs they despise and can't leave because they need the privatized insurance accessed through their employer. After all, one thing worse than a job you hate may be not having one, especially if you have a pre-existing condition that puts your life at risk. Everyone knows that if you are not insured, a single accident can lead to a mountain of hospital bills. More than a third of Americans have medical debt.

When COVID-19 hit, people weren't just afraid of contracting a deadly illness—they were also afraid of losing their jobs along with their insurance, and tens of millions did overnight. In the months before the outbreak, centrist Democrats and their allies worked hard to attack universal health care.

For example, in early February 2020, the leadership of the Culinary Union, which represents casino workers, came out against Medicare for All, arguing that it would cause their membership to lose their private insurance. (In the end membership bucked their leaders and voted overwhelmingly for senator Bernie Sanders, who supported Medicare for All.) One month later the casinos were shut down by the crisis. Even though these casinos got a hefty bailout, more than sixty thousand culinary workers were out of a job and without health care coverage. The pandemic put the pathologies of the American employer-driven, for-profit, debt-producing system of private insurance on display for all to see. In response to the global crisis, industry analysts predicted that health care premiums were set to rise by 40 percent, ensuring ever more people will pay for medical treatment with credit cards.

Debt, in this sense, is a kind of cover-up. Our private contracts, and our desperate attempts to be "good" debtors, all work to conceal a larger crime: the crime of treating health care, shelter, and education as profit centers. Think about the idealistic young student who wants to become a lawyer so they can fight for justice and protect those who have been harmed. By the time they get out of law school, they are looking at six figures of student debt. They could become a public defender—or they could enter corporate law. A corporate law salary allows them a path to pay off their loans. Suddenly the whole reason they wanted to study law in the first place has been replaced with its polar opposite. Eighty percent of Harvard Law School students, to use just one example, enter law school saying they want to practice public interest law. Yet, upon graduation, 80 percent of them go on to practice corporate law. ("But there's a Public Service Loan Forgiveness program to address just this problem!" you might say. To date, the government has denied more than 99 percent of those who have applied to get their loans discharged through this program.)

This isn't just the brainwashing of the Ivy League—although there certainly is a fair amount of that, too—this is the disciplinary function of debt. Most of us want to be better people than we are allowed to be. We are forced to do things we are ethically opposed to, just to survive. We have to service our loans instead of serving the greater good.

## FROM DIVESTMENT TO DEBT

The myth of the debtor as an individual who made a bad choice obscures the reason that we are in debt. Medical debt doesn't exist in countries with nationalized health care systems, and student debt is unheard of in parts of the world where public college is free. In the US, the problem is public disinvestment, or what is often called "austerity." Millions who should be eligible for Medicaid, for example, have been pushed off the rolls in recent years. According to one analysis, the number of uninsured children in the US rose by more than four hundred thousand between 2016 and 2018. Disinvestment in the things people need to survive and thrive opens space for profit-hungry predators. In the midst of the

Coronavirus outbreak, the public was shocked to learn that some hospitals were laying off hospital workers and cutting staff salaries while price-gouging patients. Why? Because the hospitals had been acquired by private equity firms, which are in the business of buying companies in order to "restructure" them. For investors, the emergency rooms were not vital public resources but simply cash machines.

Public higher education has also been damaged by "austerity." Public college was free or low cost for much of the twentieth century, and student debt was too insignificant to measure until the 1990s. Things began to unravel in the 1970s, when more people, particularly Black and brown people, demanded access to educational opportunities. In response, states started reducing subsidies to public colleges, and elected officials began talking about public education as a private benefit. A main architect of this shift was California governor Ronald Reagan, who declared war on students at the University of California, whom he called "beatniks, radicals, and filthy speech advocates." He sent in the National Guard to put a stop to student protests and insisted that raising tuition was necessary to quell dissent. Since then, state revenue at public institutions has cratered. Subsidies to schools like Michigan State, the University of Illinois, and the University of California at Berkeley were reduced by more than half between 1987 and 2012. The University of California as a whole now receives only 9 percent of its budget from the state, a massive, decades-long disinvestment campaign that has caused tuition to skyrocket.

Decades of disinvestment in public education has opened up space for predatory for-profit colleges, which are notorious for preying on low-income students, people of color, first-generation students, veterans, and single mothers. Promising a better future, these companies do little more than load students up with loans in order to line the pockets of executives and shareholders.

In area after area, what should be public goods are financed by private debt, with disastrous consequences. Invisible webs of debt wrap around every asset and siphon value from every exchange, allowing the richest among us to profit from the relative poverty of others. Never forget: *your debt is someone else's asset*. Bits of our student loan, mortgage, credit card, and auto loan payments are pooled in order to make money for investors around the world. Bundled with the debt of others, your promise to repay is bought and sold, sliced and diced and speculated on.

And yet we are still sold the lie that debt is a moral relationship between a single creditor and a single debtor. In reality, when a bill collector calls and harasses you, they are probably working for a company that bought your debt for pennies on the dollar from a debt broker. Vultures preying on you to make a buck, they are often willing to break the law to do so. The vast majority of collectors lack the basic paperwork they need to collect legally, yet they issue threats, take people to court, and sometimes land debtors in jail.

Debtors are not just in the red, we're in the dark. This is one important problem that debtors' unions can address.

Many debtors don't know who profits when they pay their debts, or who stands to lose if they don't. Creditors don't want us to understand our debts, which is why we're always told that finance is too complex for regular people to understand. The powerful don't want their schemes to be exposed.

We're in the dark in another sense. Debtors don't know one another. We are isolated and kept apart. Unlike workers organized in a labor union, where a workplace provides a common meeting place, debtors are dispersed far and wide. This is another challenge debtors' unions must overcome—helping people who are being taken advantage of by common creditors to find each other, so we can fight back together instead of being picked off one by one.

Historically, *credit* means *trust*—the act of letting someone borrow resources with the good faith they'll pay you back later when their circumstances have improved. But today, credit is not about trust; it's about extraction. It is hard to overstate just how fundamental trust is to being human. Even the financial terminology hints at this. A financial "trust" is, underneath it all, about real trust. Debtor organizing and debt strikes, just like labor strikes, require building a different kind of trust in one another.

To be clear, relationships of credit and debt are not essentially evil. In fact, debt and credit can and should expand the possibilities of the present, allowing households and communities to access the goods and services they need to thrive. Imagine a city or state borrowing from public banks, not Wall Street, to build infrastructure, such as high-speed trains or schools, so residents can live better in the long term. Too often, though, debt limits our prospects, binding us in chains of compound interest. We mortgage our individual lives for the chance of making it through the day instead of enriching our collective future.

## THE TIE THAT BINDS

Disinvestment in public health and welfare has deadly consequences. When people don't earn enough money to care for their families, when they lack access to quality health care, education and other resources, they seek relief any way they can. Drug and alcohol addiction have seen a precipitous rise in recent years, resulting in an increase in what authors Ann Case and Angus Deaton called "deaths of despair." In 2017 alone the number of such deaths totaled 158,000. "The equivalent," the authors wrote, "of three full 737 MAXs falling out of the sky *every day,* with no survivors." Suicide rates have also exploded, increasing every year for the last thirteen years. Unsurprisingly, the Centers for Disease Control and Prevention warned that working-class people were at highest risk of premature death. In 2016, a landmark study showed that the richest American men now live an average of fifteen years longer than the poorest 1 percent of the population.

Though some are better off than others, economic insecurity and its attendant physical and psychic costs are cross-class phenomena. The fear of being laid off or of being unable to access health care when you need it impacts people higher up the income ladder, too, sparing only the truly affluent. Even those who have a financial cushion—a decent salary and maybe some savings or family support to fall back on—are increasingly aware that their own livelihoods are precarious and may be snatched away in an instant, as we saw when the Coronavirus pandemic swept the country.

Many professionals who could formerly count on a decent, secure standard of living have seen their fields decimated. College degree holders are supposed to be insulated from economic downturns. But in recent years, they have felt the squeeze. According to the Economic Policy Institute, some graduates now earn lower wages than they did ten years ago. Anyone who tells you that a college degree is protection from financial ruin is living a fantasy. Those who work in higher education have taken a big hit. Since 2011, 94 percent of all college professors have been hired off the tenure track, meaning that millions of college students are now being taught by faculty who are paid as freelancers and whose only real connection to their school may be an email address. Journalism has been another casualty of decades of privatization. More than five hundred daily newspapers have gone out of business in the last forty years. Other media outlets have been stripped for parts and sold off to corporations. Lawyers are also feeling the pinch. The American Bar Association published statistics showing that lawyers graduate with an average of $110,000 in student loans while salaries after graduation average about $53,000. With no way to repay the loans that supposedly provide an on-ramp to well-paying jobs, many professional careers are closed to all but the most privileged.

It is increasingly clear that capitalism needs us to be insecure and scrambling. This is why labor unions have been under attack for decades and why union membership is on the decline. Employers need employees, and they also need them to live in terror of losing their jobs because fear prevents people from demanding more. This bludgeoning of US workers led Alan Nasser, a professor of political economy, to note that "economic recovery is now treated as consistent with declining standards of living." In other words, when Wall Street touts a recovery, what they are really saying is that they have forced the rest of us to live with even less than we had before. Except debt. That we can have more of.

Soon after the Coronavirus shut down the economy, debt collectors brazenly used the language of diversity to describe themselves as "essential" to the US economy. One lobbying group for the industry fought back against efforts to stop debt collection during the crisis, arguing that halting collections would negatively "impact the diverse workforce that makes up the collection industry," specifically the women and people of color they employ at poverty wages. Their argument was especially insidious since it is precisely women and people of color who are disproportionately impacted by consumer debt, or what we prefer to call household debt, since it typically impacts everyone in a household. During the pandemic, the collection industry wrapped its institutional power in the language of inclusion as a weapon to maintain its profits.

We need to aim for much more than inclusion in a predatory system. Debtors have much in common to build upon so we can push for structural transformation. Debt is the tie that binds the 99 percent, but we also must recognize that it binds some more harshly than others. Debt is not an equalizer; rather it is an intensifier of pre-existing inequalities. Those who are most likely to be indebted are people who have less intergenerational family wealth, whose lands and livelihoods have been stolen due to discrimination, and whose inclusion in the financial system is often predatory. That means poor people, Black and brown people, trans people, and immigrant communities suffer disproportionately under the current system.

The fact that we are all in hock to creditors does not change the different ways that racism, patriarchy, and ableism continue to affect our everyday lives. It does, however, open up the possibility of new, powerful alliances. Mass indebtedness is a social condition that lays the groundwork for the kind of cross-class, multiracial coalition we desperately need to actually target capitalism, not just its symptoms. We can respond to our circumstances with fear and competition or with indignation and cooperation, transforming our accumulated debt into accumulated power to forge a new path.

## FORECLOSURE KINGS

Some people might worry that campaigns of economic disobedience and debt refusal encourage irresponsible behavior. *Are you telling me that I can buy whatever I want on a credit card* *and then just refuse to pay it?* It is true that some individuals are irresponsible with their personal finances, but they tend not to be your average debtors. Congressman Newt Gingrich famously carried a balance of half a million dollars on his line of credit at Tiffany's because he liked to buy expensive jewelry he couldn't afford. That's an example of someone who doesn't know how to balance a budget. Senator Marco Rubio got himself into financial trouble when, already deep in debt, he spent eighty thousand dollars on a luxury boat because he couldn't resist fulfilling a childhood dream. Before she became secretary of education, Betsy DeVos funded a front group called "All Children Matter" aimed at privatizing education. This group violated all kinds of laws and was slapped with a $6 million fine by the courts. Instead of paying that debt, DeVos simply dissolved "All Children Matter" and walked away from her obligations. Betsy DeVos doesn't have to pay her debts, but poor people do.

It's time to challenge the phony morality around debt. At the very top of the wealth pyramid, the rules that keep the little people in line don't apply. Companies and the individuals they have made rich walk away from their debts all the time, thanks to bankruptcy laws and government bailouts. More than anyone else, Donald Trump exemplifies this double standard. He famously declared bankruptcy six times. It takes a special kind of loser to lose money running a casino where the house always wins, and yet Donald Trump managed to do it.

These egregious double standards were on full display during the 2008 mortgage crisis, when a large percentage of homes in the US were underwater, meaning that the real value of the house was lower than the mortgage. Homeowners, predictably, did not lose out equally. African-American families lost 53 percent of their collective wealth and Latinx communities 66 percent percent, far more than their white counterparts. Nonwhite people have long been preyed upon by unscrupulous lenders, and the housing bubble of the 2000s was no exception. Quantitative data analysis shows that the mortgage crash represented one of the largest destructions of the wealth of people of color in US history.

The same can’t be said for the financiers. JP Morgan Chase took $12 billion in bailout cash, which transformed public money into private wealth and massive bonuses. When the rich make bad business decisions and their gambles don’t pay off, they shirk their financial obligations while the rest of us pay for it. It’s just good business. But what about homeowners who were in an underwater mortgage? Why couldn’t they just walk away from their debt like a high-rolling CEO? JP Morgan’s CEO Jamie Dimon scoffed at the prospect. In a live television interview, he said that an underwater mortgage holder had to stay put: “They’re supposed to pay the mortgage, and we should teach the American people, you’re supposed to meet your obligations, not run from them. Because you have a mortgage doesn’t mean you should run away as it goes down.” In other words, even though Dimon’s company got bailed out and evaded its own debt, the rest of us can’t do the same.

Meanwhile, in Iceland, where the situation was even worse, they took a radically different approach. Instead of bailing out the banks, Iceland put the bankers in jail. They also implemented a jubilee—a form of mass debt cancellation—and required "principal corrections" to bring down the price of mortgages so they were closer to the real value of the homes. The result was a speedy economic turnaround. In the United States, in contrast, it was mainly Wall Street that rebounded successfully. Today, the financial sector is bigger and more influential than it was before the crash, thanks to policies pursued by the Obama administration. Obama's lead financial advisors included Larry Summers and Robert Rubin, who had both been instrumental in the 1999 repeal of the Glass-Steagall Act, a Great Depression–era reform implemented by President Roosevelt to create a firewall between retail and investment banking in order to protect regular depositors.

Summers's and Rubin's decisions set the stage for the massive bailout package to come. After the housing market crash, corporations began buying back their corporate stock, resulting in windfall profits to executives and shareholders. Corporations spent nearly $2.5 trillion on these buybacks in the years 2018 and 2019 alone, much of it financed by debt. Companies borrowed like crazy, capitalizing on the Fed's bargain-basement interest rates. In 2019 corporate debt topped $16 trillion.

Buying back all that stock meant that companies were not well prepared when the COVID-19 pandemic hit. Congress once again stepped in to save the day, quickly passing the CARES Act and flooding corporations with public money. (Journalist David Dayen called the program a trillion-dollar "bazooka aimed at CEOs and shareholders, with almost no conditions attached.") As tens of millions of working people applied for unemployment and/or lined up at food banks, and the pot of money that was supposed to go to small businesses ran out, corporations were swiftly rescued from their poor financial decisions and rewarded for their selfish, short-term thinking. In a move similar to 2008, when credit-rating agencies gave the AAA seal of approval to the toxic mortgage assets that tanked the economy, risky corporate bonds got high ratings, despite the fact that these companies were so laden with debt they couldn't survive a downturn without an influx of federal aid.

When questioned about the Federal Reserve's decision to purchase the junk bonds—that is, the debt—of companies whose investment ratings had toppled due to the pandemic, Fed chair Jerome Powell referred to newly distressed companies as "fallen angels." This leniency is at odds with the role that corporate debt played in creating the current crisis. Over-leveraged companies made our economy more vulnerable to the Coronavirus shock. Yet instead of being sanctioned, their greedy behavior is being rewarded with government handouts.

The rest of us are held to a different standard. Being even a few days late on a monthly payment will ding our credit scores and might even cause us to lose our homes. A little over a decade ago that's what happened to a ninety-year-old woman who owed thirty cents to California's OneWest bank—a bank whose then CEO was none other than Steven Mnuchin, the man who would later be appointed treasury secretary by

Donald Trump. OneWest was engaged in extensive illegal behavior including, according to one report, "backdating documents, rigging foreclosure auctions, and gaming statutes." (Mnuchin also allegedly sent one homeowner's name to a debt collector who proceeded to call her eighty-one times in a single day.) When the Federal Deposit Insurance Corporation (FDIC) backed bank losses during the crisis, OneWest used the windfall to pad the pockets of executives. Flash forward to 2020, as a result of the Coronavirus crisis, the man who earned the title the "Foreclosure King" got promoted to Bailout Emperor, presiding over a multitrillion-dollar corporate slush fund with near total discretion as to who would receive the money and under what terms.

Trump's son-in-law, Jared Kushner, wasted no time seizing the opportunity to cash in. Tasked with helping to oversee the White House's Coronavirus response, Kushner also demanded rent from his tenants and asked for leniency from his creditors. Kushner's real estate business sent debt collectors to extract payments during the pandemic and continued to file eviction lawsuits despite the fact that the governors of New Jersey and Maryland, where Kushner owned real estate, had called for eviction moratoriums.

Like Obama and his Wall Street allies in 2008, Trump and his corporate cronies turned an economic calamity into a rich-get-richer opportunity. But the reality is the corporate executives don't need a crisis to exploit debt to their advantage. Everyday capitalism gives them plenty of opportunities to make a buck by screwing over everyone else. Private equity firms are a prime example. They engage in leveraged buyouts (where borrowed money is used to acquire a company) and then impose the "discipline of debt" to force managers to focus more relentlessly on generating shareholder rewards while the company is sold for parts. Workers pay the ultimate cost while investors cash out and, even here, only some investors are made whole. Pensioners are rarely first in line when private equity firms drive corporations out of business. And guess which "essential" industry demanded and received bailout money in 2020? You guessed it: private equity.

While regular people waited for paltry $1,200 checks, Wall Street speculators and billionaires like Virgin Airlines founder Richard Branson lined up at the government trough demanding a handout. The opulently wealthy are the true "moral hazard" where debt and credit are concerned, since they never bear the full brunt of the risks they take, leaving the rest of us with the tab for their recklessness. Why should ordinary people honor our debts when the rich have walked away from theirs without remorse, or when they have borrowed money for unconscionable aims?

The Debt Collective believes that it is time for debtors to take a page out of the creditors' playbook. The results of the mortgage crisis were so devastating in part because banks and their lobbyists were well organized to fight for debt relief while the rest of us were not. The banks have a powerful collective advocacy operation including lobbyists and a revolving door of regulators and cabinet members who move between the upper echelons of banks and government. The power of mortgage lenders became more apparent during the Obama administration, when the president announced the creation of the Home Affordable Modification Program (HAMP), which was supposed to help three to four million distressed homeowners. This was a government-initiated program that ended up farming out the job of mortgage relief to the same predatory industry that caused the crisis in the first place, resulting in the denial of assistance to 70 percent of the 5.7 million people who applied.

In 2008, Sheila Bair, the Republican head of the FDIC during the crisis, bucked the bipartisan wisdom of the day and argued that homeowners should be bailed out. Imagine if she had had the backing of a nationwide union of mortgage holders. If debtors had been organized, they might have been able to demand relief while assuring that the bankers paid for the crisis they created. They might have been able to demand positive changes, including the end of predatory and racist lending practices, more and better public housing, and stricter rules protecting renters from eviction during an economic downturn. These are the kinds of fights that might have helped millions prepare for the next crisis. If there is one thing that the last twelve years have taught us, it is that debtors must get organized, not only to protect people in the here and now but also to help us all get ready for the battles to come.

## JUST AND UNJUST DEBTS

The United States has more wealth than any country in the history of the world. Yet US residents are subjected to wages that force us into poverty, long hours at jobs that steal more and more of our time, an economic system that is poisoning our planet and threatening our extinction, endless wars, and the imprisonment of one out of every thirty-seven adults, disproportionately Black and brown men.

These are serious, existential crises. The good news is that we have the resources to address these problems, to abolish the prisons, liberate ourselves from meaningless and harmful work, fund our healthcare and schools, redistribute our land, and decarbonize our economy. The problem is that we need to redirect public wealth to the reparative common good. We must stop paying illegitimate debts imposed on us from above and honor the real debts we owe. One of the first steps is to realize and acknowledge that our debts to creditors are illegitimate. The second step is to identify our *legitimate* debts to one another.

Distinguishing between *just* and *unjust* debts is a kind of moral audit. Martin Luther King Jr., and many before and since, made a distinction between just and unjust laws. We have a moral obligation to obey just laws or to cooperate with the people who impose them. But we also have an equal moral obligation to disobey unjust laws and to refuse to cooperate with the system that produces them. We should make the same distinction between just and unjust debts. An unjust debt is one that people are forced into in order to meet a basic need. We all need healthy food, clean water to drink, clean air, and a stable ecosystem. We all need a safe place to live. We will all get injured and sick and need health care, and we all need access to education to fully develop our minds and characters and to think for ourselves. No one should be forced into debt because they want to get an education or because they went to jail or because they got cancer or because they can't afford food or shelter.

In contrast, a *just* debt is one that increases the power, increases the wealth, and increases the freedom of those entering into it. For example, we owe profound debts to indigenous peoples and African descendants across the world whose lands and labor funded the global expansion of capitalism, an economic system "dripping from head to toe, from every pore, with blood and dirt," as Marx once wrote. The entire US economy, and indeed the entire global economy, is built on stolen land and unpaid slave labor. These are debts that emanate from our world's deepest injustices, and they must be paid. Reparations are long overdue.

We use the phrase "debt abolition" intentionally. It was Dylan Rodríguez—professor and cofounder of Critical Resistance, a prison abolition organization—who originally posed this question to us: What would it mean to take the abolition in "debt abolition" seriously? First, we have to think about what abolition means today. Guided by the work of Critical Resistance and some of its other cofounders, including Ruth Wilson Gilmore and Angela Davis, we understand abolition as a strategy and a vision for a world without police, prisons, border control, and the current carceral system. But abolition is not only about dismantling oppressive structures, or for a world *without*. Abolition is a strategy and a vision for a world *with* social housing, health care, education, art, and meaningful work, and a life free from state violence and material want. Debt abolition works similarly. It is a vision for a world without exploitative debt contracts, and with socially financed health care, education, housing, and more. Like prison abolition, debt abolition is a strategy and a vision for a world without—and a world with. Indeed, the two forms of abolition may require one another. A world where people can access housing and health care and education and art would have to be a world in which we do not drown in debt for public goods.

When COVID-19 swept the globe, followed by an unprecedented wave of anti–police violence protests, the phrase “debt abolition” began to resonate even more strongly. Both prison abolition and debt abolition challenge the imagination. Lenders canceling debts may seem as unrealistic as prisons releasing prisoners, but both happened in the rise of the pandemic (though not on the scale that we hoped to see). Less than two months into the crisis the United States decarcerated nearly twenty thousand people from jails and prisons. Similarly, household debt contracts that we had long been told were non-negotiable—rent payments, mortgage payments, student debt payments, medical bills, and fines and fees in the criminal punishment system—were suddenly subject to negotiation and delay, as "pauses," "suspensions," and "moratoriums" were granted across the country. When millions rose up in response to the brutal murders of Ahmaud Arbery, Breonna Taylor, and George Floyd at the hands of the state, protesters could be heard demanding that the police be defunded and regular people's debts be canceled.

To borrow inspiration from an unlikely source, economist Milton Friedman, in the opening of *Capitalism and Freedom*, wrote: "Only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around." This is part of the point of any debtors union: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.

## DEBTS HELD IN COMMON

Changing the world requires more than just a radical vision of a different world; it requires solidarity. The word *solidarity* originally meant debt held in common. The idea first emerged in the legal books of the ancient Roman Empire. When people held a debt together, they were said to hold it *in solidum*. In other words, the state of being on the hook as a group was the basis of solidarity. If one individual faltered, the group had to step up—meaning that its members would be either bailing one another out or defaulting together. Thus, from its genesis, solidarity had a financial component that raised the stakes. In this original formulation, solidarity is a common identity and a state of interdependence. Terms like *bonds* and *trust* and *mutual funds* are now used by bankers to describe financial structures and agreements; solidarity can turn such notions around to strengthen the ties among a community of debtors. If just one of us refuses to pay our debt, the state and Wall Street have the power to crush us. But if we all refuse, the power shifts. This kind of organizing cannot be conjured out of thin air; debt strikes cannot be “declared” from on high. But if we see our debt as connecting us to one another and as part of what brings us together in solidarity, then our debt can be a source of power.

Debtors’ unions aren’t a panacea, but they have an important role to play. Regular people can’t afford to leave power on the table—that’s why we need to turn our debt into leverage. This is debt’s double edge, its dual power. By design it can isolate us and make us feel alone. But if we think of our debt as common, that your medical bill and my credit card debt are both connected by an exploitative system, even by the same bank, then we can refuse these unjust debts in solidarity. We are indebted together, and we can be liberated together. We must build these bonds with one another before we can cut the bonds that tie us to creditors and collectors and to all those who exploit us for profit. We also need to build power. That is why the Debt Collective is not advocating debt “forgiveness”—which implies a benevolent creditor taking pity on a blameworthy debtor—but rather debt *abolition* and the creation of a new economic paradigm in which our individual well-being and shared liberation is a *socially financed* project.